2018 REGISTRATION DOCUMENT

including the annual financial report

We empower your day

elis

2018 REGISTRATION DOCUMENT TABLE OF CONTENTS

General remarks

In this registration document, unless otherwise indicated, the terms "Company" and "Elis" refer to Elis, a joint-stock corporation (*société anonyme*) headquartered at 5, boulevard Louis Loucheur, 92210 Saint-Cloud (France) and registered with the Nanterre trade and companies register under number 499 668 440. The term "Group" refers to both the Company and its consolidated subsidiaries.

Rounding

Certain figures (including figures expressed in thousands or millions) and percentages in this registration document have been rounded. As a result, the sum of the rounded amounts may present immaterial differences compared to the total reported amounts.

Annual financial information is identified with the symbol AFR

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This registration document was filed with the French Financial Markets Authority (Autorité des marchés financiers – AMF) in accordance with Article 212-13 of its General Regulation on March 21, 2019. This document may not be used to support a financial transaction unless it is supplemented by a transaction note approved by the AMF. This document was prepared by the issuer and is the responsibility of its signatories.

Pursuant to Article 28 of (EC) Regulation No. 809/2004 of the European Commission, the following information is included in this registration document by reference:

- the consolidated financial statements of the Elis Group relating to the 2016 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2016 registration document, available on the Company's website (www.corporate-elis.com).
- the consolidated financial statements of the Elis Group relating to the 2017 financial year and the Statutory Auditors' report appearing in sections 6.1 and 6.2 of the 2017 registration document, available on the Company's website (www.corporate-elis.com).

Copies of this registration document are available free of charge at Elis's registered office at 5, boulevard Louis Loucheur, 92210 Saint-Cloud (France), on the Company's website (www.corporate-elis.com) and on the AMF's website (www.amf-france.org).


Focus on your core business while **Elis takes care of the rest.**

Elis
at a glance, 2018

Our **mission**

As our customers' best ally today and tomorrow, we imagine, develop and provide tailor-made solutions that create value for them and for their end users by acting every day by their side.

Our **markets**

- **30%** Industry
- **27%** Hospitality
- **26%** Healthcare
- **17%** Trade & Services

Our **services**

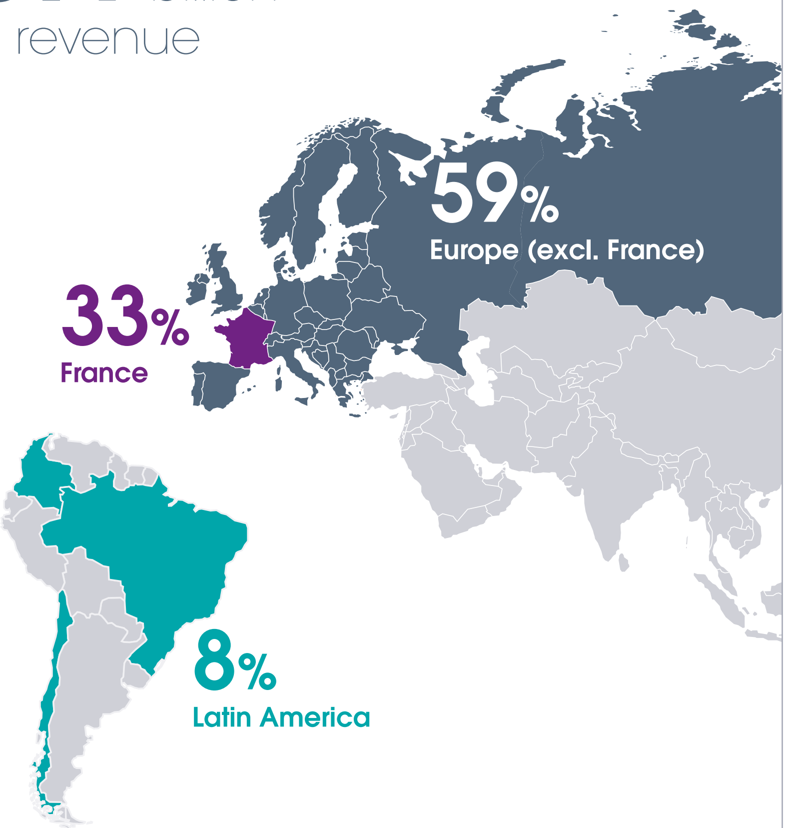
- **47%** Flat linen
- **34%** Workwear
- **19%** Hygiene and well-being

*For more information, see **chapter 1**, page 25 to 50*

Elis, an **international** multi-service provider

With more than a century of expertise, Elis is a multi-service provider offering textile, hygiene and facility services solutions.
The Group's unique know-how, together with the commitment of its 50,000 employees, makes it the go-to player and trusted partner of its customers around the world.

3.1 billion
in revenue



400,000
customers

No. 1
in 11 countries

Almost
50,000
employees

Operations in
28
countries

We empower

We are always committed, dependable and caring.

We are close to our customers and contribute to their success by ensuring that:

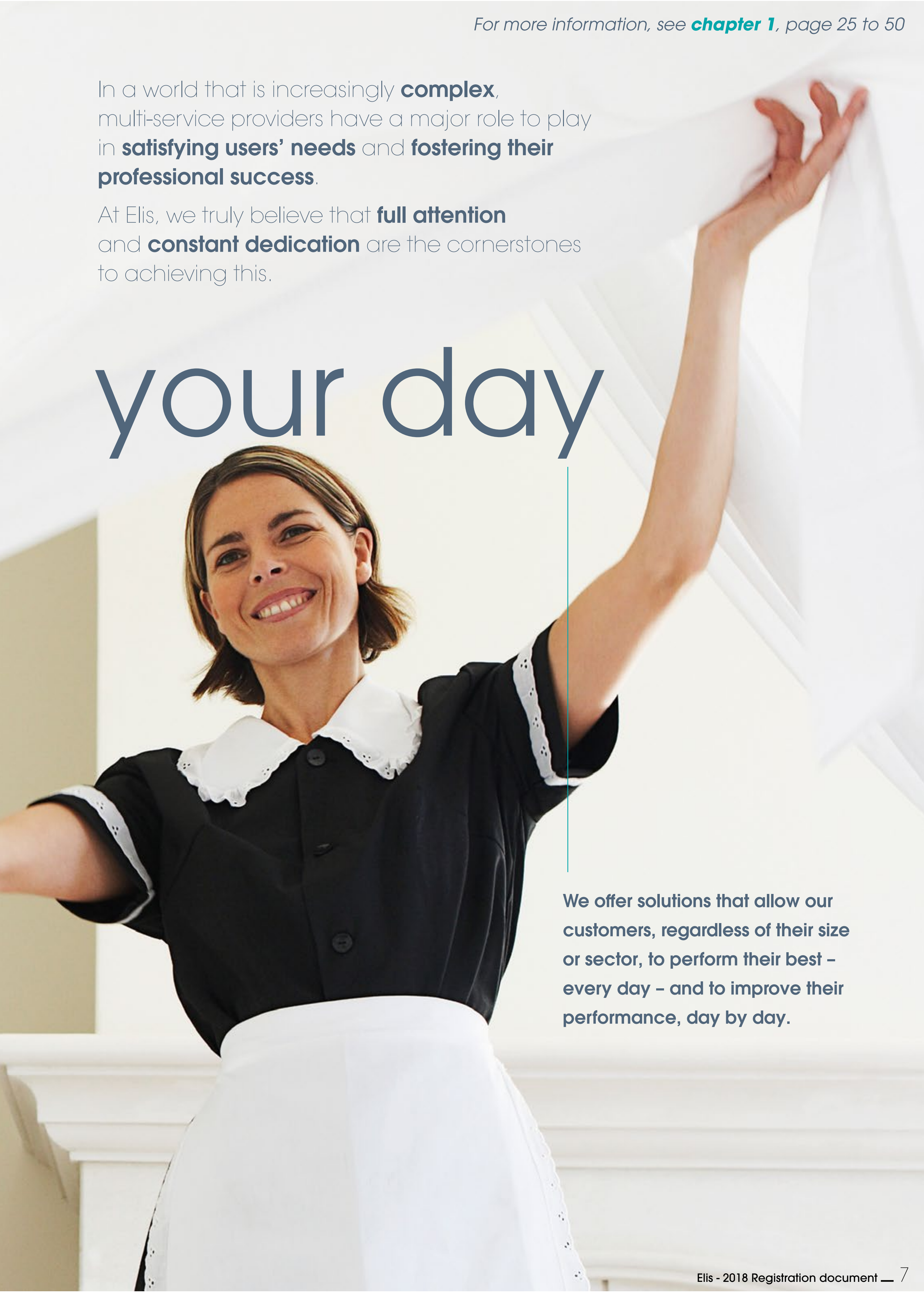
- they are always ready to welcome their customers;
- their employees are comfortably dressed and ready to perform at their best;
- they are able to guarantee the quality and safety of their products;
- they project a professional image and provide high-quality services.

*For more information, see **chapter 1**, page 25 to 50*

In a world that is increasingly **complex**, multi-service providers have a major role to play in **satisfying users' needs** and **fostering their professional success**.

At Elis, we truly believe that **full attention** and **constant dedication** are the cornerstones to achieving this.

your day



We offer solutions that allow our customers, regardless of their size or sector, to perform their best – every day – and to improve their performance, day by day.

A well-oiled group with a clear **development strategy**

Thierry Morin,
Chairman of the Supervisory Board

“Elis has struck a balance between **economic growth** and **environmental performance**.”

With yet another year of profitable growth, Elis once again demonstrated in 2018 that its strategy is working and that its multi-service business model is solid and robust.

Despite a challenging environment in a number of key markets, Elis's revenue grew by 42.8% to €3.1 billion, while its profitability increased by 90 basis points.

These results are the fruit of a perfectly controlled and executed offensive strategy that is based on four key pillars: the consolidation of Elis's positions through acquisitions and organic growth, the expansion of its activities, the launching of new services, and improvements in operational efficiency.

Since the successful integration of Berendsen, which was acquired at the end of 2017, Elis has doubled in size, increased its geographical presence, and established itself as a pan-European and South American leader in the rental, laundry and maintenance of textiles and hygiene appliances. The seven other acquisitions that Elis made in 2018 in five European and Latin American countries have increased the density of its network, and the Group is continuing to expand with new acquisitions in Denmark and Sweden announced in early 2019. It is a strategy that has improved the balance of Elis's portfolio of countries and business segments, making it more resilient.

These results also reflect the strength of a business model adapted to the needs of Elis's customers and the challenges of our time. Thanks to its multi-service rental, laundry and maintenance model, which is constantly being expanded with new solutions and innovations, Elis is simplifying the lives of its 400,000 customers, developing local relationships, and promoting the circular economy by encouraging maintenance, reuse and recycling. As a result, Elis has struck a balance between economic growth and environmental performance.

With its clear strategy, efficient business model, strong management team and committed workforce, Elis is perfectly positioned to continue growing, seize new opportunities to consolidate its leadership position, and create strategic and financial value for its shareholders.

“Elis’s multi-service model is a perfect fit **for the new economy**.”

Xavier Martiré,
Chairman of the Management Board

How would you describe 2018 and what were the highlights for Elis?

2018 was another year of growth for Elis. We achieved our goals for organic revenue growth of 2.6% and an EBITDA margin of 31.5%. This is a noteworthy achievement, given the challenging environment in three of our key markets: the Brexit debate in the United Kingdom, lower than expected growth in Spain and the yellow vest movement in France.
It demonstrates Elis’s resilience and its ability to generate profitable growth. In terms of highlights, the main event was obviously the successful integration of Berendsen, which we acquired during the second half of 2017. This acquisition allowed us to double in size and strengthen our leadership position.

How is the Berendsen integration going?

Everything is proceeding exactly as we had planned. We achieved the promised synergies of €50 million in 2018 and are on track to achieve our €80-million target by 2020. The operational, industrial and logistical adjustments we made in the United Kingdom are already producing results, and we have changed the scale of our investment plan. In Germany, we improved our profitability and completed three transactions in 2018 to consolidate this highly fragmented market. Meanwhile, business in Scandinavia, the Netherlands and Poland has been very profitable. We said at the time of the acquisition that this would be a transformative transaction that would make Elis an undisputed leader in its markets, and that is exactly what has happened. I would add that our financial structure has remained extremely solid after this transaction.

Is Elis well equipped to deal with a rapidly changing world?

Our business may not seem very exciting at first glance, but we are constantly innovating. Our uniforms, and soon our linens, are fitted with chips that allow us to monitor the status of our inventories and product wear and tear in real time. Our hygiene appliances have sensors to facilitate restocking. And we are developing concierge services for Airbnb and personal concierge services for individuals. Elis’s multi-service model is a perfect fit for the new economy.

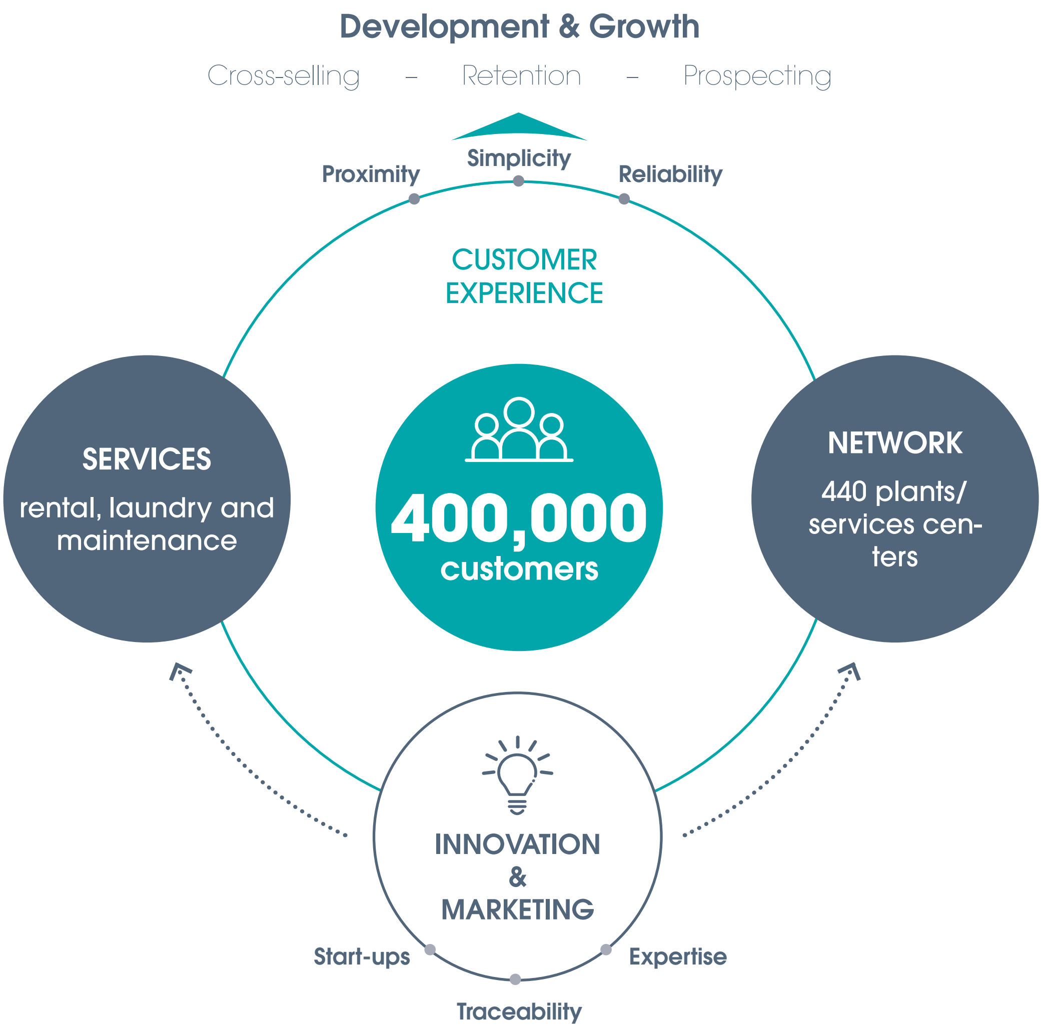
What are your goals for 2019?

We’re expecting organic revenue growth of around 3% in 2019. Since the second half of 2018, we have been dealing with an unusual increase in some of our production costs, particularly payroll, as a result of a sharp rise in the minimum wage in some countries. Our ability to compensate for this increase in our cost base will therefore be crucial for our margins.

STRATEGY

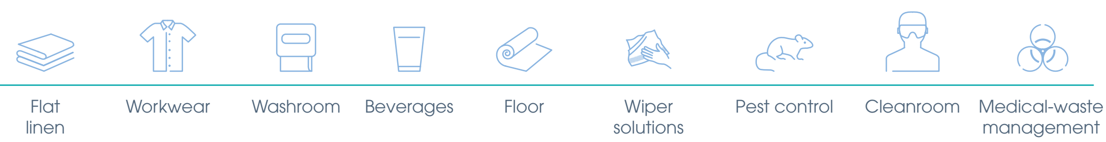
The 3 facets of the customer experience

Since it was founded, Elis has placed the customer experience at the core of its strategy and activities. The Group focuses on three broad areas: proximity, simplicity and reliability—always.



- **Proximity**
Thanks to its dense geographical network, Elis can support its customers wherever they are located, guaranteeing short turnaround times and close attention to their needs.
- **Simplicity**
Entrusting the maintenance of workwear, linen or hygiene appliances to a multi-service partner is a simple, easy way to promote optimal efficiency.
- **Reliability**
Elis supports its customers by delivering the best solutions: turnkey solutions, consistently excellent service, considerable flexibility, and controlled costs.

Our offering



*For more information, see **chapter 1**, page 25 to 50*

A strategy for **profitable growth**

Consolidation of Group positions through organic growth and acquisitions

The Group's objective is to continue growing both organically and through acquisitions to consolidate its existing market share and geographic coverage, which are crucial for implementing Elis's unique multi-service model.

Regular entry into new markets and, in some cases, new geographic regions

In order to extend its geographical footprint—in particular to spread out risks, but also to find new drivers of growth—the Group constantly strives to open up new markets in existing geographic regions and sometimes new regions as well if it considers these regions to be complementary and potentially attractive.

Continued improvement of the Group's operational excellence

Controlling costs and promoting best practices within the Group improve the productivity of Elis's plants and production centers and allow Elis to benefit from economies of scale made possible by the density of its network.

Innovative products and services

Elis's multi-service model makes it possible to optimize its logistics network while offering added value to its customers. Its entry point with customers is flat linen and workwear, before the service offering is expanded with complementary solutions in hygiene and well-being (such as sanitary appliances and pest control). Elis is continuously redesigning its products to provide traceability and inventory management solutions, which are key issues for our customers.

*For more information, see **chapter 1**, page 25 to 50 and **chapter 5**, page 149 to 160*

2018 HIGHLIGHTS

A look back at a **successful year**

Acquisitions in 2018

In Spain: Lavanderias Triton
In Belgium: Ardenne & Meuse
In Germany: BW Textilservice, Wäscherei Waiz

And in early 2019

In Germany: Curantex GmbH
In Colombia: Metropolitana S.A.S
In Spain: Lloguer Textil
In Denmark: A-VASK A/S
In Sweden: Carpeting Entrémattor

Continuation of the Berendsen integration

In 2018, the Berendsen integration generated a number of positive results.

In the United Kingdom, new synergies were responsible for a significant improvement in most operating indicators.

From a sales standpoint, Elis's multi-service model continues to prove its worth and is being successfully rolled out in Scandinavia.

In Germany, Elis is continuing to reorganize its logistics network.

Live Demo roll-out

Sales support tool using augmented reality technology: trial conducted in France in 2017 on mats and technology leveraged in 2018 to present all Elis services in a modern, innovative way.

New brand platform

To support its growth, the Group has adopted a new tagline and a new brand platform. The platform is gradually being rolled out in 28 countries based on the specific characteristics of each country. The aim of this strategy is to support Elis's international expansion and strengthen its positions in an increasingly competitive market. It is also an opportunity to highlight its core differentiators and unite the Group around a set of shared values.

4 new plants

BARCELONA, Spain

Opened in June 2018

Flat linen

Capacity: 500 tons of linen per week

- Optimization of water and energy consumption
- Osmosis and filtering to improve water quality and reduce consumption of chemicals
- Installation of solar panels and heat exchangers

SÃO PAULO, Brazil

Reopened in October 2018

Industrial towels

- Integrated towel textile production center

HELMOND, Netherlands

Opened in May 2018

Workwear

- Filtered water preheated using an exchanger
- Solar panels
- LED lighting

TORRES VEDRAS, Portugal

Opened in June 2018

Flat linen

- Fourth production site in the country, which will boost Elis's capacity in the Lisbon area

Launch of the Sales Academy

The Sales Academy is a powerful continuing education tool offering a comprehensive curriculum for sales representatives to build their skills throughout their careers and take advantage of opportunities to move into new positions.

Elissales·academy

*For more information, see **chapter 1**, page 25 to 50*

MARKETING & INNOVATION

An offering that **creates value**

Satisfying the needs of almost 400,000 professionals on a daily basis means developing an offering that is uniquely suited to each individual customer. Elis designs tailored multi-service solutions that allow its customers to focus on their core business.

12
start-ups working for Elis

25
projects under development

20
employees dedicated to innovation

A comprehensive range

From flat linen and workwear to washroom hygiene, floor protection, beverages and pest control, Elis simplifies its customers' daily lives with a comprehensive multi-service offering, providing each of them with the performance they need. The Group regularly adds to the services it offers to stay one step ahead of changes in its industry. This was the case with its acquisition of the Swiss startup On My Way, which offers an innovative dry cleaning service to private customers. It was a strategic investment that is allowing Elis to broaden its range of services while widening its customer base.

Elis's open innovation process

Elis welcomes technological innovations developed outside the company so that it can adopt the most promising advances early on and adapt them to its business as quickly as possible.

Since the beginning of 2018, this process has led to a dozen or so partnerships with start-ups and innovative small businesses with the potential to complement Elis's offering.

Caroline Roche,
Director of
Marketing & Innovation

“Elis places customer relationships at the heart of its business model. By offering innovative experiences to our clients, we create value for them, for our end users and for our Group.”

Customized solutions

From neighborhood retailers to major food groups and hotels, restaurants and hospitals, Elis develops customized solutions that meet the requirements of all business sectors, whether the focus is on functionality, safety or style. The success of its offering is rooted in a deep understanding of its customers' needs and activities. This is the number-one concern of Elis's in-house design studio, Elis Design Center, which is based in Sweden and designs uniforms. The Group has also made considerable progress in the use of simulation tools. It recently launched an augmented reality app called Live Demo, which allows customers to select a product from Elis's catalog and see it in their own environment to facilitate decision-making. Other projects under development include the future Body Scanning program, which will instantly take body measurements for workwear.

Our sources of inspiration

Artificial intelligence
Virtual reality
Connected objects
Big data

Connected services

To provide customers with better service on a daily basis, Elis offers a range of connected services under a single offering called Elis Connect. For instance, Elis Connect can make inventory adjustments based on customer needs, provide real-time information, provide traceability, and more. This innovative solution offers Elis customers a unique experience based on simplicity, efficiency and reliability. Among the solutions offered are new interconnected washroom facilities designed by Kennedy Hygiene Products, an Elis subsidiary, that relay equipment information to customers, and electronic chips in linens to facilitate traceability and tracking.

*For more information, see **chapter 3**, page 75 to 94*

CSR COMMITMENTS

A responsible model **by nature**

The Elis business model is based on the product-service system, favoring services over products and rental over purchase. The goal of this system is to deliver a responsible, high-quality offering that puts the least amount of pressure on natural resources and the environment.

Promoting sustainable choices

Elis's rental, laundry and maintenance model allows its customers to enjoy its services without having to purchase the associated products (such as linen, workwear, etc.). This approach maximizes the use of a product by encouraging its repair, reuse and recycling. At the same time, Elis asks its suppliers to adhere to its social and environmental requirements by appending a responsible and ethical purchasing charter to each purchasing contract. To ensure the sector's economic viability, the Group is careful to ensure that the entire supply chain applies a reasonable pricing policy. For example, Elis has been a partner of the international fair trade label Fairtrade/Max Havelaar for a decade.

Increasing the value of our products

When developing a new offering, Elis apply rigorous technical specifications that take into account a product's life cycle and durability. Considerations include source reduction, product maintenance and the recycling of used materials. Textiles are therefore designed to withstand a higher average number of washes, damaged workwear is repaired, and textiles that have reached the end of their useful lives are sorted and turned into rags for the automotive or aerospace industry or used as an insulation material.

Frédéric Deletombe,
Engineering, Purchasing and Supply Chain Director

"Sustainability is in our DNA. Today, we are working on **two key areas:** optimizing the life spans of our products and improving their environmental and social performance."

30.7%
water savings since 2010

2020 goal achieved in 2016

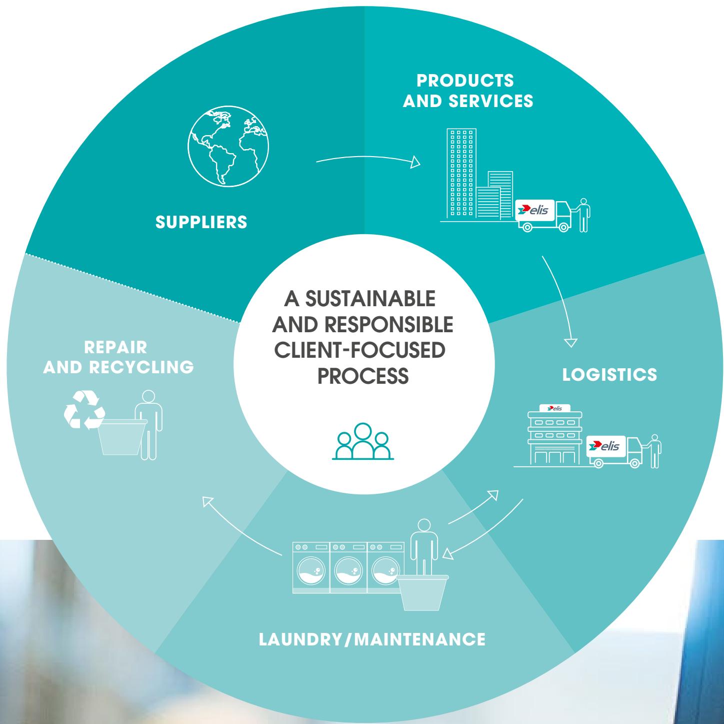
25.8%
energy savings since 2010

2020 goal achieved

19.5%
detergent savings per kilogram of laundry washed since 2010

Improving our performance regarding natural resource consumption

Elis has optimized its industrial processes so that it is able to deliver top-quality laundering while significantly reducing its consumption of water, energy and detergent. To make this possible, Elis is pursuing a proactive investment policy dedicated to improving its environmental performance. In Barcelona, for example, the new Elis plant is equipped with solar panels that generate much of the energy needed for laundering linens.



*For more information, see **chapter 3**, page 75 to 94*

HUMAN RESOURCES

Employees are key **to our performance**

As a company built over the years on a cornerstone of values and expertise, Elis places great importance on the engagement of its employees. The Group shares a strong brand culture with its employees and unites them in a desire to constantly improve performance.

31%
of managers are women

i.e., a six-point increase in three years

93.6%
Proportion of full-time employees

32%
of new managers are promoted internally

Attracting and retaining talent

During its 60 years of growth, Elis has forged a unique identity based on operational excellence. Needless to say, the first people to exemplify this excellence are the Group's employees. Hiring and retaining top talent is therefore a strategic priority for the Company. To raise its profile and attractiveness, Elis has established a powerful employer brand promoting its strengths, including the Group's international scope, its culture of excellence and its spirit of innovation. Today, almost 50,000 people work for Elis worldwide. Their professionalism, commitment and know-how are the foundation for the company's performance, which goes hand in hand with their own career success and personal development. Despite a shortage of talent, Elis is still pursuing a rigorous recruitment policy that addresses two sets of challenges: firstly, generational challenges, to take the expectations of young hires into account; and secondly, cultural challenges, since an increasing proportion of employees work in developing countries and it is important to transmit the Group's values and know-how to them.

Our values

Respect

Integrity

Responsibility

Exemplarity

In addition to taking part in student forums and forming partnerships with educational institutions, Elis is investing in internal programs aimed at young graduates, such as the Management Trainee Program, which among other things provides them with an opportunity to begin their careers in an international environment.

With this interest in attracting the most promising talent in mind, Elis readily puts its young hires into positions of significant responsibility.

Develop and unite

For Elis, respect for others is the most important of all its values. The Company does its utmost to reconcile the challenges of a global Group with managing talent at the local level. This approach is reflected in the close contact between management and field teams.

The Elis Foundation

The Elis Foundation was created at the end of 2018 to promote equal opportunity while rewarding excellence. With this in mind, the Foundation decided to support deserving French high school graduates whose financial situations preclude them from following an ambitious career path.

The Foundation's goal is to help these students pursue higher education. In addition to a scholarship, the Foundation assigns an Elis employee mentor to each recipient. The mentor's role is to stay in touch with the student, help and encourage them, and provide advice during their studies.

Didier Lachaud,
Human Resources and CSR Director

"Our ability to attract and retain top talent is one of the Group's key strategic HR priorities. As such, **Elis goes to great lengths to use a proactive policy** to highlight its strengths and especially its culture, which is considered a major competitive advantage."

Every employee can count on his or her manager to support them on a daily basis, both in their work tasks and their progression. Careers at the Group are built over time, sometimes in a number of different countries. It recently broadened its international exchange programs to new destinations, such as Spain, Portugal and Brazil, to support the Group's major expansion in those countries. Another of Elis's priorities is the quality of its in-house training. The Group recently developed new programs to address the challenges it is facing, particularly in the areas of management and leadership. For example, the newly launched Sales Academy will provide more advanced sales force training.

The effectiveness of the Elis model is strengthened by a strong culture of friendliness as a way for employees to engage. The best example of this is Elis's "Club des Chevrons" (Chevrons Club), which has been recognizing the most deserving production and maintenance staff for more than 30 years.

GOVERNANCE

Executive Committee

The Executive Committee currently has 11 members

1 - Xavier Martiré
Chairman of the Management Board

2 - Louis Guyot
Member of the Management Board, Chief Financial Officer

3 - Matthieu Lecharny
Member of the Management Board, Deputy Chief Operating Officer

4 - Didier Lachaud
Human Resources and CSR Director

5 - Alain Bonin
Deputy Chief Operating Officer

6 - Andreas Schneider
Deputy Chief Operating Officer

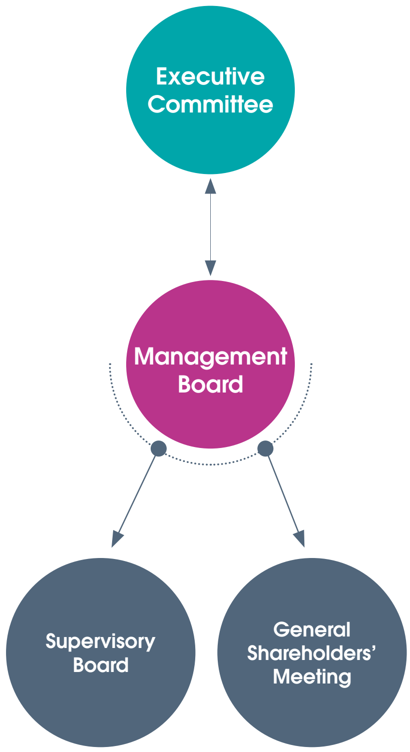
7 - Erik Verstappen
Deputy Chief Operating Officer

8 - François Blanc
Transformation and IT Director

9 - Caroline Roche
Marketing and Innovation Director

10 - Frédéric Deletombe
Engineering, Purchasing and Supply Chain Director

11 - Yann Michel
Deputy Chief Operating Officer

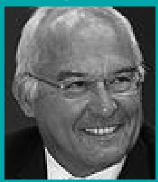


*For more information, see **chapter 4**, page 97 to 146*

Supervisory Board

at March 6, 2019

Thierry Morin



Chairman and independent member of the Supervisory Board / Member of the Audit Committee / Member of the Appointments and Compensation Committee

Marc Frappier

Vice-Chairman of the Supervisory Board / Member of the Appointments and Compensation Committee

Joy Verlé

Member of the Supervisory Board

Florence Noblot

Independent member of the Supervisory Board / Chair of the Appointments and Compensation Committee

Magali Chessé

Member of the Supervisory Board / Member of the Audit Committee

Antoine Burel

Independent member of the Supervisory Board / Chair of the Audit Committee

Philippe Delleur

Independent member of the Supervisory Board

Maxime de Bentzmann

Member of the Supervisory Board

Anne-Laure Commault

Independent member of the Supervisory Board

55.6%	4	5	49	97%
of members are independent	**women**	**men**	**Average age**	**attendance rate**

The Supervisory Board's work in 2018

13 meetings regarding:

- Governance and risks
- Strategy and financing
- Financial performance
- The General Shareholders' Meeting

Special Committees

Audit Committee

3 members:

- Antoine Burel
- Thierry Morin
- Magali Chessé

88.8% attendance rate at meetings

Appointments and Compensation Committee

3 members:

- Florence Noblot
- Thierry Morin
- Marc Frappier

100% attendance rate at meetings

*For more information, see **chapter 5**, page 149 to 160*

2018 KEY FIGURES

2018: a record year driven by the acquisition of Berendsen

Revenue

€3.1 billion

EBITDA

€985.6 million

31.5% of revenue

Net result

€224.3 million

Free cash flow

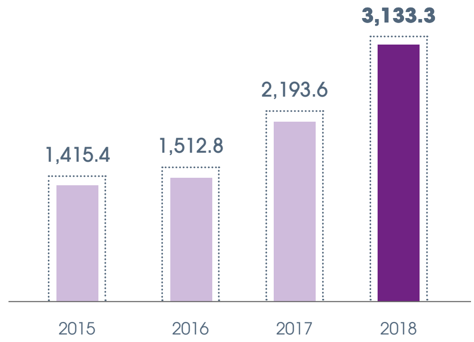
€153.7 million

Investments

€644.3 million

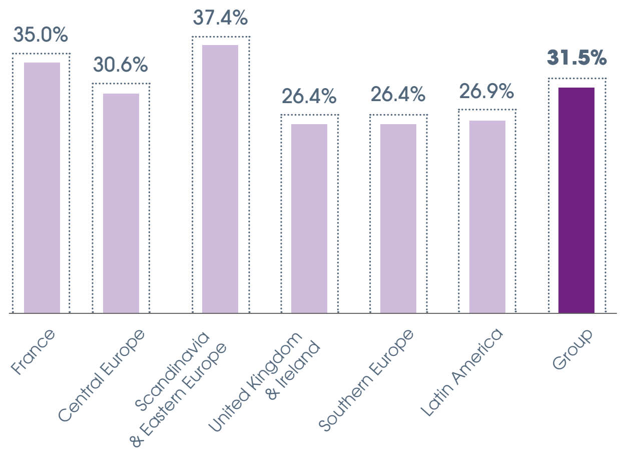
REVENUE

In millions of euros

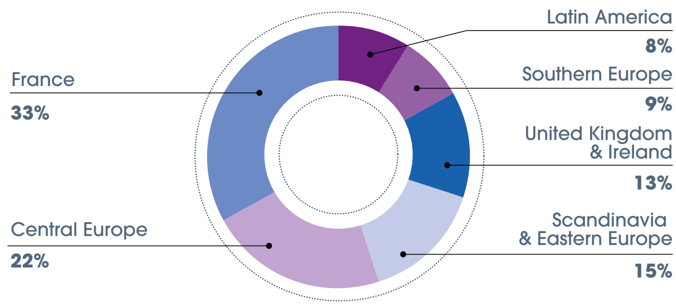


2018 EBITDA BY GEOGRAPHIC REGION

As a % of revenue

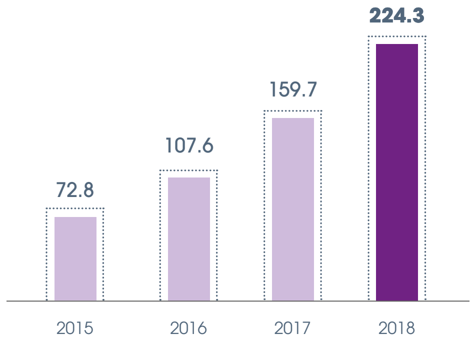


REVENUE BY GEOGRAPHIC REGION 2018



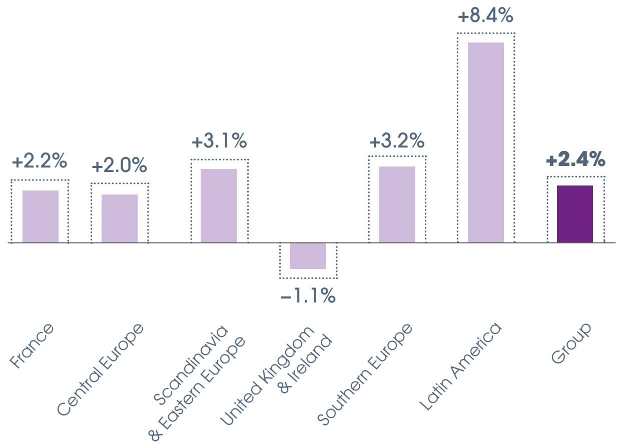
NET RESULT

In millions of euros



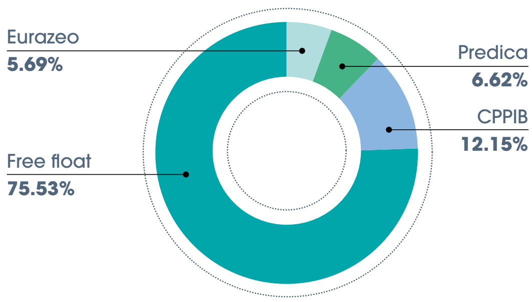
ORGANIC REVENUE GROWTH IN 2018*

As a % of revenue



* Pro forma of Berendsen acquisition

SHAREHOLDING STRUCTURE AS AT 12/31/18



The financial indicators and ratios are defined in chapter 5, section 5.2.2 of this registration document and in the notes to the consolidated financial statements provided in section 6.1.7 of chapter 6 of this registration document.

EMPLOYEES

48,191 employees

53% of them women

Recruitment

9,114 hires of permanent staff

Social dialogue

24 countries and 2 sites in Brazil periodically conduct an employee survey

In 2018, 9,881 employees in 10 countries took an employee survey

REPUTATION

86.6% of our customers recommend Elis*

** Data from satisfaction surveys conducted by Elis in France, French-speaking Belgium and Luxembourg in 2018*

ENVIRONMENT

Water consumption

Reduction of 3.7% Compared to 2017

Energy consumption

Reduction of 3.8% Compared to 2010

ISO 50001-certified sites

77

ISO 14001-certified sites

128

*For more information, see **chapter 3**, page 75 to 94*

"Elis is an international multi-service provider, offering textile, hygiene and facility services solutions.
The Group employs nearly 50,000 professionals at 440 processing sites and service centers.
Elis provides services to public and private organizations of all sizes and across all sectors."

1

Presentation of the Group and its activities

We empower your day

1.1 ELIS: A LEADER IN THE RENTAL, LAUNDRY AND MAINTENANCE OF TEXTILES, HYGIENE AND WELL-BEING PRODUCTS

With revenue in excess of €3 billion, nearly 50,000 employees, more than 440 sites, and operations in 28 countries, Elis is an international multi-service provider offering textile, hygiene and facility services solutions. It combines the competitive position of Berendsen, acquired in 2017, in northern Europe with Elis's strong positioning in the rest of Europe and many high-growth emerging markets.

The Group is geographically diversified and is the market leader in the majority of the regions in which it operates, including France, the UK, Germany, Sweden, Brazil, Denmark, Spain, Portugal, Belgium, the Netherlands, Switzerland and Norway.

From a strategic and financial perspective, the Group is ideally positioned to create value for its shareholders by continuing to pursue the four pillars of its strategic plan (see section 1.6.2 of this registration document below).

Leading positions in growth markets

The Group occupies a leading position in most of the national markets in which it operates. Moreover, these markets are highly dynamic:

- in Latin America, customers in the healthcare and workwear sectors are rapidly opening up to outsourcing;
- in southern Europe, customers in the healthcare and workwear sectors are also rapidly opening up to outsourcing;
- in northern and central Europe, outsourcing continues to grow in all segments due to regulations and customer requirements.

Geographic complementarity and good diversification

The Group has operations in 28 countries, nine of which generate over €100 million in revenue. None of these countries accounts for more than one third of total revenue, (see Note 3.3 to the 2018 consolidated financial statements in chapter 6 of this registration document).

Strengthening and rebalancing operations in Germany

In Germany, the merger of Elis and Berendsen gave the Group a strong position in workwear and strengthened its leadership in the healthcare sector. The Group now has good geographical coverage there and is in a strong position to continue to consolidate the market.

Major value-creating synergies

The merger of Elis and Berendsen will generate €80 million in cash synergies by 2020, i.e. €60 million in operational cost synergies and €20 million in investment synergies.

The Group has also substantially reduced the capex program implemented by Berendsen's former management team (approximately €170 million).

An organic and external growth platform

From a strategic and financial perspective, the Group is ideally positioned to pursue organic growth and continue making new, targeted acquisitions of primarily small companies in existing geographic regions, thereby creating value for its shareholders.

1.2 MORE THAN A CENTURY OF EXPERTISE AND GROWTH

EXPANDING ITS NETWORK TO BE CLOSER TO ITS CUSTOMERS, DIVERSIFYING ITS OFFERING, AND TAKING ITS KNOW-HOW AROUND THE WORLD TO MEET ITS CUSTOMERS' NEEDS EVERYWHERE

1883: Origins

The origins of the Group date back to 1883, when the Leducq family founded Grandes Blanchisseries de Pantin. Within a few years, the Company's horse-drawn carriages were crisscrossing the whole east side of Paris, delivering clean linen to restaurants, luxury hotels, public baths, and laundries for private customers.

1945: The early years

At the end of the war, Jean Leducq was sent by his father to revive the Rouen plant. Soon after his arrival, the US army placed an order to launder 50 tons of linen per week! The teams were mobilized, and one month later, the plant was laundering 80 tons per week. In the 1950s, Elis invented and developed the rental and maintenance model.

1968: Creation of Elis

In 1968, almost a century after he founded his business, Jean Leducq decided to bring all its activities together in a single group. The new entity was named Elis, short for Europe Linge Service (Europe Linens Service).

1973–1993: European expansion

The Group's European expansion began in 1973 with the acquisition of the Belgian company Hadès and the Group's arrival in Spain. These were followed by Portugal, the United Kingdom and Germany between 1987 and 1990, Switzerland in 1992, Luxembourg in 1994, Italy in 1999 and the Czech Republic in 2001. Thus 1973 marks the beginning of a trend of continuous growth that has made Elis the current European leader in its sector.

1991: The Disneyland Paris contract

The Group won one of its most attractive contracts: the laundering of costumes and linen for the entire Disneyland Paris amusement park complex and its hotels, representing more than 6,000 rooms and uniforms for 10,000 people. Two new plants were built in Meaux and Saint-Thibault specifically for this contract.

1997: First leveraged buyout (LBO)

In 1997, the Group was acquired by BC Partners in a first LBO transaction.

1999: Diversification of services

In the late 1990s, the Group began to diversify its business, moving into the rental and maintenance of water coolers and espresso machines in 1999. In 2001, the Group became the European leader in ultra-clean services following the acquisition of the cleaning and disinfecting company SNDI *(Société de Nettoyage et de Désinfection d'Ivry)*.

2002–2007: Second and Third LBO transactions

In 2002, PAI Partners acquired the Group from BC Partners, after which Eurazeo took control in 2007.

2010–2013: Further international expansion and diversification

Elis continued its expansion in Switzerland, notably with the acquisition of Lavotel in 2010. The Group also made another six targeted acquisitions on the Swiss market between 2010 and 2013.

In 2013, the Group launched a new activity specializing in disinfection and pest control, which includes the extermination of insects and rodents, long-term preventive treatment and related one-time services. (2D Prevention was expanded to 3D Prevention in 2014 "Pest control").

2014: Elis expands its position in Brazil

Elis consolidated and expanded its presence in Brazil, first with the acquisition of Atmosfera, the leading industrial laundries group in Brazil, in February 2014, then with the acquisition of L'Acqua, SC Lavanderia, and some of the assets of Lavtec between May and September 2014.

2015: A new dimension

Elis was listed on the Euronext regulated stock market in Paris on February 11, 2015 and included in the SBF 120 in June 2015. It continued to implement its growth strategy and consolidated its position through further acquisitions in Europe (France, Spain, Germany and Switzerland) and Latin America (Brazil and Chile, with the acquisition of Chilean leader Albia).

2016: Consolidation of the Spanish, German and South American markets

The Group continued to implement its strategy of external growth, consolidation and internationalization, carrying out targeted acquisitions in Germany and Switzerland and entering the Colombian market.

In 2016, the Group also carried out a strategic transaction with the acquisition of Indusal in Spain.

2017: Transformation and acceleration

2017 was the year of the historic merger of Elis and Berendsen, a benchmark operator and Elis's counterpart in northern Europe. The merger became effective on September 12, 2017.

Berendsen, a company with Danish and British origins, was the result of the 2002 merger between David Service Group and Spring Grove Services and the acquisition of Sophus Berendsen by David Service Group, which went on to become the Berendsen Group in 2011.

With the acquisition of Berendsen, Elis entered a new dimension, exceeding €3 billion in revenue and doubling its geographic presence (28 countries) and number of employees (45,000).

At the same time, it strengthened its positions in a number of key markets with the Lavebras transaction and the acquisition of the Bardusch plants in Brazil, and continued expanding in Colombia, where the Group is now the market leader. Elis also continued to implement its ongoing strategy of acquiring small companies at the heart of its networks, mainly in France and Germany.

2018: Integration of Berendsen and consolidation of existing markets

In 2018, Elis continued the Berendsen integration, which produced remarkable results, particularly in the United Kingdom where synergies led to a significant improvement in most operating indicators. The Group's multi-service model was successfully rolled out in Scandinavia and the Group continued to reorganize its logistics network in Germany.

Elis also continued its strategy to consolidate its positions, acquiring seven new companies to further increase the density of its network. This pursuit of international growth has long contributed to the diversity of the Group's geographical exposure: France accounted for one third of the Group's revenue in 2018, versus 70% three years ago.

1.3 AN EXPERIENCED MANAGEMENT TEAM

The Group's size following the Berendsen acquisition and the specific requirements of the various markets and geographic regions in which the Group operates led to the need to create a new organizational structure in order to address the Group's new goals and challenges. The Executive Committee, formed at the end of 2017, is responsible for the Group's general management; it is also involved in defining and implementing the Group's strategy. The Committee has 11 members and is chaired by the Chairman of the Management Board.

It meets at least once a month, which is considered sufficient given the pace of Elis's business. The Group's new organizational structure revolves around five support functions and five regional operating functions. The operating functions are headed by five regional Chief Operating Officers.

Its composition as of December 31, 2018, unchanged since its establishment, is shown below.

Chairman of the Management Board
Xavier Martiré
20 years with the Group

5 SUPPORT FUNCTIONS

Marketing and Innovation Director
Caroline Roche
2 years with the Group

Chief Financial Officer
Louis Guyot
5 years with the Group

Engineering, Purchasing and Supply Chain Director
Frédéric Deletombe
11 years with the Group

Human Resources and CSR Director
Didier Lachaud
7 years with the Group

Transformation and IT Director
François Blanc
3 years with the Group

5 REGIONAL OPERATING FUNCTIONS

Deputy Chief Operating Officer
Matthieu Lecharny
9 years with the Group

Deputy Chief Operating Officer
Alain Bonin
29 years with the Group

Deputy Chief Operating Officer
Yann Michel
11 years with the Group

Deputy Chief Operating Officer
Erik Verstappen
10 years with the Group

Deputy Chief Operating Officer
Andreas Schneider
9 years with the Group

Chairman of the Management Board **Member of the Management Board** **Member of the Executive Committee**

Details on the composition of the Management Board and Executive Committee can be found in the Supervisory Board's report on corporate governance, included in chapter 4 of this registration document.

1.4 AN INTEGRATED, BESPOKE MULTI-SERVICE OFFERING

1.4.1 RENTAL, LAUNDRY AND MAINTENANCE SERVICES

Elis offers a wide range of rental, laundry and maintenance services to meet the needs of its customers:

Flat linen

Restaurant, kitchen and hotel linen

Services

Elis is a long-standing partner of the Healthcare and Hospitality sectors, gearing its expertise toward meeting their needs. Its industrial processes guarantee impeccable hygiene and cleanliness, while its control over logistics and the commitment of its teams ensure customers receive uninterrupted service.

It offers a wide selection of food and beverage linens (tablecloths, napkins, dish towels, glass towels, aprons, etc.) and hotel linens (sheets, duvets, duvet covers, pillowcases, bathroom linens, bath towels, etc.) to meet the specific needs of each sector. Elis has developed high-quality product lines that comply with hospitality customers' stringent requirements.

In the Healthcare sector, specialized teams help customers develop protocols for use as well as provide assistance with certification.

Performance

Flat linen rental and laundry services generated consolidated revenue of €1.475 billion for the financial year ended December 31, 2018, accounting for 47% of the Group's consolidated rental, laundry and maintenance revenue for the period.

Workwear and PPE

Services

These services mainly comprise the rental, customization and laundry of various types of workwear, including (i) standard workwear (such as trousers, shirts, uniforms and jackets), (ii) personal protective equipment (PPE) (such as firefighter uniforms, clothes for working with hazardous materials or in extreme temperatures or high-visibility clothing) and (iii) workwear for personnel who work in controlled atmosphere environments (cleanrooms), which are mainly used in the pharmaceutical and microelectronics industries ("Ultra-Clean"). Its in-house design studio, test laboratory, in-depth knowledge of regulations and standards, and mastery of industrial cleaning processes provide Elis with the expertise to offer workwear suited to all industry segments.

2018 performance

Workwear rental, laundry and maintenance services generated consolidated revenue of €1.069 billion for the financial year ended December 31, 2018, accounting for 34% of the Group's consolidated rental, laundry and maintenance revenue for the period.

Hygiene and well-being (HWB) solutions

Services

Washroom hygiene:

These services consist of the rental, installation and maintenance of hygiene appliances, mainly for toilet hygiene (toilet paper dispensers, disinfectant dispensers, feminine hygiene, etc.), for hand washing and drying (soap dispensers, textile and paper hand towels and electric hand dryers) and for air freshening, as well as the supplying of consumables for all of these appliances. These services guarantee absolute hygiene and well-being for both employees and customers. The range of appliances is both stylish and modern. They come with high-quality consumables that meet prevailing standards in the most demanding industry sectors while also being environmentally friendly. Elis guarantees efficient, uninterrupted service, with appliances installed by specialized technicians, consumables replaced by a dedicated Field Agent, and regular deliveries.

Beverages:

Elis's HWB service also includes rental, installation and maintenance services for water coolers and espresso machines, and the supply of related consumables.

Floor protection:

Elis rents, customizes and cleans absorbent microfiber mats. This service is particularly well developed in northern countries because of the weather.

Pest control:

Elis has offered a range of pest control services (extermination of rodents and insects, disinfection services and additional services such as pigeon removal and range hood degreasing) since 2013. Preventative protection solutions tailored to individual needs and reactive solutions in case of infestation ensure optimal protection of premises. The service is carried out by qualified technicians, with all on-site visits trackable.

Hygiene and well-being solution services generated revenue of €540 million for the financial year ended December 31, 2018, accounting for 17% of the Group's consolidated rental, laundry and maintenance revenue for the period.

1.4.2 MANUFACTURING ACTIVITIES

The Group also has a manufacturing business carried out by two entities, Le Jacquard Français and Kennedy Hygiene Products.

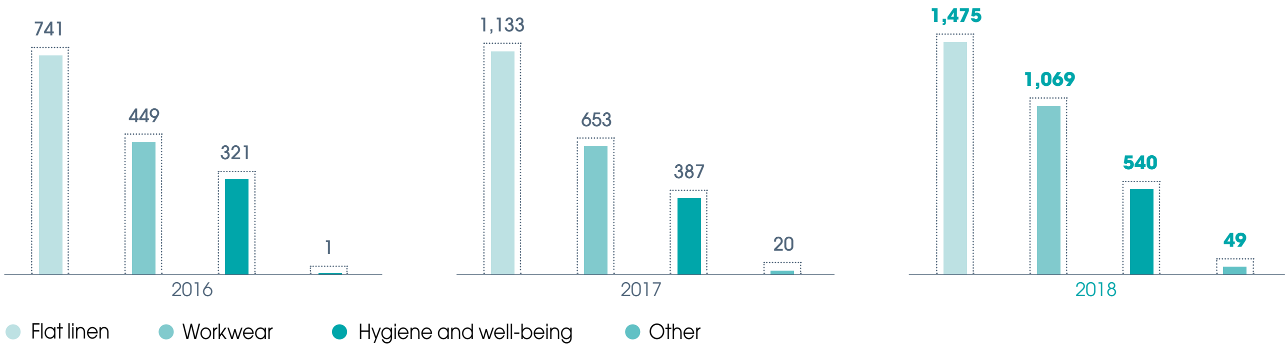
Le Jacquard Français, acquired by the Group in 1968, designs and manufactures high-end flat linen and damask linen products. It has a weaving plant in Gérardmer, in the Vosges mountains in eastern France, and its own sales, marketing and distribution departments. Le Jacquard Français mainly sells its products to consumers through third-party distribution networks such as department stores, retailers, private online sales and specialty stores. Le Jacquard Français also has five shops, including two in Paris. Le Jacquard Français exports its products to 50 countries and aims to increase its export sales.

Kennedy Hygiene Products Ltd, acquired in 1987, is one of Europe's leading designers and manufacturers of hygiene appliances, such as cotton and paper towel dispensers, no-touch hand dryers, soap and toilet paper dispensers, feminine hygiene disposal bins and fragrance dispensers. Kennedy Hygiene Products is based in the United Kingdom and exports its products to some 44 countries. Kennedy Hygiene Products has its own sales, marketing, distribution and R&D departments, but also works closely with the Group's marketing team to design products to meet the specific requirements of the Group's customers.

The Group's manufacturing business accounted for less than 1% of its consolidated revenue for the financial year ended December 31, 2018.

The chart below presents the breakdown of consolidated revenue by business segment over the past three years:

› CHANGES IN REVENUE BY SERVICE



In millions of euros

1.4.3 AN INTERNATIONAL PRESENCE

The chart below shows the types of services and products by country (generating more than 10% of consolidated revenue as of December 31, 2018).

67%
of revenue generated outside of France in 2018

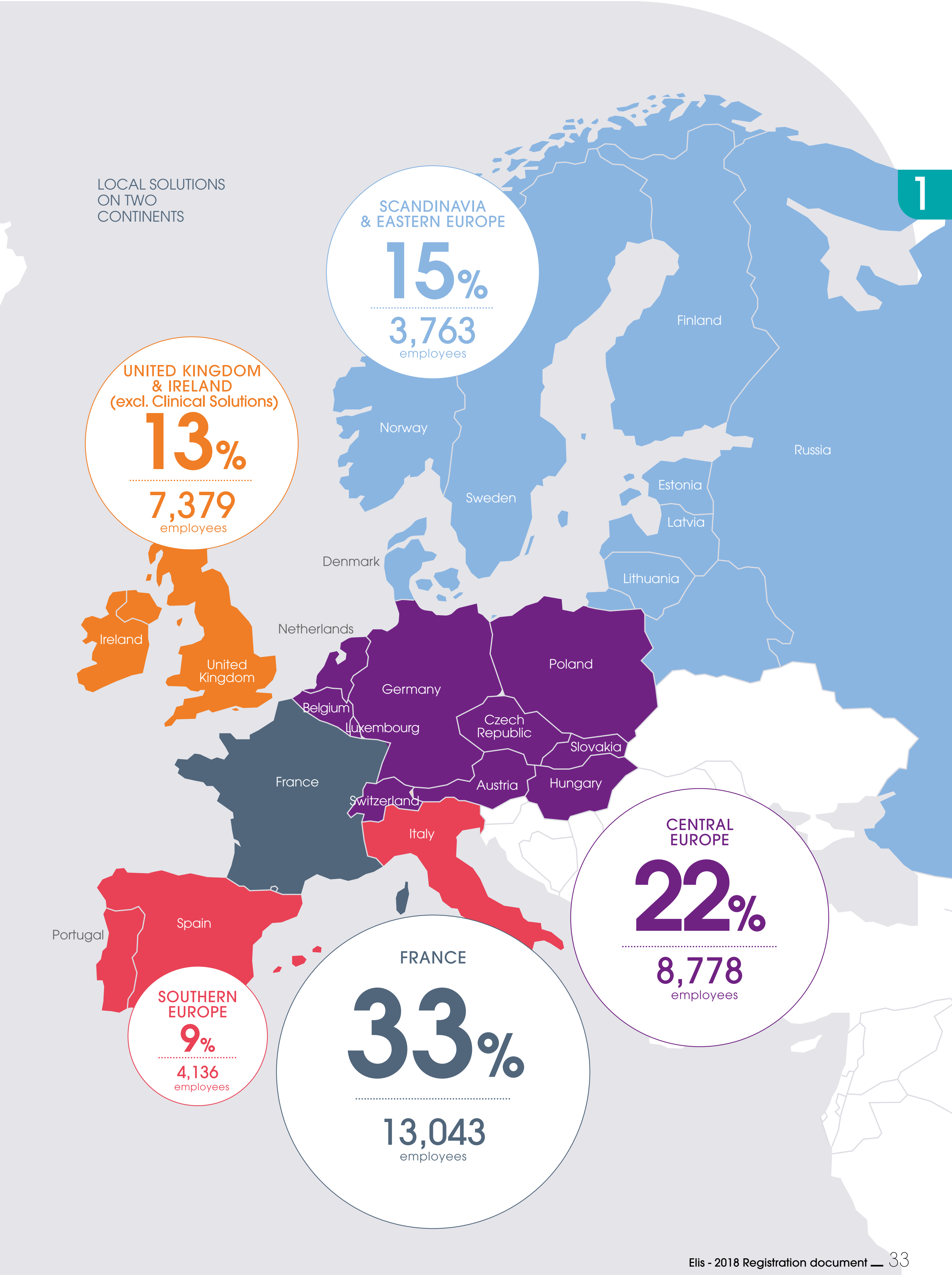
Services

	Flat linen	Workwear and PPE	Hygiene and well-being
FRANCE	●	●	●
CENTRAL EUROPE			
Netherlands	—	●	●
Belgium	●	●	●
Germany	●	●	—
Switzerland	●	●	—
Poland	—	●	●
Czech Republic	—	●	●
Slovakia	—	●	●
Austria	●	●	—
Hungary	—	●	—
United Kingdom	●	●	—
Ireland	●	●	●
SCANDINAVIA & EASTERN EUROPE			
Denmark	●	●	●
Norway	—	●	●
Sweden	●	●	●
Finland	—	●	●
Baltic countries			
Estonia	—	—	●
Latvia	—	—	●
Lithuania	—	●	●
Russia	—	—	—
SOUTHERN EUROPE			
Italy	●	●	●
Spain	●	●	—
Portugal	●	●	●
LATIN AMERICA			
Brazil	●	●	—
Chile	●	●	—
Colombia	●	—	—

Over the past few years, the Group has substantially increased the portion of its revenue generated outside of France through organic growth and targeted acquisitions. The portion of revenue generated outside of France represented 67% percent of total revenue in 2018.

The regions where the Group provides services are split into seven operating sectors and are included in the breakdown of revenue: France, United Kingdom–Ireland, central Europe, Scandinavia and eastern Europe, southern Europe, Latin America and Other (see section 5.2 of this registration document).

As a % of total consolidated revenue


LOCAL SOLUTIONS
ON TWO
CONTINENTS
SCANDINAVIA
& EASTERN EUROPE
15%
3,763
employees
UNITED KINGDOM
& IRELAND
(excl. Clinical Solutions)
13%
7,379
employees
CENTRAL
EUROPE
22%
8,778
employees
FRANCE
33%
13,043
employees
SOUTHERN
EUROPE
9%
4,136
employees
Norway
Sweden
Finland
Russia
Estonia
Latvia
Lithuania
Denmark
Netherlands
Ireland
United
Kingdom
Belgium
Luxembourg
Germany
Poland
Czech
Republic
Slovakia
Austria
Hungary
Switzerland
France
Italy
Spain
Portugal

France

In France, the Group generated consolidated revenue of €1.033 billion for the financial year ended December 31, 2018 (excluding Manufacturing Entities). The Group serves customers in four main sectors in France: Hospitality, Healthcare, Industry, and Trade and Services (see section 1.5 "Four market segments").

United Kingdom and Ireland

The Group generated consolidated revenue in this region of €398 million for the financial year ended December 31, 2018 (excluding Manufacturing Entities). In the UK and Ireland, the Group serves customers mainly in the Hospitality, Healthcare and Industry sectors. The figures exclude the Clinical Solutions business, for which the Group initiated the sales process during the first half of 2018 and which brought in €67 million in 2018.

Central Europe

The Group generated consolidated revenue in this region of €682 million for the financial year ended December 31, 2018.

In central Europe, the Group serves customers mainly in the Industry, Healthcare, Trade and Services sectors.

Scandinavia and Eastern Europe

The Group generated consolidated revenue in this region of €484 million for the financial year ended December 31, 2018. In Scandinavia and eastern Europe, the Group serves customers in all market segments.

Southern Europe

In southern Europe, the Group generated consolidated revenue of €268 million for the financial year ended December 31, 2018 (excluding Manufacturing Entities). In this region, the Group serves customers in all market segments.

Latin America

The Group serves customers in Latin America in the Hospitality, Healthcare and Industry sectors. In Latin America, the Group generated consolidated revenue of €248 million for the financial year ended December 31, 2018.

1.4.4 WHY CHOOSE ELIS?

"More than 400,000 customers can focus on their core business while Elis takes care of the rest"

For its customers, the rental, laundry and maintenance services provided by the Group are an efficient alternative to having to purchase and maintain their own flat linen, workwear, and HWB appliances and consumables. Below are the main reasons why the Group's customers prefer to outsource these services:

- **to focus on their core business:** by outsourcing, the Group's customers do not tie up resources on activities that are ancillary to their core business;
- **to reduce fixed costs and manage spending more efficiently:** outsourcing turns fixed costs into variable costs and facilitates the planning and management of expenditures. Customers are usually billed for flat linen laundry service on a per-unit-laundered basis. This keeps their costs in proportion to their level of activity and enables them to adapt more flexibly to increases or decreases in staffing, as such fluctuations are noticeably significant in the Hospitality sector and other seasonal industries;
- **to simplify personnel management:** by outsourcing, the Group's customers in the Hospitality and Healthcare sectors (especially public hospitals) do not have to hire and manage employees skilled in laundering flat linen or workwear;
- **to free up space for other uses:** outsourcing enables Group customers (especially in the Hospitality segment) to better allocate the occupied space on their premises, in particular by saving on the space that would have been used to house a laundry service;
- **to improve workwear hygiene, cleanliness and safety:** outsourcing gives the Group's customers the assurance that their employees' workwear (and in particular their personal protective equipment) is regularly washed and properly maintained, which is not always the case when employees are responsible for taking care of their own workwear. Employees are also always certain to have clean workwear, provided at the agreed frequency. Employers who require the wearing of personal protective equipment can obtain the cleaning expertise they lack in-house and thus comply with occupational safety and health regulations. If they fail to do so, they may be held liable for an injury an employee could suffer due to a deficiency in the protective properties of workwear;
- **to improve the quality of textile laundering and care:** customers who outsource the laundry of their flat linen or workwear have the assurance that the most effective methods will be used and that these methods will be optimized regularly and more frequently than if they laundered their textiles themselves;
- **to enhance brand image and reputation:** the uniform quality and customization of workwear, customized mats and value-added washroom services (such as air fresheners and feminine hygiene) made possible by outsourcing enhance the Group's brand image in the eyes of their customers and their own employees;
- **to choose a supplier that supports sustainable development:** outsourcing allows the Group's customers to reduce the environmental footprint of the textiles used throughout their life cycle. In fact, the Group's business, which is based on a product-service model, focuses on offering customers the use of products rather than product ownership. Because of this modern economic model, the Group has an incentive to design products that will ensure the longest and most sustainable service possible, to find alternatives to disposable products, and to make customers aware of the environmental advantages of the Group's business model. The Group has also introduced a proactive environmental policy to manage its environmental impacts along with a sustainable management policy for the raw materials it uses. Specifically, it is developing products made from organically grown cotton obtained from fair-trade suppliers (Bio's Fair range) and has introduced a policy for optimizing and reducing its water consumption by recycling water used during the washing process. Furthermore, it is reducing its use of detergents, water and energy for washing (the machines used by the Group consume four times less water than standard washing machines), and has signed contracts with specialized recyclers for flat linen textile products that have reached the end of their useful lives at all of its processing sites in France and for most of its workwear sites;
- **to allow workwear traceability:** customers that outsource their workwear services to the Group do not risk losing an item of workwear since the Group inserts a microchip into the collar of each one. This ensures that every cleaned item of workwear will be delivered to the right employee.

1.5 FOUR MARKET SEGMENTS

The Group provides services to customers in the following four market segments: Hospitality, Industry, Trade and Services, and Healthcare.

1.5.1 HOSPITALITY

27% of revenue
Revenue: €835 million

Customers in the Hospitality segment consist of hotels (chains and independent hotels) and restaurants. The Group adapts its services to the size and rating (number of stars) of the hotels and restaurants it serves, both in terms of the quality of the linen provided (i.e., the fabric quality, the size and number of linen items) and the frequency of delivery (daily or weekly). In the largest hotels, the Group has its own on-site laundry supervisors responsible for managing linen in each hotel concerned and coordinating services with one of the Group's processing centers to ensure that all of the hotel's flat linen requirements are met.

The Group offers customers in the Hospitality segment a range of linens for bedrooms (bed sheets, duvet covers and pillowcases), restaurants/dining rooms (tablecloths and napkins), kitchens (dish towels and aprons) and bathrooms (towels, bathrobes, bathmats, and upscale bathroom linen for high-end hotel chains and luxury hotels).

The Group can also provide these customers with workwear both for their customer-facing employees and for kitchen and maintenance personnel.

Services offered to customers in this segment, particularly flat linen rental, are seasonal because of the preponderance of hotels and apartment hotels.
To a lesser extent, the Group also offers HWB services to some customers in this segment and supplies them with the necessary consumables. Some Hospitality customers also use the Group's pest control services.

In 2018, the Group generated revenue of €835 million in this segment, i.e. 27% of total revenue.

1.5.2 INDUSTRY

30% of revenue
Revenue: €938 million

Customers in this segment are mainly in primary industry, manufacturing, construction (machine construction, the oil and gas industry, automotive and aircraft construction, buildings and public works, etc.) and certain clean industries such as high-tech, fine chemicals, pharmaceuticals, agri-food, etc.

The Group offers customers in this segment rental of various types of workwear, namely (i) traditional workwear (trousers, shirts, uniforms and jackets), (ii) personal protective equipment (protective clothing against hazardous substances or extreme temperatures and high-visibility clothing), and (iii) workwear for Ultra-Clean environments.

In 2018, the Group generated revenue of €938 million in this segment, i.e. 30% of total revenue.

1.5.3 TRADE AND SERVICES

17% of revenue
Revenue: €548 million

The Trade and Services customer segment mainly consists of (i) customers in the retail sector (supermarkets and shops) and the services sector (customer-facing services, cleaning companies, independent professionals and head offices) and (ii) government departments and local authorities.

The Group offers customers in this segment a full range of workwear (traditional workwear, aprons), HWB appliances and corporate concierge services (dry cleaning for individual customers, primarily in Switzerland).

In 2018, the Group generated revenue of €548 million in this segment, i.e. 17% of total revenue.

1.5.4 HEALTHCARE

26% of revenue
Revenue: €823 million

The Group's customers in the Healthcare segment are mainly public hospitals, private clinics and nursing homes.

The Group provides its customers in this segment with its range of rental, laundry and maintenance services for flat linen and various products used in all types of healthcare facilities. The Group has created a line of duvet covers that meet required healthcare industry standards. The Group also provides other services such as workwear rental and laundry, HWB appliance rental and supply of related consumables, pest control, and a range of single- or multi-use items specifically for hospitals.

In addition, the Group's subsidiary, AD3, offers laundry services for the personal clothing of nursing home residents.

In 2018, the Group generated revenue of €823 million in this segment, i.e. 26% of total revenue.

1.6 A STRATEGY FOR ADDED ECONOMIC, ENVIRONMENTAL AND SOCIAL VALUE

Resources

CUSTOMERS

- 400,000 customers of all sizes across sectors
- Four segments: Hospitality, Healthcare, Industry, and Trade & Services
- More than a century of know-how

HUMAN RESOURCES

- Nearly 50,000 employees
- Spread across 28 countries

FINANCES

- Company listed on Euronext (SBF 120) to finance growth
- Strong business model ensuring profitable growth

FACILITIES

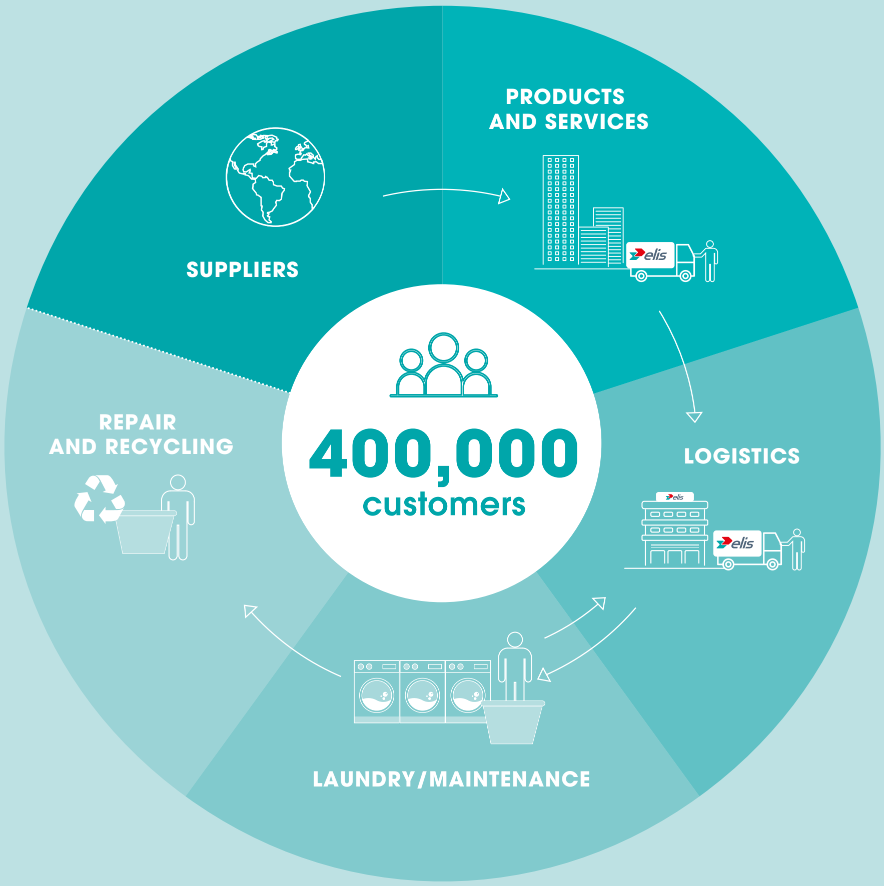
- 440 processing and dispatching centers
- Fleet of 6,000 vehicles
- 128 ISO 14001-certified sites and 77 ISO 50001-certified sites
- A responsible industrial model based on the product-service system

BRAND

- Recognized leadership
- New slogan, "We empower your day" to embody the brand's DNA
  Elis offers solutions that help its clients put their best foot forward daily, thereby improving their performance every single day

Mission

To make its customers' lives easier and contribute to their success through a sustainable, responsible process



Customers at the core of the Group's DNA

- Customer Experience department
- In-house Customer Satisfaction program
- Customer Voice program created in 2017
- Almost 50,000 satisfaction surveys per year

Strategy for profitable growth

Consolidation of Group positions through organic growth and acquisitions

Regular entry into new markets and new geographic regions

Continued improvement of the Group's operational excellence

Innovative products and services

Value created

CUSTOMERS

- Ability to focus on core business
- 86% satisfaction rate in France, Belgium and Luxembourg
- More than 2/3 of contracts now multi-service

EMPLOYEES

- 53% women
- 9,114 new hires in 2018
- 9,881 employees in 10 countries took an employee survey

INVESTORS

Since the IPO:

- +€213 million paid to shareholders
- Average annual revenue growth of +30.3%
- Average annual EBITDA margin growth of +30.2%

THE PLANET

- Reduction plan since 2010 in line with 2020 targets (–25%) for:
  - Water: 30.7%
  - Energy: 25.8%
  - Laundry products: 19.5%

1.6.1 RENTAL AND MAINTENANCE SERVICES: A SUSTAINABLE BUSINESS MODEL

The Group's business model is based on the strategic deployment of a large number of processing centers and dispatching centers in each geographic market to maintain close proximity to as many customers as possible and thus respond to and anticipate their needs more quickly and more effectively than the Group's competitors. The Group considers itself one of the few providers of rental and maintenance services for flat linen, workwear and HWB appliances that has sufficient geographic coverage to serve all of the regions in which it operates. This enables the Group to provide these services to customers with national footprints under framework agreements that cover all of their sites.

In providing its rental, laundry and maintenance services to its customers, the Group uses two operating models: an "Industrial" model and a "Tribe" model:

- when volumes are significant, the Group applies the "Industrial" model, with deliveries made by 12-ton or larger trucks;
- when customers' volumes are lower, the Group applies the "Tribe" model, whereby its services are delivered by Field Agents that are part of teams called "Tribes" that include a customer service manager, a sales assistant and four or five Field Agents.

Each Field Agent generally completes one round a day, visiting approximately 40 customers (in France), in a van. Each of these vans can be used to deliver all the Group's services and products and thus offer every customer a unique one-stop shop for their usual products or services and for any new products or services a Field Agent may wish to introduce to them. As of December 31, 2018, the Group operated a global fleet of 6,000 vehicles (vans and trucks).

In France, the Group estimates that its vans and trucks make some 2,600 rounds a day, thus covering about 2,000,000 kilometers per week

1.6.2 THE FOUR PILLARS OF ELIS'S STRATEGIC PLAN

The Group's strategy is based on the following four strategic pillars:

- consolidation of Group positions through organic growth and acquisitions;
- regular entry into new markets and, in some cases, new geographic regions;
- continued improvement of the Group's operational excellence;
- innovative products and services.

Consolidation of Group positions through organic growth and acquisitions

The Group's objective is to continue to grow its business both organically and through acquisitions to consolidate its existing market share and its geographic coverage, which is crucial for implementing Elis's unique multi-service model.

The acquisitions made in Europe and Latin America described here clearly illustrate this strategy:

- in Spain, the Group—which only posted revenue of around €20 million in 2000—became the number-one market player at the end of 2016 and generated revenue of approximately €189 million in 2018. Between 2007 and 2015, a number of acquisitions resulted in a platform worth almost €90 million. In 2016, the purchase of Indusal made Elis the market leader. In 2018, Elis continued its consolidation of the Spanish market with the acquisition of Triton Lavanderias;
- in Brazil, the Group became the market leader in 2014 with the acquisition of Atmosfera. It continued consolidating the Brazilian market in Belo Horizonte, Ponta Grossa and Fortaleza. During the integration, the Group transferred its industrial and sales expertise to its Brazilian subsidiaries to improve its positions and profit margins there. In 2017, the Group acquired Lavebras and Bardusch's Brazilian operations. These acquisitions were a very important step in the Group's development in Brazil and have consolidated its position as the undisputed leader in Latin America's largest market. In 2018, the Group generated revenue of €216 million, with an EBITDA margin of 28% in 2018, versus 20% in 2014;
- in Germany, the Group has made more than 10 acquisitions since 2008, bringing its revenue to €354 million in 2018. In 2018, the merger of the Elis and Berendsen networks catapulted the Group into a new dimension in this historically very fragmented country, which is the biggest market in Europe. The Group continued the consolidation of the German market in 2018 as well, most notably in the Healthcare sector with the acquisition of BW Textileservice, Wascherei Waiz and Curantex.

Since the acquisition of Berendsen Plc, Elis has had a balanced position between the countries of northern and southern Europe, with strong positions in their major markets.

In 2018, Elis continued to pursue its strategy to consolidate its geographical platforms with new value-creating acquisitions in Germany, Belgium, Colombia and Spain.

Regular entry into new markets and, in some cases, new geographic regions

In order to extend its geographical footprint—in particular to spread out risks, but also to find new drivers of growth—the Group constantly strives to open up new markets in existing geographic regions or sometimes new regions if the Group considers these regions to be complementary and potentially attractive.

The Group does this by immediately taking a leading position in the countries concerned, as was the case in Brazil in 2017, Chile in 2015, and Scandinavia in 2017 following the acquisition of Berendsen.

In Chile, Elis became the leader after the September 2015 acquisition of the country's number one company, Albia, which enjoys a market share of around 25%. The Group operates eight laundries around the country that mainly serve customers in the Healthcare, Hospitality and Industry (mining industry) sectors.

In certain markets, there is no established leader, but there is an opportunity to consolidate different players in order to eventually become the key player. Such was the case in Switzerland for example, consolidated mainly through individual acquisitions.

The same was true in Colombia, where Elis acquired Servicios Industriales de Lavado SIL SAS ("SIL") in 2016. SIL operates two laundries in Bogotá and has one of the finest plants in the sector. SIL mainly serves private players in the Healthcare sector. In 2017, the Group continued its consolidation of the Colombian market with two acquisitions in Bogotá (Lavanser and Centro de Lavado y Aseo). This was followed in 2018 by the acquisition of Metropolitana S.A.S.

Continued improvement of the Group's operational excellence

The Group plans to continue improving its operational excellence by controlling costs, deploying its expertise to all centers, pursuing its projects to increase productivity, and taking advantage of the economies of scale made possible by its dense network of processing and dispatching centers. To achieve these goals, the Group will leverage its marketing, sales, operational and logistics expertise as well as its large size. The latter, in particular, enables it to order large volumes of textiles and other consumables (such as laundry products) and purchase them at the lowest possible price.

The Group intends to pursue its policy of systematically striving to improve productivity and operational excellence. Its engineering department, composed of some 120 engineers and technicians of a dozen or so nationalities and with an average of six to seven years of service with the Group, plays a key role in this respect. The department's mission is to improve the productivity of the Group's processing and dispatching centers and the allocation of resources throughout the Group. To do so, the Group's engineering department is implementing new projects and best practices that it transmits to the Group's processing and dispatching centers. The Group also applies this strategy to the integration of newly acquired entities and has taken other steps to increase productivity and profitability, in particular by reducing its consumption of water (for example, by reusing final rinse water for the start of the next washing process and cleaning mats with water used to wash uniforms), laundry products and energy (by systematically using steam traps, for example), as well as by optimizing washing programs to extend the service life of its flat linen and workwear.

The Group's contracts with suppliers are generally relatively short (one year) and are not automatically renewed. This enables the Group to respond swiftly to changes in textile and other raw material prices.

Innovative products and services

Drivers of innovation: "Satisfaction, experience, and saving customers time"

Created in 2015, the Innovations Department looks to startups for inspiration and uses design thinking, iterative development and short decision-making circuits. It also draws on the skills of innovative players outside the Group, in particular by developing partnerships with startups. Under one of its partnerships, for example, it has developed a body scanner to improve the customer experience when setting up workwear services.

Its multidisciplinary team understands that many ideas must be tested before finding the right one and that failure is not something to be frowned upon. It focuses its attention on its ability to be iterative and pivot quickly if an idea does not appear to be working for the customer. Once a new (or improved) service is approved for industrial deployment, it will either be developed by existing departments, or a new department will be created for that purpose. This was the case in 2018 with the Traceability Department, which was created on an ad hoc basis to accelerate, structure and implement traceability across all service offerings.

To support its customers on a daily basis and address their needs ever more effectively, Elis continues to invest in traceability technology to expand Elis Connect, the Group's first digital offering.

The goal is to give customers what they need, when they need it, and in total transparency. This means providing customers with access to online tools to track and manage services (time-stamped visits, proof of visit, delivery, service, consumption, etc.).

Elis Connect is another reflection of the quality of the Company's services and strengthens its relationship of trust with its customers.

THREE PILLARS

SIMPLICITY	FLEXIBILITY	ADAPTABILITY
Customers are updated in real time, by email or on MyElis.	Customers benefit from an accurate, fully transparent traceability service tailored to their needs.	Customers choose from one of three service levels (Access, Focus or Connect) depending on their needs (which can range from proof of visit to a detailed analysis of their consumption).

THREE OFFERS

ELIS CONNECT ACCESS	ELIS CONNECT FOCUS	ELIS CONNECT VISION
Customers can track Elis's service in real time. It operates like a paperless delivery note, in that it shows the time of the Field Agent's visit as well as quantities delivered and/or exchanged on site.	Customers are given full details about Elis's services for each product supplied (e.g., hygiene appliances, bait stations, etc.). They can review services and observations at any time following a visit by a Field Agent.	Customers are provided with information in real time about the equipment installed on their premises. Thanks to Elis, customers now have a deeper insight into their transactions.

Elis Connect is already available for pest control, washroom, and workwear services, and will soon be available for other services offered by the Group.

1.7 COMPETITIVE ENVIRONMENT

1.7.1 MARKET DEMAND DRIVERS FOR RENTAL, LAUNDRY AND MAINTENANCE SERVICES

The following general and sector-specific trends are the main drivers of demand for the rental, laundry and maintenance of flat linen, workwear and HWB appliances in the Hospitality, Healthcare, Industry, and Trade and Services segments:

Outsourcing, multi-country contracts and regulations

Customer demand for the Group's flat linen, workwear and HWB products and services in the Hospitality, Healthcare, Industry, and Trade and Services segments is driven by a general trend toward outsourcing in many countries. The Group's customers tend to outsource these services to a single service provider, such as Elis.

Multi-country contracts for rental, laundry and maintenance services for flat linen, workwear and HWB appliances exist but are still uncommon because of country-specific restrictions and the configuration of potential customers' sites in those countries.

To ensure consistent quality of service, some multinational groups in the Hospitality sector tend to select the same service provider in most of the countries where they do business. For example, the Group serves multiple properties belonging to the Accor Group in several countries.

The Group believes that the demand for textile services in Europe and in the other countries in which it operates will increase in the coming years as companies are increasingly turning to rental, laundry and maintenance services to reduce costs and prefer to outsource skills that are not essential to their business. In the case of hotels, for example, they not only have more flexibility during seasonal fluctuations but can monetize areas once dedicated to internal laundries by turning them into spas or other guest areas.

Additionally, health and traceability regulations have made Elis a key player in an environment where it is important to be able to track cleanliness (such as in the agri-food industry).

Another undeniable asset for Elis is its commitment to environmental efficiency. The nature of its business guarantees that its product cycle is as efficient as possible, keeping water and energy consumption to an absolute minimum and recycling water wherever possible.

Lastly, Elis is perceived as a strong, high-quality brand in its sector.

General economic environment

The Group operates in 28 countries and its markets vary widely in terms of size and sectors. Each market also has a very varied product offering. This broad range of customers in various geographic regions and industries helps reduce the Group's sensitivity to the economic environment. For example, the Group's revenue in the Healthcare sector (and from nursing homes in particular) is relatively unaffected by the sluggish economy and is growing as populations age. The Group also saw no effect on its revenue or margins during the major economic crises of 2001, 2008 and 2012, even though it was less diversified then than it is now.

The indispensable nature of the Group's services

The flat linen, workwear and HWB appliance rental and maintenance services the Group provides are essential to its customers' businesses. For Hospitality and Healthcare customers, once these services have been outsourced, they are very difficult to re-insource since doing so would require substantial capital expenditure. Similarly, for customers operating in the agri-food sector, it is imperative for hygiene and regulatory reasons to be able to trace the cleaning of uniforms worn by employees, which is something that can only be done through Elis.

Furthermore, the average monthly fee that Group customers pay for the supply and maintenance of flat linen, workwear and HWB appliances is relatively low compared to their other expenses. The Group estimates that half of its customers pay less than €150 a month.

Lastly, the Group is able to develop new and complementary products and services that can be sold to its current customers by Field Agents, who are in regular contact with those customers during on-site deliveries and pickups.

1.7.2 MAIN COMPETITORS AND COMPETITIVE POSITIONING

Certain potential customers may choose not to outsource the supply and maintenance of their flat linen, workwear or HWB appliances, preferring to use in-house solutions. For example, some companies make their employees responsible for laundering their workwear in return for a payment that is supposed to cover the cost of laundering. Other companies install in-house laundries to launder flat linen used in their business or workwear worn by their employees.

For the target market, consisting of businesses that have opted to use a rental and maintenance service, the Group's competitors vary depending on the operating sector and the type of services provided by the Group.

For HWB services in particular, the Group competes with cleaning companies that may be customers of the Group for this type of service, and facilities management companies that offer a full range of services that include HWB appliance rental and maintenance.

Several major groups operate in all three business segments. Following the merger in 2017 of Rentokil Initial and CWS-boco for some of their European business, this new entity will be Elis's main competitor in continental Europe. The Group also faces competition from the main national players, the most important of which are:

France

- Rentokil Initial, Kalhyge, Anett, Sdez

United Kingdom and Ireland

- Johnson Service, Initial, PHS, Steris (UK)
- CWS-boco/Initial, Celtic Linen, Kings Laundry (Ireland)

Central Europe

- CWS-boco/Initial, Lindström (Poland)
- Salesianer Miettex, CWS-boco/Initial (Austria)
- Lindström, Salesianer Miettex, CWS-boco/Initial (Czech Republic, Hungary, Slovakia)
- CWS-boco/Initial, CleanLease, LIPS (Netherlands)
- CWS-boco/Initial, Mewa, Bardusch, Alsco (Germany)
- CWS-boco/Initial, Bardusch, LBG (Switzerland)
- CWS-boco/Initial, CleanLease, Malysse-Sterima, Mewa (Belgium–Luxembourg)

Scandinavia and Eastern Europe

- Textilia, CWS-boco/Initial (Sweden)
- DFD (Denmark)
- Nor Tekstil, Sentralvaskeriet, Stil (Norway)
- Lindström (Finland, Baltic countries)

Southern Europe

- Ilunion, PHS Serkonten, CWS-boco/Initial, Bugaderia l'Empordà (Spain)
- Servizi Italia, Servizi Ospedalieri, Pedersoli, Alsco, Rentokil Initial (Italy)
- Serlima (Portugal)

Latin America

- Alsco, Servizi Italia, Renova (Brazil)
- Golden Clean, Lavinur (Chile)

1.8 SALES AND MARKETING

1.8.1 CUSTOMERS AT THE CORE OF ELIS'S DNA

The Group attaches the greatest importance to managing relationships with its customers. The Group's customer base is highly diversified in terms of size, sector and profile.

The Group's 10 largest customers account for less than 10% of its consolidated revenue, the single largest contract representing less than 1% of revenue.

Slightly more than half of the companies in the CAC 40[1] index are customers of the Group.

The number of Group customers is estimated at 400,000, including 180,000 located in France. In France, which is the Group's major and oldest country of operation, the average monthly amount invoiced to Group customers is around €500.

The median is around €150 per month, which means that half of the Group's customers receive a monthly invoice of less than €150. More than two thirds of its customers are multi-service customers, in other words, they use at least two rental, laundry and maintenance services for flat linen, workwear and HWB appliances offered by the Group. Moreover, the Group estimates that every customer in France uses on average around 2.8 services.

A resolutely customer-focused organization and offering

1.8.2 BUSINESS FOCUSED ON CUSTOMER RELATIONSHIPS

1.8.2.1 Sales team

Business development is handled either by dedicated sales teams specialized by customer sector and size, or by the commercial distribution departments in the case of the Group's existing customers.

This organizational structure varies from country to country. Under the "Tribe" model, the Field Agent is responsible for cultivating existing customers by offering them additional services.

Dedicated sales teams identify potential new customers, negotiate business terms and sign customer contracts. There are three levels of dedicated sales teams based on customer size:

- for key accounts, national sales departments by market (Hospitality, Healthcare, Industry, Trade and Services) are tasked with prospecting "very large" potential customers in the Hospitality, Healthcare, Industry, and Trade and Services segments. At the request of their customer, a country-level key accounts department may negotiate an international contract. This is sometimes the case with major industrial (e.g. agri-food or pharmaceutical) or hospitality customers;
- for medium-sized prospects (50 wearers and more), each country has account managers who report to a separate sales department at the national level and prospect medium-sized companies (50 employees and more) in each sector in which the Group operates (Hospitality, Healthcare, Industry, and Trade and Services);
- lastly, the remaining customers (fewer than 50 wearers) are prospected at the regional level by regional teams of sales representatives who report to the regional manager. These teams are supervised by a sales department.

The Group has around 850 key account managers, sales representatives and account managers in Europe, including 625 in France.

There are also dedicated sales units for highly technical services, such as pest control or ultra-clean clothing.

The Group has an in-house call center, located in Villeurbanne in France, that employs around 15 operators. This call center contributes to sales by making prospecting calls, at the end of which appointments are made for the Group's sales force to meet with the potential customers. More than 10,000 appointments are made this way each year. Around 10% of the revenue generated by the sales teams is accounted for by the call center, with two thirds of this revenue due to incoming calls and one third due to outgoing calls. The call center also carries out customer satisfaction surveys for some of the Group's countries (see below).

To increase the value of its existing customers, the Group has local representatives at each Elis center who stay in close contact with customers. They are responsible for customer relations, making sure services are delivered smoothly, and developing business through the sale of additional services. In countries where the Group has been operating for a number of years, this is what is known as the "Tribe" model (described in section 1.6.1 above): three months after a contract has been signed, the Tribe, or local team, becomes responsible for services, customer relations and business development. Every customer is in contact with a dedicated Field Agent who is the customer's first point of contact. This strategy's success is based on the continuity of the relationship forged between the Field Agents and their customers, whom they generally see once a week (the business development bonuses paid to these agents can double their monthly salaries).

The Group devotes considerable resources to measuring customer satisfaction. In 2018, it carried out close to 50,000 satisfaction surveys. The customer satisfaction rate in France, Belgium, and Luxembourg was 86% at the end of 2018. For all other Group countries, the NPS (net promoter score) was 4 at the end of 2018.

(1) *Stock market index that covers the 40 most representative stocks quoted on the Euronext market in Paris measured by free-float market capitalization and capital traded*

1.8.2.2 Contracts that fit each customer

The Group uses four types of contract as part of its business:

- standard contracts: generally signed with small customers (in terms of revenue) for a period of four years;
- specific contracts, framework contracts or supplier listing agreements: generally signed with the Group's key accounts (in terms of revenue) or customers operating several sites. These types of contracts may be supplemented locally by agreements with the customers' sites that set out the practical terms and conditions of services. The Group negotiates the practical aspects of the contract with each customer. The contracts the Group signs with such customers are usually for three to five years;
- public procurement contracts: signed with public-sector parties in accordance with applicable regulations, generally at the end of a competitive bidding procedure (such as a call for tenders). The term of these contracts generally does not exceed four years. When they expire, the public-sector parties are required to launch a new procedure in accordance with the laws and regulations applicable to the renewal of their services;
- contracts with cleaning companies: these have some specific features insofar as the Group's relationship with these companies is based on subcontracted business. These contracts are ancillary contracts to the main contract signed by the cleaning company and its own customer. They can be terminated without penalty if the main contract is terminated.

To ensure quality interactions with its customers and customer satisfaction, particularly in France, the Group signs four-year contracts, renewable automatically for an additional year, unless terminated by the customer by giving three months' notice.

With the exception of contracts with cleaning companies (where the fact that the end customer needs to renew the competitive bidding procedure may have a negative impact on prices), prices in the Group's contracts generally depend on the number of items delivered (for instance, for flat linen services) or on the number of employees wearing the Group's workwear. Moreover, considering the initial investment it has to make in order to set up service, the Group's objective is to ensure that its customers pay for a minimum volume of services, thereby guaranteeing long-term income for the Group.

In certain cases, a customer may terminate a fixed-term contract upon payment of a termination fee, unless the Group has not complied with the terms and conditions of the contract.

1.8.3 MARKETING

The Group steadily invests in its marketing policy, through a multi-channel customer acquisition strategy, the development of CRM tools, and a sustained pace of innovation in the products and services offered.

In 2018, the Group launched many new products and services: workwear collections in the Healthcare, Trade, Industry and Hospitality segments and new lines of flat linen and hygiene appliances. It also continued to develop its pest control service, which was launched in 2013.

This proactive innovation policy was strengthened by the creation of a Marketing and Innovation Department in 2015. As part of this momentum, in June 2016 the Group acquired On My Way, a startup offering concierge services to individual customers, picking up their linen from their places of work, homes or various collection points. This acquisition illustrates Elis's determination to be fully involved in these new modes of consumption and to invest even more actively in the search for new services.

To support its customers on a daily basis and address their needs ever more effectively, in 2018 Elis continued to invest in its Elis Connect offering (see section 1.6.2 above). With this new service, Elis strives to better meet customer expectations and demonstrates its ability to innovate to improve its textile flow management and to strengthen its operational excellence. The rollout of Elis Connect in France and other European countries began with workwear, washroom appliances, pest control and water coolers.

The creation in 2015 of a Customer Experience Department within the Marketing Department reflects the Group's strengthened commitment to a customer-focused approach. This commitment had already been confirmed with the launch of the 5-Star Customer Satisfaction program. The program's objective is to ensure that all employees are committed to five things:

- making sure that customers are completely satisfied with the services provided;
- providing service that meets customers' expectations;
- providing more personalized service by getting closer to customers;
- responding rapidly and effectively to customer needs; and
- being proactive and proposing solutions.

The Customer Experience Department further strengthened these efforts by launching the Customer Voice program in 2017, aimed at paying greater attention to customer feedback at Elis centers through revamped processes and training sessions.

Elis created and implemented a CRM (customer relationship management) solution to handle sales and customer relations more effectively. This included using digital technology to build on and make full use of customer data across channels. The Group started rolling out this solution internationally at the end of 2018. It will eventually be adopted by all countries.

The new online customer interface, MyElis, provides customized service tracking, access to invoices, and the possibility to submit requests related to a particular service. By the end of 2018, MyElis had been deployed in six Group countries.

Elis's marketing policy relies on a strong brand platform and an identity that was reinforced in 2018 through its new slogan, "We empower your day." Elis's digital ecosystem (country-specific websites, corporate website, social media) promotes the brand in international markets and enhances the Group's attractiveness to all its targets (commercial, institutional and human resources).

1.9 OPTIMIZED PURCHASING AND LOYAL SUPPLIERS FOR SERVICE CONTINUITY

The purchasing structure is predicated on centralized management at the corporate level and on local management with individual buyers in certain countries where Elis has long-standing operations. Thanks to the implementation of a shared purchasing strategy and the use of a common supplier base, purchasing is positioned as a major contributor to Group synergies—and therefore the bottom line. Pooled purchasing has been successful and its scope will be extended to cover all regions where Elis has industrial operations.

