December 3, 2019

ELIOR GROUP SA

IFRS Consolidated Financial Statements

(currently being audited)

For the Years Ended September 30, 2019 and 2018

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

www.eliorgroup.com

Elior Group SA
Société anonyme
Share capital: €1,783,191.46
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 allée de l'Arche – 92032 Paris La Défense – France

IFRS Consolidated Financial Statements for the Years Ended September 30, 2019 and 2018

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Year ended September 30, 2019	Year ended September 30, 2018 (1)
Revenue	**7.1, 7.2**	**4,923**	**4,886**
Purchase of raw materials and consumables		(1,557)	(1,557)
Personnel costs	7.3	(2,436)	(2,390)
Share-based compensation	7.18.2	5	(29)
Other operating expenses		(561)	(564)
Taxes other than on income		(71)	(74)
Depreciation, amortization and provisions for recurring operating items		(122)	(125)
Net amortization of intangible assets recognized on consolidation		(21)	(19)
Recurring operating profit from continuing operations		**160**	**128**
Share of profit of equity-accounted investees		-	(1)
Recurring operating profit from continuing operations including share of profit of equity-accounted investees	**7.1**	**160**	**127**
Non-recurring income and expenses, net	7.4	(27)	(82)
Operating profit from continuing operations including share of profit of equity-accounted investees		**133**	**45**
Financial expenses	7.5	(89)	(81)
Financial income	7.5	20	13
Profit/(loss) from continuing operations before income tax		**64**	**(23)**
Income tax	7.6	4	(2)
Net profit/(loss) for the period from continuing operations		**68**	**(25)**
Net profit for the period from discontinued operations	**7.7**	**202**	**63**
Net profit for the period		**270**	**38**
Attributable to:			
Owners of the parent		**271**	**34**
Non-controlling interests		**(1)**	**4**

(1) *The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.*

The accompanying notes form an integral part of the consolidated financial statements.

(in € millions)	Note	Year ended September 30, 2019	Year ended September 30, 2018 (1)
Earnings per share (in €)	**7.8**		
Earnings/(loss) per share – continuing operations			
Basic		0.38	(0.16)
Diluted		0.38	(0.16)
Earnings per share – discontinued operations			
Basic		1.16	0.35
Diluted		1.15	0.35
Total earnings per share			
Basic		1.54	0.19
Diluted		1.53	0.19

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Year ended September 30, 2019	Year ended September 30, 2018 (1)
Net profit for the period	**270**	**38**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (2)	(11)	2
Items that may be reclassified subsequently to profit or loss		
Financial instruments	(12)	10
Currency translation differences	8	3
Income tax	4	(3)
	0	**9**
Comprehensive income for the period	**259**	**48**
Attributable to:		
- Owners of the parent	260	44
- Non-controlling interests	(1)	4

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(1) *The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.*

(2) *Net of the effect of income tax*

The accompanying notes form an integral part of the consolidated financial statements.

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At September 30, 2019	At September 30, 2018
Goodwill	7.9	1,851	2,541
Intangible assets	7.10	262	524
Property, plant and equipment	7.10	392	747
Other non-current assets		8	-
Non-current financial assets	7.11	104	72
Equity-accounted investees	7.12	1	9
Fair value of derivative financial instruments (*)		-	8
Deferred tax assets	7.14	209	189
Total non-current assets		**2,827**	**4,090**
Inventories		94	132
Trade and other receivables	7.13	675	879
Contract assets		-	-
Current income tax assets		32	23
Other current assets	7.15	47	97
Short-term financial receivables (*)		-	2
Cash and cash equivalents (*)		83	143
Assets classified as held for sale	7.7	10	-
Total current assets		**941**	**1,276**
Total assets		**3,768**	**5,366**

(*) Included in the calculation of net debt

The accompanying notes form an integral part of the consolidated financial statements.

2.2 Equity and Liabilities

(in € millions)	Note	At September 30, 2019	At September 30, 2018
Share capital	7.18.1	2	2
Retained earnings and other reserves		1,662	1,458
Translation reserve		4	-
Non-controlling interests		2	11
Total equity	4	**1,670**	**1,471**
Long-term debt (*)	7.17.3	602	1,874
Fair value of derivative financial instruments		9	5
Non-current liabilities relating to share acquisitions	7.19	70	100
Deferred tax liabilities	7.14	60	59
Provisions for pension and other post-employment benefit obligations	7.16	104	109
Other long-term provisions	7.16	15	20
Other non-current liabilities		0	6
Total non-current liabilities		**860**	**2,173**
Trade and other payables		550	850
Due to suppliers of non-current assets		15	75
Accrued taxes and payroll costs		476	601
Current income tax liabilities		15	11
Short-term debt (*)	7.17.3	16	84
Current liabilities relating to share acquisitions	7.19	2	16
Short-term provisions	7.16	63	51
Contract liabilities		49	-
Other current liabilities	7.20	38	34
Liabilities classified as held for sale	7.7	14	-
Total current liabilities		**1,238**	**1,722**
Total liabilities		**2,098**	**3,895**
Total equity and liabilities		**3,768**	**5,366**
(*) Included in the calculation of net debt		543	1,812
Net debt excluding fair value of derivative financial instruments and debt issuance costs		539	1,830

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated Cash Flow Statement

(in € millions)	Note	Year ended September 30, 2019	Year ended September 30, 2018 (1)
Cash flows from operating activities – continuing operations			
Recurring operating profit including share of profit of equity-accounted investees		160	127
Amortization and depreciation		146	136
Provisions		(3)	8
EBITDA		**303**	**271**
Change in operating working capital		84	3
Interest and other financial expenses paid		(54)	(49)
Tax paid		(24)	(21)
Other cash movements		(22)	(23)
Net cash from operating activities – continuing operations		**287**	**181**
Cash flows from investing activities – continuing operations			
Purchases of property, plant and equipment and intangible assets	7.10	(120)	(167)
Proceeds from sale of property, plant and equipment and intangible assets		6	5
Purchases of financial assets		(2)	(5)
Proceeds from sale of financial assets		9	1
Acquisitions of shares in consolidated companies, net of cash acquired (2)	.	(16)	(202)
Other cash flows related to investing activities		-	-
Net cash used in investing activities – continuing operations		**(123)**	**(368)**
Cash flows from financing activities – continuing operations			
Dividends paid to owners of the parent		(33)	(36)
Movements in share capital of the parent		-	15
Purchases of own shares		(50)	(1)
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	7.17.3	81	216
Repayments of borrowings	7.17.3	(1,379)	(12)
Net cash from/(used in) financing activities – continuing operations		**(1,381)**	**182**
Effect of exchange rate and other changes		(9)	(24)
Increase/(decrease) in net cash and cash equivalents – continuing operations		**(1,226)**	**(29)**
Increase/(decrease) in net cash and cash equivalents – discontinued operations	**7.7**	**1,224**	**28**
Net cash and cash equivalents at beginning of period		**78**	**79**
Net cash and cash equivalents at beginning of period – continuing operations		*(7)*	*12*
Net cash and cash equivalents at beginning of period classified as assets held for sale		*85*	*67*
Net cash and cash equivalents at end of period		**76**	**78**
Net cash and cash equivalents at end of period – continuing operations		*76*	*(7)*
Net cash and cash equivalents at end of period classified as assets held for sale		*-*	*85*

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

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

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

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Balance sheet – Assets	**83**	**143**
Cash and cash equivalents	83	143
Balance sheet – Liabilities	**7**	**65**
Bank overdrafts	4	61
Intra-Group current accounts	2	2
Accrued interest	1	2
Net cash and cash equivalents presented in the cash flow statement	**76**	**78**

The accompanying notes form an integral part of the consolidated financial statements.

4. Consolidated Statement of Changes in Equity

(in € millions)	Number of shares	Share capital	Additional paid-in capital and other reserves	Net profit for the period attributable to owners of the parent	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at September 30, 2017	**172,741,785**	**2**	**1,475**	**114**	**(27)**	**1,563**	**54**	**1,618**
Net profit for the period				34		34	4	38
Post-employment benefit obligations			2			2		2
Changes in fair value of financial instruments			6			6		6
Currency translation differences					3	3	-	2
Comprehensive income for the period			**8**	**34**	**3**	**44**	**4**	**48**
Appropriation of prior-period net profit			114	(114)		-		
Capital increase	3,207,311	-	15			15	2	17
Dividends paid			(36)			(36)	(2)	(38)
Share-based payments (IFRS 2)			2			2		2
Other movements (1)			(128)			(128)	(48)	(176)
Balance at September 30, 2018	**175,949,096**	**2**	**1,449**	**34**	**(25)**	**1,460**	**11**	**1,471**
Impacts of IFRS 9 & IFRS 15			(9)			(9)	-	(9)
Restated balance at October 1, 2018	**175,949,096**	**2**	**1,440**	**34**	**(25)**	**1,451**	**11**	**1,462**
Net profit for the period				271		271	(1)	270
Post-employment benefit obligations			(11)			(11)		(11)
Changes in fair value of financial instruments			(8)			(8)		(8)
Currency translation differences					8	8	-	8
Comprehensive income for the period			**(19)**	**271**	**8**	**260**	**(1)**	**259**
Appropriation of prior-period net profit			34	(34)		-		-
Capital increase/Share buybacks	2,370,050		(50)			(50)		(50)
Dividends paid			(33)			(33)	(3)	(36)
Share-based payments (IFRS 2)			1			1	-	1
Other movements (2)			39			39	(5)	34
Balance at September 30, 2019	**178,319,146**	**2**	**1,412**	**271**	**(17)**	**1,668**	**2**	**1,670**

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

(2) *The amounts recognized under "Other movements" in "Equity attributable to owners of the parent" and "Non-controlling interests" for the year ended September 30, 2019 correspond to the remeasurement of the Elior NA put option.*

5. General Information and Significant Events

5.1 General Information

At September 30, 2019, Elior Group SA was 20.1% owned by Bagatelle Investissement et Management – "BIM" (which is wholly-owned by Robert Zolade), 7.5% by Corporacion Empresarial Emesa, S.L, 6.7% by Caisse de Dépôt et Placement du Québec (CDPQ), 5.0% by Fonds Stratégique de Participations, and 60.7% by private and public investors following Elior Group's admission to trading on Euronext Paris on June 11, 2014.

The Elior group – comprising Elior Group SA and its subsidiaries (the "Group") – is a major player in contract catering and related services. It operates through companies based primarily in seven countries, including the United Kingdom, Spain, Italy and the United States.

5.2 Significant Events

Year ended September 30, 2019

- **Sale of the Concession Catering business**

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

On July 1, 2019, Elior Group announced that it had completed the sale of Areas to PAI Partners for €1.4 billion (representing an enterprise value of €1.542 billion), of which €70 million corresponded to an interest-bearing vendor loan.

The net capital gain on the sale amounted to €208 million, excluding the tax impact, and has been recognized in "Net profit from discontinued operations".

In accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", the Group's Concession Catering business has been presented under discontinued operations in the income statement and its assets and liabilities have been classified as assets and liabilities held for sale in the balance sheet (see Note 7.7).

- **Repayments of borrowings**

The proceeds received from the sale of Areas were used to reduce the Group's debt and to lower its leverage ratio (net debt to EBITDA) to within a range of 1.5x to 2x. This notably involved repaying in advance (with no early repayment penalties) €654 million and $344 million of its Term Loan facilities, as well as $100 million in bond debt. Additionally, it repaid the €210 million and $75 million that it had drawn down on its Revolving Facilities.

- **Payment of the 2017-2018 dividend – cash/stock dividend option**

The dividend for the year ended September 30, 2018 – which corresponded to €59.8 million (€0.34 per share) and was approved by the Company's shareholders at the March 22, 2019 Annual General Meeting – was paid on April 16, 2019. Out of this total, €33 million was paid in cash and the remainder in Elior Group shares.

- **Share buyback program**

In 2018-2019, Elior Group used the authorizations given in the 15th and 22nd resolutions of the March 22, 2019 Annual General Meeting to launch a share buyback program with a view to canceling the repurchased shares by way of a capital reduction.

For this purpose, on July 5, 2019, the Company signed a mandate with Natixis to purchase up to €50 million worth of Elior Group shares.

At September 30, 2019, €50 million worth of shares had been bought back.

Year ended September 30, 2018

- **Acquisition and disposals of shares in consolidated companies**

In November 2017 and July 2018 respectively, Elior North America (formerly TrustHouse Services) –– an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services and Bateman Community Living:

- CBM Managed Services ("CBM") is based in Sioux Falls, South Dakota and provides foodservices to correctional facilities. It has just under 1,000 employees serving 200 locations in 29 states.

- Bateman Community Living ("Bateman") is specialized in the seniors delivered food market, providing meals either at seniors' homes or in congregate settings throughout the USA. It has 550 employees and 200 clients.

An aggregate €36 million in net goodwill was recognized in relation to these two acquisitions.

- **Acquisition of an additional interest in Elior North America**

In July 2018, Elior Group carried out a purchase of non-controlling interests in its subsidiary, Elior North America. This transaction enabled the Group to simplify Elior North America's ownership structure by purchasing shares from the subsidiary's minority shareholders.

On completion of the transaction, Elior Group's stake in Elior North America increased from 74% to 92% in return for a cash payment of $115 million (converting to €99 million at the transaction date).