1.9.1 CATEGORIES OF PURCHASES

The Group's purchases fall into four main categories:

- items for rental/maintenance/cleaning: textiles, mats and appliances for HWB services;
- consumables for customers (paper, water, coffee, fragrances, soap, etc.);
- "production" purchases for the smooth running of operating units (energy, water, laundry products, packaging, etc.);
- "non-production" purchases such as overhead, industrial equipment, vehicles, IT, telecommunications, transport, etc.

Mission

Elis's mission with purchasing is to buy and deliver the best possible products and services to give the Group a competitive advantage. Purchasing operations are based on the concept of "Best Land & Costs," meaning that products are sourced globally. Suppliers are local, national, continental or international.

For textile items, the Group gets its supplies primarily from Asia, north Africa and Europe. Some countries may supplement their needs locally. Elis manufactures some of its workwear in Estonia through an internal entity.

The Group mainly purchases in euros and US dollars.

In 2018, the Group spent approximately €417 million on textile items and €31 million on HWB appliances. It also consumed more than 1.4 terawatt hours of energy in 2018, mainly in the form of natural gas.

1.9.2 ASSESSMENT – SELECTING AND INTERACTING WITH SUPPLIERS AND SUBCONTRACTORS

The Group has a Purchasing and Procurement Department that is responsible for selecting and evaluating suppliers. It also has a Corporate Social Responsibility Charter that is appended to each framework contract. These contracts also contain a section on sustainable development, which requires Elis and its partners to adhere to a code of conduct called the Responsible and Ethical Purchasing Charter (also known by its French acronym, CARE).

The Group strives to maintain fair and loyal relationships with its suppliers. Elis seeks to comply with the various laws and regulations in force in every country and ensure its suppliers comply with these same laws and regulations. All suppliers are required to comply with the values set forth in the Group's Code of Ethics.

1.9.3 CONTROL – QUALITY

Elis has a Quality division that regularly audits the suppliers under contract to ensure they are complying with the law, ILO rules and codes (Group commitments, requirements and guidelines vis-à-vis suppliers and subcontractors), ethics, and charters (CSR).

Note that Elis does not allow its suppliers to subcontract all or part of a contract awarded to them without written consent.

The Group uses a two-year, rolling cycle to audit and/or monitor its top 200 textile and HWB product suppliers.

The latest results showed that 50% of those suppliers were not exposed to any CSR risks due to their location. The others were audited unless they had a CSR certification.

1.9.4 PARTNERSHIPS

The Group has had a partnership with Max Havelaar, the leading fair trade NGO, for 10 years. The Group is the first provider of flat linen, workwear and HWB appliance rental and maintenance services to obtain the Fairtrade Max Havelaar label. It has been offering a range of bed sheets and workwear products made of organic, fair-trade cotton certified by Max Havelaar for the past decade.

Elis also has an exclusive partnership with French company Malongo for the supply of coffee pods and machines.

Other strategic suppliers relate to the Group's laundry business, specifically the main suppliers of tunnel washers, washing machines, dryers, and detergents.

1.9.5 PRODUCT QUALITY – SUPPLIERS AND THE ELIS LABORATORY

At the start of the supplier listing process, Elis qualifies product/supplier pairings in its own laboratory. Products are tested for their characteristics and in-use reliability, whether for the purpose of developing a new product or approving a new supplier.

The laboratory teams perform and supervise regular quality controls on the products supplied. The supplier quality control team is involved in the handling of quality complaints. It manages and resolves claims related to suppliers and handles the recovery of costs resulting from disputes caused by suppliers.

1.9.6 SUPPLY MANAGEMENT

The Group has logistics systems that enable it to carry out a high volume of automated operations. It also continues to strengthen its central purchasing operations, which are supplemented by a system of local buyers in countries where purchasing volumes are greatest. Computerized purchasing tools are used to monitor the supply chain from the source to delivery at its processing centers. The Group has its own warehouses in Europe and a workshop in Portugal where workwear is stored and customized. Some 120 staff members are employed full time in this workshop, which customizes and ships 20,000 items of workwear to the Group's European units.

The Group uses sea freight for its imports and makes minimal use of air freight, while it outsources road transportation to third-party logistics providers for its supplies.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 PROPERTY

The Group's main needs with respect to premises and equipment are linked to the operations of the processing centers, dispatching centers and "Ultra-Clean" centers. To carry out its activities, the Group also has independent storage centers (which are integral to its supply chain) and offices.

The table below shows the number of processing centers, dispatching centers attached to a processing center, and independent dispatching centers owned or leased by the Group as of December 31, 2018:

Regional presence as of 12/31/2018	**Processing centers**	**Dispatching centers attached to a processing center**	**Independent dispatching centers**	**Ultra-Clean/ *Clinical solutions* centers**	**Logistics warehouses**	**Manufacturing plants**
EUROPE	253	253	96	30	20	5
France	58	58	48	7	1	1
Germany	38	38	6	2	1	
Austria	1	1				
Andorra			1			
Belgium	2	2	4	1		
Denmark	16	16		1	1	
Spain	33	33	5	2		
Estonia	1	1	1			1
Finland	1	1			1	
Hungary				1		
Ireland	4	4	2	2		
Italy	2	2	3	1		
Latvia	1	1				
Lithuania	1	1				
Luxembourg			1			
Netherlands	9	9	3	1	1	
Norway	7	7	9	1	2	
Poland	4	4		1	1	
Portugal	4	4	6		1	
Czech Republic	1	1	2	1		
United Kingdom	36	36	3	5	1	3
Russia				2		
Switzerland	14	14	1	1		
Sweden	20	20	3	1	11	
LATIN AMERICA	46	46	0	2	4	2
Brazil	34	34		2	4	2
Chile	8	8				
Colombia	4	4				
TOTAL	**299**	**299**	**96**	**32**	**24**	**7**

As of December 31, 2018, the Group owned land and buildings with a net book value of €532.8 million (see Note 6.3 to the consolidated financial statements for the year ended December 31, 2018).

The Group leases approximately 50% of its processing and dispatching centers.

1.10.2 OTHER PROPERTY, PLANT AND EQUIPMENT

In addition to the properties described above, other property, plant and equipment mostly consists of industrial and logistical equipment, the textile products and appliances that the Group needs in order to provide its services, office and IT equipment and facilities, other equipment, and capitalized expenditure on layout and fitting out of premises.

The Group's operations in France and abroad involve the daily use of around 6,000 vehicles.

The fleet is divided into two main categories: light commercial vehicles (LCVs) and heavy goods vehicles (HGVs) used for deliveries.

The vehicle fleet is mostly wholly owned in France and mostly leased or outsourced for the rest of the Group.

The sales force fleet mostly comprises leased light vehicles.

Property, plant and equipment held by the Group is described in Note 6.3 to the Group's consolidated financial statements for the year ended December 31, 2018, included in chapter 6 "Financial statements for the year ended December 31, 2018" of this registration document.

Regulatory constraints and environmental information relating to property assets are included in chapter 2 "Risk factors, risk control and insurance" and in chapter 3 "Non-financial performance statement" of this registration document.

1.11 A PROACTIVE AND DIVERSIFIED INVESTMENT POLICY

The Group's investments include:

- Own investments consisting of:
  - capital expenditure: mainly production facilities, logistics, IT and hygiene appliances;
  - investment in textiles: mainly flat linen and workwear;
- the acquisition of small and medium-sized companies providing rental, laundry and maintenance services for flat linen, workwear, HWB appliances and pest control.

1.11.1 MAIN HISTORICAL INVESTMENTS

Capital expenditure and investment in textiles

The Group's investments pertain to capital expenditures on rental, laundry and maintenance items. Detailed figures are provided in chapter 6 of this 2018 registration document.

Capital expenditure comprises major projects (land and buildings), vehicles (trucks, cars, carts), facilities, and equipment (washing machines, general services, etc.). It therefore includes investments in both growth (whether for new plants or to increase capacity) and maintenance (equipment upkeep and replacement).

Expenditure on rental-cleaning items includes flat linen (most customers being on rental, laundry and maintenance services contracts), and sanitary appliances, beverages, and mats on customers' own premises. Growth investments make up a large percentage of this expenditure because of the initial outlay required to set up a new customer.

Capital expenditure was equal to approximately 20% of revenue in 2018, in accordance with the catch-up plan announced by the Group for 2017–2018–2019. The normative level of capital expenditure is usually around 18%.

Acquisitions

The European market for the rental and maintenance of textile products and HWB appliances remains relatively fragmented, and there are interesting consolidation opportunities in the foreign countries in which the Group already operates.

For acquisitions outside France, the Group evaluates the relevant markets of other countries with the aim of carrying out targeted acquisitions. The Group relies in particular on the following indicators for the basis of these evaluations: favorable business environment, geopolitics, population, per capita GDP, GDP growth, the tourism sector, the healthcare sector and the presence of international companies as potential customers. The Group's objective is to become one of the leading service providers in each country in which it operates and in each of its market segments.

Over the past five years, the Group has made numerous acquisitions. For a description of the acquisitions made in financial years 2017 and 2018, see chapter 6 of this registration document, Note 2.4 "Changes in the scope of consolidation" to the consolidated financial statements.

1.11.2 FUTURE INVESTMENTS

The Group intends to continue its investment policy along the same lines as in the past, namely on the one hand investments relating to its everyday activities comprising capital expenditure to maintain and improve its facilities (plant, equipment, service vehicles, IT and rented hygiene appliances) as well as investments in textile products for rent to customers; and, on the other hand, external growth (acquisition) opportunities with attractive profiles in terms of return on investment and meeting the criteria of its acquisition strategy.

As of the date of this registration document, the Company had not made any firm, substantial commitments regarding future investments other than its commitment to acquire Kings Laundry in Ireland.

1.12 FINANCING POLICY AND CREDIT RATINGS

1.12.1 FINANCING POLICY

The financing policy is reviewed on a regular basis to best support the Group's growth and account for changes in financial market conditions while also maintaining a credit profile compatible with a minimum long-term rating of "BB" from Standard & Poor's, Moody's and Fitch Ratings. The aim of the Group's financing strategy is to maintain its leverage ratio (net debt/EBITDA) at around three times EBITDA.

As of December 31, 2018, the Group had net available cash and cash equivalents of €179.1 million (see Note 8.4 to the 2018 consolidated financial statements in chapter 6 of this registration document) and undrawn confirmed credit facilities of €930 million.

The Group believes that its financing requirements for the main investments that it might consider will be covered by its available cash, its future cash flows from operating activities and possible use of its credit facilities. For more significant financing needs, it will turn to the market via its EMTN program.

The Elis Group has several sources of financing: short- and medium-term financing from capital markets on one hand and bank financing on the other.

In view of current financial market conditions, and in order to meet the Group's general needs and, more specifically, finance its business activities and development projects, the Group pursued a proactive and diversified financing policy in 2018, together with prudent cash management.

In the context of this policy, the Group:

- actively manages its debt, which can lead to it pre-financing itself on capital and banking markets in order to (i) extend the average maturity of its debt, (ii) spread out repayment deadlines, and (iii) optimize financing costs;
- makes use of bank borrowings and bonds to diversify its sources of liquidity and creditors;
- maintains a permanent and significant buffer of undrawn confirmed credit lines to secure its liquidity and meet its short-term debt obligations, especially on its commercial paper program in case of capital market closures;
- can also finance itself by means of capital increases;
- centralizes its cash flow requirements and surpluses on a permanent basis through M.A.J., the Group's historical centralizing entity, with cash flow requirements and surpluses of entities related to Berendsen centralized since November 2018 through the Company.

a) Capital markets

On the *short-term capital market*, Elis has an unrated commercial paper program, approved by Banque de France, in the amount of €500 million. As of December 31, 2018, outstandings under this program totaled €413.1 million, versus €396.4 million as of December 31, 2017, an increase of €16.7 million.

On *medium-/long-term capital markets*, on January 30, 2018, Elis set up a €3 billion EMTN program approved by the AMF. Under this EMTN program, on February 15, 2018 the Group carried out a dual-maturity bond issue comprising a €650 million tranche with a maturity of five years and a coupon of 1.875%, and a €350 million tranche with a maturity of eight years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the Berendsen acquisition.

On *medium-/long-term capital markets*, Elis also issued:

- €400 million worth of bonds convertible into new or existing shares on October 6, 2017, with a maturity of six years and a coupon of 0%. The bond's conversion price into shares is €31.85. The funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen acquisition and extend the maturity of the Group's debt;
- €800 million worth of standalone bonds on April 28, 2015 with a 3% coupon, maturing on April 30, 2022. These seven-year bonds have been callable since April 2018. These bonds are listed on the Global Exchange Market of the Irish Stock Exchange.

b) Bank financing and loans

As of December 31, 2018 the Group had three main facilities:

- a €1.15-billion Syndicated Senior Credit Facilities Agreement signed in January 2017 with a maturity of five years, composed of three tranches: (i) a €450-million term loan tranche, fully drawn down, (ii) a €200-million capex tranche, fully drawn down as of December 31, 2018; and (iii) a €500-million revolving credit line, undrawn as of December 31, 2018;
- a second Syndicated Senior Credit Facilities Agreement, signed on November 7, 2017, in a total amount of €600 million, comprising: (i) a €200-million term loan with a maturity of five years, fully drawn down, and (ii) a €400-million revolving credit line with a maturity of five years + one year + one year, undrawn as of December 31, 2018. The funds from the term loan under this syndicated credit facility were used to refinance a portion of the bridge loan set up in connection with the Berendsen acquisition. The maturity of the revolving credit line was extended in 2018 from November 2022 to November 2023.

These two Syndicated Senior Credit Facility Agreements do not contain any specific acceleration clauses linked to minimum credit ratings. However, these Syndicated Senior Credit Facility Agreements do contain clauses obliging Elis to provide the lenders with certain guarantees, in keeping with market standards, notably:

- a negative pledge whereby the borrower undertakes not to provide collateral to third parties, subject to certain exceptions;
- cross-default clauses stipulating that an event of default on any other borrowing would also render the Syndicated Senior Credit Facility immediately due and payable;

- a periodic reporting obligation;
- compliance with legislation in force; and
- no change in control (resulting from the acquisition by one or more persons acting in concert of more than 50% of the voting rights in the Company);
- a €75-million multi-tranche private placement called "Schuldschein," governed by German law, completed on November 23, 2017 to supplement the refinancing of the bridge loan in connection with the Berendsen acquisition.

The two Syndicated Senior Credit Facilities Agreements provide for the following: (i) a grid of applicable margins indexed to the pro forma net debt/EBITDA ratio and (ii) Elis's compliance, for each half-year, with a financial covenant to maintain a pro forma adjusted net debt/EBITDA ratio below 3.75 after synergies. The Syndicated Senior Credit Facilities Agreements do not contain any other financial covenants.

The Group also has a €30-million bilateral revolving loan agreement signed in September 2017 for a term of three years. As of December 31, 2018, this credit line had not been used.

1.12.2 RATINGS

The Company is rated by Standard & Poor's, Moody's and Fitch Ratings:

- in a press release issued on April 18, 2018, Standard & Poor's upgraded the Company's rating from "BB" to "BB+" (stable outlook), reflecting the success of the Group's development strategy and the strength of its fundamentals and business model. This rating and outlook were further confirmed by Standard & Poor's in a press release dated September 28, 2018.
- in a press release issued on February 27, 2018, following the completion of the Berendsen acquisition and the publication of the Group's 2017 income breakdown, Moody's confirmed the rating assigned to the Company, i.e. "Ba2" (stable outlook);
- since December 2017, the Company has also been rated "BB+" (stable outlook) by Fitch, confirmed in a press release issued on December 21, 2017.

Moody's and Fitch also rated the EMTN program (approved by the AMF on January 30, 2018) "Ba2" and "BB+," respectively. The dual-tranche bond issue on February 15, 2018 with a maturity of five and eight years was also rated by these two agencies. Its rating is the same as that of the EMTN program and the Company.

Lastly, Standard & Poor's and Moody's also rated Elis's €800-million bond issue in April 2015, maturing in 2022. As of December 31, 2018, the rating of these bonds was the same as that of the Company.

1.13 MAJOR CONTRACTS

PUT AND CALL OPTION AGREEMENT

As part of the Berendsen acquisition, Elis, Berendsen and Estera Trust (Jersey) Limited, as trustee of Berendsen's Employee Benefit Trust (the "**Employee Benefit Trust**"), entered into a put and call option agreement (the "**Put and Call Option Agreement**") in relation to the 1,291,621 Berendsen shares held by the Employee Benefit Trust that were not covered by the Scheme of Arrangement.

Under the Put and Call Option Agreement, to ensure that Elis becomes Berendsen's sole shareholder:

- the Employee Benefit Trust will grant Elis a call option (the "**Call Option**") under which Elis may acquire all of the Berendsen shares held by the Employee Benefit Trust on the date of exercise of the Call Option; and
- Elis will grant a put option to the Employee Benefit Trust (the "**Put Option**") under which the Employee Benefit Trust may require Elis to acquire all of the Berendsen shares held by the Employee Benefit Trust on the date of exercise of the Put Option.

The Call Option and the Put Option were each exercisable following the first to occur of: (i) the date falling six months after the effective date of the Scheme of Arrangement, or (ii) if earlier, the first date on which there are no options or awards outstanding under any of the Berendsen share schemes. The consideration for the transfer of the Berendsen shares held by the Employee Benefit Trust under the Call Option or the Put Option is £5.40 in cash and 0.403 Elis Shares for each Berendsen share. In order to meet its obligations to deliver existing Elis shares under the Call Option or the Put Option, as applicable, Elis acquired shares under its share buyback program. In the context of the Put and Call Option Agreement, 393,532 shares were delivered to the Employee Benefit Trust (EBT) (see chapter 8, section 8.5.1 for a breakdown of the share capital) and a sum of €5,273,137.80 was paid. The shares delivered had previously been acquired by the Company on the market as part of its share buyback program

The Company's use of its share buyback program in 2018 is detailed in the Management Board's Report included in chapter 7, section 7.2 and in chapter 8, section 8.4 "Share buyback."

1.14 RESEARCH & DEVELOPMENT, PATENTS AND LICENSES

1.14.1 RESEARCH & DEVELOPMENT

Elis allocates resources to its industrial, marketing and IT departments to continuously improve the company's processes, products and services.

For example, Kennedy, which manufactures washroom appliances, has a design office with some ten engineers tasked with designing new washroom appliances with radiofrequency connectivity. For its part, the industrial department makes daily improvements to plant processes and service center logistics and requires its suppliers to be able to innovate. The "ultra clean" entity, meanwhile, has filed five patents relating to developments made by the operating center teams. Lastly, the Innovation Department works closely with a number of startups to develop innovative technologies, such as the 3D scanner, and data science to improve the customer experience.

1.14.2 PATENTS AND LICENSES

The Group has a portfolio of trademarks, patents and registered designs that give it a considerable strategic advantage over its competitors and that it constantly strives to protect.

The Group uses various registered brands, service marks and trade names in its operations. "Elis," "Berendsen," "Le Jacquard Français," and "AD3" are the main brands used by the Group as part of its business.

The Group owns a portfolio of more than twelve patent families active in over 15 countries. These patents relate to processes involving workwear, the protection of workwear wearers and the improvement of industrial linen processing techniques.

The Group also has a large portfolio of registered designs that it uses to create workwear (especially personal protective equipment) and table linen. The Group believes that the research and development work it has carried out enables it to conduct its business without depending on patents that it does not own.

The Group also holds two patent licenses:

- The first is from Mistral Constructeur and involves two patents to manufacture water coolers equipped with a diode system and removable water circuit. The term of the license granted by Mistral Constructeur coincides with the remaining periods of validity of the patents, namely 20 years from October 1, 1997 and September 4, 1998;
- The second is a license from Osmooze for its patented liquid supply system for the Group's washroom fragrance dispensers. The term of the license granted by Osmooze coincides with the remaining period of the patent's validity, i.e. 20 years from October 20, 2005.

On July 7, 2014, the Group also signed a one-year agreement with A Point Un beginning on September 1, 2014 and automatically renewable. Under the terms of this agreement A Point Un provides Le Jacquard Français with table linen and kitchen linen designs for its exclusive use and with the color variations necessary to make a collection from these designs. This agreement has been renewed for an additional one-year period.

"The risk factors, additional information and the Group's consolidated financial statements included in this registration document must be taken into account before deciding to invest in the Group's shares or financial instruments."

2

Risk factors & risk control insurance policy vigilance plan

2.1 RISK FACTORS

The Group operates in a constantly changing environment. It is therefore exposed to risks that, if materialized, could have a material adverse effect on its business, results, financial position or outlook. In order to identify, prevent and monitor such risks, the Group has set up an internal control and risk management system.

Risk mapping has allowed the Group to identify the main risks it is exposed to and assign them to one of the following five categories: operational risks specific to the Group's activities; risks linked to acquisitions and disposals; risks linked to the Group's business sector; financial risks; and legal, regulatory, tax and insurance risks. The risks have been identified by the Group's main managers and prioritized based on their criticality (which combines the impact of the risk and its probability of occurrence) and level of control. The risk map is updated annually with the main "risk owners" by incorporating new potential risks.

The management of the main risks identified is regularly monitored at Executive Committee meetings and reported to the Audit Committee twice a year. An operational follow-up is also carried out by the Operations Committee, which is composed mainly of the deputy chief operating officers, regional directors and country directors.

The incorporation of risk mapping into strategic planning meets the dual objective of closely involving management in managing risks and focusing on the action plans required to ensure the Group reaches its strategic and operational targets.

The significant risks that the Group considers itself exposed to are described by type below. For each of the aforementioned categories, risks are listed in decreasing order of probability of occurrence and estimated negative impact.

The risks described below are those that, as of the date of this registration document, are considered as potentially having a material adverse effect on the Group, its business, financial position, results or ability to meet its targets.

Furthermore, the main non-financial risks identified by the Company are described in greater detail in the non-financial performance report in chapter 3 of this registration document.

Despite the Group's active risk identification and management policy, the Group cannot guarantee the total absence of risks or a lack of significant consequences if those risks were to materialize. Moreover, other risks that are either unknown or the materialization of which is not considered likely to have an adverse effect on the Group, its business, financial position, results, or ability to meet its targets as of the date of this registration document may exist, and therefore such risks may materialize and have an adverse effect on the Group.

SUMMARY OF THE MAIN RISK FACTORS

Risks related to the Group's operations
Section 2.1.1 (pages 55 to 58)

- Risks related to supply chain disruptions
- Risks related to the customer portfolio
- Risks related to employer reputation and Group image
- Social risks related to the Group's international operations
- Risks related to IT systems
- Risks related to the use of third-party suppliers
- Social risks related to intellectual property rights

Risks related to acquisitions and disposals
Section 2.1.2 (pages 59 to 60)

Risks related to the Group's business sector
Section 2.1.3 (pages 60 to 61)

- Risks related to the competitive landscape
- Risks related to fluctuations in the price of raw materials
- Risks related to overall economic conditions

Financial risks
Section 2.1.4 (page 62)

- Credit or counterparty risk
- Liquidity risk
- Interest rate risk
- Currency risk

Legal, regulatory, tax and insurance risks
Section 2.1.5 (pages 63 to 65)

- Risks related to compliance with antitrust regulations
- Risks related to disputes and litigation
- Risks related to restrictive regulations in some of the Group's business sectors
- Risks related to fires and industrial accidents
- Risks related to insurance policies

2.1.1 RISKS RELATED TO THE GROUP'S BUSINESS

Risks related to supply chain disruptions

Description of the risk

The Group relies on a select number of strategic suppliers in order to conduct its business (see chapter 1, section 1.9 of this registration document). Any adverse change affecting the Group's relationship with any of its main suppliers, more stringent supply terms, price increases, the non-renewal of supply contracts or renewal under less favorable terms, or the failure of one of those suppliers, could have a material adverse effect on the Group's business, results, financial position or outlook.

Some suppliers may be unwilling to provide the Group with merchandise if it does not place orders on favorable terms or on terms that are competitive with those of the suppliers' other customers. In the event that one or more of the Group's main textile suppliers decide to terminate the contractual relationship or experience operational difficulties, and the Group is unable to secure alternative sources in a timely manner or on commercially equivalent or better terms, the Group may experience inventory shortages or an increase in procurement costs.

If the Group's suppliers are unable or unwilling to continue to provide it with merchandise under terms comparable with those previously applicable, or if the Group is unable to obtain merchandise from suppliers at prices that will allow its services to be competitively priced, there could be a material adverse effect on its business, results, financial position or outlook.

Moreover, the Group purchases its textiles primarily in Africa and Asia, and the number of foreign suppliers may increase as the Group pursues its strategy to increase its partnerships with suppliers in low-wage countries. The Group faces a variety of risks generally associated with importing merchandise from foreign markets, including currency risks, political instability, increased requirements applicable to imported goods (such as imposing duties, taxes, and other charges), restrictions on imports, risks related to suppliers' labor and environmental practices or other issues in the foreign factories where the merchandise bought by the Group is manufactured, shipping delays, and increased transportation costs.

The inability of suppliers to access funding, or the insolvency of suppliers, could lead to late delivery or non-delivery.

In some countries, the Group's supplier relations could be affected by local government policies such as the introduction of customs duties or other trade restrictions that, if enacted, could increase the cost of products purchased from suppliers in such countries or restrict the importation of products from such countries, with a supply risk for the Group.

The materialization of any of these risks, which are all beyond the Group's control, could have a material adverse effect on its business, results, financial position or outlook.

Risk management

The Group has a centralized Purchasing and Procurement Department supplemented by local buyers in countries where the volume of purchases is significant and requires additional coverage for specific needs. Consistency is maintained through the application of a Group procedure and coordination by the centralized Purchasing and Procurement Department in Europe. Further coordination could be implemented in Latin America.

This centralization and coordination allow easier access to the Group's portfolio of suppliers, increased supplier competition due to the pooled procurement process, access to the best candidates in terms of innovation, and the creation and monitoring of new products. In addition, the search for new suppliers is possible on a global scale, both to maintain solutions adapted to the Group's changing needs and to boost competition, in the event that the competition among existing suppliers is insufficient.

The Group has a centralized supply chain management department, allowing it to consolidate a significant portion of flows and monitor them from its suppliers to its laundries. This department has several warehouses in Europe, making it possible to use the most suitable flows according to the location of the laundries. As a whole, this helps the Group determine how well suppliers are executing flows and makes it easier to change suppliers depending on the buying strategy. The Group keeps its best-selling catalogue items in stock, thereby reducing the risk of an inventory shortage due to operational uncertainties in the supply chain.

For workwear, the Group reduces its dependency on suppliers by having a design center in Sweden, a garment production facility in Estonia for specific products in its catalogue, and the ability to customize garments both at its usual warehouse in Portugal and at some of its other European warehouses. The ability to manage these high-value-added operations in-house gives the Group more flexibility with its key suppliers.

Following Berendsen's integration, a plan for managing suppliers of customer inventory is currently being implemented. 200 preferred suppliers were able to be identified under the plan and are monitored by central and local teams. It has also identified 400 non-key suppliers who will gradually be phased out. This strategy, carried out in consultation with the Marketing Department in a bid to streamline the Group's offering, is intended to secure potential leverage with key suppliers. This will enable more procurement to be pooled while maintaining sufficient portfolio depth both geographically (Europe/Africa/Asia) and in terms of offering double-sourcing solutions (such as on linen for the Hospitality and Healthcare sectors, for example).

For the supply chain, a service-level improvement program has been launched. This includes projects to improve the forward planning of purchases, thereby facilitating inventory management and volume forecasting for suppliers and making Elis more attractive as a customer.

In addition, Elis regularly analyzes the risks of its procurement network and suppliers by conducting regular audits or arranging follow-up visits by the Purchasing and Quality Departments.

With regard to main industrial purchases and general expenses, particularly industrial equipment and detergents, framework agreements are signed with key suppliers, which undergo specific monitoring, allowing the Group to stabilize its procurement and support arrangements over the long term.

Risks related to the customer portfolio

Description of the risk

The Group's organic growth rests, in part, on its ability to win new customer contracts. These new contracts could be put out to tender, which the Group might not win if its bid is less attractive than those of its competitors.

The materialization of these risks could have a material adverse effect on the Group's business, results, financial position or outlook.

Even when contracts have an automatic renewal clause, they may be terminated at the expiration of the stated term (contracts are usually valid for four years). These contracts may also be terminated by the customer before the stated term upon the payment of a termination fee (which usually equals the residual value of the contract, calculated on the basis of the period remaining until the stated term), unless the Group has not complied with the terms of the contract. The simultaneous loss of several contracts, especially with key accounts, could have a material adverse effect on the Group's business, results, financial position or outlook. Such a loss could harm the Group's reputation and make it more difficult to win contracts with other customers.

The Group's ten largest customers accounted for less than 10% of consolidated revenue, while the single largest contract accounted for less than 1% of the Group's revenue.

Risk management

The Group attaches the greatest importance to managing relationships with its customers. The Group's customer base is extremely diverse in terms of size, sectors and profiles, such that the Group's dependence on its customers is limited in each of the sectors in which it operates.

Major contracts are monitored regularly at the operating department and Group level, which makes it possible to ensure customer satisfaction and anticipate any risk of issues being raised. The Customer Experience Department reflects the Group's strengthened commitment to adopt a customer-focused approach. In recent years, Elis has been implementing several programs to better address its customers' needs.

Risks related to employer reputation and Group image

Description of the risk

The Group's image and its reputation are fundamental elements of its positioning and its value. The Group's success over the years has largely been due to its ability to develop its brand image as a leading provider of a wide range of flat linen, workwear, and HWB appliance services.

Accordingly, the Group's image, brand, and reputation are important assets to its ability to market its services and win new customers.

The Group could be affected by events that might damage its image, brand or reputation with current and potential customers and, more generally, in the geographic regions where the Group is present and in the sectors in which it operates.

Any such event or perception could have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, with the rapid development of social media and company referral websites, Elis has had to adapt accordingly, positioning itself in these public, open spaces and building a positive, transparent employer reputation. However, that reputation could be tarnished by potentially negative testimonials from current or former employees dissatisfied with their situation and who decide to use these new outlets to express themselves.

Risk management

To counter the potential impact of such actions, the human resources and communications teams began a digital transformation process several years ago to manage Elis's online reputation.

A structured "community management" policy was introduced, first to monitor multiple communication channels and second to provide information about the Company's culture, strategy and key projects. A number of employees volunteered to relay information about the Group, answer questions from internet users (job applicants, customers, etc.) and share their own experience.

In addition, the introduction of tools such as the Code of Ethics, designed to improve staff compliance with the rules of conduct that make up the Group's ethics, informs the actions and behavior of Group employees and brings the Group's values to their day-to-day activities.

Risks related to the Group's international operations

Description of the risk

Elis operates in 28 countries and 67% of its 2018 consolidated revenue was generated internationally. Because of the international scope of its activities, the Group is exposed to a certain amount of risk beyond its control (see Note 3.3 to the consolidated financial statements for the percentage of Group revenue by geographic region for 2017 and 2018).

As well as the currency risks described in the section on "Currency risks" below, political, social or economic upheaval in countries where the Group generates a significant share of its revenue, such as the potential consequences of Brexit, for example, could affect its business.

Any such event or perception could have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, the management of a decentralized international business requires compliance with the legislative and regulatory framework in many different jurisdictions, especially in terms of tax, labor, competition (see below) and environmental legislation (see chapter 3 of this registration document).

Risk management

Liaising with the general management team, the Group's operating departments are continuously analyzing the Group's exposure to activity in less stable countries. The Group has also set up an organization to ensure that the Group's activities and procedures comply with all applicable rules.

Social risks

Risks related to social relations, health, and occupational safety are described in the declaration of non-financial performance (see chapter 3, section 3.2 of this 2018 registration document).

Risks related to IT systems

Description of the risk

The Group has several information technology (IT) systems to manage the operations of its centers and central support services.

The centers' IT systems cover the customer order and supply processes, as well as the activities related to production, dispatching, delivery of services and billing. These processes apply to all service lines (workwear, flat linen and HWB appliances).

The Group's central systems cover prospecting, purchasing, accounting and finance, human resources, communication tools, and the supply of digital services to customers.

The Group faces four main risks:

- disruption or failure of IT systems, which could have a material adverse effect on the quality and timeliness of the services offered by the Group, potentially leading to efficiency losses on internal processes;
- internal or external threats of theft, duplication or destruction of information (virus, malware, etc.);
- the flexibility and upgradeability of the IT system. As the applications have a long life-span, their upgrading must be managed over the long term. Following its recent acquisitions, the Group is updating its four-year strategic plan detailing these upgrades. The IT systems for central support services were recently replaced and are not expected to be revisited. In contrast, the systems for the centers are older and more diverse. A target has been set but is awaiting operational validation. It will then be deployed in all the Group's centers over a period of several years;
- the multitude of different IT solutions, resulting from various acquisitions, slows down the deployment of operational best practices (prospecting, production, purchasing, traceability, etc.) at new centers and hinders the implementation of standardized, cross-disciplinary processes in different countries.

Lastly, a final risk concerns the IT skills that we need. Technical staff are more difficult to recruit, which limits our capacity for innovation and complicates the maintenance of existing solutions.

Risk management

The Group regularly upgrades its hardware and has put security and/or redundancy procedures in place for its critical systems. Recovery operations are documented. The Group is considering setting up a single data center capable of backing up all the other centers.

Highly technical systems are entrusted to specialized service providers. All workstations and servers are equipped with protection tools that are systematically updated at defined time intervals.

In addition, the Group relies on communication networks, access to which is secured via a split (each critical center has two parallel access points on two networks that are able to provide network security to each other).

In order to protect itself, the Group follows a specific segregation policy for information access rights. Access privilege management is synchronized with the HR management systems to ensure that the information is correct. However, constantly evolving threats require the Group to increase the resources dedicated to information security. An Information System Security Officer has been recruited for this purpose.

The Group is gradually implementing the recommendations necessary to ensure compliance with the General Data Protection Regulation (GDPR).

The 2019-2022 strategic information system priorities have been updated. These enable each country to propose a convergence plan towards the Group's application standards.

The human resource management is more important than ever to limit the effects of any loss of know-how. To address this, the Group prefers to recruit internally.

The Group dedicates approximately 2% of its revenue to its IT system budget. It is investing more in customer-oriented systems for improved prospecting efficiency to offer new digital services to its customers.

Risks related to the use of third-party suppliers

Description of the risk

The Group uses third-party suppliers, which affects its ability to control the quality of the services provided directly. This risk may be greater for markets in which the customer chooses the supplier, as is the case with certain tenders for professional clothing.

The frequent integration of newly acquired companies temporarily increases the number of suppliers over which control is local and therefore limited, thus further exposing the Group to the risk that its third-party suppliers may fail to meet agreed quality standards under the contract or to comply in general with applicable legislative or regulatory requirements.

The Group also faces a variety of risks generally associated with importing merchandise from foreign markets, including currency risks, political instability, increased requirements applicable to imported goods (such as imposing duties, taxes, and other charges), restrictions on imports, risks related to suppliers' labor and environmental practices or other issues in the foreign factories in which the merchandise bought by the Group is manufactured, shipping delays, and increased transportation costs.

As such, these third-party suppliers could therefore bring damage claims against the Group. Such claims could be related to additional costs for defective work, breaches of warranty, or health and safety requirement violations (suppliers might subject their employees to poor working conditions or fail to comply with applicable legislation, in which case the Group could be held liable). The claims could result in the payment of damages corresponding to the loss sustained and contractually agreed lump-sum compensation. These claims, as well as any other legal action involving the Group, its customers, suppliers, or other parties, if not resolved through negotiation, could result in lengthy and expensive litigation or arbitration proceedings that could have a material adverse effect on the Group's business, financial position, results or outlook.

In the context of its supplier relations, the Group may be faced with a situation where one of its suppliers is economically dependent on it (see chapter 1, section 1.9 of this registration document). This carries the risk of the Group being unable to terminate certain contracts with its suppliers due to potential litigation and financial compensation or the need to extend the original notice period for terminating the contract.

Furthermore, third-party suppliers may have inadequate insurance coverage or inadequate financial resources to honor claims or judgments resulting from damages or losses inflicted on a Group customer. Any failure of these third parties to meet their obligations could harm the Group's reputation, resulting in lost customers and generating additional costs, which could have a material adverse effect on the Group's business, operating results, financial position or outlook.

In 2018, the Group bought textiles from suppliers for €416.7 million, HWB appliances for €30.6 million, industrial facilities and equipment for €133 million, and vehicles for €17.2 million (see Note 6.3 to the consolidated financial statements for the year ended December 31, 2018).

Risk management

The standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety, and environmental protection have been formalized in a Sustainable and Ethical Purchasing Charter. This document, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing and Procurement Department. The department supports the deployment of this charter among all of its tier 1 suppliers (i.e., suppliers with a direct business relationship with Elis) and its weavers as tier 2 suppliers (if Elis imposes the choice of weaver on its manufacturers). It also manages strategic suppliers through a rigorous and structured selection and evaluation system. This measure covers over 90% of strategic revenue.

The Group also has a Supplier Quality Department and a laboratory.

The Quality Department regularly conducts supplier product quality audits and works continuously to improve product quality. It also contributes, as do buyers, to monitoring supplier CSR and ethics, as described previously.

When a supplier is first approved, Elis uses its laboratory to qualify the main "product/supplier" pairings. The aim of these tests is to verify the specifications of the new products and their dependability. The same applies when new products are launched (see chapter 1, section 1.9).

The supplier quality team is involved in handling quality complaints. It handles complaints directly relating to suppliers, ensures that they are resolved and recovers the cost of litigations caused by suppliers.

The strategy for developing Elis's product portfolio also takes into account the amount of revenue it generates on these suppliers, so as to limit any potential economic dependency.

Lastly, the integration of new acquisitions is accompanied by the phasing out of specific historical suppliers for those companies, migrating them to the Group's suppliers or absorbing any suppliers that might be worth keeping by incorporating them into the Group's processes.

Risks related to intellectual property rights

Description of the risk

The Group's principal brand names, such as Elis, the Elis logo, Berendsen, the Berendsen logo, Le Jacquard Français and AD3, are key assets of the Group.

The Group also wholly owns a portfolio of more than 40 patents active in more than 15 countries and has a large portfolio of patterns for the creation of workwear and table linen, among other things.

The Group takes various measures to protect its intellectual property rights, but cannot guarantee that those measures will be sufficient to prevent the infringement of its intellectual property rights or any opposition to its rights. There can be no assurance that litigation will not be necessary in order to enforce the Group's rights related to its brand or other intellectual property rights or to defend against third-party claims of infringement of their rights. Should any such litigation occur, there is no guarantee that it will have a favorable outcome for the Group. The negative publicity of any such legal action could harm the Group's brand image, which could in turn lead to decreased customer demand and have a material adverse effect on its business, results, financial position or outlook.

Risk management

The Group relies on a combination of copyright, brand and patent laws and regulations to establish and protect its intellectual property rights (see chapter 1, section 1.14).

2.1.2 RISKS RELATED TO ACQUISITIONS AND DISPOSALS

Description of the risk

As part of its development strategy, the Group has made numerous important acquisitions (Atmosfera, Indusal, Lavebras, Berendsen, etc.). It intends to continue developing and expanding its business, notably through acquisitions and primarily in the countries where it already operates.

However, implementing this strategy assumes that Elis can find appropriate targets and development opportunities at a cost and on terms that are acceptable. It also assumes that Elis can plan an acquisition and see it through, given the increased competition surrounding acquisitions and ongoing consolidation in the flat linen, workwear and HWB appliance sector.

In addition, the Group may be confronted with the need to obtain prior authorization for certain transactions, particularly from antitrust authorities. Due to its size and position in some markets, the Group may be faced with the impossibility of completing some of its planned acquisitions or of having to complete them according to terms that make them partially or altogether less attractive.

Although the Group carefully studies each acquisition target, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, potential for synergy, interest rates and company valuations. There can be no guarantee that the Group's assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from expectations.

The Group could end up having to bear significant costs, delays or other operational or financial challenges in connection with the integration of its acquisitions. The synergies and other benefits expected from these acquisitions (including opportunities for growth, cost optimization, tax-related goodwill amortization, and increased revenue and profits) described in chapter 5 of this 2018 registration document, may not materialize as expected, especially if the Group is unable to successfully integrate the information systems and operating processes, retain key personnel or key customer contracts of the acquired companies, or cope with the occurrence of unforeseen events, circumstances, litigation or legal obligations related to the acquired companies or their existing customer bases. There can be no assurance that, following their integration, the acquired companies will be able to maintain their existing customer bases, generate the expected margins or cash flows, or achieve the anticipated synergies or other expected benefits. Although the Group will have carefully analyzed the operations and earnings of the acquired companies, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, interest rates and valuations of these acquired companies, the accuracy of which cannot be guaranteed by the Group. The actual development may potentially differ significantly from the initially expected results. Although the estimated synergies and other benefits of these acquisitions are significant, any failure, major delay or unexpected costs during the integration process could have a negative impact on the Group's ability to achieve its objectives and on its operational and financial position.

In any event, the successful integration of acquired companies requires a high degree of involvement on the part of the Group's management teams, which is likely to adversely affect the ability of these teams to carry out their activities efficiently during the integration period, even when specific teams have been set up to implement the integration.

Furthermore, acquisitions of companies expose the Group to the risk of unforeseen legal obligations to public authorities or to other parties such as the employees, customers, suppliers, and subcontractors of the acquired companies or due to real estate owned or leased by acquired companies. Such obligations could have a material adverse effect on the Group's business, results, financial position or outlook.

Despite conducting audits prior to any acquisition, there can nevertheless be no guarantee that the documents and information provided to the Group as part of the due diligence process, particularly financial data, are comprehensive, appropriate or accurate, and as such that the due diligence performed has identified or assessed all potential problems, risks or significant liabilities within the acquired entities. In particular, there can be no guarantee that the due diligence process has identified or made it possible to anticipate all risks related to litigation and disputes, past, present or future, of the acquired companies, or all risks related to possible breaches by the acquired companies, their executives or their employees of laws and regulations governing anti-corruption and money laundering.

If the Group failed to correctly identify or assess certain risks, it could be exposed to significant undisclosed liabilities of the acquired companies and forced to impair or derecognize assets, restructure its operations or bear other costs that could result in losses that may not be covered by the indemnity undertakings negotiated within the framework of the acquisition agreements because of limits on the amount and term of those undertakings. More importantly, for various reasons, the Group might be unable to enforce its right to compensation under those acquisition agreements.

All of the above factors could lead to weaker performance than originally anticipated and have an adverse effect on the Group's ability to achieve its objectives as well as on its financial position.

Furthermore, under IFRS, the Group evaluates and measures the potential impairment of the value of goodwill annually and at interim reporting dates. If an impairment indicator, whether internal or external, is identified, the Group is required to record an expense. Impairment may result from, among other things, deterioration in Group performance, a decline in expected future cash flows, unfavorable market conditions, unfavorable changes in applicable laws and regulations and a variety of other factors. In the event of an impairment loss, the amount of the impairment must be immediately recognized on the Group's income statement and cannot be reversed. Sensitivity to the assumptions used for impairment tests as of the date of this document is disclosed in Note 6.5 to the 2018 consolidated financial statements. Any impairment losses on goodwill may result in material reductions of the Group's income and equity. In particular, in connection with the Berendsen acquisition, if actual results and business forecasts change or if market conditions deteriorate, the estimate of the recoverable amount of goodwill could decrease significantly and require impairment.

The Group could also face risks related to the disposals it may undertake, which could have a material adverse effect on the Group's business, results, financial position or outlook, and which are notably those related to the following factors:

- the Group might not obtain a required waiver under its financing agreements in order to carry out a planned disposal (see chapter 1, section 1.12 of this registration document and Note 8.3 to the 2018 consolidated financial statements, included in chapter 6 of the 2018 registration document);
- disposals could result in losses or lower margins;
- disposals could lead to an impairment of goodwill and other intangible assets (see Note 6 to the 2018 consolidated financial statements included in chapter 6 of the 2018 registration document);
- disposals could result in the loss of qualified personnel associated with the entities sold.

The Group may encounter unanticipated events or delays and retain or incur legal obligations related to the divested business with respect to the employees, customers, suppliers, subcontractors of the divested business, public authorities and other parties.

Risk management

The Group has a formal and centralized process for these acquisitions, overseen by General Management, with contributions mainly from the M&A, Finance, Legal Affairs and Human Resources Departments. The process includes:

- the formation of multidisciplinary teams to prepare acquisition projects and conduct due diligence on financial, legal, fiscal, social, regulatory and environmental matters (General Management, Finance, Legal Affairs and Human Resources generally contribute to projects);
- a regular review of acquisition opportunities by the Supervisory Board and the conditions for implementing and financing them.

Acquisitions authorized by General Management are reviewed regularly by the Supervisory Board. In addition, Elis develops an integration program for each acquisition and puts the resources necessary for its implementation in place. The process of integrating the acquired entities is primarily the responsibility of the operating departments, overseen by General Management. A performance review of the major acquisitions is carried out by the Finance Department jointly with General Management and is presented to the Company's Audit Committee and Supervisory Board.

2.1.3 RISKS RELATED TO THE GROUP'S BUSINESS SECTORS

Risks related to the competitive landscape

Description of the risk

The Group faces significant competition in each of its sectors and host countries. The Group's customer segments and types of services face specific competitors. The type and size of the Group's competitors vary considerably. The Group's competitive positioning could also be affected by new market entrants, such as cleaning and facility management companies that offer a full range of services including HWB services.

The Group must also contend with the risk that existing or potential customers find an internal solution to their needs. This internalization risk essentially stems from:

- a negative perception of outsourcing by the customer, and in particular its assessment of the price and quality of the outsourced services. This may adversely impact trends in the outsourcing of flat linen, workwear and HWB appliance services, lead to a fall in customer demand, cause the Group to lose contracts, and prompt the internalization of certain services provided by the Group, which could have a material adverse effect on the Group's business, results, financial position or outlook;
- the development of new methods that are more cost-effective and can be implemented directly by the Group's customers (for example, replacing the textiles currently used in operating rooms with disposable textiles, which could lead to a reduction in the demand for the Group's services).

The Group also faces competition in the public health market from the shared laundry facilities that some hospitals have pooled resources to create. These facilities provide services to hospitals and nursing homes. In particular, under France's administrative reform of July 1, 2016, public health organizations are required to form regional hospital groups (*groupements hospitaliers de territoire* – GHT) to pool logistics. As a result, such organizations may no longer outsource these services.

If current or potential customers fail to perceive the quality of the Group's services or do not appreciate the value for money of these services, or if there is insufficient demand for new services, this could have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, the markets for some of the Group's services are relatively fragmented, with many companies competing primarily on price. Over time, the Group's competitors could merge or further consolidate, and the diversified service offerings or increased synergies of these consolidated businesses could increase the intensity of the competition the Group faces, especially if it cannot take part in the consolidation trend.

One risk that should be closely monitored is the emergence of new digital competitors. More and more online product and service platforms are being developed targeting B2B, the most powerful being Amazon, which generates several billions of dollars in revenue. The Group's failure to adapt successfully to these or other changes in the competitive landscape could therefore have a material adverse effect on its business, results, financial position or outlook.

Risk management

The Group is mitigating this risk by taking the following measures:

- creating an Innovation Department to encourage thinking about future commercial and strategic guidelines, providing market intelligence, and monitoring innovative solutions that have been launched or are likely to be launched by other operators;
- setting up a new unit to manage the Group's products and services within the Marketing & Innovation Department, developing the offering by working closely with the sales teams, and at the same time seeking optimal pricing of those products and services.

The Group is also committed to developing value-added services for its customers, notably through digital customer relationship management (CRM) tools and customer portals.

This is allowing the Group to improve its competitive positioning. Elis is seen as a partner rather than a supplier. As such, the digital tools put in place enable it to create new customer experiences that set it apart from its competitors. Elis is also continuing to invest more in research. This ability to implement long-term research programs enables Elis to extend its lead over its competitors (see chapter 1, "Research and Innovation").

Risks related to fluctuations in the price of raw materials

Description of the risk

The Group is indirectly exposed to changes in the prices of the raw materials used to make its consumables and textile products (flat linen and workwear). The price of textiles, especially those made from cotton and polyester, is primarily determined by the cost of the production time required to manufacture them. To a lesser extent, the price of textiles is also determined by changes in the cost of their raw materials – mainly cotton and polyester – which are subject to considerable price volatility. If textile prices increase in the future and the Group is unable to offset all or part of the higher costs by raising the prices it charges customers – in particular due to the amount of the increase in costs, price pressure from existing competitors, or market conditions – the Group's business, results, financial position or outlook could be adversely affected to a significant extent. In 2018 the Group spent €416.7 million on textile items.

Risk management

This risk is addressed at several levels:

Since the Group mainly has one-year contracts, and in the absence of fixed prices for specified periods, the drivers of purchase costs (cotton, polyester, etc.) are monitored by the Purchasing Department, thus making it possible to anticipate the risk of price rises and adjust the price impact for customers as quickly as possible.

The pooling of purchases and the predictability of some purchase volumes help limit potential cost increases caused by changes in the cost of materials. The ability to buy and source from a geographically diverse supplier portfolio also helps mitigate the impact of higher raw material prices, which are seldom identical in each region.

Lastly, the ability to manage part of our offering in-house (clothing design, flat linen) allows the quality and composition of the products to be adapted according to the price of the raw materials, in the event of a long-term rise in the cost of a particular material.

Risks related to overall economic conditions

Description of the risk

The growth in demand for some of the Group's products and services, such as those it provides to customers in the Hospitality, Industry, and Trade and Services sectors, is generally linked to the economic environment and in particular to the growth in gross domestic product in the markets and countries in which the Group operates. Periods of recession or deflation, when combined with potential financial difficulties that the Group's customers might face and the downsizing of their activities, could have an adverse impact on prices and payment terms, and make customers delay their outsourcing projects, or reduce their demand for services.

The Group's financial and operating performance could be adversely affected by declining economic, political or regulatory conditions or a crisis in the countries in which it operates, such as the potential consequences of Brexit, and by the global economic situation. Customers indeed typically scale back such services in a difficult economic environment because they either reduce staff working hours or view some HWB services as non-essential. Consequently, the Group's ability to maintain business volumes and growth in the countries where it operates will depend on the economic situation and on the growth in demand for the Group's services in those countries. In addition, further expansion into new sectors or geographic markets may not be successful in a depressed economic context.

Lastly, the Group's business is sensitive to developments that materially impact the economic activity of the countries in which it operates. If these risks materialize, they could adversely affect the Group's business volumes, ability to win new customers or contracts, increase the cost of acquiring new customers, or negatively impact the Group's prices and, consequently, have a material adverse effect on its business, results, financial position or outlook.

Risk management

The Group's presence in geographically diversified markets makes it less vulnerable to adverse market conditions (see chapter 1, section 1.4.3, which describes the geographical distribution of consolidated revenue).

Furthermore, the Group's wide range of customers in various industries helps reduce its sensitivity to the economic environment. For example, the Group's revenue in the Healthcare sector (and from nursing homes in particular) is relatively unaffected by the sluggish economy and is growing as populations age.

2.1.4 FINANCIAL RISKS

Credit or counterparty risk

Description of the risk

Credit or counterparty risk is the risk that a party to a contract with the Group fails to meet its contractual obligations, leading to a financial loss for the Group. The main financial assets that could expose the Group to credit or counterparty risk are its trade receivables and cash assets.

If a customer is experiencing financial difficulties, its payments can be significantly delayed and ultimately the Group may not be able to collect amounts payable under the corresponding contracts, resulting in write-offs of such debt. Significant or recurring payment defaults could have an adverse effect on the Group's results.

Risk management

See the paragraph "Credit or counterparty risk" in Note 8.1 ("Financial risk management") to the 2018 consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2018" of the 2018 registration document.

Liquidity risk

Description of the risk

The Group must always have financial resources available, not just to finance the day-to-day running of its business, but also to maintain its investment capacity. To make this possible, the Group has set up cash management agreements in the main countries in which it operates in order to optimize and facilitate cash flow to M.A.J. companies and Elis SA. In 2018, the Group started implementing this type of centralized cash management for Berendsen's main countries and companies. The Group also borrows on banking and capital markets, which exposes it to liquidity risk in the event of the partial or total closure of these markets. Furthermore, the Senior Syndicated Credit Facilities Agreements described in section 1.12.1 of this 2018 registration document contain a single restrictive clause pertaining to consolidated financial ratios: the Group's adjusted net debt to pro forma EBITDA must be less than 3.75.

Risk management

See the paragraph "Liquidity risk" in Note 8.1 ("Financial risk management") to the 2018 consolidated financial statements, included in chapter 6 "Financial statements for the year ended December 31, 2018" of the 2018 registration document.

Interest rate risk

Description of the risk

Interest rate risk mainly includes the risk of future fluctuations in flows relating to floating-rate debt, which is partly linked to Euribor.

As of December 31, 2018, the Group was a party to interest rate hedging contracts covering a total nominal amount of €950 million. Through these contracts and its direct fixed-rate debt, 87% of the Group's adjusted gross debt as of December 31, 2018 was either hedged or fixed-rate. The Group's policy is to maintain mostly fixed-rate debt over the medium to long term. However, although the Group is working to minimize the impact of any increase in variable interest rates on its financial costs, no guarantee can be given regarding the Group's ability to appropriately manage its exposure to interest rate fluctuations in the future or to continue doing so at a reasonable cost.

Risk management

See the paragraph "Market risk" in Note 8.1 ("Financial risk management") to the 2018 consolidated financial statements included in chapter 6 "Financial statements for the year ended December 31, 2018" of the 2018 registration document.

Currency risk

Description of the risk

Because the Group operates in 28 countries, Group entities may be exposed to a transactional currency risk in their operations. However, since rental and maintenance services tend to be sold locally, the Group's entities do not have significant transactional currency exposure. Transaction risk is mainly linked to the purchase of goods (particularly linen) or services in currencies other than the functional currency. This transactional currency risk is managed as part of the management and hedging policy implemented by the Finance Department.

In addition, the financing needs of non-eurozone foreign subsidiaries covered by intra-group loans/borrowings expose some Group entities to a financial currency risk (linked to the change in value of financial receivables or payables denominated in currencies other than the functional currency of the borrower or lender). This financial currency risk is also managed as part of the hedging policy implemented by the Finance Department.

Lastly, when the Group prepares its consolidated financial statements, it must translate the financial statements of its non-eurozone subsidiaries into euros at the applicable exchange rates. As a result, the Group is exposed to fluctuations in exchange rates, which have a direct accounting impact on the Group's consolidated financial statements. This creates a risk relating to the conversion into euros of non-eurozone subsidiaries' statements of financial position and income statements. The Group's financial results and ratios could therefore be sensitive to foreign exchange rate movements, and changes in foreign exchange rates could have a negative impact on the Group's results and financial ratios.

Risk management

See the paragraph "Market risk" in Note 8.1 ("Financial risk management") to the 2018 consolidated financial statements, included in chapter 6 "Financial statements for the year ended December 31, 2018" of the 2018 registration document.

2.1.5 LEGAL, REGULATORY, TAX AND INSURANCE RISKS

Risks related to compliance with antitrust regulations

Description of the risk

The Group is subject to various antitrust laws and regulations at the national, EU and international level. These laws and regulations could be infringed upon by Group employees who do not comply with the Group's instructions – especially in the compliance program defining the Group's internal competition guidelines for some of the Group's business (particularly in France, pursuant to Decision No. 07-D-21 of the French Competition Authority *(Autorité de la concurrence française)* of June 26, 2007) – and who engage in unlawful practices, such as price fixing or colluding with competitors in certain markets or for certain customers. Such actions could damage the Group and, if the Group were found liable, could lead to considerable fines and other penalties. The occurrence of such events could have a material adverse effect on the Group's business, results, financial position or outlook.

In addition, the Group occasionally faces claims from suppliers, customers and other commercial partners, asserting that, given its position as market leader, its pricing policies could be considered abusive (excessive, improper or predatory pricing), and as a barrier to competition in the markets concerned. Commercial partners or the relevant authorities could therefore commence proceedings for non-compliance with those rules and the outcome of such proceedings could be damaging to the Group, for example requiring a change to some of its commercial practices, which could have a major adverse effect on the Group's financial position, results or outlook.

The Group may also face competition investigations or proceedings involving companies acquired by the Group and initiated prior to the acquisition or relating to events prior to the acquisition. Lastly, particularly as part of merger control, the relevant authorities and courts, and some governments, could adopt measures or decisions aimed at maintaining or increasing competition in certain markets, to the detriment of the Group's economic and financial interests. This could have a material adverse effect on the Group's image, business model, business, strategy, results, financial position or outlook.

Potential exposure to major antitrust cases is described in Note 7.2 to the 2018 financial statements (see paragraphs on "Inquiry by DIRECCTE" and "Administrative proceedings initiated by the CADE").

Furthermore, in the event the Group is found to be in breach of competition rules – for example, after Berendsen Cleanroom Services Limited, a subsidiary of Berendsen, was fined on December 14, 2017 by the UK Competition and Markets Authority (CMA) for market-sharing arrangements in the UK cleanroom sector – the Group cannot rule out that legal or other action might be taken by existing or former customers of the Company seeking compensation for alleged losses.

Other than those described in Note 7.2 to the 2018 consolidated financial statements (see chapter 6 of this 2018 registration document), to the Company's knowledge, there have been no other governmental, arbitration or legal proceedings, including any pending or threatened proceedings, that have or are likely to have material adverse effects on the Group's financial position or profitability over the past 12 months.

Risk management

In France, in accordance with Decision No. 07-D-21 of the French Competition Authority of June 26, 2007, which imposed a penalty for specific anti-competitive practices, and as part of a compliance program, the Group has adopted internal guidelines regarding compliance with antitrust laws and regulations and has set up a training program and a whistleblowing mechanism for the staff concerned. In addition, mandatory annual compliance reports are prepared and made available to the French antitrust authorities.

The Group's Code of Ethics reaffirms the obligation to comply with local laws and lays down the internal principles of competition law. This is accompanied by training sessions for the staff concerned in countries considered to be at risk.

Risks related to disputes and litigation

Description of the risk

In the normal course of its business, the Group is involved in or may be involved in administrative, legal or arbitration proceedings that could result in the Group or one of its companies facing a claim for a significant amount or administrative, civil or criminal penalties. The Group is also subject to fiscal, customs and administrative controls that could result in substantial administrative penalties. If such penalties were handed down against the Group, their application could have a material adverse effect on the Group's business, financial position, results or outlook.

For details about material disputes or contingent liabilities that the Group currently faces, please see Note 7.2 to the 2018 consolidated financial statements (in chapter 6 of this registration document).

Among the penalties that could be imposed on the Group as part of these disputes and litigation, in addition to being ordered to pay damages or a fine, Atmosfera could be blacklisted for two years following the proceedings described under the heading "Proceedings related to degrading working conditions" in Note 7.2 to the 2018 consolidated financial statements (see chapter 6 of this registration document). If Atmosfera were blacklisted, and even if it were not mandatory, ministries, federal agencies and public law bodies could terminate service agreements with Atmosfera at the next renewal date. Furthermore, some private companies may have internal regulations that require them not to work with blacklisted suppliers, even if this is not stated in the contracts.

Regulations in the states of São Paulo, Rio de Janeiro and Bahia require removal of the state tax number *(Inscrição Estadual)* of any blacklisted companies, and the regulations in the states of São Paulo and Bahia require this to be done for a period of 10 years (the state of Rio de Janeiro does not provide a time frame). The loss of Atmosfera's state tax number could make it necessary to use external service providers for transportation relating to Atmosfera's rental and laundry business. If Atmosfera were blacklisted, it is possible that Atmosfera's image and that of the rest of the Group could be tarnished by negative publicity, especially in the Brazilian press. It is nevertheless possible that more Brazilian customers may decide to terminate their contracts with Atmosfera, even though the Company has opened its internal workshop and launched a major advertising campaign targeting its customers.

Likewise, and also among the penalties that could be imposed on the Group in such disputes and litigation, Atmosfera and Prolav could face the following penalties as a result of the proceedings described under the heading "Proceedings related to alleged acts of administrative improbity" in Note 7.2 to the 2018 consolidated financial statements (see chapter 6 of this registration document): (i) reimbursement to the Public Treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) payment of a civil fine of up to three times the amount referred to in (i). In addition, Atmosfera and Prolav could potentially be prohibited from entering into agreements with any Brazilian public entities or receiving tax benefits in Brazil for five or ten years.

If the Group decided to merge certain companies, including those likely to be subject to such penalties (to take advantage of tax benefits, for example), those same penalties would apply to the whole of the new entity after the merger, and not just to the sanctioned company. Moreover, the Group could be held liable for the acts or omissions of some of its employees. As part of the Group's activities, its employees provide services on customers' premises. As a result, the Group could be the subject of claims for safety breaches or damage to the property, premises or agents of a customer, or for spreading infections in healthcare facilities. Such claims could have a material adverse effect on the Group's business, results, financial position or outlook.

Potential exposure to material disputes is described in Note 7.2 to the 2018 consolidated financial statements (see chapter 6 of this registration document).

As far as Elis is aware and as of the date of this registration document, there are no other governmental, arbitration or legal proceedings or any other disputes currently under way in which the Company or its subsidiaries are involved and which could materially affect its position, other than those mentioned in Note 7.2 to the 2018 consolidated financial statements.

Generally, it is nevertheless possible that in the future, new proceedings that may or may not be connected with those described above and currently underway could be brought to the Company's knowledge or initiated against Atmosfera and its subsidiaries or other Group companies in Brazil, including Lavebras and its subsidiaries. Such proceedings, as well as those described above, could therefore have a material adverse effect on the Group's business, results, financial position, cash flow or outlook.

Risk management

The Group closely monitors the status of ongoing disputes and litigation. It has introduced reporting rules to enable the Group's Legal Department to be informed promptly when a material dispute arises and to optimize its management and the understanding of the associated risks and possible consequences. A provision is also allocated in the parent company and consolidated financial statements whenever this is possible and necessary.

As of December 31, 2018, the provision for tax, commercial and employee-related disputes amounted to €46.2 million (see Note 7.1 to the 2018 consolidated financial statements, included in chapter 6 of this registration document).

Risks related to restrictive regulations applicable to the Group or to some of the Group's business sectors

Description of the risk

The Group provides services to companies involved in highly regulated sectors, such as Healthcare. In these sectors, the Group is subject (as are its customers) to extremely complex and binding laws and regulations on service provision (e.g. binding regulations governing the transport of potentially infectious medical waste) and mandatory rules on personal protective equipment (PPE), cleanroom (lint-free) clothing, pest control, and the beverage business (water fountains and coffee machines). The industrial towel cleaning business presents specific risks.

The Group could be held liable if it failed to comply with the relevant standards and if that failure caused damage to natural or legal persons, including, for example, if workers wearing workwear provided by the Group were to suffer injuries.

The Group could be exposed to fines, penalties, claims for injury or property damage and other charges or liabilities, as well as negative publicity. In addition, the introduction of stricter laws and regulations could have an adverse impact on the long-term growth of sectors in which the Group provides services, and on the level of demand from customers operating in those sectors. This could have a material adverse effect on the Group's business, results, financial position or outlook.

Furthermore, the Group, due to its extensive geographic coverage, is subject to a large and growing number of regulations combating the risks of corruption and influence peddling (such as French Law 2016-1691 of December 9, 2016, referred to as the "Sapin II" law and the UK Bribery Act), money laundering and modern slavery (UK Modern Slavery Act), or risks in the area of human rights, fundamental freedoms, and health, safety and the environment (French Law 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies). These regulations require compliance programs to be implemented to achieve the objectives they set out and usually provide for severe penalties if the necessary programs are not implemented or if the proscribed behavior takes place. If the Group's compliance programs are deemed insufficient by the relevant authorities, this could lead to significant penalties being imposed by those authorities, as well as extremely negative publicity. This could have a material adverse effect on the Group's business, results, financial position or outlook.

Risk management

The Group's technical and financial resources are increasingly directed at efforts to comply with standards. For example, compliance monitoring and control of Group departments involved in healthcare activities (particularly the supply of healthcare linen), certain types of workwear classified as PPE, cleanroom (lint-free) workwear and beverage services are monitored and managed through ISO 9001- and/or RABC-certified Quality Management Systems (QMS). The Group has also allocated special resources to the rollout of its pest control services to ensure that they meet relevant standards. The industrial towel cleaning business is governed by specific standards.

The Group continuously monitors the regulatory landscape so that it can identify the binding regulations that apply to it. Where necessary, the Group – usually assisted by local legal advisors – sets up internal compliance programs tailored to the Group's operations to satisfy the conditions imposed by the regulations concerned.

Risks related to fires and industrial accidents

Description of the risk

The Group's processing centers present a certain number of safety risks, due in particular to the flammable nature of textiles, the toxic nature of substances used in processing them and the potential for malfunctions affecting industrial facilities and equipment. In particular, the Group's processing centers present a high risk of fire and industrial accidents. The Group may also be held liable for accidents involving its activities or products. The occurrence of such events could have a material adverse effect on the Group's business, results, financial position or outlook.

Risk management

The Group has established a proactive prevention/protection approach to industrial hazards related to its business, mainly with the support of internationally recognized insurance companies. The Group thereby ensures that more than 40 prevention inspections on average are carried out per year at its processing plants by the insurer and/or its safety department, both of which have expertise in engineering, fire prevention and consulting.

Risks related to insurance policies

Description of the risk

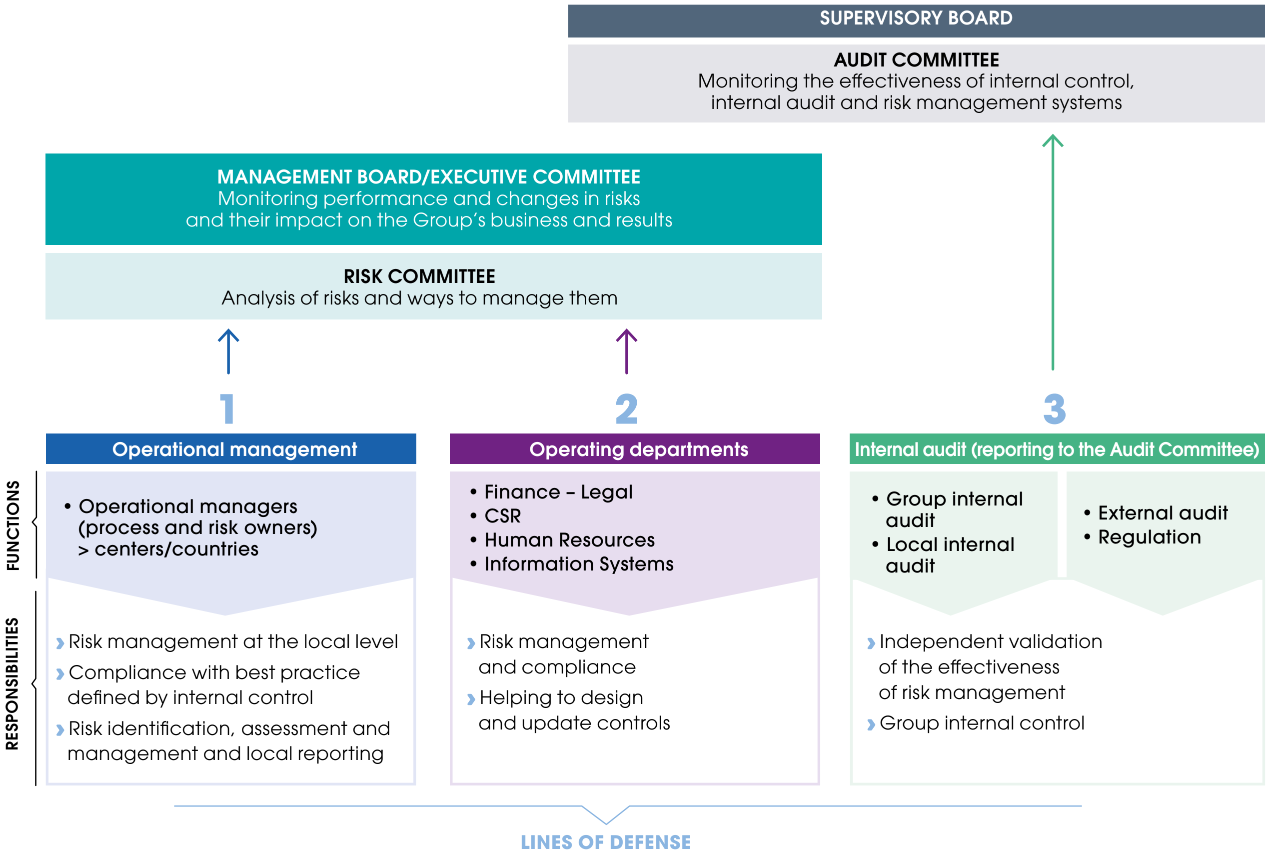
The Group has taken out insurance policies of various kinds, including policies for property damage, general liability, executive liability and automobile risks. Although the Group seeks to maintain adequate levels of coverage, its insurance policies may provide only partial coverage of certain risks to which it may be exposed. Insurers may also seek to limit or challenge the Group's claims following a loss, which could limit the Group's ability to receive full compensation or any compensation at all under its insurance policies. Such limitations, challenges or delays could affect the Group's results, financial position or outlook. In addition, the occurrence of several events giving rise to substantial insurance claims during a given insurance year could have a material adverse effect on the Group's insurance premiums in the short or medium term. Lastly, the Group's insurance costs may increase in the future due to significant price increases in the insurance market generally related to external events. The Group may not be able to maintain its current level of insurance coverage or maintain it at a reasonable cost, and this could have an adverse effect on its business, results, financial position or outlook.

Risk management

The centralized management of insurance policies set up within the Group enables it to insure its activities, sites and vehicles upstream of any developments of new products or services and/or in connection with new acquisitions. Moreover, the Group is very attentive to the evolution of market conditions related to insurance guarantees and favors long term relationships with the insurers.

2.2 ELIS GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

This section describes the Group's internal control and risk management system, implemented in accordance with the AMF reference framework published in July 2010. The AMF framework draws on French and European legislative and regulatory requirements and on best practices and international internal control and risk management standards, in particular ISO 31000 and COSO II.



Scope of internal control and risk management

The Group's internal control and risk management system, which is set up to ensure the reliability of its parent company and consolidated financial statements, covers all controlled companies within the Group's scope of consolidation.

Definition of internal control and risk management

The Group's internal control and risk management framework is based on a set of resources, policies, behaviors, procedures and adapted actions aimed at ensuring that the necessary measures are taken in order to manage:

- business activities, the effectiveness of operations and the efficient use of resources;
- risks that may have a material impact on the Group's assets or the reaching of its objectives, whether of an operational or financial nature or related to compliance with laws and regulations.

Internal control and risk management are defined as processes conducted by the Management Board under the oversight of the Supervisory Board, implemented by the Executive Committee and all staff.

Regardless of its quality and the degree to which it is applied, it cannot provide an absolute guarantee that the objectives belonging to the following categories will be reached:

- compliance with applicable laws and regulations;
- application of instructions and guidelines set out by the Management Board;
- proper functioning of internal processes, notably processes for safeguarding assets;
- reliability of financial and accounting information.

The likelihood of achieving these objectives is subject to the limitations inherent in any internal control system, and in particular:

- human error or malfunctions while making or applying decisions;
- cases of deliberate collusion between several people making it possible to elude the control system in place;
- cases where the implementation or maintenance of control would be costlier than the risk it is supposed to mitigate.

Furthermore, in pursuing the aforementioned objectives, companies face events and uncertainties that are out of their control – such as unexpected changes in the market, competition, or geopolitical situation, errors with forecasts, or incorrect estimates of the impact of these changes on the organization.

Environment of internal control and risk management

The Group's internal control and risk management framework is based on a decentralized organizational structure with a clear definition of responsibilities, in particular by means of job descriptions, delegations of powers and organizational structures distributed to all departments. It includes principles and values governing the behavior and ethics of all employees, as presented in the Group's Code of Ethics. It is also based on human resources management ensuring the skills, ethics and involvement of employees.

Code of Ethics

The Group's ethical principles are set out in the Group Code of Ethics, distributed initially in 2012 to all Group employees and updated in 2018. This Code is available on the Group's website (www.corporate-elis.com) in the "Sustainable Development" section.

The Code of Ethics contains the Group's commitments and rules of conduct towards its main stakeholders, namely, its employees, its customers and the consumers, its commercial partners and its competitors, the environment and civil society.

The Internal Control Charter

In 2015, the Elis Group established a Group Internal Control Charter which presents internal control, its components and its limits, to all managers. It also reminds them that internal control concerns everyone, from the Executive Committee to each and every one of the Group's employees.

Management remains the operational player of internal control and must be proactive in the tasks and controls that it carries out or delegates.

Human resources policy

The quality of human resources and management cohesion are key factors in the Group's success.

Elis therefore ensures that its various subsidiaries pursue human resources policies suited to their contexts and the challenges they face, while also meeting the best local standards. The principles of subsidiary autonomy and accountability still apply, but the Group ensures that the policies implemented are consistent and align with Elis's centrally defined values and actions.

In terms of labor relations policy, subsidiaries abide by high standards of employee dialogue and involvement in the Company, while the Group supports employee dialogue through employee representative bodies.

As regards executives and senior managers, Elis is involved directly in the management of the Group's key men and women in order to guarantee consistency between subsidiaries. The Group therefore develops cross-functional training programs and performs yearly people reviews of subsidiaries' management resources. Elis thereby ensures that these management resources are suited to the current and future challenges faced by its subsidiaries. These reviews translate into promotions and transfers between departments, as well as external hires when necessary to acquire new skills.

Furthermore, the Group has developed cross-functional tools for assessing individual performance and the external competitiveness of compensation packages. In this regard, one of the duties of the Appointments and Compensation Committee is to make recommendations in light of market practices on the compensation paid to members of the Executive Committee, including members of the Management Board, as well as that of the main directors.

Coordination and oversight of internal control and risk management

The Group's risk management and internal control process is coordinated by the Management Board, under the oversight of the Supervisory Board, with the assistance of the Audit Committee. The Audit Committee's task is to notably ensure the quality of the risk management and internal control system and to monitor issues relating to the preparation of and controls on accounting and financial information.

The operating departments of each of the Group's subsidiaries are responsible for risk management and internal control. The role of central support services is to define the framework in which subsidiaries fulfill their risk management and internal control responsibilities, and to coordinate the whole system.

Responsibilities for control activities

Control activities are performed first by subsidiaries' functional and operating departments and then by central support services.

Monitoring the management of internal control procedures is primarily the responsibility of the Audit Committee and the Risk Management and Internal Audit Department.

Audit Committee

The composition and operation of the Audit Committee are detailed in the Supervisory Board's report on corporate governance included in chapter 4 of this registration document.

Risk Management and Internal Audit Department

The Risk Management and Internal Audit Department reports to the Group's Administrative and Finance Department. It informs the Management Board, the Administrative and Finance Department and the Audit Committee of the main results of its work (identification and monitoring of risks, preparation of the audit plan, and monitoring of action plan implementation).

The operating procedures for internal audit are described in the Audit Charter.

The Risk Management and Internal Audit Department assesses the operation of internal control and risk management procedures and makes recommendations to improve their effectiveness. It also monitors internal control best practices.

The Risk Management and Internal Audit Department initiates, coordinates and reviews procedures formalized by the operating departments.

The role of the Risk Management and Internal Audit Department is to provide independent, objective assurance and support services helping to create added value and improve the degree of control of the Group's operations at all of its subsidiaries and in all of its business segments. Internal audit helps the organization to achieve its targets by using a regular and methodological approach to assess its management, control and corporate governance processes, and by making suggestions to improve their effectiveness.

Internal audit also helps to ensure that all management, control and corporate governance processes are appropriate and guarantee that:

- risks are identified and managed appropriately;
- executives' and employees' actions comply with applicable rules, standards, procedures, laws and regulations;
- resources are acquired and used efficiently;
- material financial, management and operating information is accurate, reliable and issued in a timely manner;
- the targets defined and validated by the Executive Committee are met.

Internal audit activities are performed in concert with the Audit Committee and the Statutory Auditors present their recommendations upon completion of their internal control review.

The annual audit plan is prepared by the Risk Management and Internal Audit Department using a risk-based approach and takes into account specific requests from the Executive Committee and operating departments.

The Risk Management and Internal Audit Department presents a report to the Audit Committee at least twice per year on progress made on the audit plan as well as the monitoring of action plans.

Internal control and risk management analysis

Overall risk management and internal control framework

The overall risk management and internal control system has several components, the most important of which are:

- managing operational risks;
- managing Group risks at various levels (entities, operational departments and subsidiaries);
- monitoring the preparation of accounting and financial information;
- internal audit, which assesses how the internal control and risk management system works and makes recommendations in order to improve it;
- preventing and combating fraud and corruption.

The risks to which the consolidated subsidiaries that carry out most of the Group's activities are exposed are handled through specific control procedures forming part of the following operating processes:

- investment decisions and monitoring of fixed assets;
- purchasing decisions and monitoring of trade payables;
- monitoring of inventories and production costs;
- monitoring of work in progress (workshops, work sites and IT projects);
- selling decisions and monitoring of trade receivables (credit and recovery);
- monitoring of petty cash and bank transactions;
- payroll validation and monitoring of employee benefits;
- accounting entries relating to transactions and monitoring of monthly account closings; and
- monitoring of IT access and protection of data and hardware.

Group risk map

The Group has mapped the main risks to which it is exposed. Each of these risks and their management process is described in section 2.1 above.

The risks have been identified by the primary managers of the Group and prioritized based on their criticality and level of control.

The risk map is updated annually with the main "risk owners" by incorporating new potential risks and monitoring the action plans.

Risk management at the local level

Each subsidiary's management team ensures that risk management and internal control procedures are properly applied. It is the duty of each operational manager to ensure that risk exposure is consistent with the guidelines issued by the management teams of the divisions concerned. The quality and effectiveness of the controls carried out at operating subsidiaries are then reviewed during assignments performed by the Internal Audit Department, which informs the divisional management teams of the results.

Assessment of internal control and monitoring of action plans

Internal control self-assessment questionnaires

The Group has set up self-assessment questionnaires on the main activities carried out centrally, in each country and at each processing and service center. Self-assessment is one of the key components of the Group's risk management and internal control system. For the new countries included in the "Berendsen scope," self-assessment questionnaires on financial and accounting processes are being phased in.

For 2018, the following activities were self-assessed in France and abroad: central finance and accounting, finance and accounting at the centers, production, sales, maintenance, logistics and human resources.

During the self-assessment, the operational staff were asked to assess the level of internal control using key controls considered "imperative" for the proper exercise of their activity, in order to identify areas of improvement and to implement corrective actions.

The questionnaire relating to the central finance and accounting process (for Group and countries) takes into account the AMF reference framework and, in particular, its application guide. It includes about 50 key controls for the Group.

The objectives of this exercise, which is repeated each year, are as follows:

- to create a trade knowledge base for operational staff members;
- to allow the centers to assess their degree of control of Elis's "imperatives";
- to identify areas for improvement and initiate action plans;
- to capture best practices from the field;
- to contribute to the improvement of operational efficiency;
- to create a management tool (assessment of current situation, identification and monitoring of action plans).

These self-assessment questionnaires are reviewed annually by the Risk Management and Internal Audit Department, as well as by the support functions during visits to centers and foreign subsidiaries. The exercise consists of assessing the extent to which the "imperatives" are applied. This approach makes it possible to:

- identify immediately and independently any gaps between the prescribed key control and how effectively it is being implemented;
- create a map of any remaining points requiring attention (by business line, geographic region, subsidiary and nature of shortcoming);
- define action plans to correct the gaps identified.

The results of the review, together with the main action plans, are presented to the Audit Committee, which ensures that the corrective measures taken are effective.

Monitoring of action plans

One of the responsibilities of the Risk Management and Internal Audit Department is to assess the functioning of the internal control and risk management system and make recommendations to improve its operating procedures, if needed.

The assignments laid out in the annual audit plan are presented and approved by the Audit Committee. The aim is to examine all of the Group's sites in France as well as those of its foreign subsidiaries at least once every two years. A total of 70 assignments were conducted in 2018 across all business lines.

The audit reports are systematically commented on by the management team of the audited sites, then are communicated to the Group's Executive Committee, as well as to managers at headquarters and the managers of the audited centers or countries. After the final presentation of the findings and after a concerted action plan has been agreed upon, the centers or subsidiaries concerned must remedy quickly any deficiencies according to a set timetable.

The audited entities are responsible for implementing the action plans. The Risk Management and Internal Audit Department monitors the implementation of the action plans.

This is carried out at least on a quarterly basis and the findings are reported to the Audit Committee twice a year.

The Group has created a monitoring database containing all of the action plans relating to the various types of assignments carried out. The aim is to monitor over time the action plans communicated by the operational staff following the recommendations issued and to compile and circulate the best practices identified.

Efforts to combat fraud

Preventing and combating fraud is a major issue for the Group and all of its employees. In this respect, and given its decentralized organization, the Group has set up a framework to improve its measures for preventing and combating fraud, with the specific aim of protecting its assets. In 2018, this meant sending regular alerts primarily to the Group's operational entities to raise awareness about the economic risks of fraud.

The fight against corruption and influence peddling

In order to comply with the obligations of French Law 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy (the "Sapin II" law) and as part of its risk management strategy, the Group has undertaken to set up a program to prevent and combat the risks of corruption and influence peddling that covers France and all the countries in which the Group operates.

During the 2018 financial year, based on the eight pillars required by the Sapin II law, the Group continued rolling out the following measures:

- mapping the Group's corruption risks, broken down by country, identifying the functions and the countries most exposed to the risks of corruption and influence peddling;
- the revision of its Group Code of Ethics, which includes the Code of Conduct. This Code sets out and illustrates the rules applicable in the fight against corruption and influence peddling, among other things, and is intended to be distributed in all Group countries (on a case-by-case basis, where appropriate, after having been adapted to any local requirements);
- the introduction of a single Group whistleblowing system and a procedure for handling alerts;
- the reinforcement of its procedures, including the introduction of a guide on gifts, invitations, donations and sponsoring;
- the implementation of training for at-risk managers and staff, giving priority to the most sensitive geographical areas.

The program to prevent and combat the risks of corruption and influence peddling will continue to be rolled out throughout the current financial year.

This program is in addition to programs already being implemented in some Group countries, in particular Brazil, as well as the existing programs within Berendsen and its subsidiaries under British anti-corruption regulations. The Company intends to merge these programs to prevent and combat corruption risks into its own, in order to have a single program for the entire Group.

Internal control relating to the preparation of accounting and financial information

The Audit Committee monitors the preparation and control of accounting and financial information, and ensures the high quality of the risk management and internal control system, in order to facilitate the Supervisory Board's control and checking duties.

Based on the organization of the Management Control Department, the Group has set up a system allowing for the internal dissemination of relevant, reliable information that helps all staff to carry out their duties in a timely fashion. The Company has also set up budget procedures, reporting procedures and procedures for the preparation of full- and half-year consolidated financial statements. Monthly reporting documents from subsidiaries are sent each month to the chief financial officers or managers of each country concerned, and to the Group's Consolidation Department.

Role of the Statutory Auditors

The role of the Statutory Auditors is to certify the regularity, accuracy and fair presentation of the Group's parent company and consolidated financial statements on an annual basis and deliver a report on the Group's half-year consolidated financial statements.

While performing their assignment, the Statutory Auditors present the Audit Committee with a summary of their work and the accounting methods used to prepare the financial statements.

On reviewing the financial statements, the Statutory Auditors present the Audit Committee with a report highlighting the key aspects of the scope of consolidation, the results of the statutory audit, in particular the accounting methods selected, audit adjustments and material weaknesses in internal control identified during their work.

The Statutory Auditors' main recommendations are incorporated in an action plan and a monitoring procedure presented to the Audit Committee and General Management at least once per year.

Audit assignments are divided between Mazars and PricewaterhouseCoopers, the Company's Principal Statutory Auditors.

2.3 GROUP INSURANCE

2.3.1 POLICY ON INSURANCE

The Group's policy on insurance is coordinated by the Property & Insurance Department, whose role is to identify the main insurable risks and to quantify their potential consequences. The aim is to:

- keep the level of some risks to a minimum by implementing prevention measures in collaboration with other Group departments;
- partially or fully cover risks by taking out insurance policies. This section deals with exceptional risks with high potential impact and low frequency, and risks relating to the services provided (claims from third parties and customers).

The Property & Insurance Department is assisted by the Group's various departments, each Group entity in France and each Group subsidiary outside France, in obtaining the information needed to identify and quantify insured and insurable risks, and in activating the necessary resources to ensure business continuity in the event of a loss. The insurance department negotiates with major insurance and reinsurance providers to arrange the coverage that is best suited to insuring those risks.

Furthermore, specialized firms appraise the real value of the operating premises and their contents. The sites are visited regularly, on average every four years, so that the values declared to the insurers are as close as possible to the real values of the property and its contents.

For some local entities, specific policies are put in place to meet local legal obligations or to obtain necessary local coverage, such as automotive insurance.

Insurance policies are purchased according to the level of coverage needed, based on reasonable estimates, to deal with the occurrence of liability risks, property and casualty risks or other risks. That analysis takes into account the assessments made by the insurers as the underwriters, and by brokers and the Group as specialists in the insurance market and experts on the business and the risks involved.

2.3.2 INSURANCE PROGRAMS

The Group's insurance programs are taken out with leading insurers.

The Group has international insurance programs with Master Property & Casualty, Liability, Environmental Liability and Fraud policies. This insurance coverage is supplemented by local policies taken out on the Group's recommendation, in all countries where it is mandatory or customary to do so.

The Group-level insurance programs aim to cover the business activities when local policies are insufficient or do not apply.

The insurance policies taken out by the Group contain:

- coverage exclusions, which are public policy exclusions, meaning they cannot be removed under insurance law. Those exclusions are common to insurance policies provided by all insurance companies. However, where legally possible and where appropriate given the risk concerned, the Group pays to remove certain coverage exclusions; and

- coverage limits and deductibles, the amounts of which are set and reviewed at the end of each term according to changes in the Group's risks.

The Group's "property and casualty" insurance program primarily covers the Group's buildings, property, additional costs and potential operating losses, in particular those of its processing centers.

The Group has total coverage of €130 million per claim, with deductible levels that vary based on the nature of the insured sites.

The Group's general liability insurance program was set up for all Group entities to cover damage, injury or loss caused to third parties, arising in the course of the Group's business or due to goods/services and products delivered to third parties.

The Group has total coverage of €80 million per claim per year, with deductible levels that vary based on the type of damage, injury or loss caused to third parties.

The Group's executive liability insurance program protects both managers (as individuals) and the Company (as a legal entity), in connection with the Company's management and executive actions.

An automobile fleet program has been set up for France to insure all of the fully owned vehicles and vans under long-term leases. All foreign entities have local coverage.

Several transportation insurance (Marine Cargo) policies are intended to cover merchandise imported by the Group's Purchasing and Procurement Department and dispatched by road, sea or air, as well as some of the Group's exports.

2.4 VIGILANCE PLAN

2.4.1 PURPOSE OF THE VIGILANCE PLAN

In accordance with French Law 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies, the vigilance plan presented in this section includes reasonable vigilance measures to identify risks and prevent serious violations of human rights and fundamental freedoms, and harm to the health and safety of individuals and the environment, resulting from:

- the activities of the Company and those of the companies it controls, directly or indirectly;
- the activities of subcontractors or suppliers with whom an established commercial relationship is maintained.

In the interest of complete transparency, the Group has chosen to distinguish between these two areas in the presentation of the various measures[1] of the vigilance plan already implemented by Elis.

2.4.2 IDENTIFYING RISKS

The elements presented below constitute the Group's response to Measure 1, "Identification of risks for the purposes of analysis and prioritization", referred to in the aforementioned Law 2017-399 of March 27, 2017.

The statement of non-financial performance is also a vehicle for raising awareness and, through the use of performance indicators, a tool for monitoring and controlling the actions implemented and their results.

Risks resulting from the Company's activities

In the area of risk management and internal control, the 2015-2018 cycle was launched by an update of the risk map at the Group level with the assistance of various departments, in particular Human Resources, Quality, Safety and Environment, and Purchasing and Procurement. Through working groups, self-assessments of processing centers, criticality analysis and controlled elements, the main CSR risks have been prioritized under the four main components: strategic, operational, financial and compliance. The risk map is updated annually with the main risk owners. The Group's internal control and risk management system enables the prevention and monitoring of identified risks. Risk prevention is managed by each risk owner using appropriate processes, the main measures of which are detailed below.

The Elis Group has formalized its commitments under the Code of Ethics based on the Group's values of integrity, responsibility and exemplarity in its commercial environment, respecting each of its employees, reducing its impact on the environment and continuous improvement in its performance.

Risks resulting from the activities of subcontractors or suppliers

Since 2006, the standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety and environmental protection have been formalized in a Sustainable and Ethical Purchasing Charter. This document, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing and Procurement Department. This department supports the deployment of this charter among all of its tier 1 suppliers (i.e., suppliers with whom Elis has a direct business relationship) and its weavers as tier 2 suppliers (since Elis imposes the choice of weaver on its manufacturers). It also manages suppliers through a rigorous and structured selection and evaluation system. This measure covers over 91% of strategic revenue.

The measures and internal controls already in place described below are detailed in chapter 3 of this registration document.

(1) Article L. 225-102-4.-I. of the French Commercial Code requires a five-point vigilance plan.

2.4.3 OTHER MEASURES OF THE VIGILANCE PLAN

Activities of the Company and its subsidiaries	Activities of suppliers and subcontractors
Measure 2: **"procedures for regular assessment of the risk mapping position"**	
› Signature of the UN Global Compact and annual reporting of corporate social responsibility results. › Self-assessment in France of human resource and safety processes as part of the Group's risk management and internal control system. › Periodic employee surveys in 24 countries. › Annual quantification and consolidation of the impacts of processing plants (see sections 3.3 and 3.5 of chapter 3 of this registration document). › Periodic energy efficiency and resource utilization audits of processing sites (see section 3.3.4 of chapter 3 of this registration document). › Systematic environmental audits during laundry site acquisitions (see section 3.3.2 of chapter 3 of this registration document). › Identification and assessment of risks and processes implemented for specific Elis activities through the ISO 9001 quality management system certification.	› Upstream evaluation of all potential new suppliers against the requirements of the Sustainable and Ethical Purchasing Charter (see IN53). › Listing contingent on a satisfactory CSR assessment according to a standard analysis grid (see PR39). › Mapping of tier 1 suppliers and weavers as tier 2 suppliers. › Identification of at-risk suppliers. › Periodic CSR assessment of suppliers against the requirements of the Sustainable and Ethical Purchasing Charter. › CSR audits of suppliers by an independent third party if no CSR assessment has been conducted according to a recognized standard.
Measure 3: **"appropriate actions to mitigate risks or prevent serious harm"**	
› Update of the Group Code of Ethics and distribution to all employees. › Anti-corruption compliance program within the Group and its main subsidiaries. › Assessment of corrective actions resulting from employee surveys and their integration into the risk management system (see section 3.2.1 of chapter 3 of this registration document). › Implementation of the policy on the promotion of diversity and the fight against discrimination through diversity advisers and annual training. › Annual review and validation of the QHSE & energy policy and associated targets by the chairman of the Management Board. › Annual review of the priority preventive action plan (see section 3.2.3 of chapter 3 of this registration document). › Fire prevention program in partnership with the Group's insurer. › Annual training in best environmental practices for all new technical managers (see section 3.2.1 of chapter 3 of this registration document). › Annual resource impact reduction targets (water, energy).	› Listing subject to triple validation through a written procedure (applicant, segment purchasing manager and purchasing directors) and to the systematic and binding signature of the Sustainable and Ethical Purchasing Charter by all new suppliers. › Strict supervision of the use of subcontracting, which requires written agreement from the Group. › Training of buyers in the charter principles and supplier evaluation procedures. › Involvement of suppliers in achieving performance objectives, particularly those relating to the environment.
Measure 4: **"a warning and reporting system relating to the existence or occurrence of risks, established in consultation with the representative trade unions within the Company"**	
› Reporting channels set up by the Human Resources, Safety and Environment contact networks. › In the event of an incident, the HR and QSE departments are responsible for defining the corrective actions to be implemented and for establishing long-term preventive measures. › Duty of vigilance and notification of employee representatives to the Human Resources Department. › Procedure for receiving and handling alerts related to the setting up of a whistleblowing system.	› Centralization and alignment of purchasing departments and deployment of tracking tools throughout the value chain. › Development of long-term supplier relationships through "Corporate" and "Local" buyers, including coordination of their supplier communities and regular dialogue. › Suppliers' duty to inform about any incident that may have an impact on the Elis service or the products delivered.
Measure 5: **"system for monitoring the measures implemented and assessing their effectiveness"**	
› Annual review by the risk management and internal audit department and the departments concerned of the actions implemented following the self-assessments of processing sites. › Internal audit by the risk management and internal audit department of essential safety requirements. › 40 safety inspections per year as part of the insurance program. › Monitoring of the performance and environmental compliance steering indicators. › Action and improvement plans developed based on the results of internal and external audits and inspections, as well as employee surveys. › Assistance to operational staff in their progress plan through support functions (HR, QSE, etc.).	› Action plan developed according to the results of external audits to address critical and major non-compliances identified (see PR40). › Compliance deadlines imposed by management. › Systematic follow-up audits in case of non-compliance (see PR40). › Delisting in the event of non-compliance with the required corrective measures. › Annual business review of the activity to measure suppliers' CSR coverage (see PR40).

2.4.4 ACTIONS IMPLEMENTED IN 2018

In 2018, the Group continued the actions described above as part of its continuous improvement and risk management strategy. Following the integration of Berendsen, the Group has standardized and implemented uniform vigilance measures in all countries.

As a result, the supplier risk assessment and management process has now been implemented for all of our suppliers.

Chapter 3 describes and explains how the effectiveness of the measures that have been implemented is evaluated, especially the environmental, health and safety and industrial risk management programs, as well as the measures to ensure ongoing social dialogue. References to the system of measures and controls are detailed in each of the measures described above.

"Elis is the European and Latin American leader in the rental, laundry and maintenance of flat linen, workwear, and hygiene and well-being appliances, and plays a pioneering role in its business sector. This leadership position rewards the work of the entire Elis workforce and makes us all the more committed to being an ethical, responsible and eco-friendly company."

Xavier Martiré – Chairman of the Management Board

3

Disclosure of Non-Financial Performance

3.1 THE GROUP'S APPROACH TO CSR

3.1.1 VISION

Elis's primary responsibility is to ensure the well-being and professional development of its employees. Our human resources are a pillar of the culture that underpins everything we do. This culture is based on the values that have been the core of Elis's DNA from the very beginning: respect for others, exemplarity, integrity and responsibility.

Our Group's ethical and responsible conduct are the key to our success and longevity.

Respect for others and exemplary conduct under all circumstances are factors that contribute to our employee's job satisfaction. The principles that are shared by all Elis employees can be summarized as follows:

- act with integrity, responsibility, and exemplarity;
- respect the dignity and rights of others;
- act in an environmentally-friendly way;
- comply with all laws and regulations;
- continuously improve performance.

Respect for those principles and values is a major factor in the Group's positive reputation and performance.

The Elis Group does not compromise when it comes to integrity, which it believes must govern its business relations and professional practices every single day.

The Group's business model is based on the concept of the product–service system and offering a range of high-quality products and services. This business model, which is centered around the life cycle of its products, has led the Group to improve both their ecodesign and sustainability, in contrast to traditional modes of consumption, which encourage disposable products or planned obsolescence, this business model puts less pressure on the environment.

The Group's business model, which reflects the value chain of Elis's products and services, is described in chapter 1, section 1.6.

3.1.2 THE GROUP'S COMMITMENTS

The Group's commitments are demonstrated by the priority given to employee comfort and safety, the attention paid to employees' career development, the promotion of the true value of work, and profit sharing.

Its Ethics Charter states the principles that apply to everything the Company does and provides a reference framework for what the Group expects from its employees, its leadership and its partners. The Charter is intended to help everyone seek out and make the right decision in any given situation, in accordance with the prevailing laws and regulations in each of the countries where the Group operates.

The Charter sets out rules of conduct all stakeholders must adopt in four major areas:

- protecting employees;
- acting with all stakeholders with integrity, responsibility, and exemplarity;
- protecting Group assets;
- limiting environmental impact.

The Charter is furthermore intended to form the foundation on which all internal standards and charters adopted by the Group are based. Those include the Sustainable and Ethical Purchasing Charter, the Code of Conduct for Trading and Market Activities, and methods developed by the Group to combat the risk of corruption.

The Ethics Charter and its principles apply to the Group as a whole and to all of its activities, whether with regard to its employees, to the way it does business with its suppliers, customers and stakeholders, or to its activities with other players.

All Group employees, regardless of rank, whom they report to, or geographical region of activity must simultaneously be promoters and guardians of this Ethics Charter.

The Group's principles are consistent with the fundamental principles laid down by:

- the United Nations Universal Declaration of Human Rights and the European Convention on Human Rights;
- the United Nations Convention on the Rights of the Child;
- the United Nations Global Compact.

3.1.3 CSR POLICY

Elis's CSR policy aligns with the Group's overall strategy, which focuses on customer satisfaction, the ability to enter new regions and markets, and generating continued, profitable and sustainable growth. Elis strives to provide a working environment that respects human rights and promotes diversity while limiting its environmental footprint.

The Group wants to lead by example, particularly through its integrity and honesty, and to share its values with its employees and partners.

Elis's commitments in terms of 360-degree social and environmental responsibility are as follows:

Offer high-quality, responsible products and services

- Promote and develop our business model around the circular economy.
- Ensure that our products are manufactured with respect for others while safeguarding the environment.
- Ensure that the entire value chain complies with Elis's Ethics Charter.

Continuously reduce the environmental footprint of our business

- Promote more sustainable choices that include reducing, reusing or recycling our raw materials and products.
- Increase the value of our products by improving their ecodesign, life cycle and end-of-life recovery.
- Improve our performance in terms of natural resource consumption (water, energy, fuel) to limit greenhouse gas emissions and the direct and indirect environmental impact of our business.

Be a vector of personal development and well-being for our employees

- Work together to ensure the well-being and safety of our employees.
- Allow everyone to grow both personally and professionally.
- Promote diversity and equal opportunity.

The key elements for the sustainable growth of Elis's business are the Elis experience, employees who take pride in the Company and its values, and shareholder confidence. Individual buy-in at all levels of the Group is essential to ensure the success of this approach and, by extension, total customer satisfaction.

3.1.4 ASSESSMENT OF NON-FINANCIAL RISKS

Methodology

The Human Resources, Quality-Safety-Environment and Purchasing departments have formed an in-house working group to describe and assess the CSR risks that could affect the Elis Group's performance. Its work is based on the Group's business model.

This business model is described in chapter 1, section 1.6.

The risks identified and examined cover the following four areas:

- the social impact of our business;
- the environmental impact of our business;
- the impact of our business with regard to human rights;
- the impact of our business with regard to the fight against corruption.

Some thirty risks were identified and entered into a risk matrix. Elis assessed the likelihood of each risk's occurrence, as well as its potential consequences at the legal and operational level and on brand image. This enabled Elis to identify its material risks.

This study and the accompanying assessment were validated by two members of the Executive Committee. Some risks were taken into account even though the matrix did not suggest they would be material.

Of the risks assessed as material, the following were not selected:

- the impact on economic performance and employee working conditions of collective bargaining agreements entered into within the Group; good labor relations mean that the Group negotiates balanced collective bargaining agreements that protect the interests of both the Group and its employees;
- the risks related to initiatives aimed at combating discrimination and promoting diversity and measures taken for people with disabilities; the Company is committed to promoting diversity and equal opportunity without these initiatives creating any risk for the Group or the Company itself.

Corruption risk was also not selected as a material risk, firstly because the Group has implemented procedures to combat corruption and influence peddling, particularly in host countries considered vulnerable (see the paragraph entitled "Combating corruption and influence peddling" in section 2.2 "Elis Group's internal control and risk management system" of this 2018 registration document), and secondly because the percentage of business activities and sites that could be considered vulnerable to corruption at the Group level is very small. Similarly, given the Group's business activities and the location if its sites, its exposure to the risk of tax evasion is minimal.

In addition, the following social aspects were not considered to pose a significant risk to Elis's business activities: food insecurity, animal welfare, responsible, fair and sustainable food, and the fight against food waste.

The Group's business and the use of its goods and services are not considered to have a significant impact on climate change. The main greenhouse gas emissions are related to thermal and electrical energy and fuel. The measures implemented by the Group to reduce these emissions are indirectly exposed through the corresponding material risks. The impact of climate change on the availability of water resources is addressed in section 3.3.2.

This document will not further elaborate on corporate commitments to sustainable development and the circular economy. Because our business model is based on the product-service system, our strategy consists of enhancing the useful lives of our textiles and recycling our waste. Furthermore, Elis locates its operations where its customers are and is involved in those communities.

Summary of material non-financial risks and key performance indicators

Social

- **Labor relations**
  Number of countries that conducted an employee survey in 2018 and number of employees surveyed
  % of employees working at centers or in countries with stable or increasing revenue (when comparison is possible)
- **Occupational health and safety**
  Frequency rate
- **Absenteeism**
  Percentage of employees present throughout the year who had no days absent during the year
  Number of days absent, paid or unpaid, for absences lasting less than seven days
  Percentage of short absences (up to seven days) out of all absences
- **Recruitment of key personnel**
  Recruitment rate of permanent staff (number of permanent hires/permanent staff as of December 31)

Environment

- **Environmental permits allowing us to conduct business**
  Number of countries with a system to manage environmental permits
- **Availability and sustainable management of water resources**
  Ratio of water consumption in liters per kg of linen treated
- **Wastewater management**
  Percentage of wastewater treated before being discharged into the natural environment
- **Changes in costs related to energy consumption**
  Energy costs (in millions of euros)
  Thermal energy consumption ratio (excluding fuel for vehicles) in kWh per kg of linen treated
- **Availability of fossil fuel resources for delivery vehicles**
  Ratio of fuel consumed in liters per euro of revenue

Responsible purchasing

- **Responsible purchasing unethical practices on the part of our suppliers in conducting their businesses**
  Percentage of direct purchases covered by a CSR assessment

Elis implements appropriate policies with relevant indicators to prevent, identify and mitigate the occurrence of these risks.

For each indicator, the scope covered is specified in order to calculate the rate of coverage.

As is standard:

- the coverage rate for social indicators is calculated on the basis of the number of employees (total employees of contributing entities/total consolidated employees);
- the coverage rate for environmental indicators is calculated on the basis of revenue.

Reporting scope

The declaration of non-financial performance applies to all of Elis's business, including all of its subsidiaries in all countries of operation.

- There were no disposals in 2018.
- The legal entities acquired in 2018 (BW Textilservice GmbH in Germany, Blanchisserie Basse Meuse in Belgium, Ardenne & Meuse Logistic SA in Belgium, Wäscherei Waiz GmbH in Germany, Lavanderias Triton S.L. in Spain) were not included in the 2018 report.
- They will be included in the 2019 report or, at the latest, the 2020 report (in order to set up reporting and ensure it is reliable).
- Where applicable, new entities have been added to the reporting scope (those acquired before 2017 but not included in the 2017 report, and entities acquired in 2017).

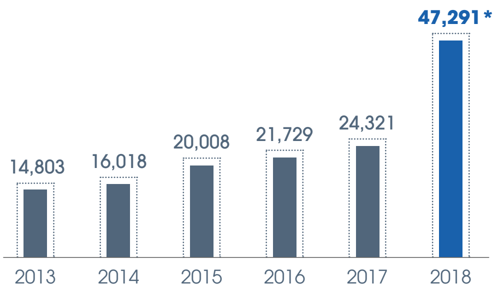
3.2 EMPLOYEE-RELATED RISKS

3.2.1 ONGOING DIALOGUE WITH EMPLOYEES

Challenge

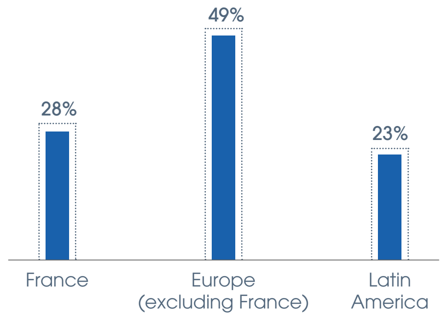
As a company that is committed to its employees' wellbeing, Elis makes every effort to ensure ongoing close contact between management and employees at every level. Since the Group's employees ensure the quality of its service, the trust that the Group builds every day through its interactions with them is essential.

› NUMBER OF EMPLOYEES



Scope of CSR.

› BREAKDOWN OF TOTAL WORKFORCE (PERMANENT AND NON-PERMANENT) BY REGION AS OF DECEMBER 31, 2018



Policy

Every day, at each site, Elis employees create value. This value is the fruit of a close relationship between the Company and its employees that has always been built on a common vision and ambition that naturally promote and contribute to performance.

Actions

Transmitting our values

Elis's long-held values are an integral part of our social policy:

- respect for others: accept everyone's differences, recognize everyone's commitment, value each contribution;
- integrity: remain true to our values, respect our commitments, be honest;
- responsibility: listen to our customers and our employees, work to protect the environment and be involved at the local level, take responsibility for the quality of our service;
- exemplarity: serve as an example to all, both internally and externally, embody the company's values in everything that we do, remain humble.

These values, which Elis has transmitted to all of the former Berendsen countries, were the topic of a new communications campaign.

Employee representation

Employee regulations are specific to each country. Therefore, employee bodies are set up accordingly.

For example, in France in 2018 and 2019, new employee representative bodies created by the Order of September 22, 2017 have gradually been introduced at different sites.

In 2018, the first meeting of the European Works Council was held, which brought together representatives from all Elis centers in the European Union.

Employee surveys

The commitment of each individual is key to the Group's success. This commitment is measured periodically through a survey sent to all employees, who respond individually and anonymously.

This employee survey is a key indicator of Elis's human resource policy and is also used in the former Berendsen countries. It demonstrates the importance attached to corporate climate and the working environment at every level.

Employees can thus give their opinions on a variety of issues such as working conditions, training, career development, working time and safety via anonymous individual questionnaires. The highly anticipated results of each employee survey make it possible to determine areas of improvement for each center.

Key performance indicator (KPI) and outcomes

24 countries and two sites in Brazil periodically conduct employee surveys.

In 2018, a total of 9,881 employees in 10 countries responded to an employee survey.

In the centers or countries where a comparison can be made with previous surveys, the results were either stable or had improved for 87% of employees surveyed.

3.2.2 MANAGING SHORT-TERM ABSENTEEISM

Challenge

Absenteeism is a reality that affects the Group.

In our business, unexpected and short-term absences impact us the most. These absences have a variety of consequences:

- company productivity and performance can suffer: production delays, quality issues, poor customer service;
- work teams must be reorganized on short notice to replace absent workers;
- workloads must be redistributed, other employees must be asked to step in and put forth additional effort;
- it represents a cost for the company in terms of administrative and replacement costs, plus it can have an indirect financial impact related to repercussions on customer service quality (dissatisfaction that must be dealt with, contract longevity that could be affected, etc.).

Policy

Although each absence has its own particular characteristics and employers are not permitted to ask employees about the medical reasons for their absence, the Group has nevertheless implemented a series of collective measures to prevent absences and limit their impact on its business.

Actions

Preventative measures

Each center has introduced measures according to their specific issues:

- flu shots are offered every year at certain centers;
- some centers pay a bonus to employees who have perfect or near-perfect attendance;
- in 2012, French entities introduced the Gest'Elis program, aimed primarily at preventing musculoskeletal disorders (see below, which will be rolled out at various centers outside of France;
- training sessions on job-specific body movements and postures are provided to production and distribution staff.

Return-to-work interview

Management may set up an informal interview after an employee returns from a short- or long-term absence. Return-to-work interviews allow the Company to demonstrate to employees not only its concern for them but also how much absences impact its business. These interviews are conducted in full compliance with medical confidentiality obligations. The interviews update employees about the center and how business is going and gauge how employees feel about their work and the quality of life in the workplace. Appropriate measures may be taken following these interviews.

Versatility

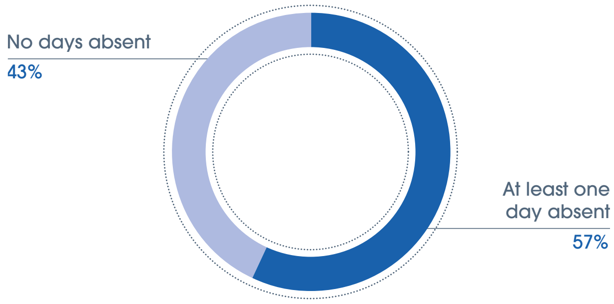
The company encourages employee versatility so that they can step into a variety of positions at the processing centers to replace an absent colleague. The most straightforward positions are typically filled by employees on temporary contracts.

Key performance indicator (KPI) and outcomes

Number of absences shorter than seven days (paid or unpaid): 84,820.

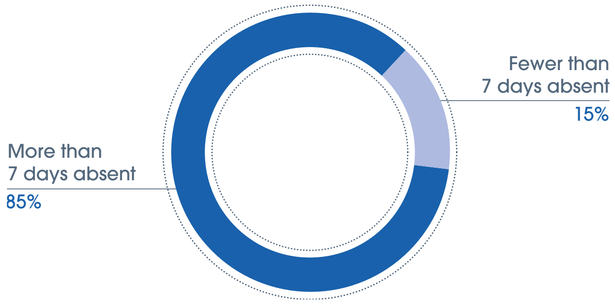
In 2018, the coverage rate was 62%

> NUMBER OF EMPLOYEES WITH PERFECT ATTENDANCE



In 2018, the coverage rate was 66%.

> BREAKDOWN OF DAYS ABSENT



In 2018, the coverage rate was 62%.

3.2.3 HEALTH AND SAFETY

Challenge

For the Elis Group, the health and safety of its employees and everyone else at its sites is paramount. To this end, it strives to offer a safe, healthy working environment by preventing the occurrence of workplace accidents, injuries and occupational illnesses. With its ongoing expansion and entries into new regions and markets, the Group wants to become an example in terms of health and safety.

Policy

The Elis Group's health and safety policy is designed to reduce the accident rate to zero by improving workplace safety. This means reducing risks, preventing accidents, and implementing Group safety standards in all countries and across all activities by ensuring the involvement of all employees.

The Group is committed to a process of continuous improvement to reduce the number of risk situations. Its priorities are to strengthen the Group's safety culture by promoting and raising awareness, preventing fire and handling risks, improving workstation ergonomics, and preventing business-specific risks.

Measures implemented

As part of the integration of Berendsen, Elis has increased the number of corporate staff dedicated to safety and defined a new organizational structure that focuses on quality, safety and the environment. In each operating region, the Cluster/Country QSE teams work closely with the Group QSE Department to help improve and strengthen the Group's safety standards. These teams also assist countries and sites with operational deployment and monitoring their application.

The measures introduced in 2018 with the support of the QSE network primarily involved:

- standardizing incident and accident reporting and safety indicators for all operations;
- strengthening safety culture through training and providing materials that promote safety;
- sharing feedback and best practices;
- introducing a reinforced fire prevention program and continuing the fire protection strategy;
- integrating ergonomics and safety principles into all new work equipment and new production lines with main suppliers;
- continuing the development of the Gest'Elis program, including solutions to improve workstation layout and equipment and tools used, and producing information sheets for each job concerned featuring details about correct posture and comfort and safety precautions;
- holding safety committee meetings at sites.

The Cluster/Country QSE teams have assisted with the improvement plans within their respective scopes of activity:

- for example, in Brazil, local operational teams conducted multiple safety presentations and training sessions based on their *regras de ouro* (golden rules) during a special Safety Week. A plant safety index has also been deployed, based on self-assessments of key preventative measures. The index is reviewed monthly by the country's management committee;
- following in the example of France, Portugal and Switzerland in 2016 and 2017, employees in Spain identified and eliminated risks during World Day for Safety and Health at Work;
- more than 100 staff members in France were trained on how to perform risk analyses and make prevention plans for all the pest control services carried out on customers' premises;
- in the United Kingdom and several Scandinavian countries, occupational risk prevention has been strengthened by the introduction of dashboards that make it easier to identify risk situations at Group sites.

Key performance indicator (KPI) and outcomes

With the support of the Group's Human Resources Department and those in each of the countries, reporting on safety indicators, frequency rates (FR) and severity rates (SR) has gradually been implemented in all Elis's countries of operation, including former Berendsen countries.

(Permanent and non-permanent staff)	2018
Fatal accidents	0
Lost time accidents	1,658
Frequency rate [(a)]	19.15
Severity rate [(b)]	0.71

(a) Frequency rate = Number of accidents resulting in lost time, excluding commuting accidents, during the year/Total number of theoretical hours worked × 1,000,000.
(b) Severity rate = Number of calendar days of lost work due to workplace accidents with lost work of more than 1 day, excluding commuting accidents/Total number of theoretical hours worked × 1,000.

In 2018, the coverage rate was 100%.

3.2.4 TALENT ACQUISITION

Challenge

The Group's development strategy relies on its ability to recruit and retain competent, high-performing employees.

Some profiles can be more difficult to recruit because of a labor market unsuited to our needs or due to challenges related to our employer brand.

This may result in problems performing certain services or impact the quality of our services, or even lead to compliance issues.

Policy

The Company must boost its attractiveness and increase recognition to encourage people to join us.

The Group's Communications and Human Resources teams have worked together to develop a new social media communications strategy aimed at promoting the jobs available within the Group and increasing the applicant pool, as well as uniting employees and strengthening internal cohesion.

Actions

Targeted partnerships

Targeted partnerships with schools and universities are being developed in countries experiencing recruitment problems, the goal being to attract interns or apprentices. Center visits are being organized and the Group is participating in open houses at schools and universities to introduce the Group and its business lines.

For example, we have formed a close partnership with the ICAM engineering school, which has a number of campuses in France, and developed relationships in Portugal with the University of Algarve, University of Minho, University of Lisbon and University of Porto.

Partnership with AFORP

In France, and specifically in the Paris region, Elis has experienced problems in recent years hiring maintenance technicians suited to our industrial environment. Elis has therefore teamed up with AFORP, a trade school for young people and adults, to offer an on-the-job training program. The program was jointly developed specifically for Elis by AFORP trainers and Elis managers. Training alternates between theory learned in the classroom and practical training at Elis sites, and the program teaches skills that correspond perfectly to our needs.

Similar partnerships are currently being set up in the Paris region to cover the skills for which there is a shortage of qualified workers.

Promoting our employer brand

To become better known and be able to recruit these types of individuals, Elis must increase its visibility among students and more experienced professionals. This objective can be achieved through the Group's presence on social media, which helps to both enhance the employer brand and provide information about job opportunities.

In line with the creation of a strong international brand for the Group, Elis is continuing to promote its employer brand and will be providing all countries with new communication tools to boost recruitment.

Programs aimed at young people

- Management Trainee program: each management trainee undertakes four projects over a two-year period. Each project lasts six months and two are international. The first and final project are conducted in the trainee's country of origin, allowing them to create their own network and prepare for taking on their permanent role. Throughout the program, trainees interact with staff in different business lines and from different operating departments.

  The program has been extended to all Group countries, creating more attractive opportunities for potential young managers. The variety of our business lines and locations means that we can offer them a multitude of opportunities.
- International exchange programs: young people are hired and trained in the Group's key business lines (in the production and sales segments), then sent to another country for 12 to 24 months to complete their training, share best practices and strengthen the Group's culture. The first exchange programs took place in 2013 and involved young Spaniards coming to France. Additional exchanges were then organized between Brazil and Portugal. Similar exchanges will be organized between the UK and Germany in the coming months before being extended to other countries.

Onboarding program

To help new employees settle in, **onboarding** is arranged for every new hire. This onboarding is developed in each country according to the position being filled. A new integration kit is currently being deployed in all Group countries. It contains information for new employees as well as tools and resources that can be adapted to suit different situations.

Elis Talent Month

Launch of a new event: March will now be dedicated to improving Elis's image as an employer. The aim is to expand our talent pool and present ourselves to the world as a global organization.

Promotions

Elis recognizes and develops the skills of all employees to promote mobility and career development.

Certain vacant positions are filled through internal promotion. In 2018, a total of 1,239 positions were filled this way.

31% of new managers are promoted internally.

Key performance indicator (KPI) and outcomes

A total of 9,114 permanent new hires, 565 of them managers.

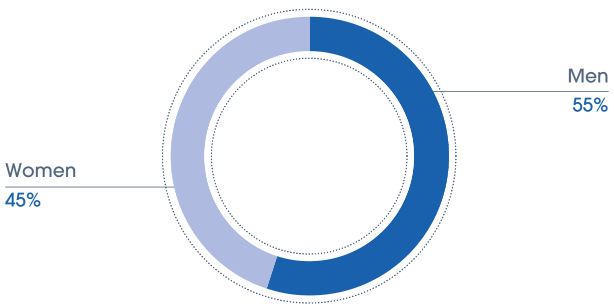
In 2018, the coverage rate was 98%.

Hiring rate of permanent staff (number of permanent hires/ permanent staff as of December 31): 22%.

In 2018, the coverage rate was 98%.

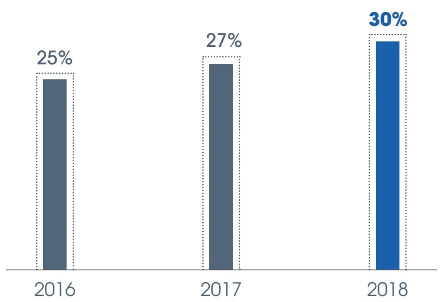
3

› BREAKDOWN OF NEW HIRES BY GENDER



In 2018, the coverage rate was 93%.

› PERCENTAGE OF NEWLY HIRED WOMEN MANAGERS



In 2018, the coverage rate was 93%.

3.3 ENVIRONMENTAL RISKS

3.3.1 HAVING THE REQUIRED ENVIRONMENTAL PERMITS FOR OUR ACTIVITIES

Challenge

Industrial laundry operations are subject to particularly strict environmental regulations. In most of the countries where Elis does business, such operations require a number of separate permits to cover industrial operations, chemical storage, withdrawal of water resources from the natural environment, and the discharge of industrial wastewater.

In France, for example, each French processing site that washes more than five tons of linen per day is subject to a prefectural-level operating authorization or registration requirement, pursuant to France's regulation on classified facilities for the protection of the environment (ICPE), which sets, among other things, limits on water withdrawal, discharges into water, air emissions and waste management.

Policy

Elis makes every effort to ensure that it is in compliance with legal requirements, regardless of the country of operations, and that its industrial laundries have the necessary approvals and permits covering the entire operating cycle.

Measures implemented

Organizational structure *vis-à-vis* the environment

The Group's Quality, Safety and Environment (QSE) manager, who reports to the Group Engineering and Purchasing Director, is a member of the Executive Committee and is responsible for defining the Group's environmental policy and environmental risk prevention policy. A team of environmental engineers assists her with regulatory compliance management.

In the countries where Elis operates, QSE operational teams, or sometimes teams specifically dedicated to the environment, support the operational departments and help sites deal with the competent authorities to obtain, modify or renew permits. The teams are also responsible for helping sites manage environmental indicators and follow environmental best practices.

Operational deployment at each processing center is handled by a network of environmental officers (the plants' technical managers), who are trained in environmental best practices.

Environmental compliance

Since 2018, all Group countries have implemented a system to manage each site's environmental permits. Whenever it acquires a new company, Elis performs environmental due diligence and systematically checks that the operator is compliant with local regulatory requirements and has the necessary permits.

To support its environmental management system and promote its efforts in this area to stakeholders, Elis holds ISO 14001 certification for a total of 128 sites, mainly in Germany (24), Sweden (24), Denmark (18), Spain (19), Norway (9), the Netherlands (9) and Poland (7).

Investments in environmental provisions and compliance

Elis invests in compliance and in improving its environmental performance every year. The amounts invested are mainly allocated to improving the on-site pretreatment of water discharges, monitoring action plans following inspections by government environmental agencies, and the remediation of closed facilities.

Elis also regularly assesses its environmental provisions, especially when acquiring new companies.

Key performance indicator (KPI) and outcomes

Number of countries with a system for managing environmental permits: 100%.

In 2018, the coverage rate was 100%.

AMOUNTS AND RESOURCES DEDICATED TO COMPLIANCE AND PREVENTION OF ENVIRONMENTAL RISK AND POLLUTION

(In millions of euros)	2018
Compliance costs	5.4
Environmental provisions and guarantees	69.4
Compensation paid for environmental litigation	0.0

In 2018, the coverage rate was 100%.

3.3.2 SUSTAINABLE USE OF WATER RESOURCES

Challenge

Unlike traditional modes of consumption, the rental and maintenance model – which fully fits into the product-service system – enables Group customers to benefit from Elis's services without having to purchase any products (workwear, etc.). This model simplifies customers' lives while also reducing pressure on natural resources and the environment. This approach also extends products' service lives and maximizes their use by naturally promoting their repair, reuse and recycling.

In 2008, the Elis Group participated in the "Chantier 31" working group to study the product-service system as part of France's Grenelle de l'Environnement initiative. Specifically, it demonstrated the benefits of this model on its workwear service. This service's life cycle analysis was updated in 2015. Through process optimization, **Elis's workwear rental and laundry service is able to reduce water consumption by nearly 50%** compared to a solution based on the purchase of workwear and in-house laundering.

Water supply is crucial to operating an industrial laundry, in large part due to the activity of washing laundry. The Group's processing centers obtain their water either from an underground supply (wells) or from the public drinking water system.

Policy

In accordance with its Quality, Health, Safety and Environment policy, Elis's environmental commitments are primarily aimed at furthering the circular economy aspect of its business model and improving its performance in terms of natural resource consumption.

Thanks to a concerted capital expenditure program and the deployment and promotion of water saving best practices, the Elis Group has reduced its water consumption per kilogram of linen treated between 2% to 5% per year since 2008.

In France, for instance, Elis achieved its water-saving target to reduce water consumption 25% by 2020 in December 2016.

Water
30.7%
savings per kilogram of laundry washed since 2010
AREA: FRANCE

Measures implemented

Reduction in water consumption

The **optimization measures** implemented in recent years have been based on the following:

- widespread use of heavy-duty tunnel washers: equipped with separate compartments, they allow laundry to progress through the different processing stages by moving from one compartment to another;
- regular monitoring of plants' water meters to prevent any losses;
- 44 water- and energy-related audits conducted;
- optimization of washing equipment (fine-tuning of water flow monitoring) and related washing programs;
- recycling of washing equipment;

- recycling of wastewater discharged from plants to partially replenish the washing process with new water;
- updating of washing equipment as soon as possible;
- selection and management of the detergents used for the industrial process (which affects water consumption);
- gradual replacement of powdered detergents with liquid detergents, which are easier to rinse and therefore consume less new water.

Matching water needs with local resources

When choosing sites for its new processing plants, Elis conducts a hydrogeological survey to determine whether its water supply can be obtained from wells or from other sources (recycled water, municipal water, etc.) and consults with the competent authorities regarding the technical and regulatory feasibility of the provision of process water.

When planning to expand its operations, Elis verifies whether it has sufficient supply and implements measures to adapt to local constraints.

Before acquiring a new company, Elis performs environmental audits and systematically checks that the operator has the necessary resources.

The Group also complies with any exceptional measures that may be determined by the authorities in the event of drought: these go hand-in-hand with the continuous reduction of water consumption.

Climate change

The measures implemented by Elis to reduce its water consumption have helped reduce the potential consequences of droughts.

Risks related to climate change also include potential changes to flood risk prevention programs. Elis is incorporating appropriate constructive measures when building its new buildings.

Key performance indicator (KPI) and outcomes

In 2018, 130 plants in the Elis North countries (integrated following the Berendsen acquisition) updated their indicators in order to standardize how they managed their water consumption and performance with the rest of the Group.

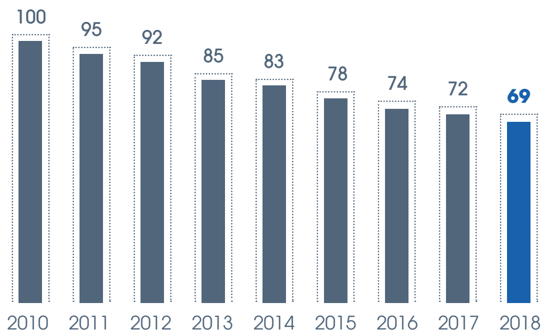
Ratio of water consumed per kg of linen treated: 9.6.

In 2018, the coverage rate was 98% (industrial laundry sites).

Annual use of water for the Group's business: Water consumption (in millions of m³): 16.3.

In 2018, the coverage rate was 98% (all sites).

› WATER CONSUMPTION – L/KG – FRANCE



3.3.3 WASTEWATER MANAGEMENT

Challenge

Since the nature of wastewater from laundries is the same as household wastewater, the vast majority of Elis's laundry facilities are connected to the municipal wastewater networks in France and other European countries. All industrial wastewater discharged into municipal networks is pretreated or treated on site before being discharged. It is then treated by a municipal wastewater treatment plant. The permanence of these connections, or of the possibility of discharging wastewater into the natural environment itself once it has been treated, is key to growing the Group's business while limiting its impact on the natural environment.

In many European countries, discharges into water are subject to authorizations by local authorities (discharge agreement or decree) setting the conditions for discharges into municipal networks before treatment at wastewater treatment plants. When so required by local regulations, these specifications are also included in environmental permits covering discharges to municipal treatment plants or into the natural environment.

Policy

The Elis Group ensures that it has discharge permits for the wastewater resulting from activities and manages its wastewater in accordance with local regulatory requirements. It has been committed to reducing its water consumption for many years and, consequently, the volume of its industrial wastewater discharges: one cubic meter of unused water saves one cubic meter of discharged wastewater.

In addition, thanks to the self-monitoring of wastewater performed through regular analyses at most sites, the Elis Group has acquired in-depth knowledge of the quality of its wastewater and is working on improving it. Depending on local conditions, some of Elis's plants may have their own water treatment and pretreatment stations to ensure consistent discharges and quality levels.

Elis laundries are in regular contact with public sanitation services. In the event of changes in the quality or volume of a site's discharges, Elis reviews the potential measures to be implemented with the competent local authorities. If need be, the Group will invest in processes based on the treatment capacities of the local authorities and the local regulations in each country.

Measures implemented

The key measures implemented in 2018 to prevent the risks of water pollution are as follows:

- self-monitoring of industrial wastewater in accordance with the requirements of industrial wastewater discharge ordinances or prevailing regulations;
- continuation of improvement plans aimed at reducing water consumption and, by extension, the volume of water discharged;
- in Sweden, roll-out of a series of investments to improve wastewater treatment. Two new on-site wastewater treatment stations have been installed, significantly reducing the amount of metals in wastewater discharges;
- in Belgium, study under way to limit the eco-toxicity of water discharges;
- in Brazil, water treatment facilities installed at seven sites to treat water before it is discharged into the natural environment;
- in Denmark, project under way with a university to study microplastics in wastewater;
- in France, implementation of the self-monitoring required under the new ministerial decree for laundries that includes relevant micropollutants; commissioning of a biological wastewater treatment station at a plant in southwest France to reduce its discharges.

Key performance indicator (KPI) and outcomes

% of wastewater treated before being discharged into the natural environment: 99.9%

In 2018, the coverage rate was 100%.

3.3.4 CHANGES IN COSTS RELATED TO ENERGY CONSUMPTION

Challenge

Intent on limiting its environmental footprint, in particular by reducing its greenhouse gas emissions and making better use of natural resources, the Group has been continuously improving its thermal energy performance over the last ten years in Europe, thanks to its energy policy. Its efforts in this area underpin the Group's resolve to strengthen its leadership position and involve all stakeholders, from the design and purchase of equipment to the daily operation of our facilities, in the ongoing quest for optimal energy consumption. This approach is fully in line with the Elis Group's drive for operational excellence.

Events such as changes in supply and demand, changes in energy-related taxes, or political events in oil- and gas-producing countries can cause fluctuations—sometimes significant—in the price of the thermal energy and electricity required to operate the Group's laundry facilities and processing centers. For this reason, the Group pays close attention to its energy costs and expected trends.

Policy

In accordance with its Quality, Health, Safety and Environment policy, Elis's environmental commitments are aimed at reducing its consumption of natural resources, especially when it comes to energy, and reducing its environmental footprint. The goal is to ensure that both consumption and related costs are kept under control.

The Group has a centralized purchasing department supplemented by local buyers in the key countries where it operates. It has also implemented appropriate processes to ensure that purchases in Europe are coordinated by the central department. The Purchasing Department actively monitors changes in energy costs and contracts with preferred suppliers. This allows it to plan for any potential changes and avoid fluctuations in its energy bills.

The policy to reduce energy consumption, which is fully in line with the Group's drive for operational excellence, underpins the following program, which is designed to:

- continuously improve the energy performance of processes, buildings and the vehicle fleet by incorporating energy efficiency criteria at the facility design phase, encouraging the purchase of energy-efficient appliances and services, and implementing best practices for efficient and rational use of energy at existing facilities;
- analyze significant energy consumption items (gas, fuel oil, electricity and fuel);
- monitor improvements in energy performance through appropriate indicators and communicate them to all relevant levels of the organization to help achieve the objectives and targets set;
- adapt energy use and consumption and maintain equipment and buildings so that they are always in compliance with legal and other relevant requirements;
- involve all employees and external partners so that everyone is aware of their roles and responsibilities in the Group's overall energy performance.

Energy

25.8%

savings per kilogram of laundry washed since 2010

AREA: FRANCE

The program is further strengthened by Elis's efforts to obtain ISO 50001 energy management system certification, which was awarded to 77 European sites in 2018. 54 sites in France are SGS-certified and 21 sites in Germany are ISO-certified.

In Norway, three sites have been awarded the Nordic Swan Ecolabel for textile services, a standard that sets strict limits on energy consumption. In Denmark, 17 plants also have Nordic Ecolabel certification.

Since 2010, the French segment has improved its performance by 25.8%, exceeding the target of a 25% reduction set for 2020 more than two years ahead of schedule. Elis France has therefore updated its target to a 30% reduction to further improve its thermal energy performance between 2010 and 2025.

Elis Netherlands is involved in a voluntary energy efficiency program aimed at reducing its consumption by 20,000 MWh by 2020 across all sites.

Measures implemented

The Group continues to implement measures to reduce its energy consumption and energy costs. The main measures are described below:

- 44 energy diagnostics performed in 2018 at selected sites by the Process Engineering team in collaboration with the processing center teams;
- central management of energy indicators (gas and electricity consumption). Consumption reduction goals are defined annually for each center;
- centralized monitoring of heat exchanger output for reheating process water and of the status of steam trapping equipment;
- investment in equipment that allows for energy recovery or lower consumption (synchronized heat exchangers, the latest burner and drying equipment technology that consumes less gas, systematic installation of gas meters, and installation of low-pressure heaters and reverse osmosis units in boilers) ;
- ongoing insulation of points of concern;
- the Process Engineering team also reviewed "standard" settings in order to get the best compromise between quality and energy consumption, and successfully tested low-temperature washing. This led to the creation of two fact sheets, Tunnel Finisher Settings and Ironing Machine Suction Settings, which were distributed to the processing plants.

Numerous improvement plans are being carried out in all Group countries. For example, in Sweden, Elis operates five laundries that use biogas. The substitution for natural gas reduces its CO_2 emissions by 4,000 tons per year and increases the percentage of renewable energy used to over 52%.

In Europe, Elis opened its first three "zero steam" (boiler-free) laundries in Barcelona, Torres Vedras and Helmond. These plants are now among the Group's best-performing plants in terms of consumption of thermal energy per kilogram of linen treated. Furthermore, the new plant in Barcelona is equipped with solar panels to produce the heat required for the washing vats.

Key performance indicator (KPI) and outcomes

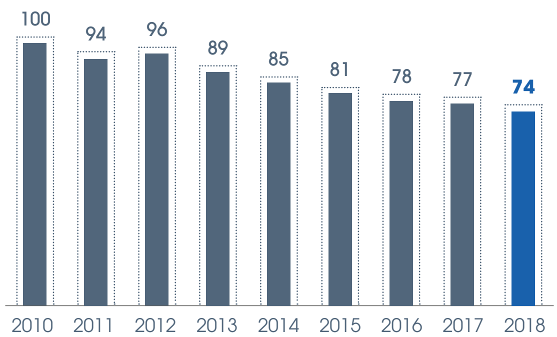
Amount spent on energy (in millions of euros): 120.6.

In 2018, the coverage rate was 98.4% (all sites).

Ratio of thermal energy consumption (excluding fuel for vehicles) in kWh per kg of linen treated: 1.37.

In 2018, the coverage rate was 98.4% (industrial laundry sites).

ENERGY CONSUMPTION IN KWH/KG – FRANCE



Elis continues to implement measures to reduce its thermal energy consumption (mainly natural gas) per kilogram of linen treated, and in 2018 improved its performance in France by 3.8% compared to 2017.

3.3.5 REDUCTION IN FUEL CONSUMPTION

Challenge

With several hundred thousand customers in Europe and Latin America, the logistics service provided by the Group's vehicles accounts for a significant portion of the Group's CO_2 emissions and its consumption of fossil fuels. This is the subject of an optimization strategy deployed in close coordination with the Group's sites, with ongoing priority objectives to limit fuel consumption and reduce emissions of pollutants and nitrous oxides (NOx). Elis is also adapting its delivery fleet to account for sustainable policies related to low-emission zones.

Policy

Elis's Quality, Safety and Environment policy underscores the Group's commitment to improving its performance in terms of natural resource consumption and thus limit its greenhouse gas emissions.

To that end, the operating sites, with the assistance of the Logistics Department, are implementing route optimization plans. The Logistics Department makes sure that the most suitable delivery vehicles are used, manages logistical dashboards and produces strategic studies related to industrial strategy and site location.

Elis manages and reduces its fuel consumption by consolidating its delivery trips, promoting eco-driving, maximizing the fill rate of its trucks, and improving the performance of its vehicle fleet.

Lastly, the Group actively monitors future developments in alternative energy trucks in order to diversify its fleet.

Measures implemented

Management of fuel performance

To better manage energy performance related to fuel consumption, the Group has been progressively implementing a single vehicle fleet management tool supplied with fuel consumption data. The fuel consumption of each vehicle is thus easier to monitor and tracked locally and centrally.

Maximization of vehicle fill rate

To optimize travel while guaranteeing high service quality, the Group's Field Agents have one objective: "full vehicles in both directions." A delivery vehicle never returns empty, as the return journey to the processing center is an opportunity to transport soiled linen/clothing, empty water cooler bottles, etc.

Reducing distances traveled

The Logistics Department lends its expertise to all service centers to optimize routes using special software. These operations aim to concentrate deliveries to a limited number of areas and assign customers to the nearest delivery centers.

Elis is also launching the GLAD (Google Logistics Assistant for Drivers) project to assist operational staff in the field. Field Agents will have a PDA that shows them the best route in real time. This system will also promote eco-driving, since it will inform the driver if it detects excessive speed or braking.

Eco-driving awareness

Best practices have been strengthened and action plans drawn up across the entire Group. Field Agents are audited during rounds with their managers in order to assess, reiterate and raise awareness of good driving practices.

In the Netherlands, some one hundred drivers assess and compare their eco-driving results daily using the tracking system installed on their fleet. A mobility plan was introduced with a set of measures that includes eco-driving, carpooling and the use of shuttles to transport employees.

In the United Kingdom, the practice of eco-driving combined with the use of a navigation system reduced vehicle fuel consumption by 6% in 2018. A significant reduction in average speed was also observed.

Improved vehicle fleet performance

Controlling fuel consumption also involves the improvement of the vehicle fleet's performance. Since 2008, the Elis Group has been upgrading its vehicle fleet on a regular basis, thereby increasing the payload of its light vehicles from 800 kg to 1,200 kg. Moreover, the replacement of the former Euro 6 standard light vehicles and heavy goods vehicles means that all new vehicles are equipped with latest-generation particle filters.

Key performance indicator (KPI) and outcomes

Ratio of fuel consumed in liters per euro of revenue: 0.013.

The coverage rate is 96.3%.

In 2018, Elis purchased new alternative energy vehicles (hybrids, electric vehicles, NGVs) following tests carried out in previous years. The Elis Group now has 30 hybrid vehicles, 13 electric vehicles, and six vehicles powered by natural gas.

3.4 RESPONSIBLE PURCHASING

Challenge

The Purchasing and Procurement Department plays an important role in selecting suppliers, products and services throughout the world. At Elis, item quality is a constant priority. As such, purchases of textile products and HWB appliances are a key concern.

Therefore, it naturally gravitates toward genuine partnerships, fostered by recurrent collections and stable production cycles. Most of the Company's suppliers have built and continue to build strong relationships with Elis, some of them going back more than 20 years. These relationships are essential to the Company's long-term success and the satisfaction of its customers.

The standards imposed by the Group on its suppliers and subcontractors in terms of fair practices, human rights, health and safety, and environmental protection are set out in a Sustainable and Ethical Purchasing Charter.

Policy

Since 2006, the Group's commitment has been detailed in its Sustainable and Ethical Purchasing Charter, also known as the Supplier Code of Conduct, which describes Elis's relationships with suppliers beyond the mere purchase of goods and services.

The Charter, which is central to the Group's purchasing policies, is integrated into the ISO 9001 documentation system of the Purchasing Department. This system is used to support the deployment of the Charter among all tier 1 suppliers (i.e., suppliers with whom Elis has a direct business relationship) as well as tier 2 suppliers (but only in situations where Elis imposes the choice of weaver on the manufacturer).

Elis has established a risk assessment matrix for its suppliers related to corporate social responsibility so that it can conduct periodic CSR assessments of all suppliers of linens and HWB products. Any new supplier of items for any Elis service or product must have a satisfactory CSR assessment in order to be listed.

Elis also requires Oeko-Tex certification for all textiles delivered, in accordance with its Sustainable and Ethical Purchasing Charter. This standard is a worldwide testing and certification system involving tests for harmful substances, including prohibited and regulated substances, chemicals that are known to pose health risks, and precautionary parameters relating to healthcare.

Lastly, Elis procures its supplies from Europe, Asia and Africa, with most being sourced from Europe, especially France. For example, Elis's coffee supplier, Malongo, and its paper and soap suppliers are all based in France. Furthermore, to ensure the sustainability of the French supply chain, Elis guarantees constant volumes to its European partners, helping them remain competitive and safeguarding local jobs. More than 38% of textiles and HWB purchases were made in Europe in 2018.

Measures implemented

Our responsible and ethical purchasing policy applies to all our suppliers, whether new or existing. Each supplier must sign the responsible purchasing charter when entering into or renewing a contract.

The Purchasing Department assesses the CSR of all its suppliers using a risk assessment matrix. Any new supplier must have a satisfactory CSR assessment in order to be listed. This CSR assessment first examines the risk of the geographic region where the supplier operates based on internationally recognized indicators. For high- and moderate-risk regions, the supplier's CSR assessment will qualify as satisfactory if the supplier has a recognized certification, such as ISO 26000 or ISO 14001/SA8000, or has undergone an external CSR audit (e.g. SMETA or BSCI). If the supplier does not have this qualifying assessment, Elis will commission a CSR audit to be conducted by an independent third party according to its own specifications. Elis monitors the action plans resulting from such audits.

Elis is gradually rolling out this assessment to the entire supplier base, which has grown in size since the integration of the Berendsen Group and the other companies acquired in 2018. The Purchasing Department prioritizes this action for strategic suppliers, as defined in the Group's purchasing strategy.

Key performance indicator (KPI) and outcomes

Percentage of direct purchases covered by a supplier's CSR assessment: 91%.

In 2018, Elis commissioned 19 CSR audits.

3.5 SUMMARY OF ENVIRONMENTAL AND SOCIAL INFORMATION

3.5.1 SUMMARY OF ENVIRONMENTAL INFORMATION

	Unit	Group, 2018
SCOPE		
Gross revenue of sites within the scope	Millions of euros	3,104,975
Number of sites included in the scope	Number of sites	444
GENERAL ENVIRONMENTAL POLICY		
ISO 14001 certified sites	Number of sites	128
ISO 50001 certified sites	Number of sites	77
Amount of compliance costs	Millions of euros	5.4
Amount of environmental provisions and guarantees	Millions of euros	69.4
Amount of compensation paid for environmental litigation	Millions of euros	0.0
POLLUTION PREVENTION AND WASTE MANAGEMENT		
Total amount of waste generated	Tons	36,111
Amount of hazardous waste generated	Tons	6,308
Proportion of hazardous waste recovered	%	27
Amount of non-hazardous waste generated	Tons	29,803
Proportion of non-hazardous waste recovered	%	58
Amount spent on waste treatment	Millions of euros	6.1
Amount generated through waste recovery	Millions of euros	0.76
SUSTAINABLE USE OF RESOURCES		
Total volume of water consumed	Millions of m^3	16.3
Amount spent on water consumption	Millions of euros	12.8
Volume of industrial wastewater discharged	Millions of m^3	13.9
Volume of industrial wastewater treated	Millions of m^3	13.9
Total energy consumption	MWh (HHV)	2,721,191
Electricity consumption	MWh	411,868
Consumption of renewable energy	MWh (HHV)	430,612
Consumption of natural gas/propane/butane	MWh (HHV)	1,738,267
Consumption of fuel oil (excluding fuel for vehicles)	MWh (HHV)	61,459
Consumption of other energy sources	MWh (HHV)	78,985
Amount spent on energy consumption	Millions of euros	120.6
Total fuel consumption	Thousands of liters	41,405.3
Gasoline consumption	Thousands of liters	617.8
Diesel consumption	Thousands of liters	40,787.5
Amount spent on fuel consumption	Millions of euros	47.1
FIGHT AGAINST CLIMATE CHANGE		
Direct GHG emissions – Scope 1	Kt CO_2 eq.	450.3
Direct GHG emissions – Scope 2	Kt CO_2 eq.	101.5
Total GHG emissions	Kt CO_2 eq.	551.8

3.5.2 SUMMARY OF SOCIAL INFORMATION

	Unit	Group, 2018
TOTAL WORKFORCE	**Number of employees**	**47,291**
PERMANENT WORKFORCE		41,062
Permanent female workforce		21,712
Permanent male workforce		19,350
Permanent managers		2,994
Permanent female managers		931
NON-PERMANENT WORKFORCE		6,229
Total workforce – France		13,046
Total workforce – Europe (excluding France)		23,153
Total workforce – Latin America		11,092
Permanent workforce aged 17 or under as of December 31		24
Permanent workforce aged 18-26 as of December 31		4,409
Permanent workforce aged 27-49 as of December 31		23,974
Permanent workforce aged 50 and over as of December 31		12,655
Based on the social reporting scope		
NUMBER OF NEW PERMANENT HIRES		9,114
Compensation	Euros	
FIXED AND VARIABLE COMPENSATION, COLLECTIVE AND INDIVIDUAL		907,559,908
Of which bonuses, collective compensation and discretionary profit sharing		17,820,254
Organization of work	%	
Proportion of full-time permanent workforce		93.6
PROPORTION OF PART-TIME PERMANENT WORKFORCE		6.40
Absenteeism rate		6.13
WORKPLACE ACCIDENTS	NUMBER	
Number of fatal accidents		0
Number of accidents with lost time		1,658
Frequency rate		19.15
Severity rate		0.71

3.6 CROSS-REFERENCE WITH THE UNITED NATIONS GLOBAL COMPACT

Category	Principles of the United Nations Global Compact	Sections
Human Rights	**1.** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	3.1 3.4
	2. Businesses should make sure that they are not complicit in human rights abuses.	3.1 3.4 See "The fight against corruption and influence peddling" in section 2.2.
Labor rights	**3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	3.1 3.4
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	3.1 3.4
	5. Businesses should uphold the effective abolition of child labor.	3.1 3.4
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	3.1 3.4
Environment	**7.** Businesses should support a precautionary approach to environmental challenges.	3.1 3.3 3.4
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	3.1 3.3 3.4
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	3.1 3.3 3.4
Fight against corruption	**10.** Businesses should work against corruption in all its forms, including extortion and bribery.	3.1 3.4 See "The fight against corruption and influence peddling" in section 2.2.

3.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT PRESENTED IN THE GROUP'S MANAGEMENT REPORT

Financial year ended December 31, 2018

To the Shareholders,

In our capacity as the Statutory Auditor of Elis (the "Company"), appointed as an independent third party and certified by COFRAC under number 3-1060 rev. 2 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial performance statement for the financial year ended December 31, 2018 (the "Statement") presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Management Board to prepare a Statement in accordance with the legal and regulatory provisions in effect that includes a presentation of the business model, a description of the main non financial risks, a presentation of the policies applied with regard to those risks, and the results of those policies, including key performance indicators.

The Statement was prepared by applying the Company's procedures (the "Reporting Framework"), the material elements of which are available upon request from the Company's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors. We have also implemented a quality control system that includes documented policies and procedures for ensuring compliance with the Code of Ethics, professional guidelines and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

It is our role, based on our work, to formulate a reasoned opinion expressing a limited assurance conclusion that:

- the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code;
- the disclosures made pursuant to Article R. 225 105(I)(3) and (II) of the French Commercial Code, namely the policy outcomes, including the key performance indicators, and actions in relation to the main risks (the "Disclosures") are fairly presented.

It is not, however, our responsibility to comment on:

- the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the vigilance plan and the fight against corruption and tax evasion;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

Our work, which is described below, was carried out in accordance with the provisions of Articles A. 225 1 et seq. of the French Commercial Code setting out the conditions under which the independent third party is to conduct its review, the professional guidelines issued by the French Association of Statutory Auditors (Compagnie nationale des commissaires aux comptes) with respect to this engagement, and international standard ISAE 3000 (Assurance engagements other than audits or reviews on historical financial information).

Our work enabled us to assess the Statement's compliance with the regulations in force and the fair presentation of the Disclosures:

- we learned about the business of each of the companies included within the scope of consolidation, the major social and environmental risks affecting that business, and their impact on respect for human rights and the fight against corruption and tax evasion, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Reporting Framework in terms of its relevance, completeness, reliability, objectivity and clarity, taking into account industry best practices, where appropriate;
- we verified that the Statement covers each category of social and environmental information provided for in Article L. 225 102 1(III), as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation of the reasons for not including the information required by the second paragraph of Article L. 225-102-1(III);
- we confirmed that the Statement describes the business model and the main business risks affecting all of the entities included in the scope of consolidation, including, where relevant and proportionate, the risks arising from their business relationships, products and services, as well as policies, actions and outcomes, including key performance indicators;

- we checked that the Statement contains the information required under Article R. 225-105(II), where relevant in view of the main risks or policies presented;
- we assessed the selection and validation process for the main risks;
- we inquired about the existence of internal control and risk management procedures put in place by the Company;
- we examined the coherence of the key performance indicators selected and outcomes in view of the main risks and policies presented;
- we verified whether the Statement covers the entire scope of consolidation, i.e. all of the companies included in the scope of consolidation in accordance with Article L. 233-16, subject to the limits set out in the Statement;
- we evaluated the data-gathering process put in place by the Company to ensure that the Disclosures are fair and complete;
- we conducted the following for the key performance indicators and other quantitative results we considered material, as listed in the appendix:
  - analytical procedures to check that the data gathered had been consolidated correctly and that trends in the data were consistent;
  - a thorough examination on a test basis to verify the correct application of the definitions and procedures and reconcile the data with the supporting documents. The audit was carried out on a selection of contributing entities (Elis Sweden and Elis France). It covers 29% of the consolidated workforce, considered representative of the human resources component, and 40% of the consolidated revenue, considered representative of the environmental and societal component;
- we checked the sources of the documentation provided and conducted interviews to corroborate the qualitative information (actions and outcomes) that we considered material, as listed in the appendix;
- we assessed the overall consistency of the Statement with our knowledge of all of the companies included in the scope of consolidation.

We consider that the work carried out by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

MEANS AND RESOURCES

Our work called on the expertise of four people and took place in February 2019 over a total engagement period of approximately four weeks.

We were assisted in our work by our specialists in sustainability and corporate social responsibility. We conducted approximately 15 interviews with the persons responsible for preparing the Statement, mainly from the Legal, Environment and CSR Quality departments.

CONCLUSION

Based on our work, we have not identified any material misstatement that causes us to believe that the non-financial performance statement is not consistent with applicable regulations or that the Disclosures, considered as a whole, are not presented fairly in accordance with the Reporting Framework.

Neuilly-sur-Seine, March 6, 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Bruno Tesnière Partner	Pascal Baranger Director, Sustainable Development Department

APPENDIX: LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST MATERIAL

Key performance indicators and other quantitative results:

- the workforce as at 12/31/2018;
- the number of permanent employees as at 12/31/2018;
- the percentage of employees covered by an employee survey, the results of which were either stable or had improved;
- the number of work-related accidents;
- the number of theoretical hours worked;
- the number of lost work days in 2018 as a result of a work-related accident;
- frequency rate and severity rate of work-related accidents;
- the number of days absent, paid or unpaid, for short absences (seven days or less);
- the percentage of short absences (seven days or less) out of all absences;
- the number of employees present during the year who had no days absent in 2018;
- the number of employees present in 2018;
- the number of new permanent salaried hires in 2018;
- the hiring rate of permanent staff;
- the percentage of countries with a system for managing environmental permits;
- water consumption (well water, municipal water, rainwater, etc.);
- the number of kilograms of linen treated in 2018;
- the ratio of water consumed in liters per kilogram of linen treated;
- the annual volume of water treated prior to discharge into the natural environment in cubic meters;
- the annual volume of water discharged into the natural environment in cubic meters;
- the percentage of the annual volume treated prior to discharge into the natural environment in cubic meters, relative to the total annual volume discharged into the natural environment in cubic meters;
- energy consumption (electricity, gas, heating oil, fuel, renewable energy);
- total energy consumption (excluding fuel) per kilogram of linen treated;
- the ratio of fuel consumed in liters per euro of revenue;
- the percentage of direct purchases covered by a supplier's CSR assessment.

Qualitative information (actions and outcomes):

- the spreading of Elis's values in all former Berendsen countries;
- the return to work interview as part of the management of short-term absenteeism;
- the partnerships targeted as part of talent acquisition;
- the system for managing environmental permits in all Group companies;
- optimization measures that have reduced water consumption;
- the investment program in Sweden to manage the discharge of wastewater;
- performing energy diagnostics as part of the changes in costs related to energy consumption;
- CSR audits conducted with Elis's strategic suppliers;
- actions implemented in 2018 to address health and safety risk.

“

The Company is a French joint-stock corporation (*société anonyme*) with a Management Board and Supervisory Board. It is governed by applicable laws and regulations and its bylaws.

This dual organization segregates the management duties of the Management Board and the management oversight duties of the Supervisory Board, a shareholders’ representative body.

The Supervisory Board is assisted by two special committees, the Audit Committee and the Appointments and Compensation Committee.

The Company’s bylaws and the Supervisory Board’s rules of procedure are available at the Company’s registered office and can be viewed on the Company’s website (www.corporate-elis.com).

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4

Corporate governance

4.1 SUPERVISORY BOARD'S REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, the Supervisory Board's report provides information regarding corporate governance. The report includes information specific to companies with supervisory boards referred to in Articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code, as well as the Supervisory Board's observations regarding the Management Board's report and the financial statements for the period.

The Chairman of the Supervisory Board tasked the Finance, Legal and Internal Audit Departments with carrying out preparatory steps for this report, which was then reviewed by the Appointments and Compensation Committee and approved by the Supervisory Board on March 6, 2018.

Note that the Appointments and Compensation Committee assisted with the preparation of the section of the report that presents the principles and criteria for determining, structuring and awarding corporate officers' elements of compensation for 2018 and the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to members of the Management Board and Chairman of the Supervisory Board for financial year 2018.

4.1.1 GOVERNANCE

4.1.1.1 Corporate governance code

In drafting the Supervisory Board's report on corporate governance, the Company referred to the AFEP-MEDEF Code, which was revised in June 2018. The English version of the code is available on the AFEP website.

In the context of the "comply or explain" rule stipulated in Article L. 225-7-4 of the French Commercial Code, to which reference is made in Article L. 225-68 of the Commercial Code, and as referred to in Article 27 of the AFEP-MEDEF Code of June 2018, the Company believes that its practices comply with the recommendations of the AFEP-MEDEF Code, with the exception of the following recommendations:

Deviations from the provisions of the AFEP-MEDEF Code	Explanation
Board sessions and committee meetings Article 10.3: *"It is recommended that at least one meeting be held every year from which executive corporate officers are excluded."*	There is no formal meeting specifically excluding executive corporate officers (who are members of the Management Board), but these officers do not attend Supervisory Board discussions about compensation policy or the level of achievement of targets related to their variable compensation.

4.1.1.2 General management of the Group

The Management Board and Executive Committee, both of which are chaired by the Chairman of the Management Board, Xavier Martiré, oversee the general management of the Group. The Executive Committee is composed of members of the Management Board and the Group's deputy chief operating officers and support function directors (see the simplified organizational chart in chapter 1, section 1.3 "Group operation"). The general management team, which was expanded in 2017 following the Berendsen acquisition with the appointment of two new members, did not undergo any changes in 2018.

The Management Board

Composition of the Management Board – Terms of office – Termination of office (Articles 12 and 13 of the bylaws)

The Management Board is composed of three to seven members, appointed by the Supervisory Board. The Management Board performs its duties under the oversight of the Supervisory Board in accordance with the law and the bylaws. The members of the Management Board may be chosen from among non-shareholders but must be natural persons. They are always re-electable. No member of the Supervisory Board may be a member of the Management Board.

The age limit for performing the duties of a member of the Management Board is set at 68 years. Members of the Management Board will be deemed to have resigned from office after the General Shareholders' Meeting called to approve the financial statements for the year in which they turn 68.

Member of the Management Board may have an employment contract with the Company that remains in effect for their entire term of office and after expiration of their term of office.

Each member of the Management Board is subject to the legal and regulatory provisions applicable to holding multiple offices. Pursuant to the recommendations of the AFEP-MEDEF Code, each member of the Management Board must obtain prior approval from the Supervisory Board before accepting a new corporate office in a listed company outside the Group (Article 3.3 of the Supervisory Board's rules of procedure).

The members of the Management Board are appointed for four years. In the event of a vacancy of a seat, in accordance with the law, the Supervisory Board appoints a replacement for the remaining duration of their predecessor's term of office.

Any member of the Management Board may be removed from office, either by the Supervisory Board or by the General Shareholders' Meeting on a proposal from the Supervisory Board. If the removal is decided without just cause, it may give rise to damages. The removal of members of the Management Board does not bring about the termination of their employment contract, if they have an employment contract with the Company.

The Supervisory Board appoints one of the members of the Management Board as Chairman, who represents the Company in its relations with third parties. The Chairman of the Management Board performs his or her duties throughout his or her term of office as a member of the Management Board.

The Supervisory Board may attribute the same representation powers to one or more members of the Management Board, who then have the title of Chief Executive Officer.

The Supervisory Board may remove members of the Management Board from the position of Chairman, and, if applicable, Chief Executive Officer, at any time.

Vis-à-vis third parties, all acts that are binding on the Company must be duly performed by the Chairman of the Management Board or by any member having received the title of Chief Executive Officer from the Supervisory Board.

At the Supervisory Board meeting on March 6, 2018, a decision was taken to reappoint the entire Management Board upon the expiration of their term of office, i.e. on September 5, 2018, for an additional four-year term. As at the date of this registration document, the Management Board has three members:

Full name	Nationality	Age	Number of shares Elis[(b)]	Role	First appointed on	Start of current term of office	Expiration of current term of office
Xavier Martiré	French	47	59,558	Chairman of the Management Board	October 21, 2008[(a)]	September 5, 2018	September 5, 2022
Louis Guyot	French	46	46,726	Member of the Management Board	September 5, 2014	September 5, 2018	September 5, 2022
Matthieu Lecharny	French	49	21,275	Member of the Management Board	September 5, 2014	September 5, 2018	September 5, 2022

(a) Chairman of the Company under its former structure as a French simplified limited liability company.
(b) As at December 31, 2018 (see chapter 8, section 8.5.3, which describes transactions in the Company's shares carried out by its executives in 2018).

4

Role, responsibilities and operation of the Management Board

Meetings of the Management Board (Article 14 of the bylaws)

The Management Board meets as often as the Company's interests require it to do so, as requested by the Chairman or at least half of its members, either at the registered office or at any other location stated in the notice convening the meeting. Items may be added to the agenda at the meeting. Notice of meetings may be provided by any means, including verbally.

A member of the Management Board may be represented at a meeting by another member of the Management Board, who may not hold more than one proxy. The Chairman of the Management Board chairs the meetings. If the Chairman is absent, the Management Board appoints one of its members to chair the meeting.

The deliberations of the Management Board are valid only if at least one half of its members are present or represented. Decisions are made by a majority of the votes of the members who are present or represented. In case of a tie, the meeting's Chairman will have the casting vote.

Members of the Management Board may participate in Management Board meetings *via* video conference or other means of telecommunication under the conditions authorized by the regulations in force that are applicable to Supervisory Board meetings. They are then deemed present for the purposes of quorum and majority.

Deliberations are recorded in minutes taken in a special register held at the registered office and signed by the Chairman and by the Secretary or another member of the Management Board. Copies or excerpts of these minutes are duly certified by the Chairman, Secretary or a member of the Management Board.

Powers and obligations of the Management Board (Articles 15 and 20 of the bylaws)

The Management Board is vested with the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to the powers expressly granted by law and the bylaws to the Supervisory Board and General Shareholders' Meetings.

No restrictions on the powers of the Management Board are enforceable against third parties, and third parties may make claims against the Company to fulfill the commitments made on its behalf by the Management Board's Chairman or a Chief Executive Officer, if their appointments have been duly announced.

The members of the Management Board may, with the Supervisory Board's authorization, divide management tasks among themselves. However, such division does not under any circumstances release the Management Board from meeting and deliberating on the most important matters for the Company's management, nor may such division be asserted as a cause for releasing the Management Board and each of its members from joint and several liability.

The Management Board may assign one or more of its members or any person chosen from outside the Management Board special, permanent or temporary duties as defined by the Board and delegate to them the powers it deems necessary for one or more determined purposes, with or without the right to further delegate said powers.

The Management Board prepares and presents to the Supervisory Board the reports, budgets and quarterly, half-year and annual financial statements, forecast management documents and the terms of the Group's management report. These documents are submitted to the Supervisory Board for review.

The Management Board calls all General Shareholders' Meetings, sets their agenda and carries out their decisions.

The members of the Management Board are liable to the Company or to third parties, individually or jointly and severally, as applicable, for any violation of the legal provisions governing French joint-stock corporations (*sociétés anonymes*), any violation of the bylaws and any breach of duty committed in their management, all under the conditions and subject to the penalties provided by applicable law.

Decisions and transactions within the Company or its controlled subsidiaries as defined by Article L. 233-3 of the French Commercial Code subject to prior approval by the Supervisory Board (Article 20.IV of the Company's bylaws and Article 3.2 of the Supervisory Board's rules of procedure):

- any proposal to the General Shareholders' Meeting of the Company to amend the Company's bylaws;
- any proposal of resolutions to the General Shareholders' Meeting of the Company relating to the issuance or buyback of shares or securities giving access, immediately or in the future, to the Company's share capital;
- any transaction that may lead, immediately or in the future, to an increase or decrease in the Company's share capital, through the issue or cancellation of securities;
- any proposal to the General Shareholders' Meeting of the Company to allocate income, distribute dividends, or distribute interim dividends;
- any implementation of stock option plans or bonus share plans, and any grant of stock options or bonus shares within the Group;
- the appointment, reappointment or removal of the Company's Statutory Auditors;
- significant transactions likely to affect the Group's strategy and modify its financial structure or its scope of business, and which may have an impact of 5% or more on the Group's EBITDA;
- the adoption of the Company's annual budget and investment plan;
- any loan, financing or partnership agreement, and any issuance of non-convertible bonds of the Group if the amount of the transaction or agreement, whether occurring at a single time or several times, exceeds €100 million;
- acquisitions, extensions or disposals of investments made by the Group in any companies formed or to be formed in an amount greater than €20 million in enterprise value;
- any transaction plan of the Group whose investment or divestment amount is greater than €20 million if such transaction has not been included in the budget or in the investment plan;
- any decision to perform a merger, demerger, partial asset contribution or similar transaction involving the Company;
- in case of disputes involving the Group, arbitration awards and settlement agreements greater than €5 million;
- any significant change in the accounting policies applied by the Company other than those based on amendments to IAS/IFRS;
- any agreement subject to Article L. 225-86 of the French Commercial Code.

Executive Committee

The Management Board is assisted in its duties by an Executive Committee chaired by Xavier Martiré and composed of the principal chief operating officers and support function directors. The Executive Committee had 11 members as at the date of this registration document.

Group diversity policy (the Company's Executive Committee and 10% of senior positions) Law of September 5, 2018 for the freedom to choose one's professional future

The Company has set a goal to reduce the representation gap of women and men in certain job categories, thereby increasing the number of women in positions with greater responsibility (including Executive Committee positions). Various measures have been taken to reach this goal. These include initiatives at Grandes Écoles and universities in France to inform students about Elis's different business areas, where particular attention has been paid to promote women to management positions.

Between 2016 and 2018, the percentage of women managers increased from 25% to 31%.

Presentation of the members of the Management Board

In accordance with Article L. 225-37-4 of the French Commercial Code, the following information includes the personal details and main roles and responsibilities of the members of the Management Board as at the date of this registration document (information current as at December 31, 2018).

XAVIER MARTIRÉ

CHAIRMAN OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis-Loucheur
92210 Saint-Cloud – France

Date of birth: January 18, 1971

BIOGRAPHY: Xavier Martiré began his career at SNCF in 1997 as a TGV (high-speed train) maintenance workshop foreman. He joined the Elis Group in 1999 as a Profit Center Director and subsequently held positions as Regional Manager and Deputy CEO in charge of business in France, before being appointed Chairman of the Company in 2008. Xavier Martiré holds degrees from *École polytechnique* and *École nationale des ponts et chaussées*.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Chairman and Chief Executive Officer of Elis Services SA
- Chairman and Chief Executive Officer of MAJ
- Director of Pierrette TBA SA
- Chairman of the Board of Berendsen Ltd (a company incorporated under English law)
- Member of the Board of Berendsen A/S (a company incorporated under Danish law)
- Chairman of Elis Luxembourg SA (a company incorporated under Luxembourg law)
- Director of Elis Manomatic SA (a company incorporated under Spanish law)
- Director of Lavanderias Triton SL (a company incorporated under Spanish law)
- Director of Elis Italia SpA (a company incorporated under Italian law)
- Director of SPAST SA (a company incorporated under Portuguese law)
- Director of Gafides SA (a company incorporated under Portuguese law)
- Director of Wäscherei Mariano AG (a company incorporated under Swiss law)
- Chairman of the Supervisory Board of Atmosfera Gestão e Higienização de Têxteis SA (a company incorporated under Brazilian law)
- Director of Albia SA (a company incorporated under Chilean law)
- Director of Servicios Hospitalarios SA (a company incorporated under Chilean law)

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Chairman of Quasarélis SAS
- Chairman of Novalis SAS
- Director of Blanchatel SA (Switzerland)
- Director of Wäscherei Papritz AG (Switzerland)
- Director of Grosswäscherei Domeisen AG (Switzerland)
- Director of Lavalia Sur Servicios y Renting Textil SL (Spain)
- Director of Compañia Navarra de Servicios Integrales SL (Spain)
- Director of Lavalia Balears Servicios y Renting Textil SL (Spain)
- Director of Compañia Navarra De Servicios Integrales SL (a company incorporated under Spanish law)
- Director of Lavanderia Hotelera Del Mediterraneo SA (Spain)

LOUIS GUYOT

MEMBER OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis-Loucheur
92210 Saint-Cloud – France

Date of birth: May 23, 1972

Main activity: Chief Financial Officer

BIOGRAPHY: Louis Guyot joined the Group in 2013. Louis Guyot began his career in 1998 in the Treasury Department as deputy head of the Housing and Local Government Financing Office. Subsequently, he was Chief Financial Officer and Chief Information Officer of Medica France from 2001 to 2004, Development and Strategy Director of Compagnie des Alpes from 2004 to 2007, Finance and Operations Director of Dalkia's Development Department from 2007 to 2010, then Chief Financial Officer and Chief International Officer of Korian from 2010 to 2013. Louis Guyot holds degrees from *École polytechnique*, *École nationale des ponts et chaussées* and *Collège des Ingénieurs*.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Chairman of Pro Service Environnement SAS
- Director of Elis Services
- Chairman of Blanchisserie Blésoise SAS
- Director of Pierrette TBA SA
- General Manager of Blanchisserie Professionnelle d'Aquitaine SARL
- Chairman of Hades SA (a company incorporated under Belgian law)
- Director of Elis Luxembourg SA (a company incorporated under Luxembourg law)
- Director of Elis Manomatic SA (a company incorporated under Spanish law)
- Director of Elis Italia SpA (a company incorporated under Italian law)
- Director of SPAST SA (a company incorporated under Portuguese law)
- Director of Gafides SA (a company incorporated under Portuguese law)
- Director of InoTex Bern AG (a company incorporated under Swiss law)
- Director of Albia SA (a company incorporated under Chilean law)
- Director of Servicios Hospitalarios SA (a company incorporated under Chilean law)
- Member of the Board of Berendsen A/S (a company incorporated under Danish law)
- Member of the Board of Berendsen Textil Service Oy (Finland)
- Member of the Board of Berendsen Tekstile Service A/S (Norway)
- Member of the Board of Berendsen Textil Service AB (Sweden)
- Member of the Board of S Berendsen AB (Sweden)
- Director of Compañia Navarra De Servicios Integrales SL (a company incorporated under Spanish law)
- Director of Energías Margua, SAU (a company incorporated under Spanish law)
- Director of Cogeneración Martiartu, SLU (a company incorporated under Spanish law)
- Director of Goiz Ikuztegia, SLU (a company incorporated under Spanish law)
- Director of Indusal Centro, SAU (a company incorporated under Spanish law)
- Director of Indusal Navarra, SAU (a company incorporated under Spanish law)
- Director of Lavandería Industrial La Condesa, SLU (a company incorporated under Spanish law)
- Director of Indusal Sur, SA (a company incorporated under Spanish law)
- Director of Lesa Inmuebles Siglo XXI, SL (a company incorporated under Spanish law)
- Director of Indusal, SAU (a company incorporated under Spanish law)
- Director of Servicios de Lavandería Industrial de Castilla La Mancha, SAU (a company incorporated under Spanish law).

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of the Management Board and Chief Executive Officer of Korian SA*
- Director of Segesta SpA (Italy)
- Permanent representative of Korian SA on the Board of Directors of Holding Austruy Burel
- Permanent representative of Korian SA on the Board of Directors of La Bastide de la Tourne
- Permanent representative of Korian SA on the Board of Directors of Le Brevent
- Permanent representative of Korian SA on the Board of Directors of CFR Siouville
- General Manager of Compagnie Foncière Vermeille SARL
- General Manager of Bonaparte SARL
- General Manager of Le Belvedere Dune SARL
- Chairman of Hygiène Contrôle Île-de-France SAS
- Chairman of BMF SAS

* *Listed company.*

MATTHIEU LECHARNY

MEMBER OF THE MANAGEMENT BOARD

Business address:
5, boulevard Louis-Loucheur
92210 Saint-Cloud – France

Date of birth: December 26, 1969

Main activity: Deputy Chief Operating Officer

BIOGRAPHY: Matthieu Lecharny joined the Elis Group in 2009. He serves as deputy chief operating officer for two regions in France and for Portugal, Spain, Andorra, Italy, Latin America, and is responsible for acquisitions. Matthieu Lecharny began his career at Procter & Gamble in sales. He then joined Unilever, where, from 1996 to 2009, he held various senior positions in the Marketing Department, both in France and abroad. Most notably, he was Oral Care Brand Director for Europe from 2001 to 2003, and Personal Care Marketing Director for France from 2003 to 2005. Before joining the Group, he was Global Marketing Director for the brand Cif. Matthieu Lecharny holds a degree from *École supérieure de commerce de Paris* (ESCP Europe).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Director of Elis Manomatic SA (Spain)
- Director of Compañia Navarra de Servicios Integrales SL (Spain)
- Director of Compañia Navarra De Servicios Integrales SL (registered in Spain)
- Director of Energías Margua, SAU (a company incorporated under Spanish law)
- Director of Cogeneración Martiartu, SLU (a company incorporated under Spanish law)
- Director of Goiz Ikuztegia, SLU (a company incorporated under Spanish law)
- Director of Casbu, SL (a company incorporated under Spanish law)
- Director of Indusal Centro, SAU (a company incorporated under Spanish law)
- Director of Indusal Navarra, SAU (a company incorporated under Spanish law)
- Director of Lavandería Industrial La Condesa, SL (a company incorporated under Spanish law)
- Director of Indusal Sur, SA (a company incorporated under Spanish law)
- Director of Lesa Inmuebles Siglo XXI, SL (a company incorporated under Spanish law)
- Director of Indusal, SAU (a company incorporated under Spanish law)
- Director of Servicios de Lavandería Industrial de Castilla La Mancha, SAU (a company incorporated under Spanish law)
- Director of SPAST (Portugal)
- Director of Albia (Chile)
- Member of the Supervisory Board of Atmosfera (Brazil)
- Director of Servicios Hospitalarios SA (Chile)

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Director of Lavalia Balears Servicios y Renting Textil SA (Spain)
- Chairman and Sole Director of GIE Eurocall Partners
- Chairman of Kennedy Hygiene Products Limited (United Kingdom)
- Chairman of Kennedy Exports Limited (United Kingdom)
- General Manager of Le Jacquard Français SARL
- Director of Lavalia Sur Servicios y Renting Textil SA (Spain)
- Director of Lavanderia Hotelera Del Mediterraneo SA (Spain)

Information about members of the Executive Committee (who are not members of the Management Board)

(Information current as at December 31, 2018)

François Blanc, aged 61, is the Transformation and IT Director. He joined the Group at the end of 2014. Previously, François Blanc was IT Director at Matra Défense, Matra-BAe Dynamics and Valeo. He led global transformation programs for production, research and development, financial control and purchasing. He holds degrees from *École polytechnique* and *École des mines de Paris*.

Alain Bonin, aged 55, has been the Deputy Chief Executive Officer since 2012 and Chief Operating Officer since 2009. He is responsible for Key Accounts in the Sales Departments of the Hospitality and Healthcare segments as well as the Group's operations in four French regions and Switzerland. Alain Bonin has been with the Group for more than 30 years and has held various managerial positions, including Director of several profit centers and a regional department. He holds a *diplôme d'études universitaires* (DUT) in marketing.

Frédéric Deletombe, aged 46, has been the Engineering Director since 2009 and Purchasing and Supply Chain Director since 2015. He joined the Group in 2006 and has held various managerial responsibilities. Previously, Frédéric Deletombe held managerial positions in various Operating and Industrial Departments at IBM Microelectronics and then at Altis Semiconductors. Frédéric Deletombe holds degrees from *École polytechnique* and *École Nationale Supérieure de Techniques Avancées* (ENSTA). He also holds a DEA (a French advanced degree) in Business and Production Organization (ENPC).

Didier Lachaud, aged 59, has been the Human Resources and Corporate Social Responsibility Director of the Elis Group since 2010. Before joining the Group, Didier Lachaud held various positions in the Human Resources Departments at Schlumberger and Air Liquide and was Human Resources Director of the Fives Group and the Gemplus Group (now Gemalto). Didier Lachaud was also a consultant at Vacoas Management and Neumann International. He is a graduate of *Institut d'études politiques* in Paris and also holds a master's degree in private law.

Yann Michel, aged 45, has been a Deputy Chief Operating Officer since March 1, 2015. He is responsible for pest control services, operations in two French regions, and operations in the United Kingdom and Ireland. Yann Michel has been with the Group for more than 14 years and has held various operational positions, including Director of two regional departments. He is a graduate of *Université de Technologie de Compiègne*.

Caroline Roche, aged 46, has been the Group's Marketing and Innovation Director since 2016. Before joining Elis, she held executive positions for more than 15 years in marketing, digital technology and e-commerce, and worked in distribution, most notably at the Go Sport Group, Marionnaud Europe, and the Galeries Lafayette Group. She also has experience as an entrepreneur and consultant with web agencies and in marketing services. Caroline Roche is a graduate of *École supérieure de commerce de Montpellier* (finance section) and holds a master's degree in international marketing from Complutense University of Madrid.

Andreas Schneider, aged 52, is the Deputy Chief Operating Officer for Germany, Austria, Poland, the Baltic states, Russia, the Czech Republic, Slovakia and Hungary. Andreas Schneider joined Berendsen in 2008 as Finance Director before being appointed Finance Director for Workwear in 2012. Prior to that, he was responsible for the Business Turnaround Unit of an international consulting firm and worked for one of Germany's biggest printing and publishing houses. He also served as Finance Director and Chief Operating Officer at Deutsche Bahn Group. Andreas Schneider holds an MBA in economics.

Erik Verstappen, aged 60, is the Deputy Chief Operating Officer for the Nordic region and responsible for the Cleanroom Commercial Business Unit. Erik Verstappen began his career in sales at Kyocera. He then joined Ricoh, where he held various sales and marketing positions and served on the Management Board between 1993 and 2007. In 2007, Erik Verstappen became Chief Executive Officer at Berendsen for the Netherlands. He has a professional background in business administration and holds an MBA.

4.1.1.3 Supervisory Board

Diversity policy for the composition of the Supervisory Board

The Supervisory Board carefully selects its members to ensure diversity of skills, ages and experience, and a balanced representation of men and women, in proportions that comply with the legal requirements (Article L. 225-69-1 of the French Commercial Code) on the balanced representation of women and men on boards of directors and supervisory boards and workplace equality. As at February 20, 2019, the proportion of women on the Supervisory Board was 44.44%, in accordance with Article L. 225-69-1 of the aforementioned Code.

The diversity of the board's membership is also ensured by the length of the terms of office and by staggering those terms of office. This enables the smooth replacement of members and allows shareholders to vote each year on whether to reappoint several members. To allow the board to be staggered, the Company's bylaws stipulate that the General Shareholders' Meeting may decide, upon appointing certain members of the Supervisory Board, that their term of office is less than four years. This ensures the staggered renewal of the terms of office of members of the Supervisory Board.

Lastly, the Supervisory Board regularly reviews its membership and that of its committees and sets out guidelines to ensure the best possible balance.

Composition of the Supervisory Board – Terms of office – Office of the Supervisory Board – Termination of office (Articles 17 and 18 of the bylaws and Article 1 of the Supervisory Board's rules of procedure)

The Supervisory Board is composed of between three and 18 members, appointed by the General Shareholders' Meeting. However, in the event of one or more vacant positions, the Supervisory Board may co-opt replacement members, each for the remaining term of office of the member's predecessor, subject to ratification at the next Ordinary General Meeting. The number of members of the Supervisory Board who have reached the age of 70 cannot exceed one third of the members of the Supervisory Board in office. If such proportion is exceeded, the eldest member of the Supervisory Board, excepting the Chairman, must resign from office after the next Ordinary General Meeting.

Subject to the legal provisions applicable for provisional appointments, members of the Supervisory Board are appointed for four years. They may be re-elected. The term of office of a member of the Supervisory Board expires at the end of the Ordinary General Meeting called to approve the financial statements for the previous year and held in the year during which such member's term of office expires.

Members of the Supervisory Board may be removed at any time by the Ordinary General Meeting.

Pursuant to Article 18 of the Company's bylaws and Article 1.3 of the Supervisory Board's rules of procedure, the Supervisory Board elects a Chairman and a Vice-Chairman from among its members for the duration of their term of office.

Representation of employees on the Supervisory Board (Article 17 of the Company's bylaws)

The category of employee members of the Supervisory Board provided for in Articles L. 228-79 (for employee shareholders) and Article L. 225-79-2 (for employee members) is not currently represented for the following reasons:

- **regarding the representation of employee shareholders**, the shares held by the Company's staff and by the staff of its affiliated companies as defined in Article L. 225-180 of the French Commercial Code represent 0.58% of the share capital, i.e. less than the 3% threshold above which the appointment is required by law (see chapter 8, section 8.5.1 of this registration document);
- **regarding members representing employees**: because MAJ, the Group's main operating subsidiary, is currently subject to the employee representation system provided for in Article L. 225-79 of the French Commercial Code, this will be implemented within the Company at the end of the term of office of the employee directors sitting on MAJ's board of directors, in accordance with the provisions of Article II of the Rebsamen Law.

COMPOSITION OF THE SUPERVISORY BOARD AND SPECIAL COMMITTEES AS AT MARCH 6, 2019

Supervisory Board								Committees		
Members of the Supervisory Board	Nationality	Age	Number of Elis shares (as at December 31, 2018)	Position on the board	Start of first term of office	Start of current term of office	Attendance rate at board meetings in 2018	Audit Committee	Appointments and Compensation Committee	End of current term of office; on the board and committees[a]
Thierry Morin ✦	FR	66	1,233	Chairman	06/23/2014	06/24/2015	100	Member	Member	2019[g]
Marc Frappier	FR	45	500[e] 101,407[f]	Vice-Chairman	01/08/2013[d]	05/27/2016	83.33	–	Member	2020
Magali Chessé	FR	44	500	Member	06/01/2016	06/01/2016	100	Member	–	2019[g]
Philippe Delleur ✦	FR	60	500	Member	06/24/2015	06/24/2015	100	–	–	2019[g]
Florence Noblot ✦	FR	55	1000	Member	07/31/2014	05/19/2017	100	–	Chair	2021
Maxime de Bentzmann	FR	34	500[e]	Member	03/09/2016	05/18/2018	100	–	–	2022
Anne-Laure Commault ✦	FR	44	500	Member	05/19/2017	05/19/2017	100	–	–	2021
Joy Verlé[b]	FR/UK	39	500	Member	03/06/2018	03/06/2018	100		–	2021
Antoine Burel ✦[c]	FR	56	–	Member	02/20/2019	02/20/2019	–	Chairman	–	2022

✦ *Independent member: the independence criteria used by the Company are described below in the section "Independence of members of the Supervisory Board" on page 116 of the Supervisory Board's report on corporate governance.*
(a) Year in which term of office expires.
(b) Co-opted by the Supervisory Board on March 6, 2018.
(c) Co-opted by the Supervisory Board on February 20, 2019.
(d) Member of the Board of Directors of the Company under its former structure as a French simplified limited liability company.
(e) Eurazeo securities lending.
(f) Via Ascent Capital SAS, a legal entity related to Marc Frappier.
(g) Term of office proposed for renewal at the next Annual General Meeting in 2019 (see chapter 7 of this registration document).

Presentation of members of the Supervisory Board (Article L. 225-37-4 of the French Commercial Code)

Information current as at December 31, 2018

MAGALI CHESSÉ

MEMBER OF THE SUPERVISORY BOARD

Business address:
16-18, boulevard de Vaugirard
75724 Paris Cedex 15 – France

Date of birth: September 19, 1974

Main activity: Head of Equity Investment Strategies at Crédit Agricole Assurances

BIOGRAPHY: Magali Chessé has been Head of Equity Investment Strategies at Crédit Agricole Assurances since 2010. She began her career in private equity in 1999 (venture capital/growth capital). She served as Investment Director at Crédit Agricole Private Equity before joining Predica to head up the management and monitoring of equity, private equity and infrastructure asset classes. Magali Chessé holds degrees in economics and management from the Universities of Strasbourg and Paris Dauphine and a degree from the French Society of Financial Analysts. She also holds a corporate director certificate (IFA/Sciences Po).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

— Member of the Audit Committee

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

— Member of the Supervisory Board of Indigo Infra SA (Indigo Group)
— Member of the Supervisory Board of Arcapark SAS (Indigo Group)
— Permanent representative of Crédit Agricole Assurances on the board of directors of Ramsay Générale de Santé SA
— Permanent representative of Predica on the Board of Directors of Frey SA*
— Permanent representative of Predica on the Supervisory Board of Effi Invest II SCA
— Permanent representative of Predica on the Board of Directors of Semmaris SA
— Representative of Predica, non-voting member on the board of directors of Siparex Associés SA
— Representative of Predica, non-voting member on the Supervisory Board of Tivana France Holdings SAS (TDF Group)
— Director: 2i Aeroporti SPA

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

— Director of Predica Infrastructure SA
— Director of Ramsay Santé SA
— Member of the Supervisory Board of Infra Foch Topco SAS
— Permanent representative of Predica on the Supervisory Board of Effi Invest I SCA
— Member of the Supervisory Board of Infra Foch Topco SAS (Indigo Group)

* *Listed company.*

ANNE-LAURE COMMAULT

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
50, avenue du Président-Wilson
93214 La Plaine-Saint-Denis Cedex – France

Date of birth: October 19, 1974

Main activity: Chief Executive Officer of Générale de Téléphone, a wholly owned subsidiary of Orange France

BIOGRAPHY: Since April 2016, Anne-Laure Commault has been Chief Executive Officer of Générale de Téléphone, the distribution subsidiary of the Orange Group, which she joined in 2002 as Marketing Manager (2002-2005). She then went on to serve as Project Manager (2005-2006), Office Manager for the chief executive officer (2006-2008), Senior Vice-President, Sales (2008-2010), Senior Vice-President, Marketing – mobile offers (2010-2013) and Operational Senior Vice-President, Marketing – retail offers (2013-2016). Prior to that, she was a consultant with Expertel Consulting (1998–1999) and Project Manager for telecommunications in the Foreign Commercial Service of the French Embassy in Malaysia (1999-2001). Anne-Laure Commault is a graduate of *École des hautes études commerciales* and holds a master’s degree in telecommunications management and new media from Paris Dauphine University.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

None

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

None

MAXIME DE BENTZMANN

MEMBER OF THE SUPERVISORY BOARD

Business address:
1, rue Georges-Berger
75017 Paris – France

Date of birth: September 30, 1984

Main activity: Principal of Eurazeo Capital

BIOGRAPHY: Maxime de Bentzmann joined Eurazeo in 2011. He has been involved in making or monitoring investments in Albingia, Idinvest, IM Square, Sommet Education, Edenred, Elis, Asmodée and Desigual. Prior to that, he was part of the consulting teams in Mergers & Acquisitions at Rothschild & Cie. Maxime de Bentzmann graduated from ESSEC and University of Mannheim.

MAIN OFFICES AND POSITIONS HELD DURING THE PAST FIVE YEARS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Director of Graduate SA (Luxembourg)
- General Manager of Graduate GP SARL (Luxembourg) and Sommet Education SARL (Switzerland)
- Member of the Board of Directors of WS Holdings Acquisition Inc. (USA), WS Blocker Inc. (USA), WS Holdings Inc. (USA) and WS Purchaser Inc. (USA)
- Member of the Supervisory Board of IM Square
- Member of the Supervisory Board of Financière de l'Eclosion
- Member of the Board of Directors of Albingia

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of the Board of Directors of Holdelis (now Elis)*
- Member of the Supervisory Board of Asmodee Holding
- Member of the Management Committee of Lakeland Holdings LLC (USA)

* *Listed company.*

PHILIPPE DELLEUR

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
48, rue Albert-Dhalenne
93400 Saint-Ouen – France

Date of birth: April 11, 1958

Main activity: Senior Vice-President, Public Affairs of the Alstom Group

BIOGRAPHY: Philippe Delleur is Senior Vice-President, Public Affairs of the Alstom Group. He joined Alstom in 2006, where he successively served as Director for Southern Europe, Africa and the Middle East, President of the Alstom subsidiary in Brazil and Director for Latin America, and President of Alstom International from 2011 to 2015. Prior to that, he worked at France's Ministry of Economy and Finance, where over a period of 23 years he held the positions of Director of the Central Purchasing Agency, manager in the Foreign Economic Relations Department, and technical advisor in the office of Michel Sapin. He is an alumnus of *École nationale d'administration*, a graduate of Sciences Po Paris and holds a bachelor's degree in law.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

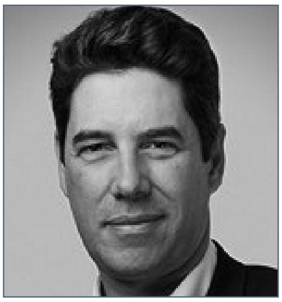
None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

— Independent Director of Biosev, a Brazilian subsidiary of the Louis Dreyfus Group

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

None



MARC FRAPPIER

VICE-CHAIRMAN OF THE SUPERVISORY BOARD

Business address:
1, rue Georges-Berger
75017 Paris – France

Date of birth: May 28, 1973

Main activity: Member of the Executive Committee of Eurazeo SE* – Managing Partner of Eurazeo Capital

BIOGRAPHY: Marc Frappier is Managing Partner and member of the Executive Committee of Eurazeo, which he joined in 2006. He has been involved in making or monitoring investments in Accor/Edenred, Apcoa, Elis, Foncia, Rexel, Asmodée, IM Square, Fintrax and Albingia. He began his career in 1996 as a financial auditor at Deloitte & Touche. From 1999 to 2006, he worked at Boston Consulting Group (BCG) in Paris and Singapore, where he carried out many assignments involving strategy and operational efficiency in the industrial goods and services, energy, and media and telecommunications sectors. He has a degree in civil engineering from *École des mines* and also holds a degree in accounting and finance (DECF).

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Member of the Appointments and Compensation Committee

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Managing Partner of Eurazeo Capital and member of the Executive Committee of Eurazeo SE*
- Member of the Supervisory Board of Grandir
- Chairman and member of the Supervisory Board of Novacap Group Holding
- General Manager of Sphynx S.à.r.l (Luxembourg) and Sommet Education SARL (Switzerland)
- Director of Franklin Ireland Topco Limited, Franklin UK Bidco Limited, Franklin UK Midco Limited, Franklin Ireland Bidco Limited and Connacht SPV1
- Permanent representative of Legendre Holding 36 on the Supervisory Board of IM Global Partner
- Member of the Supervisory Board of IM Square
- Member of the Board of Directors of WS Holdings Acquisition Inc. (USA), WS Holdings Inc. (USA) and WS Purchaser Inc. (USA)
- Member of the Management Committee of Lakeland Holdings LLC (USA)
- Chairman and member of the Supervisory Board of Financière de l'Éclosion
- Member of the Board of Directors of Albingia

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Vice-Chairman of the Advisory Board of APCOA Parking Holding GmbH
- Member of the Supervisory Board of APCOA Parking AG
- General Manager of Sphynx 1 S.à.r.l and Sphynx 2 S.à.r.l
- Member of the Board of Directors of Holdelis (now Elis)*
- Vice-Chairman and member of the Supervisory Committee of Foncia Holding
- Director of ManFoncia 1 and ManFoncia 2
- Chairman and member of the Board of Directors of IM Square
- Member of the Supervisory Board of Asmodee Holding

* *Listed company.*

ANTOINE BUREL

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
128 avenue du Maréchal-de-Lattre-de-Tassigny
87045 Limoges Cedex – France

Date of birth: December 22, 1962

Main activity: Deputy Chief Operating Officer of the Legrand Group

BIOGRAPHY: A graduate of Neoma Business School and holder of a diploma in accounting and finance, Antoine Burel began his career in auditing in 1986 (Fiduciaire de France-KPMG). Following this initial step, he spent time working in management control in the agri-food industry. He then joined Legrand (listed on the CAC 40 index) in 1993.

After a stint as finance director at several of the Group's operating subsidiaries, he took the reins of the Group's Management Control Department in 2005. He was appointed Group Chief Financial Officer in 2008, before becoming Deputy Chief Executive Officer and Executive VP Group Operations in 2019.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Chair of the Audit Committee

OTHER OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Director and Chief Executive Officer of Legrand France SA
- Director of Kimbe Electric Company of South Africa (Pty) Ltd
- Chairman of the Board of Directors of Legrand Saudi Arabia Limited Liability Company
- Director of Famco Lighting Pty Ltd
- Director of Legrand Australia Pty Ltd
- Director of Legrand Group Pty Ltd
- Director of Legrand Group Belgium SA
- Director of Shenzhen Shidean Legrand Electronic Products Co., Ltd
- Director of Legrand (Beijing) Electrical Company Ltd
- Director of Legrand (Shanghai) Management Co. Ltd
- Director of Legrand (Shanghai) Trading Co. Ltd (in liquidation)
- Director of Shanghai Legrand Electrical Talent
- Director of Tcl-Legrand International Electrical (Huizhou) Co., Ltd ("TIE")
- Director of Tcl Wuxi
- Director of Legrand Colombia SA
- Director and Chairman of the Board of Directors of Legrand Korea Co., Ltd
- Teller for Bticino Costa Rica SA, SDA
- Teller for Comercializadora Centroamericana Gl. SA, SDA
- Chairman of the Board of Directors of Legrand Scandinavia A/S
- Director of Legrand Snc Fze
- Director of Bticino Ecuador Compania Limitada
- Director of C.p. Electronics Limited
- Director of Jontek Limited
- Director of Legrand Electric Limited
- Director of Legrand UK Limited
- Director of Tynetec Ltd
- Secretary of Bticino Guatemala SA
- Director of Promotora Bticino Honduras SA, limited liability company with variable share capital
- Director of Legrand Electric (HK) Ltd (formerly Legrand HK Ltd)
- Director and Chief Executive Officer of Tcl Communication (HK), Limited company
- Director of Legrand (Mauritius) Ltd
- Director of Bticino S.p.a., SA
- Director of Legrand Eastern Africa Limited
- Director and Chairman of the Board of Directors of Bt Industrial, SA de CV
- Director and Chairman of the Board of Directors of Bt Manufactura, SA de CV
- Director and Chairman of the Board of Directors of Bticino Corporativo, SA de CV
- Director and Chairman of the Board of Directors of Bticino de Mexico, SA de CV
- Director and Chairman of the Board of Directors of Bticino Operacional, SA de CV
- Director of Legrand New Zealand Limited
- Director of Bticino Panama Centroamerica SA
- Director of Ticino Del Peru SA, SDA
- Chairman of the Supervisory Board of Legrand Polska Factory Service Sp Zo.o., Limited liability partnership
- Chairman of the Supervisory Board of Legrand Polska Spolka Zo.o., Company Limited
- Chairman of the Board of Directors of Legrand Electrica SA

- Director and Chairman of the Board of Directors of Bticino Republica Dominicana, SRL
- Director of Legrand Romania S.r.l.
- Director of Ao Kontaktor, A.O.
- Member of the Board of Directors of Legrand (Russia), SARL (variable capital)
- Director of Bticino El Salvador SA de CV, limited liability company with variable capital
- Chairman of the Board of Directors of Legrand Skandinaviska Ab
- Chairman of the Board of Directors of Van Geel Sverige Ab
- Director and Chairman of the Board of Directors of Legrand (Schweiz) AG
- Director and Vice-Chairman of Inform Elektronik San. Ve Tic. AS
- Director and Vice-Chairman of Eltas Elektrik Malzemeleri Sanayi Ve Pazarlama AS
- Director and Vice-Chairman of Legrand Elektrik Sanayi AS
- Director and Chairman of the Board of Directors of Ticino de Venezuela CA

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Director of Raritan Australia, Ltd
- Chairman of the Board of Directors then Director of Legrand Integrated Solutions Nv
- Director of Legrand Canada, Inc.
- Director of Middle Atlantic Products - Canada, Inc.
- Director of Solarfective Products Limited
- Director of Beijing Raritan Technologies Company Limited
- Director and Chairman of the Board of Directors of Emb Electrical Industries Sae
- Director of Legrand Group España
- Director of Lastar Limited
- Director of Raritan Computer UK
- Director of Helliniki Legrand SA
- Director and Chairman of the Board of Directors of Bticino Guatemala SA
- Director of Rocom Electric Company Ltd
- Chief Executive Officer of Legrand Kozep
- Director of Legrand Zrt
- Director of Raritan International India, Pvt Tld
- Chairman of the Board of Commissioners of Pt Trias Indra Saputra
- Commissioner of Pt Legrand Indonesia
- Director of Raritan Japan, Inc.
- Director and Chairman of the Board of Directors of Legrand Maroc
- Director of Cablofil Mexico
- Chief Executive Officer of Pb Finelectric
- Director of Raritan Europe, BV
- Director of Raritan International, BV
- Director of Ticino Del Peru SA
- Chairman of the Supervisory Board of Oao Kontaktor
- Director of Numeric Lanka Technologies Private Ltd
- Director of Raritan Asia Pacific, Inc.
- Director of Bticino (Thailand) Ltd.
- General Manager of Legrand Méditerranée
- Director of Cablofil, Inc.
- Director of Finelite, Inc.
- Director of Lastar Global Sourcing, LLC
- Director and Vice-Chairman of Legrand Holding Inc.
- Director of Legrand Home Systems, Inc.
- Director of Legrand North America, LLC
- Director of Luxul Wireless, Inc.
- Director of Ortronics Inc.
- Director of Pass & Seymour, Inc.
- Director of Pinnacle Architectural Lighting, Inc.
- Director of Raritan Americas, Inc.
- Director of Raritan Technologies, Inc.
- Director of Raritan, Inc.
- Director of Riip, Inc.
- Director of Rototech Electrical Components Inc.
- Director of Server Technology, Inc.
- Director of The Original Cast Lighting, Inc.
- Director of The Watt Stopper, Inc.
- Director of The Wiremold Company
- Director of Ultimate Precision Metal Products, Inc.