Elior North America's minority shareholders still hold an aggregate 8% interest in the company, which is covered by cross put and call options exercisable from 2023. The put liability has been recognized in consolidated equity in an amount corresponding to the present value of the option's exercise price.

- **Dividend payment by Elior Group on April 17, 2018**

The dividend for the year ended September 30, 2017 – which corresponded to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 9, 2018 Annual General Meeting – was paid on April 17, 2018. Out of this total, €36.3 million was paid in cash and the remainder in Elior Group shares.

- **Change in governance**

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

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

- **Senior Facilities Agreement Amend & Extend transaction**

On April 20, 2018, Elior Group and Elior Participations signed an 11th amendment to the Senior Facilities Agreement ("SFA") with their lending banks extending the maturities of some of the SFA's term loans (B, D, RCF EUR-2 & RCF USD-2) to May 2023.

All of the facilities under the SFA are now carried solely by Elior Group except for the revolving credit facilities which can be drawn down by Elior Group and/or Elior Participations.

In addition, the interest payable on the US dollar-denominated facilities was decreased by 5 basis points. The aggregate amount of the facilities affected by this rate cut was $594 million.

Lastly, the maximum drawdown on the euro-denominated revolving credit facility was raised by €150 million to €450 million.

The above changes were accounted for as simple modifications without any extinguishment of the Group's existing debt.

- **Capital increase**

In application of the 31st resolution adopted at the March 9, 2018 Annual General Meeting, Elior Group launched its first international employee share ownership plan, called the "Future Plan". A total of 1,059,846 new Elior Group shares were purchased by employees under the plan, corresponding to a capital increase of €15 million (which took place in April 2018).

- **Presentation of Elior Group's 2019-2021 strategic plan**

At Elior Group's Investor Day held on June 26, 2018, CEO Philippe Guillemot presented the Group's new strategic plan, covering the three fiscal years until September 30, 2021.

6. Accounting Policies

6.1 Basis of Preparation of the Consolidated Financial Statements

6.1.1 Basis of preparation of the consolidated financial statements for the years ended September 30, 2019 and 2018

In compliance with European Commission Regulation (FTC) number 1606/2002 dated July 19, 2002, the Group's consolidated financial statements for the years ended September 30, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union's Accounting Regulatory Committee. The IFRSs and related interpretations adopted by the European Union can be viewed on the website of the European Financial Reporting Advisory Group at

https://www.efrag.org/Endorsement.

The consolidated financial statements cover the operations, results and cash flows for the twelve-month periods ended September 30, 2019 and 2018, as Elior Group and its subsidiaries have a September 30 fiscal year-end (apart from a small number of exceptional cases). They were authorized for issue by Elior Group's Board of Directors on December 3, 2019 and are presented in millions of euros unless otherwise specified.

The accounting principles in force at September 30, 2019 have been applied for all of the periods presented in these consolidated financial statements.

6.1.2 New standards, amendments and interpretations adopted by the European Union and applied by the Group

The Group has applied the following main new amendments in its financial statements for the year ended September 30, 2019:

- IFRS 9 "Financial Instruments" applicable for annual periods beginning on or after January 1, 2018 (endorsed by the EU in November 2016).
- IFRS 15 "Revenue from Contracts with Customers" applicable for annual periods beginning on or after January 1, 2018 (endorsed by the EU in October 2017).

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

The following table shows the adjustments recognized for each line item in the consolidated balance sheet. Line items that were not impacted by the adoption of the new standards have not been included, and as a result, sub-totals and totals cannot be calculated from the numbers provided.

(in € millions)	At September 30, 2018	IFRS 9	IFRS 15	At October 1, 2018
Other non-current assets	-	-	11	11
Deferred tax assets	188	3	-	192
Total non-current assets	**4,090**	**3**	**11**	**4,104**
Trade and other receivables	879	(12)	-	867
Contract assets		-	-	0
Other current assets	97	-	(11)	86
Total current assets	**1,276**	**(12)**	**(11)**	**1,253**
Total assets	**5,366**	**(9)**	**-**	**5,357**
Reserves and retained earnings	1,458	(9)	-	1,448
Total equity	**1,471**	**(9)**	**-**	**1,462**
Trade and other payables	850	-	(48)	802
Contract liabilities		-	48	48
Other current liabilities	34	-	-	34
Total current liabilities	**1,722**	**-**	**-**	**1,722**
Total liabilities	**3,895**	**-**	**-**	**3,895**
Total equity and liabilities	**5,366**	**(9)**	**-**	**5,357**

IFRS 9 – Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. On adoption of this new standard, the Group did not restate the prior-year comparatives but presented the cumulative effect of adopting IFRS 9 as a transition adjustment to the opening balance of other comprehensive income and retained earnings at October 1, 2018. The effects of the changes to the Group's consolidated financial statements due to the adoption of IFRS 9 are described below.

Classification and measurement of financial assets

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

The Group's business model for managing financial assets is defined at portfolio level. The business model must be observable at a practical level by the way business is managed. The cash flows of financial assets measured at amortized cost solely correspond to payments of principal and interest. These assets are held within a business model whose objective is to hold assets to collect contractual cash flows. Financial assets measured at fair value through profit or loss are assets that do not fall in either the amortized cost or fair value through other comprehensive income categories.

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

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

Classification and measurement of financial liabilities

The Group classifies derivative liabilities at fair value through profit or loss and all other financial liabilities at amortized cost. These classes replace the IAS 39 classes applicable to derivative and other financial liabilities such as compound financial instruments, loans payable and trade payables. The Group's first-time application of IFRS 9 had no effect on the classification and measurement of its financial liabilities. In particular, following an analysis of the non-substantial amendments to the Group's debt made since 2014, it was not necessary to apply paragraph B5.4.5 of IFRS 9, which would have required the carrying amount of the financial liability to be adjusted, with the immediate recognition of a corresponding gain or loss in the income statement.

Hedge accounting

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

Impairment

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

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

The changes to the classification and measurement of financial assets in the balance sheet are shown line-by-line in the table below:

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

IFRS 15 – Revenue from Contracts with Customers

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

The Group analyzed the impacts of the adoption of IFRS 15 on each of its two segments, including the business presented in discontinued operations, and concluded that the new standard did not have a significant impact on its consolidated financial statements. It mainly affects the classification of certain expenses as a reduction of revenue. The impacts on revenue for the years ended September 30, 2018 and 2019 amounted to €49 million and €48 million, respectively.

Consideration payable to clients

As part of its normal business, the Group may pay amounts to clients when it wins Contract Catering & Services contracts, corresponding to up-front discounts. These payments are essentially granted for multi-year contracts. Under IFRS 15, consideration paid to a customer is considered to be a non-current asset and is amortized over the term of the contract as a reduction of revenue when it does not relate to a distinct good or service received from the customer. Previously, the Group presented consideration paid to its clients as current assets in the balance sheet and in operating expenses in the income statement, spread over the contract life. This consideration is now recognized in "Other non-current assets" in the balance sheet.

Variable consideration

The Group sometimes has to pay certain fees to its clients that it previously recorded under operating expenses, but which, in accordance with IFRS 15, have now been reclassified as a reduction of revenue.

This reclassification does not apply to the Group's Concession Catering operations (which have now been sold) when the Elior client is not the concession grantor but rather the end-consumer, as in this case the fees fall within the scope of IFRIC 12 – Service Concession Arrangements or IAS 17 – Leases.

6.1.3 New standards, amendments and interpretations issued by the IASB but not yet applied by the Group

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

- IFRS 16 – Leases, applicable for annual periods beginning on or after January 1, 2019 (endorsed by the EU in November 2017).
- IFRIC 23 – Uncertainty over Income Tax Treatment, applicable for annual periods beginning on or after January 1, 2019 (endorsed by the EU in June 2017).
- Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement" applicable for annual periods beginning on or after January 1, 2019, subject to endorsement by the EU.
- Annual Improvements to IFRSs (2015-2017 Cycle), applicable for annual periods beginning on or after January 1, 2019 (not yet endorsed by the EU).

The Group did not early adopt any of these standards, amendments or interpretations.

IFRS 16 – Leases

IFRS 16 is applicable by the Group as from the fiscal year beginning October 1, 2019 and ending September 30, 2020.

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

For its transition to IFRS 16, the Group analyzed the main leases included in its off-balance sheet commitments. Most of these commitments are operating leases, corresponding to real-estate leases for the various sites where the Group operates as well as leases of vehicles and industrial equipment. At September 30, 2019, the Group had analyzed all of its real-estate leases, which represent over 80% of its off-balance sheet commitments.

The Group plans to use the modified retrospective approach when it adopts IFRS 16 for the first time and to use the following transition options:

- Exemptions: recognition of leases with terms of 12 months or less and leases of low value assets based on the recognition of the lease payments in profit or loss on a straight-line basis over the lease term.
- Continued application of the assessments of leases previously accounted for in accordance with IAS 17.
- Measurement of the right-of-use asset at an amount equal to the lease liability.

Based on the analyses carried out to date, apart from public service delegation contracts – which are currently being analyzed – the Group estimates that its transition to IFRS 16 will have an impact of €200-€230 million on its debt.

6.2 Consolidation Methods

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Associates are all entities over which the Group has significant influence but not control. This influence is deemed to exist where the consolidating company directly or indirectly holds at least 20% of the entity's voting rights. Investments in associates are accounted for by the equity method.

A list of consolidated companies – including changes in the scope of consolidation during the year ended September 30, 2019 – is provided in Note 11 below.

6.3 Use of Estimates and Judgment

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

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

Significant items that were subject to such estimates and assumptions include goodwill and other intangible assets and property, plant and equipment (Notes 7.9, 7.10 and 7.11), provisions for litigation and employee benefit obligations (Note 7.16), and deferred taxes (Note 7.14).

Information on the judgment exercised in applying accounting policies that has the most significant impact on the amounts recognized in the consolidated financial statements is provided in the note relating to impairment tests.

6.4 Fiscal Year-Ends

Elior Group's 2018-2019 and 2017-2018 fiscal years cover the 12-month periods from October 1, 2018 through September 30, 2019 and October 1, 2017 through September 30, 2018 respectively. Elior Group's subsidiaries and associates have a 12-month fiscal year ending on September 30, apart from in exceptional cases for regulatory reasons (India-based entities) or contractual reasons.

Where consolidated companies have a fiscal year-end other than September 30, these entities prepare full and audited interim financial statements at September 30.

6.5 Foreign Currency Translation

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

The balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in the consolidated financial statements have been translated (i) at the exchange rate prevailing at September 30, 2019 and 2018 respectively for the balance sheet, and (ii) at the average exchange rate for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the years ended September 30, 2019 and 2018 were based on Paris stock exchange rates and were as follows:

	At September 30, 2019		At September 30, 2018	
	Period-end rate	Average rate	Period-end rate	Average rate
- €/US $:	1.0898	1.1279	1.1608	1.1903
- €/£:	0.8864	0.8841	0.8907	0.8848
- €/INR:	76.98	79.66	84.16	79.17

6.6 Intangible Assets and Goodwill

6.6.1 Intangible assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets recognized in the Group's consolidated balance sheet include the following:

– Trademarks

In accordance with IAS 38, "Intangible Assets", trademarks are recorded under intangible assets.

This item corresponds to the trademarks used by Elior Concessions for its motorway concessions, which are amortized over a period of 30 years.

– Other intangible assets

As prescribed in IFRIC 12, assets used under certain of the Group's catering contracts are classified as intangible assets and amortized over their estimated useful lives (subject to a maximum period corresponding to the term of the underlying operating contracts).

– Software

The cost of software installed and operated within the Group is capitalized and amortized over estimated useful lives of between 4 and 10 years (with the 10-year maximum period applied for major ERP projects).

Intangible assets are amortized using the straight-line method.

6.6.2 Goodwill

At the date of a business combination, goodwill is measured as the difference between (i) the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests (measured at fair value or at the non-controlling interest's share of the identifiable net assets, which is likewise generally measured at fair value), plus the acquisition-date fair value of any equity interest in the acquiree previously held by the Group, and (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In accordance with IFRS 3R, any adjustments to the fair values provisionally assigned to the assets or liabilities of an acquiree are accounted for as retrospective adjustments to goodwill if they are recognized within twelve months of the acquisition date and where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. Beyond this twelve-month measurement period, the impacts of any such fair value adjustments are recognized directly in profit or loss, unless they correspond to error corrections.

6.7 Impairment Tests and Impairment Losses

6.7.1 Impairment tests

In accordance with IAS 36, "Impairment of Assets", at each reporting date the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed in order to assess whether there is any indication that they may be impaired. If such an indication exists, the recoverable amount of the asset concerned is estimated. Goodwill is tested for impairment annually at September 30.

For the purposes of impairment testing, assets are grouped into cash-generating units (CGUs) which correspond to the smallest identifiable group of assets that generates cash inflows from continuing use of the assets that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising on business combinations is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

At September 30, 2019, the Group identified the following eight CGUs, which mostly correspond to its main legal entities that have separate activities:

Contract Catering & Services – France:

- Elior Entreprises
- Elior Enseignement et Santé
- Elior Services

Contract Catering & Services – International:
- Elior Italy
- Elior Iberia (Spain & Portugal)
- Elior UK
- Elior North America
- Elior India

Goodwill is allocated at the level of the CGUs listed above. Since the implementation of the "New Elior" strategic plan and the sale of Areas, goodwill allocated to the Elior Entreprise and Elior Enseignement et Santé CGUs is tested at the level of the "Contract Catering & Services – France" group of CGUs.