* *Listed company.*

JOY VERLÉ

MEMBER OF THE SUPERVISORY BOARD

Business address:
40 Portman Square
London W1H 6LT
United Kingdom

Date of birth: May 23, 1979

Main activity: Senior Principal in the Relationship Investments department at CPPIB

BIOGRAPHY: Joy Verlé is Senior Principal at the Canada Pension Plan Investment Board (CPPIB), which she joined in 2016 and where she is responsible for Relationship Investments (investments in public companies or soon-to-be-public companies). She was involved in CPPIB's investment in Elis. She began her career in 2003 at Morgan Stanley in London, where she was an analyst in the M&A and Global Capital Markets teams. In 2006, she joined the private equity firm Bregal Capital as partner and was involved in investments in the education, renewable energy and healthcare sectors. Joy Verlé is a graduate of *École des hautes études commerciales* in Paris.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

None

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

— Director and member of the Audit Committee of Orpea*

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

— Member of Bregal Capital LLP
— Director of Cognita UK Holdings Limited, Cognita Funding 1 Limited, Cognita Limited and Cognita Holdings Limited
— Director of Studialis SAS

* *Listed company.*

4

THIERRY MORIN

CHAIRMAN OF THE SUPERVISORY BOARD

Business address:
5, rue Quentin-Bauchart
75008 Paris – France

Date of birth: March 27, 1952

Main activity: General Manager of TM France

BIOGRAPHY: Thierry Morin began his career in 1977 as a sales engineer with Burroughs. Between 1978 and 1986, he worked as a financial controller, Chief Accounting Officer and then financial controller for EMEA (Europe, Middle East and Africa) within the Schlumberger Group. In 1986, he joined the Thomson Consumer Electronics Group as Chief Information Officer. In 1989, Thierry Morin joined the Valeo Group as Finance Director of the Transmission division, before transferring to the Thermal Systems division. Promoted to Group level, he moved on to become Chief Financial Officer, Chief Strategy Officer, Deputy Chief Operating Officer and finally Chairman and Chief Executive Officer from 2000 to 2009. Since 2009, Thierry Morin has managed seed-capital investments in new technologies, as well as an industrial consulting firm. In 2013, he acquired Sintertech, France's leading producer of metal powders for industrial markets, and restructured the company. In 2015, he acquired F2R, which produces wheels for the automobile market (leader in France). He is also the former Chairman of the Board of Directors of the French Patent and Trademark Office (INPI) and of *Université Technologique de Compiègne (UTC)*. Thierry Morin has a master's degree in management from University Paris IX-Dauphine.

He is an Officer of the French Order of Merit, Knight of the French Legion of Honor and Knight of the French Order of Arts and Letters.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

- Member of the Audit Committee
- Member of the Appointments and Compensation Committee

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

- Director and Chairman of the Appointments, Compensation and Corporate Governance Committee of Arkema*
- Chairman of Thierry Morin Consulting (TMC)
- General Manager of TM France
- Chairman of TMPARFI SA

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

- Member of the Board of Directors of Elis*
- Chairman of the Board of Directors of *Université de Technologie de Compiègne* (UTC)

* *Listed company.*

FLORENCE NOBLOT

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD

Business address:
Le Mermoz – 53, avenue Jean-Jaurès
93350 Le Bourget – France

Date of birth: May 15, 1963

Main activity: Chief Customer Officer, Europe, Middle East and Africa in the DHL Supply Chain division

BIOGRAPHY: Florence Noblot has served as Chief Customer Officer (Europe, Middle East and Africa) in the DHL Supply Chain division since May 2016. Prior to that, she was Senior Vice-President, EMEA, Technology Sector at Deutsche Post DHL Group, which she joined in 1993. She started her career in 1987 as an account manager for Rank Xerox France. In 1993, she joined DHL Express as head of key accounts, and from 2003 to 2006 served as Sales Director, then Senior Vice President of Global Customer Solutions (GCS) for the Asia-Pacific region. From 2008 to 2012, she was President of DHL Express France and also a member of the Executive Committee for DHL Express Europe. In 2012, she became the European Commercial Projects Director for DHL Express Europe before being appointed Senior Vice-President, Technology Sector EMEA in 2013, covering all activities of the Deutsche Post DHL Group. Florence Noblot studied economics at University Paris II Panthéon Assas and in 2011 attended the General Management Program at Harvard University in the United States.

MAIN OFFICES AND POSITIONS

OTHER OFFICES AND POSITIONS HELD WITHIN THE GROUP:

— Chair of the Appointments and Compensation Committee

OFFICES AND POSITIONS HELD OUTSIDE THE GROUP:

— Chief Customer Officer, EMEA (Europe, Middle East and Africa) in the DHL division Supply Chain
— Director of SOMFY

OFFICES AND POSITIONS HAVING ENDED IN THE PAST FIVE YEARS:

— Senior Vice-President, EMEA, Technology Sector of the Deutsche Post DHL Group
— Managing Director, Commercial Projects of DHL Express
— Chairman of DHL Express France SAS
— Member of the Board of Directors of Elis*

* *Listed company.*

4

Changes in the composition of the Supervisory Board in 2018 and since the start of financial year 2019

Member of the Supervisory Board	Type of change	Date
Antoine Burel	Co-opted to the Supervisory Board Appointed as Chair of the Audit Committee	February 20, 2019
Agnès Pannier-Runacher	Resigned from all offices	October 17, 2018
Maxime de Bentzmann	Reappointed as member of the Supervisory Board	May 18, 2018
Agnès Pannier-Runacher	Reappointed as member of the Supervisory Board	May 18, 2018
Joy Verlé	Co-opted to the Supervisory Board[(a)]	March 6, 2018
Thierry Morin	Appointed to the Appointments and Compensation Committee	March 6, 2018
Michel Datchary	Resignation	March 6, 2018

(a) Ratified by the General Shareholders' Meeting of May 18, 2018.

Independence of the members of the Supervisory Board

Pursuant to Article 1 of its rules of procedure, and in accordance with the recommendations of the AFEP-MEDEF Code, the Appointments and Compensation Committee and the Supervisory Board conduct an annual review of the independence of each Board member. This review last took place at the meetings of those bodies held on February 18, 2019 and March 6, 2019, respectively. The Supervisory Board also conducts this review whenever a candidate is nominated for appointment or reappointment to the Board.

During this review, the Supervisory Board, after having received the opinion of the Appointments and Compensation Committee, assesses, on a case-by-case basis, the qualifications of each of its members (or candidates) based on the criteria listed below, and the member or candidate's particular circumstances and situation vis-à-vis the Company. The shareholders are informed of the outcome of this review in the annual report and, if applicable, at the General Shareholders' Meeting when the members of the Supervisory Board are elected.

The independence criteria used by the Company are those provided for in the AFEP-MEDEF Code, listed below and contained in Article 1 of the Supervisory Board's rules of procedure:

Criterion 1	› Not be or have been within the previous five years: – an employee or executive corporate officer of the Company, – an employee, executive corporate officer or director of a company consolidated by the Company, – an employee, executive corporate officer or director of the Company's parent company or a company consolidated within this parent company.
Criterion 2	› Not be an executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee has been appointed as such or an executive officer of the Company (currently in office or having held such office within the last five years) holds a directorship;
Criterion 3	› Not be a customer, supplier, commercial banker or investment banker: – that is significant to the Company or the Group, – or for whom the Company or the Group represents a significant portion of their business.
Criterion 4	› Not be related by close family ties to a corporate officer.
Criterion 5	› Not have been an auditor of the Company within the previous five years.
Criterion 6	› Not have been a director or member of the Supervisory Board of the Company within the previous 12 years.
Criterion 7	› Not have received variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the Group.
Criterion 8	› Not to represent a significant shareholder or shareholder holding more than 10% of the share capital or voting rights of the Company.

For members of the Supervisory Board holding 10% or more of the share capital or the Company's voting rights, or representing a legal entity holding such stake, on the basis of the report by the Appointments and Compensation Committee, the Supervisory Board decides on whether the member is independent by specifically taking into account the composition of the Company's share capital and the existence of potential conflicts of interest.

The Supervisory Board may decide that a member of the Supervisory Board, even though they satisfy the above criteria, must not be deemed independent given their particular situation, the Company's situation vis-à-vis its shareholders or for any other reason. Conversely, the Supervisory Board may decide that a member of the Supervisory Board, who does not satisfy the above criteria, is nevertheless independent.

When reviewing Elis's business relationships (criterion 3) with the companies in which independent members of the Supervisory Board hold executive positions, the Supervisory Board chose a quantitative criterion—namely, the consolidated revenue of both the Group and the external company in which the Supervisory Board member holds an executive position—to assess whether or not the business relationship was material in nature.

It was therefore established that the nature of the business relationships between Elis and the company or group in which Supervisory Board members hold executive positions does not affect their independence and is not material, since the consolidated revenue generated by the Group with the company or group in which Supervisory Board members hold executive positions is less than 1%, as is the percentage of consolidated revenue of the company or group in which Supervisory Board members hold executive positions and which is generated from their business relationships with Elis.

In light of the above, the Supervisory Board deemed that the business relationships conducted by the companies in which some independent board members hold executive positions did not affect their independence.

SUMMARY TABLE ON THE SITUATION OF THE INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD

Criteria for assessing independence	Marc Frappier	Maxime de Bentzmann	Magali Chessé	Joy Verlé	Thierry Morin	Philippe Delleur	Florence Noblot	Anne-Laure Commault	Antoine Burel
Criterion 1					•	•	•	•	•
Criterion 2					•	•	•	•	•
Criterion 3					•	•	•	•	•
Criterion 4					•	•	•	•	•
Criterion 5					•	•	•	•	•
Criterion 6					•	•	•	•	•
Criterion 7					•	•	•	•	•
Criterion 8	X(a)	X(a)	X	X	•	•	•	•	•

• *criterion met.*
x: *criterion not met.*
(a) *The Appointments and Compensation Committee found that the members representing Eurazeo could not be considered independent even though Eurazeo's stake as at December 31, 2018 was less than 10%, considering how long Eurazeo had held a stake in the Company.*

At the end of its review, and based on the report of the Appointments and Compensation Committee, the Supervisory Board concluded that all of the criteria had been met and confirmed that the independence criteria continue to be met by Florence Noblot, Philippe Delleur, Thierry Morin and Anne-Laure Commault; this makes the proportion of independent members 50%. Antoine Burel, co-opted by the Supervisory Board on February 20, 2019, qualifies as an independent member.

The rules of procedure provide that members who are deemed independent are required to inform the Chairman of the Supervisory Board, as soon as such members become aware of it, of any change in their personal situation with respect to these same criteria.

Role and responsibilities of the Supervisory Board – Organization of the work of the Supervisory Board – Activities of the Supervisory Board in 2018

The operating rules of the Supervisory Board are set by the Company's bylaws and the Supervisory Board's own rules of procedure, which can be viewed in full on the Company's website (www.corporate-elis.com). The Supervisory Board's rules of procedure are regularly reviewed so they can be tailored to the regulatory context and changes in the recommendations of the AFEP-MEDEF Code.

Role and responsibilities of the Supervisory Board (Articles 17 and 20 of the Company's bylaws and Articles 1 to 3 of the Supervisory Board's rules of procedure)

The Supervisory Board oversees the Company's management by the Management Board, under the conditions provided by law, the Company's bylaws and the rules of procedure of the Board and its committees. At any time of the year, it carries out the checks and controls it considers appropriate and may request any documents it deems useful in fulfilling its responsibilities.

Such oversight will under no circumstances give rise to management acts being directly or indirectly performed by the Supervisory Board or its members.

The Supervisory Board appoints and may remove from office members of the Management Board under the conditions provided by law and by Article 12 of the Company's bylaws.

The Supervisory Board approves the draft resolution proposing that the General Shareholders' Meeting appoint Statutory Auditors, as provided by law.

As part of its oversight duties and in addition to transactions relating to the granting of any sureties, endorsements and guarantees that must have the prior approval of the Supervisory Board pursuant to the applicable laws and regulations, Article 20.IV of the Company's bylaws and Article 3.2 of the Supervisory Board's rules of procedure provide that transactions, within the Company or its controlled subsidiaries as defined by Article L. 233-3 of the French Commercial Code, must obtain the prior approval of the Supervisory Board (see section 4.1.1.2 "Group general management"). In addition, as part of its duties and in accordance with the AFEP-MEDEF Code, the Board regularly reviews the opportunities and risks and the risk prevention measures taken by the Group.

Supervisory Board involvement in shareholder relations is limited to verifying the information provided to shareholders and participating in General Shareholders' Meetings.

Information provided to the Supervisory Board

The Management Board submits a report to the Supervisory Board at least once per quarter outlining the Company's main management actions or events and containing all the information the Board needs to be informed of developments in the Group's business, the Group's management objectives, and the achievement of said objectives (especially with regard to the annual budget and the investment plan) as well as investment policies, managing risk exposure, human resources management policies and their implementation within the Group, the financial position, the cash position and commitments made by the Company.

The Management Board presents to the Supervisory Board, by the regulatory deadline for verification and control, the parent company financial statements, consolidated financial statements, interim consolidated financial statements and its report to the General Shareholders' Meeting. The Supervisory Board reviews the half-year financial reports, the quarterly financial information and the financial press releases to be published by the Company. The Supervisory Board presents to the General Shareholders' Meeting its observations on the Management Board's report and the Company's parent company and consolidated financial statements.

The Management Board presents the budget and investment plans to the Supervisory Board once every six months.

The Supervisory Board is informed by the Management Board of any exceptional circumstances, as needed.

In addition, pursuant to Article 4.4 of the Supervisory Board's rules of procedure, the Management Board communicates to the Supervisory Board and, as needed, to its special committees, the following information:

- generally, any document or information regarding the Company or the Group whose preparation by the Management Board or whose publication is required under applicable regulations or necessary to properly inform the market, at the time they are prepared and prior to publication;

- within ninety (90) days of the reporting date of the Company's parent company financial statements, the certified consolidated financial statements, including a statement of financial position, an income statement, a statement of cash flows and notes to the financial statements, and the Company's certified parent company financial statements, including a statement of financial position, an income statement and notes to the financial statements, accompanied by the Statutory Auditors' reports;
- twice per year, a summary table of the breakdown of the Company's securities;
- once per month, a summary of the key financial and operational information regarding the Company and the Group;
- at least once per quarter and, in any event, each time the Supervisory Board asks it to do so or when it deems it useful, a review and analysis of the business of the Company and the Group;
- within two months of the reporting date for the first half of the year, the Management Board presents to the Audit Committee, then to the Supervisory Board, for verification and auditing purposes, the Company's consolidated financial statements and the related half-year management report;
- within two months of the close of the financial year, the Management Board will present to the Audit Committee, then to the Supervisory Board, for verification and auditing purposes, the parent company and consolidated financial statements and the related management report;
- the management forecasts and analysis report on those forecasts mentioned in Articles L. 232-2 and L. 232-3 of the French Commercial Code, within eight days of their preparation and after being reviewed by the Audit Committee;
- the Company's and the Group's annual budget and mid- and long-term investment and financial plan; the Supervisory Board has the right to request that the Management Board communicate a monthly monitoring report thereon;
- the Management Board informs the Audit Committee of any significant changes planned in the chain of shareholding control or in the percentages or types of control exercised over the Company's subsidiaries and/or consolidated entities;
- pursuant to the Audit Committee's rules of procedure, at least once per year, the Management Board presents to the Audit Committee its policy for managing and monitoring all types of risk to which the Company and the Group are exposed, as well as the programs and resources implemented, along with a report on the effectiveness of the Group's internal control, internal audit and risk management systems.

The Management Board must provide to the Supervisory Board all other information and all other documents that it deems useful for the Supervisory Board to perform its duties; in particular, the Management Board must communicate to the Supervisory Board, at any time and promptly, all information regarding the Company or the Group, if its importance or urgency so requires.

The Board's rules of procedure also stipulate that Supervisory Board members may request additional training on the specificities of the Company and the companies it controls, their businesses and their business sectors, and may also obtain information periodically or hear from members of the Management Board or the Executive Committee. Lastly, the rules also stipulate that Board members will, in general, receive a periodic, steady flow of information about the Company's results, activities and developments.

Operation of the Supervisory Board: meetings and decisions (Article 19 of the bylaws and Article 5 of the Supervisory Board's rules of procedure)

Supervisory Board meetings are convened by the Chairman or, if he or she is unable, by the Vice-Chairman, and by any means, including verbally.

However, the Chairman must convene a meeting when at least one member of the Management Board or at least one third of Supervisory Board members submit a reasoned written request to do so, within fifteen days of receipt of such request. If the request goes unanswered, its authors may convene the meeting themselves by setting the agenda for the meeting.

Meetings are held at the Company's registered office or at any other location stated in the notice of meeting. The Chairman of the Supervisory Board chairs the meetings. If the Chairman is absent, the Vice-Chairman chairs the meeting. In the event that both are absent, the meetings are chaired by a Board member designated by the Board.

The deliberations of the Supervisory Board are valid only if at least half of its members are present or represented. Decisions are made by a majority vote of the members present or represented. In case of a tie, the Supervisory Board's Chairman has the casting vote; if the person chairing a meeting is not the Chairman of the Supervisory Board, such person does not have a casting vote.

Members participating in Supervisory Board meetings by video conference or other means of telecommunication allowing them to be identified and thus confirm their attendance are deemed to be present, under the conditions provided by the applicable legal and regulatory provisions.

The Board meets at least four times a year according to a schedule mutually agreed to before the end of the previous financial year that may be modified during the year if so requested by several members of the Board or if significant events so warrant; the purpose of the meetings is to examine the quarterly report that the Management Board must present to it, as needed by the Audit Committee, and to verify and audit the documents and information provided by the Management Board.

The Board may meet at any other time if in the Company's interest. In particular, in the event of exceptional transactions, Board members may be required to arrange telephone meetings. The frequency and length of meetings must be such that they allow for the review and in-depth discussion of matters falling within the Supervisory Board's responsibility.

At each meeting, the members of the Supervisory Board are provided with a set of documents allowing them to deliberate with enough information to reach a fully informed decision. The documents are sent to the members of the Supervisory Board by email several days in advance of regular Board meetings. The full set of documents is provided at the beginning of the meeting and the main items are generally presented in the meeting and commented on during the presentation.

For special Supervisory Board meetings, the documents are sent, if possible, by email within a time limit allowing the Board members to discuss items on the agenda submitted to them. Moreover, paper copies of the documents may also be provided upon request.

Pursuant to the rules of procedure of the Supervisory Board and the rules of procedure and charters of its committees, certain matters are reviewed by the various committees, according to their specialization, before being presented and submitted to the Supervisory Board for approval. These matters may include (i) for the Audit Committee, the review of the financial statements, the internal control procedures, the work of the Statutory Auditors, and financial transactions; (ii) for the Appointments and Compensation Committee, the appointment of new members to the Supervisory Board and Management Board, the composition of the committees and the compensation of corporate officers. The respective chairs of the various committees present the minutes of their work meetings to the Supervisory Board during its meetings.

Company managers may also be invited to Supervisory Board meetings to present special reports and/or answer questions from Board members depending on the matters discussed and the specialties of said people.

The minutes of Supervisory Board meetings are prepared and copies or excerpts are provided and certified in accordance with the law. The minutes of each meeting are formally approved during the following meeting.

Supervisory Board's work in 2018

6 meetings (face-to-face and conference calls)	Average meeting duration: 3 hours Attendance rate: 98%
Governance and risks: › Approval of the compensation policy for corporate officers; › Review of the reports on corporate governance and internal control prepared by the Chairman of the Supervisory Board for the 2017 financial year and monitoring of market abuse regulations; › Review of the independence and composition of the Supervisory Board's members; › Review of the regulated agreements and commitments and the authorization to sign them in accordance with Article L. 225-86 of the French Commercial Code; › Review of the Company's risk prevention program as it applies to corruption; › Review of the regular reports of the Appointments and Compensation Committee; › Implementation of the assessment of the Supervisory Board. **General Shareholders' Meeting:** › Preparation for the Annual General Meeting on May 18, 2018; › Review of the Management Board's report on the Group's management and operations for financial year 2017; › Approval of the reports to be presented to the shareholders; › Verification of the information provided to shareholders and participation in the General Shareholders' Meeting.	**Strategy and financing:** › Review and approval of the Group's industrial and marketing strategy, planned acquisitions and intra-group restructuring; › Monitoring of the integration of Berendsen in the UK and Lavebras in Brazil; › Review and approval of the Group's financing policy. **Financial performance:** › Audit of the parent company and consolidated financial statements for financial year 2017, the results and financial statements for the first half of 2018, the 2018 quarterly financial information, and the 2018 half-year financial report and related financial communications; › Review of the Audit Committee's regular reports. **Corporate social responsibility:** › Review of the Group's CSR policy.

Specific duties during financial year 2018

No Supervisory Board member was assigned any special duties in 2018 other than those entrusted to him or her under the bylaws and applicable rules of procedure.

SUPERVISORY BOARD MEMBERS' ATTENDANCE AT THE MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2018

	Supervisory Board		Audit Committee		Appointments and Compensation Committee	
Members	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**	**Attendance rate**	**Number of meetings**
Michel Datchary[(a)]	100	1/1	–	–	100	1/1
Marc Frappier	83.33	5/6	–	–	66.66	2/3
Magali Chessé	100	6/6	100	3/3	–	–
Thierry Morin	100	6/6	66.66	2/3	100	2/2
Florence Noblot	100	6/6	–	–	100	3/3
Agnès Pannier-Runacher[(b)]	100	4/4	100	3/3	–	–
Maxime de Bentzmann	100	6/6	–	–	–	–
Philippe Delleur	100	6/6	–	–	–	–
Anne-Laure Commault	100	6/6	–	–	–	–
Joy Verlé[(c)]	100	6/6	–	–	–	–

(a) Resigned on March 6, 2018.
(b) Resigned on October 17, 2018.
(c) Co-opted by the Supervisory Board on March 6, 2018 to replace Philippe Audouin.

Shareholdings of members of the Supervisory Board

Pursuant to the recommendations of the AFEP-MEDEF Code, the Company's bylaws and the rules of procedure of the Supervisory Board stipulate that:

- every member of the Supervisory Board must be a personal shareholder and hold at least 500 shares during the entire term of their office;
- Supervisory Board members are required to increase the number of shares they hold in order to bring the total to the equivalent of one year of directors' fees at the time of their reappointment (Article 2.9 of the Supervisory Board's rules of procedure).

The shares acquired by the members of the Supervisory Board must be held as registered shares.

With the exception of one Eurazeo member, who will be asked to resign from the Board pursuant to the agreement signed on July 11, 2018 by Eurazeo and Predica (see chapter 8, section 8.5.10 of this registration document), and Antoine Burel, co-opted on February 20, 2019, as at the date of this registration document, all members satisfy the requirements laid out in the bylaws (see "Information on Supervisory Board members" above).

The provisions relating to the number of shares that have to be held by a member of the Supervisory Board are not applicable to the members representing employees and shareholder employees. Nonetheless, each member of the Supervisory Board representing shareholder employees must hold, either individually or through an employee shareholding mutual fund created as part of the Group's employee savings plan, at least one share or a number of members' shares in such fund equal to at least one share.

Assessment of the Supervisory Board

In accordance with the provisions of the AFEP-MEDEF Code and its rules of procedure (Article 8), the Supervisory Board devotes one agenda item each year to a review of its operations.

Accordingly, at its meeting on December 12, 2018, the Supervisory Board once again reviewed its operations and the operations of its committees, primarily to assess any changes made compared to the previous self-assessment. In general, the Supervisory Board members believe that the Board and its committees are operating effectively, that their operations have improved since the last assessment and that they fully discuss all key issues. Some members expressed an expectation that the Supervisory Board meet at least once a year at an operational site and that digital tools be used to prepare for meetings. The Supervisory Board members also called for more discussion of the Group's strategy and risks, and stressed that the executive succession plan should be a priority for the Appointments and Compensation Committee in 2019. It was decided that a Board strategy day would be organized for this purpose.

Code of Conduct for Trading and Market Activities

The Supervisory Board adopted a Code of Conduct for Trading and Market Activities whose purpose is to reiterate the legal and regulatory provisions that apply to the distribution and use of information relating to the Company, particularly inside information. The charter summarizes the regulatory requirements regarding the prevention of insider misconduct by corporate officers, managers, executives and other insiders and lays out rules concerning restrictions on trading in the Company's or the Group's securities, particularly by introducing "close periods" and disclosure requirements for securities trading. These provisions will be reiterated annually to all of the members of the Supervisory Board and information will periodically be provided in the event of significant changes. Details of the transactions in the Company's securities carried out by the members of the Management Board and the Supervisory Board in 2018 and since the start of the current financial year are shown in chapter 8, section 8.5.3 "Share transactions carried out by executives and associated persons" of this 2018 registration document.

The Company has also introduced an internal procedure to qualify and manage inside information. A dedicated committee has been set up for this purpose.

This Code is given to each member of the Supervisory Board and every insider, who undertake to abide by it under all circumstances during their entire term of office.

A compliance officer was appointed to handle potential questions.

Disclosure statements on the members of the Management Board and the Supervisory Board

As at the date of this registration document and to the best of the Company's knowledge:

- there are no family ties between the aforementioned members of the Company's Management Board and Supervisory Board;
- no member of the Company's Management Board or Supervisory Board has been convicted of fraud, or had a sentence imposed upon them or received a public sanction from a legal or regulatory authority in the past five years;
- no member of the Company's Management Board or Supervisory Board has been an executive or corporate officer of a company that has declared bankruptcy or been placed in liquidation or receivership in the past five years;
- no member of the Company's Management Board or Supervisory Board has been prohibited by a court from serving as a member of an administrative, management or supervisory body, or from being involved in the management or conducting the business of a public company in the past five years;
- no current or potential conflicts exist between the duties of any of the members of the Management Board and the Supervisory Board to the Company and their own private interests or other duties.

Management of conflicts of interest

In order to prevent conflicts of interest between a member of the Supervisory Board and the Management Board or any Group company, the Appointments and Compensation Committee monitors the independence of the members with respect to the criteria of the AFEP-MEDEF Code and discusses this topic during its meetings at least once per year.

With regard to preventing and managing conflicts of interest, Article 10 of the Supervisory Board's rules of procedure stipulates that, in a situation in which the interests of the Company and the direct or indirect personal interests of a member of the Supervisory Board or of a shareholder or group of shareholders he or she represents, are or may be in conflict with the interests of the Company, the member of the Board concerned must inform the Supervisory Board as soon as he or she becomes aware of such conflicts, and accept any consequences with respect to exercising his or her office. As appropriate, he or she must either:

- abstain from voting in the corresponding deliberations and from participating in the discussions of the Supervisory Board relating to the conflict of interest situation for the period during which the member is in a conflict of interest situation; or
- resign as member of the Supervisory Board.

Failure to comply with these rules of abstention or resignation could give rise to liability on the part of the Supervisory Board member.

4.1.1.4 Supervisory Board committees

The Supervisory Board is assisted in its duties by two special committees, an Audit Committee and an Appointments and Compensation Committee.

These committees are in charge of examining the questions that the Supervisory Board or its Chairman refers to them and issuing proposals and recommendations, as applicable, in their area of expertise. The rules governing the operation and powers of each committee are described in the rules of procedure of each committee, which are approved by the Supervisory Board.

Composition of the committees (Article 9 of the Supervisory Board's rules of procedure)

Audit Committee

Full name	Role	Independent[a]	Date of appointment	Expiration of term of office	Attendance rate in 2018
Antoine Burel[b]	Chairman	Yes	February 20, 2019	2022	–
Thierry Morin	Member	Yes	June 24, 2015	2019[e]	100%
Magali Chessé	Member	No	June 1, 2016	2019[e]	100%

Appointments and Compensation Committee

Full name	Role	Independent[a]	Date of appointment	Expiration of term of office	Attendance rate
Florence Noblot[c]	Chair	Yes	March 6, 2018 (Chair) May 19, 2017 (Member)	2021	100%
Thierry Morin[d]	Member	Yes	March 6, 2018	2019[e]	100%
Marc Frappier	Member	No	May 27, 2016	2020	100%

(a) For a definition of independence, see page 116 of this report.
(b) Appointed to replace Agnès Pannier-Runacher, who resigned.
(c) Appointed on March 6, 2018 to replace Michel Datchary, who resigned.
(d) Appointed on March 6, 2018 to replace Michel Datchary, who resigned.
(e) At its meeting on March 6, 2019, the Supervisory Board decided that if Supervisory Board members Thierry Morin and Magali Chessé were reappointed by the shareholders, they would continue to perform their respective duties on the Supervisory Board's special committees.

Each committee may have a maximum of seven members (Article 9 of the Supervisory Board's rules of procedure). Committee members are appointed on a personal basis and may not be represented at meetings by another party. They are chosen freely by the Supervisory Board, which ensures that the committees include independent members according to the independence criteria adopted by the Supervisory Board.

In accordance with the AFEP-MEDEF Code, the Supervisory Board considers all members of the Audit Committee to have specific financial expertise, as stipulated by the provisions of Article L. 823-19, paragraph 2 of the French Commercial Code, proven by their experience, professional background and training, which are presented above. Agnès Pannier-Runacher chaired the Audit Committee until October 17, 2018. She resigned after joining the French government and was replaced by Antoine Burel. Each committee chair possesses the requisite qualifications, particularly with regard to their main role and executive appointments held within other large corporations.

The term of office of committee members is equal to their term of office as member of the Supervisory Board, with the understanding that the Supervisory Board may modify the composition of the committees at any time and, consequently, end the term of office of a committee member.

Upon appointment, all members of the Audit Committee will receive information on the specific aspects of the Company's accounting, finances, and operations.

The secretarial duties for the Audit Committee's work may be provided by any person appointed by the Committee's Chair. For the Appointments and Compensation Committee, this is the Group's Human Resources & CSR Director.

Roles, responsibilities and work of the committees

Roles and responsibilities of the Audit Committee	Main work carried out in 2018 4 meetings Attendance rate: 88.8%
Monitoring of the process for preparing financial information. Monitoring of the statutory auditing of the parent company and consolidated financial statements by the Company's Statutory Auditors. Monitoring of the Statutory Auditors' independence. Monitoring of the effectiveness of internal control, internal audit and risk management systems for financial and accounting information. Approval of audit services other than the independent audit. Review of the internal audit department's program and objectives and internal control methods and procedures.	– Review of the key points of the financial statements for 2017 and for the first half of 2018. – Review of draft press releases on the annual and half-year results. – Review of the Statutory Auditors' work and the results of the audits carried out, their recommendations and the follow-up to the statutory audit. – Approval of services other than the independent audit. – Monitoring of internal audit activity, including the 2018 audit plan and department schedule. – Monitoring of the effectiveness of internal control and the progress of action plans. – Review of the Group's main risks through the presentation of the Group's risk map. – Review of the anti-corruption framework put in place by the Group in accordance with the Sapin II Law.

Roles and responsibilities of the Appointments and Compensation Committee	Main work carried out in 2018 2 meetings Attendance rate: 100%
Issuing proposals for appointments of independent members of the Supervisory Board, the Management Board and Board committees and analyzing the candidacy of non-independent members of the Supervisory Board; Annual assessment of the independence and multiple offices held by the members of the Supervisory Board; Determining the principles and criteria for determining, structuring and awarding the elements of compensation of corporate officers and proposing them to the Supervisory Board; Review and proposal of special compensation relating to special projects that may be assigned, as applicable, by the Supervisory Board to some of its members. Review of the executive succession plan.	**Work relating to governance:** Review of the Board's membership (diversity, complementarity of backgrounds, independence, gender balance, concurrent appointments, etc.). – Proposing criteria for selecting members of the Supervisory Board. – Selecting and interviewing candidates and making a proposal to the Board for approval (the committee worked on the appointment of a new Board member in 2018, Joy Verlé). – Defining the procedures for the annual evaluation of the Board and its committees and coordinating the self-assessment. – Review of the succession plan for executives of the Company and the Group's main subsidiaries. These plans, which are regularly reviewed, plan for several succession scenarios: unforeseen succession in the event of incapacity, resignation or death; early succession (mismanagement, non-performance); planned succession (retirement, expiration of term of office). To that end, the committee works with the general management team (Human Resources Department) to ensure that the plan is consistent with the practices of the Company and the market, provides support and training for high-potential internal candidates, and monitors key positions likely to become vacant. – Review of the Group's human resources policy, in particular with regard to organization, compensation, employee relations and talent management. – Review of (i) the status of the Group's management team, whose responsibilities have changed significantly as the Group has grown in size, (ii) the integration of Berendsen, and (iii) the retention of key individuals from Berendsen and supervision of corporate governance. **Work relating to compensation:** – Analysis of the 2017 performance of executive corporate officers and recommendation to the Supervisory Board on variable compensation for financial year 2017. – Analysis of the compensation policy of executives and corporate officers, proposal for changes in the fixed and variable compensation of executive corporate officers (on the basis of a study carried out by a firm specializing in compensation); definition of the targets and weighting of compensation for financial year 2018). – Directors' fees: Recommendations on changes in the overall budget and allocation of directors' fees applicable in 2018; – Performance share plan: recognition of the performance of plans whose vesting period ended in 2018. – Examination of the principles and procedures for the allocation of performance shares introduced in 2018 for the benefit of executives and corporate officers (Management Board and Executive Committee) and certain Group managers. – Review of and recommendations on the departure arrangements for members of the Management Board following their reappointment in September 2018.

Committee operation

Audit Committee (Article 2 of the Audit Committee's rules of procedure)

The Audit Committee may legitimately deliberate either during physical meetings or by telephone or video conference, under the same conditions as the Board, at the invitation of its Chair or Secretary, provided that at least one half of the members participate in the meeting. Committee members cannot give a proxy to another member to represent them.

The recommendations issued by the Audit Committee are adopted by a simple majority of the members present. In case of a tie, the committee's Chair has the casting vote.

Calls to meetings must include an agenda and may be transmitted verbally or by any other means.

The Audit Committee meets as often as needed and, in any event, at least two times per year when the annual financial statements and the half-year financial statements are being prepared.

Appointments and Compensation Committee (Article 3 of the Appointments and Compensation Committee's rules of procedure)

The Appointments and Compensation Committee meets as often as needed and, in any event, at least once per year prior to the Supervisory Board meeting called to assess the independence of the Supervisory Board's members based on the criteria adopted by the Company and, in any event, prior to any Supervisory Board meeting called to set the compensation of the members of the Management Board or the allocation of directors' fees.

The Appointments and Compensation Committee may legitimately deliberate in person, by telephone or by video conference, under the same conditions as the Supervisory Board, at the invitation of its Chair or Secretary, provided that at least one half of the members participate in the meeting. Committee members cannot give a proxy to another member to represent them. Calls to meetings must include an agenda and may be transmitted verbally or by any other means.

The Appointments and Compensation Committee makes its recommendations by indicating to the Supervisory Board the number of favorable opinions collected. As part of the selection process for Supervisory Board members, the Committee may use the services of a specialized firm.

It may also use other methods for choosing candidates when making its selection. It then recommends one or two candidates to the Chairman of the Supervisory Board and the Chairman of the Management Board. In all cases, the Management Board Chairman is involved in the Committee's work to select Supervisory Board members.

The Committee must also ensure that the Supervisory Board carries out regular assessments and proposes improvements.

4.1.1.5 Regulated agreements and commitments

Regulated agreements that remained in effect or were signed in 2018

In accordance with the provisions of Article L. 225-88-1 of the French Commercial Code, at its meeting on March 6, 2019, the Supervisory Board reviewed the regulated agreements and commitments signed and authorized during previous financial years that remained in effect in 2018 and took note of the following agreements and commitments signed during financial year 2018:

- the "Underwriting Agreement" signed on February 10, 2015 by the Company with Legendre Holding 27 and the banks charged with investing the shares in connection with the Company's IPO (led by BNP Paribas, Deutsche Bank AG London Branch and Goldman Sachs International and composed of Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co International plc and Société Générale);
- the commitments made by the Company to Xavier Martiré, Louis Guyot and Matthieu Lecharny in connection with their termination benefits, in particular the payment of severance in the event of their forced departure, subject to performance conditions, and the payment of non-compete compensation. These commitments are described further on in this chapter in section 4.1.2, "Compensation of corporate officers." The renewal of these commitments was approved by the shareholders at the General Shareholders' Meeting on May 18, 2018;
- the intra-group loan agreement between the Company and Berendsen plc;
- two chargeback agreements, one between the Company and Berendsen plc, and the other between the Company and Berendsen A/S, the latter being the subject of an amendment in 2018.

The main terms of these agreements are presented in the Statutory Auditors' special report on regulated agreements, which is included in section 4.2 of this registration document.

As part of its annual review of agreements and commitments, the Supervisory Board also assessed whether the aforementioned agreements and commitments continued to meet the criteria that led it to authorize their signing and decided to keep them in effect in 2019.

Note that since the entry into force of Order 2014-863 of July 31, 2014 on August 3, 2014, the agreements entered into by the Company and any of its subsidiaries that are fully owned, directly or indirectly, are excluded from the scope of regulated agreements and therefore are not discussed in this section or in the Statutory Auditors' special report.

Service agreements between members of the administrative, management or supervisory bodies and the Company or its subsidiaries

As at the date of this registration document and to the best of the Company's knowledge, there are no:

- service agreements binding members of the Management Board or the Supervisory Board;
- pacts or agreements signed with the shareholders, customers, suppliers or other parties under which any of the members of the Supervisory Board or Management Board were appointed to their positions;
- service agreements signed by the Company or its subsidiaries and any of the members of the Management Board or the Supervisory Board.

Agreements signed by a subsidiary (Article L. 225-102-1 par. 13)

To the best of the Company's knowledge, no agreement has been made, directly or through an intermediary, between, on the one hand, and as applicable, one of the members of the Company's Management Board or Supervisory Board or one of the Company's shareholders holding a portion of the voting rights greater than 10% and, on the other hand, a company in which the Company directly or indirectly holds more than half of the total share capital.

4.1.2 COMPENSATION OF CORPORATE OFFICERS

The compensation policy for corporate officers was established in line with the recommendations of the AFEP-MEDEF Code. The compensation policy is reviewed annually by the Supervisory Board based on the recommendations of the Appointments and Compensation Committee and is subject to shareholder approval pursuant to applicable legal provisions.

The following are presented below:

- the elements of total compensation and benefits of any kind paid or allocated for the year ended December 31, 2018 to corporate officers in accordance with the 2018 compensation policy, as approved by the shareholders at the General Shareholders' Meeting on May 18, 2018;
- the principles and criteria for determining, structuring and awarding the elements of compensation of the corporate officers for financial year 2019, as approved by the Supervisory Board at its meeting on March 6, 2019.

4.1.2.1 Compensation of the Management Board

General principles of compensation for members of the Management Board

When developing the compensation policy for members of the Management Board, the Supervisory Board, on the recommendation of the Appointments and Compensation Committee:

- examines best market practices on the basis of peer benchmarking by an external firm ;
- ensures that the principles that govern the compensation of Management Board members are aligned with the Group's strategic priorities and tailored both to the Group's financial performance and to the personal performance of each Management Board member.

To that end, the Supervisory Board relies on compensation studies carried out by specialized firms analyzing market practices in general, and specifically the practices of a panel of companies considered the most comparable in terms of size (especially market capitalization), business sector and international environment. The companies in this panel are as follows: Alten, Altran, Bic, CGG, Eramet, Eutelsat, Faurecia, GTT, Imerys, Ingenico, JC Decaux, Korian, Nexans, Orpea, Plastic Omnium, Rémy Cointreau, Rexel, Soitec, Spie and Tarkett.

The committee will propose changes to the panel as the Group and the companies in the panel evolve.

The compensation policy for members of the Management Board takes into account the principles of:

- balance, ensuring that no element of compensation is disproportionate;
- company performance, ensuring that the compensation of Management Board members is closely associated with the Group's performance, mainly through annual variable compensation dependent on the achievement of targets based on quantitative and qualitative criteria relating to the Group's performance and strategy;
- alignment of management interests with shareholders' interests, ensuring that the performance criteria associated with long-term compensation are ambitious, complementary and stable;
- competitiveness, taking into account both the level of responsibility of the executive concerned and market practices.

Accordingly, since the Company's IPO, the compensation of the Chairman and members of the Management Board has been composed of **cash compensation,** consisting of a fixed portion and an annual variable portion directly linked to their individual performance and their contribution to the Group's performance, and **share-based compensation,** in the form of a share award whose vesting is subject to the achievement of performance conditions, in an effort to align their interests with shareholders' interests. This compensation structure is consistent with the one offered to the Group's senior executives. Each of the compensation components is complementary and meets different objectives.

Elements of compensation for executive corporate officers

Fixed compensation

The fixed compensation of each member of the Management Board is determined by taking into account the scope of responsibilities and the complexity of that scope, the background and expertise of each member, and market practices for identical or similar roles (external competitiveness).

This fixed portion is stable over several years and may only be adjusted every three years, unless an earlier adjustment is considered warranted due to special circumstances (change in scope, major difference compared with the reference panel, etc.). Such circumstances would be explained by the Supervisory Board and made public. This fixed portion serves as the basis for determining the variable compensation of the Chairman and members of the Management Board.

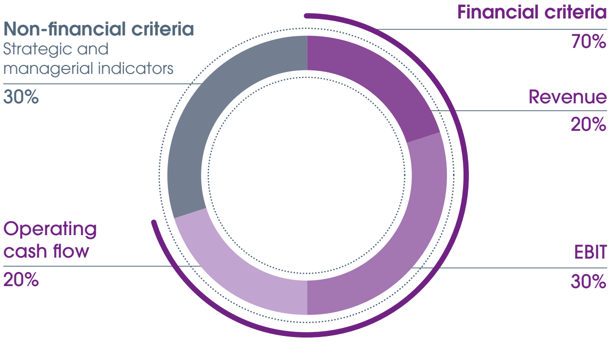
In the event that a new Management Board member is appointed, that member will be subject to the general fixed compensation policy approved by the shareholders. However, the fixed compensation of the Chairman of the Management Board may not exceed €800,000, and that of the other members of the Management Board may not exceed €400,000.

Variable compensation

The annual variable compensation of the Management Board seeks to involve executives in the Group's short-term performance. In line with the AFEP-MEDEF Code, the variable compensation of all members of the Management Board corresponds to a percentage of their fixed compensation.

Determined on an annual basis, this variable portion is composed of a trigger threshold below which no compensation is paid, a target level when the targets are reached, and a maximum level reflecting outperformance relative to the targets that were set. Only outperformance relative to the financial indicators can give rise to a bonus amount higher than the target level.

The indicators used for determining the variable portion and the level of the targets to be achieved are defined each year at the beginning of the reference period to which they apply. The targets are determined on the basis of the Group's key financial, non-financial and qualitative indicators in line with the Group's activities, strategy and goals, as regularly presented, in the proportions shown below:



The quantitative targets based on financial indicators are set entirely on the basis of the budget preapproved by the Supervisory Board and are subject to a triggering threshold whereby no sum is due for a particular criterion if the level of performance does not reach this minimum threshold. The financial performance indicators, their targets and their weighting will be identical for each member of the Management Board. The types of financial indicators used have been unchanged since 2015.

The non-financial indicators are individualized according to the responsibilities of each member and may be based on a qualitative and quantitative assessment of the member's performance. Of the non-financial indicators, at least one indicator is based on quantitative logic informed by one or more quantifiable factors determined each year according to the Group's scope, strategy, objectives, and priorities, and tailored to the responsibilities of each member of the Management Board.

In the event that a new Management Board member is appointed (including the Chairman of the Management Board), he or she will be subject to the general variable compensation policy approved by the shareholders.

In addition, if a new member joins during the second half of a financial year, performance will be evaluated on a discretionary basis on the proposal of the Appointments and Compensation Committee. However, in this case, the new member will receive as variable compensation at least the prorated target amount of the variable portion attributable to his or her predecessor, as voted on by the shareholders. This may not exceed 100% of the Chairman's fixed compensation and 70% of the fixed compensation of other members of the Management Board. Any member who joins during the second half of the year will not be entitled to the variable portion linked to outperformance.

Long-term equity-based compensation

For several years, the Group has applied a dynamic employee profit-sharing policy and has therefore introduced a general policy of equity-based compensation (see Note 5.4 to the consolidated financial statements for the year ended December 31, 2018, which can be found in chapter 6 of this registration document).

Since the Company's IPO, performance shares have been granted each year to several hundred employees based on recorded performance, including members of the Management Board. Awarding long-term compensation in the form of performance shares is intended to encourage members of the Management Board to consider a long-term perspective when taking action and to align management interests with those of shareholders.

On that basis, when reviewing the principles for determining the compensation of members of the Management Board for 2019, the Supervisory Board maintained the principle of equity-based compensation for each member of the Management Board. This takes the form of performance shares to which a medium-term economic and share-price performance condition is attached, so as to align the interests of shareholders with those of the beneficiaries. The Supervisory Board also renewed the following principles for 2019:

- the rights granted to the Chairman and members of the Management Board as authorized by the General Shareholders' Meeting on May 27, 2016 may not represent more than 0.55% of the Company's share capital;

  To determine the number of shares for the Chairman and members of the Management Board, the Appointments Committee examines the fair value of said instruments and then defines an allocation amount to ensure a balance between the various elements of compensation and benefits of any kind (fixed, annual variable and long-term compensation). Accordingly, at the Supervisory Board meeting on March 6, 2019, on the recommendation of the Appointments and Compensation Committee, the Board renewed the principle whereby the maximum proportion of performance shares that can be granted annually to the members of the Management Board (including the Chairman) is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with the market practices of SBF 120 companies;

- performance shares granted to the Chairman and members of the Management Board will vest only after a minimum period of three years and subject to the following conditions:
  - **continuous service** with the Group from the date of the share grant and throughout the entire vesting period of at least three years (except under special circumstances). In the event members of the Management Board leave the Group during the vesting period for reasons other than dismissal for gross negligence or willful misconduct, said members may, on a proposal from the Appointments and Compensation Committee, in accordance with the recommendations of the AFEP-MEDEF Code, retain their rights to outstanding performance shares as at the date of departure, subject to the fulfillment of the performance conditions; in such cases, the overall grant will be prorated to take into account the employment of the corporate officer concerned with the Group during the vesting period,
  - **economic and share price performance conditions** assessed over a period of at least three years. With regard to economic criteria, the Supervisory Board will take care to select appropriate absolute internal criteria and relative external criteria that can be assessed over time, which may be identical to the financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed using a stable criterion based on comparison with a benchmark index;
- each member of the Management Board has an obligation to retain shares as follows:
  - for the Chairman of the Management Board, one third of the shares vested to be retained until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation,
  - for the other members, one third of the shares vested to be retained until their Company share portfolios reach a value representing twice the amount of their annual fixed compensation.

It should also be noted that the members of the Management Board are subject to lock-up periods when trading in the Company's securities is not allowed, and each member has stated that they have not used hedging instruments.

The number of performance shares vested to the Management Board members at the end of the performance assessment period of at least three years will be calculated by applying to the number of performance shares initially granted a coefficient measuring the achievement of each criterion, with the understanding that achievement of each target is binary such that if the criterion is not achieved, the proportion of performance shares attached to the achievement of the target will not vest.

In the event that a new Management Board member is appointed, the general policy regarding long-term equity-based compensation approved by the shareholders will be applied to that member according to the same rules as those that apply to the other Management Board members (amount, duration, etc.).

Special compensation

In 2019, the Supervisory Board has maintained the principle whereby the Chairman and other members of the Management Board may be eligible for special compensation under exceptional circumstances (for example, their importance to the Group, the commitment they require and the difficulties they pose). The Supervisory Board must justify its decision. In any event, the amount of special compensation may not exceed the maximum amount of the annual monetary compensation (fixed + maximum variable).

The payment of such compensation may only be made subject to prior approval by the shareholders pursuant to Article L. 225-100 of the French Commercial Code.

Signing bonus

In the event that a new Chairman or member of the Management Board is appointed, they may be entitled to a signing bonus to compensate them for the loss of benefits they previously received. Under no circumstances may this bonus exceed the amount of annual fixed compensation. The bonus must be specified and made public when it is set. The general policy regarding special compensation approved by the shareholders will then apply to this new executive.

Directors' fees

Members of the Management Board receive no compensation or directors' fees for any office held at a company in the Group.

Termination benefits for the Chairman and members of the Management Board

Termination benefits for the Chairman and members of the Management Board have remained unchanged since 2015. The General Shareholders' Meeting of May 18, 2018 voted to maintain these benefits under the commitments subject to the regulated agreements procedure as part of the reappointment of the Chairman and members of the Management Board in 2018.

Severance pay in the event of forced departure

At its meeting on March 6, 2018, the Supervisory Board decided to keep the same principle whereby the Chairman and members of the Management Board may receive severance pay in the event of their forced departure, as recommended by the Appointments and Compensation Committee. On that basis, the Supervisory Board decided that dismissal constituted forced departure, as did non-reappointment instigated by the Supervisory Board following a change of control or related to a recognized disagreement between the Supervisory Board and the member concerned, taking into account the profile of the members of the Management Board and their background with the Group (length of service and contribution to the Group's performance and transformation).

Severance pay will not be due if the member concerned is at fault or is soon to be eligible for retirement benefits at the date of forced departure.

The amount of severance that may be due is capped at 18 months of total (fixed and variable) compensation calculated on the basis of the average paid during the last two full years preceding the departure, subject to the fulfillment of the following performance conditions:

- revenue over a rolling 12-month period calculated at the last interim reporting date (December or June) prior to departure > 90% of the budget for the rolling 12-month period approved by the Supervisory Board;
- EBIT over a rolling 12-month period calculated at the last interim reporting date (December or June) prior to departure > 85% of the budget for the rolling 12-month period approved by the Supervisory Board;

No severance benefit is payable if no target is achieved, whereas if one target is achieved, two thirds of the benefit is payable (i.e., 12 months of average fixed and variable compensation) and if both targets are achieved, the benefit is payable in full.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders, in particular with regard to severance pay in the event of forced departure under the same conditions with regard to the amount.

Compensation relating to a non-compete clause

Considering the expertise acquired by the members of the Management Board, each member is subject to a conditional non-compete commitment for a one-year period in the case of the Management Board Chairman and six months in the case of the other Management Board members. This commitment starts at the end of their term of office and/or employment contract (except in the event of retirement) and is intended to protect the Group's interests in the event of their departure.

If the Supervisory Board decides to implement said non-compete commitment, this will result in the staggered payment, during the entire period of the commitment, of non-compete benefits equal to 50% of the gross fixed and variable compensation received over the last full year prior to departure. The payment of these benefits is not subject to performance conditions.

The total amount of benefits that may be received by the Chairman and members of the Management Board in the event of their departure from the Group (including compensation for the termination of their employment contract or any other compensation) may not in any event exceed 24 months of compensation, in accordance with the recommendations of the AFEP-MEDEF Code.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders, in particular with regard to compensation relating to the non-compete clause under the same conditions (amount, duration) as those set out above.

Employment contracts of the members of the Management Board

With the exception of Xavier Martiré, the members of the Management Board concurrently hold an employment contract and a corporate office. Louis Guyot and Matthieu Lecharny thus have an employment contract with the Company for their respective positions as Chief Financial Officer and Deputy Chief Operating Officer.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders.

Benefits in kind

Within the framework of the general compensation policy for executive corporate officers, the Supervisory Board confirmed that each member of the Management Board is entitled to a company car, which represents a benefit in kind.

In the event that a new Management Board member is appointed, that member will be subject to the general policy approved by the shareholders.

Supplementary retirement plans

No member of the Management Board benefits from a specific retirement plan beyond the plans legally required. Therefore, the Company has not reserved any specific amounts to pay pensions, retirement or other similar benefits to the members of the Management Board. As Company employees, Louis Guyot and Matthieu Lecharny benefit from the statutory retirement plan applicable to employees in France.

In the event that a new member of the Management Board is appointed, that member will be subject to the general policy relating to benefits granted to the Chairman and members of the Management Board as approved by the shareholders.

4.1.2.2 Elements of compensation paid or awarded to the Management Board for financial year 2018

Financial year 2018 was the first year following the Berendsen acquisition and the implementation of the Group's new operational structure. It was therefore a year of strategic change and challenges for the Company in terms of integration. As mentioned in chapter 1 of the 2018 registration document, the management team had to shoulder new responsibilities and implement the Group's strategy in its new regions.

Faced with these new responsibilities and challenges, the Supervisory Board, on the recommendation of the Appointments and Compensation Committee, decided to change the principles for determining, structuring and awarding the compensation of Management Board members for financial year 2018, as set out below. These had been approved by the shareholders at their General Shareholders' Meeting on May 18, 2018 pursuant to the 14th resolution with regard to the Chairman of the Management Board and the 15th resolution with regard to the other Management Board members. These resolutions were adopted with 72.43% in favor for Xavier Martiré, 74.34% in favor for Louis Guyot and 97.46% in favor for Matthieu Lecharny.

Furthermore, all Management Board members are entitled to a compensation package in the event of termination of office. This was approved at the General Shareholders' Meeting on May 18, 2018 as part of the regulated agreements procedure.

Fixed compensation

The fixed compensation of members of the Management Board was revised with effect from January 1, 2018. This revision was part of the three-year review and is consistent with the events affecting the Group and market practices since the Company's IPO, especially the significant change in the responsibilities of the Management Board and of executives in general related to the change in scope following the Berendsen acquisition. For example, revenue has risen from €1.3 billion in 2015 to more than €3 billion in 2018, while the number of employees has increased from 15,000 to nearly 50,000, located in 28 countries compared to 12 in 2015. This revision is partly based on a compensation study covering Management Board members that revealed a gap between the compensation of members of the Management Board and the market.

The methodology used for this study focused on board members at similar-sized companies with comparable responsibilities and job content. The reference markets selected were France, Germany and the United Kingdom. The benchmark is therefore both comprehensive and representative of market practices (see above for details of the companies in the panel).

The elements analyzed related to:

- the amount of compensation (2016 base salaries, bonuses paid in 2017 for financial year 2016, target bonuses and maximum percentage of base salary, total cash compensation including annual base salary, bonuses paid and any benefits in kind/directors' fees, 2016 long-term compensation in fair value (stock options, bonus shares, performance shares, etc.), total compensation including all of the above); and
- compensation structures (annual base salaries, bonuses paid, long-term compensation).

Accordingly, based on the compensation policy applicable for financial year 2018 as approved by the shareholders on May 18, 2018, the annual gross fixed compensation of the Chairman and members of the Management Board was as follows:

Member of the Management Board	Role	Fixed compensation *(In euros)*
Xavier Martiré	Chairman of the Management Board	800,000
Louis Guyot	Member of the Management Board Chief Financial Officer	400,000
Matthieu Lecharny	Member of the Management Board Deputy Chief Operating Officer	300,000

Annual variable compensation

For the reasons set out below, in particular the Group's transformation and the new challenges faced by executives, which have added to their responsibilities, the Supervisory Board decided at its meeting on March 6, 2018 to update the variable compensation of Management Board members, so as to bring it into line with market practices as identified by the compensation study.

The financial indicators on which the variable portion is based, and their weighting, are identical for all members of the Management Board, including the Chairman.

Chairman of the Management Board

The Chairman of the Management Board's target-based annual variable compensation remains at 100% of the amount of his fixed compensation and can range from 0 to 170% in the event of outperformance.

This target-based variable portion is based on the following financial and non-financial indicators and in the proportions shown (which remain unchanged):

- ***financial indicators*** **accounting for 70% of variable compensation (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance):** the economic indicators used are unchanged since 2015 and correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wanted to continue using the same financial criteria as in previous financial years, since these criteria are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow;
- ***non-financial indicators*** **accounting for 30% of the variable portion (i.e., 30% of fixed compensation, this percentage being the maximum)** and based on strategic and management criteria assessed either qualitatively or quantitatively.

With regard to performance measurement through financial indicators for determining the annual variable portion of compensation for members of the Management Board, the variable portion is achieved if an indicator is equal to the budget. The variable portion ranges from 0 to 200% if the indicator is around the target value.

Members of the Management Board

Since January 1, 2018, the target variable compensation of Louis Guyot and Matthieu Lecharny has been 70% of their fixed compensation, which can range from 0% to 119% in the event of outperformance. This target-based variable portion is based on the same financial indicators as those used to determine the Chairman of the Management Board's variable compensation described above. The financial indicators count towards 70% of the variable portion (i.e., 49% of fixed compensation, with a maximum of 98% in the event of outperformance), while non-financial indicators count towards 30% of the variable portion (i.e., a maximum of 21% of the fixed compensation) based on strategic and management criteria specific to each member of the Management Board. The procedures for varying the variable compensation described above for the Chairman of the Management Board are applied according to the same terms and in the same way for other members of the Management Board.

Achievement of the performance conditions related to the annual variable compensation of members of the Management Board for financial year 2018

At its meeting on March 6, 2019, the Supervisory Board reviewed the achievement of the performance conditions for the variable compensation of the Chairman of the Management Board and each Management Board member based on the principles outlined above and decided that the level of achievement and satisfaction of the 2018 performance conditions for financial year 2018 was as follows:

Financial indicators

Type of target	Respective weighting of variable compensation *(as a percentage of variable compensation)*	Achievement level *(as a percentage of variable compensation)*	Amount *(in euros)*			Justification
			Xavier Martiré	Louis Guyot	Matthieu Lecharny	
› Revenue	20%	22.8%, or 114% of the target bonus	182,671	63,935	47,951	Consolidated revenue totaled €3.133 billion, with proforma organic growth of 2.4%, outstripping the budget in the fourth quarter (2.9%). This was mainly attributed to: › solid business growth (+2.2%) in France, despite a challenging environment at year-end; › robust performance (+2.0%) of the workwear segment in central Europe (Netherlands, Germany, Poland); › continued business growth (+3.1%) and control of losses in Scandinavia; › in the British Isles (–1.1%), control of losses in Hospitality, as demonstrated by the steady improvement in the fourth quarter (+0.5%); › strong performance (+3.2%) in southern Europe, despite the slowdown in the hotel industry; › continuation of bullish momentum (+8.4%) in Latin America.
› EBIT compared to budget	30%	47.3%, or 158% of the target bonus	378,160	132,356	99,267	The Group's EBIT stands at €426 million, higher than budgeted: › it mainly reflects the impact of synergies achieved from the Indusal, Lavebras and Berendsen acquisitions, and continuous productivity gains across the portfolio, balanced by the currency effect and impact of IFRS 3.
› Operating cash flow compared to budget	20%	40%, or 200% of the target bonus	320,000	112,000	84,000	There was a clear normalization of cash flow in 2018, which was higher than budgeted. This included: › the return to normal of WCR, › control of a non-recurring item, despite integration-related restructuring; › normal income tax; › all despite additional one-off costs related to the catch-up program for Berendsen's capital expenditures and the refinancing of the bridge loan.
TOTAL	**70%**	**110.1%**	**880,830**	**308,291**	**231,218**	

Non-financial indicators

Type of target	**Respective weighting of variable compensation** *(as a percentage of variable compensation)*	**Achievement level** *(as a percentage of variable compensation)*	Amount	Justification
Xavier Martiré, Chairman of the Management Board				
› Successful integration of Berendsen (synergies)	7.5%	7.5%	60,000	The Berendsen integration is proceeding according to plan. Cumulative synergies amounted to €50 million at the end of 2018.
› Build-up in strategic countries (e.g., Germany)	7.5%	7.5%	60,000	The Group continued its targeted acquisitions policy, particularly in Germany, in a bid to consolidate the healthcare sector.
› Development of the Group's CSR policy	7.5%	6%	48,000	The Group has accelerated its CSR development policy, as described in chapter 3 of this registration document. This applies to human resources (see indicators for the Group's 50,000 employees), the environment (across-the-board improvement in indicators) and society (creation of the Elis Foundation).
› Innovation as a driver of organic growth	7.5%	6%	48,000	The Group continued its active innovation policy, including the development of product and service traceability and initiatives around customer experience (augmented reality, virtual sizing, etc.).
TOTAL	**30%**	**27%**	**216,000**	
Louis Guyot, member of the Management Board				
› Deployment of processes and reporting tools across the entire organization	10%	10%	28,000	Group reporting tools were rolled out at the end of 2017, enabling the Group system to be used for the 2017 consolidation, with the introduction of harmonized operational reporting in the same system in early 2018.
› Group financing	10%	9%	25,200	The €2 billion bridge financing set up in September 2017 was refinanced in less than four months on excellent terms.
› Quality of financial communications	10%	5%	14,000	Despite consistent and recognized financial communication, the share price fell in 2018, which the Supervisory Board wanted to take into account.
TOTAL	**30%**	**24%**	**67,200**	
Matthieu Lecharny, member of the Management Board				
› Increase in consolidation scope in Spain	10%	7%	14,700	Indusal's integration went well. However, Spain witnessed a slowdown as growth in the hospitality sector levelled off.
› M&A in Germany and in Berendsen's countries	10%	8%	16,800	The Group continued its targeted acquisitions policy, particularly in Germany, in a bid to consolidate the healthcare sector.
› Strong sales momentum in Brazil	10%	7.5%	15,750	The Lavebras integration was a success. The momentum has remained strong, with organic growth of close to 10%.
TOTAL	**30%**	**22.5%**	**47,250**	

The amount of variable compensation for financial year 2018 of each of the members of the Management Board is provided in Table 2 below in section 4.1.2.5, "Summary tables of corporate officers' compensation for 2018".

Long-term equity-based compensation awarded to members of the Management Board in 2018

In accordance with the authorization granted by the General Shareholders' Meeting on May 27, 2016 under the terms of its 22nd resolution, and by the Supervisory Board at its meeting on March 6, 2018 at the recommendation of the Appointments and Compensation Committee, members of the Management Board were granted performance shares under a new plan set up in the first half of 2018, the key features of which are described below:

Type of plan	**LTIP in the form of performance shares[(a)]**	
Grant date	April 6, 2018	
Number of rights granted[(b)]:	**Class A shares**	**Class B shares**
Xavier Martiré	88,496	29,499
Louis Guyot	34,405	14,749
Matthieu Lecharny	24,582	14,749
Performance conditions[(c)]:	**Class A shares** › 2020 consolidated revenue › 2020 consolidated EBIT › Share price vs SBF 120 in 2018–2020	**Class B shares** › Berendsen synergies › recovery of operating margin in Germany › recovery of operating margin in the UK
Performance period:	3 years, after which performance is measured for each share class.	
Continuous service	Yes, throughout the vesting period	
Number of shares vested	The number of fully vested shares will thus depend on the number of targets achieved for each share class, with the understanding that the achievement of the performance criteria is binary, such that if a criterion is not achieved, the portion of rights linked to that target is not due and the corresponding shares do not vest: › **for class A shares:** 20% if one of the targets is met, 50% if two targets are met, and 100% if the three targets are met. › **for class B shares:** 34% if one of the targets is met, 66% if two targets are met, and 100% if the three targets are met.	
Lock-up period	There is no lock-up period under this plan, but each Management Board member is required to retain their shares until such time as they step down from their duties, according to the terms described below (unchanged from 2018): › for the Chairman of the Management Board, one third of the shares vested to be retained until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation; › for the other members, one third of the shares vested to be retained until their Company share portfolios reach a value representing twice the amount of their annual fixed compensation.	

(a) *This grant was part of an overall plan benefiting just over 470 senior managers and executives, for a total of 1,064,615 shares (representing 0.48% of the Company's share capital on the date of the grant decision, of which 0.09% is for the members of the Management Board).*

(b) *The valuation of the free performance shares and the method used for that valuation are presented in Summary Table 1 "Summary of the compensation, options and shares granted to Management Board members' in financial years 2017 and 2018," in section 4.1.2.5 of this registration document.*

(c) *The performance targets attached to the Class A shares are defined in reference to three quantifiable criteria, including two absolute internal criteria based on consolidated revenue and consolidated EBIT relative to the budget, and one relative external criterion based on the performance of Elis's share price relative to the SBF 120 index (measured as a 20-day moving average (MA20) and restated for dividends). The confidential nature of the Group's absolute internal performance criteria prevents their content from being disclosed. However, at the end of the performance evaluation period, Elis will disclose the number of vested shares.*

The performance targets attached to the Class B shares are higher than cash synergies target announced in connection with the Berendsen acquisition (€82 million) and the internal target for improved EBIT margins in Germany and the UK. The confidential nature of these two criteria prevents their content from being disclosed. However, at the end of the performance evaluation period, Elis will disclose the number of vested shares.

Long-term equity-based compensation received by the members of the Management Board in 2018

None.

Benefits in kind

Each member of the Management Board is entitled to a company car, which represents a benefit in kind (see Table 2, "Compensation due and paid to the members of the Management Board", section 4.1.2.5 chapter 4).

Under the compensation policy for Management Board members, at its meeting on March 6, 2019 the Supervisory Board agreed to maintain the principle of this benefit in kind.

Summary table of commitments made to the members of the Management Board

(TABLE 10 – AFEP-MEDEF CODE & TABLE 11 – AMF)

	Employment contract		Supplementary retirement plan		Benefits due or potentially due upon termination or change in role		Non-compete benefits[e]	
Members of the Management Board	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Xavier Martiré Chairman of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018		• [a]		•	• [b]		• [b]	
Louis Guyot Member of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018	• [c]			•	• [b]		• [b]	
Matthieu Lecharny Member of the Management Board Start of term of office: 09/05/2014 End of term of office: 09/05/2018	• [d]			•	• [b]		• [b]	

(a) In accordance with the provisions of the AFEP-MEDEF Code, Xavier Martiré resigned from his roles on February 11, 2015 and no longer has an employment contract with the Company.
(b) The commitments made by the Company to Xavier Martiré, Louis Guyot and Matthieu Lecharny in the event of their departure are detailed in this chapter and are described in the Company's Statutory Auditors' special report contained in chapter 4, section 4.2 of the 2018 registration document.
(c) Louis Guyot has an employment contract with Elis.
(d) Matthieu Lecharny has an employment contract with Elis.

Shareholder approval of the elements of compensation and benefits of any kind paid or awarded to members of the Management Board in 2018

Pursuant to the provisions of Article L. 225-100-2 of the French Commercial Code, the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to the Chairman and members of the Management Board will be submitted for shareholder approval at the General Shareholders' Meeting on May 23, 2019, in the context of the ex-post vote introduced by the Sapin II Law. The corresponding resolutions for each member of the Management Board are presented in chapter 7, section 7.3 of this 2018 registration document.

It should be noted that the payment of the variable portion of monetary compensation is subject to the shareholders approving said element of compensation.

4.1.2.3 Compensation policy of the Management Board for financial year 2019

The Appointments and Compensation Committee conducted a comprehensive review of the compensation policy of members of the Management Board for 2019 and considered potential adjustments.

In general, the analysis carried out by the Appointments and Compensation Committee showed that the level of fixed, variable and long-term compensation is in line with the market. This level will therefore remain unchanged from 2018.

When reviewing the elements of compensation of members of the Management Board, the committee made no changes to the panel used to determine Board members' compensation.

Compensation structure

For 2019, the Supervisory Board did not wish to change the compensation structure for members of the Management Board. As a result, their compensation is predominantly subject to performance conditions.

Fixed compensation

The Board decided that the amount of fixed compensation for each member of the Management Board would remain unchanged for 2019. At this stage, no changes are planned before the end of the current term of office of the Management Board. The Supervisory Board confirmed that the amount is appropriate in view of the executive compensation studies carried out.

Variable compensation

With regard to variable compensation, the Supervisory Board decided that the target amount, the maximum variable compensation and the weighting of financial and non-financial indicators used to calculate the variable portion for 2019 would remain unchanged from 2018.

At its meeting on March 6, 2019, in the interest of the continuity of the ongoing assessment and measurement of the Management Board's financial performance, the Supervisory Board decided not to change the economic indicators attached to variable compensation. It concluded that these criteria best reflected the overall performance of the business in terms of growth, profitability and cash flow corresponding to the metrics used to monitor the Company (i.e., revenue, EBIT, and operating cash flow) and were consistent with the budget target discussed annually with the Board, which is also in line with the guidance communicated to the market.

The Board also kept the same methods for evaluating the performance of the financial indicators used to determine the variable portion of annual compensation for members of the Management Board for 2019. The variable portion ranges from 0 to 200% when the indicator is around the target value.

With regard to non-financial criteria, a decision was made at the recommendations of the Appointments and Compensation Committee to make several adjustments for 2019 to align the criteria with the Group's current strategy and targets for non-financial and operational performance. Furthermore, in accordance with the AFEP-MEDEF Code, the annual variable compensation of each member of the Management Board now includes a criterion related to corporate social responsibility. A criterion of this type had already been included in the compensation of the Chairman of the Management Board in previous years.

The tables below show the breakdown of financial and non-financial indicators used to determine the annual variable compensation of Xavier Martiré, Louis Guyot and Matthieu Lecharny for 2019, together with the weighting of each indicator:

Xavier Martiré	Target % of target variable	Min	Target	Max
Variable portion *(as a % of target variable)*:		**0%**	**100%**	**170%**
Financial indicators	**70%**	**0%**	**70%**	**140%**
Revenue compared to budget	20%	0%	20%	40%
EBIT compared to budget	30%	0%	30%	60%
Operating cash flow compared to budget	20%	0%	20%	40%
Non-financial indicators	**30%**	**0%**	**30%**	**30%**
		Not achieved	**Achieved**	**Max**
Transformation of EBITDA into cash flow	15%	0%	15%	15%
Development of the Group's CSR policy	7.5%	0%	7.5%	7.5%
Optimization and standardization of information systems throughout the Group	7.5%	0%	7.5%	7.5%

Louis Guyot	Target % of target variable	Min	Target	Max
Variable portion *(as a % of target variable)*:		**0%**	**100%**	**170%**
Financial indicators	**70%**	**0%**	**70%**	**140%**
Revenue compared to budget	20%	0%	20%	40%
EBIT compared to budget	30%	0%	30%	60%
Operating cash flow compared to budget	20%	0%	20%	40%
Non-financial indicators	**30%**	**0%**	**30%**	**30%**
Introduction of cash management tools	10%	0%	10%	10%
Debt rescheduling	10%	0%	10%	10%
Effectiveness of financial communications, particularly in terms of CSR	10%	0%	10%	10%

Matthieu Lecharny	Target % of target variable	Min	Target	Max
Variable portion *(as a % of target variable)*:		**0%**	**70%**	**140%**
Financial indicators	**70%**	**0%**	**20%**	**40%**
Revenue compared to budget	20%	0%	30%	60%
EBIT compared to budget	30%	0%	20%	40%
Operating cash flow compared to budget	20%	0%	70%	140%
Non-financial indicators	**30%**	**0%**	**30%**	**30%**
Improvement in overall performance in Spain	10%	0%	10%	10%
Development of CSR across the organization	10%	0%	10%	10%
Sales momentum in Latin America	10%	0%	10%	10%

The Supervisory Board deemed that the financial and non-financial indicators on which the targets of the annual variable compensation of the members of the Management Board, including the Chairman, were based reflect the direct link between the compensation of Management Board members and the changes in the Group's results and overall performance.

The triggering threshold and expected level of achievement of the targets set for each of the quantitative criteria represent strategic and economically sensitive information that cannot be made public. With regard to budgetary targets, these are in line with the outlook communicated to the market by management at the beginning of the year and on which analysts' consensus is based.

Note that payment of the elements of variable compensation is subject to shareholder approval, in accordance with Article L. 225-100 of the French Commercial Code.

Long-term equity-based compensation

For several years, the Group has applied a dynamic employee profit-sharing policy and has therefore introduced a general policy of equity-based compensation (see Note 5.4 to the consolidated financial statements for the year ended December 31, 2018, which can be found in chapter 6 of this registration document).

Since the Company's IPO, performance shares have been granted each year to several hundred employees based on recorded performance, including members of the Management Board. Awarding long-term compensation in the form of performance shares is intended to encourage members of the Management Board to consider a long-term perspective when taking action and to align management interests with those of shareholders.

On that basis, when reviewing the principles for determining the compensation of members of the Management Board for 2019, the Supervisory Board maintained the principle of equity-based compensation for each member of the Management Board. This takes the form of performance shares to which a medium-term economic and share-price performance condition is attached, so as to align the interests of shareholders with those of the beneficiaries. The Supervisory Board also renewed the following principles for 2019:

- the rights granted to the Chairman and members of the Management Board may not exceed 0.55% of the Company's share capital pursuant to the shareholders' decision on May 27, 2016;

  To determine the number of shares to be granted to the Chairman and members of the Management Board, the Appointments Committee examines the fair value of said instruments and then defines an allocation amount to ensure a balance between the various elements of compensation and benefits of any kind (fixed, annual variable and long-term compensation). Accordingly, at the Supervisory Board meeting on March 6, 2019, on the recommendation of the Appointments and Compensation Committee, the Board renewed the principle whereby the maximum proportion of performance shares that can be granted annually to the members of the Management Board (including the Chairman) is set at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with the market practices of SBF 120 companies;

- performance shares granted to the Chairman and members of the Management Board will vest only after a minimum period of three years and subject to the following conditions:
  - **continuous service** with the Group from the date of the share grant and throughout the entire vesting period of at least three years (except under special circumstances). In the event members of the Management Board leave the Group during the vesting period for reasons other than dismissal for gross negligence or willful misconduct, said members may, on a proposal from the Appointments and Compensation Committee, in accordance with the recommendations of the AFEP-MEDEF Code, retain their rights to outstanding performance shares as at the date of departure, subject to the fulfillment of the performance conditions; in such cases, the overall grant will be prorated to take into account the employment of the corporate officer concerned with the Group during the vesting period,
  - **economic and share price performance conditions** assessed over a period of at least three years. With regard to economic criteria, the Supervisory Board will take care to select appropriate absolute internal criteria and relative external criteria that can be assessed over time, which may be identical to the financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed using a stable criterion based on comparison with a benchmark index;

- each member of the Management Board has an obligation to retain shares as follows:
  - for the Chairman of the Management Board, one third of the shares vested to be retained until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation,
  - for the other members, one third of the shares vested to be retained until their Company share portfolios reach a value representing twice the amount of their annual fixed compensation.

It should also be noted that the members of the Management Board are subject to lock-up periods when trading in the Company's securities is not allowed, and each member has stated that they have not used hedging instruments.

The number of performance shares vested to the Management Board members at the end of the performance assessment period of at least three years will be calculated by applying to the number of performance shares initially granted a coefficient measuring the achievement of each criterion, with the understanding that achievement of each target is binary such that if the criterion is not achieved, the proportion of performance shares attached to the achievement of the target will not vest.

In the event that a new Management Board member is appointed, the general policy regarding long-term equity-based compensation approved by the shareholders will be applied to that member according to the same rules as those that apply to the other Management Board members (amount, duration, etc.).

Shareholder approval of the 2019 compensation policy for the Chairman and members of the Management Board

Pursuant to Article L. 225-82-2 of the French Commercial Code, the principles and criteria for determining, structuring and awarding the fixed, variable and special elements of total compensation and benefits of any kind attributable to the Chairman and members of the Management Board by reason of their office as described above will be submitted to the shareholders for approval at the next General Shareholders' Meeting on May 23, 2019. The resolutions relating to the compensation policy for the Chairman and members of the Management Board can be found in chapter 7, section 7.3 of this 2018 registration document.

4.1.2.4 Compensation policy for members of the Supervisory Board

Rules governing the allocation of directors' fees for 2018

The rules governing the allocation of directors' fees are reviewed at the beginning of each year by the Supervisory Board on the recommendations of the Appointments and Compensation Committee. These rules are based on an allocation formula that includes a fixed portion and a variable portion linked to the rate of attendance at meetings of the Supervisory Board and special committees, in accordance with the recommendations of the AFEP-MEDEF Code. This applies to all members of the Supervisory Board.

To ensure that the Board remains attractive, on the recommendations of the Appointments and Compensation Committee, the Board reviewed the total amount of directors' fees, set at €500,000 since 2015, and decided to raise the amount to €600,000 starting in financial year 2018. This increase was approved by shareholders at the General Shareholders' Meeting on May 18, 2018.

In 2018, the Board also resolved to adjust the amount of directors' fees paid to each Board member. The compensation for committee members was last updated in 2015.

For financial year 2018, the rules governing the allocation of directors' fees were as follows:

Supervisory Board	Fixed amount (annual lump sum)(1)	Variable amount (per Board meeting)
Chairman	36,000	3,600(2)
Member and Vice-Chairman	18,000	3,600(2)

Board committees	Fixed amount (annual lump sum)	Variable amount (per committee meeting)
Chairman	–	3,000(2)
Member	–	2,000(2)

(1) As the fixed component of directors' fees is allocated on an annual basis, the amount allocated to each of the members is calculated on a prorated basis in the event of appointment or termination for any reason of the term of office of a Supervisory Board member during the financial year.
(2) 50% of this amount for Board and committee meetings held by conference call.

On this basis, the total gross amount of directors' fees for financial year 2018 amounted to €392,800, down from the previous financial year, due to fewer Board meetings in 2018 and the resignation of two Board members during the financial year.

Details of the amounts due to each member of the Supervisory Board for financial year 2018 are presented below in Table 3, "Directors' fees and other compensation granted to members of the Supervisory Board" (see section 4.1.2.5, "Summary tables of corporate officers' compensation for 2018").

Current members of the Supervisory Board do not hold options or financial instruments giving access to the Company's share capital. Furthermore, there are no other commitments made by the Company to members of the Supervisory Board corresponding to elements of compensation or benefits due or potentially due upon termination or change in role.

Rules governing the allocation of directors' fees for 2019

Based on the recommendations of the Appointments and Compensation Committee, at its meeting on March 6, 2019, the Supervisory Board renewed the rules governing the allocation of directors' fees in 2019 to its members and those of its committees on the same terms as had been set in 2018 and applied in financial year 2018.

Shareholder approval of the compensation policy for members of the Supervisory Board

Pursuant to Article L. 225-82-2 of the French Commercial Code, the compensation policy for Supervisory Board members described above will be submitted for shareholder approval at the General Shareholders' Meeting on May 23, 2019. The resolution relating to the compensation policy for Supervisory Board members and the resolution relating to the adjustment of the total budget for directors' fees are presented in chapter 7, section 7.3 of this 2018 registration document.

Shareholder approval of the fixed, variable and special elements of compensation and benefits of any kind paid or awarded to the Chairman of the Supervisory Board

Pursuant to the provisions of Article L. 225-100-2 of the French Commercial Code, the fixed, variable and special elements of total compensation and benefits of any kind paid or awarded to the Chairman of the Supervisory Board for financial year 2018 will be submitted for shareholder approval at the General Shareholders' Meeting on May 23, 2019, in the context of the ex-post vote introduced by the Sapin II Law. The corresponding resolution is presented in chapter 7, section 7.3 of this registration document.

4.1.2.5 Summary tables of corporate officers' compensation for 2018

Table 1: Summary of the compensation, options and shares granted to Management Board members in financial years 2017 and 2018

The following table presents a summary of the compensation and performance shares granted to Xavier Martiré, Louis Guyot and Matthieu Lecharny for the financial years ended December 31, 2017 and 2018:

(In euros)	Financial year ended December 31, 2018	Financial year ended December 31, 2017
Xavier Martiré, Chairman of the Management Board		
Compensation due for the financial year[(a)]	1,904,126	1,937,112
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares[(b)(c)]	1,803,850	1,503,808
TOTAL	**3,707,976**	**3,440,920**
Louis Guyot, member of the management board		
Compensation due for the financial year[(a)]	785,002	673,443
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares[(b)(c)]	761,697	342,241
TOTAL	**1,546,699**	**1,015,684**
Matthieu Lecharny, member of the Management Board		
Compensation due for the financial year[(a)]	588,638	420,802
Value of multi-year variable compensation granted during the year	0	0
Value of options granted during the year	0	0
Value of performance shares[(b)(c)]	621,478	342,241
TOTAL	**1,210,116**	**763,043**

(a) Compensation due, i.e., after applying the achievement condition to the variable compensation base and including the provisional profit sharing amount for 2018 paid annually in May. The variable compensation of the members of the Management Board is established based on the following criteria: financial indicators accounting for 70% and non-financial indicators accounting for 30%. The achievement of the performance criteria corresponding to the targets set for variable compensation for 2018, approved by the Supervisory Board on March 6, 2019, is 137.10% of fixed compensation for Xavier Martiré, 93.87% of fixed compensation for Louis Guyot, and 92.82% of fixed compensation for Matthieu Lecharny.

(b) All of the performance shares granted in 2018 to the members of the Management Board are subject to continuous service and performance conditions defined based on three criteria linked to consolidated revenue, consolidated EBIT and the Company's share price performance relative to the SBF 120 index. The shares granted in 2018 are of two classes, Class A and Class B. The full vesting of these shares for each class is subject to the achievement of performance targets provided for in the plan and assessed for each share class over a period of three financial years, and to a condition of continuous service with the Group throughout the vesting period. The performance targets attached to the Class A shares are defined in reference to three quantifiable criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to the SBF 120 index. The performance targets attached to the Class B performance shares are defined in reference to criteria relating to Berendsen synergies and the recovery of operating margins in Germany and the UK. Table 6 below, as well as Notes 5.4 and 5.2 to the 2018 consolidated financial statements and 2018 parent company financial statements, respectively, included in chapter 6, "Financial statements for the year ended December 31, 2018," of this 2018 registration document and section 4.1.2 of this report on corporate governance, detail the rules of the performance share plans granted in 2018 to members of the Management Board.

(c) The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2018, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It accounts for the data and assumptions prevailing at the grant date.

Table 2: Compensation due and paid to the members of the Management Board

(In euros)	Financial year ended December 31, 2018		Financial year ended December 31, 2017	
	Amount due(1)	Amount paid(2)	Amount due(1)	Amount paid(2)
Xavier Martiré, Chairman of the Management Board				
Fixed compensation	800,000(a)	800,000	550,000(a)	550,000
Annual variable compensation	1,096,830(b)	829,846(d)	829,846(d)	809,160(e)
Multi-year variable compensation	0	0	0	0
Special compensation	0	550,000(f)	550,000(f)	0
Directors' fees	0	0	0	0
Benefits in kind(c)	7,296	7,296	7,266	7,266
TOTAL	**1,904,126**	**2,187,142**	**1,937,112**	**1,366,426**
Louis Guyot, member of the Management Board				
Fixed compensation	400,000(a)	400,000	250,000(a)	250,000
Annual variable compensation	382,324(b)	170,495(d)(g)	170,495(d)(g)	164,928(e)
Multi-year variable compensation	0	0	0	0
Special compensation	0	250,000(f)	250,000(f)	0
Directors' fees	0	0	0	0
Benefits in kind(c)	2,678	2,678	2,948	2,948
TOTAL	**785,002**	**823,173**	**673,443**	**417,876**
Matthieu Lecharny, member of the Management Board				
Fixed compensation	300,000(a)	300,000	250,000(a)	250,000
Annual variable compensation(2)	285,301(b)	167,495(d)(g)	167,495(d)(g)	164,928(e)
Multi-year variable compensation	0	0	0	0
Special compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind(c)	3,337	3,337	3,307	3,307
TOTAL	**588,638**	**470,832**	**420,802**	**418,235**

(1) Fixed compensation due to the members of the Management Board during the relevant financial year.
(2) Total compensation paid during the financial year, i.e., after applying the achievement condition to the variable compensation base.
(a) Fixed compensation of Xavier Martiré, Louis Guyot and Matthieu Lecharny for 2017 and 2018, determined based on the market practices of international listed companies. This compensation applies to both financial years 2017 and 2018.
(b) The variable compensation for financial year 2018 for each member of the Management Board is based on ambitious targets and predefined quantitative performance criteria accounting for 70% and qualitative performance criteria accounting for 30%, which were set by the Supervisory Board on March 6, 2018 based on the advice of the Appointments and Compensation Committee. The achievement condition corresponding to the 2018 targets approved by the Supervisory Board on March 6, 2019 is 137.10% of fixed compensation for Xavier Martiré, Chairman of the Management Board, 93.87% of fixed compensation for Louis Guyot, and 92.82% of fixed compensation for Matthieu Lecharny. These amounts include the provisional amount of the profits to be shared for the year ended 2018 (exact payment to be made in May 2019).
(c) Benefits in kind are measured for individual members and correspond to a company car made available to each member of the Management Board.
(d) In 2018, Xavier Martiré received annual target-based variable compensation of €829,846 for financial year 2017. Louis Guyot received annual target-based variable compensation of €150,881 for financial year 2017. Matthieu Lecharny received annual target-based variable compensation of €147,881 for 2017.
(e) In 2017, Xavier Martiré received annual target-based variable compensation of €809,160 for financial year 2016. Louis Guyot received annual target-based variable compensation of €145,620 for financial year 2016. He also received profit-sharing compensation of €19,308 as an employee of Elis Services. Matthieu Lecharny received annual target-based variable compensation of €145,620 for financial year 2016. He also received profit-sharing compensation of €19,308 as an employee of Elis Services.
(f) In accordance with the 2017 compensation policy, as described in the Supervisory Board's report included in section 4.5 of the 2016 registration document, the Supervisory Board has defined the principle whereby a bonus will be paid to Xavier Martiré and Louis Guyot to mark the exceptional quality of execution of the transaction, whose success was a critical step in the Group's strategy.
(g) Amount includes the payment of profit-sharing compensation for financial year 2017 in the amount of €19,614 in respect of their positions as employees of Elis Services.

Table 3: Directors' fees and other compensation granted to members of the Supervisory Board

The table below shows the gross amount (before social security contributions of 17.2% and withholding tax of 12.8% as a tax installment payment) of Directors' fees and other types of compensation due by the Company to members of the Supervisory Board and its committees for the years ended December 31, 2017 and 2018, respectively, calculated in accordance with the rules indicated above:

	Directors' fees (gross amount in euros)		Other compensation (fixed, variable, special, benefit in kind)	
Non-executive corporate officers	**2018**	**2017**	**2018**	**2017**
Philippe Audouin(a)	–	40,500	–	–
Michel Datchary(b)	11,100	55,500	–	–
Marc Frappier	40,000	50,500	–	–
Thierry Morin(c)	64,800	68,000	–	–
Florence Noblot(d)	44,300	47,500	–	–
Agnès Pannier-Runacher(e)	39,600	57,500	–	–
Philippe Delleur	37,800	43,500	–	–
Maxime de Bentzmann	37,800	42,000	–	–
Magali Chessé	41,800	51,000	–	–
Anne-Laure Commault(f)	37,800	24,000	–	–
Joy Verlé(g)	37,800	–	–	–
TOTAL	**392,800**	**479,500**	**0**	**0**

(a) Philippe Audouin resigned from his role as member of the Supervisory Board on December 14, 2017.
(b) Michel Datchary resigned from his role as member of the Supervisory Board and Appointments and Compensation Committee on March 6, 2018.
(c) Thierry Morin was appointed as a new member of the Appointments and Compensation Committee to replace Michel Datchary on March 6, 2018.
(d) Florence Noblot was appointed as Chair of the Appointments and Compensation Committee to replace Michel Datchary on March 6, 2018.
(e) Agnès Pannier-Runacher resigned from her role as member of the Supervisory Board and Audit Committee on October 17, 2018.
(f) Anne-Laure Commault was appointed as a member of the Supervisory Board by the General Shareholders' Meeting on May 19, 2017.
(g) Joy Verlé was co-opted by the Supervisory Board on March 6, 2018 to replace Philippe Audouin.

The amounts indicated in the above table constitute the only compensation due by the Company to the members of the Supervisory Board and its committees for financial years 2017 and 2018.

Table 4: Stock options granted in 2018 to each member of the Company's Management Board by the Company or any Group company

None.

Table 5: Stock options exercised in 2018 by each member of the Management Board

None.

Table 6: Bonus shares granted to each corporate officer in financial year 2018

Name of executive corporate officer	Plan No. and date of grant	Number of shares granted during financial year 2018	Value of performance shares based on the method used for consolidated financial statements[(a)] *(in euros)*	Vesting date[(b)(e)]	Availability date[(c)]	Performance conditions
Xavier Martiré Chairman of the Management Board	Plan No 7 April 6, 2018	117,995, i.e., 0.053% of the share capital[(d)]	1,803,850	April 6, 2021	April 6, 2021	[(d)]
Louis Guyot Member of the Management Board	Plan No 7 April 6, 2018	49,164, i.e., 0.022% of the share capital[(d)]	761,697	April 6, 2021	April 6, 2021	[(d)]
Matthieu Lecharny Member of the Management Board	Plan No 7 April 6, 2018	39,331, i.e., 0.017% of the share capital[(d)]	621,478	April 6, 2021	April 6, 2021	[(d)]
TOTAL		**206,490, i.e., 0.093% OF THE SHARE CAPITAL[(D)]**	3,187,025			

(a) The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2018, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It accounts for the data and assumptions prevailing at the grant date.

(b) The free performance shares vest at the end of a period of three years starting from the grant date (vesting period) subject to continuous service throughout the vesting period and the achievement of performance targets measured over three consecutive financial years.

(c) At the end of the vesting period, the shares are immediately transferable, although Management Board members are still subject to the obligation to retain shares for the duration of their terms of office.

(d) On the basis of the share capital as at December 31, 2018.

(e) The shares granted are of two classes, Class A and Class B. The full vesting of these shares for each class is subject to the achievement of performance targets provided for in the plan and assessed for each share class over a period of three financial years, and to a condition of continuous service with the Group throughout the vesting period. The performance targets attached to the Class A shares are defined in reference to three quantifiable criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to the SBF 120 index. The performance targets attached to the Class B performance shares are defined in reference to internal absolute criteria relating to Berendsen synergies and the recovery of margins in Germany and the UK. The number of fully vested shares will thus depend on the number of targets achieved for each share class with the understanding that the achievement of the performance criteria is binary, such that if a criterion is not achieved, the portion of rights linked to that target is not due and the corresponding shares do not vest. On that basis, beneficiaries of Class A shares will acquire 20% of the Class A performance shares if one criterion is achieved, 50% of Class A performance shares if two criteria are achieved, and 100% of Class A performance shares if all three criteria are achieved. For Class B performance shares, beneficiaries will acquire 34% of the shares of this class if one criterion is met, 66% of the shares if two criteria are met and 100% of the shares if three criteria are met. The expected level of absolute internal targets cannot be made public for business confidentiality reasons.

Table 7: Bonus shares granted that became available in 2018 for each member of the Management Board

No bonus shares granted to members of the Management Board under the 2015, 2016, 2017 and 2018 plans became available in 2018.

Table 8: History of grants of stock options and other financial instruments giving access to the Company's share capital subscribed for by the members of the Management Board

No stock options have been granted over the past five financial years.

Table 9: Stock options granted to the top ten employees who are not corporate officers and options exercised thereby

In 2018, no stock options were granted to employees who were not corporate officers and no financial instruments were issued for the top ten employees.

Table 10: History of bonus share grants

(See Note 5.4 to the Group's 2018 consolidated financial statements and Note 5.2 to the parent company financial statements for the year ended December 31, 2018, which are included in chapter 6, "Financial statements for the year ended December 31, 2018," of this registration document.)

No bonus shares were granted to the members of the Supervisory Board.

Compensation paid by controlled companies or the company that controls the Company as defined by Article L. 233-16 of the French Commercial Code

No executive corporate officer or member of the Company's Supervisory Board received compensation of any kind from companies controlled by the Company. During the financial year ended December 31, 2018, the Company was not exclusively controlled by an entity, as defined by Article L. 233-16 of the French Commercial Code.

4.1.3 SHAREHOLDER ATTENDANCE AT GENERAL SHAREHOLDERS' MEETINGS

Pursuant to the provisions of Article L. 225-37-4, paragraph 9, the terms and conditions for shareholders' attendance at General Shareholders' Meetings as set out in Articles 23 and 24 of the Company's bylaws are described below.

Shareholders' meetings are convened and held as provided by law. Meetings are held either at the registered office or at another location stated in the notice of meeting. Shareholders must prove they have the right to attend the Company's General Shareholders' Meetings as provided by law.

All shareholders may participate in meetings either in person or by proxy. They may also participate in any meeting by voting by mail or online under the conditions provided by the legal and regulatory provisions in force.

The Management Board has the option to authorize proxy and vote-by-mail forms to be sent to the Company by remote transmission (including any electronic means) per the legal and regulatory provisions in force.

When used, electronic signatures may be considered a reliable process that satisfies the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. Upon the decision of the Management Board to use such means of telecommunications, published in the notice of meeting or in the meeting announcement, shareholders who participate in the meeting by video conference or by means of telecommunications permitting to identify them under the conditions provided by the regulations in force are deemed to be present for purposes of quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by the Vice-Chairman. If both are absent, the meeting elects its own Chairman.

Meetings minutes are prepared and copies or excerpts thereof are certified and issued in accordance with the law.

4.1.4 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING (ARTICLE L. 225-37-5 OF THE FRENCH COMMERCIAL CODE)

(See chapter 8, section 8.5.9 of this registration document).

4.1.5 SUMMARY TABLE OF THE DELEGATIONS OF AUTHORITY AND POWERS TO THE MANAGEMENT BOARD AND THEIR USE IN 2018 (ARTICLES L. 225-37-4, PARAGRAPH 3 OF THE FRENCH COMMERCIAL CODE)

Type of delegation or authorization granted to the Management Board by the General Shareholders' Meeting	Maximum amount authorized *(in euros)*	Authorization date	Expiration date	Duration of the authorization	Use in 2017/2018
Capital increase through the issue of shares and/or any other securities giving access to the Company's share capital					
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital, **with preferential subscription rights**	110 million[a]	May 18, 2018	July 18, 2020	26 months	–
Capital increase through the capitalization of reserves, profits, share, merger or contribution premiums or other additional paid-in capital	130 million	May 18, 2018	July 18, 2020	26 months	June 15, 2018 December 20, 2018[h]
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital **without preferential subscription rights, under a public exchange offer**	22 million[b][c]	May 18, 2018	July 18, 2020	26 months	–
Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital **without preferential subscription rights, as part of an offering referred to in section II of Article L. 411-2 of the French Monetary and Financial Code**[f]	10% of the Company's share capital as at the date of the transaction per 12-month period[c][d]	May 18, 2018	July 18, 2020	26 months	–

Type of delegation or authorization granted to the Management Board by the General Shareholders' Meeting	Maximum amount authorized (in euros)	Authorization date	Expiration date	Duration of the authorization	Use in 2017/2018
Authorization, in the event of an issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital without preferential subscription rights **to set the issue price**[(g)]	10% of the Company's share capital as at the date of the transaction per 12-month period	May 18, 2018	July 18, 2020	26 months	–
Capital increase through the issue of shares and/or securities giving access, immediately or in the future, to the share capital **in consideration for contributions in kind** granted to the Company	10% of the Company's share capital at the time of the issue	May 18, 2018	July 18, 2020	26 months	–
Increase in the number of shares or other securities to be issued in the event of a capital increase with or without preferential subscription rights	15% of the initial issue	May 18, 2018	July 18, 2020	26 months	–
Share buyback program					
Share buyback	10% of the Company's share capital Maximum purchase price per share: €30 Maximum purchase amount: 350 million	May 18, 2018	November 18, 2019	18 months	Use excluding liquidity contract:[(e)] Use under the liquidity contract:[(f)]
Capital reduction through the cancellation of treasury shares	10% of the Company's share capital per 24-month period	May 18, 2018	November 18, 2019	18 months	–
Transactions reserved for employees and executive corporate officers					
Grant of bonus shares, existing or to be issued, to Group employees and/or corporate officers	2.5% of the total number of Company shares at the grant date (0.55% of the share capital for executive corporate officers)	May 27, 2016	July 27, 2019	38 months	April 6, 2018 August 31, 2018 December 20, 2018[(h)]
Capital increase through the issue of shares and/or any other securities giving access to the Company's share capital reserved for employees participating in a Company savings plan	5 million	May 18, 2018	July 18, 2020	26 months	–

(a) Overall limit of capital increases with and without preferential subscription rights that may be carried out under the 23rd to 28th resolutions adopted by the General Shareholders' Meeting on May 18, 2018.
(b) Overall limit of capital increases without preferential subscription rights that may be carried out under the 24th and 27th resolutions of the Combined Ordinary and Extraordinary General Meeting on May 18, 2018.
(c) Deducted from the overall limit of €110 million set by the 30th resolution of the General Shareholders' Meeting on May 18, 2018.
(d) Deducted from the overall limit of €22 million set by the 24th resolution of the General Shareholders' Meeting on May 18, 2018.
(e) 459,000 Elis shares were acquired for a total price of €9,869,976.91, or an average price of €21.4283 for either the holders of Berendsen options (sharesave options) granted by Berendsen or for the Employee Benefit Trust, which will be owed said shares under the terms of the Put and Call Agreement between the Employee Benefit Trust, Berendsen and the Company (see section 1.13, "Major contracts" in this registration document). Trading costs amounted to €4,917.79. As at December 31, 2018, of the 459,000 shares acquired, 393,532 had been delivered to the Employee Benefit Trust (see chapter 8, section 8.5.1 of the registration document).
(f) For more details, see chapter 7, section 7.2 and chapter 8, section 8.4 of the 2018 registration document.
(g) Under this authorization, should it be used by the Management Board, the issue price of the shares would be set in accordance with the following conditions:
(i) the issue price of the shares will be at least equal to the closing price of the Company's shares on Euronext Paris during the last trading session prior to the date on which the price is set, minus any discount of up to 5%;
(ii) the issue price of the securities giving immediate or future access to the share capital will be such that the sum immediately received by the Company, increased, if necessary, by a sum that may be subsequently received by the Company, will be at least equal to the issue price referred to in paragraph a) above, for each share issued as a result of the issue of these securities.
(h) Used to cover the free performance share allocation plan whose vesting period expired in 2018. See chapter 6 of this registration document and Notes 5.4 and 5.2 to the 2018 consolidated financial statements and parent company financial statements, respectively.

4.1.6 SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT BOARD'S REPORT PROVIDED FOR IN ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE AND REGARDING THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2018

To the Shareholders,

Our Company's Management Board has called a Combined General Shareholders' Meeting, in accordance with the law and the Company's bylaws, to inform you of the position and activities of the Company during the financial year ended December 31, 2018, and to submit for your approval the financial statements for said financial year and the allocation of income.

We remind you that in accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board must present to the Annual Ordinary General Meeting its observations on the Management Board's report and the financial statements for the year concerned, on which you are asked to vote.

We inform you that the Management Board has provided the Supervisory Board with the parent company financial statements for 2017, the consolidated financial statements for 2017 and the Management Board's report in accordance with Article L. 225-68 of the French Commercial Code.

Having verified and audited the parent company financial statements for 2018, the consolidated financial statements for 2018 and the Management Board's report, we believe that there are no specific matters to report regarding these documents.

The resolutions presented to you by the Management Board have been discussed and approved by the Supervisory Board.

Pursuant to the provisions of Article L. 225-82-2 of the French Commercial Code introduced by the Sapin II Law, the Supervisory Board has drawn up the resolutions pertaining first, to the principles and criteria for determining, structuring and awarding the fixed, variable and special elements of total compensation and benefits of any kind attributable to Management Board and Supervisory Board members for the fulfillment of their duties, and second, to the elements of compensation due or awarded to members of the Management Board and to the Chairman of the Supervisory Board.

We hope that you will agree with all of the proposals made by the Management Board in its report and choose to adopt the resolutions submitted to you.

The Supervisory Board

4.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2018)

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

To the Shareholders,
Elis
5 boulevard Louis Loucheur
92210 Saint-Cloud

In our capacity as Statutory Auditors of Elis, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized and entered into during the year

In accordance with article L.225-88 of the French Commercial Code, we were informed of the following agreements and commitments entered into during the year and authorized in advance by the Supervisory Board.

Parent company counter-guarantee

The Company issued a counter-guarantee to HSBC Plc for an amount of GBP 7,050,839 in respect of the guarantee granted by HSBC Plc to the former insurers of Berendsen to cover the various commitments made by Berendsen entities in the United Kingdom, primarily relating to an authorized overdraft facility and the entities' former insurance policies (financial guarantees for late automobile claims and the management of all claims after the end of the guarantee period on April 30, 2018).

Shareholder and corporate officer concerned: Louis Guyot (member of the Management Board of Elis and corporate officer of the subsidiaries concerned).

Authorization procedure: The guarantee was subject to the prior authorization of the Supervisory Board on July 25, 2018.

Expenses: In 2018, the Company did not incur any expenses in respect of the guarantee, as it was not required to take any action thereunder.

Comfort letter

Given the amount of debt carried by Berendsen Plc, a subsidiary of the Company, and at the request of its auditors, the Company issued a comfort letter confirming its commitment to ensuring that Berendsen Plc (and by extension its subsidiaries) honors its obligations within the 12 months following the approval of the financial statements.

Shareholder and corporate officer concerned: Xavier Martiré (Chairman of the Management Board of Elis and corporate officer of Berendsen Plc).

Authorization procedure: The comfort letter was subject to the prior authorization of the Supervisory Board on March 6, 2018.

Expenses: In 2018, the Company did not incur any expenses in respect of the comfort letter, as it was not required to take any action thereunder.

Parent company guarantee

The Company issued a counter-guarantee to BMG (or its parent company ING) in respect of the commitments made by Berendsen subsidiaries to BMG and/or ING as part of the notional cash pooling arrangement for the Berendsen scope. The guarantee will expire following the implementation of the cash pooling arrangement at the level of the Group, in which the Company will be the lead company.

Shareholder and corporate officer concerned: Xavier Martiré (Chairman of the Management Board of Elis and corporate officer of the Berendsen subsidiaries concerned) and Louis Guyot (member of the Management Board of Elis and corporate officer of the Berendsen subsidiaries concerned).

Authorization procedure: The guarantee was subject to the prior authorization of the Supervisory Board on May 2, 2018.

Expenses: In 2018, the Company did not incur any expenses in respect of the guarantee, as it was not required to take any action thereunder.

Amendment to the chargeback agreement between the Company and Berendsen A/S

Purpose of the agreement: The implementation of the Group's new organizational structure following the acquisition of Berendsen in 2017 required major restructuring, which generated significant costs. The Company and Berendsen Plc and Berendsen A/S agreed that those costs would be borne by the Company. To this end, two chargeback agreements were drawn up, one between the Company and Berendsen Plc and other between the Company and Berendsen A/S.

The abovementioned restructuring continued in 2018, driven by the Company in its capacity as the Group's ultimate shareholder, with the Company bearing the additional related costs. To this end, an amendment to the agreement with Berendsen A/S was signed in 2018.

Shareholder and corporate officer concerned: Louis Guyot (member of the Management Board of Elis and director of Berendsen A/S).

Authorization procedure: The amendment to the chargeback agreement with Berendsen A/S was subject to the prior authorization of the Supervisory Board on October 24, 2018.

Expenses: In 2018, the expenses incurred by the Company in respect of the amended chargeback agreement with Berendsen A/S amounted to DKK 18,592,339 (approximately €2,656,050).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in financial years

a) that remained in force during the year

In accordance with article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year.

Intra-group loan agreement between the Company and Berendsen Plc

Purpose of the agreement: Following the acquisition of Berendsen Plc in 2017 and as part of the repayment of Berendsen's debt, an intra-group financing arrangement was set up between the Company and Berendsen Plc. To this end, Elis has made a maximum amount of €1 billion available to Berendsen Plc for a period of five years, to enable the subsidiary to repay its debt and meet the needs of its business activities and those of its subsidiaries. The intra-group financing was formalized by an intragroup agreement entered into on September 18, 2017 under French law, drawn up in English and entitled "Intercompany Loan Agreement".

The interest rate applied is the weighted average, which is equal to the annual average of the average effective interest rates charged by credit institutions for variable-rate loans to businesses, with an initial maturity of more than two years.

No guarantees are attached to the loan.

Shareholder and corporate officer concerned: Xavier Martiré (Chairman of the Management Board of Elis and member of the Board of Directors of Berendsen Plc).

Authorization procedure: The intra-group agreement was subject to the prior authorization of the Supervisory Board of Elis on September 18, 2017. At its meeting on March 6, 2018, the Supervisory Board noted that the intra-group loan remained in force during the year.

Expenses: In 2018, Berendsen Plc made the following drawdowns:

Date	Amount	Purpose
April 14, 2018	€20.0 million	Working capital
December 14, 2018	€28.7 million	Working capital
December 21, 2018	€2.5 million	Working capital

Financial income (interest): €10,179,855.2

Chargeback agreement with Berendsen Plc

Purpose of the agreement: The implementation of the Group's new organizational structure following the acquisition of Berendsen in 2017 required major restructuring, which generated significant costs. The Company and Berendsen Plc agreed that those costs would be borne by the Company. To this end, a chargeback agreement was drawn up between the Company and Berendsen Plc.

Shareholder and corporate officer concerned: Xavier Martiré (Chairman of the Management Board of Elis and member of the Board of Directors of Berendsen Plc).

Authorization procedure: The agreement was subject to the prior authorization of the Supervisory Board on December 14, 2017. At its meeting on March 6, 2018, the Supervisory Board noted that the agreement remained in force during the year.

Expenses: In 2018, the expenses incurred by the Company in respect of the agreement amounted to GBP 671,003.45 (approximately €762,461.44).

b) that did not remain in force during the year

In addition, we were informed that the following agreements and commitments, approved by the Annual General Meeting in prior years, were not implemented during the year.

Underwriting Agreement entered into by the Company on February 10, 2015 with Legendre Holding 27 and a banking syndicate led by BNP Paribas, Deutsche Bank AG, London Branch and Goldman Sachs International and comprising Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co International Plc and Société Générale (the "Underwriters")

Purpose of the agreement: Managing the sale of Company shares as part of the Company's initial public offering. Under the terms of the agreement, all bank fees and transaction costs related to the Company's IPO are covered by Elis and Eurazeo, subject to certain limitations. In particular, the agreement provides for basic bank fees of 1.50% of the gross proceeds of the capital increase carried out as part of the Company's IPO and of the sale of existing shares to be borne by the Company in the case of New Shares and by Legendre Holding 27 in the case of Initial Shares Sold and Additional Shares Sold as part of the overallotment option (such as the capitalized terms are defined in the Underwriting Agreement). Furthermore, the Underwriting Agreement provides for the possible payment of additional discretionary fees of 1.25% of the gross proceeds of the offering.

The agreement also contains a number of representations, in particular by the Company. Any inaccuracies in those representations or the failure by the Company to fulfill its obligations may, under certain circumstances, result in the Company having to pay compensation.

Shareholder and corporate officer concerned: Marc Frappier, member of the Supervisory Board and corporate officer of Eurazeo. In 2018, the interest held by Legendre Holding 27 in the Company fell below 10% of the share capital and voting rights.

Authorization procedure: The agreement was subject to the prior authorization of the Supervisory Board on January 26, 2015. At its meeting on March 6, 2018, the Supervisory Board noted that the agreement remained in force during the year and would continue to remain in force in future years provided that the compensation obligation and the representations made by the Company were still valid at the settlement-delivery date.

Expenses: The Company did not incur any expenses under the agreement in 2018.

Agreements and commitments approved during the year

We were informed of the implementation, during the year, of the following agreements and commitments, previously approved by the Annual General Meeting of May 18, 2018, as indicated in the Statutory Auditors' special report of March 7, 2018.

Commitments made by the Company to Xavier Martiré, Chairman of the Management Board

- ***Termination benefits:*** At its meeting on March 6, 2018, the Supervisory Board, acting on the recommendation of the Appointments and Compensation Committee, decided to maintain the commitment made by the Company to pay termination benefits to Xavier Martiré in the event of the termination of his term of office as Chairman of the Management Board, subject to the following conditions and limitations:

  Event giving rise to payment of the benefits: Termination of his term of office in the event of forced departure. To this end, the Supervisory Board determined that either of the following constitutes forced departure: (i) removal from office or (ii) a decision by the Supervisory Board not to renew his term of office following a change of control or due to a proven disagreement between the Supervisory Board and Xavier Martiré.

  Amount of the benefits: The amount of the benefits is capped at 18 months of gross fixed and variable compensation, calculated based on the average compensation received during the two years preceding his departure.

  Performance conditions: The benefits are subject to specific performance conditions, measured based on the following two quantitative criteria:

  (i) revenue over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 90% of the rolling 12month budget approved by the Supervisory Board;

  (ii) EBIT over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 85% of the rolling 12-month budget approved by the Supervisory Board.

  If neither of the conditions is met, no benefits will be due. If one of the conditions is met, two thirds of the benefits will be due (i.e., 12 months of average fixed and variable compensation). If both conditions are met, the benefits will be due in full.

  The termination benefits will not be due if Xavier Martiré is dismissed for misconduct or if he is eligible to claim his pension rights soon after the date of forced departure.

- ***Non-compete benefits:*** Given the expertise acquired in the performance of his duties, Xavier Martiré is subject to a conditional non-compete agreement for one year following the end of his term of office, in order to protect the interests of the Elis Group in the event of his departure (expect in the event of retirement). The payment of the benefits is not subject to performance conditions. Were the Supervisory Board to decide to implement the non-compete agreement, the benefits would be paid in installments over the term of the agreement, in a total amount of 50% of the gross annual fixed and variable compensation received by Xavier Martiré during the financial year preceding his departure.

The total amount of benefits due to Xavier Martiré in the event of his departure from the Group is capped at 24 months of gross fixed and variable compensation.

No amounts were paid to Xavier Martiré in respect of the above commitments in 2018.

Authorization procedure: The commitments made to Xavier Martiré were authorized by the Supervisory Board on March 6, 2018 and approved by the Annual General Meeting of May 18, 2018 in the sixth resolution.

Commitments made by the Company to Louis Guyot, member of the Management Board

- ***Termination benefits:*** At its meeting on March 6, 2018, the Supervisory Board, acting on the recommendation of the Appointments and Compensation Committee, decided to maintain the commitment made by the Company to pay termination benefits to Louis Guyot in the event of the termination of his term of office as a member of the Management Board, subject to the following conditions and limitations:

  Event giving rise to payment of the termination benefits: Termination of his term of office in the event of forced departure. To this end, the Supervisory Board determined that either of the following constitutes forced departure: (i) removal from office or (ii) a decision by the Supervisory Board not to renew his term of office following a change of control or due to a proven disagreement between the Supervisory Board and Louis Guyot.

  Amount of the benefits: The amount of the benefits is capped at 18 months of gross fixed and variable compensation, calculated based on the average compensation received during the two years preceding his departure.

  Performance conditions: The benefits are subject to specific performance conditions, measured based on the following two quantitative criteria:

  (i) revenue over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 90% of the rolling 12month budget approved by the Supervisory Board;

  (ii) EBIT over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 85% of the rolling 12-month budget approved by the Supervisory Board.

If neither of the conditions is met, no benefits will be due. If one of the conditions is met, two thirds of the benefits will be due (i.e., 12 months of average fixed and variable compensation). If both conditions are met, the benefits will be due in full.

The termination benefits will not be due if Louis Guyot is dismissed for misconduct or if he is eligible to claim his pension rights soon after the date of forced departure.

- ***Non-compete benefits:*** Louis Guyot is subject to a conditional non-compete agreement for six months following the end of his term of office, in order to protect the interests of the Elis Group in the event of his departure (expect in the event of retirement). The payment of the benefits is not subject to performance conditions. Were the Supervisory Board to decide to implement the non-compete agreement, the benefits would be paid in installments over the term of the agreement, in a total amount of 50% of the gross annual fixed and variable compensation received by Louis Guyot during the financial year preceding his departure.

The total amount of benefits due to Louis Guyot in the event of his departure from the Group is capped at 24 months of compensation (excluding any benefits that may be due to Louis Guyot in connection with the termination of his employment contract with the Company).

No amounts were paid to Louis Guyot in respect of the above commitments in 2018.

Authorization procedure: The commitments made to Louis Guyot were authorized by the Supervisory Board on March 6, 2018 and approved by the Annual General Meeting of May 18, 2018 in the seventh resolution.

Commitments made by the Company to Matthieu Lecharny, member of the Management Board

- ***Termination benefits***: At its meeting on March 6, 2018, the Supervisory Board, acting on the recommendation of the Appointments and Compensation Committee, decided to maintain the commitment made by the Company to pay termination benefits to Matthieu Lecharny in the event of the termination of his term of office as a member of the Management Board, subject to the following conditions and limitations:

  Event giving rise to payment of the benefits: Termination of his term of office in the event of forced departure. To this end, the Supervisory Board determined that either of the following constitutes forced departure: (i) removal from office or (ii) a decision by the Supervisory Board not to renew his term of office following a change of control or due to a proven disagreement between the Supervisory Board and Matthieu Lecharny.

  Amount of the benefits: The amount of the benefits is capped at 18 months of gross fixed and variable compensation, calculated based on the average compensation received during the two years preceding his departure.

  Performance conditions: The benefits are subject to specific performance conditions, measured based on the following two quantitative criteria:

  (i) revenue over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 90% of the rolling 12month budget approved by the Supervisory Board;

  (ii) EBIT over 12 rolling months, as measured at the closing date of the last half-year period (December or June) preceding his departure, of at least 85% of the rolling 12-month budget approved by the Supervisory Board.

  If neither of the conditions is met, no benefits will be due. If one of the conditions is met, two thirds of the benefits will be due (i.e., 12 months of average fixed and variable compensation). If both conditions are met, the benefits will be due in full.

  The termination benefits will not be due if Matthieu Lecharny is dismissed for misconduct or if he is eligible to claim his pension rights soon after the date of forced departure.

- ***Non-compete benefits:*** Matthieu Lecharny is subject to a conditional non-compete agreement for six months following the end of his term of office, in order to protect the interests of the Elis Group in the event of his departure (expect in the event of retirement). The payment of the benefits is not subject to performance conditions. Were the Supervisory Board to decide to implement the non-compete agreement, the benefits would be paid in installments over the term of the agreement, in a total amount of 50% of the gross annual fixed and variable compensation received by Matthieu Lecharny during the financial year preceding his departure.

The total amount of benefits due to Matthieu Lecharny in the event of his departure from the Group is capped at 24 months of gross fixed and variable compensation (excluding any benefits that may be due to Matthieu Lecharny in connection with the termination of his employment contract with the Company).

No amounts were paid to Matthieu Lecharny in respect of the above commitments in 2018.

Authorization procedure: The commitments made to Matthieu Lecharny were authorized by the Supervisory Board on March 6, 2018 and approved by the Annual General Meeting of May 18, 2018 in the eighth resolution.

Neuilly-sur-Seine and Courbevoie, March 6, 2019

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS
Bruno TESNIERE	Isabelle MASSA

5

Comments on financial year 2018

5.1 HIGHLIGHTS OF FINANCIAL YEAR 2018

5.1.1 MAJOR ACQUISITIONS

In Germany

Elis acquired three companies in 2018, strengthening its positions in the Healthcare sector in particular. In March 2018, Elis completed the acquisition of BW Textilservice, a family-owned laundry business located in the Stuttgart region that posted revenue of around €24 million in 2017. In May 2018, Elis completed the acquisition of Wäscherei Waiz GmbH in the Nuremberg region, where the Group did not previously have operations. This family-owned company posted revenue of approximately €10 million in 2017. In December 2018, Elis announced an agreement to acquire Curantex, based in the Cologne region. The acquisition was completed in January 2019 and will allow Elis to expand its network in the highly dynamic North Rhine–Westphalia region. The acquisitions of these three companies, which operate in the Healthcare sector, have allowed Elis to continue expanding its healthcare network in Germany.

In Belgium

On April 24, 2018, Elis completed the acquisition of Belgian company A&M, a family-owned laundry business located near Liège that posted revenue of approximately €8 million in 2017. A&M specializes in flat linen processing for Hospitality customers. This has given Elis an entry into the flat linen market in Belgium, a country where the Group previously only operated in the Workwear and HWB sectors. The new Belgian platform for flat linen will also allow Elis to redistribute volumes between northern France, Belgium, Luxembourg and north-west Germany to optimize logistics and improve productivity in the region.

In Ireland

On July 26, 2018, Elis announced an agreement to acquire Kings Laundry. The transaction is subject to standard regulatory conditions and is expected to be completed during the first half of 2019, subject to obtaining the necessary approvals.

Kings Laundry has two plants, in Cork and in Dublin, specialized in flat linen. The group generated revenue of around €30 million in 2017. This acquisition, which complements Elis's existing network, will generate synergies and expand the Group's customer portfolio.

In Spain

On December 5, 2018, Elis finalized the acquisition of Lavanderias Tritón SL, a company located in the Madrid region specialized in flat linen. The company serves customers in the Hospitality sector and also covers the cities of Barcelona, Málaga, Elche and Segovia through partner service providers. Lavanderias Tritón SL is a family-owned group and posted revenue of around €8 million in 2017. The acquisition, which further extends Elis's existing network in Spain, will generate synergies and expand the Group's customer portfolio.

In Colombia

On December 21, 2018, Elis announced the acquisition of Metropolitana, a group with two plants in Bogotá serving operators in the Healthcare, Industry and Hospitality segments. Metropolitana is a family-owned group and posted revenue of approximately €4 million in 2017. This acquisition boosts Elis's existing network in the Bogotá region and also allows it to expand further in the Hospitality and Industry segments, where until now it had a limited foothold. The acquisition was completed in January 2019.

5.1.2 FINANCING

In accordance with its financing policy described in chapter 1, section 1.12 of this 2018 registration document, in 2018, the Group used bank or capital-market financing (short and medium term) to meet its general requirements and finance its business activities and development projects, particularly those related to the Berendsen acquisition.

On *short-term capital markets*, Elis renewed its commercial paper program on May 30, 2018 for one year, raising the maximum issue amount from €400 million to €500 million.

On *medium/long-term capital markets*, Elis set up a €3-billion EMTN program approved by the AMF on January 30, 2018. Under this EMTN program, on February 15, 2018 the Group carried out a dual-tranche bond issue comprising a €650-million tranche with a maturity of five years and a coupon of 1.875%, and a €350-million tranche with a maturity of eight years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the Berendsen acquisition.

In addition, the maturity of the €400-million revolving credit line from the second Syndicated Credit Facilities Agreement signed on November 7, 2017 (for a total amount of €600 million) was extended in 2018 from November 2022 to November 2023.

More information on the financing agreements underwritten by the Group can be found in chapter 1, section 1.12 of this 2018 registration document.

5.1.3 GOVERNANCE

Antoine Burel, Deputy Chief Operating Officer of the Legrand Group, was co-opted as a member of Elis's Supervisory Board and appointed Chair of the Audit Committee at the Supervisory Board meeting held on February 20, 2019. Antoine Burel joined the Supervisory Board as an independent member.

He was appointed to replace Agnès Pannier-Runacher, who resigned after she took a position with the French government. This co-optation will be subject to shareholder approval during the next General Shareholders' Meeting on May 23, 2019.

5.2 GROUP RESULTS

The Group's consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union. Audit procedures have been performed on the consolidated financial statements.

5.2.1 KEY PERFORMANCE INDICATORS

(In millions of euros)	2018	2017 restated	Change
Revenue	3,133.3	2,193.6	+42.8%
EBITDA	985.6	670.2	+47.1%
As a % of revenue	*31.5%*	*30.6%*	*+90 bps*
EBIT	426.4	294.4	+44.8%
As a % of revenue	*13.6%*	*13.4%*	*+20 bps*
Net result – current period	224.3	159.7	+40.4%
Free cash flow	153.7	(119.0)	
Net debt – end of period	3,357.7	3,286.6	
Net debt – end of period/EBITDA [a]	*3.3x*	*3.3x*	

Information regarding amounts invested over the past three years, cash flows from operating, investing and financing activities, and available cash over the past two years can be found in chapter 1, section 1.11.1, and section 5.2.4 of this chapter of this registration document, respectively.

5.2.2 ANALYSIS OF REVENUE AND EBITDA BY OPERATING SEGMENT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

This document contains EBIT and EBITDA indicators and ratios, as defined by the Group. These have been included because management uses them for operating performance assessments, presentations to members of the Supervisory Board, as the basis for strategic planning and projections, and to monitor certain aspects of its cash flow and liquidity in tandem with its operating activities. The Group defines these indicators as follows:

- EBIT is defined as net income (or net loss) before financial expense, income tax, share in income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments). For a reconciliation of EBIT and the consolidated income statement, see Note 3.2 to the Group's consolidated financial statements for the year ended December 31, 2018;
- EBITDA is defined as EBIT before additions to/(reversals from) depreciation and amortization net of the share of subsidies transferred to the income statement. For a reconciliation of EBITDA and EBIT, see Note 3.2 to the Group's consolidated financial statements for the year ended December 31, 2018.
- Organic growth in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the *Document de Base*) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- Pro forma figures assume the consolidation of Berendsen as at January 1, 2017.

Insofar as participants and competitors in the markets in which the Group operates do not all calculate EBIT and EBITDA in the same way, the EBIT and EBITDA presented by the Group may not be comparable with the figures published by other companies under the same heading.

REVENUE BY GEOGRAPHIC REGION

(In millions of euros)	2018	2017 pro forma[(a)]	Change	Organic change
France	1,032.8	1,009.0	+2.4%	+2.2%
Central Europe	682.1	640.9	+6.4%	+2.0%
Scandinavia and eastern Europe	483.8	484.3	−0.1%	+3.1%
United Kingdom and Ireland	397.8	406.0	−2.0%	−1.1%
Southern Europe	268.0	259.1	+3.5%	+3.2%
Latin America	247.7	221.2	+12.0%	+8.4%
Others	21.0	20.2	+4.1%	+4.5%
TOTAL	**3,133.3**	**3,040.5**	**+3.0%**	**+2.4%**

(a) The pro forma figures are restated for Berendsen, as though it had been integrated on January 1, 2017, to account for the full-year effect of the acquisition in 2017.

France

In 2018, there was organic growth in France of 2.2%. This reflects the quality of the French market, where Elis continues to gain market share in a slightly less favorable pricing environment.

Central Europe

In 2018, central Europe saw pro forma organic growth of 2.0%, with brisk sales in Poland and the Netherlands. Germany grew slightly, while the situation in Switzerland improved despite slightly lower revenue.

Scandinavia & Eastern Europe

In 2018, sales once again showed strong momentum in Scandinavia, with pro forma organic revenue growth of 3.1%. Sales increased in all countries, some significantly (Russia, the Baltic countries, Finland and Sweden) and some to a lesser extent (Denmark and Norway). Exchange rate fluctuations had a negative impact of 3.2% during the year.

United Kingdom and Ireland

In 2018, pro forma organic revenue for the United Kingdom and Ireland was down 1.1%, versus 2.9% the previous year. Since the Berendsen acquisition, Elis has launched a number of initiatives in the Hospitality sector, firstly to limit the loss of contracts with customers who were dissatisfied with the quality of service provided by Berendsen prior to the acquisition, and secondly to increase the pricing on certain contracts for which Berendsen had granted substantial discounts. In the Workwear segment, where pricing levels are satisfactory, Elis has focused primarily on customer retention. The sequential improvement in organic growth seen throughout the year reflects the effectiveness of the measures implemented.

Southern Europe

In 2018, revenue for southern Europe rose by 3.5%, with organic growth of 3.2%. These results were once again driven by Portugal. Spain, despite the slowdown in the Hospitality segment during the summer in favor of destinations such as North Africa, Greece and Turkey, posted organic growth of 2.5%, driven by additional gains in market share.

Latin America

In 2018, revenue in Latin America was up by 12.0%, with organic growth of 8.4%, a 18.2% contribution from acquisitions, and a negative currency impact of 14.7%. Business momentum remained strong in Brazil, both in terms of pricing and business development.

EBITDA

(In millions of euros)	2018	2017 pro forma[(a)]	Change
France	**362.0**	**353.7**	**+2.4%**
As a % of revenue	*35.0%*	*35.0%*	=
Central Europe	**209.9**	**193.3**	**+8.6%**
As a % of revenue	*30.6%*	*30.0%*	*60 bps*
Scandinavia & Eastern Europe	**181.0**	**169.5**	**+6.8%**
As a % of revenue	*37.4%*	*35.0%*	*240 bps*
United Kingdom and Ireland	**105.3**	**106.3**	**−0.9%**
As a % of revenue	*26.4%*	*26.1%*	*30 bps*
Southern Europe	**71.0**	**67.9**	**+4.6%**
As a % of revenue	*26.4%*	*26.2%*	*30 bps*
Latin America	**66.7**	**53.7**	**+24.4%**
As a % of revenue	*26.9%*	*24.2%*	*+270 bps*
Others	**(10.3)**	**(8.7)**	**+18.4%**
TOTAL	**985.6**	**935.7**	**+5.3%**
As a % of revenue	*31.5%*	*30.8%*	*70 bps*

« Others » includes Manufacturing Entities and Holdings.
Percentage change calculations are based on actual figures.
(a) The pro forma figures are restated for Berendsen, as though it had been integrated on January 1, 2017, to account for the full-year effect of the acquisition in 2017.

In 2018, Group EBITDA rose sharply by 47.1% to €985.6 million, driven by the acquisition of Berendsen. The EBITDA margin rose by 90 basis points and was up in all regions where the Group operates.

France

In 2018, the EBITDA margin was stable at 35.0%, in a slightly more favorable pricing environment that was offset by the increase in a number of taxes, such as France's tax credit for competitiveness and employment, or "CICE," taxes related to wastewater treatment, and taxes on fuel.

Central Europe

In 2018, the EBITDA margin was up 60 basis points on a pro forma basis to 30.6% of revenue. This increase was mainly due to savings on Berendsen overhead and the first savings made on logistics costs following the roll-out of Elis's multi-service approach, notably in the Netherlands.

Scandinavia & Eastern Europe

In 2018 the EBITDA margin increased 240 basis points on a pro forma basis to 37.4% of revenue. This was due to the savings made on Berendsen's central costs (that were largely borne by this region) and local streamlining operations.

United Kingdom and Ireland

In 2018, the EBITDA margin increased 30 basis points on a pro forma basis. This margin trend reflects Berendsen's successful integration in the United Kingdom, especially since many costs such as energy (especially natural gas) and wages rose significantly (rise in minimum wage of 4.4% in April 2018 on top of a 6.6% increase in 2017).

In Hospitality, the improvement of quality of service enabled price increases. In Workwear, attention focused on business monitoring and customer retention. The churn rate is improving but still remains high, creating a negative mix effect (the Hospitality margin is significantly lower than the Workwear margin).

Southern Europe

In 2018, the region's EBITDA margin was up 30 basis points to 26.4% of revenue. This slight improvement is explained by the productivity gains in the region as well as the success of the integration of Indusal, compensated by a poorer price dynamic in the Indusal scope compared to Elis's historic scope.

Latin America

In 2018, the EBITDA margin was up almost 270 basis points to 26.9% of revenue. This improvement is attributable to the achievement of synergies related to the integration of Lavebras, which has now been completed, as well as some productivity gains in the region.

5.2.3 INCOME STATEMENT ANALYSIS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

The table below shows certain line items from the income statement for the financial years ended December 31, 2017 and December 31, 2018.

(In millions of euros)	Financial year ended December 31 2018	Financial year ended December 31 2017 restated	Change (€)	Change as a %
Revenue	**3,133.3**	**2,193.6**	**939.7**	**+42.8%**
Cost of linen, equipment and other consumables	(513.7)	(351.8)	(161.9)	+46.0%
Processing costs	(1,171.7)	(844.1)	(327.7)	+38.8%
Distribution costs	(514.8)	(357.1)	(157.7)	+44.2%
Gross margin	**933.0**	**640.5**	**292.5**	**+45.7%**
Selling, general and administrative expenses	(520.0)	(351.5)	(168.4)	+47.9%
Value adjustments for losses on trade and other receivables	(5.5)	(4.7)	(0.8)	+16.7%
OPERATING INCOME BEFORE OTHER INCOME AND EXPENSES AND AMORTIZATION OF INTANGIBLE ASSETS RECOGNIZED IN A BUSINESS COMBINATION	407.5	284.2	123.3	+43.4%
Amortization of Intangible assets recognized in a business combination	(112.5)	(79.1)	(33.4)	+42.3%
Goodwill impairment	–	–	–	N/A
Other operating income and expenses	(49.8)	(89.0)	39.2	−44.0%
OPERATING INCOME	245.2	116.2	129.1	+111.1%
Financial result	(110.5)	(59.8)	(50.7)	+84.8%
INCOME (LOSS) BEFORE TAX	134.7	56.4	78.4	+139.1%
Tax	(51.7)	(13.6)	(38.2)	+281.8%
Share of net income of equity-accounted companies	–	–	–	N/A
INCOME FROM CONTINUING OPERATIONS	83.0	42.8	40.2	+93.9%
Income from discontinued operations, net of tax	(1.2)	(0.7)	(0.5)	+77.8%
NET RESULT	**81.8**	**42.1**	**39.7**	**+94.1%**

Revenue

The Group's consolidated revenue increased by €939.7 million, or 42.8%, from €2.194 billion for the year ended December 31, 2017 to €3.133 billion for the year ended December 31, 2018.

This increase was due to a larger consolidation scope as a result of acquisitions and to organic growth, particularly in France, Latin America and southern European countries. See section 5.2.2 of this chapter.

Cost of linen, equipment and other consumables

Costs of linen, equipment and other consumables increased by €161.9 million, or 46.0%, from €351.8 million for the year ended December 31, 2017 to €513.7 million for the year ended December 31, 2018. This was due to the impact of acquisitions (€127.9 million for Berendsen and €3.1 million for Lavebras) and revenue growth.

Processing costs

Processing costs increased by €327.7 million, or 38.8%, from €844.1 million for the year ended December 31, 2017 to €1.172 billion for the year ended December 31, 2018. This was largely due to the impact of the acquisitions of Berendsen, which accounted for €280.5 million, and Lavebras, which accounted for €9.9 million. Excluding the main impacts of the acquisitions, costs increased by €37.3 million, or 4.4%. The Group's growth is largely being driven by business in the Industry segment (flat linen and workwear).

Distribution costs

Distribution costs increased by €157.7 million, or 44.2%, from €357.1 million for the year ended December 31, 2017 to €514.8 million for the year ended December 31, 2018. This was largely due to the impact of the acquisitions of Berendsen, which accounted for €132.6 million, and Lavebras, which accounted for €3.9 million. Excluding the main impacts of the acquisitions, costs increased by €21.2 million, or 5.9%, due to revenue growth and the increase in cost drivers (fuel and minimum wages).

Gross margin

Gross margin increased by €292.6 million, or 45.7%, from €640.5 million for the year ended December 31, 2017 to €933.0 million for the year ended December 31, 2018.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by €168.4 million, or 43.4%, from €351.5 million for the year ended December 31, 2017 to €520.0 million for the year ended December 31, 2018. This was largely due to the impact of the acquisitions of Berendsen, which accounted for €165.3 million, and Lavebras, which accounted for €2.2 million. Excluding the main impacts of the acquisitions, costs remained stable (down €0.9 million) after synergies offset the impact of growth.

Operating income before other income and expenses and amortization of intangible assets recognized in a business combination

Operating income before other income and expenses and amortization of intangible assets recognized in a business combination increased by €123.3 million, or 43.4%, from €284.2 million for the year ended December 31, 2017 to €407.5 million for the year ended December 31, 2018.

Amortization of intangible assets recognized in a business combination

Amortization of intangible assets recognized in a business combination increased by €33.4 million, or 42.4%, from €79.1 million for the year ended December 31, 2017 to €112.5 million for the year ended December 31, 2018. Contracts and customer relationships are amortized on a straight-line basis over periods of 4-14 years.

Goodwill impairment

No goodwill impairment losses were recognized for the financial years ended December 31, 2017 and December 31, 2018.

Other operating income and expenses

Other operating income and expenses fell by €39.2 million from a net expense of €89.0 million for the year ended December 31, 2017 to a net expense of €49.8 million for the year ended December 31, 2018.

For financial year 2018, other expenses were composed for the most part of acquisition-related costs, earn outs and restructuring costs (see Note 4.4 to the Group's consolidated financial statements for the year ended December 31, 2018).

Net financial expense

Net financial expense increased by €50.7 million, from €59.8 million for the year ended December 31, 2017 to €110.5 million for the year ended December 31, 2018. This was due to an increase in the Group's net financial debt following the Berendsen acquisition (see Note 8.2 to the consolidated financial statements at December 31, 2017). As a reminder, the financial year ended December 31, 2017 included positive foreign exchange income related to the early repayment of Berendsen's loans.

Income tax expense

Income tax expense rose by €38.2 million, from €13.6 million for the year ended December 31, 2017 to €51.7 million for the year ended December 31, 2018.s This line item includes €11.3 million for the French company value-added contribution (CVAE) and the Italian regional tax on productive activities (IRAP). The increase in 2018 was due to the consolidation of Berendsen and the favorable impact in 2017 of the change in tax rates adopted in France (reducing the future rate to 25.83%), which amounted to €10.8 million.

Income from discontinued operations, net of tax

Income from discontinued operations includes net income from "Clinical Solutions" operations (see Note 2.5 to the Group's consolidated financial statements for the financial year ended December 31, 2018).

Net result

Net income rose by €39.7 million, from €42.1 million for the year ended December 31, 2017 to €81.8 million for the year ended December 31, 2018 for the aforementioned reasons.

(In millions of euros)	2018	2017 restated
NET INCOME	83.0	42.8
Amortization of intangible assets recognized in a business combination[(a)]	86.6	57.6
IFRS 2 expense[(a)]	15.6	8.1
Accelerated amortization of bridge loan issuing costs[(a)]	2.6	-
Other income and expenses (non-current)[(a)] including:	36.4	51.2
› Restructuring fees related to Berendsen acquisition[(a)]	17.4	23.3
› Restructuring fees related to Indusal acquisition[(a)]	-	3.0
› Restructuring fees related to Lavebras acquisition[(a)]	-	3.8
› Costs related to the acquisition of Berendsen, Indusal and Lavebras[(a)]	22.3	21.1
NET RESULT	224.3	159.7

(a) Net of tax effect.

Net income (loss) from ordinary operations amounted to €224.3 million in 2018, an increase of 40.4% over 2017.

5.2.4 GROUP CASH AND EQUITY

Overview

The Group's financing needs arise mainly from its working capital requirement, capital expenditure (including acquisitions and linen purchases), and financial expense hedging.

The Group's main regular source of liquidity is cash flow from operating activities. Its ability to generate cash from operating activities in the future depends on its future operating performance. To some extent, that performance depends in turn on economic, financial, competition, market, regulatory and other factors, most of which are not under the Group's control. The Group uses its various financing sources and cash and cash equivalents to cover its ordinary financing needs. Its cash is mainly held in euros.

Presentation and analysis of the main ways in which the Group uses cash

Capital expenditure

Part of the Group's cash flow is allocated to financing its capital expenditure (excluding acquisitions), which breaks down into the following categories:

- industrial capital expenditure, including expenditure on property, plant and equipment (mainly major project investments and industrial maintenance expenditure), intangible assets (mainly technology and information systems) and hygiene appliances; and
- expenditure on linen, which varies according to the schedule for providing linen to the Group's customers.

The Group's gross capital expenditure (before grants) for the financial years ended December 31, 2016, 2017 and 2018 (excluding acquisitions) totaled €263.6 million, €481.9 million and €654.4 million, respectively.

Net interest paid

The Group paid financial interest (net of financial income) of €60.5 million for the year ended December 31, 2017 and €55.2 million for the year ended December 31, 2018. Despite the increase in net debt, financial interest paid in 2018 was slightly lower than in 2017 due to the favorable scheduling of the annual coupon payment on the dual-tranche bonds issued in February 2018 in a total amount of €1 billion.

Consolidated cash flows

The table below summarizes the Group's cash flows for the financial years ended December 31, 2017 and December 31, 2018:

	At December 31	
(In millions of euros)	2018	2017 restated
Net cash from operating activities	853.3	421.6
Net cash from investing activities	(704.9)	(1,841.9)
Net cash from financing activities	(168.7)	1,492.4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(20.4)**	**72.2**

Cash flows from operating activities

The table below breaks down the Group's cash flows from operating activities for the financial years ended December 31, 2017 and December 31, 2018:

(In millions of euros)	At December 31 2018	2017 restated
Consolidated net result	81.8	42.1
Cash-flow before finance costs and tax	945.7	593.4
Tax paid	(76.7)	(53.3)
Change in inventories	(12.7)	(2.7)
Change in trade and other receivables	(26.4)	(51.1)
Change in other assets	2.2	0.1
Change in trade and other payables	7.0	6.3
Change in other liabilities	16.2	(69.6)
Other changes	(3.5)	(0.8)
Employee benefits	1.4	(0.6)
NET CASH FROM OPERATING ACTIVITIES	**853.3**	**421.6**

The change in inventories was due to the increase in linen inventories in central warehouses.

The change in trade and other receivables was due to the growth in business and longer payment terms, particularly in Latin America.

The change in other liabilities was mainly due to the increase in trade payables and payroll-related liabilities as result of business growth. As a reminder, in 2017, the change in other liabilities included a decrease of €54.5 million related to the Berendsen subsidiaries. These movements were mainly due to the cash settlement of the Berendsen share plans and non-recurring expenses incurred prior to the acquisition.

Cash flows from investing activities

The table below breaks down the Group's cash flows from investing activities for the financial years ended December 31, 2017 and December 31, 2018:

(In millions of euros)	At December 31 2018	2017 restated
Acquisition of intangible assets	(20.0)	(16.8)
Proceeds from sale of intangible assets	0.4	0.1
Acquisition of property, plant and equipment	(634.4)	(465.1)
Proceeds from sale of property, plant and equipment	9.5	1.3
Acquisition of subsidiaries, net of cash acquired	(62.2)	(1,362.9)
Proceeds from disposal of subsidiaries, net of cash transferred	1.0	1.0
Changes in loans and advances	0.4	0.1
Dividends from equity-accounted companies	0.1	0.1
Investment grants	0.1	0.3
NET CASH USED IN INVESTING ACTIVITIES	**(704.9)**	**(1,841.9)**

Ordinary investments during the year (€644.3 million) included capital expenditure, IT and item for rent (linen and HWB appliances).

These increased as a result of the impact of changes in the consolidation scope (particularly Lavebras and Berendsen) and the increase in revenue.

Subsidiary acquisitions correspond to the acquisitions made throughout 2018 (see Note 2.4 to the consolidated financial statements).

The table below shows inflows/outflows for 2017 and 2018.

(In millions of euros)	2018	2017 restated
Linen purchases	(416.7)	(266.6)
Purchases of other items for rental/laundry/maintenance services	(30.6)	(22.0)
Other acquisitions of property, plant and equipment and intangible assets	(187.1)	(193.3)
Asset disposals	9.9	1.4
Investment grants	0.1	0.3
OUTFLOWS/INFLOWS RELATING TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(644.3)**	**(480.2)**

Cash flows from financing activities

The table below breaks down the Group's cash flows from financing activities for the financial years ended in December 31, 2017 and December 31, 2018:

(In millions of euros)	At December 31 2018	2017 restated
Capital increase	9.0	506.0
Treasury shares	(11.1)	1.1
Dividends paid during the financial year	(81.1)	(51.7)
Change in borrowings [(a)]	(4.0)	1,080.2
› *Proceeds from new borrowings*	*1,684.1*	*4,126.0*
› *Repayment of borrowings*	*(1,688.2)*	*(3,045.9)*
Net interests paid	(55.2)	(60.5)
Other flows related to financing activities	(26.4)	17.4
Net cash used in financing activities	**(168.7)**	**1,492.4**

(a) Net change in credit lines.

Total equity

Equity attributable to owners of the parent totaled €2.920 billion as at December 31, 2017 and €2.867 billion as at December 31, 2018. Changes in Group equity during the 2018 financial year arose for the most part from the impact of the first-time application of IFRS 9 and 15, earnings for the year, the distribution of premiums at the end of the Annual General Meeting of May 18, 2018, and by gains (losses) recognized directly in equity (mainly the change in currency translation reserves resulting from the translation into euros of the financial statements of subsidiaries working in foreign currencies, particularly the Brazilian real).

Off-balance sheet commitments

The Group's off-balance sheet commitments are presented in notes 2.6, 6.4 and 8.9 to the Group's consolidated financial statements for the year ended December 31, 2018.

5

5.2.5 FINANCIAL RESOURCES AND LIABILITIES

Financial resources

The Group's main financing sources are as follows:

- *Net cash from operating activities,* which totaled €421.6 million for the year ended December 31, 2017 and €853.3 million for the year ended December 31, 2018;
- *Available cash.* Cash and cash equivalents amounted to €416.4 million as at December 31, 2017, versus €197 million as at December 31, 2018; and
- *Debt in 2018* was based on the high-yield bond issue in April 2015 and maturing in April 2022, the bonds issued in February 2018 under the EMTN program for a total amount of €1 billion, the syndicated credit facilities, the convertible "OCEANE" bonds, the Schuldschein private placement, the commercial paper program, the employee profit-sharing fund, financial leases and other loans.

Financial liabilities

The table in Note 8.5 to the consolidated financial statements breaks down the Group's net debt as at December 31, 2017 and December 31, 2018.

For the Group, net debt consists of the sum of non-current debt, current debt and cash and cash equivalents.

The Group's pro forma adjusted net debt/EBITDA ratio after synergies, calculated in accordance with the banking agreements, was 3.3x as at December 31, 2017 and December 31, 2018. The reconciliation between the adjusted net debt of €3.378 billion and the consolidated financial statements can be found in Note 8.5 to the consolidated financial statements. The Group's pro forma EBITDA for 2018 after synergies amounted to €1.001 billion (equal to 2018 published EBITDA of €985.6 million, adjusted by €7 million to account for "Clinical Solutions" business and the acquisitions made during the 2018 financial year, as if these had occurred on January 1, 2018 – see Note 2.4 to the consolidated financial statements), to which should be added €7.9 million in estimated potential synergies for 2019.

All financial liabilities are described in chapter 1, section 1.12.1, "Financing policy," of this registration document.

5.3 EVENTS AFTER THE REPORTING PERIOD

Significant events that occurred between the reporting date and the approval date of the financial statements are described in Notes 2.9 and 12 to the consolidated financial statements.

With the exception of the recent events referred to in the description of the Group and its activities (chapter 1), in Notes 2.9 and 12 to the consolidated financial statements, and in the management report, no significant event has occurred that is likely to impact the Group's financial or commercial position since December 31, 2018, the year-end date of the last financial year for which the audited financial statements have been reported by the Company.

5.4 OUTLOOK

The outlook is based on the Group's strategy, which has four main components:

- consolidation of Group positions through organic growth and acquisitions;
- regularly entering new markets in new or existing geographic regions;
- continued improvement of the Group's operational excellence;
- introduction of new products and services at limited marginal cost.

The Group's financial outlook for financial year 2019 is as follows:

- organic growth of approximately 3.0%;
- an EBITDA margin of between 31.2% and 31.6% (excluding the effect of IFRS 16), in an environment of rising wages and energy costs;
- investments equivalent to 20% of revenue.

In light of the uncertainties and risks that may arise during the reporting period, the targets presented in this paragraph, as well as the profit forecasts or estimates as defined by the European Commission regulation (EC) No. 809/2004 as amended and by the European Securities and Markets Authority (ESMA) recommendations on forecast data, in no way represent a commitment by the Group.

5.5 ELIS RESULTS OF OPERATIONS

Elis generated an operating loss of €29,030,000 for the 2018 financial year, versus a loss of €42,932,000 the previous year. The decrease was mainly due to lower commissions and loan issuing costs amounting to €20,848,000 given the magnitude of the new borrowings taken out in 2017 as part of the Berendsen acquisition.

Net financial expense totaled €(49,030,000) versus €(30,942,000) for 2017. This increase was due to the fact that the financing for the Berendsen acquisition was not taken out until the second half of 2017.

Non-recurring income showed an expense of €(13,662,000) composed primarily of post-acquisition costs related to Berendsen and the amortization of Berendsen acquisition costs.

Elis posted a consolidated income tax gain of €26,847,000 (€27,990,000 in 2017). This benefit arose from tax consolidation, since the tax paid by the subsidiaries was higher than the tax owed by the tax group of which Elis is the parent company.

Elis's equity totaled €2,956,409,000, a decrease of €(140,568,000) compared to December 31, 2017, due to losses during the financial year and the distribution of reserves as described in Note 5.1 to the financial statements.

The Company expects to see interest and similar expenses rise slightly in 2019 (excluding refinancing and/or potential new acquisitions).

5.6 SIGNIFICANT EQUITY INVESTMENT IN FRANCE

The Company did not acquire any companies in France during the financial year.

5.7 OTHER INFORMATION

The Company's research and development activities are described in section 1.14 of the registration document.

The Company has no other research and development activities.

In accordance with Article L. 232-1 of the French Commercial Code, it is hereby specified that the Company had no branches as at the date of filing of this registration document.

5.8 INJUNCTIONS OR FINES FOR ANTICOMPETITIVE PRACTICES

None(1)

5.9 INFORMATION ABOUT NON-TAX-DEDUCTIBLE EXPENSES

During the financial year ended December 31, 2018, the Company:

- recognized €21,114 in sumptuary expenses that were not deductible from taxable income as defined in Article 39-4 of the French Tax Code (lines WE and WF of the tax return);
- did not exclude any general expenses from tax deductible expenses in the income taxable pursuant to Articles 39-5 and 223 quinquies of the French Tax Code;
- added back an amount of €446,292 for directors' fees exceeding the deductible threshold of €457 per Board member.

5.10 INFORMATION ABOUT PAYMENT TERMS FOR CUSTOMERS AND SUPPLIERS

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the balance of trade payables at the end of the financial year (excluding accrued expenses) was €5,414,015.

INVOICES RECEIVED OR ISSUED BUT UNPAID AND PAST DUE AT THE CLOSING DATE OF THE FINANCIAL YEAR (TABLE PROVIDED FOR IN ARTICLE D. 441-4.I)

	Article D. 441-1 para. 1: Invoices received, unpaid and past due at the financial year-end						Article D. 441-1 para. 1: Invoices issued, unpaid and past due at the financial year-end					
Number of invoices concerned *(In thousands of euros)*	**0 days (for information only)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**0 days (for information only)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) By aging category												
Number of invoices concerned	45						4					
Aggregate invoice amount (incl. VAT)	1,000	485	370	0	145		1,016	1,016				
Percentage of total amount of purchases (incl. VAT) for the year	3.31%	1.61%	1.23%		0.47%							
Percentage of revenue (incl. VAT) for the year												
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables												
Number of excluded invoices												
Aggregate amount of excluded invoices (incl. taxes)												
(C) Standard payment terms used (contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	Contractual or legal payment terms						Contractual payment terms: 15th of the following month					

(1) Article L. 464-2 I of the French Commercial Code stipulates that when injunctions or fines for anti-competitive practices are imposed by the French competition authorities (Autorité de la concurrence), said authorities can ask for its decision or the extract thereof to be included in the Management Board's report.

5.11 FIVE-YEAR FINANCIAL SUMMARY

Financial year **Type of information** *(In euros)*	**2014**	**2015**	**2016**	**2017**	**2018**
I. Financial position at the financial year-end					
› Share capital	497,610,410	1,140,061,670	1,140,061,670	219,370,207	219,927,545
› Number of shares issued	49,761,041	114,006,167	114,006,167	219,370,207	219,927,545
› Number of bonds convertible into shares					
II. Results of operations					
› Revenue excl. tax	1,500,000	1,114,900	1,043,582	566,299	1,005,480
› Net income (loss) before tax, depreciation, amortization and provisions	(55,378,009)	(90,884,608)	18,026,719	(85,195,401)	(81,200,450)
› income taxes	45,726,208	24,698,314	33,754,357	27,990,088	26,846,894
› Net income (loss) after tax, depreciation, amortization and provisions	(9,632,341)	(54,840,383)	15,712,964	(58,908,721)	(64,875,081)
› Amount of earnings distributed	0	0	0	0	0
III. Per share data					
› Net income (loss) after tax, but before depreciation, amortization and provisions	(0.20)	(0.62)	0.14	(0.26)	(0.37)
› Net income (loss) after tax, depreciation, amortization and provisions	(0.19)	(0.52)	0.14	(0.27)	(0.29)
› Dividend per share	0.00	0.00	0.00	0.00	0.00
IV. Employees					
› Number of employees	3	3	3	3	2
› Payroll expenses	1,572,954	4,381,986	1,641,594	2,506,992	3,442,019
› Employee benefits (social security, etc.)	558,368	957,449	596,565	716,203	965,034

6

Financial statements for the year ended December 31, 2018

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	2018	2017 restated[(a)]
Revenue	**3.1/4.1/4.2**	**3,133.3**	**2,193.6**
Cost of linen, equipment and other consumables		(513.7)	(351.8)
Processing costs		(1,171.7)	(844.1)
Distribution costs		(514.8)	(357.1)
Gross margin		**933.0**	**640.5**
Selling, general and administrative expenses		(520.0)	(351.5)
Value corrections for losses on trade and other receivables		(5.5)	(4.7)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**3.2**	**407.5**	**284.2**
Amortization of intangible assets recognized in a business combination	4.5	(112.5)	(79.1)
Goodwill impairment	6.1	-	-
Other operating income and expenses	4.6	(49.8)	(89.0)
Operating income		**245.2**	**116.2**
Net financial income (loss)	8.2	(110.5)	(59.8)
Income (loss) before tax		**134.7**	**56.4**
Income tax expense	9	(51.7)	(13.6)
Share of net income of equity-accounted companies		-	-
Income from continuing operations		**83.0**	**42.8**
Income from discontinued operations, net of tax	2.5	(1.2)	(0.7)
Net income (loss)		**81.8**	**42.1**
Attributable to:			
› owners of the parent		82.2	41.5
› non-controlling interests		(0.4)	0.6
Earnings (loss) per share (EPS) *(in euros)*:			
› basic, attributable to owners of the parent	10.3	€0.38	€0.26
› diluted, attributable to owners of the parent	10.3	€0.38	€0.26
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	10.3	€0.38	€0.26
› diluted, attributable to owners of the parent	10.3	€0.38	€0.26

(a) See Note 1.4.

6.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	Notes	2018	2017 restated[(a)]
Net income (loss)		**81.8**	**42.1**
Gains (losses) on change in fair value of hedging instruments	8.8	(2.9)	(4.8)
Cash flow hedge reserve reclassified to income	8.8	2.9	6.2
Total change in cash flow hedge reserve, before taxes		**0.0**	**1.4**
Related tax		(0.1)	(0.5)
Net change in the cost of hedging, before tax	**8.8**	**0.5**	**-**
Related tax		(0.2)	-
Effects of changes in foreign exchange rates – net translation differences		**(100.2)**	**(151.2)**
Other comprehensive income (loss) which may be subsequently reclassified to income		**(99.9)**	**(150.3)**
Actuarial gains (losses) on defined benefit plans, before tax		**4.6**	**16.3**
Related tax		(0.5)	(3.1)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**4.1**	**13.2**
Other comprehensive income		**(95.8)**	**(137.1)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(14.0)**	**(94.9)**
Attributable to:			
› owners of the parent		(12.6)	(95.4)
› non-controlling interests		(1.4)	0.4

(a) See Note 1.4.

The change in hedge reserve reflects the change in fair value of derivatives eligible for hedge accounting. Details are presented in Note 8.8 "Derivative financial instruments and hedges".

Translation reserves arise from the translation, during consolidation, of assets and liabilities of Group entities denominated in foreign currencies as described in Note 2.3 "Foreign currency translation".

Actuarial gains and losses arising on the remeasurement of employee benefits reflect the effect of changes in assumptions (obligation discount rate, salary increase rate, retirement benefit increase rate and expected return on plan assets) used to measure defined benefit plan obligations.

6.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(In millions of euros)	Notes	12/31/2018	12/31/2017 restated[(a)]
Goodwill	6.1	3,744.9	3,767.4
Intangible assets	6.2	925.2	1,044.5
Property, plant and equipment	6.3	1,906.3	1,812.8
Equity-accounted companies		-	-
Other equity investments		0.2	0.1
Other non-current assets	8.7	67.7	40.2
Deferred tax assets	9	56.4	21.2
Employee benefit assets	5.3	17.5	16.4
TOTAL NON-CURRENT ASSETS		6,718.2	6,702.6
Inventories	4.7	120.2	122.1
Contract assets	4.3	31.7	-
Trade and other receivables	4.4	649.9	676.0
Current tax assets		10.4	18.1
Other assets	4.9	26.0	28.9
Cash and cash equivalents	8.4/8.5	197.0	416.4
Assets held for sale	2.5	41.7	1.0
TOTAL CURRENT ASSETS		1,077.0	1,262.5
TOTAL ASSETS		**7,795.2**	**7,965.1**

(a) See Note 1.4.

Equity and liabilities

(In millions of euros)	Notes	12/31/2018	12/31/2017 restated[(a)]
Share capital	10.1	219.9	219.4
Additional paid-in capital	10.1/10.2	2,943.9	3,025.7
Treasury share reserve		(11.4)	(0.7)
Other reserves		0.7	0.7
Retained earnings (accumulated deficit)		(77.7)	(213.7)
Other components of equity		(208.7)	(111.2)
Equity attributable to owners of the parent		2,866.8	2,920.2
Non-controlling interests	2.7	1.4	2.9
TOTAL EQUITY		2,868.2	2,923.0
Provisions	7.1	92.4	98.5
Employee benefit liabilities	5.3	99.0	100.0
Borrowings and financial debt	8.3/8.5	3,101.6	2,060.9
Deferred tax liabilities	9	370.9	357.1
Other non-current liabilities	8.7	15.3	12.6
TOTAL NON-CURRENT LIABILITIES		3,679.3	2,629.1
Current provisions	7.1	23.2	36.5
Current tax liabilities		23.9	21.8
Trade and other payables	4.8	274.4	268.1
Contract liabilities	4.3	68.3	-
Other liabilities	4.9	381.5	444.5
Bank overdrafts and current borrowings	8.3/8.5	453.1	1,642.2
Liabilities directly associated with assets held for sale	2.5	23.3	0.0
TOTAL CURRENT LIABILITIES		1,247.7	2,413.0
TOTAL EQUITY AND LIABILITIES		**7,795.2**	**7,965.1**

(a) See Note 1.4.

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	Notes	2018	2017 restated[a]
CONSOLIDATED NET INCOME (LOSS)		81.8	42.1
Depreciation, amortization and provisions	4.5	663.0	467.1
Portion of grants transferred to income	4.5	(0.3)	(0.3)
Goodwill impairment	6.1	-	-
Share-based payments		13.0	6.9
Net gains and losses on disposal of property, plant and equipment and intangible assets		6.9	4.6
Share of net income of equity-accounted companies		-	-
Net financial (income) loss	2.5/8.2	110.3	59.8
Income tax expense	2.5/9	51.4	13.2
Other		19.5	(0.1)
CASH FLOWS BEFORE FINANCE COSTS AND TAX		945.7	593.4
Income tax paid		(76.7)	(53.3)
Change in inventories	4.7	(12.7)	(2.7)
Change in trade and other receivables and contract assets	4.4	(26.4)	(51.1)
Change in other assets	4.9	2.2	0.1
Change in trade and other payables	4.8	7.0	6.3
Change in contract and other liabilities	4.9	16.2	(69.6)
Other changes		(3.5)	(0.8)
Employee benefits		1.4	(0.6)
NET CASH FROM OPERATING ACTIVITIES		853.3	421.6
Acquisition of intangible assets		(20.0)	(16.8)
Proceeds from sale of intangible assets		0.4	0.1
Acquisition of property, plant and equipment		(634.4)	(465.1)
Proceeds from sale of property, plant and equipment		9.5	1.3
Acquisition of subsidiaries, net of cash acquired	2.4	(62.2)	(1,362.9)
Proceeds from disposal of subsidiaries, net of cash transferred		1.0	1.0
Changes in loans and advances		0.4	0.1
Dividends from equity-accounted companies		0.1	0.1
Investment grants		0.1	0.3
NET CASH USED IN INVESTING ACTIVITIES		(704.9)	(1,841.9)
Capital increase	2.7/10.1	9.0	506.0
Treasury shares		(11.1)	1.1
Dividends and distributions paid			
› to owners of the parent		(81.0)	(51.7)
› to non-controlling interests		(0.1)	(0.0)
Change in borrowings[b]	8.3	(4.0)	1,080.2
› Proceeds from new borrowings	8.3	1,684.1	4,126.0
› Repayment of borrowings	8.3	(1,688.2)	(3,045.9)
Net interest paid		(55.2)	(60.5)
Other flows related to financing activities		(26.4)	17.4
NET CASH USED IN FINANCING ACTIVITIES		(168.7)	1,492.4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(20.4)	72.2
Cash and cash equivalents at beginning of period		203.0	165.2
Effect of changes in foreign exchange rates on cash and cash equivalents		(3.6)	(34.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8.4	179.1	203.0

(a) See Note 1.4.
(b) Net change in credit lines.

6

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2018

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2017 (restated[a])		**219.4**	**3,025.7**	**(0.7)**	**0.7**
First-time adoption of IFRS 15 (net of tax effect)	1.2				
First-time adoption of IFRS 9 (net of tax effect)	1.2				
Adjusted balance as at January 1, 2018		**219.4**	**3,025.7**	**(0.7)**	**0.7**
Cash increase in share capital	2.7/10.1	-	-	-	-
Amounts paid to shareholders	10.2	-	(81.0)	-	-
Issue of convertible notes		-	-	-	-
Share-based payments		-	-	-	-
Changes in treasury shares		-	-	(10.8)	-
Acquisition of NCI without a change in control		-	-	-	-
Acquisition of subsidiary – NCI					
Other changes	10.1	0.6	(0.8)	0.1	(0.0)
Net income (loss) for the period		**-**	**-**	**-**	**-**
Gains (losses) recognized directly in equity		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**
Balance as at December 31, 2018		**219.9**	**2,943.9**	**(11.4)**	**0.7**

(a) See Note 1.4.

6.1.6 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2017

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2016		**1,140.1**	**280.9**	**(1.6)**	**0.7**
Cash increase in share capital	10.1	269.2	236.8	-	-
Amounts paid to shareholders	10.2	-	(51.9)	-	-
Issue of convertible notes		-	-	-	-
Share-based payments		-	-	-	-
Changes in treasury shares		-	-	0.9	-
Acquisition of NCI without a change in control		-	-	-	-
Acquisition of subsidiary – NCI					
Other changes		(1,189.9)	2,559.9	-	0.0
Net income (loss) for the period		**-**	**-**	**-**	**-**
Gains (losses) recognized directly in equity		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**-**	**-**
Balance as at December 31, 2017 (restated)		**219.4**	**3,025.7**	**(0.7)**	**0.7**

Retained earnings (accumulated deficit)	Cash flow hedge reserve	Hedge reserve	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
(213.7)	(5.5)	-	(143.6)	37.8	2,920.2	2.9	2,923.0
22.6					22.6	-	22.6
10.8					10.8	-	10.8
(180.3)	(5.5)	-	(143.6)	37.8	2,953.6	2.9	2,956.4
8.2	-	-	-	-	8.2	0.8	9.0
(0.1)	-	-	-	-	(81.0)	(0.1)	(81.1)
-	-	-	-	-	-	-	-
13.0	-	-	-	-	13.0	-	13.0
-	-	-	-	-	(10.8)	-	(10.8)
(13.3)	-	-	1.4	-	(11.9)	(0.8)	(12.7)
						(0.0)	(0.0)
8.4	(0.0)	-	-	-	8.3	(0.0)	8.3
82.2	**-**	**-**	**-**	**-**	**82.2**	**(0.4)**	**81.8**
4.1	(0.1)	0.3	(99.2)	-	(94.8)	(1.0)	(95.8)
86.3	**(0.1)**	**0.3**	**(99.2)**	**-**	**(12.6)**	**(1.4)**	**(14.0)**
(77.7)	(5.6)	0.3	(241.3)	37.8	2,866.8	1.4	2,868.2
			(208.7)				

Retained earnings (accumulated deficit)	Cash flow hedge reserve	Hedge reserve	Translation reserve	Equity component of convertible notes	Owners of the parent	Non-controlling interests	Total equity
(274.8)	(6.4)	-	7.5	-	1,146.3	4.5	1,150.8
(0.0)	-	-	-	-	506.0	-	506.0
0.2	-	-	-	-	(51.7)	(0.0)	(51.7)
-	-	-	-	37.8	37.8	-	37.8
6.9	-	-	-	-	6.9	-	6.9
-	-	-	-	-	0.9	-	0.9
(0.9)	-	-	-	-	(0.9)	(1.9)	(2.8)
						(0.1)	(0.1)
0.2	0.0	-	-	-	1,370.1	-	1,370.1
41.5	**-**	**-**	**-**	**-**	**41.5**	**0.6**	**42.1**
13.2	0.9	-	(151.0)	-	(136.9)	(0.2)	(137.1)
54.7	**0.9**	**-**	**(151.0)**	**-**	**(95.4)**	**0.4**	**(94.9)**
(213.7)	(5.5)	-	(143.6)	37.8	2,920.2	2.9	2,923.0
			(111.2)				

6

6.1.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Elis is a leading multi-service group in the rental, laundry and maintenance of textile, hygiene and well-being appliances in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, Trade and Services sectors. Elis is a French limited liability company with a management board and a supervisory board, listed on the Euronext market in Paris.

Its registered office is located at 5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France.

The IFRS consolidated financial statements of the Elis Group for the 12-month period ended December 31, 2018 were approved by the Management Board on March 6, 2019 and reviewed by the Audit Committee on March 5, 2019 and by the Supervisory Board on March 6, 2019.

INDEX FOR THE NOTES

NOTE 1 ACCOUNTING POLICIES

1.1 Basis of preparation

The Elis Group's consolidated financial statements include the financial statements of Elis and its subsidiaries. The Elis Group refers to Elis, the parent company of the Elis Group, and the companies included in the scope of consolidation (see Note 2 "Scope of consolidation and significant events of the year" and Note 11 "Related party disclosures").

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the main exception of:

- derivative financial instruments and offsetting assets, contingent liabilities and financial liabilities representing a price adjustment, recognized in a business combination, which are measured at fair value;
- liabilities (assets) related to employee benefits, which are measured at the fair value of plan assets less the present value of defined benefit obligations, as limited by IAS 19;
- assets held for sale, which are measured at the lower of the carrying amount and the fair value, less cost to sell.

The financial statements are presented in millions of euros, unless otherwise stated.

1.2 Accounting standards applied

The accounting policies used to prepare the consolidated financial statements comply with the IFRS and IFRIC interpretations as adopted by the European Union as at December 31, 2018 and available on the website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en.

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2017 except for the following standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2018.

Main standards, amendments and interpretations with mandatory application from January 1, 2018

The Group has, for the first time, adopted the two new standards, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", applicable as from January 1, 2018.

The impact of the changes on its consolidated equity as at January 1, 2018 is as follows:

(In millions of euros)	Gross impact on asset or liability	Impact on deferred tax assets (liabilities)	Impact on increase (decrease) of retained earnings
Retained earnings (accumulated deficit), as at December 31, 2017 restated[(a)]			**(213.7)**
Adjustments due to adoption of IFRS 9:			
› Additional impairment loss on trade receivables	(0.8)	0.2	(0.6)
› Decrease of financial indebtedness renegotiated prior to December 31, 2017	16.7	(5.3)	11.3
Adjustments due to adoption of IFRS 15:			
› New asset for incremental costs of obtaining contracts	30.2	(7.6)	22.6
Retained earnings (accumulated deficit), as at January 1, 2018			**(180.3)**

(a) See Note 1.4.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 relating to revenue recognition replaces IAS 18 "Revenue", which was previously applied by the Group, for annual reporting periods beginning on or after January 1, 2018. Based on the analysis, the Group did not record any material impact on its income statement related to the implementation of IFRS 15, but the application of this new standard resulted in a new asset corresponding to the acquisition cost of long-term contracts.

The Group has opted for the modified retrospective method, which means that the effect of the change in method is recognized in equity as at January 1, 2018, without the comparative period presented being restated. The new asset item linked to the costs of obtaining the contracts has been recognized in "Other non-current assets" and offset against shareholders' equity as at the beginning of 2018 in the amount of €30.2 million.

The balance sheet and income statement as at December 31, 2018, restated for the adoption of IFRS 15, are as follows:

(In millions of euros)	December 31, 2018	Adjustments	Balances before the adoption of IFRS 15
Costs of obtaining the contract	31.9	(31.9)	-
TOTAL NON-CURRENT ASSETS	6,718.2	(31.9)	6,686.2
Contract assets	31.7	(31.7)	-
Trade and other receivables	649.9	31.7	681.6
TOTAL CURRENT ASSETS	1,077.0	-	1,077.0
TOTAL ASSETS	**7,795.2**	**(31.9)**	**7,763.2**
Retained earnings (accumulated deficit)	(77.7)	(24.0)	(101.8)
TOTAL EQUITY	2,868.2	(24.0)	2,844.1
Deferred tax liabilities	370.9	(7.9)	363.0
TOTAL NON-CURRENT LIABILITIES	3,679.3	(7.9)	3,671.4
Trade and other payables	274.4	1.5	275.9
Contract liabilities	68.3	(68.3)	-
Other liabilities	381.5	66.8	448.3
TOTAL CURRENT LIABILITIES	1,247.7	-	1,247.7
TOTAL EQUITY AND LIABILITIES	**7,795.2**	**(31.9)**	**7,763.2**

(In millions of euros)	December 31, 2018	Adjustments	Balances before the adoption of IFRS 15
REVENUE	3,133.3	-	3,133.3
Gross margin	**933.0**	**-**	**933.0**
Selling, general and administrative expenses	(520.0)	(1.8)	(521.8)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**407.5**	**(1.8)**	**405.7**
OPERATING INCOME	245.2	(1.8)	243.4
Income (loss) before tax	**134.7**	**(1.8)**	**132.9**
Income tax expense	(51.7)	0.3	(51.5)
NET INCOME (LOSS)	81.8	(1.6)	80.2
TOTAL COMPREHENSIVE INCOME (LOSS)	**(14.0)**	**(1.6)**	**(15.6)**

In addition, as part of the information to be provided, the Group has:

- updated Accounting Policies Note 4.1, "Revenue" and Note 4.3 "Contract balances";
- broken down revenue recognized under contracts with customers as required by paragraph 114 of IFRS 15, related it to the information provided for segment reporting in Note 4.2 "Disaggregation of revenue" and has supplemented the information required for contract assets and liabilities.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" previously applied by the Group, for annual reporting periods beginning on or after January 1, 2018, and addresses the three main aspects of the recognition of financial instruments:

- Classification and measurement
  - the new provisions concerning the classification of financial assets do not have a material impact on the recognition of trade receivables, loans, debt securities or equity managed on a fair value basis. The changes made to the rules for recognizing changes in the fair value of liabilities designated at fair value through profit or loss have no impact on the Group's consolidated financial statements, whose financial liabilities are measured at amortized cost;
  - IFRS 9 now requires, when a renegotiation of debts does not lead to their extinguishment, that the impact resulting from this change be recognized immediately in profit or loss, with the subsequent interest expense continuing to reflect the original effective interest rate (EIR). As a result, the carrying amount of the debt on the balance sheet is adjusted to reflect the value of the new cash flows discounted at the EIR of the original debt. The retrospective application of IFRS 9 on the Group's unextinguished debt as at January 1, 2018 resulted in a decrease in the Group's financial liabilities of €16.7 million, offset by a decrease in deferred tax liabilities of €5.3 million and an increase in retained earnings of €11.3 million. The impact recorded as at January 1, 2018 will be expensed over the remaining term of the corresponding loan (maturing in 2022).
- Impairment of financial assets

  The standard provides for a new impairment model for financial assets, replacing "incurred loss" by "expected credit losses." This requires the Group to exercise its judgment in assessing expected credit losses over the expected life of the financial instruments. To do this, the Group mainly uses an impairment matrix based on historical data. The first application as at January 1, 2018 of the provisions of IFRS 9 relating to impairment (of trade receivables, the main financial asset concerned) resulted in an increase of €0.8 million in adjustments for expected losses at that date compared to the impairment losses recognized in accordance with IAS 39 as at December 31, 2017.

- Hedge accounting

  The Group has hedging instruments to which it has applied the new provisions of IFRS 9. The hedging instruments used by the Group are comprised of:

  - forward foreign exchange contracts to hedge the currency risk on its highly probable purchases of inventories and fixed assets denominated in foreign currencies. In accordance with IAS 39, the Group previously recognized the effective portion of changes in the fair value of these instruments in equity, while the ineffective portion is recognized immediately in profit or loss. During the periods in which the hedged item affected profit or loss, the Group reclassified the amounts accumulated in equity either to profit or loss or by incorporating them into the carrying amount of the hedged item using the "basis adjustment" method. From adoption of IFRS 9 onwards, the Group may recognize forward items (premiums/discounts) in "Other comprehensive income" and accumulate them under "Hedge reserve" in a separate component of equity until their reclassification in profit or loss or in the initial cost of the non-financial asset acquired. In accordance with the transitional provisions of IFRS 9, the Group has not opted to recognize forward elements of forward contracts retrospectively;
  - interest rate swaps, to convert a portion of the variable-rate debt to a fixed rate. The change in fair value of these derivative instruments follows the same allocation principles between the effective portion (recognized in equity) to the ineffective portion, which is immediately recognized in profit or loss. The application of the new requirements of IFRS 9 to these contracts has no effect on these contracts.

The standard provides for first-time application, mainly retrospectively, with a few exceptions, notably in connection with hedge accounting, applied prospectively. The Group has adopted the exemption that allows for no restatement of comparative information for prior periods. Thus, the difference between the previous carrying amount at December 31, 2017 and the new carrying amount at January 1, 2018 is recorded in "Retained earnings".

The other amendments and interpretations that are mandatory as from January 1, 2018 have no material impact on the Group.

Main standards, amendments and interpretations adopted by the European Union but not mandatory as at January 1, 2018

- IFRS 16 "Leases", applicable from January 1, 2019;
- IFRIC 23 "Uncertainty over Income Tax Treatments", applicable from January 1, 2019;
- amendments to IFRS 9 "Prepayment Features with Negative Compensation".

The Group does not plan to apply these standards prior to their required effective date in the European Union. The estimated impact of these new texts is presented in Note 14.

Main standards, amendments and interpretations published but not yet adopted by the European Union

Lastly, the standards and amendments published but not yet adopted by the European Union are:

- for annual periods beginning on or after January 1, 2019:
  - amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures",
  - annual improvements (2015-2017) to IFRS,
  - amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- for annual periods beginning on or after January 1, 2020:
  - amendments to the Conceptual Framework for IFRS,
  - amendments to IFRS 3 "Business Combinations" entitled, "Definition of a Business",
  - amendments to IAS 1 and IAS 8 "Definition of Material".

The Group is currently assessing the impact of these texts.

1.3 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires the Elis Group to make estimates and assumptions that affect the carrying amount of assets, liabilities, income and expenses and the disclosures in some of the notes to the financial statements. The Elis Group reviews these estimates and judgments on a regular basis, taking into consideration past experience and other factors deemed relevant in light of economic conditions.

Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

Critical accounting estimates and assumptions

Allocation of the acquisition price of a business combination

Business combinations are accounted for using the purchase accounting method: this means that, at the date on which control is acquired, the identifiable assets, liabilities and contingent liabilities acquired or assumed are measured at fair value. One of the most significant estimates when accounting for an acquisition is the determination of the fair value and the assumptions used to determine it. While the fair value of some acquired items, such as property, plant and equipment, can be accurately measured (using the market price), others are more complex to measure, such as intangible assets or contingent liabilities. These measurements are generally carried out by independent experts who base their work on assumptions and must estimate the effect of future events that are uncertain at the acquisition date.

Recoverable amount of goodwill and intangible assets with indefinite useful lives

The Group performs annual impairment tests on goodwill and intangible assets with indefinite useful lives (brands), in accordance with IAS 36 "Impairment of Assets". The recoverable amount of cash-generating units is calculated on the basis of their value in use. These calculations require the use of estimates. Concerning goodwill, the estimates used, together with an analysis of assumption sensitivity are presented in Note 6.1 "Goodwill".

Employee benefit liabilities

The present value of employee benefit obligations is computed on an actuarial basis using various assumptions. The discount rate is one of the assumptions used to calculate the net cost of retirement benefits. Any change in the assumptions affects the carrying amount of the employee benefit liabilities.

The Group sets the appropriate discount rate at the end of each reporting period. This is the interest rate applied to calculate the present value of future disbursements necessary to meet retirement benefit obligations. To determine the appropriate rate, the Group takes into account the interest rates on high-quality corporate bonds (Iboxx Corporate AA 10+ for France) in the currencies in which benefits are to be paid and with a term comparable to the estimated average maturity of the corresponding obligation.

Note 5.3 "Employee benefit assets/liabilities" provides further details on the matter.

Provisions

The Group records provisions, mainly for disputes and environmental compliance:

- Provisions for disputes: some subsidiaries of the Group may be involved in regulatory, legal or arbitration proceedings that may, given the potential uncertainties, have a material impact on the Group's financial position, as described in Note 7.2 "Contingent liabilities". The Group's legal team keeps track of current proceedings, regularly reviews their progress and assesses the need to establish adequate provisions or change their amount, if events occurring in the course of the proceedings require a reappraisal of the risk. The decision to set aside a provision for a risk and the amount of the provision to be recorded is based on a case-by-case assessment of the risk, management's estimate of the unfavorable nature of the outcome of the proceedings in question (probable nature) and the ability to reliably estimate the related amount.
- Provisions for environmental compliance: Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. The Group's Quality, Safety and Environment Department conducts an assessment of the sites concerned, monitors the progress and costs of the sites being cleaned up and ensures that appropriate provisions are updated in line with the studies carried out and the progress of the clean-up measures.

Critical judgments in applying accounting policies

Recognition of assets related to rental, laundry and maintenance services

Rental, laundry and maintenance services agreements are not deemed to transfer to the lessee substantially all the risks and rewards incident to ownership of the assets (linen, equipment, etc.) associated with the service agreements. Accordingly, items subject to rental, laundry and maintenance services agreements are recognized as non-current assets.

Accounting classification of the French business tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE)

According to the Group's analysis, French business tax (CVAE) meets the definition of income tax in paragraph 2 of IAS 12 "Income Taxes". Total current and deferred amounts of CVAE are therefore presented in the line item "Income tax benefit (expense)".

1.4 Restatements of prior years' financial information

The following tables present adjustments to the income statement, the statement of financial position, and the statement of cash flows as at December 31, 2017, compared to the previously published financial statements as at December 31, 2017:

- related to previous business combinations ("IFRS 3");
- related to the classification of the "Clinical Solutions" business under "discontinued operations" (IFRS 5): in accordance with this standard, only the income statement has been restated, as there is no need to restate the statement of financial position. For the statement of cash flows, the Group has chosen to present the contribution of the "Clinical Solutions" business in the notes (see Note 2.5 "Non-current assets (or groups of assets) held for sale").

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	2017 published	IFRS 3	IFRS 5	2017 restated
Revenue	**2,214.9**	**-**	**(21.4)**	**2,193.6**
Cost of linen, equipment and other consumables	(361.4)	(0.1)	9.6	(351.8)
Processing costs	(849.2)	(2.3)	7.5	(844.1)
Distribution costs	(358.5)	-	1.4	(357.1)
Gross margin	**645.8**	**(2.4)**	**(2.9)**	**640.5**
Selling, general and administrative expenses	(352.6)	(1.0)	2.1	(351.5)
Value corrections for losses on trade and other receivables	(4.7)	(0.0)	0.0	(4.7)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**288.5**	**(3.4)**	**(0.8)**	**284.2**
Amortization of intangible assets recognized in a business combination	(54.2)	(24.9)	-	(79.1)
Goodwill impairment	-	-	-	-
Other operating income and expenses	(89.9)	(1.0)	1.8	(89.0)
Operating income	**144.5**	**(29.3)**	**1.0**	**116.2**
Net financial income (loss)	(59.8)	-	0.0	(59.8)
Income (loss) before tax	**84.6**	**(29.3)**	**1.1**	**56.4**
Income tax expense	(17.9)	4.7	(0.4)	(13.6)
Share of net income of equity-accounted companies	-		-	-
Income from continuing operations	**66.8**	**(24.6)**	**0.7**	**42.8**
Income from discontinued operations, net of tax	-	-	(0.7)	(0.7)
Net income (loss)	**66.8**	**(24.6)**	**-**	**42.1**
Attributable to:				
› owners of the parent	66.2	(24.6)	-	41.5
› non-controlling interests	0.6	-		0.6
Earnings (loss) per share (EPS) *(in euros)*:				
› basic, attributable to owners of the parent	€0.41			€0.26
› diluted, attributable to owners of the parent	€0.41			€0.26
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:				
› basic, attributable to owners of the parent	€0.41			€0.26
› diluted, attributable to owners of the parent	€0.41			€0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	2017 published	IFRS 3	IFRS 5	2017 restated
NET INCOME (LOSS)	66.8	(24.6)	-	42.1
Gains (losses) on change in fair value of hedging instruments	(4.8)			(4.8)
Cash flow hedge reserve reclassified to income	6.2			6.2
Total change in cash flow hedge reserve, before taxes	**1.4**	**-**		**1.4**
Related tax	(0.5)			(0.5)
Net change in the cost of hedging, before tax	**-**			**-**
Related tax	-			-
Effects of changes in foreign exchange rates – net translation differences	**(150.2)**	**(1.0)**		**(151.2)**
Other comprehensive income (loss) which may be subsequently reclassified to income	**(149.3)**	**(1.0)**	**-**	**(150.3)**
Actuarial gains (losses) on defined benefit plans, before tax	**16.3**			**16.3**
Related tax	(3.1)			(3.1)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**13.2**	**-**		**13.2**
OTHER COMPREHENSIVE INCOME	**(136.1)**	**(1.0)**	**-**	**(137.1)**
TOTAL COMPREHENSIVE INCOME (LOSS)	(69.3)	(25.6)	-	(94.9)
Attributable to:				
› owners of the parent	(69.7)	(25.6)		(95.4)
› non-controlling interests	0.4	-		0.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros)	12/31/2017 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2017 restated
Goodwill	4,335.5	(580.7)	-	12.7	3,767.4
Intangible assets	378.8	705.3	(25.4)	(14.3)	1,044.5
Property, plant and equipment	1,744.5	73.3	(2.6)	(2.4)	1,812.8
Equity-accounted companies	-	-	-	-	-
Other equity investments	0.1	(0.0)	0.0	-	0.1
Other non-current assets	6.8	34.8	-	(1.4)	40.2
Deferred tax assets	46.9	(27.3)	1.5	0.1	21.2
Employee benefit assets	16.4	-	-	-	16.4
TOTAL NON-CURRENT ASSETS	6,529.0	205.4	(26.6)	(5.3)	6,702.6
Inventories	127.2	(4.9)	(0.3)	0.1	122.1
Contract assets	-	-	-	-	-
Trade and other receivables	705.6	(28.7)	(0.1)	(0.8)	676.0
Current tax assets	18.2	(0.1)	(0.0)	0.0	18.1
Other assets	30.9	(2.0)	0.0	0.0	28.9
Cash and cash equivalents	416.4	(0.0)	-	0.0	416.4
Assets held for sale	1.0	-	-	-	1.0
TOTAL CURRENT ASSETS	1,299.3	(35.8)	(0.4)	(0.6)	1,262.5
TOTAL ASSETS	**7,828.4**	**169.6**	**(27.0)**	**(5.9)**	**7,965.1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros)	12/31/2017 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2017 restated
Share capital	219.4				219.4
Additional paid-in capital	3,025.7				3,025.7
Treasury share reserve	(0.7)				(0.7)
Other reserves	0.7				0.7
Retained earnings (accumulated deficit)	(189.1)	0.0	(24.6)	-	(213.7)
Other components of equity	(110.2)	-	-	(1.0)	(111.2)
Equity attributable to owners of the parent	**2,945.8**	**0.0**	**(24.6)**	**(1.0)**	**2,920.2**
Non-controlling interests	**9.2**	**(6.3)**	**-**	**-**	**2.9**
TOTAL EQUITY	2,955.0	(6.3)	(24.6)	(1.0)	2,923.0
Provisions	39.7	59.1	-	(0.2)	98.5
Employee benefit liabilities	96.6	3.5	-	-	100.0
Borrowings and financial debt	2,060.9	0.0	-	-	2,060.9
Deferred tax liabilities	244.1	118.2	(3.3)	(1.9)	357.1
Other non-current liabilities	12.6	(0.0)	-	0.0	12.6
TOTAL NON-CURRENT LIABILITIES	2,453.8	180.7	(3.3)	(2.1)	2,629.1
Current provisions	15.2	22.2	0.9	(1.9)	36.5
Current tax liabilities	21.8	(0.2)	0.2	(0.0)	21.8
Trade and other payables	277.5	(9.5)	(0.0)	0.0	268.1
Contract liabilities		-	-	-	-
Other liabilities	462.8	(17.4)	(0.0)	(0.9)	444.5
Bank overdrafts and current borrowings	1,642.2	-	-	-	1,642.2
Liabilities directly associated with assets held for sale	0.0	-	-	-	0.0
TOTAL CURRENT LIABILITIES	2,419.6	(4.8)	1.0	(2.8)	2,413.0
TOTAL EQUITY AND LIABILITIES	**7,828.4**	**169.6**	**(27.0)**	**(5.9)**	**7,965.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	2017 published	IFRS 3	2017 restated
CONSOLIDATED NET INCOME (LOSS)	66.8	(24.6)	42.1
Depreciation, amortization and provisions	436.2	30.9	467.1
Portion of grants transferred to income	(0.3)		(0.3)
Goodwill impairment	-		-
Share-based payments	6.9		6.9
Net gains and losses on disposal of property, plant and equipment and intangible assets	4.5	0.1	4.6
Share of net income of equity-accounted companies	-		-
Net financial (income) loss	59.8		59.8
Income tax expense	17.9	(4.7)	13.2
Other	(0.1)		(0.1)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	591.8	1.6	593.4
Income tax paid	(53.3)		(53.3)
Change in inventories	(3.1)	0.3	(2.7)
Change in trade and other receivables and contract assets	(51.2)	0.1	(51.1)
Change in other assets	0.1		0.1
Change in trade and other payables	6.3		6.3
Change in contract and other liabilities	(69.6)		(69.6)
Other changes	(0.8)		(0.8)
Employee benefits	(0.6)		(0.6)
NET CASH FROM OPERATING ACTIVITIES	419.6	2.0	421.6
Acquisition of intangible assets	(16.8)		(16.8)
Proceeds from sale of intangible assets	0.1		0.1
Acquisition of property, plant and equipment	(463.0)	(2.0)	(465.1)
Proceeds from sale of property, plant and equipment	1.3		1.3
Acquisition of subsidiaries, net of cash acquired	(1,362.9)		(1,362.9)
Proceeds from disposal of subsidiaries, net of cash transferred	1.0		1.0
Changes in loans and advances	0.1		0.1
Dividends from equity-accounted companies	0.1		0.1
Investment grants	0.3		0.3
NET CASH USED IN INVESTING ACTIVITIES	(1,839.9)	(2.0)	(1,841.9)
Capital increase	506.0		506.0
Treasury shares	1.1		1.1
Dividends and distributions paid			
› to owners of the parent	(51.7)		(51.7)
› to non-controlling interests	(0.0)		(0.0)
Change in borrowings[(a)]	1,080.2		1,080.2
› Proceeds from new borrowings	4,126.0		4,126.0
› Repayment of borrowings	(3,045.9)		(3,045.9)
Net interest paid	(60.5)		(60.5)
Other flows related to financing activities	17.4		17.4
NET CASH USED IN FINANCING ACTIVITIES	1,492.4	-	1,492.4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72.2		72.2
Cash and cash equivalents at beginning of period	165.2		165.2
Effect of changes in foreign exchange rates on cash and cash equivalents	(34.3)		(34.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	203.0		203.0

(a) Net change in credit lines.

6

IFRS 3 "Business combinations"

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The amount of goodwill shown in the consolidated financial statements was allocated in the amount of €580.7 million at the acquisition date, and mainly concerns Lavebras (Brazil) and Berendsen. Therefore:

- the Berendsen goodwill, originally recognized in the amount of €2,342.0 million as at December 31, 2017, has been allocated in the amount of €501.7 million;
- the initial goodwill on the 2017 Brazilian acquisitions (mainly Lavebras) originally recognized in the amount of €328.1 million as at December 31, 2017 has been allocated in the amount of €79.4 million.

The methods used to measure the fair value of the assets were as follows:

- Property, plant and equipment (+€73.3 million, of which €21.8 million for Lavebras and €47.6 million for Berendsen) and software (+€12.0 million for Berendsen): market comparables method where available or intrinsic cost approach (reconstitution/replacement costs adjusted for depreciation and obsolescence);
- Customer relationships (+€640.5 million, of which €33.0 million for Lavebras and €605.5 million for Berendsen): multi-period excess earnings method that takes into account the present value of net cash flows expected to be generated, excluding any cash flows related to support assets;
- Berendsen brands (+€31.3 million): relief from royalty method.

In addition, the Group finalized the fair-value measurement of offsetting assets and provisions, particularly in the area of the environment. The final fair value of assets and liabilities acquired in a business combination in 2017 is disclosed in the "Acquisitions in 2017" section of Note 2.4 "Changes in scope of consolidation".

Finally, the Group allocated the Berendsen goodwill to each of the cash-generating units (Germany, Great Britain, Denmark, Sweden & Finland and the Netherlands in particular), the final breakdown of which is provided in Note 6.1 "Goodwill". The residual goodwill has been allocated based on the recoverable amounts of each of the cash-generating units.

NOTE 2 SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS OF THE YEAR

2.1 Basis of consolidation

Fully consolidated companies

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Net income or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in income.

Associates and joint ventures

Investments in companies over which the Group has significant influence on financial and operating decisions but does not exercise control and joint ventures are accounted for using the equity method.

2.2 Business combinations

Business combinations as from July 1, 2009

Business combinations are accounted for using the acquisition method. Accordingly, when the Group acquires a business, its assets, liabilities and contingent liabilities are measured at fair value. Moreover, for each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the Group's proportionate share of the acquiree's identifiable net assets.

Acquisition-related transaction costs are expensed as incurred (see Note 4.6 "Other operating income and expense").

At the acquisition date, the Group recognizes goodwill as the difference between the consideration transferred plus any non-controlling interests in the acquiree and the net identifiable assets acquired and liabilities assumed.

In a step acquisition where control is obtained in stages, the Group measures the previously-held equity interest in the acquiree at the acquisition-date fair value and recognizes any gain or loss in profit or loss.

Business combinations prior to June 30, 2009

The different accounting treatments applicable to these business combinations are as follows:

- transaction costs directly attributable to the acquisition were included in the acquisition cost;
- non-controlling interests (previously referred to as "minority interests") were measured at the share of net assets acquired;
- step acquisitions were recognized separately and did not affect subsequently-recognized goodwill.

2.3 Foreign currency translation

Foreign currency transactions by Group companies are translated into the functional currency using the exchange rates effective at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Foreign currency translation gains and losses are recognized in the income statement, except for those concerning monetary items associated with a net investment in a foreign operation. For the latter, translation differences are recognized directly in equity until the net investment is sold, when they are reclassified to the income statement.

For consolidation purposes, the assets and liabilities of Group entities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Income statement items are translated using the average exchange rate for the reporting period. Resulting foreign currency differences are recognized directly in equity and presented in a separate column heading ("Translation reserve").

2.4 Changes in scope of consolidation

2018 acquisitions

In Germany

On January 3, 2018, the Group acquired:

- Sächsische Mietwäsche und Handels, a company located in Germany near Dresden, with annual revenue of approximately €2.3 million in the Hospitality sector. The volumes are being transferred to the Riesa plant and the former manager, Thomas Pfeiff, will become director of Riesa;
- the acquisition of Alsco's hotel customer portfolio in Germany, in the Berlin and Hamburg regions. In 2017, Alsco achieved revenue of nearly €2 million.