An impairment loss is recorded in the income statement under “Non-recurring income and expenses, net” if the estimated recoverable amount of a CGU or group of CGUs is lower than its carrying amount. The recoverable amount of a CGU corresponds to the higher of its fair value less costs of disposal and its value in use.

In practice, the recoverable amounts of the Group's CGUs have been determined based on their value in use, calculated using projections of the cash flows that the Group expects to derive from each CGU.

The cash flow projections used were based on five-year budgets drawn up for each CGU and validated by Group management.

Cash flow projections beyond the five-year budget period are estimated by extrapolating the projections using a long-term growth rate which may not exceed the average long-term growth rate for the operating segment.

Future cash flows are discounted using the weighted average cost of capital (WACC), determined based on market assumptions which vary depending on the business segment concerned and country risk factors.

The Group uses post-tax discount rates applied to post-tax cash flows.

6.8 Property, Plant and Equipment

As permitted under IAS 16, “Property, Plant and Equipment”, the Group has elected to apply the cost model rather than the revaluation model for measuring property, plant and equipment. Consequently, these assets are carried at acquisition or production cost less accumulated depreciation and any accumulated impairment losses. The capitalization of borrowing costs provided for in IAS 23R is not applicable to the Group. Property, plant and equipment are depreciated using the straight-line method, over the estimated useful lives of each main class of asset, as follows:

- Buildings: between 20 and 40 years
- Fixtures and fittings: between 5 and 12 years
- Catering equipment: between 5 and 10 years
- Office equipment: between 4 and 5 years
- IT equipment: between 3 and 4 years
- Vehicles: between 4 and 5 years

The residual values and useful lives of property, plant and equipment are reviewed at each fiscal year-end based on indicators such as the term of the underlying operating contract.

In accordance with IAS 17, assets held under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are initially recognized at the lower of their fair value and the present value of the minimum lease payments, and are depreciated over the shorter of their useful lives and the lease terms. The corresponding obligation is recognized under debt on the liabilities side of the balance sheet. Lease payments are then apportioned between the finance charge and the reduction of the outstanding liability.

6.9 Operating Working Capital Accounts (Inventories and Trade and Other Receivables)

6.9.1 Inventories

Inventories of raw materials and goods held for resale are measured at the lower of cost and net realizable value.

The majority of the Group’s inventories are measured at the most recent purchase price, net of supplier rebates and discounts, given the high turnover rate due to inventories being primarily composed of perishable goods. This method is consistent with the “First-in First-out method” recommended in IAS 2, “Inventories”. Borrowing costs are not included in the measurement.

6.9.2 Trade and Other Receivables

Trade and other receivables are initially recognized at fair value. If these assets subsequently become impaired an impairment loss is recorded in the income statement.

Loss allowances for trade receivables are determined based on expected losses in accordance with IFRS 9.

The Group has chosen to apply the simplified approach permitted under IFRS 9, whereby a loss allowance based on lifetime expected credit losses ("ECLs") is recognized at each reporting date. The ECLs are determined as from the initial recognition of the receivable using a provision matrix by country and a specific credit risk analysis for the largest receivables based on any available credit ratings.

There is no material exposure to concentrations of customer credit risk at Group level as it has such a large number of customers, and the geographic locations of these customers and the operating sites concerned are highly diverse.

6.10 Cash and Cash Equivalents

Cash and cash equivalents are held primarily to meet the Group's short-term cash needs rather than for investment or other purposes. Cash and cash equivalents consist of cash balances, cash in the process of collection, deposits with maturities of less than three months, money-market mutual funds and money-market securities, which can be realized or sold at short notice and are subject to an insignificant risk of changes in value.

Bank overdrafts repayable on demand and current accounts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement, whereas they are classified as short-term debt in the consolidated balance sheet (see Note 7.17). These items represent the sole difference between the amounts of cash and cash equivalents presented in the balance sheet and those presented in the cash flow statement.

The cash flow statement is presented based on the indirect method.

6.11 Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", provisions recorded by the Group are intended to cover liabilities of uncertain timing or amount. These liabilities represent a present legal or constructive obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They notably include compensation estimated by the Group and its legal counsel for litigation, claims and disputes brought by third parties. Provisions are discounted when the effect of the time value of money is material.

6.12 Current and Deferred Taxes

The consolidated income tax expense corresponds to the aggregate amount of income tax reported by each of the Group's companies, adjusted for any deferred taxes. French subsidiaries that are over 95%-owned by Elior Group form part of a consolidated tax group headed by Elior Group.

The Group has elected to apply the following accounting treatment to the business tax (Contribution Economique Territoriale – CET) applicable to French entities pursuant to the 2010 French Finance Act:

- The portion of the CET tax based on the rental value of real estate (CFE) is recognized as an operating expense.
- The portion of the CET tax based on the value added by the business (CVAE) is recognized as an income tax within the meaning of IAS 12.

In accordance with IAS 12, "Income Taxes", deferred taxes are recognized for (i) all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and (ii) the carryforward of unused tax losses (apart from in exceptional cases) to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred taxes are calculated using the liability method, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in tax rates is recorded in the income statement, except if the related tax was generated either (i) by a transaction recognized directly in equity under other comprehensive income, or (ii) in connection with a business combination. Deferred tax assets and liabilities are not discounted.

6.13 Employee Benefits

Statutory retirement bonuses, long-service awards and pension plans

In accordance with IAS 19R, "Employee Benefits", the Group's pension and other post-employment benefit obligations are measured by independent actuaries. A provision to cover these obligations (including the related payroll taxes) is recorded in the consolidated balance sheet. The discount rate applied is determined by reference to the interest rates on high quality corporate bonds that have the same terms to maturity as the terms of the obligations concerned.

Actuarial gains and losses are generated by changes in assumptions or experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred).

In accordance with IAS 19R, actuarial gains and losses related to statutory retirement bonuses are recognized in full within "Other comprehensive income". Actuarial gains and losses on other long-term benefits (long-service awards and retention bonuses) are recognized immediately in the income statement.

6.14 Treasury Shares

Any treasury shares held by the Group are recorded as a deduction from equity. Proceeds from any sales of treasury shares are credited directly to equity, so that the related disposal gains or losses do not impact profit for the period.

6.15 Classification and Measurement of Financial Assets and Liabilities

6.15.1 Classification and measurement of financial assets (excluding derivatives)

On initial recognition, Management classifies financial assets based both on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset.
In application of IFRS 9, the Group has chosen to classify its financial assets as either financial assets at amortized cost or financial assets at fair value through profit or loss.

Financial assets at amortized cost

A financial asset is classified in this category if it is held within a business model whose objective is to hold assets to collect contractual cash flows that are solely payments of principal and, where applicable, interest on the principal amount outstanding. These assets are initially recognized at fair value less any transaction costs. After initial recognition they are measured at amortized cost using the effective interest method.

Where necessary, a loss allowance is recognized in an amount corresponding to the 12-month expected credit losses for the asset, unless the credit risk has increased significantly since initial recognition, in which case the loss allowance corresponds to the expected credit losses over the lifetime of the asset. For trade receivables and contract assets, the Group applies a simplified approach for the recognition of loss allowances (see Note 6.9.2).

Financial assets at fair value through profit or loss

This category is used when a financial asset is not measured at either amortized cost or at fair value through other comprehensive income.
Fair value adjustments to these financial assets are recognized in the income statement under other financial income and expenses.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or are transferred along with substantially all the risks and rewards of ownership of the financial asset.

6.15.2 Classification and measurement of financial liabilities (excluding derivatives)

Borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Any difference between (i) the proceeds of borrowings net of transaction costs and (ii) their repayment or redemption value is recognized as a financial expense over the life of the borrowings concerned using the effective interest method.

Borrowings are presented in current liabilities unless the Group has an unconditional right to defer the settlement of the liability beyond a period of 12 months after the end of the reporting period, in which case they are presented in non-current liabilities.

6.16 Recognition and Measurement of Derivatives

6.16.1 Interest rate and currency hedging instruments

In accordance with IFRS 9, derivatives are recognized in the balance sheet at fair value. As prescribed in IFRS 7, the fair value of interest rate and currency derivatives is calculated by discounting future cash flows at the interest rate prevailing at the balance sheet date.

Derivatives can be designated as hedging instruments when they form part of one of the following three types of hedging relationship:

- Fair value hedges, which are hedges of the exposure to changes in fair value of a recognized asset or liability.

- Cash flow hedges, which hedge the exposure to variability in future cash flows attributable to forecast transactions.
- Hedges of a net investment in a foreign operation, which are used by the Group to hedge its interests in the net assets of its international operations.

Derivatives qualify for hedge accounting when the following conditions are met:

- At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship.
- The Group expects the hedge to be highly effective.
- The hedge's effectiveness can be reliably measured and the hedge is expected to be highly effective throughout the term of the hedging relationship.

The use of hedge accounting has the following consequences:

- For fair value hedges of recognized assets or liabilities, the hedged item is recognized at fair value in the balance sheet. The carrying amount of the hedged item is adjusted for fair value changes, which are recognized in profit or loss and are offset by symmetrical changes in the fair value of the hedging instrument, to the extent the hedge is effective.
- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income as changes in the fair value of the hedged portion of the hedged item are not recognized in the balance sheet. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness and is recognized in profit or loss. Amounts accumulated in equity through other comprehensive income are reclassified to the income statement in the same period or periods during which the hedged item affects profit or loss. The average period for this reclassification to apply is generally less than six months, except for licenses.

6.16.2 Liabilities relating to share acquisitions and commitments to purchase non-controlling interests

When the Group acquires an equity interest in a subsidiary, it may give the non-controlling shareholders of the acquired subsidiary a commitment to subsequently purchase their shares. Such purchase commitments correspond to put options written by the Group.

The Group recognizes a financial liability in its consolidated financial statements for put options written over non-controlling interests, with the amount of the liability calculated based on the price formulas in the related contractual documentation. A corresponding adjustment is made to equity and subsequent changes in the value of the financial liability are recognized in equity.

In July 2018, the Group raised its interest in Elior North America to 92%, following its purchase of the majority of this subsidiary's outstanding ordinary shares and all of its outstanding preference shares. The transaction led to a total cash outflow of €99 million, which was deducted from "Non-controlling interests" in equity in accordance with IFRS 3R as it corresponded to a transaction between owners not resulting in a transfer of control.

The remaining 8% interest in Elior North America not held by the Group at September 30, 2019 is covered by cross put and call options exercisable from 2023, which have been measured based on a price formula that approximates a fair value measurement. A liability has been recognized under "Non-current liabilities relating to share acquisitions" for the fair value of the put. As the put also corresponds to a transaction between owners, the liability was initially recognized and is being remeasured at fair value at the close of each fiscal year until it is derecognized through "Equity attributable to owners of the parent", with no impact on consolidated profit.

6.17 Definition of Net Debt

Net debt as defined by the Group represents short- and long-term debt plus the fair value of derivative financial instruments recognized under liabilities, less cash and cash equivalents, short-term financial receivables recognized in accordance with IFRIC 12 and the fair value of derivative financial instruments recognized under assets. It does not include liabilities relating to share acquisitions.

6.18 Accounting Treatment and Presentation of Assets or Groups of Assets Held for Sale and Discontinued Operations

IFRS 5 sets out the accounting treatment, presentation and disclosures required in relation to assets or groups of assets held for sale and discontinued operations. A discontinued operation represents a separate major line of business or a geographical area of operations that the Group has either disposed of or has classified as held for sale.

IFRS 5 requires entities to present assets and groups of assets held for sale on a separate line in the balance sheet if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, (i) the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (ii) the entity concerned must have made the decision to sell the asset (e.g. by management being committed to a plan to sell), and (iii) the sale must be highly probable within 12 months following the end of the reporting period.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and cease to be depreciated once they are classified in this category.

Profit or loss from discontinued operations, after the elimination of intra-group transactions, is presented on a separate line of the income statement. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal, for the current period and the comparative periods presented.

The net cash flows attributable to discontinued operations are also presented in a separate line in the cash flow statement and correspond to the cash flows generated by these operations until the date of their disposal as well as the cash generated by their disposal (excluding tax), for the current period and the comparative periods presented.

6.19 Revenue

In its contract catering and facilities management operations, the Group serves three key client markets: corporate entities and government agencies (“Business & Industry”), educational establishments ("Education"), and healthcare facilities ("Healthcare").

Through this business line, the Group offers dining and other catering-related services, such as meal deliveries, vending solutions and foodservices technical support.

The service contracts in the contract catering business provide for a flat fee calculated on a cost-plus basis or for management fees. These service contract fees are invoiced and paid on a monthly basis.

In the Business & Industry and Education markets, revenue corresponds to the amount invoiced to the client (i.e. companies or local or regional authorities) in the form of a price per cover, less any partial payments received from restaurant guests in the Business & Industry market or paid by families in the Education market.

The Group’s services business, which it notably conducts in France, involves the provision of soft facility management solutions, mainly value-added cleaning services in healthcare establishments, sensitive industrial environments and shopping malls. Remuneration provided for under these service contracts is on a per service basis, which is invoiced and paid monthly.