On March 23, 2018, the Group completed the acquisition of BW Textilservice in Germany. BW Textilservice is a family-owned laundry company in the Stuttgart region with around 500 employees. In 2018, it posted revenue of €25 million, entirely in the Healthcare market.

On June 6, 2018, Elis completed the acquisition of Wäscherei Waiz GmbH, a family-owned laundry business located near Nuremberg, which posted revenue of around €10 million in 2017. This company employs around 200 people and operates mainly in the Healthcare market in northern Bavaria, a region where the Group was not previously present.

In Belgium

On April 24, 2018, the Group acquired Ardenne et Meuse, a Belgian family business with some 80 employees and a laundry near Liège. The company posted revenue of around €8 million in 2018. It is specialized in flat linen processing for Hospitality customers.

In Spain

In February 2018, the Group completed the acquisition of the assets of Camps, which operates a laundry in the Barcelona region and generated revenue of around €2 million in 2017.

On December 5, 2018, the Group completed the acquisition of 100% of Lavanderias Triton, SL The Lavanderias Triton, SL plant, located in the Madrid region, specializes in flat linen and mainly serves customers in the Hospitality market. Through service partners, the company also covers the cities of Barcelona, Malaga, Elche and Segovia. A family-owned group, Lavanderias Triton, SL reported revenue of around €8 million in 2017. This acquisition, which further expands Elis' existing network in Spain, will generate synergies and expand the Group's customer portfolio.

In France

The Group also acquired Big Bang, a company based in Nice. With 16 employees, Big Bang generated revenue in 2017 of around €2 million in the HWB (hygiene and well-being) market in the Nice, Marseille, Lyon and Paris regions.

In addition, on June 29, 2018, Les Lavandières acquired a Pest Control business in Nantes (€0.3 million in revenue last year, two employees).

Summary of the aforementioned acquisitions

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

(In millions of euros)	Fair value at the acquisition date	of which France	of which Germany	of which Belgium	of which Spain
Balance sheet					
Intangible assets	6.3	-	2.3	1.8	2.2
Property, plant and equipment	33.5	0.1	18.6	11.4	3.3
Inventories	0.3	0.1	0.1	0.2	0.0
Trade and other receivables	7.9	0.3	4.2	1.1	2.4
Current tax assets	0.3	-	0.3	-	-
Other assets	0.2	0.0	0.1	0.0	0.0
Cash and cash equivalents	4.3	0.2	0.3	0.4	3.4
Assets held for sale	0.2	-	-	-	0.2
Provisions	(0.0)	-	-	(0.0)	-
Borrowings and financial debt	(7.3)	(0.0)	(2.5)	(3.8)	(1.0)
Deferred tax liabilities	(1.9)	-	(0.7)	(1.2)	(0.0)
Current tax payables	(1.0)	0.0	(0.2)	(0.0)	(0.8)
Trade and other payables	(6.7)	(0.0)	(2.6)	(0.8)	(3.3)
Contract liabilities	(0.4)	(0.3)	-	(0.1)	-
Other liabilities	(4.0)	(0.2)	(2.1)	(1.1)	(0.6)
Bank overdrafts and current borrowings	(6.4)	-	(5.4)	(0.8)	(0.1)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE[(a)]	**25.2**	**0.2**	**12.3**	**7.0**	**5.7**
Goodwill	40.3	3.4	24.4	3.0	9.5
PURCHASE PRICE	**65.4**	**3.6**	**36.7**	**10.0**	**15.1**
Acquisition-related transaction costs	0.8	0.0	0.5	0.2	0.2

(a) Provisional amount, see below.

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2018	of which France	of which Germany	of which Belgium	of which Spain
Net cash acquired	3.3	0.2	(0.8)	0.4	3.4
Amount paid	(65.4)	(3.6)	(36.7)	(10.0)	(15.2)
NET CASH FLOW	**(62.2)**	**(3.4)**	**(37.4)**	**(9.6)**	**(11.8)**

As at December 31, 2018, due to a recent acquisition completed at year-end, the initial recognition of business combinations was incomplete and the above amounts were, therefore, set out on a provisional basis.

Since their acquisition, the acquired companies have contributed €31.6 million to revenue, €7.3 million to EBITDA, €1.6 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.8 million to net income. If these acquisitions had taken place at the beginning of the year, additional revenue would have been €20.9 million, additional EBITDA €5.1 million, additional operating income (before amortization of intangible assets recognized in a business combination) €1.6 million, and additional net income €0.9 million.

Residual goodwill

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

2017 acquisitions

Acquisition of the Berendsen Group

On September 12, 2017, Elis announced that it had completed the acquisition of Berendsen, a European company specializing in services solutions for textile, hygiene and protection articles, operating mainly in the United Kingdom, Scandinavia, Eastern and Central Europe. Berendsen, with revenue of €1.4 billion in 2016 and 15,700 employees, provides the Group with greater geographical diversity and strong positions in most of the markets in which it will operate. In practice, Berendsen has been consolidated in the Group's financial statements since September 1, 2017.

The purchase price, paid in cash in the amount of £5.40 and via delivery of 0.403 new Elis shares for each Berendsen share, was €2.4 billion.

Given the material impact of this acquisition, pro forma financial information is included in the 2017 registration document, which is available on Elis' investor relations home page: https://www.corporate-elis.com/en/investor-relations.

In Brazil

On May 23, 2017, Elis announced it had finalized the acquisition of Lavebras Gestão de Têxteis SA, ("Lavebras"), ranked second in the Brazilian market. Lavebras has operations in 17 states in Brazil and employs approximately 4,000 employees spread out over 76 industrial sites. This family-owned company established in 1997 has the densest industrial laundry complex in Brazil. The Lavebras Group serves customers in the Healthcare, Industry (particularly Agri-food) and Hospitality segments. The Lavebras Group's revenue was €100 million in 2017. Lavebras has been consolidated in the Group's financial statements since June 1, 2017.

On July 10, 2017, Elis reached an agreement to acquire 100% of Bardusch Arrendamentos Texteis Ltda (renamed Atmosfera Gestao e Higienização de Uniformes Ltda), the Brazilian subsidiary of the Bardusch Group, which operates three production sites in the country. These three laundries, located in Curitiba, Jundiaí and Rio Verde (at a customer's facility) mainly offer a rental and maintenance service for professional clothing for industrial customers in the Automotive and Agri-Food sectors. In 2017, these three production sites posted revenues of €10 million. The company has approximately 350 employees.

In October, the Group acquired Totalqualy, a company with a revenue of approximately €2.5 million. The company mainly serves customers in the Healthcare segment in São Paulo.

In France

On March 3, 2017, the Group acquired HTE Sanitation, a company located in Châteauneuf-les-Martigues, specialized in Pest Control and operating in the Aix-Avignon-Marseille region. HTE Sanitation posted revenue of €0.4 million in 2017 and has nine employees.

On March 13, 2017, the Group acquired Blanchisserie Blésoise, a laundry company operating in Blois, whose customers come from the Health and Hospitality sectors in the Centre-Val de Loire and Île-de-France regions. This company generated revenue of €13.6 million in 2017 and employs around 180 people.

In April 2017, the Group acquired the business assets of the Blanchisserie des Gaves (Biarritz/Lourdes/Pau region) and FlashOcean (Charente-Maritime and Bordeaux regions) which generate annual revenue of around €0.5 million and €0.6 million, respectively.

In Germany

On May 10, 2017, Elis reached an agreement to acquire the business assets (plant, equipment and customer portfolio) of MTR, a company located in Riesa, Saxony. The business remained on site and the vast majority of jobs were saved. In 2017, the Riesa center achieved revenue of around €5 million. This acquisition allows Elis to continue to expand its network in Germany and to optimize the distribution of volumes between production centers in the region.

In Hungary

On July 4, 2017, Elis completed the acquisition of Első Magyar Tisztatéri Mosoda Ltd (EMTM), a company located in Miskolc, Hungary. EMTM is active in the workwear and Ultra-Clean business, operating one of the main cleanroom laundries. This company generated revenue of €1.6 million in 2017 and employs around 65 people. EMTM serves mainly industrial customers in the Pharmaceutical, Electronics and Chemicals sectors, in Hungary and its neighboring countries. With this acquisition Elis strengthens its offer in the Ultra-Clean and workwear segment in Central Europe, a nice complementary fit with our plant in Slavkov.

In Colombia

The Group acquired:

- Centro de Lavado y Aseo (CLA) in September 2017. CLA operates two laundries in Bogotá, employs 200 people and serves mainly private Healthcare players. Revenue in 2017 was €2.4 million;
- in October 2017, Elis acquired Lavanser, which operates a plant in Bogotá. Lavanser has 200 employees and generated revenue of €3.0 million in 2017.

In line with the acquisition of SIL in December 2016, Elis has thus strengthened its position in this high-growth potential country.

Summary of the aforementioned acquisitions

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

(In millions of euros)	Fair value at the acquisition date	of which Berendsen	of which France	of which Germany excluding Berendsen	of which Colombia	of which Brazil	of which Hungary	of which Spain
Balance sheet								
Intangible assets	747.0	678.1	4.8	1.1	1.1	61.9	0.1	-
Property, plant and equipment	837.5	758.7	8.8	2.7	2.4	63.0	1.8	-
Available-for-sale financial assets	0.1	0.1	0.0	-	0.0	-	-	-
Other non-current assets	75.5	54.5	-	-	1.6	19.4	0.0	-
Deferred tax assets	(16.2)	(18.6)	-	-	0.4	2.1	-	-
Employee benefit assets	1.4	1.4	-	-	-	-	-	-
Inventories	59.2	58.8	0.1	0.0	(0.1)	0.4	-	-
Contract assets								
Trade and other receivables	239.3	211.3	3.1	-	1.2	23.3	0.3	-
Current tax assets	4.9	4.9	-	-	(0.0)	-	0.0	-
Other assets	35.3	35.0	0.2	-	0.0	0.1	-	-
Cash and cash equivalents	243.0	237.6	0.8	-	(0.1)	4.6	0.1	-
Assets held for sale								
Provisions	(65.6)	(61.7)	-	(0.0)	(1.6)	(2.2)	-	-
Employee benefit liabilities	(39.6)	(39.3)	(0.3)	-	-	-	-	-
Borrowings and financial debt	(5.6)	(0.1)	(4.7)	-	(0.1)	(0.6)	(0.1)	-
Deferred tax liabilities	(168.9)	(166.9)	(1.8)	-	(0.1)	-	-	-
Other non-current liabilities	(10.3)	(4.7)	(0.5)	-	(0.8)	(3.8)	(0.5)	-
Current provisions	(27.4)	(7.4)	(0.0)	-	-	(20.0)	-	-
Current tax payables	(20.4)	(19.0)	0.3	-	(0.0)	(1.7)	(0.0)	-
Trade and other payables	(95.0)	(86.6)	(1.6)	-	(1.5)	(5.3)	(0.1)	-
Contract liabilities								
Other liabilities	(240.9)	(225.0)	(1.6)	-	(0.9)	(12.8)	(0.6)	-
Bank overdrafts and current borrowings	(829.3)	(820.5)	(0.0)	-	(0.0)	(8.7)	(0.0)	-
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**724.0**	**590.5**	**7.5**	**3.8**	**1.5**	**119.5**	**1.2**	**-**
Non-controlling interests	0.1	0.1	-	-	-	-	-	-
Goodwill	2,103.8	1,840.3	8.5	0.0	5.1	248.7	1.0	-
PURCHASE PRICE	**2,827.8**	**2,431.0**	**16.0**	**3.8**	**6.6**	**368.2**	**2.2**	**-**
Acquisition-related transaction costs	29.3	27.3	0.1	0.2	0.2	1.4	0.0	

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2017	of which Berendsen	of which France	of which Germany excluding Berendsen	of which Colombia	of which Brazil	of which Hungary	of which Spain
Net cash acquired	95.3	90.0	0.7	-	(0.1)	4.6	0.1	-
Amount paid	(1,458.2)	(1,051.0)	(17.3)	(3.6)	(6.1)	(377.7)	(2.2)	(0.3)
NET CASH FLOW	**(1,362.9)**	**(961.1)**	**(16.6)**	**(3.6)**	**(6.3)**	**(373.1)**	**(2.0)**	**(0.3)**

Since their acquisition in 2017, the acquired companies have contributed €523.1 million to revenue, €161.8 million to EBITDA, €69.1 million to operating income (before amortization of intangible assets recognized in a business combination), and €15.4 million to net income. These figures have not been restated to reflect the reclassification of the "Clinical Solutions" business to discontinued operations in 2018, as detailed in Notes 1.4 and 2.5. If these acquisitions had taken place at the beginning of 2017, additional revenue would have been €950.8 million, additional EBITDA €278.2 million, additional operating income (before amortization of intangible assets recognized in a business combination) €118.2 million, and net income would have been lower by €2.0 million.

- Since its acquisition in 2017, Berendsen has contributed €445.0 million to revenue, €143.6 million to EBITDA, €61.3 million to operating income (before amortization of intangible assets recognized in a business combination), and €19.9 million to net income. These figures have not been restated to reflect the reclassification of the "Clinical Solutions" business to discontinued operations in 2018, as detailed in Notes 1.4 and 2.5. If this acquisition had taken place at the beginning of 2017, additional revenue would have been €890.3 million, additional EBITDA €265.6 million, additional operating income (before amortization of intangible assets recognized in a business combination) €108.3 million, and additional net income €7.6 million.
- Since its acquisition in 2017, Lavebras has contributed €60.1 million to revenue, €15.0 million to EBITDA, €7.4 million to operating income (before amortization of customer relationships), and -€3.6 million to net income. If this acquisition had taken place at the beginning of 2017, additional revenue would have been €47.4 million, additional EBITDA €13.1 million, additional operating income (before amortization of intangible assets recognized in a business combination) €10.3 million, and additional net income would have amounted to -€4.8 million.

Residual goodwill

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

2.5 Non-current assets (or groups of assets) held for sale

Non-current assets (or groups of assets) are considered as held for sale and measured at the lower of carrying amount or fair value less cost to sell if their carrying amount will be recovered primarily through a sale rather than continuing use. For this to be the case, an asset (or group of assets) must be available for immediate sale in its current state, subject only to terms that are usual and customary for sales of such assets, and its sale must be deemed highly probable.

Discontinued operations are presented separately in the income statement for both the current and comparative financial years. IFRS 5 states that a group of assets to be disposed of is a discontinued operation when it corresponds, in particular, to a cash-generating unit or group of units, is classified as a group held for sale, and represents a separate major line of business or a geographical area of operations. A separate main business line or geographical region may, for example, comprise all or part of an operating segment as defined by IFRS 8.

On July 25, 2018, the Group publicly announced the decision authorized by the Supervisory Board to sell the Clinical Solutions business in the United Kingdom. It expects this sale to be completed within one year after June 30, 2018. The Group exercised its judgment and, in view of the distinct products and services of this business, it has been classified under "Discontinued operations" in these financial statements and is no longer presented in "Segment information". The results of this business for the period are as follows:

(In millions of euros)	2018	2017
Revenue	67.3	21.4
Expenses	(68.8)	(22.5)
Income (loss) before tax of discontinued operations	**(1.5)**	**(1.1)**
Income tax expense	0.3	0.4
NET INCOME (LOSS)	**(1.2)**	**(0.7)**

The assets and liabilities of the "Clinical Solutions" business in the United Kingdom classified as held for sale are as follows:

(In millions of euros)	12/31/2018
Property, plant and equipment	4.8
Deferred tax assets	0.7
Inventories	12.5
Trade and other receivables	16.8
Current tax assets	0.0
Other assets	2.0
Cash and cash equivalents	4.6
Assets held for sale	**41.4**
Provisions	0.7
Deferred tax liabilities	1.3
Current provisions	0.1
Current tax payables	0.3
Trade and other payables	2.6
Other liabilities	7.7
Bank overdrafts and current borrowings	10.5
Liabilities directly associated with assets held for sale	**23.3**

Trade receivables at December 31, 2018 amounted to €16.8 million.

The consolidated statement of cash flows presents the cash flows from both continuing and discontinued operations. The cash flows included in the consolidated statement of cash flows for discontinued operations are:

(In millions of euros)	2018	2017
Cash flows from operating activities	(6.5)	(1.0)
Net cash used in investing activities	0.2	(1.6)
Net cash used in financing activities	0	0
FREE CASH FLOW FOR THE PERIOD	**(6.3)**	**(2.5)**

2.6 Off-balance sheet commitments relating to changes in the consolidation scope

Commitments given relate to guarantees granted by Elis in connection with divestments. There were no such commitments as at December 31, 2018 nor as at December 31, 2017.

Commitments received totaled €149.4 million as at December 31, 2018 (€173.4 million as at December 31, 2017) and correspond to the maximum guarantees granted to Elis in connection with its acquisitions.

2.7 Non-controlling interests

In April 2018, the former Lavebras shareholder subscribed to a €9.0 million capital increase in Atmosfera, the Group's direct subsidiary in Brazil. This investment is subject to a repurchase commitment by the Group, recorded in other current liabilities.

No detailed information is provided under IFRS 12 as there is no subsidiary with material non-controlling interests.

2.8 Other significant events of the year

Bond issue

On February 8, 2018, the Group announced that it had raised €1.0 billion via a bond issue divided into two tranches with maturities of five and eight years, respectively:

- a five-year tranche, for €650 million, with an annual coupon rate of 1.875%;
- an eight-year tranche, for €350 million, with an annual coupon rate of 2.875%.

These funds enabled the final repayment of the bridge loan set up for the Berendsen acquisition and the extension of the maturity of the Group's debt. The placement of this issue was led by 10 banks: BBVA, BNP Paribas, CA CIB, Commerzbank, HSBC, Natixis, ING, Mediobanca, MUFG and Société Générale.

Acquisition of Kings Laundry in Ireland

On July 26, 2018, the Group announced that it had signed an agreement to acquire 100% of Kings Laundry in Ireland. The finalization of the transaction is still pending as at the closing date of the consolidated financial statements, as it is subject to regulatory conditions. Kings Laundry has two laundries located in Cork and Dublin and posted approximately €30 million in revenue in 2017. This acquisition adds to Elis's existing network in the country.

2.9 Events after the reporting period relating to changes in the consolidation scope

On January 4, 2019, the Group completed the acquisition of 100% of A-Vask A/S in Denmark. A-Vask A/S is a family-owned group with two multi-service plants in Aabenraa (southern Denmark) and Taastrup (Copenhagen region) with customers in the Hospitality and public sectors. A-Vask A/S generated revenue of around €8 million in 2017.

On January 14, 2019, the Group completed the acquisition of 100% of Metropolitana SAS in Columbia. Metropolitana has two plants in Bogota dedicated to operators in the Healthcare, Industry and Hospitality sectors. A family-owned group, Metropolitana reported revenue of around €4 million in 2017. This acquisition will expand Elis' existing network in the Bogota region and will help it to make inroads into the Hospitality and Industry sectors, in which Elis has, until now, had a smaller presence.

On January 14, 2019, Elis also acquired 100% of Curantex GmbH and Curantex GmbH & Co KG ("Curantex") in Germany. The Curantex plant, located in Erkelenz in North Rhine-Westphalia, serves customers in the Healthcare market, including hospitals and retirement homes (flat linen, workwear and residents' clothing). Curantex is a family-owned company that generated revenue of approximately €14 million in 2017. This acquisition, which expands Elis' existing network in the Cologne region, will enable it to streamline its plants in West Germany, a densely-populated area in which Elis already operates five flat linen plants and two garment plants.

On January 29, 2019, Elis announced the acquisition of 100% of Lloguer Textil Maresme, SL (Lloguer Textil) in Spain. Lloguer Textil is a family-owned group with a flat linen plant in Mataro, north of Barcelona, which posted revenue of around €3 million in 2018. In addition, the Group also acquired Base Lavanderias and Marina de Complementos, which operate in the Healthcare sector (flat linen) in Valencia and La Rioja, employing nearly 50 people and generating nearly €1.6 million in revenue.

On February 5, Elis acquired 100% of Rathiboust, a French Pest Control company that mainly serves building management companies in the Greater Paris region. The company has 13 employees and reported revenue of approximately €1.5 million in 2018.

On February 21, 2019, the Group completed the acquisition of 100% of Blanchisserie Sud Aquitaine. The company, which operates in the Hospitality sector in Nouvelle-Aquitaine in southwestern France, has nearly 40 employees and revenue of approximately €3.6 million.

On March 1, Elis acquired 100% of Swedish company Carpeting Entrémattor. A family-run group located in Stockholm, Carpeting Entrémattor is entirely dedicated to the rental and maintenance of mats for clients of all sizes operating in a variety of sectors. In 2018, it posted revenue of around €3.5 million.

NOTE 3 SEGMENT INFORMATION

The Group is structured into six main operating segments, based mainly on geography. In grouping different countries together, the Group used its best judgment and considered that the groupings presented best reflect the similar economic characteristics and long-term growth maturity of each country.

- France, representing Elis's original rental, laundry and maintenance services business in France;
- United Kingdom & Ireland: representing Berendsen's original rental, laundry and maintenance services business in the United Kingdom and Ireland;
- Central Europe, which encompasses these businesses in Germany and Austria, Belgium and Luxembourg, the Netherlands, Poland, Czech Republic, Hungary and Slovakia, and Switzerland;
- Scandinavia & Eastern Europe, which encompasses these businesses resulting from the acquisition of Berendsen in Denmark, Finland, Norway, Latvia, Estonia, Lithuania and Russia, and Sweden;
- Southern Europe, which encompasses Elis' original businesses in Spain and Andorra, Portugal and Italy;
- Latin America, which includes Elis' businesses in Brazil and those in Chile and Colombia.

The other segments include manufacturing entities that comprise the activities of the "cash-flow generating units" Le Jacquard Français in France and Kennedy Hygiene in the United Kingdom and holding companies.

To track performance, management monitors each segment's EBITDA. Financing costs and income tax expense are primarily monitored at Group level.

3.1 Revenue

2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	1,032.8	397.8	682.1	483.8	268.0	247.7	21.0	3,133.3
Inter-segment	1.8	1.3	3.1	0.2	0.4	-	(6.9)	-
SEGMENT REVENUE	**1,034.6**	**399.1**	**685.2**	**484.0**	**268.4**	**247.7**	**14.1**	**3,133.3**

2017

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
External customers	1,009.0	131.2	388.8	164.2	259.1	221.2	20.0	2,193.6
Inter-segment	1.9	0.6	1.3	0.7	0.1	-	(4.6)	-
SEGMENT REVENUE	**1,010.9**	**131.8**	**390.1**	**164.9**	**259.2**	**221.2**	**15.5**	**2,193.6**

3.2 Earnings

Non-IFRS indicators

EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expense, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments). A reconciliation of EBIT with the consolidated income statement is presented below.

EBITDA is defined as EBIT before depreciation and amortization, net of the portion of grants transferred to income. A reconciliation of EBITDA to the consolidated income statement is presented below.

2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**191.6**	**18.0**	**74.9**	**102.3**	**16.6**	**31.2**	**(27.1)**	**407.5**
Miscellaneous financial items	*0.8*	*0.2*	*0.2*	*0.0*	*0.2*	*0.0*	*0.4*	*1.8*
Expenses related to share-based payments	*2.0*	*(0.1)*	*0.0*	*-*	*-*	*-*	*15.1*	*17.0*
EBIT	194.4	18.1	75.2	102.4	16.7	31.2	(11.6)	426.4
Depreciation and amortization including portion of grants transferred to income	*167.6*	*87.2*	*134.7*	*78.6*	*54.2*	*35.6*	*1.3*	*559.2*
EBITDA	**362.0**	**105.3**	**209.9**	**181.0**	**71.0**	**66.7**	**(10.3)**	**985.6**
	35.0%	*26.4%*	*30.6%*	*37.4%*	*26.4%*	*26.9%*		*31.5%*

2017

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**186.4**	**5.2**	**33.3**	**29.5**	**17.8**	**20.6**	**(8.5)**	**284.2**
Miscellaneous financial items	*0.7*	*0.0*	*0.2*	*0.0*	*0.2*	*0.0*	*0.3*	*1.4*
Expenses related to share-based payments	*-*	*(0.0)*	*(0.0)*	*-*	*-*	*-*	*8.7*	*8.7*
EBIT	187.1	5.3	33.5	29.5	18.0	20.6	0.5	294.4
Depreciation and amortization including portion of grants transferred to income	*166.6*	*28.1*	*70.4*	*26.3*	*49.9*	*33.1*	*1.5*	*375.8*
EBITDA	**353.7**	**33.3**	**103.9**	**55.7**	**67.9**	**53.6**	**2.0**	**670.2**
	35.0%	*25.3%*	*26.6%*	*33.8%*	*26.2%*	*24.2%*		*30.6%*

3.3 Information by region

(In millions of euros)	2018	2017
France (including Le Jacquard Français)	1,042.9	1,019.9
Germany	354.1	189.5
United Kingdom (including Kennedy Hygiene)	361.2	125.3
Sweden	208.6	72.9
Denmark	189.8	64.2
Netherlands	120.2	38.3
Spain and Andorra	188.8	183.6
Brazil	216.2	194.9
Other countries	451.4	304.9
REVENUE	**3,133.3**	**2,193.6**

(In millions of euros)	2018	2017
France (including Le Jacquard Français)	2,143.9	2,146.6
Germany	437.4	387.4
United Kingdom (including Kennedy Hygiene)	379.5	387.9
Sweden	842.0	902.4
Denmark	684.9	710.3
Netherlands	527.1	535.0
Spain and Andorra	283.0	256.5
Brazil	464.1	514.0
Other countries	814.4	784.8
NON-CURRENT ASSETS	**6,576.4**	**6,624.7**

The non-current assets presented above comprise goodwill, property, plant and equipment and intangible assets.

NOTE 4 OPERATING DATA

4.1 Revenue

Revenues are recognized once the Group has delivered the promised goods or service to the customer.

Services

Revenue from services is recognized as and when the services are rendered.

The five-step model introduced by IFRS 15 requires, among other things, the identification of the performance obligations set out in each service contract. Almost all of the Group's revenue is derived from the sale of services under multi-year contracts. An analysis of contracts shows that, in general, the various services promised to customers constitute a single performance obligation.

Revenue from services is recognized in the period in which the services are delivered, as the customer benefits from these services as and when Elis delivers them. These services are most often invoiced and paid on a monthly basis: Group entities are entitled to receive payment from a customer for an amount directly corresponding to the value to the customer of the performance obligation they have fulfilled up to the relevant date.

Where these services are invoiced in advance as part of a subscription of one month or more, the portion of the invoice corresponding to a service not yet rendered is recognized as a "Contract liabilities".

Sale of goods

Revenue from the sale of goods is recognized on the date on which control of the asset sold is transferred to the customer.

4.2 Disaggregation of revenue

Revenue from services is generated by three main activities: flat linen, workwear and hygiene and well-being. These services are rendered to customers who mainly operate in the Hospitality, Industry, Trade and Services, and Healthcare sectors.

2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linens	426.7	256.5	299.9	106.3	190.0	195.9	-	1,475.4
Workwear	353.4	112.5	321.0	187.6	44.7	49.6	-	1,068.9
Hygiene and well-being	284.8	18.2	49.6	152.6	34.1	0.0	0.4	539.7
Other	(32.1)	10.6	11.5	37.3	(0.8)	2.2	20.6	49.3
Revenue by service	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**
Hospitality	341.8	127.0	114.3	77.8	154.3	19.9	-	835.0
Industry	188.5	122.8	226.5	307.8	33.7	58.6	-	938.0
Healthcare	169.9	135.9	252.7	59.3	36.4	169.1	-	823.3
Trade and Services	364.7	12.1	88.5	39.0	43.6	0.0	-	548.0
Other	(32.0)	0.0	0.0	(0.0)	(0.0)	0.0	21.0	(11.0)
Revenue by customer segment	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**
Services (supplied over a given period)	1,030.7	384.2	668.0	451.7	267.3	245.8	2.6	3,050.2
Sales of goods (supplied on a specific date)	2.0	12.4	14.1	32.1	0.8	2.0	18.4	81.9
REVENUE	**1,032.8**	**397.8**	**682.1**	**483.8**	**268.0**	**247.7**	**21.0**	**3,133.3**

2017

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linens	415.8	110.2	208.6	34.1	185.3	179.1	-	1,133.1
Workwear	345.5	9.9	145.1	72.2	40.7	39.7	-	653.2
Hygiene and well-being	278.2	2.5	27.9	44.4	33.6	-	0.3	386.9
Other	(30.5)	8.5	7.2	13.5	(0.4)	2.4	19.8	20.4
Revenue by service	**1,009.0**	**131.2**	**388.8**	**164.2**	**259.1**	**221.2**	**20.0**	**2,193.6**
Hospitality	328.3	40.2	106.3	22.7	152.4	19.0	-	668.9
Industry	172.2	39.0	98.7	109.8	32.7	50.8	-	503.1
Healthcare	187.2	45.4	138.1	18.0	39.0	148.6	-	576.2
Trade and Services	353.0	6.6	45.8	13.7	35.0	2.9	-	457.0
Other	(31.7)	0.0	0.0	0.0	(0.0)	(0.0)	20.0	(11.6)
Revenue by customer sector	**1,009.0**	**131.2**	**388.8**	**164.2**	**259.1**	**221.2**	**20.0**	**2,193.6**
Services (supplied over a given period)	1,006.7	127.5	380.6	153.6	258.8	219.0	1.0	2,147.3
Sales of goods (supplied on a specific date)	2.3	3.6	8.2	10.6	0.3	2.2	19.0	46.2
REVENUE	**1,009.0**	**131.2**	**388.8**	**164.2**	**259.1**	**221.2**	**20.0**	**2,193.6**

4.3 Contract balances

Contract assets

Current contract assets represent services that were rendered to customers during the final months of the reporting period and for which invoices have not yet been issued. These amounts are transferred to trade receivables when the Group acquires an unconditional right to the receivable. This generally happens when the invoice is sent to the customers.

Contract liabilities

Current contract liabilities reflect deferred income, i.e. the invoicing of services that will mainly be performed in the month following the close of the reporting period.

Contract costs

IFRS 15 requires that the incremental costs of obtaining a contract with a customer whose term exceeds one year must be recognized in assets and amortized over the same period. In the Group's case, this asset item corresponds in particular to sales commissions paid in proportion to the amount or number of contracts signed. The change in this asset item (classified as "Non-current assets") between two reporting periods is recognized in the income statement under "Selling, general and administrative expenses".

The amounts of trade receivables, assets and liabilities on contracts with customers are presented in Note 2.5 "Assets held for sale", Note 4.4 "Trade and other receivables and contract assets" and Note 4.9 "Other current assets and liabilities".

Revenue recognized during the year includes the full amount that was shown in the opening balance of contract liabilities at the beginning of the year.

4.4 Trade and other receivables and contract assets

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets.

Trade receivables are subject to impairment for "expected credit losses", which requires the Group to exercise its judgment in assessing expected credit losses over the entire life of the receivable. To do this, the Group mainly uses an impairment matrix based on historical data. These impairment losses are recognized in operating income.

The Group derecognizes financial assets whenever the contractual rights to the assets expire or are relinquished by the Company or when the Company transfers or assigns its rights and substantially all of the associated risks and rewards.

(In millions of euros)	12/31/2018	12/31/2017
Trade receivables and notes receivable (gross)	629.4	641.1
Allowance for bad debts	(56.5)	(50.3)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**572.9**	**590.9**
Other receivables	77.0	85.1
TOTAL TRADE AND OTHER RECEIVABLES	**649.9**	**676.0**
Contract assets	31.7	
TOTAL RECEIVABLES, OTHER DEBTORS AND CONTRACT ASSETS	**681.6**	**676.0**
Collection expected in less than one year	681.6	676.0
Collection expected in more than one year	-	-

Changes in trade and other receivables and contract assets during the financial years presented are analyzed as follows:

(In millions of euros)	2018	2017
OPENING BALANCE	**676.0**	**394.0**
Adjustment related to first-time application of IFRS 9	(0.8)	
Change in gross WC	*32.1*	*55.9*
Change in write-downs	*(5.8)*	*(4.8)*
Change in net WC	26.4	51.1
Change in consolidation scope	7.9	239.3
Translation differences	(9.0)	(7.7)
Change in receivable on disposal of assets	(1.0)	0.7
Other movements	(17.8)	(1.5)
AT DECEMBER 31	**681.6**	**676.0**

Net movements in working capital requirements were mainly due to the recognition in 2018 of €11.3 million in receivables related to France's tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité des entreprises* – CICE), which were not pre-financed (compared with an increase in CICE receivables of €16.9 million in 2017), as well as to the increase in business activity.

Movements in the impairment of trade receivables are as follows:

(In millions of euros)	**Impairment**
AT DECEMBER 31, 2017 UNDER IAS 39	**(50.3)**
Adjustment related to first-time application of IFRS 9	(0.8)
AT JANUARY 1, 2018, UNDER IFRS 9	**(51.0)**
Movements for the year	(5.8)
Changes in consolidation scope	(0.6)
Translation differences	0.7
Other	0.2
AT DECEMBER 31, 2018	**(56.5)**

Credit risk

The management of credit risk is described in detail in Note 8.1 "Financial risk management".

4.5 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	**2018**	**2017**
Depreciation and amortization (net of the portion of grants transferred to income)		
› *included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination*		
Property, plant and equipment and intangible assets	(144.7)	(103.2)
Textile rental, laundry and maintenance items	(386.0)	(252.6)
Other leased items	(28.8)	(20.3)
Portion of grants transferred to income	0.3	0.3
› *included in other operating income and expenses*	*0.0*	*(0.4)*
› *amortization of intangible assets recognized in a business combination*	*(112.5)*	*(79.1)*
› *included in revenue from discontinued operations*	*(2.0)*	*(0.7)*
TOTAL DEPRECIATION AND AMORTIZATION (NET OF THE PORTION OF GRANTS TRANSFERRED TO INCOME)	**(673.7)**	**(456.0)**
Additions to or reversals of provisions		
› *included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination*	*7.2*	*0.5*
› included in other operating income and expenses	*3.8*	*(11.5)*
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**11.0**	**(11.0)**
Operating lease expense	**(77.1)**	**(51.2)**

4.6 Other operating income and expense

Items of material amounts that are unusual, abnormal or infrequent are disclosed separately in the income statement under "Other operating income and expense", in order to better reflect Group performance.

(In millions of euros)	**2018**	**2017**
Costs related to acquisitions and price complements	(31.0)	(30.3)
Restructuring costs	(30.0)	(45.1)
Uncapitalizable costs for change in IT systems	(0.8)	(0.7)
Litigation	(1.1)	(1.2)
Net gains on site disposals	5.0	-
Expenses relating to site disposal	(1.2)	(0.3)
Environmental rehabilitation costs	(1.0)	(6.6)
Compensations received from litigation	15.9	-
Other	(5.7)	(4.8)
OTHER OPERATING INCOME AND EXPENSES	**(49.8)**	**(89.0)**

4.7 Inventories

Inventories are measured at the lower of cost and net realizable value. Impairment losses are recognized whenever the probable realizable value is lower than production cost.

Inventories of raw materials, consumables, spare parts and goods for resale are recorded at acquisition cost and have high turnover.

Goods in progress and finished goods (linen, textiles and hygiene appliances) are measured at production cost, which includes:

- the acquisition cost of raw materials;
- direct production costs;
- overheads that can be reasonably linked to the production of the goods.

(In millions of euros)	**12/31/2018**	**12/31/2017**
Raw materials, supplies	33.0	37.6
Work in progress	0.2	0.6
Intermediate and finished goods	19.4	23.1
Goods for resale	67.7	60.8
INVENTORIES	**120.2**	**122.1**
o/w inventories (at cost)	127.0	130.6
o/w impairment	(6.7)	(8.5)

Changes in net inventories during the financial years presented are analyzed as follows:

(In millions of euros)	**2018**	**2017**
AT JANUARY 1	**122.1**	**61.6**
Change in gross inventory	*11.8*	*5.7*
Change in write-downs	*0.9*	*(2.6)*
Change in net inventory	12.7	2.7
Change in consolidation scope	0.3	59.2
Translation differences	(1.9)	(1.5)
Other movements	(12.9)	0.0
AT DECEMBER 31	**120.2**	**122.1**

Other movements mainly correspond to the reclassification of the inventories of the "Clinical Solutions" business as "Assets held for sale".

4.8 Trade and other payables

(In millions of euros)	**12/31/2018**	**12/31/2017**
Trade payables	252.1	246.3
Trade payables (fixed assets)	17.2	17.4
Other payables	5.1	4.4
TOTAL TRADE AND OTHER PAYABLES	**274.4**	**268.1**

Changes in trade and other payables during the financial years presented are analyzed as follows:

(In millions of euros)	**2018**	**2017**
AT JANUARY 1	**268.1**	**166.8**
Change in WC	7.0	6.3
Change in consolidation scope	6.7	95.0
Translation differences	(3.0)	(2.5)
Change in trade payables (fixed assets)	(8.2)	3.9
Other movements	3.9	(1.3)
AT DECEMBER 31	**274.4**	**268.1**

4.9 Other current assets and liabilities

(In millions of euros)	Notes	12/31/2018	12/31/2017
Prepaid expenses		23.0	27.1
Current asset derivatives – cash flow hedging	8.8	1.3	0.1
Other current asset derivatives		0.1	-
Other assets		1.7	1.7
TOTAL OTHER ASSETS		**26.0**	**28.9**
Deposits received		9.0	8.9
Payroll-related liabilities		182.1	172.3
Tax liabilities and other debt		161.6	163.9
Deferred consideration payable on acquisitions		11.6	24.6
Liability for repurchase commitments to non-controlling interests		14.5	5.9
Current liability derivatives – cash flow hedging	8.8	-	1.9
Other current liability derivatives[(a)]		0.1	0.8
Investment grants		2.6	2.2
Deferred income		-	64.0
TOTAL OTHER LIABILITIES		**381.5**	**444.5**
Contract liabilities		68.3	-
TOTAL CONTRACT AND OTHER LIABILITIES		**449.8**	**444.5**

(a) As at December 31, 2017, some of the derivatives not qualifying as hedges consisted of forward purchases of US dollars made to hedge the Berendsen Group's purchases. These forward purchases, subscribed before the date on which control was acquired by the Elis Group, could not be qualified as hedges for accounting purposes.

Changes in other assets during the financial years presented are analyzed as follows:

(In millions of euros)	2018	2017
AT JANUARY 1	**28.9**	**16.7**
Change in WC	(2.2)	(0.1)
Change in consolidation scope	0.2	35.3
Translation differences	(0.1)	0.7
Change in derivatives	1.3	(22.2)
Other movements	(2.2)	(1.4)
AT DECEMBER 31	**26.0**	**28.9**

Changes in other current liabilities during the financial years presented are analyzed as follows:

(In millions of euros)	2018	2017
AT JANUARY 1	**444.5**	**296.4**
Change in WC	16.2	(69.6)
Change in consolidation scope	4.4	240.9
Translation differences	(5.2)	(3.0)
Change in debt related to business combinations	(3.7)	(1.0)
Change in derivatives	(2.6)	(20.9)
Other movements	(3.8)	1.7
AT DECEMBER 31	**449.8**	**444.5**

The change in 2017 WC includes a change of –€54.5 million on the Berendsen subsidiaries. These movements are mainly due to the cash settlement of the Berendsen share plans and non-recurring expenses incurred prior to the acquisition.

NOTE 5 EMPLOYEE BENEFITS EXPENSE

5.1 Average number of employees

(In number of people)	2018	2017
Executives	2,308	1,696
Supervisory personnel	3,538	2,287
Office employees	4,105	2,966
Service employees	7,998	4,910
Other employees	29,831	22,476
TOTAL EMPLOYEES PER CATEGORY	**47,779**	**34,335**
France	13,122	12,802
Other countries	34,657	21,533
TOTAL EMPLOYEES	**47,779**	**34,335**

For companies acquired during the year, the number of employees is calculated prorata temporis.

5.2 Expenses related to employee benefits

Payments by the Group to defined contribution plans are expensed as incurred.

In the case of post-employment defined benefit plans, the cost of benefits is estimated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods using the plan's vesting formula and by applying a linear progression when vesting is not uniform over subsequent service periods. Future payments corresponding to benefits granted to employees are estimated on the basis of assumptions regarding salary increase rates, retirement age and mortality, after which their present value is calculated using the interest rate on long-term bonds issued by investment grade issuers.

Actuarial gains and losses relating to obligations arising as a result of defined benefit plans are recognized directly in equity.

(In millions of euros)	2018	2017
Wages and salaries	(1,010.0)	(699.5)
Social security contributions	(269.8)	(203.8)
Tax credit for competitiveness and employment (CICE)	16.2	18.3
Mandatory/optional profit-sharing	(23.7)	(23.7)
Other employee benefits	(2.1)	0.7
Equity-settled share-based payments	(17.0)	(8.7)
TOTAL EMPLOYEE BENEFIT EXPENSES FROM CONTINUING OPERATIONS	**(1,306.4)**	**(916.6)**

5.3 Employee benefit assets/liabilities

Defined contribution plans

The Group pays contributions under a range of mandatory systems or on a voluntary basis under contractual agreements. The Group's obligation is limited to paying the contributions.

Defined benefit plans

The Elis Group's commitments to defined benefit plans and other post-employment benefits relating to its **French subsidiaries** consist of:

- supplementary retirement benefits paid to a category of senior executives. The supplementary retirement plan, for which all the beneficiaries have already retired, is now closed;
- retirement benefits paid to employees when they retire in accordance with French regulations;
- long-service awards, for which the amount paid depends on seniority.

The commitments of **the Group's subsidiaries in the United Kingdom** are grouped in a single pension plan specific to them. These commitments are covered by a dedicated external fund set up on February 1, 2016 and covering all commitments at that date, so as not to have to make additional payments except in extraordinary circumstances. The next triennial revision of the fund valuation is scheduled for February 2019.

The benefits paid to the beneficiaries of this plan depend on their seniority in the plan and their compensation in the final years preceding their retirement. The benefits paid are adjusted by 5% each year for rights vested before February 1, 1999, and in line with the Consumer Price Index for commitments vested after that date. The terms and conditions governing the management of the plan's assets are defined by UK regulations, as well as the relationship between the Group and the managers (trustees) of the fund. Responsibility for the management of the fund, including decisions on asset allocation and calls for contributions, rests jointly with the Group and the fund managers, the latter comprising representatives of the Group and beneficiaries of the plan in accordance with current regulations.

A comparatively small defined benefit plan also exists in the Republic of Ireland. It is also covered by a dedicated external fund.

The commitments of the **Group's subsidiaries in Sweden** stem mainly from their participation in the ITP-2 plan covering certain categories of private sector employees born before 1978.

The Swiss subsidiaries of Elis have employee benefit liabilities in accordance with the Swiss Law on Occupational Benefits.

Employee-related liabilities

The corresponding obligations are measured using the projected unit credit method.

The Group's obligations are partially funded by external funds. Unfunded amounts are covered by provisions recognized in the balance sheet.

The following table shows changes in the liability recognized in the Elis Group's balance sheet:

(In millions of euros)	Obligation	Fair value of plan assets	Net Liability (Asset)
December 31, 2016	**124.6**	**59.8**	**64.8**
Current service cost	5.6		5.6
Interest expense	6.9	4.9	2.0
Benefit paid	(20.7)	(17.2)	(3.5)
Employee contributions	1.8	1.9	(0.1)
Employer contributions	-	3.3	(3.3)
Past service cost	-		-
Plan amendments			
Plan curtailments or settlements			
Return on plan assets		13.2	(13.2)
Actuarial gains and losses	(4.2)		(4.2)
Changes in scope of consolidation and other movements	438.9	399.6	39.3
Reclassification to liabilities directly related to assets held for sale			-
Translation adjustments	6.3	9.9	(3.6)
At December 31, 2017	**559.2**	**475.5**	**83.7**
Current service cost	5.9		5.9
Interest expense	11.8	10.3	1.5
Benefit paid	(21.3)	(17.7)	(3.6)
Employee contributions	3.7	3.7	-
Employer contributions		3.0	(3.0)
Past service cost	(1.0)		(1.0)
Plan amendments	3.5		3.5
Plan curtailments or settlements	(0.7)	(0.1)	(0.6)
Return on plan assets		(21.7)	21.7
Actuarial gains and losses	(26.3)		(26.3)
Changes in scope of consolidation and other movements	(0.2)	(0.3)	0.1
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	(1.4)	(0.9)	(0.5)
AT DECEMBER 31, 2018	**533.3**	**451.7**	**81.5**

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In millions of euros)	12/31/2018	12/31/2017
Present value of unfunded obligations	80.0	80.8
Present value of partially or fully funded obligations	453.3	478.4
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	533.3	559.2
Fair value of plan assets (2)	451.7	475.5
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**81.5**	**83.7**

INFORMATION BY REGION

(In millions of euros)	12/31/2018	12/31/2017
France	40.8	38.7
United Kingdom	(15.8)	(14.1)
Sweden	34.1	33.8
Switzerland	17.5	20.0
Other countries	5.0	5.4
EMPLOYEE BENEFIT LIABILITIES (ASSETS)	**81.5**	**83.7**

FRANCE – DETAILS

The Group's obligations and provisions for its French subsidiaries break down as follows:

	12/31/2018	12/31/2017
Discount rate	1.6%	1.4%
Expected salary increase rate	inflation+0/6%	inflation+0/6%
Expected retirement benefit increase rate	1.5%	1.1%

(In millions of euros)	12/31/2018	12/31/2017
Present value of unfunded obligations	40.8	38.7
Present value of partially or fully funded obligations	-	-
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	40.8	38.7
Fair value of plan assets (2)	-	-
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**40.8**	**38.7**

	Sensitivity France
Discount rate: -0.5% impact	+5.4%
Discount rate: +0.5% impact	-4.7%
Expected salary/retirement benefit increase rate: -0.5 impact	-4.2%
Expected salary/retirement benefit increase rate: +0.5 impact	+4.2%

	France
Expected contribution for next financial year	2.6
Weighted average duration of the obligation	10.2

UNITED KINGDOM AND IRELAND – DETAILS

On October 26, 2018, the High Court of Justice in the United Kingdom ruled that companies must equalize the benefits paid to men and women who have "Guaranteed Minimum Pensions" (GMP). These GMPs were acquired between May 17, 1990 and April 5, 1997 by employees who benefited from a national British pension system, the calculation rules for which could lead to different payments depending on the beneficiary's gender. The Group's UK subsidiaries, in agreement with their Boards, estimated the impact of this measure at 1% of obligations, or €3.5 million of past service costs recorded in the income statement as "Other income and expense".

The Group's obligations and provisions for its UK and Irish subsidiaries break down as follows:

	12/31/2018	12/31/2017
Discount rate	2.90%	2.50%
Expected salary increase rate	2.90%	2.90%
Expected retirement benefit increase rate	3.00%	2.90%

(In millions of euros)	12/31/2018	12/31/2017
Present value of unfunded obligations	-	-
Present value of partially or fully funded obligations	378.1	408.1
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	378.1	408.1
Fair value of plan assets (2)	393.9	422.2
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**(15.8)**	**(14.1)**

	Sensitivity United Kingdom
Discount rate: -0.5% impact	+9.3%
Discount rate: +0.5% impact	-8.2%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.2%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.3%

	United Kingdom
Expected contribution for next financial year	1.3
Weighted average duration of the obligation	18.1

	United Kingdom
Cash and cash equivalents	3.0
Shares	90.6
Bonds	184.1
Properties & mortgages	0.9
Derivatives	115.2
FAIR VALUE OF PLAN ASSETS	**393.9**

SWEDEN – DETAILS

The Group's obligations and provisions for its Swedish subsidiaries break down as follows:

	12/31/2018	12/31/2017
Discount rate	2.25%	2.50%
Expected salary increase rate	-	-
Expected retirement benefit increase rate	2.00%	2.00%

(In millions of euros)	12/31/2018	12/31/2017
Present value of unfunded obligations	34.1	33.8
Present value of partially or fully funded obligations	-	-
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	34.1	33.8
Fair value of plan assets (2)	-	-
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**34.1**	**33.8**

	Sensitivity Sweden
Discount rate: -0.5% impact	+9.7%
Discount rate: +0.5% impact	-8.5%
Expected salary/retirement benefit increase rate: -0.5 impact	-8.5%
Expected salary/retirement benefit increase rate: +0.5 impact	+9.6%

	Sweden
Expected contribution for next financial year	0.9
Weighted average duration of the obligation	18.5

SWITZERLAND – DETAILS

The Group's obligations and provisions for its Swiss subsidiaries break down as follows:

	12/31/2018	12/31/2017
Discount rate	0.95%	0.70%
Expected salary increase rate	1.00%	1.00%
Expected retirement benefit increase rate	–	–

(In millions of euros)	12/31/2018	12/31/2017
Present value of unfunded obligations	–	–
Present value of partially or fully funded obligations	75.2	72.8
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	75.2	72.8
Fair value of plan assets (2)	57.6	52.8
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**17.5**	**20.0**

	Sensitivity Switzerland
Discount rate: -0.5% impact	+8.5%
Discount rate: +0.5% impact	-7.4%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.7%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.7%

	Switzerland
Expected contribution for next financial year	1.6
Weighted average duration of the obligation	9.1

	Switzerland
Cash and cash equivalents	1.7
Shares	0.2
Bonds	21.9
Properties & mortgages	28.3
Derivatives	5.5
FAIR VALUE OF PLAN ASSETS	**57.6**

5.4 Share-based payments

Pursuant to IFRS 2, Elis estimated the plan's fair value based on the fair value of the equity instruments granted. That fair value was based on the share price at the grant date, weighted by a reasonable estimate of the extent to which the share allocation criteria would be fulfilled. The cost, recognized through equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 "Expenses related to employee benefits".

Outstanding share grants as at the reporting date have the following characteristics:

Free performance share grants	**Plan no. 1 – 2015**	**Plan no. 2 – 2015**	**Plan no. 3 – 2016**	**Plan no. 4 – 2016**	**Plan no. 5 – 2016**	**Plan no. 6 – 2017**	**Plan no. 7 – 2018**	**Plan no. 8 – 2018**	**Plan no. 9 – 2018**
Date of shareholders' meeting	10/08/2014	10/08/2014	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board Meeting	04/03/2015	04/03/2015 12/14/2015	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/14/2017	03/06/2018	03/06/2018	03/06/2018
Date of decision of the Management Board	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/20/2016	03/24/2017	03/29/2018	08/31/2018	12/20/2018
Number of rights originally granted	554,109(a)	46,430(a)	1,039,316(a)	8,987(a)	57,837(a)	577,050	1,071,374	29,750	28,604
› of which members of the Executive Committee	200,314	–	498,434	–	–	249,300	494,100	–	–
› of which corporate officers	138,640	–	294,720	–	–	146,700	206,490	–	–
- Xavier Martiré	110,504	–	220,268	–	–	100,000	117,995	–	–
- Louis Guyot	14,068	–	37,226	–	–	23,350	49,164	–	–
- Matthieu Lecharny	14,068	–	37,226	–	–	23,350	39,331	–	–
Number of beneficiaries	152	29	206	7	43	230	472	36	25
› of which members of the Executive Committee	8	–	9	–	–	9	11	–	–
› of which corporate officers	3(a)	–	3(a)	–	–	3(a)	3	–	–
Grant date	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/21/2016	03/24/2017	04/06/2018	08/31/2018	12/20/2018
Vesting date									
France									
› members of the Management Board and the Executive Committee	04/07/2017(b)	–	06/15/2019(d)	–	–	03/24/2020(d)	04/06/2021(d)	–	–
› other beneficiaries	04/07/2017(b)	12/21/2017(b)	06/15/2018(d)	06/15/2018(d)	12/21/2018(d)	03/24/2019(d)	04/06/2020(d)	08/31/2020	12/20/2020
Rest of the world	04/07/2017(b)	12/21/2017(b)	06/15/2018(d)	06/15/2018(d)	12/21/2018(d)	03/24/2019(d)	04/06/2020(d)	08/31/2020	12/20/2020
End of share lock-up period									
› members of the Management Board and the Executive Committee	04/07/2019 (c)	–	06/15/2019(f)	–	–	03/24/2020(f)	04/06/2021(f)	–	–
› other beneficiaries	04/07/2019(c)	12/21/2019(c)	06/15/2018(f)	06/15/2018(f)	12/21/2018(f)	03/24/2019(f)	04/06/2020(f)	08/31/2020(f)	12/20/2020(f)
Rights vested in 2018			502,735(g)	3,852(g)	54,603(g)	0(e)	0(e)	0(e)	0(e)
Number of rights lapsed or forfeited as at 12/31/2018			38,147	5,135	3,234	25,080	34,657	–	–
Number of rights outstanding as at 12/31/2018			498,434	–	–	551,970	1,036,717	29,750	28,604
› of which members of the Executive Committee			498,434	–	–	249,300	494,100	–	–
› of which corporate officers			294,720	–	–	146,700	206,490	–	–
- Xavier Martiré			220,268	–	–	100,000	117,995	–	–
- Louis Guyot			37,226	–	–	23,350	49,164	–	–
- Matthieu Lecharny			37,226	–	–	23,350	39,331	–	–
Number of working beneficiaries as at 12/31/2018	109	20	173	4	40	208	436	36	25
› of which members of the Executive Committee	8	–	9	–	–	9	11	–	–
› of which corporate officers	3(b)	–	3(b)	–	–	3(b)	3(b)	–	–

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(c) This number takes into account the adjustment related to beneficiaries' rights under the capital increase with preferential subscription rights which was carried out in February 2017, said capital increase having had a dilutive effect on the share's value following the removal of the preferential subscription rights. This adjustment was made by transposing the rules on stock options provided for in Article R. 228-91-1 of the French Commercial Code.
(d) The vesting of shares was contingent upon continuous service for the duration of the vesting period and performance conditions related to (i) the Group's consolidated revenue, (ii) EBIT as stated in the financial statements for the 2016 financial year, and (iii) the Group's stock market performance relative to changes in the SBF120 (measured on a 20-day moving average and adjusted for dividends).
Only 20% of the shares granted will be delivered to beneficiaries if just one of those performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.
(e) Vested shares are subject to a lock-up period of two years from the vesting date. At the end of the lock-up period, the shares will be available and may be freely transferred by the beneficiaries subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. Throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2018 registration document.
(f) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.
(g) Except for members of the Executive Committee, the vesting of these shares is contingent on the achievement of the performance targets set out in the plan and measured over a two-year period, i.e., 2018 performance for the 2017 plan, and 2019 performance for the 2018 plan.
For members of the Executive Committee, performance is measured over a three-year period. For the 2017 plan, performance is measured over 2018 and 2019. For the 2018 plan, performance will be measured for 2020 only. The vesting of shares is also contingent on uninterrupted continued employment with the Group throughout the vesting period. The performance targets attached to the shares are set in reference to three quantifiable criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to the SBF 120 index (measured as a 20-day moving average and adjusted for dividends). For the 2019 plan for Executive Committee members, the performance targets are also subject to criteria relating to the successful integration of Berendsen, namely the synergies created and the EBIT margin in the United Kingdom and Germany. The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest (see chapter 4 for the performance conditions attached to the shares granted in 2018 to members of the Management Board).
(h) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2018 registration document.
(i) At its meeting of March 6, 2018, the Supervisory Board reviewed the performance associated with the settlement of performance shares that were granted in 2016 and vested in 2018 (excluding the Executive Committee, whose vesting period is three years), and noted that all performance criteria associated with the plans implemented in 2016 had been met: revenue was €2,215 million in 2017, EBIT was €299 million, and the Elis share outperformed the SBF120. At its meeting of March 6, 2018, the Supervisory Board deemed that the number of vested shares on June 15, 2018 and December 21, 2018 was equal to 100% of the adjusted grant.

5.5 Executive compensation (related party transactions)

As at December 31, 2018, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. The total compensation (paid or payable) of the main executives is as follows:

(In millions of euros)	2018	2017
Number of people	**11**	**11**
Employee benefits	(8.9)	(6.0)
Post-employment benefits	-	-
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(6.6)	(3.6)

As at December 31, 2018, employee benefit liability accrued in respect of termination benefits amounted to €0.5 million (€0.4 million as at December 31, 2017).

Compensation allocated to members of the Supervisory Board and expensed as directors' fees amounted to €0.5 million (€0.5 million as at December 31, 2017).

NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 Goodwill

(In millions of euros)	12/31/2018	12/31/2017
Gross value	3,833.5	1,799.3
Accumulated impairment	(66.1)	(66.4)
Carrying amount at beginning of period	**3,767.4**	**1,732.9**
Acquisitions	40.3	2,103.8
Disposals	-	-
Translation adjustments	(62.9)	(69.5)
Other changes	(0.0)	(0.0)
CHANGES IN GROSS CARRYING AMOUNT	(22.6)	2,034.2
Impairment	-	-
Translation adjustments	0.1	0.4
Other changes	(0.0)	0.0
CHANGES IN IMPAIRMENT	0.1	0.4
CARRYING AMOUNT AT END OF PERIOD	**3,744.9**	**3,767.4**
Gross value	3,810.9	3,833.5
Accumulated impairment	(66.0)	(66.1)

In accordance with IAS 36, the Elis Group allocates goodwill to its cash-generating units (CGUs) for the purposes of conducting impairment tests.

The carrying amount of goodwill is allocated to the main cash-generating units as follows:

(In millions of euros)	12/31/2018	12/31/2017
CGU France	1,405.6	1,402.2
CGU Germany	173.2	148.8
CGU United Kingdom	84.4	85.1
CGU Denmark	388.2	389.4
CGU Sweden & Finland	560.1	583.5
CGU Netherlands	364.7	364.7
UGT Spain & Andorra	99.7	90.2
CGU Brazil	293.8	328.6
Other CGU	375.2	374.9
CARRYING AMOUNT OF GOODWILL	**3,744.9**	**3,767.4**

Recognition of impairment

The method and assumptions used for impairment tests are described in Note 6.5.

Following the impairment tests carried out as at December 31, 2017 and 2018 the Group recorded no impairment losses.

6.2 Other intangible assets

Brands

Brands acquired in a business combination are recognized at fair value (valued using the relief from royalty method) at the acquisition date. Costs incurred to create a new brand or to develop an existing one are expensed.

Brands with finite useful lives are amortized over their useful lives. Brands with indefinite useful lives are not amortized but are tested for impairment on an annual basis or whenever there is an indication of impairment.

The following criteria are used to determine whether a brand has a finite or indefinite life:

- overall market positioning of the brand, measured by sales volume, international reach and reputation;
- long-term profitability outlook;
- exposure to fluctuations in the economy;
- major developments in the industry liable to have an impact on the brand's future;
- age of the brand.

Intangible assets (other than brands)

Intangible assets (other than brands) are measured at acquisition cost less accumulated amortization and impairment. Intangible assets have finite useful lives. Amortization is recognized as an expense generally on a straight-line basis over the estimated useful lives of the assets:

- textile patterns: three years;
- software: five years;
- ERP: 15 years;
- acquired customer contracts and relationships: four to 14 years.

Amortization is recorded from the date the asset is first used.

(In millions of euros)	Trademarks & non-competition clauses	Customer relationships	Other	Total
Gross value	**216.5**	**610.1**	**71.4**	**898.0**
Accumulated depreciation and impairment	**(7.4)**	**(463.1)**	**(37.8)**	**(508.3)**
NET CARRYING AMOUNT AT DEC 31, 2016	**209.1**	**147.0**	**33.6**	**389.7**
Investments	0.1	1.2	15.5	16.8
Changes in scope of consolidation	53.7	665.1	28.2	747.0
Retirements and disposals	(0.0)	-	(1.5)	(1.5)
Amortization	(4.9)	(74.4)	(10.1)	(89.5)
Translation adjustments	(1.9)	(15.6)	(0.5)	(18.0)
Impairment	-	-	-	-
Other movements	0.1	(0.0)	(0.3)	(0.1)
Gross value	**268.4**	**1,283.6**	**167.6**	**1,719.6**
Accumulated depreciation and impairment	**(12.2)**	**(560.2)**	**(102.7)**	**(675.1)**
NET CARRYING AMOUNT AT DEC 31, 2017	**256.2**	**723.4**	**64.9**	**1,044.5**
Investments	0.0	1.1	18.8	20.0
Changes in scope of consolidation	-	6.2	0.0	6.3
Retirements and disposals	-	-	(1.6)	(1.6)
Amortization	(10.3)	(102.2)	(16.0)	(128.5)
Translation adjustments	(1.9)	(13.3)	(0.6)	(15.9)
Impairment	(0.0)	-	-	(0.0)
Other movements	0.8	0.0	(0.2)	0.5
Gross value	**266.2**	**1,274.7**	**164.6**	**1,705.5**
Accumulated depreciation and impairment	**(21.4)**	**(659.5)**	**(99.4)**	**(780.3)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2018	**244.8**	**615.2**	**65.2**	**925.2**

Other intangible assets consist primarily of software.

The values of the Group's brands, which are all derived from a business combination, measured for the purpose of allocating goodwill, are as follows:

(In millions of euros)	12/31/2018	12/31/2017	Amortization
Elis brands in France	184.7	184.7	Not amortized
Elis brands in Europe	21.8	21.8	Not amortized
Berendsen brands	22.8	29.2	Five years
› *Le Jacquard Français brand*	*0.9*	*0.9*	*Impairment*
› *Kennedy trademark*	*1.2*	*1.3*	*Not amortized*
Brands of manufacturing entities	2.1	2.2	
Non-competition clauses and miscellaneous	13.3	18.4	
TRADEMARKS & NON-COMPETITION CLAUSES	**244.8**	**256.2**	

Recognition of impairment

No brand impairment loss was recognized in the last two financial years. The Le Jacquard Français brand, worth €6.8 million gross, has an accumulated impairment loss of €5.9 million.

6.3 Property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet at historical cost for the Group, less accumulated depreciation and impairment.

In accordance with IAS 16 "Property, Plant and Equipment" only items whose cost can be measured reliably and from which future economic benefits are expected to flow to the Group are recognized as assets.

Assets leased out under agreements that do not transfer substantially all the risks and rewards incident to ownership of the assets to the lessee (operating leases) are recognized as non-current assets. Assets under other leases (finance leases) are recognized as loans for the amount corresponding to the net investment in the lease.

Depreciation is calculated on a straight-line basis over the following useful lives:

- buildings: component method:
  - structure, outside walls, roof: 40 to 50 years,
  - internal walls, partitions, painting and floor coverings: 10 to 12.5 years;
- production equipment: 10 to 30 years;
- vehicles: 4 to 8 years;
- office equipment and furniture: 5 to 10 years;
- IT equipment: 3 to 5 years;
- items related to rental, laundry and maintenance service agreements (textiles, equipment and other leased items) are initially recognized as inventories and are then capitalized and depreciated over a period of 18 months to five years.

Depreciation is recorded from the date the asset is first used. Land is not depreciated.

(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Rental, laundry and maintenance items	Total
Gross value	**335.3**	**116.3**	**677.1**	**795.3**	**1,923.9**
Accumulated depreciation and impairment	**(116.2)**	**(78.7)**	**(366.5)**	**(464.1)**	**(1,025.5)**
NET CARRYING AMOUNT AT DEC 31, 2016	**219.1**	**37.5**	**310.6**	**331.2**	**898.4**
Investments	58.9	13.1	108.5	288.6	469.1
Changes in scope of consolidation	252.4	3.8	252.7	328.6	837.5
Retirements and disposals	(0.9)	(0.5)	(2.5)	(1.4)	(5.3)
Depreciation	(16.6)	(11.7)	(65.1)	(272.9)	(366.3)
Translation adjustments	(4.4)	(0.8)	(10.0)	(4.2)	(19.4)
Impairment	-	-	(0.2)	-	(0.2)
Other movements	(0.2)	1.5	(1.6)	(0.7)	(1.0)
Gross value	**794.1**	**143.7**	**1,473.6**	**1,701.0**	**4,112.5**
Accumulated depreciation and impairment	**(285.9)**	**(100.8)**	**(881.3)**	**(1,031.9)**	**(2,299.8)**
NET CARRYING AMOUNT AT DEC 31, 2017	**508.3**	**42.9**	**592.4**	**669.2**	**1,812.8**
Investments	47.2	17.2	133.0	447.3	644.8
Changes in scope of consolidation	11.2	1.7	12.5	8.1	33.5
Retirements and disposals	(3.3)	(0.4)	(6.7)	(4.9)	(15.3)
Depreciation	(24.5)	(12.3)	(93.9)	(414.8)	(545.6)
Translation adjustments	(4.8)	0.1	(10.1)	(6.2)	(21.0)
Impairment	-	-	-	-	-
Other movements	(1.2)	0.6	(2.7)	0.4	(3.0)
Gross value	**773.1**	**158.1**	**1,495.2**	**1,834.6**	**4,261.1**
Accumulated depreciation and impairment	**(240.3)**	**(108.4)**	**(870.6)**	**(1,135.5)**	**(2,354.8)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2018	**532.8**	**49.7**	**624.6**	**699.2**	**1,906.3**

In 2018, "Other movements" included a reclassification to non-current assets held for sale in the amount of €4.8 million relating to the disposal of the "Clinical Solutions" business.

Finance leases

Assets financed by finance leases or long-term leases, which in essence transfer to the lessee virtually all the risks and rewards incident to ownership of the asset, are recognized as non-current assets and depreciated in accordance with the accounting principles applicable to property, plant and equipment. The cost of leased assets includes the initial costs directly attributable to negotiating and arranging the lease, including professional and legal fees. The financial commitments arising under leases are recognized as financial liabilities.

(In millions of euros)	12/31/2018	12/31/2017
Owned property, plant and equipment	1,879.4	1,793.3
Leased property, plant and equipment under a finance lease	26.9	19.5
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,906.3**	**1,812.8**

6.4 Off-balance sheet commitments relating to non-current assets and leases

Outstanding future minimum operating lease commitments are as follows:

(In millions of euros)	12/31/2018	12/31/2017
Future minimum lease payments under non-cancellable operating leases		
within one year	63.4	50.9
between 1 and 5 years	140.4	131.1
after 5 years	135.2	130.2
TOTAL	**339.0**	**312.2**

6.5 Impairment losses on non-current assets

Impairment tests are systematically performed on goodwill and intangible assets with indefinite useful lives, at December 31 or whenever there is an indication of impairment. Goodwill impairment losses may not subsequently be reversed.

Value in use is calculated by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal. These calculations are supplemented by a valuation using multiple economic indicators (mainly EBITDA).

If the recoverable amount is less than the carrying amount, an impairment loss is recognized, corresponding to the difference between the two amounts.

To assess impairment, assets are combined in the smallest group of assets that generates separately identifiable cash flows (cash-generating unit or group of cash-generating units).

In accordance with IAS 36 "Impairment of Assets", whenever the value of intangible assets and property, plant and equipment with definite useful lives is exposed to a risk of impairment due to events or changes in market conditions, they are reviewed to determine whether their carrying amount is less than their recoverable amount, defined as the higher of fair value (less cost to sell) and value in use.

Impairment of property, plant and equipment may subsequently be reversed (by up to the amount of the initial impairment) if the recoverable amount rises above the carrying amount.

Fair value method

1. Calculating future cash flows

Goodwill impairment tests are performed by determining the value in use of each cash-generating unit, using the following method for calculating recoverable amounts:

- estimation of projected future cash flows based on the five-year business plans set by the management of each cash-generating unit, approved by the Management Board and presented to the Supervisory Board. Future cash flows are estimated based on conservative growth assumptions;
- cash flows are calculated according to the discounted cash flow method (EBITDA +/- changes in working capital requirement – income tax at standard rate – capital expenditure);
- the terminal value is calculated on a perpetual growth basis;
- discounted cash flow is calculated on the basis of the weighted average cost of capital (WACC), which, in turn, is based on inputs for the financial return and industry-specific risks of the market on which the Group operates.

2. Method for calculating WACC

Elis used the following inputs for calculating the WACC:

- risk-free rate: the average risk-free interest rate over a two-to-five year observation period by country;
- credit spread: the average over a two-to-five year observation period;
- levered beta of comparable companies: the observed beta on the WACC calculation date (insofar as the beta is the result of a linear regression over the last two years, it reflects the medium-term sensitivity of the value of the securities of a given company compared to the market);
- average gearing ratio (net debt/equity) for comparable companies: ratio calculated on the basis of market capitalizations to net debt, observed on a quarterly basis over the last two years:
  - the average gearing ratio obtained for each comparable company is used to unlever the company's beta,
  - the unlevered beta is representative of industry beta and will be used to calculate the WACC (extreme values are excluded from the average),
  - the gearing used to calculate the WACC is derived from the average debt to equity ratio calculated on the basis of the quarterly ratios of comparable companies.

The WACC used for impairment testing on each of the main CGUs was as follows:

Country	France	Germany	Brazil	Denmark	Spain	United Kingdom	Netherlands	Sweden
Risk-free rate	1.0%	0.6%	8.2%	0.8%	1.9%	1.7%	0.8%	0.9%
Credit spread	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Cost of debt (before tax)	**1.8%**	**1.4%**	**9.0%**	**1.6%**	**2.7%**	**2.5%**	**1.6%**	**1.8%**
Tax rate	25.8%	30.0%	34.0%	22.0%	25.0%	17.0%	25.0%	22.0%
Cost of debt, net of tax	**1.4%**	**1.0%**	**6.0%**	**1.3%**	**2.0%**	**2.1%**	**1.2%**	**1.4%**
Risk premiums	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Levered beta	**0.97**	**0.96**	**0.96**	**0.97**	**0.97**	**0.98**	**0.97**	**0.97**
Cost of equity	**7.0%**	**6.6%**	**14.2%**	**6.8%**	**7.9%**	**7.8%**	**6.8%**	**7.0%**
Gearing	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
WACC 2018	6.2%	5.8%	13.0%	6.0%	7.1%	7.0%	6.0%	6.2%
WACC 2017	5.9%	5.4%	12.0%	5.6%	7.1%	6.5%	5.6%	5.8%
PRE-TAX DISCOUNT RATE 2018 (APPROXIMATION)	8.4%	8.3%	19.7%	7.7%	9.4%	8.4%	8.0%	7.9%
Pre-tax discount rate 2017 (approximation)	7.9%	7.7%	18.2%	7.2%	9.5%	7.8%	7.5%	7.4%

3. Multiples used

Where value in use is less than the recoverable amount, fair value is determined based on a segment EBITDA multiple.

The EBITDA multiple used to determine fair value as at December 31, 2018 is 6.5 × budgeted EBITDA for financial year 2019.

Fundamental assumptions for impairment tests

The business plans of the CGUs were prepared on the basis of management's best estimates. Projected cash flows are therefore reasonable and reflect, where appropriate, the resilience of the CGU's business.

Sensitivity of tests related to goodwill

The most significant sensitivities of the impairment tests are as follows (difference between the carrying amount and the recoverable amount of the CGU):

France		**Perpetuity growth rate**		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.7%	1,380	1,774	2,290
	6.2%	1,023	**1,328**	1,715
	6.7%	735	977	1,277

Germany		**EBITDA Plan 2019**		
(In millions of euros)		**-10.0%**	**-**	**10.0%**
Multiple	6.0x	101	160	220
	6.5x	145	**210**	275
	7.0x	190	260	329

Brazil		**EBITDA Plan 2019**		
(In millions of euros)		**-10.0%**	**-**	**10.0%**
Multiple	6.0x	(78)	(32)	13
	6.5x	(44)	**5**	54
	7.0x	(10)	43	96

Denmark		**Perpetuity growth rate**		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.5%	223	333	479
	6.0%	133	**217**	326
	6.5%	60	127	212

Spain		**EBITDA Plan 2019**		
(In millions of euros)		**-10.0%**	**-**	**10.0%**
Multiple	6.0x	(21)	10	41
	6.5x	2	**36**	69
	7.0x	25	61	98

United Kingdom		**Perpetuity growth rate**		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	6.5%	226	284	357
	7.0%	175	**222**	280
	7.5%	133	172	219

Netherlands		**Perpetuity growth rate**		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.5%	139	223	335
	6.0%	70	**135**	218
	6.5%	14	66	130

Sweden		**Perpetuity growth rate**		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.7%	111	227	380
	6.2%	14	**105**	220
	6.7%	(65)	8	98

The sensitivity analysis presented above shows that the recoverable amount of the CGUs exceeds the carrying amount. In accordance with IAS 36, impairment tests are performed and the resulting impairment losses are recognized on all the other CGUs.

Sensitivity of tests for unamortized brands

The assumptions used in impairment tests performed using the relief from royalty method are as follows:

	Elis	**Le Jacquard Français**	**Kennedy**
Discount rate	7.2%	7.2%	8.0%
Perpetuity growth rate	2.0%	2.0%	2.0%
Royalty rate	2.0%	4.0%	2.0%

The sensitivity of the excess of the recoverable amount of the Elis brand over its carrying amount is as follows:

(In millions of euros)	**Perpetuity growth rate**		
Discount rate	**1.5%**	**2.0%**	**2.5%**
6.7%	305	350	405
7.2%	262	**298**	342
7.7%	225	255	290

NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

7.1 Provisions

A provision is recognized whenever the Group has a present contractual, legal or constructive obligation as a result of a past event and when future outflows of resources required to settle the obligation can be estimated reliably.

The amount recognized represents the best estimate made by management with respect to risks and their likelihood of occurrence, based on information available at the date of reporting the consolidated financial statements.

Liabilities resulting from restructuring plans are recognized when there is an obligation, when the related costs have been forecast in detail and when it is highly probable that the plans will be implemented.

Provisions are also recognized for obligations arising from onerous contracts.

Provisions for environmental compliance

Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. These provisions correspond to the expected costs of studies or work to be undertaken by the Group to comply with its environmental obligations, particularly in relation to the ongoing degradation recorded. They relate to sites or categories of work which are to be completed in the foreseeable future.

Provisions for litigation

Provisions for litigation chiefly includes provisions for employee-related risks.

Other provisions

Other provisions include provisions for tax risks, provisions for restructuring costs, provisions for onerous contracts and provisions for disputes arising in the ordinary course of the Group's operations.

(In millions of euros)	Compliance	Litigation	Other	Total
At December 31, 2017	**69.5**	**21.8**	**43.6**	**135.0**
Increases/additions for the year	1.6	1.4	1.0	3.9
Changes in consolidation scope	0.0	-	-	0.0
Decreases/reversals of provisions used	(3.1)	(3.6)	(8.3)	(15.0)
Translation differences	(1.0)	(0.7)	(2.3)	(4.0)
Other	2.4	0.1	(6.9)	(4.4)
AT DECEMBER 31, 2018	69.4	19.0	27.2	115.6
Current portion	**(0.0)**	**3.8**	**19.4**	**23.2**
Non-current portion	**69.4**	**15.2**	**7.8**	**92.4**
France	*14.9*	*2.3*	*0.4*	*17.7*
United Kingdom & Ireland	*13.8*	*11.2*	*0.0*	*25.0*
Scandinavia & Eastern Europe	*28.0*	*-*	*2.1*	*30.1*
Latin America	*5.5*	*5.1*	*16.2*	*26.7*
Other sectors	*7.3*	*0.4*	*8.4*	*16.2*

7.2 Contingent liabilities

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

In Brazil

Proceedings related to alleged acts of administrative improbity

Atmosfera filed a preliminary response in December 2014 to a public action filed against several industrial laundry service providers, including Atmosfera and Prolav, relating to alleged bribery of civil servants between 2003 and 2011 regarding contracts in the state of Rio de Janeiro. The public prosecutor rejected arguments put forward by Atmosfera and ruled to continue the action.

At December 31, 2018, Atmosfera and Prolav were still awaiting additional information and therefore were unable to estimate the contingent liability incurred and the indemnification asset to be received under the respective liability guarantees. The Atmosfera Group's former owners, who received provisional notification of the proceedings on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

Proceedings related to degrading working conditions

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

In this proceeding following the inspection conducted in 2014 by the Brazilian Federal Police at the premises of Maiguá (a supplier of Atmosfera), Atmosfera lodged an appeal against the decision of the Ministry of Labor resulting from the above-mentioned inspection, which provided, in particular, for the inclusion of Atmosfera on the "blacklist" of companies convicted of this type of practice.

The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. This first-instance decision was appealed by the administration, resulting in a new proceeding. This proceeding was still underway as at December 31, 2018, and there is no specific time frame known for this case. If the Ministry of Labor's decision is upheld on the aforementioned appeal, Atmosfera will be put on the "blacklist" for a period of two years.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was sentenced by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.6 million) for antitrust offenses. Any delay in payment of this fine will incur interest on arrears at the benchmark rate of Brazil's central bank (SELIC), which may lead to significant additional costs. Prolav has not, to date, paid the aforementioned fine and has set aside a provision in the amount of R$3.0 million (approximately €0.7 million). After appealing the decision, which was rejected by CADE, Prolav was unable to reach an agreement with CADE's prosecutor on a possible reduction of the fine and its payment in instalments. As at the reporting date, Prolav was awaiting the implementation of the enforcement phase of the sanction.

Proceedings against NJ Lavanderia

Proceedings initiated by Brazil's Federal District public prosecutor

The public civil action brought in 2014 by the Federal District's public prosecutor against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a subsidiary of Lavebras, and the government of the federal district (GDF), concerns the validity of a public contract concluded between NJ Lavanderia and GDF (contract No. 184/2014) for the provision by NJ Lavanderia of industrial laundry services to public health establishments in the Federal District (Brasilia). This public civil action aims to annul the contract concluded between the two parties and compel GDF to implement a restructuring plan for the laundry services that must be provided to four regional public hospitals located in the Federal District. A decision on the merits was rendered in August 2018 by which the judge annulled contract No. 184/2014 and ordered GDF to launch a new tender for the provision of laundry services to the four regional hospitals within 180 days of the date of the decision. NJ Lavanderia was not ordered to return the amounts received under the annulled contract (which has already been performed in full) and the judge did not find any evidence of wrongdoing on the part of NJ Lavanderia or its representatives in connection with the tender procedure for contract No. 184/2014. The plaintiff (the Federal District's public prosecutor's office) did not appeal the decision, although GDF itself appealed the decision to launch a new tender within 180 days. A decision following GDF's appeal is expected before the end of 2020. In any case, NJ Lavanderia is no longer exposed to any risks in connection with this public civil action.

Other proceedings are also ongoing against NJ Lavanderia as part of a public civil action initiated in 2014 by Federal District's public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public-service contract described above was entered into. In these proceedings, the final written submissions of the first instance have been submitted and a decision on the merits is expected in 2019.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of these proceedings in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantee. No provision has been set aside by Lavebras or NJ Lavanderia in relation to these proceedings.

Proceedings before Brazil's Federal Court of Accounts

NJ Lavanderia is also party to administrative proceedings initiated in March 2014 by the Democratas political party against the Health Secretariat of Brazil's Federal District government, alleging that NJ Lavanderia continued to provide services under two public-service contracts (one being the contract involved in the proceedings initiated by Brazil's Federal District public prosecutor described above) entered into as emergency agreements, beyond their respective terms. The Federal Court of Accounts ruled on February 12, 2019 that it had found irregularities in the delivery of these services and indicated that the Health Secretariat of Brazil's Federal District government should, according to the results of the public civil action described above, initiate administrative proceedings to review said irregularities and, if applicable, impose a penalty.

NJ Lavanderia is also party to another proceeding initiated in 2016 by the Federal District's public prosecutor's office attached to the Federal District Court of Accounts against the Health Secretariat of the Brazil's Federal District Government, alleging that NJ Lavanderia offered its services at excessive prices, resulting in possible harm to the Brazilian National Treasury. On December 11, 2018, the Federal District Court of Accounts found that the prices for services rendered by NJ Lavanderia were excessive and that the Health Secretariat of the Federal District should initiate an administrative procedure against NJ Lavanderia. To the Company's knowledge, no proceedings have been initiated to date on this basis. However, the Company expects that such proceedings will be initiated in the near future.

Should the decisions in connection with the above proceedings go against NJ Lavanderia, the possible penalties could include the reimbursement of profits derived from the contracts in question, as well as fines and a prohibition on participating in public tenders and concluding public contracts.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of this proceeding in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantees. No provision has been set aside by Lavebras or NJ Lavanderia in relation to this proceeding.

Proceedings against Lavebras

The Group has been informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, which may involve Lavatec Lavanderia Técnica Ltda ("Lavatec"), a former subsidiary merged with and into Lavebras in 2014.

As at December 31, 2018, Lavebras had not received any formal notification of these potential violations, with the exception of a separate procedure conducted by the tax authorities against a social services organization, *Instituto Cidadania e Natureza* (ICN).

In the tax proceeding against ICN, the Brazilian tax authorities argue that Lavebras – as well as other companies – must be held jointly and severally liable for ICN's obligations in view of (i) the illegal nature of the payments made by ICN under contracts it entered into and under which Lavebras and ICN had a business relationship, and (ii) the lack of cooperation shown by ICN during the audit by the Brazilian tax administration. At the end of December 2018, the amount of the dispute is approximately R$323 million, or around €72 million (including all penalties but excluding the potential effect of future inflation). Lavebras has submitted the arguments in its defense and is awaiting a first instance administrative decision. Lavebras believes that it has a strong case to contest the Brazilian tax administration's point of view. The Group therefore considers that Lavebras' risk of being held jointly and severally liable with ICN for payment of the tax penalty is limited. No provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

In the event that Lavebras is notified of and, following the investigation by the Brazilian Federal Police, is held liable for the offenses, Lavebras could be subject to various sanctions, including (i) the prohibition of benefiting from incentives or receiving subsidies, grants, donations or loans from public entities and financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unfairly received, (iii) a prohibition on entering into contracts with public entities for up to 10 years, and (iv) an obligation to compensate the public administration in full for any damage actually suffered by the latter. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of the gross revenue excluding tax in the financial year preceding the filing of the administrative proceedings. As a consequence of Lavatec's merger into Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated on the basis of Lavebras' gross revenue instead of Lavatec's, which Lavebras will contest on the basis that Lavebras' total liability (including the amount of the fine and any compensation due for the damage that may have been caused) should be limited to the amount of the Lavatec assets transferred to Lavebras in connection with the merger.

In the absence of notification, no provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

Proceedings concerning Atmosfera for alleged breaches of its contractual obligations

Following the sanctions imposed on Atmosfera by one of its Rio de Janeiro-based customers, *Instituto Nacional de Traumatologia e Ortopedia* (*National Trauma and Orthopedic Institute* – INTO), on the basis of alleged breaches by Atmosfera of its contractual obligations, the Group has initiated various proceedings before the Ministry of Health to challenge these sanctions.

For the record, these sanctions include a fine of R$1.6 million (approximately €400,000) and a temporary (one-year) prohibition for Atmosfera (excluding its subsidiaries) to participate in tenders and to enter into contracts with the administration at the federal, state and municipal levels.

Following the appeals, Atmosfera was ordered in November 2018 to pay a fine of R$0.6 million, which was settled in February 2019 (approximately €0.1 million); the temporary ban on participating in public tenders and concluding public contracts was rescinded. As at December 31, 2018, the risk was fully provisioned..

In France

Inquiry by DIRECCTE

The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed in 2014 by a self-catering cottage, a customer of the Group, with the Pays-de-la-Loire regional department for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

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

Tax audits

The Group is subject to tax audits in various countries. When the Group considers, with its advisors, that it has a sufficiently strong case, no provision is recorded.

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Financial risk management

Credit and counterparty risk

The main financial assets that could expose the Group to credit or counterparty risk are as follows:

- trade receivables: their amount and age are monitored in detail as an integral part of the monthly reporting system.
  - in France, the Group insures its customer risk with a well-known insurance company. Trade receivables are managed in a decentralized manner by operational centers and by the Key Accounts Department,
  - in other countries where the Group operates, the Group may use an insurance company to insure its customer risk. This is particularly the case in the United Kingdom.

As at December 31, 2018, the exposure to credit risk on trade receivables by operating segment was as follows:

(In millions of euros)	12/31/2018	12/31/2017
France	222.5	217.1
United Kingdom & Ireland	68.8	74.2
Central Europe	98.4	93.0
Scandinavia & Eastern Europe	79.1	76.9
Southern Europe	75.4	71.8
Latin America	57.3	53.7
Other operating segments	3.1	4.2
TRADE RECEIVABLES AND CONTRACT ASSETS	**604.6**	**590.9**

Because of the large number of Group customers, there is no material concentration of credit risk (meaning no one counterparty or group of counterparties accounts for a material proportion of trade receivables). The maximum exposure to credit risk is limited to the carrying amount of trade receivables on the consolidated balance sheet.

Exposure to credit risk related to trade receivables and contract assets is presented in the form of an impairment matrix as shown below:

	12/31/2018			
(In millions of euros)	Gross value	Impairment	Expected credit loss rate	Net value
Not yet due or less than 1 month overdue	469.1	(1.3)	(0.3%)	467.8
Between 1 and 4 months overdue	116.0	(1.8)	(1.6%)	114.1
Between 5 and 12 months overdue	24.3	(9.0)	(37.1%)	15.3
More than 1 year overdue	51.7	(44.3)	(85.7%)	7.4
TRADE RECEIVABLES AND CONTRACT ASSETS	**661.1**	**(56.5)**		**604.6**

	12/31/2017			
(In millions of euros)	Gross value	Impairment	Expected credit loss rate	Net value
Not yet due or less than 4 month overdue	579.4	(5.9)	(1.0%)	573.6
Between 5 and 12 months overdue	18.0	(6.6)	(36.7%)	11.4
More than 1 year overdue	43.7	(37.8)	(86.6%)	5.9
TRADE RECEIVABLES AND CONTRACT ASSETS	**641.1**	**(50.3)**		**590.9**

- cash assets: against a backdrop of historically low and significantly negative interest rates, the Group's policy is to invest its cash in short-term money market funds (UCITS) or to leave deposits in bank accounts with banking counterparties that finance the Group, in compliance with diversification and counterparty rules. As such, as at December 31, 2018, short-term investments totaled €1.3 million;
- derivatives: as part of its interest rate and currency risk management policy, the Group enters into hedging contracts with leading financial institutions and the Group's financing banks.

Bank counterparty risk is managed by the Financing and Treasury Department. It is related to outstanding deposits, the market values of derivative instruments, and credit lines opened with each bank. In line with its financial policy, in most cases, the Group only enters into commitments on financial instruments with counterparties that have a minimum long-term rating of "A-" from Standard & Poor's or "A3" from Moody's. The list of bank counterparties involved in investments and the list of financial instruments are regularly reviewed and approved by the Group's Finance Department.

In the Group's view, these investments and derivatives do not expose it to any material counterparty risk.

Liquidity risk

The Group must always have financial resources available, not just to finance the day-to-day running of its business, but also to maintain its investment capacity.

In order to benefit from economies of scale and facilitate access to financing on the capital markets (bonds and commercial paper), the Group centralizes the vast majority of its financing transactions through Elis. Since 2018, this entity has also been responsible for hedging foreign exchange risks for all Group entities under a centralized currency risk management agreement.

The Group manages liquidity risk by paying constant attention to the duration of its financing arrangements, the permanence of its available credit facilities, and the diversification of its resources (bank financing or medium/long-term and short-term capital markets financing, etc.). As at December 31, 2018, the weighted average maturity of gross borrowings stood at 3.6 years with a long-term debt ratio (ratio of borrowings and gross financial debt exceeding one year to total gross financial debt) of 87%. The Group's financial policy consists, in particular, in spreading the maturities of its long-term debt over time in order to limit the annual amount to be refinanced. Liquidity risk is also limited, thanks to the regularity of the cash flow generated by the Group and the setting up of confirmed bank credit lines.

The Group also manages its available cash balances prudently and has set up one or more cash management agreements in all the main countries in which it operates and where local regulations allow it to do so. These agreements are designed to optimize and facilitate the daily physical transfer of cash to Elis via MAJ, the Group's central treasury entity, for the consolidation scope formerly under Elis. In 2018, the Group began to roll out a centralized physical and multi-currency liquidity management system, which will be finalized in the first half of 2019, moving the management of liquidity from all former Berendsen countries to Elis.

The Group's adjusted net debt (adjusted for capitalized debt issuance costs to be amortized using the effective interest rate method, and for the loan from the employee profit-sharing fund) as at December 31, 2018 amounted to €3,378.4 million.

Loan agreements relating to this debt include the legal and financial undertakings usually involved in such transactions, and specify accelerated maturities if those undertakings are not complied with. Financial commitments include the Group's obligation to meet a financial covenant: the ratio of adjusted net debt to pro forma EBITDA after synergies. Based on these consolidated financial statements as at December 31, 2018, the Group met this ratio:

- *Leverage Ratio* = 3.3x (must be less than 3.75).

The repayment dates for consolidated debt and related interest as at December 31, 2018 are presented below.

The future contractual cash flows are shown are based on the liabilities in the balance sheet at the reporting date, and do not take into account any possible subsequent management decision that could significantly alter the Group's debt structure or hedging policy. The figures for interest payable reflect the cumulative interest payable until the due date or planned repayment date of the related loan. They were estimated on the basis of forward rates calculated from the yield curves as at the reporting date.

	Carrying value	Cash flow 2019		Cash flow 2020		Cash flow 2021-2022-2023		Cash flow 2023 and beyond		Estimate of future cash flows as of 12/31/2018	
(In millions of euros)	Amortized cost	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Euro Medium Term Notes	1,019.5	-	22.3	-	22.3	650.0	56.1	350.0	21.4	1,000.0	121.9
Convertible bonds	355.8	-	-	-	-	355.8	-	-	-	355.8	-
High-Yield Bonds 3%	804.1	-	24.0	-	24.0	800.0	31.9	-	-	800.0	79.9
Senior Credit Facilities – Term loan EURIBOR 3M +1.95%	453.3	-	9.8	-	8.9	450.0	9.7	-	-	450.0	28.4
Swaps			6.0		6.0		2.7		(0.6)		14.1
Syndicated credit facility – Term loan EURIBOR 3M +1.90%	200.5	-	3.9	-	3.9	200.0	8.0	-	-	200.0	15.7
Bridge loan/revolving/bilateral short-term loan	-	-	-	-	-	-	-	-	-	-	-
Schuldschein	75.1	-	1.2	11.5	1.2	38.5	2.3	25.0	0.4	75.0	5.1
Capex line	200.6	-	4.0	-	4.0	200.0	4.4	-	-	200.0	12.3
Commercial paper	413.1	413.1	-	-	-	-	-	-	-	413.1	-
Unamortized debt issuance costs	(44.0)	-	-	-	-	-	-	-	-	-	-
Loan from employee profit-sharing fund	23.2	4.7	0.9	5.4	0.8	10.8	0.7	-	-	20.9	2.4
Finance lease liabilities	22.9	3.4	1.0	1.9	1.0	4.2	2.7	13.2	11.4	22.7	16.1
Other	18.6	4.4	0.5	8.9	0.1	3.8	0.1	1.5	0.3	18.5	1.0
Bank overdrafts	12.1	12.1	0.0	-	-	-	-	-	-	12.1	0.0
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**437.6**	**73.4**	**27.7**	**72.1**	**2,713.1**	**118.5**	**389.7**	**32.9**	**3,568.1**	**296.8**

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt and as a result of foreign currency transactions. The Finance Department manages the main financial risks centrally through a Group risk management policy and program. This program, which focuses on the unpredictability of financial markets, seeks to minimize the potentially adverse effects on its financial performance. To hedge certain risk exposures, interest rate and currency hedging strategies are developed and implemented according to market opportunities through derivatives, while respecting the principles of prudence and risk limitation provided for in the corresponding management policies.

Interest rate risk

Interest rate risk mainly includes the risk of future fluctuations in flows relating to variable-rate debt, which is partly linked to the EURIBOR. The Group's policy is to maintain a majority share of total fixed-rate debt over the medium to long term. As at December 31, 2018, the Group had €878 million of variable-rate debt outstanding (before taking into account any hedging instruments).

To manage this risk effectively, and in accordance with its policy, the Group has taken out a number of derivatives contracts (swaps), under which it has undertaken to swap, at specific times, the difference between the fixed rate agreed to in the swap contract and the variable rate applying to the relevant debt, based on a given notional amount. As at December 31, 2018, the Group was a party to interest rate hedging contracts covering a total par amount outstanding of €950.9 million.

Net exposure to interest rate risk as at December 31, 2018, before and after hedging, was as follows:

(In millions of euros)	12/31/2018	Fixed	Variable hedged	Variable unhedged	Maturities
Euro Medium Term Notes	1,019.5	1,019.5			2023 and 2026
Convertible bonds	355.8	355.8			2023
High-Yield Bonds 3%	804.1	804.1			2022
Senior Credit Facilities – Term loan EURIBOR 3M +1.95%	453.3		453.3		2022
Syndicated credit facility – Term loan EURIBOR 3M +1.90%	200.5	-		200.5	2022
Bridge loan/revolving/bilateral short-term loan	-			-	various
Schuldschein	75.1	34.6		40.6	2020 to 2024
Capex line	200.6			200.6	2022 and 2023
Commercial paper	413.1	413.1			less than 12 months
Unamortized debt issuance costs	(44.0)	(13.4)	(18.3)	(12.2)	
Loan from employee profit-sharing fund	23.2	23.2			
Finance lease liabilities	22.9	22.5		0.4	
Other	18.6	17.3	0.9	0.4	
Bank overdrafts	12.1			12.1	
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**2,676.7**	**435.8**	**442.2**	

In accordance with IFRS 7, an analysis of the sensitivity to changes in interest is presented below. It reflects the impact of interest rate movements on interest expense, net income and equity.

The interest rate sensitivity analysis is based on the following assumptions:

- changes in the interest rate curve have no impact on fixed-rate financial instruments when they are measured at amortized cost;
- changes in the interest rate curve impact variable-rate financial instruments if they are not designated as hedged items. Interest rate movements have an impact on gross finance costs, and are therefore included when calculating the sensitivity of net income and equity to interest rate risk;
- changes in the interest rate curve impact the fair values of derivative financial instruments eligible for cash flow hedge accounting. The change in the fair value of the instrument affects the hedge reserve in shareholders' equity. This effect is therefore included when calculating the sensitivity of equity to interest rate risk;
- changes in the interest rate curve impact derivative financial instruments (interest rate swaps, caps, etc.) that are not eligible for hedge accounting insofar as this affects their fair value, the change in which is then recognized in the income statement. This impact is therefore included when calculating the sensitivity of net income and equity to interest rate risk.

The following table shows the effect on the Elis Group's results of a 100 basis point increase or decrease in interest rates based on the above-mentioned assumptions and on the basis of an immediate impact across the entire curve occurring on the first day of the financial year and remaining constant thereafter:

Type	+100 bp Hedge reserves	+100 bp Net financial income (loss)	-100 bp Hedge reserves	-100 bp Net financial income (loss)
Financial instruments designated as hedging instruments	23.1		(24.6)	
Non-derivative variable-rate financial instruments		(10.4)		4.1
Total derivatives not eligible for hedge accounting		13.0		(13.5)
TOTAL IMPACT (PRE-TAX)	**23.1**	**2.6**	**(24.6)**	**(9.4)**
Sensitivity of equity to interest rate changes	***+100 bp***	***0.5%***	***-100 bp***	***-0.6%***
Sensitivity of consolidated net income to interest rate changes	***+100 bp***	***-2.1%***	***-100 bp***	***7.5%***

The Group does not have any material interest-bearing assets.

6

Currency risk

Transactional currency risk

The Group is exposed to transactional currency risk mainly related to its purchases of goods from third party suppliers (linen), some of which are denominated in US dollars and, to a lesser extent, in pounds sterling. In 2018, purchases of goods denominated in foreign currencies amounted to US$95 million (including Elis and Berendsen consolidation scopes) compared with US$49.2 million in 2017 (Elis scope, excluding Berendsen), and £5.9 million (for operating entities with functional currencies other than the pound sterling) compared with £4.6 million in 2017. However, the Group seeks to reduce the impact of exchange rate movements on its income by using currency hedging for the procurement of goods for resale. As at December 31, 2018, the Group had made forward purchases with a 2019 maturity amounting to US$83 million (compared with US$50 million one year ago).

The Group is also exposed to the foreign-currency commercial flows of operating entities (including purchases of goods denominated in a currency other than the operating entities' functional currency) and to intra-group financial flows (management fees, brand royalties, dividends). In this context, the Group may occasionally or on a recurring basis enter into forward currency contracts to hedge these risks.

Transactional currency risk is managed centrally by the Finance Department as part of a dedicated management policy and a centralized currency risk management agreement. Foreign currency flows of operating entities are hedged as part of the annual budget process for subsidiaries with recurring foreign currency flows. At the end of the year, when drawing up their budget, the subsidiaries communicate their exposure to currency risk for the following year to the Finance Department, which centralizes the execution of external foreign exchange derivative transactions at Elis. Elis thus acts as the internal counterparty for negotiating hedging transactions for subsidiaries with transactional currency risk exposure.

Financial currency risk

The financing needs of foreign subsidiaries outside the euro area covered by intra-group loans and the centralization of cash surpluses expose some Group entities to financial currency risk (risk related to changes in the value of borrowings or financial receivables denominated in currencies other than the borrowing or lending entity's functional currency). This currency risk is mainly hedged through currency swaps as part of a hedging policy implemented by the Finance Department. As at December 31, 2018, currency swaps against the euro mainly concern the Swedish krona, the Norwegian krone and the Polish zloty.

The Group's exposure to currency risk

The Group operates a significant share of its activities in countries within the euro area. For the financial year ended December 31, 2018, countries outside the euro area accounted for 39.4% of the Group's consolidated revenue, including 11.5% for the United Kingdom, 6.9% for Brazil, 6.9% for Sweden, 6.1% for Denmark and 3.2% for Switzerland.

When the Group prepares its consolidated financial statements, it must translate the financial statements of its non-euro area subsidiaries into euros at the applicable exchange rates. As a result, the Group is exposed to fluctuations in exchange rates, which have a direct accounting impact on the Group's consolidated financial statements. This creates a risk relating to the conversion into euros of non-euro area subsidiaries' balance sheets and income statements.

The Group's external financing is generally denominated in euros.

With this in mind, the table below presents the risk of foreign currency translation losses, in terms of equity and income, on the Group's main currencies.

(In millions of euros)	**Change in equity resulting from a 10% fall in exchange rate**	**Change in net income resulting from a 10% fall in exchange rate**
GBP (United Kingdom)	(59.8)	0.3
BRL (Brazil)	(43.7)	1.5
SEK (Sweden)	(68.8)	(2.0)
DKK (Denmark)	(60.0)	(1.1)
CHF (Switzerland)	(12.1)	(0.5)

Equity risk

As at December 31, 2018, the Group's exposure to equity risk mainly concerns the 592,529 Elis shares held either in treasury stock, as part of the liquidity agreement implemented on April 13, 2015, or through the Berendsen Employee Benefit Trust.

These shares were valued at €8.6 million based on the December 31, 2018 closing price (€14.55). Accordingly, the Group did not consider it necessary to introduce an equity risk management policy.

Commodities risk

While the Group does not purchase raw materials directly, it is indirectly exposed to raw material volatility through its purchases of linens and workwear, the manufacturing price of which is partially linked to the price of cotton or polyester, and through its consumption of petroleum products (mainly gas and fuel).

8.2 Net financial income (loss)

(In millions of euros)	2018	2017
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(106.3)	(78.6)
GROSS FINANCE COSTS	(106.3)	(78.6)
Gains (losses) on traded interest rate derivatives	(4.4)	(2.9)
Interest income using the effective interest rate method	0.4	3.9
NET FINANCE COSTS	(110.4)	(77.7)
Foreign exchange gains	3.0	26.5
Foreign exchange losses	(1.6)	(8.3)
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	0.2	0.1
Interest expense on provisions and retirement benefits	(1.5)	(0.8)
Other	(0.2)	0.3
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	(0.1)	17.8
NET FINANCIAL INCOME (LOSS)	**(110.5)**	**(59.8)**

The foreign exchange result was mainly related to the early repayment at the end of 2017 of the USPP loans previously taken out by Berendsen Plc.

8.3 Gross debt

Borrowings are initially recognized at fair value, net of related transaction costs. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the repayment value is recognized in income over the term of borrowings using the effective interest rate method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the liability by at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

The Group derecognizes a financial liability once the liability is extinguished. If a liability is exchanged with a creditor under materially different terms and conditions, a new liability is recognized.

6

As at December 31, 2018, consolidated debt mainly comprised the following:

High-Yield Bonds

On April 28, 2015, Elis issued bonds with a principal amount of €800 million, paying interest at an annual rate of 3% and maturing in 2022 (the "High-Yield Bonds"). Interest is payable every six months. The High-Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

Senior Credit Facilities – Term Loan

On January 17, 2017, Elis entered into a senior syndicated credit facilities agreement for an amount of €1,150 million maturing in five years, consisting of three tranches: a €450 million term loan, a €200 million CAPEX line and a €500 million revolving credit facility.

As at December 31, 2018, the term loan was drawn down in the amount of €450 million; the CAPEX line was drawn down in the amount of €200 million and the revolving credit facility was undrawn.

Convertible bonds ("OCÉANE")

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions*, or "OCÉANE") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. The bonds are non-interest bearing (zero coupon).

The OCEANE bond qualifies as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires that the equity component (the call option held by the bondholder to convert the bond into shares) and the debt component (the contractual commitment to deliver cash) be recognized separately on the balance sheet. The fair value of the debt component is equivalent to €345.1 million at inception and €54.9 million for the options component (before deferred tax).

Syndicated Credit Facility – Term Loan

On November 7, 2017, Elis entered into a second syndicated credit facilities agreement with two tranches: a €200 million term loan (fully drawn on December 31, 2018) and a €400 million revolving credit line, undrawn as at December 31, 2018.

The term loan matures in November 2022. In 2018, the maturity of the revolving credit line was extended to November 2023 from November 2022 and may be extended until November 2024.

Schuldschein

Elis raised €75 million on November 23, 2017 through a multi-tranche private placement under German law, the so-called "Schuldschein" note.

This transaction enabled the Group to diversify its funding sources. The funds were raised at fixed and variable rates, respectively representing 46% and 54% of the total amount, maturing in three to seven years.

EMTN Notes

On January 30, 2018, Elis set up a €3 billion EMTN (euro medium-term note) program approved by the AMF. Under this EMTN program, on February 15, 2018, the Group carried out a dual-tranche bond issue comprising a €650 million tranche with a maturity of five years and a coupon of 1.875%, and a €350 million tranche with a maturity of eight years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the acquisition of Berendsen.

Commercial paper

The Group has a commercial paper program, approved by Banque de France, for a maximum of €500 million. In addition to other financing, this program provides the Elis Group with access to short-term, non-intermediated resources at favorable market conditions. As at December 31, 2018, outstandings under this program totaled €413.1 million, versus €396.4 million at December 31, 2017.

Through these two syndicated credit facilities agreements and a bilateral revolving loan agreement, the Group has, as at December 31, 2018, undrawn confirmed credit facilities totaling €930 million, thus ensuring the necessary liquidity for the Group with regard to its commercial paper program in the event that the commercial paper market closes.

Change in debt

(In millions of euros)	12/31/2017	Changes in financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other entities	Effect of changes in foreign exchange rates	Changes in bank overdrafts	New finance lease	Other changes	12/31/2018
EURO MEDIUM TERM NOTES	-	1,000.0	-	-	-	-	-	1,000.0
CONVERTIBLE BONDS	347.1	-	-	-	-	-	8.6	355.8
HIGH-YIELD BONDS	800.0	-	-	-	-	-	-	800.0
Senior Credit Facilities – Term Loan	450.0	-	-	-	-	-	-	450.0
Syndicated Credit Facility – Term Loan	200.0	-	-	-	-	-	-	200.0
Bridge loan/revolving/ bilateral short-term loan	1,015.0	(1,015.0)	-	-	-	-	-	-
Schuldschein	75.0	-	-	-	-	-	-	75.0
Capex line	177.0	23.0	-	-	-	-	-	200.0
Commercial paper	396.4	16.7	-	-	-	-	-	413.1
Finance lease liabilities	12.5	(3.0)	2.8	(0.0)		10.5		22.9
Other loans	17.7	(8.8)	9.8	(0.8)	(0.0)	-	0.7	18.6
Overdrafts	213.4	-	1.1	0.1	(192.0)	-	(10.5)	12.1
Loan from employee profit-sharing fund	26.8	(3.5)	-	-		-		23.2
LOANS	2,583.8	(990.6)	13.8	(0.7)	(192.0)	10.5	(9.8)	1,414.8
ACCRUED INTEREST	8.9		-	-	(0.0)	-	19.2	28.1
UNAMORTIZED DEBT ISSUANCE COSTS	(36.8)	(13.4)	-	-	-	-	6.2	(44.0)
BORROWINGS AND FINANCIAL DEBT	**3,703.1**	**(4.0)**	**13.8**	**(0.7)**	**(192.0)**	**10.5**	**24.2**	**3,554.7**
Reconciliation to cash flow statement								
› Proceeds from new borrowings		1,684.1						
› Repayment of borrowings		(1,688.2)						
Change in borrowings		**(4.0)**						

Loans and borrowings by currency

	12/31/2018	12/31/2017
EUR	3,544.9	3,524.9
GBP	1.7	167.7
BRL	5.7	7.0
CHF	1.2	1.5
CLP	1.2	1.8
BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**3,703.1**

As at December 31, 2018, gross debt was down €148.4 million compared to December 31, 2017, mainly due to the combined effect of cash generation and a decrease in bank overdrafts, linked to the gradual centralization of the Berendsen entities' cash requirements and surpluses.

Maturity of financial liabilities

(In millions of euros)	12/31/2018	2019	2020	2021-2023	2024 and beyond
Euro Medium Term Notes	1,019.5	19.5	-	650.0	350.0
Convertible bonds	355.8	-	-	355.8	-
High-Yield Bonds 3%	804.1	4.1	-	800.0	-
Senior Credit Facilities – Term loan EURIBOR 3M +1.95%	453.3	3.3	-	450.0	-
Syndicated credit facility – Term loan EURIBOR 3M +1.90%	200.5	0.5	-	200.0	-
Bridge loan/revolving/bilateral short-term loan	-	-	-	-	-
Schuldschein	75.1	0.1	11.5	38.5	25.0
Capex line	200.6	0.5	-	200.0	-
Commercial paper	413.1	413.1	-	-	-
Unamortized debt issuance costs	(44.0)	(13.5)	(12.4)	(17.4)	(0.7)
Loan from employee profit-sharing fund	23.2	5.6	4.9	12.8	-
Finance lease liabilities	22.9	3.4	2.1	5.2	12.1
Other	18.6	4.4	8.6	4.0	1.6
Bank overdrafts	12.1	12.1	-	-	-
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**453.1**	**14.7**	**2,698.8**	**388.1**

As at December 31, 2018, short-term borrowings (maturing in less than one year) mainly comprise commercial paper and bank overdrafts. During 2018, through the issuance of a dual-tranche EMTN bond for a total amount of €1 billion, the Group focused on maintaining and extending the maturity of its financial debt structure. Thus, as at December 31, 2018, the average maturity of Elis SA (parent company) debt was 3.6 years.

8.4 Cash and cash equivalents

"Cash and cash equivalents" includes cash, on-demand bank deposits, other very short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are recognized in the balance sheet as part of borrowings under current liabilities.

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

(In millions of euros)	12/31/2018	12/31/2017
Demand deposits	195.7	415.5
Term deposits and marketable securities	1.3	0.9
CASH AND CASH EQUIVALENTS (ASSETS)	197.0	416.4
Bank overdrafts	(12.1)	(213.4)
Cash classified as assets held for sale	4.6	-
Bank overdrafts classified as liabilities directly related to assets held for sale	(10.5)	-
CASH AND CASH EQUIVALENTS, NET	**179.1**	**203.0**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents totaled €6.1 million as at December 31, 2018, compared with €7.0 million at December 31, 2017.

In addition, cash allocated to the Elis liquidity agreement implemented on April 10, 2015 was not material as at December 31, 2018 (€2.5 million at December 31, 2017).

8.5 Net debt

(In millions of euros)	12/31/2018	12/31/2017
EURO MEDIUM TERM NOTES	1,000.0	-
CONVERTIBLE BONDS	355.8	347.1
HIGH-YIELD BONDS 3%	800.0	800.0
Senior Credit Facilities – Term Loan	450.0	450.0
Syndicated Credit Facility – Term Loan	200.0	200.0
Bridge loan/revolving/bilateral short-term loan	-	1,015.0
Schuldschein	75.0	75.0
Commercial paper	413.1	396.4
Finance lease liabilities	22.9	12.5
Capex line	200.0	177.0
Other loans and overdrafts	30.6	231.1
Loan from employee profit-sharing fund	23.2	26.8
LOANS	1,414.8	2,583.8
ACCRUED INTEREST	28.1	8.9
UNAMORTIZED DEBT ISSUANCE COSTS	(44.0)	(36.8)
BORROWINGS AND FINANCIAL DEBT	**3,554.7**	**3,703.1**
Of which maturing in less than one year	453.1	1,642.2
Of which maturing in more than one year	3,101.6	2,060.9
CASH AND CASH EQUIVALENTS (ASSETS)	**197.0**	**416.4**
NET DEBT	**3,357.7**	**3,286.6**
Reconciliation to adjusted net debt		
Net debt	**3,357.7**	**3,286.6**
Unamortized debt issuance costs	44.0	36.8
Loan from employee profit-sharing fund	(23.2)	(26.8)
Adjusted net debt	**3,378.4**	**3,296.6**

8.6 Financial assets and liabilities

Initial recognition of financial assets and liabilities

Financial instruments are initially recognized in the balance sheet at the fair value of consideration paid (for assets) or received (for liabilities). Fair value is determined on the basis of the price agreed upon for the transaction or on the basis of market prices for comparable transactions. In the absence of a market price, fair value is calculated on the basis of the discounted cash flows from the transaction, or by using a model. Discounting is unnecessary if its impact is immaterial. Similarly, short-term receivables and liabilities arising in the normal operating cycle are not discounted.

Incremental costs that are directly attributable to transactions (transaction costs, commissions, professional fees, taxes, etc.) are added to the amount initially recognized in assets and deducted from liabilities.

Fair value and carrying amount of financial assets and liabilities

The key measurement methods used are as follows:

- items recognized at fair value through profit or loss are measured based on market prices for listed instruments (level 1 fair value inputs – quoted price in an active market);
- non-current derivative instruments are measured using a valuation technique (discounted cash flow method) that uses rates (EURIBOR yield curve minus the zero coupon curve) quoted in the interbank market (level 2 fair value inputs – valuation based on observable market data);
- borrowings and financial debt are recognized at amortized cost, calculated using the effective interest rate (EIR) method. The fair values shown for fixed-rate debt include the effects of interest rate movements, while those for total debt include changes in Group credit risk;
- given their very short maturities, the fair value of trade payables and receivables is deemed to be the same as their carrying amount.

	12/31/2018		Breakdown by category of financial instrument			
(In millions of euros)	Carrying amount	Fair value	Fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	67.7	67.7	34.1		33.6	
Contract assets	31.7	31.7			31.7	
Trade and other receivables	649.9	649.9			649.9	
Other current assets	26.0	26.0	0.1	1.3	24.6	
Cash and cash equivalents	197.0	197.0			197.0	
FINANCIAL ASSETS	**972.4**	**972.4**	**34.3**	**1.3**	**936.9**	**-**
Borrowings and financial debt	3,101.6	3,098.5				3,101.6
Other non-current liabilities	15.3	15.3	0.0	13.9		1.4
Trade and other payables	274.4	274.4				274.4
Contract liabilities	68.3	68.3				68.3
Other current liabilities	381.5	381.5	26.1	0.1		355.2
Bank overdrafts and portions of loans due in less than one year	453.1	466.6				453.1
FINANCIAL LIABILITIES	**4,294.3**	**4,304.6**	**26.2**	**14.1**	**-**	**4,254.0**

	12/31/2017		Breakdown by category of financial instrument			
(In millions of euros)	Carrying amount	Fair value	Fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.1	0.1	0.1			
Other non-current assets	40.2	40.2	38.1		2.1	
Trade and other receivables	676.0	676.0			676.0	
Other current assets	28.9	28.9	-	0.1	28.8	
Cash and cash equivalents	416.4	416.4			416.4	
FINANCIAL ASSETS	**1,161.7**	**1,161.7**	**38.3**	**0.1**	**1,123.3**	**-**
Borrowings and financial debt	2,060.9	2,096.1				2,060.9
Other non-current liabilities	12.6	12.6	2.3	6.6		3.6
Trade and other payables	268.1	268.1				268.1
Other current liabilities	444.5	444.5	31.5	2.0		411.1
Bank overdrafts and portions of loans due in less than one year	1,642.2	1,653.5				1,642.2
FINANCIAL LIABILITIES	**4,428.2**	**4,474.7**	**33.8**	**8.6**	**-**	**4,385.8**

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

(In millions of euros)	12/31/2018 Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Current derivatives – assets (currency forwards)	1.4		1.4	
Offsetting assets	34.1			34.1
ASSETS MEASURED AT FAIR VALUE	35.6	-	1.4	34.2
Non-current derivatives – liabilities (interest rate swaps)	13.9		13.9	
Current derivatives – liabilities (currency forwards)	0.1		0.1	
Debt related to acquisitions	26.1			26.1
LIABILITIES MEASURED AT FAIR VALUE	40.2	-	14.1	26.1
Euro Medium Term Notes	978.2	978.2		
High-Yield Bonds 3%	808.3	808.3		
Convertible bonds – debt component	359.2		359.2	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	2,145.8	1,786.5	359.2	-

(In millions of euros)	12/31/2017 Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Other equity investments	0.1			0.1
Current derivatives – assets (currency forwards)	0.1		0.1	
Offsetting assets	38.1			38.1
ASSETS MEASURED AT FAIR VALUE	38.4	-	0.1	38.3
Non-current derivatives – liabilities (interest rate swaps)	6.6		6.6	
Current derivatives – liabilities (currency forwards)	2.7		2.7	
Debt related to acquisitions	33.1			33.1
LIABILITIES MEASURED AT FAIR VALUE	42.4	-	9.3	33.1
High-Yield Bonds 3%	815.0	815.0		
Convertible bonds – debt component	345.9		345.9	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	1,161.0	815.0	345.9	-

8.7 Other non-current assets and liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not listed on an active market. They are included in current assets, apart from those with maturity dates greater than 12 months after the reporting date, which are classified as non-current assets.

Offsetting assets correspond to vendor warranties and are evaluated on the same basis as indemnified liabilities, subject to value corrections for unrecoverable amounts.

If the indemnification is related to a liability recognized at its fair value at acquisition, the offsetting asset is also recorded at fair value.

Repurchase commitments to non-controlling interests are recognized as liabilities. Subsequent changes in the value of the put option strike price are recorded in the income statement under "Other operating income and expense", in accordance with the provisions of IFRS 9.

(In millions of euros)	Notes	12/31/2018	12/31/2017
Non-current derivatives – assets	8.8	-	0.0
Long-term loans and receivables		1.7	2.1
Offsetting assets and other non-current assets		34.1	38.1
Marginal costs of obtaining contracts		31.9	-
OTHER NON-CURRENT ASSETS		**67.7**	**40.2**
Non-current derivatives – liabilities	8.8	13.9	6.6
Deferred consideration payable on acquisitions		0.0	0.5
Liability for repurchase commitments to non-controlling interests		-	1.8
Other non-current liabilities		1.4	3.6
OTHER NON-CURRENT LIABILITIES		**15.3**	**12.6**

8.8 Derivative financial instruments and hedges

Whether used for hedging purposes or not, derivative financial instruments are initially measured at fair value at inception and are subsequently remeasured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as:

- hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge);
- hedges of the fair value of recognized assets or liabilities (fair value hedge);
- derivative instruments that do not meet hedge accounting criteria.

The impact of changes in fair value of derivative instruments in a fair value hedging relationship and of derivative instruments not eligible for hedge accounting during the year is recorded in the income statement. However, the effective portion of changes in the fair value of derivative instruments in a cash flow hedging relationship is recognized directly in equity, with the ineffective portion being recognized in the income statement.

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy. At the inception of the hedge and on an ongoing basis, the Group also documents the effectiveness of the derivatives used in offsetting changes in fair value or cash flows of hedged items.

The fair value of a derivative hedging instrument is classified as a non-current asset or liability when the residual term of the hedged item is greater than 12 months, and as a current asset or liability when the residual term of the hedged item is less than 12 months. Derivative instruments held for trading are classified as current assets or liabilities.

Derivatives used in cash flow hedges

The effective portion of changes in the fair value of qualifying derivatives that meet the cash flow hedge criteria and are designated as such is recognized directly in equity. The gain or loss related to the ineffective portion is immediately recognized in net income. The cumulative gain or loss reported in equity is reclassified to the income statement when the hedged item affects profit or loss. From adoption of IFRS 9 onwards, the Group may recognize the forward component of the hedging instrument in "Other comprehensive income" and accumulate them in a separate component of the reserves until their reclassification in income or loss or in the initial cost of the non-financial asset acquired.

When a transaction results in the recognition of a non-financial asset (for example, a non-current asset or inventory), the hedging gain or loss, deferred as equity, is transferred to the initial carrying amount of the hedged item (method known as basis adjustment).

When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity, and is reclassified to the income statement when the forecast transaction is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the income statement.

Derivatives that do not qualify for hedge accounting

Changes in fair value during the financial year are recognized immediately in the income statement.

Cash flow hedges

The Group holds the following derivative instruments to hedge its interest rate and currency risks:

At December 31, 2018	Maturity 1-6 months	Maturity 6-12 months	Maturity More than one year	Total
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	26.2	22.1		48.3
average EUR/USD forward rate	1.17	1.18		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	12.7	11.5	-	24.2
average GBP/USD forward rate	1.31	1.33		-
INTEREST RATE RISK				
Interest rate swaps maturing in 2022 – term loan				
Nominal *(in millions of euros)*			450.0	450.0
Fixed rate			0.46%	-
Other interest rate swaps				
Nominal *(in millions of euros)*			500.0	500.0
Fixed rate			0.50%	-
Interest rate swaps – Chile				
Nominal *(in millions of euros)*			0.9	0.9
Fixed rate			6.72%	-

At December 31, 2017	Maturity 1-6 months	Maturity 6-12 months	Maturity More than one year	Total
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	21.7	20.0		41.7
average EUR/USD forward rate	1.15	1.16		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	10.9	4.4		15.3
average GBP/USD forward rate	1.29	1.36		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	4.1	1.7		5.8
average SEK/USD forward rate	0.12	0.13		-
INTEREST RATE RISK				
Interest rate swaps maturing in 2022 – term loan				
Nominal *(in millions of euros)*			450.0	450.0
Fixed rate			0.46%	-
Interest rate swaps – Chile				
Nominal *(in millions of euros)*			0.9	0.9
Fixed rate			6.72%	-

Given the negative forward rates until the maturity of the non-floored interest rate swaps maturing in 2022, these instruments were disqualified for hedge accounting from July 1, 2016.

The amounts relating to the hedged items are as follows:

At December 31, 2018	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly-probable forecast purchases	(2.9)	0.8	-
Interest rate risk			
Variable-rate instruments	5.8	(5.9)	(3.3)

At December 31, 2017	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly-probable forecast purchases	5.0	(2.3)	-
Interest rate risk			
Variable-rate instruments	(0.1)	0.1	(6.2)

The table below details the impact of derivatives on the Elis Group's consolidated financial statements:

	As at 12/31/2018				2018				
		Carrying amount							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Amount reclassified from hedging cost to inventory cost	Income statement item
Currency risk									
Forward currency purchases	72.5	1.3	-	"Other current assets and liabilities", see Note 4.9	2.9	0.5	-	-	"Net financial income (loss)", see Note 8.2
Interest rate risk									
Interest rate swaps	950.9	-	13.9	"Other non-current assets and liabilities", see Note 8.7	(5.8)	-	(2.9)	-	"Net financial income (loss)", see Note 8.2

	As at 12/31/2017				2017				
		Carrying amount							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Amount reclassified from hedging cost to inventory cost	Income statement item
Currency risk									
Forward currency purchases	62.8	0.1	1.9	"Other current assets and liabilities", see Note 4.9	(5.0)	-	-	-	"Net financial income (loss)", see Note 8.2
Interest rate risk									
Interest rate swaps	450.9	0.0	6.6	"Other non-current assets and liabilities", see Note 8.7	0.1	-	(6.2)	-	"Net financial income (loss)", see Note 8.2

The reconciliation of each component of equity impacted by hedge accounting is as follows:

(In millions of euros)	Hedge reserve	Cash flow hedge reserve
Cash flow hedges		
BALANCE AS AT DECEMBER 31, 2016		(6.4)
Change in fair value resulting from forward currency purchases – forecast purchases		(5.0)
Change in fair value resulting from interest rate risk hedging		0.1
Amounts reclassified to the income statement		6.2
Tax effect		(0.5)
BALANCE AS AT DECEMBER 31, 2017		(5.5)
Change in fair value resulting from forward currency purchases – forecast purchases	0.5	2.9
Change in fair value resulting from interest rate risk hedging		(5.8)
Amounts reclassified to the income statement		2.9
Tax effect	(0.2)	(0.1)
BALANCE AS AT DECEMBER 31, 2018	**0.3**	**(5.6)**

8.9 Off-balance sheet commitments relating to group financing and other commitments

(In millions of euros)	12/31/2018	12/31/2017
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	9.1	3.7
Pledges, endorsements and guarantees given	90.0	63.4
Other commitments given		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	23.2	19.2
Other commitments received		

NOTE 9 INCOME TAX EXPENSE

Current income tax

Income tax assets or liabilities due for the current financial year or for previous years are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and rules applied to calculate these amounts are the tax rates and rules enacted or substantively enacted at the reporting date. Current tax on items recognized outside of profit or loss is recognized outside of profit or loss.

Deferred tax

Deferred taxes are recognized using the variable balance sheet liability method for all temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- when the deferred tax liability is the result of the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination and which, at the time of occurrence, neither affects the accounting profit nor the taxable profit or loss; and
- for taxable temporary differences related to investments in subsidiaries or associates, when the date on which the temporary difference will be reversed can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carryforwards and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and unused tax credits can be offset:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available to allow the temporary differences can be offset.

The carrying amount of deferred tax assets is reviewed at each reporting period-end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be offset. Unrecognized deferred tax assets are measured at each reporting period-end and are recognized insofar as it is probable that a future taxable profit will be available against which they can be offset.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year in which the asset is realized or the liability settled, based on the tax rates (and tax rules) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax on items recognized outside of profit or loss is recognized outside of profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and the deferred taxes relate to the same taxable entity and the same tax authority.

(In millions of euros)	2018	2017
Consolidated net income (loss)	83.0	42.8
Equity-accounted companies	-	-
Current taxes	85.4	43.4
Deferred taxes	(33.7)	(29.9)
Income (loss) before tax	134.7	56.4
Theoretical tax rate	34.43%	34.43%
THEORETICAL TAX EXPENSE	46.4	19.4
ACTUAL TAX EXPENSE	51.7	13.6
Effect of tax not based on net income[a]	11.3	11.2
DIFFERENCE	6.0	17.1
Breakdown of difference		
Tax rate differences and transactions taxed at reduced rates	18.2	17.5
Permanent differences (including non-deductible IFRS 2 interest and expenses)	(22.2)	(12.1)
Unrecognized tax loss carryforwards/Utilization of previously unrecognized tax losses	(0.8)	(1.8)
Goodwill impairment	-	0.4
Other (deductible CVAE, nontaxable CICE, etc.)	10.8	13.1

(a) CVAE in France, IRAP in Italy.

The line item "Tax rate differences and transactions taxed at reduced rates" includes in 2017 an amount of €10.8 million related to a change in tax rates approved in France in 2017 that reduces the future rate for all companies to 25.83% (including the additional corporate tax contribution), from 2022 onwards.

The following table shows the sources of deferred tax assets and liabilities:

(In millions of euros)	12/31/2017 net	Impact of IFRS 9 & 15	Changes in consolidation scope	Income	Recognized directly in other comprehensive income	Recognized directly in equity[a] & other	12/31/2018 net
Intangible assets	(218.6)		(1.1)	22.3	-	3.0	(194.5)
Property, plant and equipment	(143.0)		(0.7)	(2.0)	-	1.4	(144.3)
Other assets	(4.3)	(7.4)	0.0	(4.0)	-	0.9	(14.8)
Derivative instruments – assets	(0.0)		-	0.1	(0.4)	-	(0.3)
Provisions	21.4		0.1	2.1	-	(1.9)	21.5
Employee benefit liabilities	12.1		-	1.3	(0.5)	(0.0)	12.9
Borrowings and financial debt	(26.9)	(5.3)	-	2.8	0.1	-	(29.3)
Derivative instruments – liabilities	3.1		-	1.3	0.1	(0.0)	4.5
Other current liabilities	6.6		-	(1.2)	-	(11.8)	(6.3)
Other	(19.7)		(0.2)	0.9	0.3	12.5	(6.2)
Recognized tax losses	33.4		-	10.1	-	(1.4)	42.2
NET DEFERRED TAX ASSETS (LIABILITIES)	**(335.8)**	**(12.7)**	**(1.9)**	**33.7**	**(0.3)**	**2.6**	**(314.5)**
Deferred tax assets	**21.2**						**56.4**
Deferred tax liabilities	**(357.1)**						**(370.9)**

(a) Including (16.5) million euros on initial recognition of convertible bonds.

Deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be offset against future taxable profit.

As at December 31, 2018, the Group had tax losses of €42.9 million (base) for which no deferred tax assets had been recognized (€49.4 million at December 31, 2017). The majority of these tax losses, which are almost all related to foreign subsidiaries, have no expiration date.

NOTE 10 STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1 Share capital and reserves

Changes in share capital

Number of shares as at December 31, 2016	**114,006,167**
Number of shares as at December 31, 2017	**219,370,207**
Number of shares as at December 31, 2018	**219,927,545**
Number of authorized shares	219,927,545
Number of shares issued and fully paid up	219,927,545
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares[(a)]	592,529
Shares reserved for issue under options and sales agreements	-

(a) Of which 393,532 shares held by the Berendsen Employee Benefit Trust.

The following transactions were carried out involving Elis' share capital during the year:

- on June 15, 2018, a capital increase resulting from the capitalization of €503,000 taken from the additional paid-in capital generated by issuing 502,735 new shares with a par value of €1 each as part of the vesting of performance shares to the Group's corporate officers and employees;
- on December 20, 2018, a capital increase resulting from the capitalization of €55,000 taken from the additional paid-in capital generated by issuing 54,603 new shares with a par value of €1 each as part of the vesting of performance shares to the Group's corporate officers and employees.

In 2017:

On February 13, 2017, Elis carried out a capital increase with preferential subscription rights in the amount of €325.2 million (gross amount before deduction of issuance costs of €7.7 million, net of tax) through the issue of 25,910,490 new shares.

In September 2017, Elis also carried out:

- the exchange of one Berendsen share for 0.403 Elis shares, thus creating 69,052,152 new Elis shares for an amount of €1,369.9 million (gross amount before deduction of issuance costs of €11.4 million, net of tax effect); and
- a reserved capital increase of 10,131,713 shares issued for CPPIB, a leading global institutional investor that manages Canada's Pension Plan funds. The total amount of the CPPIB financing was €200 million.

In order to fund the vesting of performance shares, the share capital was subsequently increased on April 7, 2017 by 250,392 shares with a par value of €10, and on December 21, 2017 by 19,293 shares with a par value of €1. These shares were issued as part of capital increases through the capitalization of sums deducted from the "Additional paid-in capital" account.

On June 21, 2017, the Group also decreased the Company's capital by reducing the par value of the shares making up that capital from €10 to €1 each and allocating the amount of the reduction of €1,261.5 million to the "Additional paid-in capital" account.

Since 2015, the Group has also implemented a liquidity agreement consistent with the Code of Conduct issued by the French association for professionals working in the securities industry and financial markets (*Association française des marchés financiers* – AMAFI) on March 8, 2011 and approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 21, 2011. Resources initially allocated to the implementation of the liquidity agreement and credited to the liquidity account amounted to €3.0 million. As at December 31, 2018, treasury stock accounted for 198,252 shares valued at €3.5 million based on the historic share price, deducted from equity (57,000 shares, or €1.3 million at December 31, 2017).

10.2 Dividends and distributions paid and proposed

The general shareholders' meeting of May 19, 2017 approved the payment of a dividend of €0.37 per share. The amount distributed to shareholders therefore was €51.8 million.

The general shareholders' meeting of May 18, 2018 approved the payment of a dividend of €0.37 per share. The amount distributed to shareholders was therefore €81.2 million.

A dividend of €0.37 per share or approximately €81.4 million will be proposed to the next annual general shareholders' meeting.

10.3 Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

(In millions of euros)	2018	2017 restated
Net income or loss attributable to owners of the parent		
› Continuing operations	83.4	42.2
› Discontinued operations	(1.2)	(0.7)
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**82.2**	**41.5**
Weighted average number of shares	219,379,941	160,919,385
Effect if conversion of convertible notes	12,558,869	3,096,707
Effect of contingently issuable shares	1,050,404	1,507,968
Weighted average number of shares used for diluted EPS	232,989,214	165,524,061

Changes in the number of ordinary shares, as described in Note 10.1 " Share capital and reserves", took place during the 2017 financial year. As a result, the calculation of earnings per share (basic and diluted) for the relevant period is based on the new number of shares.

Diluted earnings per share

Diluted earnings per share (DEPS) is calculated by dividing profit for the period attributable to owners of the parent (adjusted for dividends, interest recognized during the period and any other change in income or expense resulting from the conversion of potentially dilutive ordinary shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares.

The calculation of diluted earnings per share does not take into account the conversion, exercise or issue of potential ordinary shares that would have an accretive impact on earnings per share (i.e., that does not increase the loss per share).

NOTE 11 RELATED PARTY DISCLOSURES

Except for compensation paid to executives as shown in Note 5.5, no other transactions were carried out with related parties in 2018 or 2017.

Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of Elis and of all the following fully consolidated subsidiaries:

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
Elis, SA	Saint-Cloud	Parent company	100	100
FRANCE				
MAJ, SA	Pantin	Textile & hygiene services	100	100
Les Lavandières, SAS	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles, SAS	Marcq-en-Barœul	Textile & hygiene services	100	100
Pierrette – T.B.A., SA	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français, SARL	Gerardmer	Manufacturing entity	100	100
Elis Services, SA	Saint-Cloud	Other activity	100	100
Thimeau, SAS	Meaux	Textile & hygiene services	100	100
Grenelle Service, SAS	Gennevilliers	Textile & hygiene services	-	Merger
Maison de Blanc Berrogain, SAS	Anglet	Textile & hygiene services	100	100
Société des Oreillers et Couvertures, SARL	Saint-Cloud	Other activity	Merger	100
Pro Services Environnement, SAS	Rochetoirin	Textile & hygiene services	100	100
AD3, SAS	Dardilly	Textile & hygiene services	100	100
SCI Les Gailletrous	La Chaussée-Saint-Victor	Other activity	100	100
SCI Château de Janville	Saint-Cloud	Other activity	100	100
Lovetra, SAS	St-Ouen-l'Aumône	Textile & hygiene services	-	Merger
GIE Eurocall Partners	Villeurbanne	Other activity	100	100
Blanchisserie Moderne, SA	Montlouis-sur-Loire	Textile & hygiene services	96	96
SCI Maine Beauséjour	Limoges	Other activity	100	100
SCI La Forge	Bondoufle	Other activity	100	100
Société de Participations Commerciales et Industrielles, SARL	Saint-Cloud	Other activity	100	100
SCI 2 Sapins	Grenoble	Other activity	100	100
SHF Holding, SA	Saint-Cloud	Other activity	100	100
SHF, SAS	Saint-Cloud	Textile & hygiene services	100	100
BMF, SAS	Bondoufle	Textile & hygiene services	Merger	100
LSP, SAS	Saint-Cloud	Textile & hygiene services	100	100
Elis Prévention Nuisibles, SAS	Bobigny	Textile & hygiene services	100	100
Blanchisserie Professionnelle d'Aquitaine, SARL	Mios	Textile & hygiene services	100	100
Aquitaine Services Developpement, SAS	Mios	Other activity	-	Merger
Big Bang, SAS	St-André-de-la-Roche	Textile & hygiene services	Merger	-
Hygiène Contrôle Ile de France, SAS	Serris	Textile & hygiene services	Merger	100
HTE Sanitation, SAS	Vitrolles	Textile & hygiene services	Merger	100
Blanchisserie Blésoise, SAS	La Chaussée-Saint-Victor	Textile & hygiene services	100	100
GERMANY				
Elis Holding GmbH	Rehburg-Loccum	Other activity	100	100
Elis Textil-Service GmbH	Mörlenbach	Textile & hygiene services	100	100
Schäfer Wäsche-Vollservice GmbH	Ibbenbüren	Textile & hygiene services	100	100
Rolf und Horst Schäfer GmbH & Co. KG	Ibbenbüren	Other activity	100	100
Wolfsperger Textilservice GmbH & Co. KG	Freiburg im Breisgau	Textile & hygiene services	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Other activity	100	100
Cleantex Potsdam Textilpfelge GmbH	Potsdam	Textile & hygiene services	100	100
Kress Textilpflege GmbH	München	Textile & hygiene services	100	100
Zischka Textilpflege GmbH	Simmern	Textile & hygiene services	100	100
Wismarer Wäscherei GmbH	Wismar	Textile & hygiene services	100	100
KlinTex GmbH	Rehburg-Loccum	Other activity	100	100
Textilpflege Stralsund GmbH	Stralsund	Textile & hygiene services	100	100
Puschendorf Textilservice GmbH Mannheim	Mannheim	Textile & hygiene services	100	100
Servicegesellschaft der Zentralwäscherei Rein-Neckar mbH	Mannheim	Other activity	100	100
Puschendorf Textilservice GmbH	Schönebeck/Elbe	Textile & hygiene services	100	100

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
AKK-Service GmbH	Hamburg	Textile & hygiene services	10	10
Askulta Nord Textilpflege GmbH&Co. KG	Glückstadt	Dormant	100	100
Berendsen Beteiligungs GmbH	Glückstadt	Other activity	100	100
Berendsen GmbH	Hamburg	Textile & hygiene services	100	100
Berendsen GmbH Füssen	Hamburg	Dormant	100	100
Berendsen GmbH Glückstadt	Hamburg	Other activity	100	100
Berendsen GmbH Messkirch	Hamburg	Dormant	100	100
Berendsen GmbH Nordost	Fürstenwalde	Textile & hygiene services	100	100
Berendsen GmbH Schleswig	Schleswig	Textile & hygiene services	100	100
Berendsen GmbH West	Hagen	Textile & hygiene services	100	100
Berendsen Group Services GmbH	Hamburg	Other activity	100	100
Berendsen Textilservice GmbH	Hamburg	Textile & hygiene services	100	100
Decontam GmbH	Bad Windsheim	Textile & hygiene services	100	100
Glückstadter Textilservice GmbH & Co oHG	Glückstadt	Dormant	100	100
Jentex GmbH	Jena	Textile & hygiene services	49	49
PTS Pinneberger Textil-Service GmbH	Glückstadt	Dormant	100	100
Saniwo Textil-Gesellschaft mbH	Hamburg	Other activity	100	100
TSL Textilservice-und Logistik GmbH	Fürstenwalde	Dormant	100	100
SMH – Sächsische Mietwäsche und Handels GmbH	Dürrröhrsdorf-Dittersbach	Dormant	100	-
BW-Textilservice GmbH	Sulz am Neckar	Textile & hygiene services	100	-
Wäscherei Waiz GmbH	Eckental	Textile & hygiene services	100	-
AUSTRIA				
Berendsen GmbH	Hard	Textile & hygiene services	100	100
ANDORRA				
Auxiliar Hotelera Arly	Andorra	Textile & hygiene services	100	100
Arly les Valls	Andorra	Dormant	In liquidation	In liquidation
BELGIUM				
Hades	Anderlecht	Textile & hygiene services	100	100
Blanchisserie Basse Meuse	Herstal	Textile & hygiene services	100	-
Ardenne & Meuse Logistic	Herstal	Other activity	100	-
BRAZIL				
Atmosfera Gestao e Higienização de Têxteis SA	Jundiai	Textile & hygiene services	98	100
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	98	100
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	98	100
Lavanderia Verde Ltda	Caieiras	Other activity	-	Dissolved
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	98	100
Reis & Nóbrega Lavanderia Ltda	Fortaleza	Textile & hygiene services	-	Merger
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	98	100
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	98	100
Uniforme Lavanderia E Locaçao Ltda	Camaçari	Textile & hygiene services	98	100
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	98	100
Toalhão locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	98	100
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	98	100
Prolav Servicos Tecnicos Ltda	Rio Bonito	Textile & hygiene services	98	100
Lavari I Vestiti Lavanderia Ltda – EPP	Paço do Lumiar	Textile & hygiene services	-	Merger
Pontuali Servico de Lavanderia Ltda EPP	Maceio	Textile & hygiene services	-	Merger
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	98	100
Lavanderia Lav-Service Ltda – EPP	São Paulo	Textile & hygiene services	-	Merger
Oficial Lavanderia Hospitalar Ltda EPP	Cedral	Textile & hygiene services	-	Merger
Oficial Lavanderia e Toalheiros Ltda ME	Cedral	Textile & hygiene services	-	Merger
Maximum Clean Lavanderia Profissional Ltda	Bady Bassit	Textile & hygiene services	-	Merger
Maxihotel Lavanderia Profissional Limitada EPP	Bady Bassit	Textile & hygiene services	-	Merger
LVB Holding Ltda	Videira	Other activity	98	100
Lavebras Gestao de Texteis SA	Videira	Textile & hygiene services	98	100
RDX Gestão e Higienização Textil Ltda	Paulista	Textile & hygiene services	-	Merger
Biolav Lavanderia Ltda EPP	Teresina	Textile & hygiene services	-	Merger
Atmosfera Gestao e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	98	100
Totalqualy Higienização Textil Ltda	São Bernardo do Campo	Textile & hygiene services	98	100

6

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
CHILE				
Elis Chile SA	Santiago	Other activity	100	100
Albia SA	Recoleta	Textile & hygiene services	100	100
Servicios Hospitalarios SA	Recoleta	Textile & hygiene services	100	100
COLOMBIA				
Elis Colombia SAS	Bogota D.C.	Textile & hygiene services	100	100
Centro de Lavado y Aseo CLA SAS	Bogota D.C.	Textile & hygiene services	100	100
Lavanser SAS	Bogota D.C.	Textile & hygiene services	100	100
DENMARK				
Berendsen A/S	Søborg	Other activity	100	100
Berendsen Textil Service A/S	Søborg	Textile & hygiene services	100	100
Jysk Linnedservice A/S	Kjellerup	Textile & hygiene services	70	70
Washa Aps	Kastrup	Textile & hygiene services	-	15
Xtra Måtteservice A/S	Holsted	Textile & hygiene services	Merger	100
SPAIN				
Elis Manomatic, SA	Parets del Vallès (Barcelona)	Textile & hygiene services	100	100
Lavanderia Hotelera Del Mediterraneo	La Nucia (Alicante)	Textile & hygiene services	Merger	100
Lavalia Balears Servicios y Renting Textil	La Nucia (Alicante)	Textile & hygiene services	Merger	100
Lavalia Sur Servicios y Renting Textil	La Nucia (Alicante)	Dormant	-	Dissolved
Lavalia cee	La Nucia (Alicante)	Dormant	100	100
UTE Elis Indusal	Parets del Vallès (Barcelona)	Textile & hygiene services	100	100
Indusal Centro, SA	Guadalajara (Guadalajara)	Textile & hygiene services	100	100
Indusal Navarra, SA	Marcilla (Navarra)	Textile & hygiene services	100	100
Lavanderías del Ebro, SA	Huesca (Huesca)	Textile & hygiene services	-	Merger
Indusal Rías Baixas, SA	Porriño (Pontevedra)	Textile & hygiene services	-	Merger
Lavandería Industrial Navarra, SA	Tudela (Navarra)	Textile & hygiene services	-	Merger
Lavandería Industrial Olimpia, SL	Mutilva Baja (Navarra)	Textile & hygiene services	-	Merger
Servicios de Lavandería Industrial de Castilla la Mancha, SA	Yeles (Toledo)	Textile & hygiene services	100	100
Indusal Alandalus, SL	Córdoba (Córdoba)	Textile & hygiene services	-	Merger
Ibérica de Renting y Lavanderías Industriales, SA	Venta de Baños (Palencia)	Textile & hygiene services	-	Merger
Indusal, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	100
Indusal Renting Cataluña, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	-	Merger
Lavaplan Industrias del Lavado y Planchado, SL	Quart de Poblet (Valencia)	Textile & hygiene services	-	Merger
Lavandería Miele, SL	Sueca (Valencia)	Textile & hygiene services	-	Merger
Lavandería Indusal Cantabria, SA	Cabezón de la Sal (Cantabria)	Textile & hygiene services	-	Merger
Indusal Rías Altas, SA	Sergude Boqueixon (A Coruña)	Textile & hygiene services	-	Merger
Indusal La Rioja, SL	Quel (La Rioja)	Textile & hygiene services	-	Merger
Indusal Castilla La Mancha, SA	Alcázar de San Juan (Ciudad Real)	Other activity	-	Merger
Indusal Renting Catalunya Siglo XXI, SL	Vilafranca del Penedés (Barcelona)	Other activity	-	Merger
Lavandería Industrial La Condesa, SL	Venta de Baños (Palencia)	Textile & hygiene services	100	100
Indusal Galicia Siglo XXI, SL	Porriño (Pontevedra)	Other activity	-	Merger
Tudela Patrimonial Siglo XXI, SL	Tudela (Navarra)	Other activity	-	Merger
Rías Altas Patrimonial Siglo XXI, SL	Sergude Boqueixon (A Coruña)	Other activity	-	Merger
Serlasa Patrimonial Siglo XXI, SL	Abanto y Ciervana (Vizcaya)	Other activity	-	Merger
Naserinco Patrimonial S. XXI, SL	Tudela (Navarra)	Other activity	-	Merger
Lavanderías Industriales Salamanca, SL	Villares de la Reina (Salamanca)	Textile & hygiene services	-	Merger
Goiz Ikuztegia, SL	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	100
Energías Margua SA	Pamplona (Navarra)	Other activity	100	100
Malsin, SA	Pamplona (Navarra)	Other activity	-	Merger
Serclothes, SL	Pamplona (Navarra)	Textile & hygiene services	-	Merger
Gulluri, SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	-	Merger
Lain Pak, SA	Arrigorriaga (Vizcaya)	Other activity	-	Merger
Indusal Textil, SL	Pamplona (Navarra)	Dormant	-	Merger
Indusal Sur, SA	Escacena del Campo (Huelva)	Textile & hygiene services	100	60

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
Serlasa, SA	Abanto y Ciervana (Vizcaya)	Textile & hygiene services	-	Merger
Cogeneración Martiartu, SL	Arrigorriaga (Vizcaya)	Other activity	100	100
Lesa Inmuebles Siglo XXI, SL	Pamplona (Navarra)	Other activity	100	100
Insernaco Patrimonial S XXI, SL	Abanto y Ciervana (Vizcaya)	Other activity	-	Merger
Gestytex Ibérica, SL	Arrigorriaga (Vizcaya)	Other activity	Dissolved	50
Lavanderías El Cantábrico, SL	Santurtzi (Vizcaya)	Textile & hygiene services	Merger	100
Casbu, SL	Igualada (Barcelona)	Textile & hygiene services	50	50
Compañía Navarra Servicios Integrales, SL	Pamplona (Navarra)	Other activity	100	100
UTE Cantabria Lainpak	Cabezón de la Sal (Cantabria)	Dormant	100	100
UTE Indusal Navarra, SA – Ilunion Navarra, SLU – 2016	Marcilla (Navarra)	Textile & hygiene services	68	68
UTE Goiz Gureak	Zumarraga (Guipuzcua)	Textile & hygiene services	75	75
Lavanderias Triton, SL	Madrid	Textile & hygiene services	100	-
ESTONIA				
AS Svarmil	Kiviõli	Other activity	100	100
Berendsen Textil Service AB	Tartumaa	Textile & hygiene services	100	100
FINLAND				
Berendsen Textile Service Oy	Tuusula	Textile & hygiene services	100	100
HUNGARY				
Első Magyar Tisztatéri Mosoda Kft	Miskolc	Textile & hygiene services	100	100
IRELAND				
Berendsen Finance Ireland (DKK) Ltd	Dublin	Other activity	100	100
Berendsen Finance Ireland (Euro) Ltd	Dublin	Other activity	100	100
Berendsen Finance Ireland (PLN) Ltd	Dublin	Other activity	100	100
Berendsen Ireland Holdings Ltd	Dublin	Dormant	100	100
Berendsen Ireland Ltd	Dublin	Textile & hygiene services	100	100
Nanoclean Ltd	Dublin	Textile & hygiene services	100	100
Steri-tex Ltd	Dublin	Dormant	100	100
ITALY				
Elis Italia SpA	San Giuliano Milanese	Textile & hygiene services	100	100
LATVIA				
AS Berendsen Tekstila Serviss	Riga	Textile & hygiene services	100	100
LITHUANIA				
Berendsen Textile Service, UAB	Vilnius	Textile & hygiene services	100	100
LUXEMBOURG				
Elis Luxembourg, SA	Bascharage	Textile & hygiene services	100	100
NORWAY				
Berendsen Tekstil Service A/S	Oslo	Textile & hygiene services	100	100
NETHERLANDS				
Elis Nederland BV	Arnhem	Textile & hygiene services	100	100
Groene Team BV	Arnhem	Dormant	100	100
Elis Netherlands Holding BV	Arnhem	Other activity	100	100
POLAND				
Berendsen Textile Service Spolka zoo	Żukowo	Textile & hygiene services	100	100
PORTUGAL				
Garment Finishing and Distribution European Services, SA	Samora Correira	Other activity	100	100
Sociedade Portuguesa de Aluguer e Serviço de Texteis, SA	Samora Correira	Textile & hygiene services	100	100
SPAST II, Lda	Samora Correira	Textile & hygiene services	100	100
CZECH REPUBLIC				
Elis Textil Servis sro	Slavkov ù Brna	Textile & hygiene services	100	100
Berendsen Textil Servis sro	Velké Pavlovice	Textile & hygiene services	100	100
UNITED KINGDOM				
Kennedy Hygiene Products Ltd	Uckfield	Manufacturing entity	100	100
Kennedy Exports Ltd	Uckfield	Other activity	100	100
BDF Healthcare Ltd	Ayrshire, Scotland	Dormant	-	Dissolved
BDF Holdings Ltd	Ayrshire, Scotland	Dormant	100	100
Berendsen Cleanroom Services Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Finance (DKK) Ltd	Basingstoke	Other activity	100	100

6

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
Berendsen Finance (Euro) Ltd	Basingstoke	Other activity	100	100
Berendsen Finance (Euro2) Ltd	Basingstoke	Other activity	100	100
Berendsen Finance Ltd	Basingstoke	Other activity	100	100
Berendsen Healthcare Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Hospitality Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Ltd	Basingstoke	Other activity	100	100
Berendsen Nominees Ltd	Basingstoke	Other activity	100	100
Berendsen Northern Ireland Ltd	Belfast	Textile & hygiene services	100	100
Berendsen Supply Chain (Northern ireland) Ltd	Belfast	Textile & hygiene services	100	100
Berendsen UK Ltd	Basingstoke	Other activity	100	100
Berendsen Workwear Ltd	Basingstoke	Textile & hygiene services	100	100
Camborne-Redruth Laundry Company Ltd	London	Dormant	-	Dissolved
Cavendish Laundry Ltd	Basingstoke	Dormant	100	100
Davis (BIM) Ltd	Basingstoke	Dormant	100	100
Davis (FH) Ltd	Basingstoke	Dormant	100	100
Fabricare Ltd	Basingstoke	Dormant	100	100
Fakenham Laundry Services Ltd	London	Dormant	-	Dissolved
IHSS Ltd	Basingstoke	Textile & hygiene services	100	100
Lakeland Pennine Group Ltd	Basingstoke	Dormant	100	100
Lakeland Pennine Ltd	Basingstoke	Dormant	100	100
Laundrycraft Ltd	Basingstoke	Dormant	100	100
M Furnishing Group Ltd	Basingstoke	Dormant	100	100
Midland Laundry Group Ltd	Basingstoke	Dormant	100	100
Midland Laundry Group Holdings Ltd	Basingstoke	Dormant	100	100
National Sunlight Laundries Ltd	Basingstoke	Dormant	100	100
Rocialle Ltd	Basingstoke	Dormant	100	100
Salop Textile Solutions Ltd	London	Dormant	-	Dissolved
Spring Grove Services Ltd	Basingstoke	Dormant	100	100
Spring Grove Services Group Ltd	Basingstoke	Dormant	100	100
St. Helens Laundry Ltd	Basingstoke	Dormant	100	100
Sunlight (72078) Ltd	London	Dormant	-	Dissolved
Sunlight (Lyndale) Ltd	Basingstoke	Dormant	100	100
Sunlight (Newbury) Ltd	London	Dormant	-	Dissolved
Sunlight Clinical Solutions Ltd	Basingstoke	Other activity	100	100
Sunlight Services Ltd	Basingstoke	Dormant	100	100
Sunlight Textile Services Ltd	Basingstoke	Dormant	100	100
Sunlight Workwear Services Ltd	Basingstoke	Dormant	100	100
The Sunlight Group Ltd	Basingstoke	Dormant	100	100
The Sunlight Service Group Ltd	Basingstoke	Dormant	100	100
JERSEY				
Berendsen Employee Benefit Trust	Jersey	Other activity	100	100
SLOVAKIA				
Berendsen Textil Servis sro	Trenčin	Textile & hygiene services	100	100
RUSSIA				
OOO Berendsen	Moscow	Textile & hygiene services	100	100
SWEDEN				
Elis Design & Supply Chain Centre AB	Gothenburg	Other activity	100	100
Berendsen Textil Service AB	Malmö	Textile & hygiene services	100	100
S Berendsen AB	Malmö	Other activity	100	100
SWITZERLAND				
Blanchâtel SA	La Chaux-de-Fonds	Textile & hygiene services	-	Merger
Blanchisserie des Epinettes SA	Plan-les-Ouates	Textile & hygiene services	-	Merger
Blanchival SA	Sion	Textile & hygiene services	-	Merger
Großwäscherei Domeisen AG	Endingen	Textile & hygiene services	-	Merger
Elis (Switzerland) SA	Nyon	Textile & hygiene services	100	100
Hygienis SA	Carouge	Textile & hygiene services	100	100
InoTex Bern AG	Bern	Textile & hygiene services	100	100
Laventex SA	Givisiez	Textile & hygiene services	-	Merger
On my Way	Lausanne	Textile & hygiene services	50	50
Picsou Management AG	Muri Bei Bern	Other activity	100	100
Prohotel Wäscherei AG	Kloten	Textile & hygiene services	-	Merger

Entity name	Registered office	Principal activity	% interest 2018	% interest 2017
SiRo Holding AG	Muri Bei Bern	Other activity	100	100
SNDI (Suisse) SA	Brügg	Textile & hygiene services	100	100
Wäscherei Kunz AG	Hochdorf	Textile & hygiene services	100	100
Wäscherei Mariano AG	Rüdtligen-Alchenflüh	Textile & hygiene services	100	100
Wäscherei Papritz AG	Rüdtligen-Alchenflüh	Textile & hygiene services	-	Merger
Wäscheria Textil Service AG	Ilanz	Textile & hygiene services	-	Merger
Wäscheria Textil Service Bad Ragaz AG	Bad Ragaz	Textile & hygiene services	-	Merger
Wäscheria Textil Service AG (formerly WashTex Holding AG)	Ilanz	Textile & hygiene services	100	100

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

As at the date the consolidated financial statements were prepared, no events have occurred since December 31, 2018 that are likely to have a material impact on the financial position of the Elis Group at the closing date.

NOTE 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl tax)		%		Amount (excl tax)		%	
(In millions of euros)	2018	2017	2018	2017	2018	2017	2018	2017
Independent audit	0.6	0.5	87%	45%	0.3	0.3	74%	38%
Services other than an independent audit	0.1	0.6	13%	55%	0.1	0.6	26%	62%
Required by law[(a)]	-	*0.5*	*0%*	*42%*	-	*0.4*	*0%*	*50%*
Other[(b)]	*0.1*	*0.1*	*13%*	*13%*	*0.1*	*0.1*	*26%*	*13%*
TOTAL	**0.7**	**1.1**	**100%**	**100%**	**0.4**	**0.9**	**100%**	**100%**

(a) Work conducted by Mazars and PricewaterhouseCoopers Audit in relation to the capital increases during financial year 2017.
(b) In 2018, the work conducted by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and reports as part of financing transactions during the financial year and PricewaterhouseCoopers Audit issued the consolidated non-financial performance statement.

In accordance with the ANC (the French Accounting Standards Authority) Regulation 2016-09, these tables only include the fees paid to the Statutory Auditors and do not include fees paid by Elis SA or by its fully consolidated subsidiaries to other legal entities within audit networks.

6

NOTE 14 STANDARDS ISSUED BUT NOT YET EFFECTIVE

14.1 IFRS 16 "leases"

IFRS 16 "Leases" will be effective as from January 1, 2019, and will replace the current standard IAS 17 and related interpretations (specifically IFRIC 4 "Determining whether an Arrangement Contains a Lease"). The standard introduces a new definition of "lease", retains the distinction between operating leases and finance leases for lessors, but introduces a single lease accounting model for lessees, leading to the recognition of a right of use in return for a rental liability.

The Group has completed the inventory of its leases as at January 1, 2019 and has performed an initial impact assessment.

The following types of leases have been identified:

- real estate leases;
- vehicle leases;
- other leased capital equipment.

To implement this new standard, the Group has chosen to use new software that is currently being rolled out in all of the Group's subsidiaries.

The Group plans to use the so-called modified retrospective method. As such, the cumulative effect of adopting IFRS 16 will be recognized as an opening adjustment in shareholders' equity as at January 1, 2019, without retrospective restatement of comparative information. In addition, the Group will use the simplification measures provided for in the standard for low-value leased assets and leases of less than one year.

Based on contracts identified at the end of 2018, the expected impact would be:

- total assets: increase of 4.5-5%;
- total liabilities: increase of 7-7.5%;
- EBITDA and cash flow: improvement of €60 million to €63 million;
- EBIT and operating income(*): marginal improvement;
- Net financial expense: additional estimated expenses of €10 million.

14.2 IFRIC 23 "uncertainty over income tax treatments"

In June 2017, the International Accounting Standards Board (IASB) published IFRIC 23 "Uncertainty over income tax treatments" (which will be mandatory as from January 1, 2019), in order to clarify the recognition and measurement of uncertainties regarding income taxes. For now, the Group does not believe that this will have any impact on the assessment of taxes. However, approximately €1.4 million of uncertain tax liabilities classified as provisions will be reclassified in the balance sheet as current tax liabilities.

(*) Before other income and expenses and amortization of intangible assets recognized in a business combination.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Elis for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to Note 1.2 "*Accounting standards applied*" to the consolidated financial statements, which describes the impact of the entry into force on January 1, 2018 of IFRS 15 – "*Revenue from Contracts with Customers*" and IFRS 9 – "*Financial Instruments*".

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant for our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill

Notes 6.1 "Goodwill" and 6.5 "Impairment losses on non-current assets" to the consolidated financial statements.

Description of risk

As of December 31, 2018, goodwill totaled a net amount of €3,745 million, representing 48% of total assets. Goodwill corresponds to the difference at the acquisition date between the acquisition price paid and the fair value of the assets acquired and liabilities assumed. Goodwill is allocated by geographic area to the cash-generating units (CGUs) of the activities into which the various entities acquired have been incorporated.

An impairment charge for this goodwill is recognized on the balance sheet when the recoverable amount of the CGUs, determined as part of compulsory annual impairment testing, is less than their carrying amount, in accordance with IAS 36.

The recoverable amount is determined using an approach based on multiple criteria (calculation of discounted future cash flows and on market values based on the EBITDA multiple of the Group and of listed comparable companies) and requires a significant degree of judgment from management, particularly in relation to the fiveyear business plan, future cash flows based on perpetual growth rate assumptions, and the discounting of these flows based on the weighted average cost of capital. The methods used to measure goodwill are described in Note 6.5 to the consolidated financial statements.

Accordingly, we deemed the measurement of goodwill to be a key audit matter.

How our audit addressed this risk

We assessed the consistency of the methodology applied by the Finance Department.

We also conducted a critical assessment of the procedure for implementing this methodology, and assessed the following:

- that all of the components of the carrying amount of the CGUs tested were taken into account and are consistent with the EBITDA projections integrated in the business plans and the sector multiples used to determine the recoverable amount;
- the reasonableness of the EBITDA projections for the CGUs in light of the CGUs' economic and financial environments and, by assessing the reasons for the differences between projected and actual historical performances, the reliability of the process by which the estimates were calculated;
- the consistency of these EBITDA projections with management's most recent estimates as approved by the Supervisory Board;
- the reasonableness of the discount rates and the long-term growth rates used to calculate discounted future cash flows, based on our valuation experts' reports;
- the consistency of the 2019 EBITDA multiples used with market analyses and consensus;
- the sensitivity analyses of the impairment tests conducted by management to a change in the perpetual growth rate, discount rates or the 2019 EBITDA rate budgeted for the CGUs whose value in use is based on multiples.

Lastly, we obtained assurance that Notes 6.1 and 6.5 to the consolidated financial statements provide appropriate disclosures.

Allocation of the Berendsen and Lavebras (Brazil) purchase prices

Notes 1.4 "Restatement of prior-year financial information", 2.2 "Business combinations", 2.4 "Changes in the scope of consolidation" to the consolidated financial statements.

Description of risk

In 2017 the Elis group carried out significant external growth transactions with the acquisition of Berendsen in September 2017 for €2,431 million and the acquisition of three entities in Brazil for an aggregate amount of €368 million (mainly Lavebras in May 2017).

Upon the acquisition of a new equity interest or business representing a business combination, management must recognize at their fair value the acquired assets as well as the liabilities and any contingent liabilities assumed separately from goodwill. In accordance with IFRS 3 (revised), the amounts recognized may remain provisional for a maximum of one year from the acquisition date.

After a provisional allocation at December 31, 2017, management remeasured the fair value of Berendsen's and the Brazilian entities' assets and liabilities, which led the Group to recognize goodwill of €1,840 million for Berendsen and €249 million for the Brazilian entities (mainly Lavebras) at the respective acquisition dates, which was allocated to each of the CGUs likely to benefit from the synergies arising from the business combination. The Berendsen and Lavebras purchase price allocations mainly served to identify customer relationships amounting to €638 million (€605 million for Berendsen and €33 million for Lavebras).

We considered the accounting treatment relating to the purchase price allocation as part of the business combination with Berendsen and Lavebras as an area requiring a significant degree of judgment from management based on potentially complex measurement models. Given the scale of the Berendsen and Lavebras acquisitions, we deemed this to be a key audit matter.

How our audit addressed this risk

We examined the methodology used by the company and its compliance with the recommendations of IFRS 3 (revised).

In particular, we assessed, with the support of our asset valuation experts, the appropriateness of the final purchase price allocation and the measurement of the assets, particularly intangible assets, identified for the acquisition of Berendsen and Lavebras. Based on this information, our work consisted primarily in:

- critically reviewing the implementation of the methodology followed and the main assumptions used by management to identify the assets acquired and the liabilities assumed and to measure their fair value;
- examining the reports compiled by independent firms at the request of management to identify any assets that are over-valued or liabilities that are under-valued or not taken into account in the identification of assets acquired and liabilities assumed;
- verifying the fair value calculations; and
- performing sensitivity analyses.

Certain tasks were carried out by members of our networks, applying the instructions that we prepared for them.

Lastly, we verified the appropriateness of the disclosures provided in Notes 1.4, 2.2 and 2.4 to the consolidated financial statements.

Litigation and contingent liabilities

Note 7.2 "Contingent liabilities" to the consolidated financial statements.

Description of risk

Note 7.2 "Contingent liabilities" to the consolidated financial statements summarizes the legal or arbitration proceedings arising in the normal course of business of the Group.

These include, in Brazil:

- proceedings in relation to allegations of bribery and degrading working conditions;
- proceedings initiated by the Brazilian competition authority (CADE);
- various proceedings in relation to NJ Lavanderia, Lavebras and Atmosfera.

In France, contingent liabilities include in particular an ongoing anti-trust investigation.

Provisions are recorded with respect to these if the Group believes that it has a contractual, legal or constructive obligation, and that the future outflows of resources to cover the risk can be estimated accurately.

Given the uncertain outcome of these proceedings and ongoing investigations, and their potential negative and material effect on the Group owing to the financial penalties that may be incurred, as well as any impact they could have on its businesses and their commercial prospects, we deemed litigation and contingent liabilities to be a key audit matter.

How our audit addressed this risk

To assess whether or not the risks associated with these proceedings and ongoing investigations have been properly assessed, and to verify their non-quantifiable nature, where appropriate, we reviewed:

- the confirmations provided by the company's lawyers and legal advisers involved in these matters;
- the analyses of the proceedings/investigations prepared by the Group's Finance and Legal Departments.

We also verified that the accounting treatment described in Note 7.2 to the consolidated financial statements was appropriate.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Executive Board's management report.

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

We attest that the Group management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code is included in the Group management report. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Elis by the Annual General Meeting held on June 29, 2011 for Mazars and by the articles of incorporation at the time of the company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2018, Mazars and PricewaterhouseCoopers Audit were in the eighth and the twelfth consecutive year of their engagement, respectively, and the fourth year since the Company's securities were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

These consolidated financial statements have been approved by the Management Board.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 6, 2019

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	**MAZARS**
Bruno TESNIÈRE	Isabelle MASSA

6.3 ELIS PARENT COMPANY FINANCIAL STATEMENTS

6.3.1 BALANCE SHEET AS AT DECEMBER 31, 2018

Assets

(In thousands of euros)	Gross amount	Accum. depr./amort. & impairm. losses	Net 12/31/2018	Net 12/31/2017
Subscribed capital uncalled				
Intangible assets				
Start-up costs				
Development costs				
Concessions, patents and other rights				
Business goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Fittings, machinery and equipment				
Other property, plant and equipment				
Assets in progress				
Advances and prepayments				
Financial assets				
Equity-accounted companies				
Other equity investments	3,612,009	1,287	3,610,723	3,591,551
Loans and advances to equity investees	779,234		779,234	779,262
Other investments	111		111	111
Loans				
Other financial assets	1,368,802	557	1,368,245	1,369,135
TOTAL NON-CURRENT ASSETS	5,760,157	1,844	5,758,313	5,740,059
Inventories and work in progress				
Raw materials and supplies				
Goods in progress				
Services in progress				
Finished and semi-finished goods				
Goods held for resale				
Advances and prepayments on orders	1		1	6
Receivables				
Trade receivables	1,109		1,109	
Other receivables	873,975		873,975	857,751
Subscribed capital called but not paid				
Other				
Marketable securities				
(Of which treasury shares):				
Cash and cash equivalents	69,624		69,624	66,211
Other accruals				
Prepaid expenses	957		957	1,038
TOTAL CURRENT ASSETS	945,666		945,666	925,006
Deferred debt issuance costs				
Bond discounts				
Unrealized foreign currency translation losses	160		160	
GRAND TOTAL	**6,705,982**	**1,844**	**6,704,138**	**6,665,064**

Equity and liabilities

(In thousands of euros)	Financial year 2018	Financial year 2017
Issued capital (o/w paid-up: 219,928)	219,928	219,370
Additional paid-in capital	2,943,939	3,025,663
Remeasurement adjustments (o/w for equity-accounted companies)		
Legal reserve	724	724
Regulatory or contractual reserves		
Regulated reserves (including translation reserve)		
Other reserves (o/w purchases of original works by living artists)		
Retained earnings (accumulated deficit)	(150,370)	(91,518)
Net income (profit or loss) for the period	**(64,875)**	**(58,909)**
Investment grants		
Regulated provisions	7,063	1,647
TOTAL EQUITY	2,956,409	3,096,977
Proceeds from issuance of profit-sharing loans		
Conditional advances		
TOTAL QUASI-EQUITY		
Provisions for risks	4,481	0
Provisions for expenses	92	54
PROVISIONS	4,574	55
Financial liabilities		
Convertible bonds	400,000	400,000
Other bonds	804,067	804,067
Bank loans	728,066	1,743,549
Sundry borrowings and financial debt (o/w profit-sharing)	1,786,651	573,914
Advances and deposits on orders in progress		
Operating liabilities		
Trade payables	5,479	12,414
Tax and employee-related liabilities	2,438	2,025
Sundry liabilities		
Amounts due to suppliers of non-current assets		
Other liabilities	16,002	32,063
Other accruals		
Deferred income		
TOTAL LIABILITIES	3,742,703	3,568,032
Unrealized foreign currency translation gains	453	
GRAND TOTAL	**6,704,138**	**6,665,064**

6.3.2 INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

(In thousands of euros)	Financial year 2018 France	Financial year 2018 Exports	Financial year 2018 Total	Financial year 2017
Sales of goods held for resale				
Sales of goods				
Sales of services	1,005		1,005	566
Net revenue	**1,005**		**1,005**	**566**
Increase in finished goods and work in process inventories				
Capitalized production costs				
Operating grants				
Reinvoiced expenses, reversals of prov. & accum. depr./amort. & impairm.			977	
Other income				
Recurring operating income			**1,983**	**566**
Purchases of goods held for resale (including customs duties)				
Change in inventories (goods held for resale)				
Purchases of raw materials and supplies			5	4
Change in inventories (raw materials and supplies)				
Other purchases and external expenses			25,134	39,108
Taxes and duties			519	606
Salaries and wages			3,929	2,546
Payroll taxes			965	716
Depreciation, amortization, impairment and provisions:				
Non-current assets: depreciation and amortization expense				
Non-current assets: impairment losses				
Current assets: impairment losses				
Increase in provisions			10	7
Other expenses			451	511
Operating expenses			**31,013**	**43,498**
OPERATING INCOME (LOSS)			(29,030)	(42,932)
Joint operations				
Profit transferred in or loss transferred out				
Loss transferred in or profit transferred out				
Financial income			**26,186**	**22,707**
Financial income from equity investments				
Income from other securities and long-term loans and receivables				
Other interest income			25,631	17,768
Reinvoiced expenses and reversals of provisions				
Foreign currency translation gains			554	4,939
Net gain on disposals of marketable securities				
Financial expenses			**75,216**	**53,649**
Amortization and provisions on financial assets			5,066	37
Interest expense			69,364	48,779
Foreign currency translation losses			785	4,833
Net loss on disposals of marketable securities				
NET FINANCIAL INCOME (LOSS)			(49,030)	(30,942)
NET RECURRING INCOME (LOSS) BEFORE TAX			(78,060)	(73,874)
Non-recurring income			**190**	**741**
Non-recurring income from operations			1	
Non-recurring income from capital transactions			189	741
Reinvoiced expenses and reversals of provisions				
Non-recurring expenses			**13,852**	**13,766**
Non-recurring expenses on operations			7,621	12,106
Non-recurring expenses on capital transactions			786	1
Non-recurring depreciation, amortization and provisions			5,445	1,659
NET NON-RECURRING INCOME (LOSS)			(13,662)	(13,025)
Employee profit-sharing				
Income tax expense			(26,847)	(27,990)
Total income			**28,359**	**24,014**
Total expenses			**93,234**	**82,293**
PROFIT OR LOSS			**(64,875)**	**(58,909)**

6

6.3.3 APPENDIX

INDEX FOR THE NOTES

NOTE 1 COMPANY'S BUSINESS AND SIGNIFICANT EVENTS OF THE YEAR

1.1 Company's business

Business activity of holding companies.

1.2 Significant events of the year

The financial statements below cover the 12-month period from January 1, 2018 to December 31, 2018 and show a net loss of -€64,875,000.

In order to finalize the repayment to refinance the 2017 Bridge Loan, Elis implemented its €3 billion Euro Medium Term Note program, the base prospectus for which was approved by the AMF under authorization No. 18-031 on January 30, 2018. On February 8, the Group raised €1.0 billion through a dual-tranche bond issue (five and eight years):

- the five-year tranche, for €650 million, bears an annual coupon rate of 1.875%;
- the eight-year tranche, for €350 million, bears an annual coupon rate of 2.875%.

This successfully completed transaction will extend the maturity of the Group's debt.

NOTE 2 EVENTS AFTER THE REPORTING PERIOD

On February 20, 2019, the Company increased the share capital of its subsidiary Berendsen Ltd. by €300 million by incorporating a portion of a pre-existing intra-group loan.

NOTE 3 ACCOUNTING POLICIES

Generally accepted accounting principles have been applied, including the principles of conservatism, going concern, consistency, and time period assumption and matching, in accordance with the general rules governing the preparation and presentation of annual financial statements defined by the French General Chart of Accounts (ANC Regulation 2014-03).

The basic method used to measure the items recognized in the financial statements is the historical cost method.

Changes in measurement method

None.

Changes in presentation method

None.

The main accounting policies applied are as follows:

3.1 Non-current assets

Financial assets

Equity investments and related receivables

Their gross amount has consisted of the acquisition cost, including any ancillary costs, since the first application of Opinion 2007-C issued on June 15, 2007 by the Urgent Issues Committee of the French National Accounting Board (CNC). Prior to that Opinion, transfer taxes, fees and commissions, and cost of deeds were recognized in expenses for the financial year. An accelerated amortization over five years is then applied to these costs.

At the end of the financial year, an impairment loss is recorded when the value in use is less than the carrying amount. The value in use of a given investment is determined according to its contribution to consolidated net assets, its profitability, and its future outlook. When the carrying amount of an investment is greater than its contribution to consolidated net assets, the carrying amount of the investment is compared to the recoverable amount, based on multiple economic indicators (EBITDA and EBIT) less the net debt for the investment concerned.

Receivables from investments are recognized at face value. An impairment loss is recorded when the recoverable amount is less than the carrying amount.

Other financial assets

Merger losses on financial assets

"Merger losses on financial assets" of €1,365,291,000 corresponds to the merger loss generated during the transfer of Novalis' assets and liabilities to Elis on July 9, 2015. This merger loss has been fully allocated to equity investments. The merger loss is tested for impairment on an annual basis. As it is not possible to determine the current value of the merger loss taken individually, it is grouped together with equity investments for the purposes of the impairment test. An impairment loss is recognized whenever the cumulated present value of the merger loss and equity securities is less than their carrying amount as of the reporting date.

Liquidity agreement

The transactions related to the Company's liquidity agreement signed with an investment services provider (see the section on significant events of the year) are recognized in accordance with the CNC Urgent Issues Committee Opinion 98-D and with Bulletin 137 issued in March 2005 by the French Institute of Statutory Auditors (CNCC):

- treasury shares are recognized in "Other financial assets – treasury shares". An impairment loss is recorded if the average share price in the last month of the financial year is less than the purchase price. The first-in-first-out (FIFO) method is used to determine gains and losses on disposals;
- cash paid to the intermediary and not yet used is recognized in the financial statements under "Other financial assets – other long-term receivables".

3.2 Receivables and liabilities

Receivables are recognized at face value.

An impairment loss is recorded when the recoverable amount is less than the carrying amount.

3.3 Marketable securities

Marketable securities are carried in the balance sheet at their purchase price. If their expected trading value at the end of the financial year is less than their purchase price, an impairment loss is recorded for the difference.

3.4 Transactions in foreign currencies

Income and expenses denominated in foreign currencies are recorded at their transaction-date equivalent amount.

Where applicable, liabilities, receivables, cash and cash equivalents denominated in foreign currencies are converted and recognized in the balance sheet based on the latest known quoted price on the reporting date.

Resulting differences are posted to the balance sheet under "Foreign currency translation gains" and "Foreign currency translation losses".

The amount of unrealized foreign currency translation losses not offset by foreign exchange risk hedge gives rise to a proportional provision recorded under "Provisions for risks".

3.5 Regulated provisions

Regulated provisions are detailed in the provisions statement; they are reported under "Equity" on the balance sheet. They are tax items corresponding to the provision for accelerated depreciation and amortization calculated according to the French tax regulations, in particular the accelerated amortization of transaction costs related to purchases of securities.

The additions to or reversals of accumulated accelerated depreciation and amortization are recognized in net non-recurring income.

3.6 Employee benefit liabilities

Provisions for employee retirement benefits are calculated and recognized in accordance with Method 2 of Recommendation 2013-02 issued on November 7, 2013 by the French Accounting Standards Authority (ANC). Changes in retirement benefit obligations resulting from changes in actuarial assumptions or retirement plans occurring during the year are recorded directly in net non-recurring income: the provisions recognized at the reporting date are thus equal to the actuarial obligation determined in accordance with IAS 19 (revised).

Additional provisions are recorded for long-service award obligations, calculated in accordance with the Company's internal procedures on the basis of statistical and discounting assumptions. Changes in these provisions during the financial year are collectively recorded directly in income.

3.7 Financial instruments and hedges

Hedging instruments

Hedge accounting principles must be applied whenever a hedging relationship is identified and documented by management. The impacts of the financial instruments used by Elis SA to hedge and manage its interest rate risks are recognized in the income statement symmetrically with those of the hedged item: thus, the expense of interest rate swaps is recognized at the same time as the interest on the hedged loans and classified under the item "Interest expense".

Isolated open positions

Isolated open positions are all transactions that do not qualify as hedges. Gains and losses on terminated contracts are recognized in the income statement. Unrealized losses are recorded in the balance sheet and a provision is recorded.

NOTE 4 NOTES TO THE BALANCE SHEET – ASSETS

4.1 Property, plant and equipment and intangible assets

The Company does not hold any property, plant and equipment or intangible assets.

4.2 Financial assets

MOVEMENTS FOR THE YEAR

(In thousands of euros)	Gross amount at 12/31/2017	Acquisitions and reclassifications/ contributions	Disposals and reclassifications	Gross amount at 12/31/2018	Impairment loss	Net amount at 12/31/2018
Equity-accounted companies						
Other equity investments	4,372,071	73,419	54,246	4,391,244	1,287	4,389,957
Other investments	111	0		111		111
Loans and other financial assets	1,369,134	26,080	26,413	1,368,802	557	1,368,245
TOTAL	**5,741,316**	**99,499**	**80,659**	**5,760,157**	**1,844**	**5,758,313**

As of December 31, 2018, treasury shares amounted to 198,997 shares, representing €3,511,000 and impaired by €557,000.

4.3 Impairment on non-current assets

(In thousands of euros)	12/31/2017	Additions/ contributions	Reversals	12/31/2018
Impairment loss – intangible assets				
Impairment loss – PP&E				
Impairment loss – equity-accounted companies				
Impairment loss – equity investments	1,258	29		1,287
Impairment loss – financial assets		557		557
TOTAL	**1,258**	**586**		**1,844**

4.4 List of subsidiaries and other equity investments

(In thousands of euros unless otherwise stated)	Share capital	Equity, excluding share capital and retained earnings	Percent ownership *(as a %)*	Carrying amount of shares held Gross	Carrying amount of shares held Net	Loans and advances granted by the Company	Deposits and endorsements given by the Company	2018 Revenue	Net income (loss) for the financial year ended 12/31/2018	Dividends received by the Company during the financial year ended 12/31/2018
A. Detailed information about equity investments whose carrying amount exceeds 1% of the Company's share capital										
1. Subsidiaries – ownership of more than 50%										
MAJ – Pantin (93) – 775,733,835	142,515	528,707	100.0	1,091,055	1,091,055	875,012	138,448	665,476	(86,957)	0
Société de Participations Commerciales et Industrielles – Saint-Ouen-l'Aumône (95) – 409,900,149	28,684	2,317	100.0	28,682	28,682	0	0	204	(1,899)	0
Berendsen Ltd British public limited company registered with the UK Companies House under number 01480047 Intec 3 Wade Road, Basingstoke, England, RG24 8NE	£51,791	£472,715	100.0	2,490,812	2,490,812	754,734	28,665	0	(£10,558)	0
2. Equity investment – ownership of between 10% and 50%										
B. General information about other subsidiaries and investments										
1. Subsidiaries (not included in section A above)										
a. French subsidiaries (total)										
b. Foreign subsidiaries (total)										
2. Investments (not included in section A above)										
a. in French companies (total)										
b. in foreign companies (total)				1,460	173					
TOTAL EQUITY INVESTMENTS ON BALANCE SHEET				**3,612,009**	610,723					

4.5 Transactions with related parties

The major 2018 transactions with related parties not concluded on arm's length terms are as follows:

Name of related party	Description of transaction	Amount (receivable or income)	Amount (liability or expense)
MAJ	Loan agreement		
	Principal amount	87,753	
	Interest	2,758	
MAJ	Current account agreement		
	Advance granted to company MAJ	787,260	
	Interest paid by company MAJ	12,520	
Elis Services	Service agreement		
	Services invoiced by Elis Services to Elis		7,332
	Services invoiced by Elis to Elis Services	1,005	
Berendsen Ltd (frm. Plc)	Reinvoicing agreement		
	Services invoiced by Berendsen Ltd (GBP) to Elis		667
Berendsen A/S	Reinvoicing agreement		
	Services invoiced by Berendsen A/S (DKK) to Elis		2,490
Berendsen Ltd (frm. Plc)	Loan agreement		
	Principal amount	691,197	
	Interest	10,180	

4.6 Summary of maturities of receivables

(In thousands of euros)	Gross amount	Due within one year	Due in more than one year
TOTAL NON-CURRENT ASSETS	2,148,037	91,549	2,056,488
Loans and advances to equity investees	779,234	88,037	691,197
Loans			
Other financial assets	1,368,802	3,512	1,365,291
TOTAL CURRENT ASSETS	876,041	876,041	0
Trade	1,109	1,109	
Impaired trade			
Employees			
Social security			
Prepaid taxes and misc. duties	21,750	21,750	
Group and associates	851,199	851,199	
Sundry receivables	1,026	1,026	
Prepaid expenses	957	957	
TOTAL	**3,024,078**	**967,590**	**2,056,488**
Loans granted during the year	51,197		
Repayments received during the year	50,095		
Loans and advances granted to associates (individuals)			

4.7 Trade receivables

(In thousands of euros)	Gross amount	Impairment loss	Net 12/31/2018	Net 12/31/2017
Trade receivables	1,109		1,109	
Other receivables	873,975		873,975	857,751
Subscribed capital called but not paid				
TOTAL	**875,084**	**0**	**875,084**	**857,751**

6

4.8 Impairment loss on receivables

None.

4.9 Receivables represented by commercial paper

None.

4.10 Accrued income

The amounts of accrued income included in the following balance sheet items were as follows:

(In thousands of euros)	12/31/2018	12/31/2017
Interest accrued on loans and receivables due from equity investees	285	1,418
Accrued trade receivables	133	
Prepaid taxes and duties		
TOTAL	**418**	**1,418**

4.11 Other accruals

Prepaid expenses

Prepaid expenses totaled €957,000.

(In thousands of euros)	12/31/2018	12/31/2017
Operating expenses	340	216
Financial expenses	617	822
Non-recurring expenses	0	0
TOTAL	**957**	**1,038**

NOTE 5 NOTES TO THE BALANCE SHEET – EQUITY AND LIABILITIES

5.1 Equity

Share capital was divided into 219,927,545 fully paid-up common shares with a par value of €1.00 each.

The following transactions were carried out on the Company's share capital during the year:

- on June 15, 2018, a capital increase through the capitalization of €503,000 from the additional paid-in capital generated by issuing 502,735 new shares with a par value of €1 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the "2016 GM";
- on December 20, 2018, a capital increase through the capitalization of €55,000 from the additional paid-in capital generated by issuing 54,603 new shares with a par value of €1 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the "2016 GM".

Changes in equity during the financial year:

(In thousands of euros)	
As at 12/31/2017	**3,096,977**
Dividends	(81,110)
Net income (loss) for the financial year	(64,875)
Capital increase	557
Capital reduction	
Allocation of additional paid-in capital	(557)
Increase in additional paid-in capital	
Change in investment grants	
Change in regulated provisions (accelerated depr./amort., etc.)	5,416
AS AT 12/31/2018	**2,956,409**

The general meeting of May 18, 2018 approved the distribution of reserve funds in the amount of €0.37 per share, or €81,110,000.

5.2 Description of bonus share award plans

Outstanding share grants as of the reporting date have the following characteristics:

Free performance share grants	Plan no. 1 – 2015	Plan no. 2 – 2015	Plan no. 3 – 2016	Plan no. 4 – 2016	Plan no. 5 – 2016	Plan no. 6 – 2017	Plan no. 7 – 2018	Plan no. 8 – 2018	Plan no. 9 – 2018
Date of shareholders' meeting	10/08/2014	10/08/2014	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016	05/27/2016
Date of Supervisory Board Meeting	04/03/2015	04/03/2015 12/14/2015	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/09/2016 05/03/2016	03/14/2017	03/06/2018	03/06/2018	03/06/2018
Date of decision of the Management Board	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/20/2016	03/24/2017	03/29/2018	08/31/2018	12/20/2018
Number of rights originally granted	554,109 [c]	46,430 [c]	1,039,316 [c]	8,987 [c]	57,837 [c]	577,050	1,071,374	29,750	28,604
› of which members of the Executive Committee	200,314	–	498,434	–	–	249,300	494,100	–	–
› of which corporate officers:	138,640	–	294,720	–	–	146,700	206,490	–	–
- Xavier Martiré	110,504	–	220,268	–	–	100,000	117,995	–	–
- Louis Guyot	14,068	–	37,226	–	–	23,350	49,164	–	–
- Matthieu Lecharny	14,068	–	37,226	–	–	23,350	39,331	–	–
Number of beneficiaries	152	29	206	7	43	230	472	36	25
› of which members of the Executive Committee	8	–	9	–	–	9	11	–	–
› of which corporate officers	3 [a]	–	3 [a]	–	–	3 [a]	3	–	–
Grant date	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/21/2016	03/24/2017	04/06/2018	08/31/2018	12/20/2018
Vesting date									
France									
› members of the Management Committee and the Executive Committee	04/07/2017 [d]	–	06/15/2019 [f]	–	–	03/24/2020 [f]	04/06/2021 [f]	–	–
› other beneficiaries	04/07/2017 [d]	12/21/2017 [d]	06/15/2018 [f]	06/15/2018 [f]	12/21/2018 [f]	03/24/2019 [f]	04/06/2020 [f]	08/31/2020	12/20/2020
Rest of the world	04/07/2017 [d]	12/21/2017 [d]	06/15/2018 [f]	06/15/2018 [f]	12/21/2018 [f]	03/24/2019 [f]	04/06/2020 [f]	08/31/2020	12/20/2020
End of share lock-up period									
› members of the Management Committee and the Executive Committee	04/07/2019 [e]	–	06/15/2019 [h]	–	–	03/24/2020 [h]	04/06/2021 [h]	–	–
› other beneficiaries	04/07/2019 [e]	12/21/2019 [e]	06/15/2018 [h]	06/15/2018 [h]	12/21/2018 [h]	03/24/2019 [h]	04/06/2020 [h]	08/31/2020 [h]	12/20/2020 [h]
Rights vested in 2018			502,735 [i]	3,852 [i]	54,603 [i]	0 [g]	0 [g]	0 [g]	0 [g]
Number of rights lapsed or forfeited as of 12/31/2018			38,147	5,135	3,234	25,080	34,657	–	–
Number of rights outstanding as of 12/31/2018			498,434	–	–	551,970	1,036,717	29,750	28,604
› of which members of the Executive Committee			498,434	–	–	249,300	494,100	–	–
› of which corporate officers:			294,720	–	–	146,700	206,490	–	–
- Xavier Martiré			220,268	–	–	100,000	117,995	–	–
- Louis Guyot			37,226	–	–	23,350	49,164	–	–
- Matthieu Lecharny			37,226	–	–	23,350	39,331	–	–
Number of working beneficiaries as of 12/31/2018	109	20	173	4	40	208	436	36	25
› of which members of the Executive Committee	8	–	9	–	–	9	11	–	–
› of which corporate officers:	3 [b]	–	3 [b]	–	–	3 [b]	3 [b]	–	–

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(c) This number takes into account the adjustment related to beneficiaries' rights under the capital increase with preferential subscription rights which was carried out in February 2017, said share issue having had a dilutive effect on the share's value following the removal of the preferential subscription rights. This adjustment was made by transposing the rules on stock options provided for in Article R. 228-91-1 of the French Commercial Code.
(d) The vesting of the shares is contingent upon continuous service for the duration of the vesting period and performance conditions related to (i) the Group's consolidated revenue, (ii) EBIT as stated in the financial statements for the 2016 financial year, and (iii) the relative performance of the Elis share compared to the SBF120 (measured on a 20-day moving average and adjusted for dividends).
Only 20% of the shares granted will be delivered to beneficiaries if just one of those performance conditions is met, 50% if two of the conditions are met, and 100% if all three conditions are met. No share will vest if none of the conditions is met.
(e) Vested shares are subject to a lock-up period of two years from the vesting date. At the end of the lock-up period, the shares will be available and may be freely transferred by the beneficiaries subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. Throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance in chapter 4 of this 2018 registration document.
(f) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.
(g) Except for members of the Executive Committee, the vesting of these shares is contingent on the achievement of the performance targets set out in the plan and measured over a two-year period, i.e., 2018 performance for the 2017 plan, and 2019 performance for the 2018 plan.
For members of the Executive Committee, performance is measured over a three-year period. For the 2017 plan, performance is measured over 2018 and 2019. For the 2018 plan, performance will be measured for 2020 only.
The vesting of shares is also contingent on uninterrupted continuous service with the Group for the duration of the vesting period.
The performance targets attached to the shares are set in reference to three quantifiable criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to the SBF 120 index (measured as a 20-day moving average and adjusted for dividends).
For members of the Executive Committee, the performance targets for the 2019 plan also include criteria related to the success of the integration of Berendsen: synergies achieved, EBIT margin for UK and Germany.
The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. (see chapter 4 for the performance conditions attached to the shares granted in 2018 to members of the Management Board).
(h) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their term of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance, provided in chapter 4 of this 2018 registration document.
(i) At its meeting of March 6, 2018, the Supervisory Board reviewed the performance associated with the settlement of performance shares that were granted in 2016 and vested in 2018 (except for Executive Committee members, whose shares vest after three years), and noted that all performance criteria associated with the plans implemented in 2016 had been met: revenue was €2,215 million in 2017, EBIT was €299 million, and the Elis share outperformed the SBF120. At its meeting of March 6, 2018, the Supervisory Board deemed that the number of vested shares on June 15, 2018 and December 21, 2018 was equal to 100% of the adjusted grant.

5.3 Parent Company

Name and headquarters of the company that prepared the consolidated financial statements for the largest group	ELIS SA, Saint-Cloud (92210), SIRET 499668440 00039
Name and headquarters of the company that prepared the consolidated financial statements for the smallest group	ELIS SA, Saint-Cloud (92210), SIRET 499668440 00039
Place where copies of these consolidated financial statements may be obtained	5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France

5.4 Provisions

Breakdown by type:

PROVISIONS FOR RISKS

(In thousands of euros)	12/31/2017	Additions	Reversals	12/31/2018
Provisions for legal proceedings				
Provisions for warranty claims				
Provisions for losses on futures markets		617		617
Provisions for fines and penalties		3,750		3,750
Provisions for unrealized foreign currency translation losses		113		113
Provisions for post-employment benefits	54	38		92
TOTAL	**54**	**4,518**		**4,572**

5.5 Summary of maturities of liabilities

(In thousands of euros)	Gross amount at 12/31/2018	Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds	400,000		400,000	
Other bonds	804,067	4,067	800,000	
Bank loans:				
› initially within one year	690	690		
› initially more than one year	727,376	2,376	700,000	25,000
Sundry borrowings and financial debt	1,633,194	433,194	850,000	350,000
Trade payables	5,479	5,479		
Employees	1,724	1,724		
Social security and similar	557	557		
Government and other public authorities:				
Income tax expense				
Value added tax	97	97		
Guaranteed bonds				
Other taxes	59	59		
Amounts due to suppliers of non-current assets				
Group and associates	167,488	167,488		
Other liabilities	549	549		
Securities borrowed or received as collateral				
Deferred income				
TOTAL	**3,741,281**	**616,281**	**2,750,000**	**375,000**
Loans taken during the year	1,700,300			
Loans repaid over the financial year	1,675,600			

As of December 31, 2018, liabilities mainly included:

High-Yield Bonds

On April 28, 2015, Elis issued bonds with a principal amount of €800 million, paying interest at an annual rate of 3% and maturing in 2022 (the "High-Yield Bonds"). Interest is payable every six months. The High-Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a senior syndicated credit facilities agreement for an amount of €1,150 million maturing in five years, consisting of three tranches: a €450 million term loan, a €200 million CAPEX line and a €500 million revolving credit facility.

At December 31, 2018, the term loan was drawn down in the amount of €450 million; the CAPEX line was drawn down in the amount of €200 million and the revolving credit facility was undrawn.

Convertible bonds (OCÉANE)

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions*, or "OCÉANE") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. These bonds are non-interest bearing (zero coupon).

Syndicated Credit Facility – Term loan

On November 7, 2017, Elis entered into a second syndicated credit facilities agreement with two tranches: a €200 million term loan (fully drawn on December 31, 2018) and a €400 million revolving credit line, undrawn as of December 31, 2018. The term loan matures in November 2022. In 2018, the maturity of the revolving credit line was extended to November 2023 from November 2022 and may be extended until November 2024.

Schuldschein

Elis raised €75 million on November 23, 2017 through a multi-tranche private placement under German law, the so-called "Schuldschein" note.

This transaction enables the Group to diversify its financing sources. The funds were raised at fixed and variable rates, respectively representing 46% and 54% of the total amount, maturing in three to seven years.

EMTN Notes

On January 30, 2018, Elis set up a €3 billion EMTN (euro medium-term note) program approved by the AMF. Under this EMTN program, on February 15, 2018, the Group carried out a dual-tranche bond issue comprising a €650 million tranche with a maturity of five years and a coupon of 1.875%, and a €350 million tranche with a maturity of eight years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the acquisition of Berendsen.