In its concession catering business line – which covers the Motorways, Airports, Railway Stations and City Sites markets – until June 30, 2019, the Group operated food and beverage concessions under both directly-owned and franchised main-street brands. It also operated duty-free and other retail concessions in airports and on motorways under franchised brands. The concession agreements were entered into between the Group’s operating subsidiaries and third-party concession grantors (airport authorities, motorway operators, etc.) which granted the Group the right to conduct business at their sites, in accordance with a set of specifications and in return for the payment of a concession fee. This fee was based on the revenue generated by Elior Group at the site concerned and the concession agreement may or may not have included guaranteed minimum fee clauses. The food, beverages and other items purchased from the Group in this business were directly paid for by customers at the cash register of the restaurant or retail outlet.

Consolidated revenue corresponds to sales of goods and services in the course of the ordinary activities of consolidated companies. It includes all income provided for in the Group’s contracts, whether the Group entity concerned is acting as principal (the majority of cases) or agent.

Revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes as well as the amortization of advances on customer contracts. No revenue is recognized if there is significant uncertainty about the recoverability of the payment to which the Group is entitled as consideration for goods or services provided.

Revenue generated from the rendering of contract catering services and support services or the sale of goods in travel retail stores is recognized when the service is rendered or the goods are sold.

6.20 Share-Based Compensation

The Group’s share-based compensation plans correspond to:

- The share-based compensation plan resulting from the acquisition of Waterfall in the UK.
- Stock option plans set up within Elior North America when THS USA was acquired in 2013. These plans are

recognized as employee benefits in accordance with IAS 19 as they will be settled by way of a future cash payment calculated using a formula that is not based on the fair value of Elior North America shares.

- Elior Group stock option and performance share plans authorized by the Company's shareholders and put in place during the years ended September 30, 2016, 2017, 2018 and 2019 for selected Group managers. As these plans are payable in Elior Group shares they are considered to be equity-settled instruments and are therefore recognized in accordance with IFRS 2.

6.21 Other Operating Expenses

This item includes all recurring operating expenses except costs for the purchase of raw materials and consumables, personnel costs, taxes other than on income, and depreciation, amortization and provision expense.

6.22 Non-Recurring Income and Expenses, Net

This item consists of income and expenses that are not considered as generated or incurred in the normal course of business, and mainly includes impairment of goodwill and other non-current assets, restructuring costs, acquisition costs of consolidated subsidiaries, and gains and losses on disposals of assets and investments in consolidated companies.

Previously, "Non-recurring income and expenses, net" also included annual charges to amortization recorded in the consolidated financial statements for intangible assets recognized on business combinations (notably customer relationships). However, these charges are now recognized within recurring operating profit.

6.23 Recurring Operating Profit

Recurring operating profit represents total income less total expenses before (i) non-recurring income and expenses, net, (ii) financial income and expenses, (iii) net profit for the period from discontinued operations, and (iv) income tax. Since the year ended September 30, 2014 the Group has included within recurring operating profit the share of profit of equity-accounted investees whose activities are the same or similar to those of the Group as a whole.

6.24 Calculation of Earnings Per Share

In accordance with IAS 33, basic earnings per share is calculated by dividing net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period excluding shares held in treasury.

For the purpose of calculating diluted earnings per share, (i) the weighted average number of ordinary shares outstanding is increased by the number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, and (ii) net profit attributable to owners of the parent is adjusted by the amount of dividends and interest recognized in the period in respect of any dilutive potential ordinary shares and any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive, when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

6.25 Segment Reporting

Following the sale of its Concession Catering business, the Group has two continuing operations: "Contract Catering" and "Services", which are divided into four operating sectors: "Contract Catering – France", "Services – France", "Contract Catering – International" and "Services – International".

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

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

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

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

The figures for the year ended September 30, 2018 have been restated to permit meaningful year-on-year comparisons following the reclassification of the "Concession Catering" operating segment as a discontinued operation.

7. Analysis of Changes in Income Statement and Balance Sheet Items

7.1 Revenue, Adjusted EBITA and Non-Current Assets by Segment

Fiscal 2018-2019

(in € millions) Year ended September 30, 2019	Contract Catering & Services France	Contract Catering & Services International	Contract Catering & Services Total	Corporate & Other	Group total
Revenue	**2,212**	**2,689**	**4,901**	**22**	**4,923**
Recurring operating profit including share of profit of equity-accounted investees	**109**	**74**	**183**	**(23)**	**160**
Of which:					
Share-based compensation expense	-	(4)	**(4)**	(1)	**(5)**
Net amortization of intangible assets recognized on consolidation	-	21	**21**	-	**21**
Adjusted EBITA	**109**	**90**	**199**	**(23)**	**176**
Adjusted EBITA as a % of revenue	*5%*	*3%*	*4%*	*(106)%*	*4%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(54)	(60)	**(114)**	(9)	**(122)**
Non-current assets	**1,265**	**1,213**	**2,478**	**28**	**2,505**

Fiscal 2017-2018

(in € millions) Year ended September 30, 2018	Contract Catering & Services France	Contract Catering & Services International	Contract Catering & Services Total	Corporate & Other	Group total
Revenue	**2,185**	**2,677**	**4,862**	**24**	**4,886**
Recurring operating profit including share of profit of equity-accounted investees	**98**	**45**	**143**	**(16)**	**127**
Of which:					
Share-based compensation expense	-	28	**28**	1	**29**
Net amortization of intangible assets recognized on consolidation	-	19	**19**	-	**19**
Adjusted EBITA	**98**	**92**	**190**	**(15)**	**175**
Adjusted EBITA as a % of revenue	*4%*	*3%*	*4%*	*(62)%*	*4%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(55)	(61)	**(116)**	(9)	**(125)**
Non-current assets	**1,280**	**1,213**	**2,493**	**36**	**2,529**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

7.2 Consolidated Revenue

– Revenue by client market

(in € millions)	Year ended Sept. 30, 2019	% of total revenue	Year ended Sept. 30, 2018 (1)	% of total revenue	Year-on-year change	% change
Business & Industry	2,256	45.8%	2,249	46.0%	7	0.3%
Education	1,415	28.7%	1,433	29.3%	(18)	(1.3)%
Healthcare	1,252	25.4%	1,204	24.7%	48	4.0%
Group total	**4,923**	**100.0%**	**4,886**	**100.0%**	**37**	**0.8%**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

7.3 Personnel Costs and Employee Numbers

7.3.1 Analysis of Personnel Costs

Personnel costs break down as follows:

(In € millions)	Year ended September 30, 2019	Year ended September 30, 2018 (1)
Personnel costs (excluding employee profit-sharing)	(2,436)	(2,388)
Employee profit-sharing	0	(2)
Share-based compensation expense	5	(29)
Personnel costs	**(2,431)**	**(2,419)**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

7.3.2 Employee Numbers

The table below shows the number of employees of Group companies at the year-end. Consequently, year-on-year changes cannot be directly compared with those of personnel costs recorded in the consolidated income statement.

The number of employees at September 30, 2019 and 2018 (both full and part-time) breaks down as follows by category:

	At Sept. 30, 2019	At Sept. 30, 2018
Management and supervisory staff	17,163	20,574
Other	92,999	111,426
Total	**110,162**	**132,000**

Employee numbers break down as follows by geographic region:

	At Sept. 30, 2019	At Sept. 30, 2018
France	45,036	51,778
International	65,126	80,222
Total	**110,162**	**132,000**

7.4 Non-Recurring Income and Expenses, Net

For the year ended September 30, 2019, non-recurring income and expenses represented a net expense of €27 million and primarily included (i) €22 million in severance payments and other employee-related costs, and impairment losses recognized against operating assets, (ii) €4 million in impairment losses for internally-developed intangible assets, and (iii) reversals through profit of liabilities related to earn-out payments.

For the year ended September 30, 2018, non-recurring income and expenses represented a net expense of €82 million and primarily included (i) €64 million in impairment of goodwill related to contract catering operations (€46 million for Italy and €18 million for India), (ii) €19 million in severance payments and other employee-related costs, impairment losses recognized against operating assets and prototypes, and costs incurred by the Group's French and international operations for exiting contracts with start-ups, (iii) €3 million in acquisition and merger costs (mainly in the USA), and (iv) reversals of liabilities related to earn-out payments and fair value adjustments on acquisitions carried out in the USA and United Kingdom, recognized in profit because recorded after the 12-month measurement period.

7.5 Financial Income and Expenses

The net financial expense recorded in the years ended September 30, 2019 and 2018 breaks down as follows:

(in € millions)	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018 (1)
Interest expense on debt	(63)	(52)
Interest income on short-term investments	3	3
Other financial income and expenses (2)	(7)	(17)
Interest cost on post-employment benefit obligations	(2)	(1)
Net financial expense	**(69)**	**(67)**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

(2) Including:		
- Fair value adjustments recognized in profit on interest rate and currency hedging instruments	*1*	*(2)*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies	*(10)*	*(10)*
- Amortization of debt issuance costs	*(11)*	*(5)*
- Net foreign exchange gain/(loss)	*15*	*1*
- Other financial expenses	*(1)*	*(1)*

7.6 Income Tax

(in € millions)	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018 (1)
Current tax (2)	(25)	(27)
Deferred tax	30	25
Total	**4**	**(2)**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

(2) Including €21 million for the French CVAE tax for the years ended September 30, 2019 and 2018.

The following table shows a reconciliation between the Group's net income tax expense recognized in the income statement and its theoretical income tax expense for the years ended September 30, 2019 and 2018:

(in € millions)	Year ended Sept. 30, 2019		Year ended Sept. 30, 2018 (1)	
	Base	Tax impact	Base	Tax impact
Profit/(loss) before income tax	**64**		**(23)**	
Share of profit of equity-accounted investees	-		1	
Profit/(loss) before income tax and share of profit of equity-accounted investees	64		(22)	
Theoretical income tax (2)		(22)		7
Impact of tax rates on profit generated outside France		-		(5)
Tax loss carryforwards generated during the year or in prior years that resulted in the recognition of a deferred tax asset and/or impairment of deferred tax assets (3)		12		17
Income not subject to tax and expenses not deductible for tax purposes (4)		15		(22)
Net income tax expense		**4**		**(2)**

(1) The figures for the year ended September 30, 2018 have been restated to reflect the impacts of the sale of the Concession Catering business.

(2) The standard income tax rate used by the Group is 34.43%.

(3) Including €11 million recognized in France in the year ended September 30, 2019 and €13 million recognized in the United States in the year ended September 30, 2018 following the US federal income tax reforms.

(4) Primarily including (i) a €20 million tax benefit recorded in the year ended September 30, 2019 related to the sale of the Concession Catering business, and (ii) for the years ended September 30, 2019 and 2018, the impacts (net of income tax) of the CVAE tax in France, the IRAP tax in Italy and the US state tax.

7.7 Net Profit for the Period from Discontinued Operations

Year ended September 30, 2019

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

On July 1, 2019, Elior Group announced that it had completed the sale of Areas to PAI Partners for €1.4 billion (representing an enterprise value of €1.542 billion), of which €70 million corresponded to an interest-bearing vendor loan.

The net capital gain on the sale amounted to €208 million, excluding the tax impact and before final price adjustments, which has been recognized in "Net profit from discontinued operations" and breaks down as follows:

(in € millions)	Year ended Sept. 30 2019
Sale price	674
Transferred assets and liabilities, net of costs of sale	(462)
Recycled translation reserves	(4)
Net-of-tax capital gain	**208**

As a result of this sale, the Concession Catering business – which corresponds to an operating segment – has been classified under discontinued operations in the consolidated income statement and cash flow statement for both of the periods presented.

(in € millions)	Year ended September 30, 2019	Year ended September 30, 2018
Revenue	**1,348**	**1,808**
Purchase of raw materials and consumables	(396)	(548)
Personnel costs	(433)	(556)
Share-based compensation expense	(1)	(0)
Other operating expenses	(412)	(493)
Taxes other than on income	(12)	(14)
Depreciation, amortization and provisions for recurring operating items	(62)	(90)
Net amortization of intangible assets recognized on consolidation	(1)	(3)
Recurring operating profit from discontinued operations	**31**	**104**
Share of profit of equity-accounted investees	1	3
Recurring operating profit from discontinued operations including share of profit of equity-accounted investees	**32**	**107**
Non-recurring income and expenses, net (1)	183	(7)
Operating profit from discontinued operations including share of profit of equity-accounted investees	**215**	**100**
Financial expenses	-	(1)
Financial income	-	2
Profit from discontinued operations before tax	**215**	**101**
Income tax	(13)	(38)
Net profit for the period from discontinued operations	**202**	**63**

(1) *This item includes the €208 million capital gain arising on the sale of the Concession Catering business.*

(in € millions)	Year ended September 30, 2019	Year ended September 30, 2018
Cash flows from operating activities – discontinued operations		
EBITDA	**95**	**199**
Change in operating working capital	(0)	10
Tax paid	(32)	(27)
Other cash movements	(52)	(8)
Net cash from operating activities – discontinued operations	**11**	**174**
Cash flows from investing activities – discontinued operations		
Purchases of property, plant and equipment and intangible assets	(101)	(126)
Proceeds from sale of property, plant and equipment and intangible assets	5	3
Purchases of financial assets	(5)	(3)
Acquisitions/sales of consolidated companies, net of cash acquired/transferred	1,317	(20)
Net cash from/(used in) investing activities – discontinued operations	**1,216**	**(146)**
Cash flows from financing activities – discontinued operations		
Dividends paid to non-controlling interests	(2)	(2)
Proceeds from borrowings	1	4
Repayments of borrowings	(7)	(3)
Net cash from/(used in) financing activities – discontinued operations	**(8)**	**(1)**
Effect of exchange rate and other changes	5	1
Increase in net cash and cash equivalents – discontinued operations	**1,224**	**28**

The assets and liabilities recorded under “Assets classified as held for sale” and “Liabilities classified as held for sale” in the balance sheet at September 30, 2019 concern concession catering operations that were not transferred to PAI but whose sale is considered to be highly probable.

Year ended September 30, 2018

For the year ended September 30, 2018, net profit from discontinued operations included the non-material costs of liquidating an entity that previously formed part of the Group's Contract Catering business line (S.O.G.E.C.C.I.R) and whose operations were sold in fiscal 2016-2017.

As a result of amendments to the shareholders' agreements, the Group's remaining 40% interest in museum catering operations in France (following the transfer of control of these operations to Groupe Ducasse in March 2017) no longer met the criteria for classification as an asset held for sale at September 30, 2018. In fiscal 2017-2018 this interest was therefore accounted for by the equity method and included in "Equity-accounted investees" in the consolidated balance sheet, with the Group's share of profit from the investment reclassified to "Share of profit of equity-accounted investees".

For fiscal 2017-2018, this item included the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the gain or loss recognized on the disposal.

7.8 Earnings Per Share

The table below shows the number of outstanding shares before and after dilution.

	Year ended September 30	
	2019	2018
Weighted average number of shares outstanding - Basic	176,419,729	174,133,539
Dilutive impact of stock option and performance share plans	184,240	148,856
Weighted average number of shares outstanding - Diluted	176,603,969	174,282,395

Basic and diluted earnings per share for the years ended September 30, 2019 and 2018 were as follows:

	Year ended September 30	
	2019	2018
Attributable net profit for the period	271	34
Basic earnings per share (in €)	**1.54**	**0.19**
Diluted earnings per share (in €)	**1.53**	**0.19**

7.9 Goodwill

7.9.1 Analysis of Goodwill

The table below shows an analysis of consolidated goodwill by business line and including the CGUs defined in Note 6.5 above.

(in € millions)	At Sept. 30, 2018	Increase	Decrease	Other movements including currency translation differences	At Sept. 30, 2019
Elior Restauration Entreprises	578	-	-	-	578
Elior Restauration Enseignement et Santé	365	-	-	-	365
Elior Services	134	-	-	-	134
France	**1,077**	**-**	**-**	**-**	**1,077**
Elior North America	271	2	-	9	282
Elior Europe - Other countries (1)	492	-	-	-	492
Elior India	0	-	-	-	0
International	**763**	**2**	**-**	**9**	**774**
Total Contract Catering & Services (Elior)	**1,840**	**2**	**-**	**9**	**1,851**
Areas Northern Europe	424	-	-	(424)	-
Areas Southern Europe	213	-	-	(213)	-
Areas Americas	65	-	-	(65)	-
Total Concession Catering (Areas)	**701**	**-**	**-**	**(701)**	**-**
Group total	**2,541**	**2**	**-**	**(692)**	**1,851**

(1) Including Elior UK, Elior Iberia and Elior Italy

Year ended September 30, 2019

The Group did not carry out any significant acquisitions in the year ended September 30, 2019.

Year ended September 30, 2018

The net change in goodwill in the year ended September 30, 2018 primarily related to the following:

(1) €36 million in goodwill recognized in relation to the acquisitions of CBM Managed Services and Bateman Community Living in the United States and the assignment of fair values to these companies' identifiable intangible assets.

(2) The completion of the purchase price allocation processes for (i) the UK contract caterer Edwards & Blake (consolidated since fiscal 2016-2017) and (ii) MegaBite and CRCL (Elior India) (also consolidated since fiscal 2016-2017).

(3) The currency effect arising on the recognition of goodwill related to the above companies denominated in foreign currencies.

(4) Goodwill impairment losses recognized during the year for Elior CGUs.

7.9.2 Impairment Losses and Sensitivity Analyses

Key assumptions used for calculating recoverable value

The main assumptions used for the impairment tests performed were as follows:

	Discount rate		Perpetuity growth rate	
	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018
Elior Restauration Entreprises	6.6%	7.8%	2.0%	2.0%
Elior Restauration Enseignement et Santé	6.6%	7.8%	2.0%	2.0%
Elior Services	6.6%	7.0%	2.0%	2.0%
Elior North America	8.3%	8.8%	2.0%	2.0%
Elior Europe - other countries (1)	7.2% - 8.1%	7.5% - 8.3%	1.7% - 2%	1.7% - 2.0%
Elior India	10.1%	11.5%	4.0%	4.0%

(1) *Including Elior UK, Elior Iberia and Elior Italy*

2019 annual impairment test

No impairment losses were recognized based on the annual impairment test performed in 2019.

Sensitivity of the recoverable amount of CGUs to changes in the assumptions applied

In accordance with IAS 36, the Group carried out sensitivity analyses on the results of the impairment tests performed, based on the following changes in the assumptions applied concerning the long-term growth rate, projected net cash flows and discount rates:

- a 50 basis-point decrease in the long-term growth rate;
- a 5% decrease in projected net cash flows based on the duration of the relevant business plans and the terminal value; or
- a 50 basis-point increase in the discount rate for eurozone CGUs and a 100 basis-point increase for the other CGUs.

Excluding Elior India, (whose goodwill has been fully written down) the sensitivity analyses based on the changes in assumptions set out above did not reveal any reasonably possible scenarios in which the recoverable amounts of any of the Group's other CGUs would fall below their carrying amounts.

2018 annual impairment test

The impairment tests carried out on the Group's assets at September 30, 2018 led to the recognition of €64 million in goodwill impairment losses, breaking down as €46 million for Elior Italy and €18 million for Elior India.

Elior Italy

Elior Italy is a contract caterer and operates in the Business & Industry, Education and Healthcare markets. The impairment loss recognized for this CGU in 2017-2018 resulted from the decision to refocus this subsidiary's business on higher value-added segments.

The €46 million goodwill impairment loss recognized for Elior Italy in 2017-2018 corresponded to 21% of the value of Elior Italy's goodwill before impairment. Recognition of this impairment loss reduced the carrying amount of the CGU's goodwill to €170 million, corresponding to the CGU's value in use.

Elior India

Elior India is a contract caterer and operates in the Business & Industry market. The impairment loss recognized for this subsidiary in 2017-2018 was due to the decision to restrict the Group's expansion in India to organic growth only. Its amount corresponded to 100% of the goodwill recognized for this CGU in the consolidated balance sheet.

7.10 Analysis of Intangible Assets and Property, Plant and Equipment

7.10.1 Intangible Assets

(in € millions)	At Sept. 30, 2018	Additions	Disposals	Other movements	At Sept. 30, 2019
Concession rights	272	1	(3)	(251)	18
Assets operated under concession arrangements (1)	37	-	-	-	37
Trademarks	72	-	-	(47)	25
Software	172	3	(2)	(49)	124
Intangible assets in progress	34	8	-	(31)	11
Other	277	1	-	12	289
Gross value	**864**	**12**	**(6)**	**(367)**	**504**
Concession rights	(89)	(1)	1	82	(7)
Assets operated under concession arrangements (1)	(37)	-	-	-	(37)
Trademarks	(25)	(2)	-	20	(6)
Software	(107)	(18)	1	32	(92)
Other	(82)	(23)	-	5	(100)
Total amortization	**(340)**	**(44)**	**3**	**139**	**(242)**
Carrying amount	**524**	**(32)**	**(3)**	**(228)**	**262**

(1) Assets recognized in accordance with IFRIC 12 for the Group's right to use central kitchens in the education market in France as granted under leases and public sector contracts.

7.10.2 Property, Plant and Equipment

(in € millions)	At Sept. 30, 2018	Additions	Disposals	Other movements (1)	At Sept. 30, 2019
Land	9	0	(2)	0	7
Buildings	177	3	(3)	(86)	92
Technical installations	718	35	(19)	(239)	495
Other items of property, plant and equipment	862	47	(16)	(478)	414
Assets under construction	40	13	0	(46)	7
Prepayments to suppliers of property, plant and equipment	4	1	0	(3)	2
Gross value	**1,810**	**98**	**(40)**	**(852)**	**1,016**
Buildings	(91)	(4)	2	47	(46)
Technical installations	(477)	(53)	17	162	(352)
Other items of property, plant and	(494)	(52)	13	307	(226)
Total depreciation	**(1,063)**	**(109)**	**32**	**516**	**(624)**
Carrying amount	**747**	**(10)**	**(7)**	**(336)**	**392**

(1) Other movements correspond to the sale of Areas.

At September 30, 2019 and 2018, the carrying amount of non-current assets held under finance leases broke down as follows (excluding the assets described in Note 8.3 relating to the accounting treatment of leases entered into concerning central kitchen facilities in the Group's Education market):

	At Sept. 30, 2019	At Sept. 30, 2018
Gross value	92	110
Depreciation	(62)	(71)
Net value	**30**	**39**

7.11 Non-Current Financial Assets

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
	Carrying amount	**Carrying amount**
Investments in non-consolidated companies	16	29
Loans (1)	71	7
Deposits and guarantees paid	15	34
Financial receivables	2	2
Total	**104**	**72**

(1) *At September 30, 2019, "Loans" included the €70 million vendor loan granted to PAI Partners in connection with the sale of the Concession Catering business.*

7.12 Equity-Accounted Investees

(in € millions)	Carrying amount at Sept. 30, 2018	Dividends paid	Net profit/(loss) for the period	Changes in scope of consolidation and other	Carrying amount at Sept.30, 2019
Motorways subsidiaries (France)	-	-	-	-	-
SRMLC and subsidiaries	(1)	-	(1)	2	1
BrisAreas subsidiary (Portugal)	-	-	-	-	-
N.W.L (France and International)	9	(1)	-	(8)	-
Riverside Events (UK)	-	-	-	-	-
Total	**9**	**(1)**	**-**	**(7)**	**1**

7.13 Trade and Other Receivables

(in € millions)	At Sept. 30, 2019		At Sept. 30, 2018	
	Gross	Net	Gross	Net
Trade receivables	501	454	583	540
Revenue accruals	98	98	106	106
Prepayments to suppliers	61	61	97	97
Prepaid and recoverable VAT	46	46	69	69
Receivables relating to asset disposals	4	4	10	10
Other	12	12	57	57
Total	**722**	**675**	**923**	**879**

Net trade receivables break down as follows by maturity:

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Receivables not past due	304	355
Receivables less than 30 days past due	61	78
Receivables more than 30 days but less than 6 months past due	64	64
Receivables more than 6 months but less than 1 year past due	15	17
Receivables more than 1 year past due	10	25
Total net trade receivables	**454**	**540**

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Outstanding balance of sold receivables	167	116
Overcollateralization reserve	20	28
Net outstanding balance	**147**	**88**

In the years ended September 30, 2019 and 2018, the Group sold its CICE tax credit to a bank on a no-recourse basis for €48 million and €61 million respectively.

7.14 Deferred Taxes

The deferred tax balances recorded in the consolidated balance sheet at September 30, 2019 and 2018 break down as follows by type of temporary difference:

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Paid leave provisions	7	6
Other non-deductible provisions and expenses	43	43
Provisions for pension benefit obligations	26	28
Fair value adjustments (1)	(27)	(52)
Recognition of tax loss carryforwards (2)	101	106
Total	**150**	**131**
Deferred tax assets	210	190
Deferred tax liabilities	(60)	(59)
Provisions recognized for deferred tax assets	(1)	(1)
Total	**149**	**130**

(1) This item corresponds to (i) the deferred tax impact of fair value measurements concerning the assets of companies consolidated for the first time in prior periods; and (ii) changes in the fair value of interest rate hedges.

(2) This amount primarily includes:
- At September 30, 2019, the following tax loss carryforwards: (i) €91 million for Elior Group, recoverable through the French tax consolidation group which it heads and (ii) €8 million for the Group's US subsidiaries
- At September 30, 2018, the following tax loss carryforwards: (i) €88 million for Elior Group, recoverable through the French tax consolidation group which it heads and (ii) €11 million for the Group's US subsidiaries.

Deferred taxes are classified under non-current assets and liabilities in the consolidated balance sheet.

7.15 Other Current Assets

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Prepaid expenses	33	60
Other	14	37
Total	**47**	**97**

7.16 Provisions

Long- and short-term provisions can be analyzed as follows:

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Employee benefits	104	109
Non-renewal of concession contracts	9	11
Other	6	9
Long-term provisions	**119**	**129**
Commercial risks	1	1
Tax risks and employee-related disputes	12	17
Reorganization costs	5	3
Employee benefits	9	11
Other	36	19
Short-term provisions	**63**	**51**
Total	**182**	**180**

7.16.1 Provisions for Employee Benefit Obligations

7.16.1.1 Summary of provisions and description of plans

(in € millions)	Pension and other post-employment benefit plans	
	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018
Provisions at Oct. 1	**120**	**124**
Net expense for the period	11	8
Gains on plan curtailments	-	-
Benefits and contributions paid	(12)	(11)
Changes in scope of consolidation	(19)	1
Actuarial gains and (losses) recognized in equity	13	(2)
Currency translation adjustments	-	-
Provisions at year-end	**113**	**120**
O/w short-term	*9*	*11*
O/w long-term	*104*	*109*

7.16.1.2 Defined benefit plans

These plans primarily concern pension and other post-employment benefit plans.

Pension and other post-employment benefit plans

The main pension and other post-employment benefit plans in place within the Group are as follows:

In **France**, the Group's main defined benefit obligations relate to retirement bonuses, which are payable at the employee's retirement date if he or she still forms part of the Group at that date. These obligations are covered by liabilities recognized in the consolidated balance sheet.

The official retirement age in France is 62 and the average retirement age observed within the Group is 64.

In the **United Kingdom**, Elior has several defined benefit pension plans in place which are financed through independently-managed funds. Elior pays contributions into these funds and the funds pay out the pension benefits. The members of these pension plans correspond to employees working on a small number of contract catering contracts operated by the Group's recently acquired UK companies, Waterfall and Edwards & Blake.

The official retirement age in the UK is 65.

In **Spain**, Elior has a number of unfunded pension plans in place. The Group's obligations under these plans are primarily based on the pensionable salary and length of service of the employees concerned.

In **Italy**, the Group's obligations correspond to the legal requirement to pay an indemnity to employees on termination of their employment contract. At each balance sheet date, vested rights of employees are valued in accordance with the legal requirements and are fully covered by provisions. Since January 1, 2007, following a change in Italian legislation, employees can request that their entitlements be transferred to the Italian state plan or private insurance funds.

At September 30, 2019, the Group's employee benefit obligations broke down as follows by geographic region:

(in € millions)	France	United Kingdom	Italy	Other (*)	**Total**
Present value of obligations	82	36	10	10	**138**
Fair value of plan assets	-	(24)	-	(1)	**(25)**
PROVISIONS FOR PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	***82***	***12***	***10***	***9***	**113**
Payments	*(7)*	*(2)*	*(3)*	*(1)*	***(12)***
Average duration (in years)	*11*	*22*	*10*	*13*	***N/A***

(*) Including Spain and India

On average, the Group pays €2 million a year into the plan assets (see Note 7.16.1.4).

7.16.1.3 Items recognized in the income statement and statement of comprehensive income

7.16.1.3.1 Income statement

(in € millions)	Pension and other post-employment benefit obligations	
	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018
Service cost:		
- Current service cost	(8)	(9)
- Past service cost and gains on plan curtailments	(1)	2
Net interest cost:		
- Interest expense on obligations	(2)	(3)
- Return on plan assets	-	1
COMPONENTS OF THE COST OF DEFINED BENEFITS RECOGNIZED AS EXPENSES	**(11)**	**(9)**

7.16.1.3.2 Statement of comprehensive income (SOCI)

(in € millions)	Pension and other post-employment benefit obligations	
	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018
AT OCTOBER 1	**(22)**	**(24)**
Actuarial gains/(losses) on plan assets:		
- Related to return on plan assets	-	-
Actuarial gains/(losses) on provisions for pension and other post-employment benefit obligations		
- Related to changes in demographic assumptions	5	-
- Related to changes in financial assumptions[1]	(20)	2
- Related to experience adjustments	2	-
COMPONENTS OF THE COST OF DEFINED BENEFIT PLANS RECOGNIZED IN THE SOCI	**(13)**	**2**
Changes in scope of consolidation		
AT THE YEAR-END	**(30)**	**(22)**

(1) *For 2018-2019, the reduction in the discount rates applied (see Note 7.16.1.6) led to €20 million in actuarial losses. In 2017-2018, changes in the discount rates applied were not significant.*

7.16.1.4 Movements in obligations and plan assets

(in € millions)	Present value of obligations		Fair value of plan assets		Net provisions for pension and other post-employment benefits	
	At Sept. 30, 2019	At Sept. 30, 2018	At Sept. 30, 2019	At Sept. 30, 2018	At Sept. 30, 2019	At Sept. 30, 2018
At Oct. 1	**143**	**146**	**(23)**	**(22)**	**120**	**124**
Service cost	8	9	-	-	8	9
Net interest cost	2	3	-	(1)	2	2
Remeasurement – Actuarial gains/(losses) arising from:						
- changes in demographic assumptions	(5)	-	-	-	(5)	-
- changes in financial assumptions	20	(2)	-	-	20	(2)
- experience adjustments	(2)	-	-	-	(2)	-
Past service cost, including gains/(losses) on plan curtailments	-	-	-	-	-	-
Employer contributions	-	-	(2)	-	(2)	-
Benefits paid	(10)	(11)	-	-	(10)	(11)
Changes in scope of consolidation	(19)	-	-	-	(19)	-
Currency translation adjustments	-	-	-	-	-	-
Other (change of pension system)	1	(2)	-	-	1	(2)
At the year-end	**138**	**143**	**(25)**	**(23)**	**113**	**120**
Partially funded obligations	*37*	*29*	*(25)*	*(23)*	*12*	*6*
Unfunded obligations	*101*	*114*	-	-	*101*	*114*

The Group expects that the defined benefits payable in fiscal 2019-2020 directly by Group entities to their employees will total approximately €8 million.

7.16.1.5 Plan assets

(in % and € millions)	Breakdown of plan assets at Sept. 30,		Fair value of plan assets at Sept. 30,	
	2019	2018	2019	2018
Cash and cash equivalents	-	-	-	-
Equities	69%	70%	17	16
Debt securities	31%	30%	8	7
Real estate	-	-	-	-
Insurance contracts	-	-	-	-
Total	**100%**	**100%**	**25**	**23**

The fair value of debt securities and equities is based on quoted prices in active markets. The fair value of plan assets does not include any financial instruments issued by Elior or any other assets used by the Group.

The actual return on plan assets was zero in 2019.

7.16.1.6 Assumptions used for actuarial calculations

The main actuarial assumptions used for the years ended September 30, 2019 and 2018 were as follows:

- For the Year Ended September 30, 2019

Country	France	Italy	Spain	UK
Type of obligation	Statutory retirement bonuses and long-service awards	TFR provision for employment contract termination indemnities	Retirement and retention bonuses	Retirement bonuses
Discount rate	0.3%	0.3%	0.3%	1.7%
Salary growth rate	2% to 2.25%	N/A	0.5%	N/A

- For the Year Ended September 30, 2018

Country	France	Italy	Spain	Germany
Type of obligation	Statutory retirement bonuses and long-service awards	TFR provision for employment contract termination indemnities	Retirement and retention bonuses	Retention bonuses
Discount rate	1.50%			
Salary growth rate	2% to 2.25%	N/A	0.5%	N/A

Methods applied to determine discount rates

The discount rates used for the eurozone and the United Kingdom are based on AA rated corporate bonds:

	Pension and other post-employment benefit obligations	Benchmark index
Eurozone	0.30%	AA rated bonds
United Kingdom	1.70%	AA rated bonds in the iBoxx sterling corporate bond index
India	7.00%	Indian government bonds index in accordance with the maturity of the obligations

7.16.1.7 Defined contribution plans

The costs related to these plans correspond to contributions paid by the Group to independently-managed funds. These plans guarantee employees a level of benefits that is directly related to the amount of contributions paid.

The contributions paid by the Group for defined contribution plans amounted to €9 million in the year ended September 30, 2019 (€6 million in 2017-2018).

7.16.2 Provisions for Non-Renewal of Concession Contracts

Provisions for non-renewal of concession contracts are recorded to cover the risk of asset write-downs or reconditioning expenses for property, plant and equipment to be returned to concession grantors.

7.17 Financial Risk Management, Debt and Derivative Financial Instruments

7.17.1 Financial Risk Management

7.17.1.1 Exposure to foreign exchange risk

The Group operates primarily in eurozone countries. In the year ended September 30, 2019, the Group's main non-eurozone countries – the United Kingdom, the United States and India – accounted for 33.8% of consolidated revenue (28.8% in fiscal 2017-2018), including 8.2% contributed by the United Kingdom (2017-2018: 6.5%) and 24.7% by the United States (20.3% in 2016-2017).

The revenues and expenses of Group companies are invoiced and paid in local currencies. As a general rule, Group companies have no significant receivables or payables denominated in foreign currencies. Consequently, the Group has no significant foreign exchange risk exposure in relation to its business transactions.

The Group's external borrowings are primarily denominated in euros, apart from the US dollar-denominated borrowings set up on the refinancing of the debt of Elior North America (within the scope of the SFA), which amounted to $509 million at September 30, 2019. The Group's foreign exchange risk in relation to its borrowings is therefore low. Internal borrowings between eurozone and non-eurozone Group subsidiaries are generally hedged through currency swap transactions, except for the loan with Elior North America following the sale of Areas.

Elior Participations SCA uses forward currency sale contracts to hedge loans granted to its subsidiary in the United Kingdom. The outstanding amounts of these currency hedges were £56 million and £45 million at September 30, 2019 and 2018 respectively.

The Group's sensitivity to changes in exchange rates mainly relates to fluctuations in the value of:

- The pound sterling against the euro: a 5% increase or decrease in this currency compared with the average rate of 0.8841 for the year ended September 30, 2019 would result in corresponding changes in consolidated revenue and recurring operating profit of €20 million and €0.1 million respectively.
- The US dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.1279 for the year ended September 30, 2019 would result in corresponding changes in consolidated revenue and recurring operating profit of €61 million and €2 million respectively.

7.17.1.2 Exposure to interest rate risk

The Group is exposed to the risk of fluctuations in interest rates on debt that is indexed to the Euro Interbank Offered Rate ("Euribor") and the USD Libor plus an applicable margin.

In order to manage interest rate risk, the Group has set up interest rate swaps and caps. These hedges mitigate (i) the risk of variable interest rates affecting the fair value of the Group's fixed-rate debt, and (ii) the impact of the Group's variable-rate debt on consolidated cash. Hedges set up using options are referred to as "optional hedges" and other hedges are referred to as "firm hedges". The net amount of firm hedges set up does not exceed the amount of the Group's debt for a given period and the net gains or losses on hedges are allocated to the hedged period.

The rates at which the Group's debt was hedged (against the Euribor and USD Libor) were as follows at September 30, 2019 for Elior Group and Elior Participations:

Hedges in euros

- For the period from October 1, 2019 through September 30, 2020: 0.064% for firm hedges (€500 million).
- For the period from October 1, 2020 through December 31, 2021: 0.343% for firm hedges (€500 million).

The rates at which the Group's debt was hedged (against the Euribor and USD Libor) were as follows at September 30, 2019 for Elior Group and Elior Participations:

Hedges in euros

- For the period from October 1, 2018 through September 30, 2019: 0.051% for firm hedges (€1,000 million).
- For the period from October 1, 2019 through September 30, 2020: 0.075% for firm hedges (€1,000 million).
- For the period from October 1, 2020 through December 31, 2021: 0.351% for firm hedges (€550 million).

Hedges in US dollars

- For the period from October 1, 2018 through December 31, 2018: 1.596% (weighted average based on the notional amount) for firm hedges ($400 million).
- For the period from January 1, 2019 through September 30, 2020: 2.032% for firm hedges ($400 million).
- For the period from October 1, 2020 through December 31, 2021: 2.558% for firm hedges ($200 million).

These rates do not include lending margins.

Taking into account these hedging transactions, a 1% increase in interest rates would have an impact of approximately €3 million on the Group's finance costs for fiscal 2019-2020.

7.17.1.3 Exposure to liquidity risk

The Group manages its liquidity risk by maintaining adequate reserves, bank lines of credit and stand-by lines of credit, by preparing cash flow forecasts and monitoring actual cash flows in relation to forecasts, and by matching to the extent possible the maturity profiles of financial assets and liabilities. The Group's debt can be analyzed as follows by maturity (based on repayment/redemption value):

The Group’s debt can be analyzed as follows by maturity (based on repayment/redemption value):

(in € millions)	Original currency	At September 30, 2019				At September 30, 2018	
		Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings - Elior Group SA	€		*530*		530		1,480
Medium-term borrowings - Elior Participations	€ / $						209
Other medium- and long-term bank borrowings	€						-
Sub-total – bank borrowings			***530***	**-**	**530**		**1,689**
Other debt							
Elior Group bond debt (USD private placement)	$						86
Finance leases	€	9	*22*		22	15	24
Other (1)	€	2	*55*		55	8	90
Bank overdrafts (2)	€	4				61	-
Current accounts (2)	€						
Accrued interest on borrowings	€ / $	1					
Sub-total – other debt		**16**	***76***	**-**	**76**	**84**	**200**
Total debt		**16**	***606***	**-**	**606**	**84**	**1,889**

(1) Including liabilities under the receivables securitization program described in Note 8.12.
(2) Amounts deducted from cash and cash equivalents in the cash flow statement

7.17.1.4 Exposure to credit and counterparty risk

Credit and/or counterparty risk is the risk that a party to a contract with the Group will fail to meet its obligations in accordance with agreed terms, leading to a financial loss for the Group.

The main financial instruments that could expose the Group to concentrations of counterparty risk are trade receivables, cash and cash equivalents, investments and derivatives. The Group's maximum exposure to credit risk corresponds to the carrying amount of all of the financial assets recognized in the consolidated financial statements, net of any accumulated impairment losses.

The Group considers that it has very low exposure to concentrations of credit risk in relation to trade receivables. The balance sheets of the Group's companies operating in the Concession Catering business line do not generally include significant amounts of trade receivables.

In the Contract Catering & Services business line there is no material exposure to concentrations of customer credit risk at Group level as the relevant companies have a large number of customers and the geographic locations of these customers and the operating sites concerned are highly diverse.

7.17.2 Fair value of financial assets and liabilities

The table below presents the Group's financial assets and liabilities by category as well as their carrying amounts and fair values and the account headings in which they are included in the consolidated balance sheet. It also shows the fair value hierarchy level for assets and liabilities carried at fair value.

The Group only enters into hedging agreements with leading financial institutions and, as the situation currently stands, it considers that the risk of any of these counterparties defaulting on their contractual obligations to be very low as the financial exposure of each of these financial institutions is limited.

These levels correspond to the following:

- Level 1: Quoted prices in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(in € millions)	Carried at amortized cost	Fair value hierarchy level	At Sept. 30, 2019		At Sept. 30, 2018	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Other non-current financial assets	✓		104	104	72	72
Equity-accounted investees		Level 3	1	1	9	9
Derivative financial instruments		Level 2	-	-	8	8
Trade and other receivables	✓		675	675	879	879
Other current assets	✓		47	47	97	97
Short-term financial receivables	✓		32	32	2	2
Cash and cash equivalents		Level 1	83	83	142	142
Financial liabilities						
Short- and long-term debt	✓		618	618	1,959	1,959
Derivative financial instruments		Level 2	9	9	5	5
Liabilities relating to share acquisitions		Level 3	73	73	116	116
Trade and other payables	✓		550	550	850	850
Due to suppliers of non-current assets	✓		15	15	75	75

7.17.3 Analysis of Debt

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

		At Sept. 30, 2019		At Sept. 30, 2018	
(in € millions)	Original currency	Amortized cost	Fair value	Amortized cost	Fair value
Bank overdrafts	€	4	4	61	61
Other short-term debt (including short-term portion of obligations under finance leases)	€	12	12	24	24
Sub-total – short-term debt		**16**	**16**	**84**	**84**
Syndicated bank loans	€ / $	526	530	1,674	1,689
Other medium- and long-term borrowings	$	0	0	86	86
Factoring and securitized trade receivables	€	54	54	88	88
Other long-term debt (including obligations under finance leases	€	22	22	25	25
Sub-total – long-term debt		**602**	**606**	**1,874**	**1,889**
Total debt		**618**	**622**	**1,959**	**1,974**

The following table shows the movements in the Group's debt in the year ended September 30, 2019:

(in € millions)	At Sept. 30, 2018	Increases	Redemptions/ repayments	Other movements (1)	At Sept. 30, 2019
Syndicated bank loans	1,689	78	(1,245)	8	530
Factoring and securitized trade receivables	88	1	(35)	0	54
Finance leases	39	1	(10)	1	31
Other borrowings	96	1	(89)	(5)	3
Total debt	**1,912**	**81**	**(1,379)**	**4**	**618**

(1) "Other movements" correspond to currency translation differences, reclassifications and the impact of changes in scope of consolidation in the year ended September 30, 2019.

The Group's debt at September 30, 2019 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2019:

- **For Elior Group SA**:
- A senior bank loan totaling €530 million at September 30, 2019, fully repayable in May 2023. Interest is based on the Euribor plus a standard margin of 2.00%.

- **For Elior Participations SCA**:
- A €450 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Euribor plus a standard margin of 1.60%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. None of this facility had been drawn down by Elior Participations at September 30, 2019.

- A $250 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Libor plus a standard margin of 1.60%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. None of this facility had been drawn down by Elior Participations at September 30, 2019.

Liabilities relating to the Group's first receivables securitization program. At September 30, 2019, outstanding securitized receivables under this program – net of the related €20 million overcollateralization reserve – stood at €54 million. The program was set up in July 2017 for a period of four years. Its ceiling (net of the equivalent of an overcollateralization reserve) is €360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.30% in fiscal 2018-2019.

The Group's debt at September 30, 2018 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2018:

- **For Elior Group SA:**
- A senior bank loan totaling €950 million at September 30, 2018, of which €800 million repayable in May 2023 and €150 million in December 2024. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2023 and 2.50% for the portion repayable in 2024.

- US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds - which represented an aggregate $100 million at September 30, 2018 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.

- A senior bank loan totaling €234 million at September 30, 2018, of which €50 million repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.

- A US-dollar denominated senior bank loan totaling $344 million at September 30, 2018, set up under the SFA and repayable in May 2023. Interest is based on the USD Libor plus a standard margin of 1.65%.

- **For Elior Participations SCA:**
- A €450 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Euribor plus a standard margin of 1.25%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2018, Elior Participations had drawn down €132 million of this facility

- A $250 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Libor plus a standard margin of 1.25%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2018, Elior Participations had drawn down $90 million of this facility.

Liabilities relating to the Group's first receivables securitization program. At September 30, 2018, outstanding securitized receivables under this program – net of the related €22 million overcollateralization reserve – stood at €69.4 million. The program was set up in July 2017 for a period of four years. Its ceiling (net of the equivalent of an overcollateralization reserve) is

€360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.30% in fiscal 2017-2018.

Liabilities relating to the Group's second receivables securitization program. At September 30, 2018, outstanding securitized receivables under this program – net of the related £5 million overcollateralization reserve – stood at £17 million. The program was set up in July 2016 for a period of three years. Its ceiling (net of the equivalent of an overcollateralization reserve) is £30 million and it includes the receivables of Elior Group's UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.50% in fiscal 2017-2018.

At September 30, 2019 and 2018, a portion of the Group's debt was hedged by caps and swaps set up by Elior Group and Elior Participations.

The net exposure of the Group's variable rate debt to the instruments described below (both before and after hedging) is set out in the risk management section of this Universal Registration Document (Chapter 3, Section 3.2.1.5.2).

7.17.4 Derivative Financial Instruments

The amounts of debt hedged by instruments that qualified for hedge accounting were as follows at September 30, 2019:

(in € millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges
From Oct. 1, 2018 through Dec. 31, 2021	500	

(1) Swaps

The impacts of hedging instruments are as follows:

(in € millions)	Fair value of derivatives Assets/(Liabilities)	
	At Sept. 30, 2019	At Sept. 30, 2018
Instruments qualifying as cash flow hedges	(9)	4
Instruments qualifying as fair value hedges	-	-
- Instruments not qualifying for hedge accounting	-	(1)
Total	**(9)**	**3**
Interest rate hedging instruments	(9)	4
Foreign currency hedging instruments	-	(1)
Total	**(9)**	**3**

Derivatives are classified as non-current assets and liabilities in the consolidated balance sheet. The net-of-tax amounts recorded in equity (under "Other comprehensive income") in relation to cash flow hedges were a negative €8 million for the year ended September 30, 2019 and a positive €6 million for the year ended September 30, 2018 (see Note 4 - Consolidated Statement of Changes in Equity).

7.17.5 Financial Covenants

The medium - and long-term bank borrowing contracts entered into by Elior Group and Elior Participations include financial covenants (related to the Group's gearing) that could trigger compulsory early repayment in the event of non-compliance. The covenants are based on Elior Group's consolidated financial ratios and compliance checks are carried out at the end of each six-month period. None of the covenants had been breached at either September 30, 2019 or 2018 or at any half-yearly period-ends during the two fiscal years under review.

The medium- and long-term term borrowing contracts of Elior Group SA and Elior Participations SCA do not include any exceptional clauses compared with the standard legal provisions which apply to this type of contract.

7.18 Parent Company's Share Capital and Share-Based Compensation

7.18.1 Elior Group SA's Share Capital

At September 30, 2019, Elior Group SA's share capital amounted to €1,783,191.46 divided into 178,319,146 shares with a par value of €0.01 each. During the year ended September 30, 2019, 42,198 new shares were issued on the vesting of shares under the March 11, 2016, October 27, 2016 and December 5, 2017 performance share plans, and 2,327,852 new shares were issued for the purpose of the stock dividend payment in 2019.

At September 30, 2019, Elior Group held 4,326,857 shares in treasury, of which 4,268,550 were purchased under the share buyback program.

At September 30, 2018, Elior Group SA's share capital amounted to €1,759,490.96 divided into 175,949,096 shares with a par value of €0.01 each.

7.18.2 Stock Options and Performance Shares Granted to Employees of Elior Group and its Subsidiaries

7.18.2.1 Elior Group stock options and performance shares

Type of instrument	Grant date	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable performance shares (1)	Estimated fair value (in €)
Stock options	March 11, 2016	March 11, 2020	March 11, 2024	16.3	95,811	3.78
Stock options	Oct. 27, 2016	Oct. 27, 2020	Oct. 27, 2024	18.29	58,545	3.27
Total					**154,356**	
Performance shares	March 11, 2016	-	-	N/A	47,905	17.71
Performance shares	Oct. 27, 2016	-	-	N/A	29,274	18.29
Performance shares	Dec. 5, 2017	-	-	N/A	56,699	17.00
Performance shares	June 15, 2018	-	-	N/A	955,411	13.16
Performance shares	July 24, 2019	-	-	N/A	1,553,972	10.84
Total					**2,643,261**	

(1) Adjusted to take into account departures of beneficiary employees prior to September 30, 2019.

Stock options and performance shares granted during the year ended September 30, 2016

Other than the stock options and restricted shares granted by Elior North America (see Note 8.17.2.3 below), Elior Group's stock options and performance shares allocated on March 11, 2016 and October 27, 2016 were mainly granted to members of the Management Committee and the Leaders Committee. These options and shares will only be exercisable/vest if the beneficiary still forms part of the Group on the exercise/vesting date and if certain pre-defined performance conditions are met (based on organic revenue growth and increases in operating margin and earnings per share). The achievement of these performance conditions was assessed at the end of the second fiscal year following the grant date, i.e. at September 30, 2017 for the March 2016 plans and September 30, 2018 for the October 2016 plans.

The stock options have a four-year life and are exercisable for shares at a 10% discount to their market value.

The fair value of the stock options (which correspond to equity-settled options) was estimated at the grant date using a Black & Scholes-type pricing model which factors in the terms and conditions under which the options were granted and assumptions about beneficiaries' exercise patterns.

The main assumptions used for the fair value estimations were as follows:

- Expected life of the options: 4 years
- Volatility: 23%
- Expected dividend yield: 2% and 2.2%

The aggregate fair value of the stock options and performance shares granted in March and October 2016 amounted to €2.8 million.

Performance share plans set up in 2017

The performance shares granted on December 5, 2017 were allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met (based on cash flows generated by a pre-defined scope).

The achievement of the cash flow objectives was assessed at September 30, 2018 and the vesting condition based on continued presence within the Group was assessed on December 5, 2019.

The aggregate fair value of the performance shares granted on December 5, 2017 amounted to €1.1 million.

Performance share plans set up in 2018

The performance shares granted on June 15, 2018 were mainly allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the CAC Next 20 index. The achievement of these conditions will be assessed on June 15, 2021 for the continued presence condition, on September 30, 2021 for the internal performance conditions, and on December 31, 2021 for the external performance conditions.

The aggregate fair value of the performance shares granted on June 15, 2018 amounted to €10.7 million.

Performance share plans set up in 2019

The performance shares granted on July 24, 2019 were mainly allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the CAC Next 20 index. The achievement of these conditions will be assessed on July 24, 2022 for the continued presence condition, on September 30, 2022 for the internal performance conditions, and on December 31, 2022 for the external performance conditions.

The aggregate fair value of the performance shares granted on July 24, 2019 amounted to €13.7 million.

7.18.2.2 Elior North America stock options and restricted shares granted to Elior North America's Managers

The stock options and restricted shares granted to Elior North America's managers when THS was acquired in 2013 and subsequently to new managers joining the company are also subject to vesting conditions related to presence and performance. The performance conditions are based on Elior Group's internal rate of return (IRR) calculated by reference to the value of Elior North America shares at September 30, 2019 compared with the capital invested by Elior Group since its acquisition of THS in 2013.

The value of Elior North America's shares will be calculated based on accounts at September 30, 2019 using the following formula:

- Enterprise value using the multiple originally applied for Elior Group's acquisition of THS in 2013.
- Less the net debt of the Elior North America sub-group.

The IRR figure obtained will be compared against a pre-defined threshold and the difference between these two amounts will determine (i) the number of options and restricted shares actually allocated, and (ii) the purchase price of the shares concerned.

In view of the features of this plan, the options and shares granted have been classified as cash-settled instruments and are therefore accounted for in accordance with IAS 19.

The Group's purchase of non-controlling interests in Elior North America, carried out in July 2018 via Elior Restauration et Services, also involved the purchase of all of the restricted shares held by Elior North America's managers. This resulted in these shares vesting immediately, with a €5 million expense recognized in the 2017-2018 consolidated financial statements.

The aggregate fair value of the corresponding liability – which now only relates to Elior North America stock options and is recognized in the balance sheet under "Accrued taxes and payroll costs" – amounted to €29 million at September 30, 2019, as estimated based on the above-described formula.

The total amount recognized in the 2018-2019 income statement for share-based compensation in accordance with IFRS 2 – which covered all of the above plans – represented income of €5 million. This figure primarily reflects (i) the estimation at September 30, 2019 of the non-achievement of the objectives in the June 15, 2018 performance share plan, and (ii) the re-estimation of the liability related to the Elior North America stock option plan.

7.19 Liabilities Relating to Share Acquisitions and Commitments to Purchase Non-Controlling Interests

The net amount recognized in the consolidated financial statements at September 30, 2019 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €72 million (of which €70 million are recorded as non-current liabilities). This total primarily includes the following:

Commitments to purchase non-controlling interests

- €57 million corresponding to the liability related to a put option written over the non-controlling interests in Elior North America, exercisable in 2023.
- €7 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group under a put option exercisable in 2020 (payment of an exit price for the 20% of the company's capital that they still hold).

Liabilities relating to share acquisitions

- €1 million relating to additional purchase consideration payable for acquisitions carried out by Elior North America.
- €4 million relating to additional purchase consideration payable for the acquisition of the Indian companies, MegaBite and CRCL.

The net amount recorded in the consolidated financial statements at September 30, 2018 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €116 million and primarily included the following:

Commitments to purchase non-controlling interests

- €8 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group (payment of an exit price for the 20% of the company's capital that they still hold).
- €85 million corresponding to the liability related to a put option written over the non-controlling interests in Elior North America, exercisable in 2023.

Liabilities relating to share acquisitions

- €11 million relating to additional purchase consideration payable for acquisitions carried out by Elior North America.
- €7 million relating to additional purchase consideration payable for the acquisition of the Indian companies, MegaBite and CRCL.

7.20 Other Current Liabilities

Other current liabilities consist of the following:

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Deferred income	11	17
Other liabilities	27	17
Total	**38**	**34**

8. Off-Balance Sheet Commitments

8.1 Pledges and Guarantees Granted in Relation to Bank Borrowings and Bond Debt

None.

8.2 Guarantees Given/Received

(in € millions)	At Sept. 30, 2019	At Sept. 30, 2018
Guarantees given on commercial contracts (1)	162.5	331.2
Total guarantees given (2)	**162.5**	**331.2**

(1) Guarantees relating to performance bonds, commitments to pay concession fees and charges, and bid bonds for contracts.
(2) The precise maturity of these guarantees cannot be determined.

The Group also grants and receives guarantees in respect of assets and liabilities in relation to acquisitions and divestments of businesses, on terms and conditions which are usual for such transactions. Where the guarantees granted by the Group are subject to valid claims not yet settled at the reporting date, a provision is recorded in the balance sheet.

8.3 Commitments Relating to Operating Leases and Concession Fees

8.3.1 Commitments Relating to Operating Leases

At September 30, 2019, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €293 million, breaking down as follows by maturity:

- Less than one year: €68 million
- 1 to 5 years: €163 million
- Beyond 5 years: €62 million.

These commitments concern numerous lease contracts negotiated locally in the various countries in which the Group operates and mainly relate to (i) site equipment, office equipment and vehicles (€57 million), and (ii) office rental payments (€236 million).

At September 30, 2018, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €271 million, breaking down as follows by maturity:

- Less than one year: €67 million
- 1 to 5 years: €145 million
- Beyond 5 years: €59 million.

These commitments concerned numerous lease contracts negotiated locally in the various countries in which the Group operates and mainly related to (i) site equipment, office equipment and vehicles (€64 million), and (ii) office rental payments (€207 million).

9. Related Party Transactions

9.1 Compensation and Benefits Paid to the Company's Key Executives

The Company's key executives classified as related parties correspond to individuals who exercise authority and responsibility for the control and management of the Group's entities.

At September 30, 2019 and 2018 Philippe Guillemot was Chief Executive Officer of the Group and a director of Elior Group SA.

(in € millions)	Year ended Sept. 30, 2019	Year ended Sept. 30, 2018
Amount expensed for the year	**10**	**7**
Of which:		
Short-term benefits	10	7
Fair value of stock options and performance shares	NM	NM
Other long-term benefits	NM	NM
Provision for non-compete indemnity	-	-
Amount recognized as a liability in the balance sheet	**-**	**-**
Post-employment benefits	-	-

The compensation and benefit figures presented in the above table comprise directors' fees and share-based compensation expense (for stock options and performance shares) recognized in accordance with IFRS 2, as well as all other types of compensation and benefits paid (or awarded for the year in return for duties performed) by Elior Group SA and/or other Group companies.

For the year ended September 30, 2019 these amounts concerned persons who were members of the Executive Committee at that date, including the Group Chief Executive Officer, and the members of the Elior Group Board of Directors.

For the year ended September 30, 2018 they concerned persons who were (i) members of the Executive Committee at that date, which comprised ten people (including the Group Chief Executive Officer) and (ii) the members of the Elior Group Board of Directors.

The amount still payable at September 30, 2018 – corresponding to variable compensation for fiscal 2017-2018 and directors' fees – was €2.4 million.

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9.2 Other Related Party Transactions

None.

10. Events After the Reporting Date

No significant events occurred after September 30, 2019 that require disclosure in these financial statements.

11. List of Consolidated Companies at September 30, 2019

In the following table, the percentage of ownership and control is not provided when both represent 100%.

Company	% interest	% control	Principal activity	Consolidation method
ELIOR GROUP	PARENT	PARENT	HOLD	FULL
France (Metropolitan)				
A l'Ancienne Douane			CT	FULL
Academy by Elior			CT	FULL
Alfred & Partners FTC			CT	FULL
L'Alsacienne de Restauration			CT	FULL
Ansamble			CT	FULL
Ansamble Investissements			HOLD	FULL
Aprest			MO	FULL
Arpège			CT	FULL
Bercy Participations			HOLD	FULL
Bercy Services I			MO	FULL
Bercy Services II			MO	FULL
BSXXV			HOLD	FULL
BSXXVII			HOLD	FULL
BSXXIX			CT	FULL
C2L			HOLD	FULL
Centre d'expertise Elior RC France			CT	FULL
EGEE Venture			HOLD	FULL
Egée Services 1			CT	FULL
Elcena			MO	FULL
Eléat			MO	FULL
Elior Achats Services			MO	FULL
Elior Data			MO	FULL
Elior Data RC France			HOLD	FULL
Elior Entreprises			CT/HOLD	FULL
Elior F.A.3.C.			MO	FULL
Elior Financement			HOLD	FULL
Elior Gestion			MO	FULL
Elior Participations			HOLD	FULL
Elior RC France			HOLD	FULL
Elior Restauration Approvisionnements			CT	FULL

Company	% interest	% control	Principal activity	Consolidation method
Elior Restauration et Services			HOLD	FULL
Elior Réseaux FTC			CT	FULL
Elior Service FM			CT	FULL
Elior Services Propreté et Santé			CT/HOLD	FULL
Elior Services Supports			MO	FULL
Elior Services à la Personne			CT	FULL
Elior Trésorerie			MO	FULL
E.L.R.E.S.			CT/HOLD	FULL
Eurobar			CO	FULL
Excelcis	50%	40%	CO	EQUITY
G.S.R Ciel de Paris			CO	DISC
Resapro			MO	FULL
Restaurants et Sites			CO/HOLD	DISC
Restogen			CT	FULL
Sacores			MO	FULL
Saveurs à l'ancienne			CT	FULL
SC2R			MO	FULL
SCI Les Hirondelles			CT	FULL
SCICB			CT	FULL
Services et Santé			CT	FULL
SMR			CT	FULL
Société de Restauration du Musée d'Orsay	40%	40%	CO	EQUITY
Société de Restauration du Musée du Louvre	40%	40%	CO	EQUITY
Société de Restauration Musées et Lieux culturels	40%	40%	CO	EQUITY
Soferest	40%	40%	CO	EQUITY
Sorebou			CT	FULL
Soreno			CT	FULL
Soreset			CT	FULL
Tabapag			CT	FULL
TPJ Creil			CT	FULL
French Overseas Territories				
S.O.G.E.C.C.I.R.			CT	DISC
India				
CRCL	51%	100%	CT	FULL
Elior India			CT	FULL
Elior West			CT	FULL
Italy				
Elior Ristorazione	99%	100%	CT	FULL
Elior Servizi	99%	100%	CT	FULL
Gemeaz	99%	100%	CT	FULL
Hospes			CT	FULL
Meridia	50%	100%	CT	FULL
Luxembourg				
Äre-Resto Hausgemachten			CT	FULL
Äre-Resto Les petites canailles			CT	FULL
Elior Luxembourg			CT	FULL
Elior Luxembourg Holding			CT	FULL
Portugal				
Serunión Restaurantes Portugal			CT	FULL

Company	% interest	% control	Principal activity	Consolidation method
Spain				
Alessa Catering Services			CT	FULL
Alimentacion Saludable Gallega			CT	FULL
Basic Serveis Escolars			CT	FULL
Excellent Market			CT	FULL
Geriatrio Siglo XXI			CT	FULL
Hostesa	100%	100%	CT	FULL
Serunión			CT/HOLD	FULL
Serunion Alimentacio Saludable S.L.U.			CT	FULL
Serunion Servizos Sociais ULLA S.A.R.				
Serunion Singularis Catering de autor S.L.U.			CT	FULL
Serunión Norte			CT	FULL
Serunión Servicios Sociai			CT	FULL
Serunión Vending			CT	FULL
Vitalista	92%	100%	CT	FULL
United Kingdom				
Caterplus Services Ltd			CT	FULL
Edwards & Blake			CT	FULL
Elior UK			CT	FULL
Elior UK Holdings			HOLD	FULL
Elior UK Services			MO	FULL
Hospitality Catering Services			CT	FULL
Lexington			CT	FULL
Riverside Events	50%	50%	CO	EQUITY
Taylor Shaw Ltd			CT	FULL
Waterfall Catering Group			CT	FULL
Waterfall Elior Ltd			CT/HOLD	FULL
Waterfall Services Ltd			CT	FULL
United States				
Abigail Kirsch at Tappan Hill Inc.	92%	100%	CT	FULL
Abigail Kirsch Connecticut LLC	92%	100%	CT	FULL
ABL Management Inc.	92%	100%	CT	FULL
AK 530 LLC	92%	100%	CT	FULL
530 Lounge LLC	50%	100%	CT	FULL
Aladdin Food Management LLC	92%	100%	CT	FULL

Company	% interest	% control	Principal activity	Consolidation method
United States (cont'd)				
A'viands LLC	92%	100%	CT	FULL
Bateman Community Living LLC	92%	100%	CT	FULL
Blue Bell Enterprises Inc.	92%	100%	CT	FULL
Brompton Group LLC	92%	100%	CT	FULL
Corporate Chefs Inc.	92%	100%	CT	FULL
Cura Hospitality LLC	92%	100%	CT	FULL
DC Party Rentals LLC	92%	100%	CT	FULL
Elements Food Service Inc.	92%	100%	CT	FULL
Elior Inc.	92%	100%	MO	FULL
Food Services Inc.	92%	100%	CT	FULL
Galaxy GP LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group GFS LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group LP	92%	100%	CT	FULL
Galaxy Restaurants Catering Group MAM LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group NYBG GB LLC	92%	100%	CT	FULL
Galaxy Retaurants Catering Group NYBG LP	92%	100%	CT	FULL
Gourmet Acquisition Holding Inc.	92%	100%	HOLD	FULL
Gourmet Acquisition Inc.	92%	100%	HOLD	FULL
KV International LLC	92%	100%	CT	FULL
Lancer at Edinburgh Inc.	92%	100%	CT	FULL
Lancer Food Holdings LLC	92%	100%	HOLD	FULL
Lancer Food Service Inc.	92%	100%	CT	FULL
Lancer Hospitality Oklahoma LLC	92%	100%	CT	FULL
Lancer Hospitality Washington LLC	92%	100%	CT	FULL
Lancer Management Services LLC	92%	100%	CT	FULL
Lindley Acquisition Corp.	92%	100%	HOLD	FULL
National Food Enterprises Inc.	92%	100%	CT	FULL
O'Reilly Custom 4 LLC	92%	100%	CT	FULL
Performance Hospitality NYC LLC	92%	100%	CT	FULL
Preferred Meal Systems (CA) Inc.	92%	100%	CT	FULL
Preferred Meal Systems Inc.	92%	100%	CT	FULL
Prepared Meal Holdings Inc.	92%	100%	HOLD	FULL
SideKim LLC	92%	100%	CT	FULL
Summit Food Service LLC	92%	100%	CT	FULL
The Maramont Corporation	92%	100%	CT	FULL
Traditions Prepared Meals LLC	92%	100%	CT	FULL
Valley Services Inc.	92%	100%	CT	FULL
Zooper Food LLC	92%	100%	CT	FULL

- *FULL: fully consolidated companies.*
- *EQUITY: companies accounted for by the equity method.*
- *CT: companies specialized in contract catering & services.*
- *CO: companies specialized in concession catering.*
- *HOLD: companies operating as holding companies.*
- *MO: companies providing headquarters and support services to Group companies.*
- *FTC: companies consolidated for the first time during the period.*
- *DISC: companies held for sale.*