Commercial paper

The Company has a commercial paper program, approved by Banque de France, for a maximum of €500 million. In addition to other financing, this program provides the Elis Group with access to short-term, non-intermediated resources at favorable market conditions. As of December 31, 2018, outstandings under this program totaled €413.1 million, versus €396.4 million at December 31, 2017.

As of December 31, 2018, the Group had an undrawn revolving credit line of approximately €400 million.

5.6 Forward financial instruments and hedges

Interest rate risk management

Elis has signed interest rate swap agreements to exchange the interest rates on its variable rate debt for a fixed rate over the term of the loan.

As of December 31, 2018, most of Elis' long-term debt had fixed interest rates after interest rate risk management.

As of December 31, 2018, most of Elis' long-term debt had fixed interest rates after interest rate risk management. Swaps contracted with BNP Paribas for a nominal amount of €450 million serve to hedge the term loan portion of the Senior Credit Facility until its maturity in 2022 (fixed rate on the swaps: 0.46%). As of December 31, 2018, their fair value was negative, at -€8,931,000, compared with -€7,343,000 as of December 31, 2017.

Moreover, the other swaps contracted by the company for a nominal amount of €500 million (fixed rate on the swaps: 0.503%) have a negative fair value of -€5,923,000 as of December 31,2018.

These instruments, designated as hedges, are not recorded in the balance sheet as prescribed by ANC Regulation 2015-05 (except for accrued interest).

Currency risk management

Derivatives that do not qualify as hedges (isolated open positions) are comprised of:

- forward purchases/sales of foreign currencies to hedge subsidiaries' transactional exposures;
- foreign currency swaps to hedge foreign exchange risk on intra-group current accounts in foreign currencies.

As of December 31, 2018, their fair value amounted to €396,000 (against a nil value as of December 31, 2017), recorded in the balance sheet under "Cash and cash equivalents".

5.7 Trade payables

(In thousands of euros)	12/31/2018	12/31/2017
Group suppliers	1,575	1,011
Suppliers	968	4,403
Suppliers of non-current assets		
Invoices not received – Group		
Invoices not received	1,834	1,055
Invoices not received – Group	246	5,162
Goods received awaiting invoices		20
Invoices – bank fees	855	763
CARRYING AMOUNT	**5,479**	**12,414**

5.8 Accrued expenses

The amounts of accrued expenses included in the following balance sheet items were as follows:

(In thousands of euros)	12/31/2018	12/31/2017
Operating liabilities		
Trade payables	2,935	7,000
Tax and employee-related liabilities	2,275	1,898
Financial liabilities		
Interest accrued on sundry borrowings and financial debt	27,227	8,130
TOTAL	**32,437**	**17,028**

5.9 Other accruals

Deferred income

None.

NOTE 6 NOTES TO THE INCOME STATEMENT

6.1 Breakdown of revenue

2018 revenue by business segment and region breaks down as follows:

	Financial year 2018			Financial year 2017
(In thousands of euros)	France	EEC + Rest of the world	Total	Total
Sales of goods held for resale				
Sales of finished goods				
Sales of services	1,005		1,005	566
REVENUE	**1,005**		**1,005**	**566**
PERCENTAGE	**100%**	**0%**	**100%**	

6.2 Reinvoiced expenses

(In thousands of euros)	12/31/2018	12/31/2017
Employee expenses	977	0
Other expenses	0	0
TOTAL	**977**	**0**

6.3 Average number of employees

The average number of employees during 2018 breaks down as follows:

	Financial year 2018	
	Number of employees	Number of secondees
Managers	2	
Other staff		
TOTAL	**2**	**0**

6.4 Compensation of management bodies

Members of the Supervisory Board: total amount of 2017 directors' fees paid in 2018: €393,000.

Management Board: €3,442,000.

6.5 Net financial income (loss)

Net financial expense for the year amounted to -€49,030,000, broken down as follows:

(In thousands of euros)	Financial year 2018	Financial year 2017
FINANCIAL INCOME	26,186	22,707
Financial income from equity investments		
Income from other securities and long-term loans and receivables		
Other interest income	25,631	17,768
Reinvoiced expenses and reversals of provisions		
Foreign currency translation gains	554	4,939
Net gain on disposals of marketable securities		
FINANCIAL EXPENSES	75,216	53,649
Amortization and provisions on financial assets	5,066	37
Interest expense	69,364	48,779
Foreign currency translation losses	785	4,833
Net (loss) on disposals of marketable securities		
NET FINANCIAL INCOME (LOSS)	**(49,030)**	**(30,942)**

6.6 Net non-recurring income (loss)

The financial year's net non-recurring income (loss) of -€13,662,000 breaks down as follows:

(In thousands of euros)	Financial year 2018	Financial year 2017
NON-RECURRING INCOME	190	741
Non-recurring income from operations	1	
Non-recurring income from capital transactions	189	741
Reinvoiced expenses and reversals of provisions		
NON-RECURRING EXPENSES	13,852	13,766
Non-recurring expenses on operations	7,621	12,106
Non-recurring expenses on capital transactions	786	1
Non-recurring depreciation, amortization and provisions	5,445	1,659
NET NON-RECURRING INCOME (LOSS)	**(13,662)**	**(13,025)**

- Non-recurring income and expenses on capital transactions correspond to realized and unrealized gains and losses on treasury shares under the liquidity contract, as measured using the first-in-first-out (FIFO) method.
- Non-recurring expenses on operations comprised transaction costs related to the acquisition and consolidation of Berendsen.
- Non-recurring depreciation, amortization and provisions corresponds to the five-year amortization of acquisition costs for Berendsen shares.

6.7 Income tax

From March 1, 2008, the Company elected to determine French income taxes on a consolidated basis in accordance with Article 223 A et seq. of the French Tax Code, together with the subsidiaries and sub-subsidiaries included in the following list as of December 31, 2018: MAJ, Les Lavandières, Régionale de Location et Services Textiles, Pierrette-TBA, Le Jacquard Français, Elis Services, Thimeau, Maison de Blanc Berrogain, Blanchisserie Moderne, Société de Participations Commerciales et Industrielles, Pro Services Environnement, LSP. A new agreement was signed on October 30, 2009 effective July 1, 2009.

As the parent company of the consolidated group, Elis consolidates the taxable income of all the members of the group and pays the corresponding tax to the French Treasury. It receives from its subsidiaries the amount of tax that they would have borne in the absence of tax consolidation. As of December 31, 2018, Elis recorded in its financial statements a tax benefit amount of €26,847,000 (€27,990,000 as of December 31, 2017) corresponding to the difference between the amounts received from the subsidiaries and those actually paid.

Elis applies the tax payable method and therefore does not recognize the amounts that it would have to pay to subsidiaries with tax losses in future years where they have taxable income. The tax loss carryforwards applied for certain members of the tax consolidation group and Elis's related deferred tax liabilities are detailed below:

(In thousands of euros)	Unused loss carryforwards (basis)	Tax rate	Deferred tax liabilities
Société de Participations Commerciales et Industrielles	1,637	28%	458
Le Jacquard Français	5,336	28%	1,494
LSP	12	28%	3
TOTAL	**6,985**		**1,955**

DEFERRED TAX

Base *(In thousands of euros)*	**At the beginning of the financial year**	**Change in net income (loss) for the financial year**	**At the end of the financial year**
Accelerated amounts for tax relief			
Regulated provisions			
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	54	38	92
Corporate social solidarity contribution		15	15
Other provisions for risks			
TAX LOSS CARRYFORWARDS			
TOTAL	**54**	**53**	**107**

Income tax expense *(In thousands of euros)*	**At the beginning of the financial year**	**Change in net income (loss) for the financial year**	**At the end of the financial year**
Accelerated amounts for tax relief			
Regulated provisions			
Differences between accounting and tax bases of certain income and expense items			
Provision for retirement benefits	17	12	29
Corporate social solidarity contribution		5	5
Other provisions for risks			
TAX LOSS CARRYFORWARDS			
TOTAL	**17**	**17**	**34**

NOTE 7 MISCELLANEOUS INFORMATION

7.1 Financial commitments

COMMITMENTS GIVEN

(In thousands of euros)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Related to cash and cash equivalents				
Related to financing				
Endorsements, sureties and guarantees on behalf of subsidiaries	410,110			410,100
Related to rentals				
Related to services rendered				
Other				
	410,110	**0**	**0**	**410,110**

COMMITMENTS RECEIVED

(In thousands of euros)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Related to operations/property/international expansion				
Related to financing [(a)]	1,508,931		1,458,931	50,000
Guaranteed receivables				
	1,508,931		**1,458,931**	**50,000**

(a) *Commitments received include a joint and several guarantee granted by MAJ within the limit provided for by applicable local regulations and a joint and several guarantee granted by the subsidiaries Atmosfera and SPAST for the commitments given for the Senior Term and Revolving Facilities Agreement, the High Yield Bonds and the Bridge Loan Agreement within the limit provided for by applicable local regulations.*

7.2 Employee benefit liabilities

Personal training account

Employees earned individual rights to training (*Droits Individuels à la Formation* – DIF) under the professional training rules in effect until December 31, 2014, totaling 284 hours. On January 1, 2015 these rights were transferred to their Personal training accounts and can be used until January 1, 2021.

6.4 STATUTORY AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS

(Year ended December 31, 2018)

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Elis for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the “Responsibilities of the Statutory Auditors relating to the audit of the financial statements” section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments and other financial assets

Notes 3.1 “Financial assets” and 4.2 “Financial assets” to the financial statements

Description of risk

Equity investments at December 31, 2018 represented €3,611 million, the largest balance sheet item. Equity investments are carried at cost and may be impaired based on their value in use.

The Company’s balance sheet at December 31, 2018 also included other financial assets for a net amount of €1,365 million representing merger losses on financial assets.

As described in note 3.1 to the financial statements, the value in use of equity investments is determined for a given investment on the basis of its contribution to consolidated net assets, profitability and future prospects. Merger losses are grouped with equity investments for the purposes of the impairment test.

The economic climate within which the Group operates is changing. Its subsidiaries may experience variations in their level of activity, which may in turn lead to a deterioration in their levels of operating income. Accordingly, and given their amounts in the Company’s balance sheet, we deemed the measurement of equity investments and related financial assets to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimated value in use of the equity investments and other financial assets, on the basis of the information provided to us, our work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and data, and more specifically:

- for valuations based on historical data: verifying that the equity and net debt amounts used were consistent with the financial statements of the entities concerned, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
  - obtaining forecasts of economic indicators for the investments concerned, and assessing their consistency with the business plans drawn up by management,
  - assessing the reasonableness of the comparable trading multiples used.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Board's management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Elis by the Annual General Meeting held on June 29, 2011 for Mazars and by the articles of incorporation at the time of the Company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2018, Mazars and PricewaterhouseCoopers Audit were in the eighth and the twelfth consecutive year of their engagement, respectively, and the fourth year since the securities of the Company were admitted to trading on a regulated market.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 6, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Bruno Tesnière	Isabelle Massa

Elis shareholders are invited to the combined (ordinary and extraordinary) general meeting to be held on May 23, 2019 at 3:00 p.m. at the Capital 8 Conference Center, 32, rue de Monceau, 75008 Paris, France.

All Elis shareholders, regardless of the number of shares they hold, may attend and vote at the general shareholders' meeting. Elis informs its shareholders of meetings by public notices published in the French bulletin of mandatory legal announcements (*Bulletin des annonces légales obligatoires* – BALO) and in a daily newspaper authorized to publish legal announcements.

Documents related to the general shareholders' meeting will be available on the Company's website within the required deadline (www.corporate-elis.com).

7

Combined general meeting of May 23, 2019

7.1 AGENDA

7.1.1 ORDINARY GENERAL MEETING AGENDA

- Management Board's report on the financial statements for the year ended December 31, 2018;
- Management Board's report on the draft resolutions within the authority of the ordinary general meeting;
- Supervisory Board's report on corporate governance in accordance with Article L. 225-68 of the French Commercial Code, including in particular the Supervisory Board's comments on the Management Board's report and the financial statements for the year;
- Statutory Auditors' reports on the parent company financial statements and the consolidated financial statements for the year ended December 31, 2018;
- Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 et seq. of the French Commercial Code;
- Approval of the parent company financial statements for the year ended December 31, 2018 ***(1st resolution);***
- Approval of the consolidated financial statements for the year ended December 31, 2018 ***(2nd resolution);***
- Allocation of income for the financial year ended December 31, 2018 ***(3rd resolution);***
- Special dividend of an amount to be deducted from the "Additional paid-in capital" account ***(4th resolution);***
- Approval of regulated agreements and commitments referred to in Articles L. 225-86 et seq. of the French Commercial Code ***(5th resolution);***
- Reappointment of Thierry Morin as a member of the Supervisory Board ***(6th resolution);***
- Reappointment of Magali Chessé as a member of the Supervisory Board ***(7th resolution);***
- Reappointment of Philippe Delleur as a member of the Supervisory Board ***(8th resolution);***
- Ratification of the co-optation of Antoine Burel ***(9th resolution);***
- Reappointment of PricewaterhouseCoopers Audit as Statutory Auditors ***(10th resolution);***
- Reappointment of Mazars as Statutory Auditors ***(11th resolution);***
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the chairman of the Supervisory Board for the financial year ending December 31, 2019 ***(12th resolution);***
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Supervisory Board for the financial year ending December 31, 2019 ***(13th resolution);***
- Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the chairman of the Management Board for the financial year ending December 31, 2019 ***(14th resolution);***
- Approval of the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the members of the Management Board for the financial year ending December 31, 2019 ***(15th resolution);***
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Thierry Morin, chairman of the Supervisory Board, for the year ended December 31, 2018 ***(16th resolution);***
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Xavier Martiré, chairman of the Management Board, for the year ended December 31, 2018 ***(17th resolution);***
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Louis Guyot, member of the Management Board, for the year ended December 31, 2018 ***(18th resolution);***
- Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Matthieu Lecharny, member of the Management Board, for the year ended December 31, 2018 ***(19th resolution);***
- Authorization to be granted to the Management Board to trade in the Company's shares ***(20th resolution).***

7.1.2 EXTRAORDINARY GENERAL MEETING AGENDA

- Management Board's report on the draft resolutions within the authority of the extraordinary general meeting;
- Statutory Auditors' report on the delegation of authority to be granted to the Management Board to increase share capital by issuing common shares and/or composite securities, without preferential subscription rights, reserved for categories of beneficiaries as part of an employee stock ownership plan;
- Statutory Auditors' report on the authorization to be granted to the Management Board to reduce the Company's share capital;
- Delegation of authority to be granted to the Management Board to increase the Company's share capital without preferential subscription rights reserved for employees who participate in a company or group savings plan ***(21st resolution);***
- Delegation of authority to be granted to the Management Board to increase the Company's share capital, without preferential subscription rights, reserved for employees and/or corporate officers of some of the Company's foreign subsidiaries as defined in Article L. 233-16 of the Commercial Code, whose registered offices are located outside of France and that do not participate in the group savings plan ***(22nd resolution);***
- Authorization to be granted to the Management Board to reduce the share capital ***(23rd resolution);***
- Powers to carry out legal formalities ***(24th resolution).***

7.2 MANAGEMENT BOARD'S REPORT ON THE DRAFT RESOLUTIONS

To the Shareholders,

We have convened this combined general meeting on May 23, 2019 to submit the following 24 resolutions for your approval, the drafts of which were approved by your Management Board at its meeting on March 6, 2019:

- the first 20 resolutions fall within the authority of the ordinary general meeting;
- resolutions 21, 22 and 23 fall within the authority of the extraordinary general meeting; and
- the last resolution concerns powers to carry out legal formalities.

Detailed information pertaining to the parent company and consolidated financial statements for the year ended December 31, 2018 and the Group's activities during the previous financial year are included in the 2018 registration document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on March 21, 2019 and made available to you in accordance with the applicable laws and regulations, in particular on the Company's website at www.corporate-elis.com.

In this report, we present to you the reasons for each of the resolutions submitted for your approval at the general shareholders' meeting.

Shareholders are furthermore invited to refer to the cross-reference tables on pages 312 to 314 of the 2018 registration document, which identify the parts of this registration document that correspond to information that must be included in the annual financial report and management report.

7

7.2.1 RESOLUTIONS WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

1st and 2nd resolutions

Approval of the parent company and consolidated financial statements for the year ended December 31, 2018

Pursuant to the **1st and 2nd resolutions,** you are asked to approve the parent company and consolidated financial statements for the year ended December 31, 2018 after having reviewed the Statutory Auditors' reports on the parent company and consolidated financial statements.

The parent company financial statements have been prepared in accordance with French legal and regulatory requirements and the consolidated financial statements have been prepared in accordance with applicable regulations and with International Financial Reporting Standards (IFRS).

The parent company financial statements for the year ended December 31, 2018 show a loss of €64,875,081.02.

The consolidated financial statements for the year ended December 31, 2018 show a profit attributable to the owners of the parent company of €82.2 million.

These results are detailed in the management report and in the financial statements.

You are also asked to approve the amount of non-deductible expenses and charges referred to in Article 39, paragraph 4 of the French Tax Code amounting to €21,114.

3rd resolution

Allocation of income for the financial year ended December 31, 2018

As the financial year ended December 31, 2018 showed net loss of €64,875,081.02, you are asked, pursuant to the **3rd resolution,** to allocate this amount to the accumulated deficit account from the previous year. You will also be asked to clear all losses shown in the accumulated deficit account.

In accordance with the provisions of Article 20 of the Company's bylaws, this proposed allocation of income has been submitted for prior approval to the Supervisory Board.

In accordance with Article 243 bis of the French Tax Code, we remind you that no dividend was paid for the financial years ended December 31, 2015, 2016 or 2017.

4th resolution

Payment of a special dividend deducted from the "Additional paid-in capital" account

Pursuant to the **4th resolution,** you are asked to proceed with the payment of a special dividend deducted from the "Additional paid-in capital" account. This special dividend would have an ex-dividend date of May 27, 2019 and be paid on May 29, 2019.

If the Company holds any of its own shares when these dividends are paid, the unpaid amounts corresponding to the unpaid dividends on these treasury shares will be allocated to the retained earnings account. Lastly, you are reminded that, in accordance with Article 112.1 of the French Tax Code, the amounts distributed to shareholders as full repayment of contributions or additional paid-in capital are not considered taxable distributed income, provided that all profits and reserves other than the statutory reserve have already been distributed. In accordance with the above-mentioned tax provisions, this distribution, deducted from the "Additional paid-in capital" account, would constitute a repayment of contributions.

In accordance with Article 20 of the Company's bylaws, this draft resolution on the payment of a dividend was submitted for prior approval to the Supervisory Board, which voted thereon at its meeting of March 6, 2019.

5th resolution

Approval of regulated agreements and commitments referred to in Articles L. 225-86 et seq. of the French Commercial Code

The purpose of the **5th resolution** is to submit for your approval the Statutory Auditors' special report on the regulated agreements and commitments in the Statutory Auditors' special report that are referred to in Articles L. 225-86 et seq. of the French Commercial Code that were approved and entered into during the financial year ended December 31, 2018 and are mentioned in said report.

We inform you that at its meeting of March 6, 2018, the Supervisory Board voted on the interest of continuing in 2018 the agreements entered into during previous financial years, in accordance with the provisions of Article L. 225-88-1 of the French Commercial Code.

Note that, in accordance with the relevant legal provisions, regulated agreements and commitments that had already been approved by the general shareholders' meeting in previous years and which the Supervisory Board voted in favor of continuing in 2018 and whose provisions remain in force are not resubmitted to the general shareholders' meeting for approval. In such cases, the general shareholders' meeting is requested to take note of the information relating to these agreements and commitments.

6th to 9th resolutions

Composition of the Supervisory Board (reappointment of three members of the Supervisory Board and ratification of the co-optation of a member of the Supervisory Board)

Pursuant to the **6th and 8th resolutions,** on the recommendation of the Appointments and Compensation Committee, you are asked to reappoint Thierry Morin, Philippe Delleur and Magali Chessé, whose terms expire at the close of this general shareholders' meeting, to the Supervisory Board for a further four-year term, i.e., until the close of the annual general meeting to be called in 2023 to approve the financial statements for the year ending December 31, 2022.

You are also asked to ratify, pursuant to the **9th resolution** and in accordance with Article L. 225-78 of the French Commercial Code, the co-optation of Antoine Burel, selected by the Supervisory Board at its meeting on February 20, 2019 on the recommendations of the Appointments and Compensation Committee, to replace Agnès Pannier-Runacher, who resigned, for the remainder of her term, i.e., until the close of the annual general meeting to be called in 2022 to approve the financial statements for the year ending December 31, 2021.

At its meeting on March 6, 2019, the Supervisory Board once again reviewed the independence of its members and concluded that Florence Noblot, Philippe Delleur, Thierry Morin and Anne-Laure Commault continued to meet the independence criteria referred to in Article 1 of the Supervisory Board's rules of procedure. In addition, the Supervisory Board concluded that Antoine Burel, the ratification of whose co-optation is subject to your approval, could not be qualified as an independent member.

The Board also reviewed the availability of its members in accordance with the recommendations of the AFEP-MEDEF Code. This review revealed that no member served on an excessive number of boards of listed companies external to the Group, thus allowing each member of the Company's Supervisory Board to devote the time and attention necessary to perform their duties. The Board also assessed their respective contributions to its work and to the work of its committees, both in terms of skills and personal commitment, and considered that maintaining all of them in their roles was in the Company's interest. The Board also decided that if Supervisory Board members Thierry Morin and Magali Chessé were reappointed by the shareholders, and if Antoine Burel's co-optation was also ratified, said members would continue to perform their respective duties on the Supervisory Board's special committees.

The biographies of the Supervisory Board members are provided in chapter 4 "Corporate governance" of the 2018 registration document and the biographies of those whose appointments or reappointments are up for shareholder approval are provided in the notice convening this general shareholders' meeting.

It should be noted that at the end of your general shareholders' meeting, if these resolutions are adopted, a majority of the members of your Supervisory Board will remain independent, in accordance with the principles of the AFEP-MEDEF Code (Article 8.3). It will comprise four women, i.e. 44.44% of its members, in accordance with the law.

10th and 11th resolutions

Reappointment of the Statutory Auditors

The purpose of the 10th and 11th resolutions is for you to reappoint the Statutory Auditors, whose appointments expire at the end of this general shareholders' meeting, for a term of six financial years, i.e., until the end of the general shareholders' meeting called in 2025 to approve the financial statements for the year ending December 31, 2024.

Consequently, you will be asked to reappoint Mazars and PricewaterhouseCoopers as Statutory Auditors.

Information about Mazars and PricewaterhouseCoopers, as well as the fees they received over the previous two financial years, can be found in Note 13 of section 6.1.7 and in section 9.2 of the registration document.

As France's Law No. 2016-1691 of December 9, 2016, known as the "Sapin II" law, has removed the obligation to appoint Alternate Statutory Auditors when the Statutory Auditor is not a natural person or a single-person company, shareholders will not be asked to reappoint CBA and Anik Chaumartin as Alternate Statutory Auditors when their appointments expire at the end of this general shareholders' meeting.

In accordance with Article 20 of the Company's bylaws, this proposal to reappoint the Statutory Auditors was submitted for prior approval to the Supervisory Board, which voted thereon at its meeting of March 6, 2019.

12th to 19th resolutions

Approval of the compensation policy for corporate officers for financial year 2019 and of the elements of fixed, variable and exceptional compensation paid or awarded to corporate officers for financial year 2018

Under the terms of Articles L. 225-82-2 and L. 225-100 of the French Commercial Code, the compensation of corporate officers is subject to a double binding vote by the shareholders, specifically:

- an ex-ante vote on the compensation policy for corporate officers, which consists of presenting an annual resolution to the shareholders on the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind that may be awarded to the Chairmen and members of the Management Board and Supervisory Board for the fulfillment of their duties; and
- an ex-post vote on the implementation of the compensation policy, whereby the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to the chairman of the Supervisory Board, the chairman of the Management Board and members of the Management Board for the previous financial year are submitted to shareholders for approval each year. Separate resolutions must be voted on for the chairman of the Supervisory Board, the chairman of the Management Board and each of the members of the Management Board.

Thus, the purpose of the 12th to 19th resolutions is to ask you to vote on:

- the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind that may be awarded to the Chairmen and members of the Management Board and Supervisory Board for financial year 2019 (12th to 15th resolutions); and
- the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to the chairman of the Management Board and to the chairman of the Supervisory Board for financial year 2018 (16th to 19th resolutions).

12th to 15th resolutions

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind that may be awarded to the Chairmen and members of the Management Board and Supervisory Board for financial year 2019

Shareholders are called upon under the terms of separate resolutions to approve by an ex-ante vote the principles and criteria for determining, and awarding the fixed, variable and special elements of total compensation and benefits of any kind for the chairman and members of the Supervisory Board **(12th and 13th resolutions),** the chairman and members of the Management Board **(14th and 15th resolutions),** for the financial year ending December 31, 2019 as detailed in the Supervisory Board's report on corporate governance included in chapter 4 "Corporate governance" of the 2018 registration document and summarized in the table below. These principles and criteria were determined by the Supervisory Board at its meeting on March 6, 2019 on the recommendations of the Appointments and Compensation Committee.

If these resolutions are rejected by the general shareholders' meeting, the compensation of the Company's corporate officers for 2019 will be determined in accordance with the principles and criteria for determining the compensation of corporate officers applicable for financial year 2018 as approved by the general shareholders' meeting on May 18, 2018, pursuant to the provisions of Article L. 225-82-2 of the French Commercial Code.

The elements of compensation that will be paid or awarded to the chairman of the Supervisory Board, the chairman of the Management Board and each of the members of the Management Board for financial year 2019, pursuant to the compensation policies submitted to this general shareholders' meeting, will be subject to an ex-post vote at the general shareholders' meeting to be held in 2020, with the proviso that the payment of all sums corresponding to the variable and exceptional elements set based on these policies will be subject to the approval of the ordinary general meeting to vote on the elements of compensation of the person in question.

7

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2019 (12TH RESOLUTION)

Fixed compensation	None
Annual variable compensation	None
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	None
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	None
Elements of long-term compensation: other compensation	None
Directors' fees	Unchanged from financial year 2018. For financial year 2019, the chairman of the Supervisory Board will receive directors' fees consisting of a fixed portion equal to €36,000 for his role as member and chairman of the Supervisory Board and a variable portion based on attendance at Supervisory Board meetings, in accordance with the AFEP-MEDEF Code. For 2019, the variable portion is set at €3,600 for each Supervisory Board meeting attended. This amount is reduced to €1,800 for meetings attended by conference call. The chairman of the Supervisory Board will also receive additional payment for his duties as a member of the Audit Committee and of the Appointments and Compensation Committee, the amount of which is based on attendance at the meetings of said committees. Attendance at a committee meeting entitles the chairman to compensation equal to €2,000. This amount is reduced to €1,000 for meetings attended by conference call.
Benefits of any kind	None
Severance benefits	None
Service agreements	None
Non-compete benefits	None
Supplementary retirement plan	None

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2019 (13TH RESOLUTION)

Fixed compensation	None
Annual variable compensation	None
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	None
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	None
Elements of long-term compensation: other compensation	None
Directors' fees	Unchanged from financial year 2018. Each member of the Supervisory Board will receive for financial year 2019 directors' fees consisting of a fixed portion equal to €18,000, and a variable portion based on attendance at Supervisory Board meetings, in accordance with the AFEP-MEDEF Code. For 2018, the variable portion is set at €3,600 for each Supervisory Board meeting attended. This amount is reduced to €1,800 for meetings attended by conference call. Supervisory Board members serving on a special committee receive additional variable compensation based on their attendance at meetings of the committees of which they are members. Attendance at a committee meeting entitles members to compensation equal to €2,000. This amount is reduced to €1,000 for meetings attended by conference call. The chairman of each committee receives additional compensation of €1,000 per meeting, which is reduced to €500 in the event of attendance at a meeting held by conference call.
Benefits of any kind	None
Severance benefits	None
Service agreements	None
Non-compete benefits	None
Supplementary retirement plan	None

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE ELEMENTS OF COMPENSATION OF THE CHAIRMAN OF THE MANAGEMENT BOARD FOR FINANCIAL YEAR 2019 (14TH RESOLUTION)

Fixed compensation	The fixed compensation of the chairman of the Management Board remains set at €800,000. This compensation was raised effective January 1, 2018 as part of a three-year review and in order to ensure consistency with the events that have affected the Company and market practices since the IPO. To that end, in 2017 the Supervisory Board commissioned a study on executive compensation from the consulting firm Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the reference panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content at companies similar in size to those in the Group. The reference markets selected were France, Germany and the United Kingdom.
Annual variable compensation	The chairman of the Management Board's target annual variable compensation remains set at 100% of the amount of his fixed compensation (as a target) and can range from 0% up to 170% in the event of outperformance. This target-based variable portion is based on the following financial and non-financial indicators and in the following proportions (unchanged from 2018): › financial indicators accounting for 70% of the variable portion (i.e., 70% of fixed compensation up to a maximum of 140% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Supervisory Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wanted to continue using the same financial criteria as in previous years, since these criteria are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; › non-financial indicators accounting for 30% of the variable portion (i.e., 30% of fixed compensation, this percentage being the maximum) are based on the following strategic and management criteria, assessed either qualitatively or quantitatively: – transformation of EBITDA into cash flow, – development of the Group's CSR policy, – optimization and standardization of information systems across the Group. The payment of the variable portion may only be made subject to shareholder approval of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code as part of an ex-post vote.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2019, the Supervisory Board has maintained the principle whereby the chairman of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable), it being specified that the payment of such compensation is subject to the approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code as part of an ex-post vote.
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2019 (including the chairman of the Management Board), the Supervisory Board maintained the principle of equity-based compensation for the chairman of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the performance share beneficiaries. To determine the number of shares to be granted, the Appointments and Compensation Committee and the Supervisory Board examine the fair value of said shares, then determine a quantity to be granted that makes it possible to ensure a balance between the various elements of total compensation and benefits of any kind. The maximum proportion of performance shares that can be granted annually to the members of the Management Board (including its chairman) is maintained at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with the market practices of SBF 120 companies. In accordance with the authorization granted by the general shareholders' meeting on May 27, 2016 (22nd resolution), the number of shares that may be granted to the chairman and members of the Management Board may not represent more than 0.55% of the Company's share capital during the period of validity of the authorization granted by the general shareholders' meeting. The performance shares granted to the chairman of the Management Board will vest only after a minimum period of three years and subject to the following conditions: › continuous service with the Group from the grant date until the end of the vesting period; › economic and share-price performance conditions assessed over a period of at least three years. With regard to economic criteria, the Supervisory Board will take care to select appropriate absolute internal and relative external criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. The chairman of the Management Board is obligated to hold such performance shares amounting to one third of the shares vested until his Company share portfolio reaches a value representing three times the amount of his annual fixed compensation.

Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	The chairman of the Management Board will continue to enjoy the use of a company car.
Severance benefits	The chairman of the Management Board may be entitled to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee and approved by the shareholders as part of the regulated agreements procedure at the general shareholders' meeting on May 18, 2018 (6th resolution) and as part of the reappointment of the Chairman of the Management Board on September 5, 2018. In accordance with the recommendations of the AFEP-MEDEF Code, the amount of severance pay is capped at 18 months of gross fixed and variable compensation calculated based on the average compensation received by Xavier Martiré during the two full years preceding his departure. Severance pay would be due only in the event of forced departure, except in the case of negligence or in the event that Xavier Martiré were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None
Non-compete benefits	The chairman of the Management Board is subject to a non-compete agreement for a period of one year, in consideration for which, should it be implemented, he will receive a non-compete payment (in installments) equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. This non-compete payment is not subject to performance conditions. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the implementation of the non-compete clause contained in that agreement upon Xavier Martiré's departure. **Cap on non-compete and severance payments: The total amount that could be received by Xavier Martiré in the event of departure from the Group is capped at 24 months of gross fixed and variable compensation.**
Supplementary retirement plan	The chairman of the Management Board is not entitled to any supplementary retirement plan for 2019.

7

PRINCIPLES AND CRITERIA FOR DETERMINING, STRUCTURING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD FOR FINANCIAL YEAR 2019 (15TH RESOLUTION)

LOUIS GUYOT

Fixed compensation	For 2019, the fixed compensation of Louis Guyot remains set at €400,000. This compensation was raised effective January 1, 2018 as part of a three-year review and in order to ensure consistency with the events that have affected the Company and market practices since the IPO. To that end, in 2017 the Supervisory Board commissioned a study on executive compensation from the consulting firm Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the reference panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content at companies similar in size to those in the Group. The reference markets selected were France, Germany and the United Kingdom.
Annual variable compensation	For 2019, Louis Guyot's target variable compensation, raised effective January 1, 2018 to account for significant changes in the Group's structure and its challenges, remains set at 70% of his fixed compensation. It can range from 0% up to 119% in the event of outperformance. This target-based variable portion is based on the following financial and non-financial indicators and in the following proportions (unchanged from 2018): › financial indicators accounting for 70% of the variable portion (i.e., 49% of fixed compensation up to a maximum of 98% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Supervisory Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wanted to continue using the same financial criteria as in previous years, since these criteria are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; › non-financial indicators accounting for 30% of the variable element (i.e., 21% of fixed compensation, this percentage being the maximum) are based on the following strategic and management criteria assessed either qualitatively or quantitatively: – implementation of cash management tools, – effectiveness of financial communications, particularly in terms of CSR, – staggering of debt maturities. The payment of the variable portion may only be made subject to prior shareholder approval of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2019, the Supervisory Board has maintained the principle whereby members of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable); the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.
Elements of long-term compensation: stock options	None

Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2019, the Supervisory Board maintained the principle of equity-based compensation for members of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the performance share beneficiaries. To determine the number of shares to be granted, the Appointments and compensation Committee and the Supervisory Board examine the fair value of said shares, then determine a quantity to be granted that makes it possible to ensure a balance between the various elements of total compensation and benefits of any kind. The maximum proportion of performance shares that can be granted annually to the members of the Management Board is maintained at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with the market practices of SBF 120 companies. In accordance with the authorization granted by the general shareholders' meeting on May 27, 2016 (22nd resolution), the rights that may be granted to the chairman and members of the Management Board may not represent more than 0.55% of the Company's share capital during the period of validity of the authorization granted by the general shareholders' meeting. The performance shares granted to the members of the Management Board will vest only after a minimum period of three years and subject to the following conditions: › continuous service with the Group from the grant date until the end of the vesting period; › economic and share-price performance conditions assessed over a period of at least three years. With regard to economic criteria, the Supervisory Board will take care to select appropriate absolute internal and relative external criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. Members of the Management Board are obligated to hold such performance shares amounting to one third of the shares vested until their Company share portfolio reaches a value representing twice the amount of their annual fixed compensation.
Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	Louis Guyot will continue to enjoy the use of a company car.
Severance benefits	Louis Guyot may be entitled to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee and approved by the shareholders as part of the regulated agreements procedure at the general shareholders' meeting on May 18, 2018 (7th resolution) and as part of the reappointment of Louis Guyot as member of the Management Board on September 5, 2018. In accordance with the recommendations of the AFEP-MEDEF Code, the amount of severance pay is capped at 18 months of gross fixed and variable compensation calculated based on the average compensation received by Louis Guyot during the two full years preceding his departure. Severance pay would be due only in the event of forced departure, except in the case of negligence or in the event that Louis Guyot were able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None
Non-compete benefits	Louis Guyot is subject to a six-month non-compete agreement in consideration for which, should it be implemented, he will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. This payment will be staggered. This non-compete payment is not subject to performance conditions. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the implementation of the non-compete clause contained in that agreement upon Louis Guyot's departure. **Cap on non-compete and severance payments: the total benefit amount that could be received by Louis Guyot in the event of his departure from the Group (including payments that may be paid in respect of his employment contract) is capped at 24 months of gross fixed and variable compensation.**
Supplementary retirement plan	The members of the Management Board are not entitled to any supplementary retirement plan for 2019.

MATTHIEU LECHARNY

Fixed compensation	For 2019, the fixed compensation of Matthieu Lecharny remains set at €300,000. This compensation was raised effective January 1, 2018 as part of a three-year review and in order to ensure consistency with the events that have affected the Company and market practices since the IPO. To that end, in 2017 the Supervisory Board commissioned a study on executive compensation from the consulting firm Mercer. The results of this study revealed a gap between the compensation of the members of the Management Board and that of the reference panel. The study's methodology consisted of selecting managers with comparable responsibilities and job content at companies similar in size to those in the Group. The reference markets selected were France, Germany and the United Kingdom.
Annual variable compensation	For 2019, Matthieu Lecharny's target variable compensation, raised effective January 1, 2018 to account for significant changes in the Group's structure and its challenges, remains set at 70% of his fixed compensation. It can range from 0% up to 119% in the event of outperformance. This target-based variable portion is based on the following financial and non-financial indicators and in the following proportions (unchanged from 2018): › financial indicators accounting for 70% of the variable portion (i.e., 49% of fixed compensation up to a maximum of 98% in the event of outperformance): the economic indicators used correspond to the Company's business management tools, namely revenue (20%), EBIT (30%), and operating cash flow (20%), in line with the budgetary target discussed annually with the Board, said target being itself in line with the guidance communicated to the market. The Supervisory Board wanted to continue using the same financial criteria as in previous years, since these criteria are a good reflection of the Company's overall performance in terms of growth, profitability and cash flow; › non-financial indicators accounting for 30% of the variable element (i.e., 21% of fixed compensation, this percentage being the maximum) are based on the following strategic and management criteria assessed either qualitatively or quantitatively: – improvement of overall performance in Spain, – sales momentum in Latin America, – development of CSR in the region. The payment of the variable portion may only be made subject to prior shareholder approval of this element of compensation pursuant to Article L. 225-100 of the French Commercial Code.
Deferred variable compensation	None
Multi-year variable compensation	None
Special compensation	For 2019, the Supervisory Board has maintained the principle whereby members of the Management Board may, under certain circumstances, be eligible for special compensation not to exceed the maximum amount of annual monetary compensation (fixed + maximum variable); the payment of such compensation is subject to the prior approval of the shareholders in accordance with Article L. 225-100 of the French Commercial Code.
Elements of long-term compensation: stock options	None
Elements of long-term compensation: performance shares	In reviewing the principles for determining the compensation of the members of the Management Board for 2019, the Supervisory Board maintained the principle of equity-based compensation for members of the Management Board in the form of performance shares to which is attached a medium-term economic and share price performance condition in order to align the interests of the shareholders with those of the performance share beneficiaries. To determine the number of shares to be granted, the Appointments and Compensation Committee and the Supervisory Board examine the fair value of said shares, then determine a quantity to be granted that makes it possible to ensure a balance between the various elements of total compensation and benefits of any kind. The maximum proportion of performance shares that can be granted annually to the members of the Management Board is maintained at 1.25 times their annual compensation (fixed + maximum variable) in accordance with the recommendations of the AFEP-MEDEF Code and in line with market practices of SBF 120 companies. In accordance with the authorization granted by the General Shareholders' meeting on May 27, 2016 (22nd resolution), the number of performance shares that may be granted to the chairman and members of the Management Board may not represent more than 0.55% of the Company's share capital during the period of validity of the authorization granted by the general shareholders' meeting. The performance shares granted to the members of the Management Board will vest only after a minimum period of three years and subject to the following conditions: › continuous service with the Group from the grant date until the end of the vesting period (except under special circumstances); › economic and share-price performance conditions assessed over a period of at least three years. With regard to economic criteria, the Supervisory Board will take care to select appropriate absolute internal and relative external criteria that are assessed over time, which may be identical to financial criteria used to determine the annual variable portion of compensation. With regard to share price performance, this will be assessed on the basis of a stable criterion based on the performance of the Elis share's TSR compared to that of the SBF 120. Members of the Management Board are obligated to hold such performance shares amounting to one third of the shares vested until their Company share portfolio reaches a value representing twice the amount of their annual fixed compensation.

Elements of long-term compensation: other compensation	None
Directors' fees	None
Benefits of any kind	Matthieu Lecharny will continue to enjoy the use of a company car.
Severance benefits	Matthieu Lecharny may be entitled to severance pay in the event of forced departure, in accordance with the terms and conditions set by the Supervisory Board on March 6, 2018 on the recommendation of the Appointments and Compensation Committee and approved by the shareholders as part of the regulated agreements procedure at the general shareholders' meeting on May 18, 2018 (8th resolution) and as part of the reappointment of Matthieu Lecharny as member of the Management Board on September 5, 2018. In accordance with the recommendations contained in the AFEP-MEDEF Code, the amount of severance pay is capped at 18 months of gross fixed and variable compensation calculated based on the average compensation received by Matthieu Lecharny during the two full years preceding his departure. Severance pay would be due only in the event of forced departure, except in the case of negligence or in the event that Matthieu Lecharny was able to exercise his retirement rights in the short term. The severance payment is contingent on two performance conditions being met: (i) a revenue target, and (ii) an EBIT target, both being measured over the 12 consecutive months preceding the date of the last half-year-end prior to departure. If none of the targets is achieved, no payment will be due. If one of the above targets is achieved, two thirds of the severance pay will be due, i.e., 12 months of average gross fixed and variable compensation. If both of the above targets are achieved, the severance pay will be due in full.
Service agreements	None
Non-compete benefits	Matthieu Lecharny is subject to a six-month non-compete agreement in consideration for which, should it be implemented, he will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. This payment will be staggered. This non-compete payment is not subject to performance conditions. In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board must approve the activation of the non-compete clause contained in that agreement upon Matthieu Lecharny's departure. **Cap on non-compete and severance payments: The total amount that could be received by Matthieu Lecharny in the event of departure from the Group (including payments that may be paid in respect of his employment contract) is capped at 24 months of gross fixed and variable compensation.**
Supplementary retirement plan	The members of the Management Board are not entitled to any supplementary retirement plan for 2019.

16th to 19th resolutions

Approval of the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to the chairman of the Management Board, to the chairman of the Supervisory Board, and to the members of the Supervisory Board for financial year 2018

Under the terms of the **16th to 19th resolutions**, the shareholders are requested, in accordance with the provisions of Articles L. 225-100 and R. 225-56-1 of the French Commercial Code, to approve the fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Xavier Martiré, chairman of the Management Board, Louis Guyot and Matthieu Lecharny, members of the Management Board, and Thierry Morin, chairman of the Supervisory Board, for financial year 2018, in accordance with the compensation policies approved by the shareholders at the general shareholders' meeting on May 18, 2018 pursuant to the provisions of Article L. 225-82-2 of the French Commercial Code.

The fixed, variable and exceptional elements of the total compensation and benefits of any kind paid or awarded to Xavier Martiré, chairman of the Management Board, Louis Guyot and Matthieu Lecharny, members of the Management Board, and Thierry Morin, chairman of the Supervisory Board, are detailed in the Supervisory Board's report on corporate governance in chapter 4 "Corporate governance" of the 2018 registration document.

In accordance with Article L. 225-100 of the French Commercial Code, the payment of the variable and exceptional elements of the compensation of the above-mentioned corporate officers under their respective compensation policies, approved by the shareholders at the general shareholders' meeting on May 18, 2018, may only be paid after the shareholders have approved the elements of compensation of the corporate officer concerned under the terms of the 16th, 17th, 18th and 19th resolutions.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO THIERRY MORIN, CHAIRMAN OF THE SUPERVISORY BOARD, FOR FINANCIAL YEAR 2018 (16TH RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Fixed compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Annual variable compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Deferred variable compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Multi-year variable compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Special compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Stock options, performance shares or any other element of long-term compensation	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Directors' fees	64,800[(a)]	In accordance with the compensation policy for non-executive corporate officers approved by the general shareholders' meeting on May 18, 2018, Thierry Morin will receive directors' fees in 2019 for financial year 2018 consisting of a fixed portion equal to €36,000 (gross) in respect of his role as member and chairman of the Supervisory Board, and a variable portion based on his attendance at Supervisory Board meetings in financial year 2018, in accordance with the AFEP-MEDEF Code. For 2018, the variable portion is set at €3,600 (gross) for each Supervisory Board meeting attended. This amount is reduced to €1,800 (gross) for meetings attended by conference call. For 2018, this represents an amount of €19,800 (gross) based on an attendance rate of 100%. Thierry Morin will also receive an additional payment for his duties as a member of the Audit Committee and of the Appointments and Compensation Committee, the amount of which is based on attendance at meetings of said committees. Attendance at a meeting of each committee entitles members to compensation equal to €2,000. This amount is reduced to €1,000 for meetings attended by conference call. For 2018, the portion related to Thierry Morin's attendance at committee meetings amounted to €9,000 (gross).
Benefits of any kind	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Severance benefits	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Non-compete benefits	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Supplementary retirement plan	0	Not applicable, as the 2018 compensation policy for non-executive corporate officers does not provide for it.
Executive liability insurance	0	Applicable.

(a) Gross amount before 17.2% withholding tax and a 12.8% tax installment payment.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO XAVIER MARTIRÉ, CHAIRMAN OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2018 (17TH RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Fixed compensation	800,000	Amount of Xavier Martiré's gross annual fixed compensation effective January 1, 2018.
Annual variable compensation	1,096,830 (137.1% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 100% of the amount of fixed compensation, capped at 170% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to a bonus amount in excess of the target. Annual variable compensation targets (financial year 2018): Targets based on financial indicators (target of 70% of the variable element that can range from 0% to 140% in the event of outperformance), linked to: › revenue compared to budget (20%); › EBIT compared to budget (30%); › operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): › successful integration of Berendsen (synergies) (7.5%); › build-up in strategic countries (e.g., United Kingdom, Germany) (7.5%); › development of the Group's CSR policy (7.5%); › innovation as a driver of organic growth (7.5%). The weighting of each of these indicators used to determine the variable compensation of the chairman of the Management Board and the degree to which they have been met are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the chairman of the Management Board for financial year 2018 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the chairman of the Management Board for financial year 2018 does not provide for it.
Special compensation	0	No amount has been allocated for financial year 2018.
Stock options, performance shares or any other element of long-term compensation	1,803,850	No stock options were granted to Xavier Martiré in 2018. On April 6, 2018, Xavier Martiré was awarded 117,995 performance shares (0.053% of the share capital as of December 31, 2018). The performance shares are from two categories. This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meetings on December 14, 2017 and March 6, 2018. The vesting of the performance shares thus awarded is subject to distinct performance conditions for each category that are assessed over three consecutive financial years and to continuous service with the Company throughout the three-year vesting period for each category. These performance conditions are described in greater detail in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2018, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It accounts for the data and assumptions prevailing on the grant date.
Directors' fees	0	This element of compensation is not applicable, as the compensation policy of the chairman of the Management Board for financial year 2018 does not provide for it.
Benefits of any kind	7,296	Xavier Martiré enjoys the use of a company car (annual value).

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Severance benefits	0	In accordance with the compensation policy for the chairman of the Management Board for financial year 2018, Xavier Martiré may be entitled to severance pay in the event of a forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 6th resolution as part of the regulated agreements procedure. The Supervisory Board's report on corporate governance describes how performance will be assessed in the event of forced departure (see chapter 4 of the 2018 registration document). No amount has been allocated for financial year 2018.
Non-compete benefits	0	Pursuant to the compensation policy for the chairman of the Management Board for financial year 2018, Xavier Martiré is subject to a non-compete agreement for a period of one year, in consideration for which he will receive a non-compete payment equal to 50% of the annual gross fixed and variable compensation paid for the last full financial year prior to his departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 6th resolution as part of the regulated agreements procedures. No amount has been allocated for financial year 2018.
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the chairman of the Management Board for financial year 2018 does not provide for it.
Profit sharing	0	Not applicable.
Executive liability insurance	0	Applicable.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO LOUIS GUYOT, MEMBER OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2018 (18TH RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Fixed compensation	400,000	Louis Guyot's gross annual fixed compensation has been unchanged since January 1, 2018.
Annual variable compensation	375,491 (93.87% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 70% of the amount of fixed compensation, capped at 119% of fixed compensation in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to a bonus amount in excess of the target. Annual variable compensation targets (financial year 2018): Targets based on financial indicators (target of 70% of the variable element that can range from 0% to 140% in the event of outperformance), linked to: › revenue compared to budget (20%); › EBIT compared to budget (30%); › operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): › deployment of processes and reporting tools across the entire organization (10%); › Group financing (10%); › quality of financial communications (10%). The weighting of each of these indicators used to determine the variable compensation of Louis Guyot and the degree to which they have been met are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board in 2018 does not provide for it.
Special compensation	0	No amount has been allocated for financial year 2018.

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Stock options, performance shares or any other long-term element of compensation	761,697	No stock options were granted to Louis Guyot in 2018. On April 6, 2018, Louis Guyot was awarded 49,164 performance shares (0.022% of the share capital as of December 31, 2018). This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meetings on December 14, 2017 and March 6, 2018. The vesting of the performance shares thus awarded is subject to performance conditions and continuous service with the Company. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2018, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. These performance conditions are described in greater detail in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It accounts for the data and assumptions prevailing on the grant date.
Directors' fees	0	Louis Guyot does not receive Directors' fees, as the compensation policy for members of the Management Board does not provide for this.
Benefits of any kind	2,678	Louis Guyot enjoys the use of a company car (annual value).
Severance benefits	0	In accordance with the compensation policy for members of the Management Board for financial year 2018, Louis Guyot may be entitled to severance pay in the event of a forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 7th resolution as part of the regulated agreements procedure. The Supervisory Board's report describes how performance will be assessed in the event of forced departure (see chapter 4 of the 2018 registration document). No amount has been allocated for financial year 2018.
Non-compete benefits	0	Pursuant to the compensation policy for the members of the Management Board for financial year 2018, Louis Guyot is subject to a non-compete agreement for a period of six months, in consideration for which he will receive a non-compete payment equal to 50% of the gross fixed and variable compensation paid for the last full financial year prior to his departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 7th resolution as part of the regulated agreements procedures. No amount has been allocated for financial year 2018.
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Profit sharing	6,833	Provisional amount of the profits to be shared with Louis Guyot for the year ended 2018 (exact payment to be made in May 2019).
Executive liability insurance	0	Applicable.

FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS OF TOTAL COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO MATTHIEU LECHARNY, MEMBER OF THE MANAGEMENT BOARD, FOR FINANCIAL YEAR 2018 (19TH RESOLUTION)

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Fixed compensation	300,000	Matthieu Lecharny's gross annual fixed compensation has been unchanged since January 1, 2018.
Annual variable compensation	278,468 (92.82% of fixed compensation)	Specific variable compensation targets were established by the Supervisory Board based on the recommendation of the Appointments and Compensation Committee at the beginning of the reference period to which they apply. The target amount of variable compensation is 70% of the amount of fixed compensation, capped at 119% in the event of outperformance, it being specified that only performance linked to the financial indicators can lead to an amount of bonus in excess of the target. Annual variable compensation targets (financial year 2018): Targets based on financial indicators (target of 70% of the variable element that can range from 0% to 140% in the event of outperformance), linked to: › revenue compared to budget (20%); › EBIT compared to budget (30%); › operating cash flow compared to budget (20%). Targets based on the following non-financial indicators and assessed qualitatively and quantitatively (target of 30% of the variable compensation, this percentage being a maximum): › increase in consolidation scope in Spain (10%); › M&A in Germany and in Berendsen's countries (10%); › strong sales momentum in Brazil (10%). The weighting of each of these indicators used to determine the variable compensation of Matthieu Lecharny and the degree to which they have been met are set out in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document.
Deferred variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Multi-year variable compensation	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Special compensation	0	No amount has been allocated for financial year 2018.
Stock options, performance shares or any other long-term element of compensation	621,478	No stock options were granted to Matthieu Lecharny in 2018. On April 6, 2018 Matthieu Lecharny was granted 39,331 performance shares (0.017% of the share capital as at December 31, 2018). This award falls under the authorization granted by the Company's general shareholders' meeting on May 27, 2016 in its 22nd resolution and the authorization granted at the Supervisory Board meeting of March 6, 2018. The vesting of the performance shares thus awarded is subject to performance conditions and continuous service with the Company. These performance conditions are described in greater detail in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document. The value of the performance shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2018, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It accounts for the data and assumptions prevailing on the grant date.
Directors' fees	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Benefits of any kind	3,337	Matthieu Lecharny enjoys the use of a company car (annual amount).
Severance benefits	0	In accordance with the compensation policy for corporate officers for financial year 2018, Matthieu Lecharny may be entitled to severance pay in the event of a forced departure. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 8th resolution as part of the regulated agreements procedure. The Supervisory Board's report describes how performance will be assessed in the event of forced departure (see chapter 4 of the 2018 registration document). No amount has been allocated for financial year 2018.
Non-compete benefits	0	Pursuant to the compensation policy for the members of the Management Board for financial year 2018, Matthieu Lecharny is subject to a non-compete agreement for a period of six months, in consideration for which he will receive a non-compete payment equal to 50% of the gross fixed and variable compensation paid for the last full financial year prior to his departure. No amount has been allocated for financial year 2018. The renewal of this commitment was approved by the general shareholders' meeting on May 18, 2018 pursuant to the 8th resolution as part of the regulated agreements procedure.

Elements of compensation paid or awarded for the financial year ended December 31, 2018	Amounts or valuations submitted for vote *(In euros)*	Description and comments
Supplementary retirement plan	0	This element of compensation is not applicable, as the compensation policy of the members of the Management Board for financial year 2018 does not provide for it.
Profit sharing	6,833	Provisional amount of the profits to be shared with Matthieu Lecharny for the year ended 2018 (exact payment to be made in May 2019).
Executive liability insurance		Applicable.

20th resolution

Authorization to be granted to the Management Board to trade in the Company's shares

Pursuant to its 21st resolution, the general shareholders' meeting on May 18, 2018 renewed the authorization granted to the Company to trade in its own shares for a period of 18 months, in accordance with Article L. 225-209 of the French Commercial Code and the directly applicable provisions of European Regulation No. 596/2014 of April 16, 2014, as amended, on market abuse and related European Commission regulations.

A liquidity agreement was set up under this authorization and resulted in the following transactions during financial year 2018:

- 941,049 shares were purchased for a total price of €18,655,801.88, or an average price per share of €19.8245;
- 800,297 shares were sold for a total price of €15,900,086.40, or an average price per share of €19.8677.

In addition, after the completion of the Berendsen Plc acquisition on September 13, 2017, the Management Board decided to buy a maximum of 508,628 shares under its share buyback program in order to deliver existing Elis shares during the six months following the completion of the acquisition of Berendsen Plc either to the holders of Berendsen options (sharesave options) granted by Berendsen, or to the Employee Benefit Trust, pursuant to the terms of the Put and Call Agreement between the Employee Benefit Trust, Berendsen and the Company (see chapter 1 of the 2018 registration document). Pursuant to this decision, 459,000 Elis shares were acquired during financial year 2018 for a total price of €9,870,006.91, or an average price per share of €21.29. Trading costs amounted to €4,917.79 in financial year 2018. As of December 31, 2018, of the 459,000 shares acquired, 392,502 were delivered to the Employee Benefit Trust.

A total of 3,852 shares acquired under the liquidity agreement were also delivered to beneficiaries of performance shares under 2016 plan rule No. 4 whose vesting period expired on June 15, 2018.

As of December 31, 2018, the Company directly held 198,997 shares, representing 0.09% of the Company's share capital on that date.

The prevailing authorization granted to the Management Board expires in November 2019. Consequently, the Management Board proposes that it be replaced by a new authorization for a period of 18 months from the date of this shareholders' meeting.

Note that, in accordance with Article 20 of the Company's bylaws, this draft resolution on the purchase of shares was submitted for prior approval to the Supervisory Board, which voted thereon at its meeting of March 6, 2019.

This new delegation would allow the Company to trade in its shares (including by using derivative financial instruments), in particular with the following aims, which are subjected to necessary amendments under European Regulation No. 596/2014 of April 16, 2014 on market abuse, related European Commission regulations and market practices allowed by the AMF:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI), using an investment services provider as intermediary;
- to honor obligations deriving from the exercise of rights attached to securities issued by the Company or by one of its subsidiaries, entitling the holder, through conversion, exercise, redemption, exchange, presentation of a warrant or any other means, immediately or in the future, to the allocation of shares of the Company, in accordance with applicable regulations;
- to honor obligations related to stock option plans, the grant of bonus shares to employees and corporate officers, the grant or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share grant, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions in respect of these transactions, as provided by law;
- to cancel any shares acquired, in order to reduce the share capital, in accordance with the conditions set forth by this general shareholders' meeting;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use as payment for potential acquisitions, contributions, mergers or demergers in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by the laws or regulations in force or by the AMF.

We remind you that the general shareholders' meeting on May 18, 2018, under the terms of its 31st resolution, authorized your Management Board to reduce the share capital by canceling treasury sharers. As this authorization is due to expire in 2019, the Management Board asks that the shareholders renew it under the terms of the 23rd resolution.

The conditions applying to this new share buyback authorization, unchanged from those previously adopted by the general shareholders' meeting on May 18, 2018, would be as follows:

- maximum purchase price (excluding acquisition-related costs): €30 per share;
- maximum holding: 10% of the share capital (or 21,992,754 shares as of December 31, 2018); and
- maximum purchase amount: €350 million.

The acquisition of these shares may be carried out at any time, excluding periods of tender offers for the Company's share capital (except with prior authorization from the general shareholders' meeting), on one or more occasions and by all available means, on any market, over the counter, including the purchase of blocks of shares, the use of derivative financial instruments or warrants or securities giving access to shares in the Company, or through the implementation of strategies, where applicable, by any third party acting on behalf of the Company in accordance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code, to the extent permitted by the laws and regulations in force during the period of validity of the share buyback program.

7.2.2 RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY GENERAL MEETING

21st and 22nd resolutions

Delegations of authority granted to the Management Board to carry out capital increases reserved for employees and certain categories of international employees without shareholders' preferential subscription rights

Shareholders are informed of the Group's launch of its first employee stock ownership plan for employees in France and abroad entitled "Elis for All." The project was approved by the AMF on March 8, 2019. We therefore ask shareholders, pursuant to the 21st resolution, to terminate the current authorization granted under the 29th resolution of the general shareholders' meeting on May 18, 2018 on the basis that it was not used, and, having reviewed the report prepared by the Statutory Auditors, grant a new delegation of authority to the Management Board to increase the Company's share capital by issuing shares and/or other securities giving access to the Company's capital reserved for employees of the Company and affiliated companies as defined by Article L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code, subscribing directly or via one or more company mutual funds, provided that those employees participate in a savings plan. This delegation will be granted for a period of 26 months.

We also ask that, pursuant to the 22nd resolution, you grant the Management Board the authority to increase the Company's share capital for the benefit of employees or categories of employees based outside of France so that the Management Board can, if appropriate, roll out an international employee stock ownership plan under better conditions. This 18-month delegation of authority would give employees or categories of employees of the Group based outside of France the option of subscribing for Elis shares under terms and conditions suited to their local environments.

In accordance with the French Labor Code and pursuant to the 22nd resolution, we ask that you decide that the price of the new shares or securities giving access to the share capital to be issued be equal to the average of the prices quoted for the Company's shares on the Euronext Paris market for the twenty trading days preceding the date of the Management Board's decision setting the opening date for the subscription period for members of a company or group savings plan (or similar plan), less the maximum discount authorized by the regulations in force on the day the price is determined by the Management Board, i.e., 20%. You are also asked to increase this discount to 30% in the event of a lock-up period provided for by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code longer than 10 years. We ask that you grant the Management Board the authority to set the final price for the capital increase decided in this manner.

You are also asked to expressly authorize the Management Board to reduce or cancel the aforementioned discount, within statutory or regulatory limits, if it considers such action to be advisable, in order to account for locally applicable legal, accounting, tax and benefits procedures.

We ask that, pursuant to the 22nd resolution, you decide that the price of new shares to be issued be set (i) on the basis of an average of the opening quoted prices on the Euronext Paris market for the twenty trading days preceding the date of the decision of the Management Board or the chairman of the Management Board, setting the opening date for the subscription, with a maximum discount of 20%, and/or (ii) at a price equal to the price set on the basis of the 21st resolution in the event of a concomitant transaction, and/or (iii) in accordance with the procedures for determining the subscription price of the Company's shares, taking into account the specific arrangements for an offer of shares in the Company that would be made in the context of a stock ownership plan governed by foreign law.

The general shareholders' meeting is therefore asked, pursuant to the 21st and 22nd resolutions, to grant the Management Board the authority to increase the Company's share capital on one or more occasions up to a limit of €5 million (nominal value), i.e., approximately 2.27% of the Company's share capital at December 31, 2018. This cap applies to both the 21st and 22nd resolutions.

Note that the vote on these resolutions requires shareholders to expressly waive their preferential subscription rights to the new shares to be issued so that the subscription for those new shares can be reserved for employees participating in the Company's savings plan. To this end, we ask that you delegate to your Management Board the task of approving the list of beneficiaries.

In accordance with Article 20 of the Company's bylaws, these draft resolutions regarding the increase in capital, without preferential subscription rights, reserved for employees and certain categories of international employees were submitted for prior approval to the Supervisory Board, which voted thereon at its meeting of March 6, 2019.

23rd resolution

Authorization to be granted to the Management Board to cancel all or part of the Company's treasury shares, pursuant to the share buyback authorization

The purpose of this resolution is to renew the delegation of authority granted to the Management Board by the general shareholders' meeting on May 18, 2018 to reduce the share capital by canceling any number of treasury shares held by the Company after implementing the share buyback authorization submitted for your approval under the 20th resolution of this general shareholders' meeting. Under applicable law, shares may only be canceled within the limit of 10% of the total number of shares comprising the share capital per 24-month period.

This authority is granted for a period of 18 months from the date of the general shareholders' meeting, and the adoption of this resolution immediately terminates the unused portion of the authority previously granted for the same purpose to the Management Board by the general shareholders' meeting on May 18, 2018.

Note that, in accordance with Article 20 of the Company's bylaws, this draft resolution on reducing capital by canceling shares was submitted for prior approval to the Supervisory Board, which voted thereon at its meeting of March 6, 2019.

24th resolution

Powers to carry out legal formalities

Lastly, we ask that you grant powers to carry out any formalities prescribed by law following this general shareholders' meeting.

* * *

We believe that the resolutions that will be submitted for your vote are consistent with your Company's interests and conducive to the development of your Group's operations.

We therefore ask that you vote in favor of these resolutions and thank you for the trust you have always shown us.

The Management Board

7.3 DRAFT RESOLUTIONS

7.3.1 RESOLUTIONS WITHIN THE AUTHORITY OF THE ORDINARY GENERAL MEETING

First resolution

Approval of the parent company financial statements for the year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2018, approves the parent company financial statements for the year ended December 31, 2018 as presented thereto and comprising the statement of financial position, the income statement, and the notes and showing a net loss of €64,875,081.02.

The general shareholders' meeting also approves the transactions reflected in these financial statements and summarized in these reports.

Pursuant to the provisions of Article 223 *quater* of the French Tax Code, the general shareholders' meeting duly notes and approves the aggregate amount of expenses and charges referred to in Article 39-4 of said Tax Code for the year ended December 31, 2018 of €21,114.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2018, approves the consolidated financial statements for the year ended December 31, 2018 as presented and comprising the consolidated statement of financial position, the consolidated income statement and notes prepared in accordance with Article L. 233-16 of the French Commercial Code, showing net income attributable to owners of the parent company of €82.2 million.

The general shareholders' meeting also approves the transactions reflected in these financial statements and summarized in these reports.

Third resolution

Allocation of income for the financial year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2018, on the Management Board's recommendation, decides to:

- allocate the net loss for the financial year ended December 31, 2018, which amounts to €64,875,081.02, to the "Accumulated deficit" account, taking the balance of that account from €150,370,213.67 to €215,245,294.69; and
- clear everything under "Accumulated deficit" by charging it to "Additional paid-in capital."

In accordance with Article 243 *bis* of the French Tax Code, it should be noted that no dividend was paid during the three previous financial years ended December 31, 2015, 2016 and 2017.

Fourth resolution

Payment of a special dividend deducted from the "Additional paid-in capital" account

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2018, and noting that after the allocation of 2018 net income and the clearing of the entire "Accumulated deficit" account by charging it to the "Additional paid-in capital" account, the balance of this account is equal to €2,728,693,840.83, decides, on the recommendation of the Management Board, to distribute a dividend of €81,373,191.55, i.e., €0.37 per share, to be deducted from the "Additional paid-in capital" account. The ex-dividend date will be May 27, 2019 and the dividend will be paid on May 29, 2019.

The amount is calculated based on a share capital made up of 219,927,545 shares at December 31, 2018 and will be adjusted according to the number of shares issued between January 1,2019 and the ex-dividend date after the vesting of the free performance shares entitling their holder to said dividend.

If the Company holds any of its own shares when these dividends are paid, the unpaid amounts corresponding to the unpaid dividends on these treasury shares will be allocated to the retained earnings account.

The general shareholders' meeting delegates, as needed, full authority to the Management Board, with the right to further delegate such authority to its chairman, in order to:

- record the amount of the dividend actually paid out;
- pay the dividend and charge its amount to the "Additional paid-in capital" account; and
- more generally, to take all necessary and appropriate measures to ensure the successful completion of the transactions covered by this resolution.

The general shareholders' meeting takes note, as needed, that the Management Board, having the right to further delegate such authority to its chairman, will act in accordance with the laws and regulations in force to preserve the rights of holders of securities or other rights giving access to share capital, taking into account the impact of the dividend that has just been decided and, if appropriate, will inform the shareholders of any measures taken in the report that it will present to the next ordinary general meeting.

Pursuant to the provisions of Article 112-1 of the French Tax Code, the amounts distributed to shareholders in consideration for contributions or additional paid-in capital are not considered taxable distributed income, provided that all profits and reserves other than the statutory reserve have already been distributed. Under these provisions, the amount distributed is reimbursement of the contribution in full.

Fifth resolution

Approval of regulated agreements and commitments referred to in Articles L. 225-86 et seq. of the French Commercial Code

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report, the Supervisory Board's observations and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-86 et seq. of the French Commercial Code, approves the terms of the aforementioned special report of the Statutory Auditors in its entirety pursuant to Articles L. 225-88 et seq. of the French Commercial Code and the agreements referred to therein entered into and authorized during the financial year ended December 31, 2018, and duly notes the information on regulated agreements and commitments entered into during previous financial years which were previously authorized and approved by the general shareholders' meeting and which remained in force during financial year 2018.

Sixth resolution

Reappointment of Thierry Morin as a member of the Supervisory Board

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, after having noted that the term of Thierry Morin as a member of the Supervisory Board expires at the end of this general shareholders' meeting, decides in accordance with Article 17 of the Company's bylaws to renew his term as a member of the Supervisory Board for four years, i.e., until the end of the general shareholders' meeting called in 2023 to approve the financial statements for the year ending December 31, 2022.

Seventh resolution

Reappointment of Magali Chessé as a member of the Supervisory Board

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, noting that the term of Magali Chessé as a member of the Supervisory Board expires at the end of this general shareholders' meeting, decides in accordance with Article 17 of the Company's bylaws to renew her term as a member of the Supervisory Board for four years, i.e., until the end of the general shareholders' meeting called in 2023 to approve the financial statements for the year ending December 31, 2022.

Eighth resolution

Reappointment of Philippe Delleur as a member of the Supervisory Board

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, noting that the term of office of Philippe Delleur as a member of the Supervisory Board expires at the end of this general shareholders' meeting, decides in accordance with Article 17 of the Company's bylaws to renew his term as a member of the Supervisory Board for four years, i.e., until the end of the general shareholders' meeting called in 2023 to approve the financial statements for the year ending December 31, 2022.

Ninth resolution

Ratification of the co-optation of Antoine Burel as a member of the Supervisory Board

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, decides in accordance with Article L. 225-78 of the French Commercial Code and Article 17 of the Company's bylaws, to ratify the co-optation of Antoine Burel as a member of the Supervisory Board, decided by the Supervisory Board at its meeting on March 6, 2019, to replace Agnès Pannier Runacher, who resigned, for the remainder of her term, i.e., until the end of the general shareholders' meeting called in 2022 to approve the financial statements for the year ending December 31, 2021.

Tenth resolution

Reappointment of PricewaterhouseCoopers Audit as Statutory Auditors

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, having reviewed the Management Board's report and the Supervisory Board's observations, and noting that the appointment of Statutory Auditors PricewaterhouseCoopers Audit expires at the end of this general shareholders' meeting, decides to reappoint PricewaterhouseCoopers Audit as Statutory Auditors for a period of six financial years, i.e., until the end of the general shareholders' meeting called in 2025 to approve the financial statements for the year ending December 31, 2024.

Eleventh resolution

Reappointment of Mazars as Statutory Auditors

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, having reviewed the Management Board's report and the Supervisory Board's observations, and noting that the appointment of Statutory Auditors Mazars expires at the end of this general shareholders' meeting, decides to reappoint Mazars as Statutory Auditors for a period of six financial years, i.e., until the end of the general shareholders' meeting called in 2025 to approve the financial statements for the year ending December 31, 2024.

Twelfth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the chairman of the Supervisory Board for the financial year ending December 31, 2019

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report, decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the chairman of the Company's Supervisory Board for the financial year ending December 31, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Thirteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Supervisory Board for the financial year ending December 31, 2019

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report, decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the members of the Company's Supervisory Board for the financial year ending December 31, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Fourteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the chairman of the Management Board for the financial year ending December 31, 2019

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the chairman of the Company's Management Board for the financial year ending December 31, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Fifteenth resolution

Approval of the principles and criteria for determining, structuring and awarding the elements of total compensation and benefits of any kind attributable to the members of the Management Board for the financial year ending December 31, 2019

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's report on corporate governance provided for in Article L. 225-68 of the French Commercial Code and attached to the management report decides in accordance with Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code to approve the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional elements of total compensation and benefits of any kind attributable to the members of the Management Board of the Company for the financial year ending December 31, 2019, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Sixteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Thierry Morin, chairman of the Supervisory Board, for the financial year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100-II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Thierry Morin in his capacity as chairman of the Supervisory Board for the financial year ended December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Seventeenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Xavier Martiré, chairman of the Management Board, for the financial year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100-II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Xavier Martiré in his capacity as chairman of the Management Board for the financial year ended December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Eighteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Louis Guyot, member of the Management Board, for the financial year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100-II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Louis Guyot in his capacity as a member of the Management Board for the financial year ended December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Nineteenth resolution

Approval of the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Matthieu Lecharny, member of the Management Board, for the financial year ended December 31, 2018

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Supervisory Board's report on corporate governance attached to the management report, approves, pursuant to Articles L. 225-100-II and R. 225-56-1 of the French Commercial Code, the fixed, variable and exceptional elements of total compensation and benefits of any kind paid or awarded to Matthieu Lecharny in his capacity as a member of the Management Board for the financial year ended December 31, 2018, as described in the Supervisory Board's report on corporate governance attached to the management report and presented in chapter 4 "Corporate governance" of the Company's 2018 registration document.

Twentieth resolution

Authorization to be granted to the Management Board to trade in the Company's shares

The general shareholders' meeting, voting with the quorum and majority required for ordinary general meetings, and having reviewed the Management Board's report and the Supervisory Board's observations, authorizes the Management Board, with the right to further delegate such authority, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, European Regulation No. 596/2014 of April 16, 2014 on market abuse (the Market Abuse Regulation or **"MAR"**), Commission Delegated Regulation (EU) No. 2016/1052 of March 8, 2016, and Articles 241-1 et seq. of the General Regulation of the AMF, to buy back the Company's shares directly or through a representative, on one or more occasions, at its sole discretion, and within the limits set forth below.

Shares may be purchased for any purpose permitted by the MAR and by law or that might be authorized by law, French or European regulations or the AMF, and in particular for the following purposes:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the AMAFI, using an investment services provider as intermediary;
- to honor obligations deriving from the exercise of rights attached to securities issued by the Company or by one of its subsidiaries, entitling the holder, through conversion, exercise, redemption, exchange, presentation of a warrant or any other means, immediately or in the future, to the allocation of shares of the Company, in accordance with applicable regulations;
- to honor obligations related to stock option plans, the grant of bonus shares to employees and corporate officers, the grant or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share grant, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions in respect of these transactions, as provided by law;
- to cancel any shares acquired under the conditions provided for in the 23rd resolution, subject to the adoption of that resolution;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use as payment for potential acquisitions, contributions, mergers or demergers in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by the laws or regulations in force or by the AMF.

The acquisition, disposal, transfer and exchange of these shares may be carried out at any time, excluding periods of tender offers for the Company's share capital, unless authorized in advance by the general shareholders' meeting, and by all available means, on any market, off market, over the counter, including the purchase or sale of blocks of shares, the use of derivative financial instruments or warrants or securities giving access to shares in the Company, or through the implementation of options strategies and, where applicable, through any third parties acting on behalf of the Company in accordance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code.

The general shareholders' meeting sets the maximum purchase price at €30 per share (excluding acquisition-related costs) or the equivalent value of this amount on the same date in any other currency; in the event of capital transactions, particularly capital increases by issuing shares with preferential subscription rights, or by capitalization of reserves, profits or additional paid-in capital followed by the creation and grant of bonus shares, stock splits or reverse stock splits, the price indicated above may be adjusted accordingly by the Management Board.

The total maximum amount allocated to the share buyback program may not exceed €350 million.

The number of shares that may be purchased over the course of the program may not exceed 10% of the total number of shares comprising the share capital, namely 219,927,545 shares with a par value of €1 each as of December 31, 2018, i.e., 21,992,754 shares as of December 31, 2018, it being specified that:

(i) this limit applies to an amount of the Company's share capital which will be adjusted, as necessary, to take into account any transactions affecting it subsequent to this general shareholders' meeting;

(ii) when shares are repurchased to increase the liquidity of the Company's shares, under the terms set forth above, the number of shares used to calculate the aforementioned 10% limit corresponds to the number of shares purchased, less the number of shares resold within the term of this authorization, in accordance with the provisions of Article L. 225-209 paragraph 2 of the French Commercial Code; and

(iii) the number of shares that the Company holds directly or indirectly at any time may not exceed 10% of the shares comprising the Company's capital on the date in question in accordance with the provisions of Article L. 225-210 of the French Commercial Code.

This authorization is granted for a maximum period of 18 months from this general shareholders' meeting, and the adoption of this resolution terminates with immediate effect the authorization granted by the general shareholders' meeting on May 18, 2018 in its 21st resolution.

The general shareholders' meeting grants full powers to the Management Board, with the right to further delegate such powers, to implement this authorization, specify its terms and approve its conditions where necessary, place any share trading orders in any market, enter into any agreement, prepare any documentation, carry out any formalities and declarations with any bodies, allocate or reallocate the shares purchased to the various purposes pursued in accordance with applicable laws and regulations, and more generally take all necessary and appropriate measures to execute the decisions made under this resolution.

The general shareholders' meeting duly notes that, should the Management Board make use of this authorization, it will give the shareholders information relating to the implementation of this buyback program in the report referred to in Article L. 225-100 of the French Commercial Code and in accordance with the provisions of Article L. 225-211 paragraph 2 of said Code.

7.3.2 RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY GENERAL MEETING

Twenty-first resolution

Delegation of authority to the Management Board to increase the Company's share capital without preferential subscription rights reserved for employees who are members of a company or group savings plan

The general shareholders' meeting, voting with the quorum and majority required for extraordinary general meetings, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 and L. 3332-18 et seq. of the French Labor Code, and having reviewed the Management Board's report, the Supervisory Board's opinion and the Statutory Auditors' report:

1. Delegates authority to the Management Board, with the right to further delegate such authority as provided by law and the Company's bylaws, to increase the share capital on one or more occasions, at the times and in the proportions it deems appropriate, for the benefit of the members of a company or group savings plan, by issuing (i) ordinary Company shares, and/or (ii) securities giving access, immediately or in the future, to the Company's share capital.
2. Decides that the maximum nominal amount of share capital increases that may be carried out immediately or in the future pursuant to this resolution may not exceed a maximum nominal amount of €5 million (increased, where applicable, by the nominal value of shares to be issued to preserve the rights of holders of securities giving access to the share capital in accordance with applicable legal and regulatory provisions and, where appropriate, applicable contractual stipulations), on one or more occasions, in the proportions and at the times it deems appropriate, it being specified that:
   i) this cap is an overall cap for all capital increases that may be carried out for the benefit of employees pursuant to this resolution and the 22nd resolution submitted to this general shareholders' meeting;
   ii) this cap is independent and separate from the cap provided for in the 30th resolution of the general shareholders' meeting on May 18, 2018.

   It is hereby specified the issue of preferred shares is excluded.
3. Decides to cancel shareholders' preferential subscription rights to new shares to be issued under this resolution, in accordance with Article L. 225-135, paragraph 1 of the French Commercial Code, said shareholders also waiving all rights to shares or securities giving access to capital issued in application of this resolution, in order to reserve the subscription for such shares, directly or through a company mutual fund, to members of staff, employees of the Company and/or affiliated companies as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code who participate in a company or group saving plan.
4. Decides that, in determining the issue price of the new shares, the Management Board must comply with the provisions of Article L. 3332-19 of the French Labor Code, as provided for in Article L. 225-129-6 of the French Commercial Code.

   The general shareholders' meeting decides that the subscription price of the new shares to be issued pursuant to this delegation will be determined by the Management Board on the day on which it sets the opening date for the subscription period according to the terms and conditions of Articles L. 3332-18 to L. 3332-23 of the French Labor Code, i.e., a price equal to the average opening price quoted for the Company's shares on the Euronext Paris regulated market for the 20 trading days preceding the date of the Management Board's decision setting the opening date for subscription.
5. Decides, in accordance with Article L. 3332-19 of the French Labor Code, that the subscription price may be reduced by a maximum discount of 20% of said average. In the event of a lock-up period provided for by the plan in accordance with Articles L. 3332-25 et seq. of the French Labor Code that is 10 years or longer, the discount may be increased to 30% of the average. The Management Board, or its delegate, if deemed appropriate, is expressly authorized to reduce or cancel the discount, in particular to account for the legal and tax treatment in the countries of residence of the beneficiaries of the capital increase.
6. Decides that the Management Board may also, in application of this authorization, provide for the grant to the above-mentioned beneficiaries, at no charge, of shares to be issued or already issued or other securities giving access to the Company's capital in accordance with Article L. 3332-18 et seq. of the French Labor Code, or any security that may be authorized by prevailing laws or regulations, it being understood that the benefit resulting from this grant in respect of the employer matching contribution and/or discount may not exceed the limits stipulated in Articles L. 3332-11, L. 3332-19 and L. 3332-21 of the French Labor Code.
7. Decides that the Management Board shall have full powers, with the right to further delegate such powers as provided by law and the Company's bylaws, to implement this delegation and in particular to:
   - approve the scope, terms and conditions of the transactions carried out pursuant to this resolution and determine the companies whose employees may benefit from the subscription offer;
   - determine the dates and conditions of issue, the time limits granted to employees for the exercise of their rights, the nature and form of the securities to be issued;
   - determine the number of shares and/or securities to be issued, as well as their terms and conditions and in particular their issue price, if necessary, the amount of the additional paid-in capital and the procedures for their payment in full;
   - decide whether subscriptions may be made directly by beneficiaries, members of a company savings plan (or similar plan) or through company mutual funds or other structures or entities permitted by applicable regulations;
   - decide the terms under which the Company may buy back or exchange, as necessary, and at any time or during specified periods, the securities issued or to be issued;

- decide, as applicable, the procedures for exercising the rights attached to the securities issued or to be issued and in particular approve the date, including retroactively, from which the new shares will bear dividends, as well as any other conditions and procedures for carrying out the issue(s);
- decide the terms and conditions for preserving, as necessary, the rights of holders of securities giving access to capital in accordance with legal, regulatory and, where applicable, contractual provisions;
- if necessary, modify the terms and conditions of the securities issued pursuant to this resolution, during the life of the securities concerned and in compliance with the relevant formalities;
- at its sole discretion, charge the costs, expenses and fees of the capital increase(s) against the related premiums and, where applicable, deduct from this amount the sums necessary to increase the statutory reserve to 10% of the Company's new capital after each increase; and
- in general, enter into any agreements, in particular to ensure the successful completion or postponement of the planned transaction(s), take all necessary measures and carry out all legal formalities required for the financial servicing of the securities issued under this authority as well as for the exercising of the rights attached thereto, record the completion of each capital increase, amend the bylaws accordingly, request the admission to trading of the securities issued pursuant to this resolution wherever it advises, and, more generally, to take all necessary and appropriate measures.

8. Sets the validity of the delegation of authority that is the subject of this resolution at 26 months from the date of this general shareholders' meeting.
9. Adoption of this resolution immediately terminates the unused portion of the authority previously granted by the general shareholders' meeting on May 18, 2018 under the terms of its 29th resolution.

Twenty-second resolution

Delegation of authority to be granted to the Management Board to increase the Company's share capital reserved for categories of beneficiaries comprising employees of the Company's foreign subsidiaries, without preferential subscription rights, as part of an employee stock ownership transaction

The general shareholders' meeting, voting with the quorum and majority required for extraordinary general meetings, in accordance with Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138 of the French Commercial Code, having reviewed the Management Board's report, the Supervisory Board's opinion and the Statutory Auditors' special report:

1. Delegates authority to the Management Board, with the right to further delegate such authority as provided by law and the Company's bylaws, to increase the share capital on one or more occasions, at the times and in the proportions it deems appropriate, by issuing (i) ordinary Company shares, and/or (ii) securities giving access, immediately or in the future, to the Company's share capital, reserved for the category of beneficiaries defined hereafter, it being specified that the issue of preferred shares is excluded.
2. Decides that the increase in the Company's share capital carried out pursuant to this delegation of authority may not exceed a maximum nominal amount of €5 million (increased, where applicable, by the nominal value of shares to be issued to preserve the rights of holders of securities giving access to the share capital in accordance with applicable legal and regulatory provisions and, where appropriate, applicable contractual stipulations), this amount being deducted from the overall cap of €5 million set by the 21st resolution of this general shareholders' meeting.
3. Decides to cancel preferential subscription rights to the new shares to be issued pursuant to this resolution and to reserve the right to subscribe such shares for the category of beneficiaries with the following characteristics:

   (i) employees and corporate officers of companies affiliated with the Company under the conditions set forth in Article L. 225-180 of the French Commercial Code and in Article L. 3341-1 of the French Labor Code and having their registered office outside France; and/or ;

   (ii) undertaking for collective investment in transferable securities (UCITSs) or other vehicles under French or foreign law, irrespective of whether or not they are corporate entities, invested in Company securities, the unit holders or shareholders of which will be composed of the persons referred to in (i) or allowing the persons referred to in (i) to benefit, directly or indirectly, from an employee share ownership or savings plan in Company securities.
4. Decides that the issue price of the new shares to be issued under this authority will be set (i) on the basis of an average of the opening quoted prices of the share on the Euronext Paris market for the twenty trading days preceding the date of the decision of the Management Board, or the chairman of the Management Board, setting the opening date for the subscription, with a maximum discount of 20%, and/or (ii) at a price equal to the price set on the basis of the 21st resolution in the event of a concomitant transaction, and/or (iii) in accordance with the procedures for determining the subscription price of the Company's shares, taking into account the specific arrangements for an offer of shares in the Company that would be made in the context of a stock ownership plan governed by foreign law.
5. Decides that the amount of capital increases likely to be carried out under this resolution shall be deducted from the overall cap stipulated in the 30th resolution of the general shareholders' meeting on May 18, 2018.
6. Decides that the Management Board will have full powers, with the right to further delegate such powers as provided by law and the Company's bylaws, to implement this delegation of authority to:
   - list all beneficiaries, within one or more categories of beneficiaries defined above, or the categories of employees benefiting from each issue and the number of shares to be subscribed by each of them;
   - determine the subscription formulae and subscription terms and conditions that will be offered to employees in each country concerned while taking into account local legal restrictions, and selecting the countries retained from among those where the Group has subsidiaries as well as those said subsidiaries whose employees are able to participate in the transaction;
   - decide on the maximum number of shares to be issued, within the limits set by this resolution, record the final amount of each capital increase and amend the bylaws accordingly;
   - set the dates and all other terms and conditions applicable to this type of capital increase under the conditions provided for by law;
   - charge the costs of such capital increase to the amount of the related premiums and to deduct from this amount

the sums necessary to bring the legal reserve to one tenth of the new amount of the share capital resulting from such an increase;

- in general, carry out all acts and formalities, make all decisions and conclude all useful or necessary agreements to achieve the successful completion of the issues carried out pursuant to this delegation and to record the completion of the capital increase(s) pursuant to this delegation and amend the bylaws accordingly.

7. Sets the validity of the delegation of authority that is the subject of this resolution at 18 months from the date of this general shareholders' meeting.

Twenty-third resolution

Authorization to be granted to the Management Board to reduce the share capital

The general shareholders' meeting, voting with the quorum and majority required for extraordinary general meetings, having reviewed the Management Board's report and the Statutory Auditors' special report, in accordance with Article L. 225-209 et seq. of the French Commercial Code, authorizes the Management Board, for a period of 18 months from this general shareholders' meeting, to reduce the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by canceling any quantity of treasury shares acquired under the share buyback program within the limits permitted by law.

The maximum number of shares that the Company may cancel pursuant to this authorization, per 24-month period, is 10% of the shares comprising the Company's share capital. This limit applies to an amount of the Company's share capital that may be adjusted, as needed, to account for transactions affecting the share capital subsequent to this general shareholders' meeting.

The general shareholders' meeting grants full powers to the Management Board, with the right to further delegate such powers, to implement this authorization, to allocate the difference between the carrying value of the canceled shares and their par value to all reserve and premium items, to carry out the formalities required to implement the capital reduction that will be decided pursuant to this resolution and to amend the bylaws accordingly and, more generally, to take all necessary and appropriate measures.

Adoption of this resolution immediately terminates the unused portion of the authorization previously granted to the Management Board by the general shareholders' meeting on May 18, 2018 under the terms of its 31st resolution.

Twenty-fourth resolution

Powers to carry out legal formalities

The general shareholders' meeting grants full authority to the bearer of an original, excerpt or copy of the minutes of this combined general meeting to perform all necessary filings or formalities.

7.4 SUMMARY TABLE OF DELEGATIONS OF AUTHORITY AND POWERS TO INCREASE THE SHARE CAPITAL

A summary of the capital increase delegations of authority and powers granted to the Management Board and their use during financial year 2018 and since the beginning of the current financial year is presented in the report on corporate governance in chapter 4 of this registration document.

7.5 SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT BOARD'S REPORT PROVIDED FOR IN ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE AND REGARDING THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2018

The Supervisory Board's observations on the Management Board's report provided for in Article L. 225-100 of the French Commercial Code are presented in chapter 4 of this registration document.

7

8

Information about the Company and its capital

8.1 INFORMATION ABOUT THE COMPANY

Entity name	Elis.
Registered office and contact information	5, boulevard Louis-Loucheur – 92210 Saint-Cloud (France) (tel. + 33 (0)1 75 49 94 00)
Legal form and governing law	French corporation governed by a Management Board and a Supervisory Board *(société anonyme à directoire et conseil de surveillance)* subject to the legal and regulatory provisions applicable in France (and in particular those of Book II of the French Commercial Code) and its bylaws.
Place of registration and registration number	Registered in the Nanterre Trade and Companies Register under No. 499 668 440.
Date of incorporation and duration of the Company	August 10, 2007 for a period of duration of ninety-nine (99) years as of its registration in the Trade and Companies Register, i.e., until August 26, 2106, unless sooner dissolved or said period is extended.
Corporate purpose (Article 3 of the bylaws)	› the acquisition of stakes, through contributions, purchase, subscription or otherwise, in any companies, regardless of their corporate form or purpose; › management services to companies, including in the administrative, accounting, financial, IT and sales fields; › the exploitation of any patents and trademarks, including under licenses; › the renting of any equipment and facilities of any type; › the ownership, through acquisition or otherwise, and the management, including through rentals, of any properties and assets or real estate rights; › the direct or indirect participation in any transactions that may be directly or indirectly related to the corporate purpose through the creation of new companies, contributions, subscriptions or purchases of securities or shares and related rights, mergers, alliances, joint ventures and by any other means and in any form used in France and abroad; › and more generally, any commercial, financial, industrial, personal property or real estate transaction that may be directly or indirectly related to the aforementioned corporate purpose or any purposes that are similar, related or likely to facilitate the achievement of the corporate purpose.
Administrative, management and supervisory bodies (Articles 12 to 22 of the bylaws)	See the Supervisory Board's report on corporate governance (chapter 4 of this 2018 registration document).
Location of corporate documents, historical information and regulated information[(a)]	Company's registered office. Company's website: (http://www.corporate-elis.com).
Financial year (Article 25 of the bylaws)	January 1 to December 31 each year.

(a) Bylaws, financial statements, reports presented to the general shareholders' meeting by the Management Board and the Supervisory Board and, more generally, all documents that must be sent or made available to shareholders as stipulated in Articles L. 225-115, L. 225-116 and L. 225-117 of the French Commercial Code.

8.2 SHAREHOLDER RIGHTS

8.2.1 RIGHTS, PRIVILEGES, RESTRICTIONS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLE 10 OF THE BYLAWS)

Fully paid-up shares may be held either in registered or bearer form, at the shareholder's discretion.

The ownership of a share automatically entails acceptance of these bylaws and the decisions of the general shareholders' meetings.

In addition to the associated voting rights provided by law, each share gives its owner a right to the ownership of the corporate assets and of any liquidation surplus on a pro rata basis of the fraction of the share capital it represents.

When ownership of several old shares is required to exercise a right, or if a share entitling its owner to a new share in return for the delivery of several old shares is exchanged or granted, owners of individual shares or of fewer shares than the number required will not be entitled to any rights with respect to the Company, as shareholders are personally responsible for grouping together and, if applicable, purchasing or selling the required number of shares.

Shares are indivisible as regards the Company, such that undivided co-owners are required to be represented *vis-à-vis* the Company by one of them or by a single proxy, appointed by a court of law in the event of disagreement.

8.2.2 DOUBLE VOTING RIGHTS (ARTICLE 9 OF THE BYLAWS)

Pursuant to the terms of Article 9 of the Company's bylaws, no use was made of the exemption from the allotment of double voting rights as provided for in Article L. 225-123, paragraph 3 of the French Commercial Code.

Since April 3, 2016, double voting rights have been granted to all fully paid-up shares held in registered form by the same shareholder for at least two years.

In accordance with Article L. 225-123, paragraph 2 of the French Commercial Code, in the event of a capital increase through the capitalization of reserves, profits or share premiums, double voting rights are conferred, from the date of issue, to new shares allocated to a shareholder free of charge by reason of their ownership of former shares that already conferred double voting rights.

Double voting rights may be exercised at any general shareholders' meeting.

Shares converted to bearer form or transferred to a new owner lose their double voting rights. However, a transfer of ownership arising from succession rights, the liquidation of the joint property of spouses, or inter vivos gifts to a spouse or relative entitled to inherit will not result in the loss of double voting rights and will not represent a break in the aforementioned minimum holding period.

8.2.3 DISTRIBUTION OF PROFITS (ARTICLE 26 OF THE BYLAWS)

The profits of each financial year are determined in accordance with the legal and regulatory provisions in force.

If the profits of the financial year so permit, after deduction of amounts to create or increase the legal reserve, upon a proposal from the Management Board, the general meeting may deduct any amounts it sets at its discretion, either to be carried forward to the following year, to be allocated to one or more general or special reserves or to be distributed among the shareholders.

The general meeting has the right to grant the shareholders, for all or part of the dividends distributed or of the interim dividends, an option between payment in cash and payment in shares under the conditions set by the regulations in force. In addition, the general meeting may decide, for all or part of the dividends, interim dividends, reserves or share premiums distributed, or for any capital reduction, that such distribution of dividends, reserves or share premiums or such capital reduction will be performed in kind by delivery of the Company's portfolio securities or assets.

Each shareholder will be entitled to the profits and liable to contribute to the losses in proportion to their share of the share capital.

8.2.4 CHANGES IN SHAREHOLDERS' RIGHTS

Shareholders' rights may be modified under the conditions provided by the legal and regulatory provisions. There are no specific provisions governing changes in shareholders' rights that are stricter than the law.

8.2.5 PROVISIONS IN THE BYLAWS THAT MAY HAVE AN EFFECT ON A CHANGE IN CONTROL

None.

8.2.6 SHAREHOLDING DISCLOSURE THRESHOLDS (ARTICLE 8 OF THE BYLAWS)

Any individual or legal entity, acting alone or in concert with others, who comes to hold, or ceases to hold, directly or indirectly, a portion equal to or greater than 1% of the Company's share capital or voting rights, or any multiple of such percentage, including in excess of the disclosure thresholds provided by the legal and regulatory provisions, must notify the Company of the total number of shares and voting rights held and of the shares giving access to the share capital and voting rights potentially attached thereto by registered letter with acknowledgment of receipt, sent to the registered office no later than by the end of the fourth trading day after the day on which the threshold is exceeded.

For the determination of the thresholds mentioned above, the shares or voting rights held indirectly and the shares or voting rights deemed as shares or voting rights held, as defined by the provisions of Articles L. 233-7 et seq. of the French Commercial Code, are also taken into account.

In the event of non-compliance with the above provisions, the penalties provided by law for failing to comply with the obligation to disclose the crossing of the legal thresholds will only apply to the thresholds stipulated in the bylaws at the request, recorded in the minutes of the general shareholders' meeting, by one or more shareholders holding at least 1% of the Company's share capital or voting rights.

The Company reserves the right to give notice to the public and shareholders of either the information of which it was given notice or the fact that the relevant person or legal entity has not complied with the aforementioned obligation.

8.2.7 IDENTIFICATION OF BEARERS OF SECURITIES (ARTICLE 7 OF THE BYLAWS)

The Company has the right, under the statutory and regulatory conditions in force, to request at any time, at its expense, from the central depository of financial instruments, as the case may be, the name or corporate name, nationality, year of birth or year of formation, and the address of the holders of bearer securities conferring immediate or future voting rights at its own general shareholders' meetings, and the quantity of securities held by each of them and, if applicable, any restrictions on such securities. In view of the list transmitted by the aforementioned organization, the Company has the right to request from the persons on such list, and whom the Company believes to be registered on behalf of third parties, the above information pertaining to the owners of the securities.

If a person who has been asked for information has not transmitted the information within the time limits provided by the legal and regulatory provisions in force or has transmitted incomplete or incorrect information related either to such person's status or to the owners of the securities, the shares or securities giving access immediately or in the future to the share capital and for which such person has been registered as the owner will be deprived of voting rights for all general shareholders' meetings that may be held until the date on which the actual owner is identified, and the payment of the corresponding dividends will be deferred until such date.

8.2.8 RESTRICTIONS UNDER THE BYLAWS REGARDING SHARE TRANSFER

There are no clauses in the bylaws restricting the transfer of shares, with the exception of the rules relating to preventing insider trading and the recommendations of the AFEP-MEDEF Code requiring corporate officers to hold shares.

8.3 INFORMATION ABOUT THE COMPANY'S CAPITAL

8.3.1 PARTICULAR STIPULATIONS GOVERNING CHANGES IN THE SHARE CAPITAL

If the bylaws do not provide any specific stipulations, the share capital may be increased, decreased or amortized by any methods or means authorized by law.

8.3.2 AMOUNT AND STRUCTURE OF THE SHARE CAPITAL

As of December 31, 2018, the Company's share capital was €219,927,545, divided into 219,927,545 shares with a par value of one euro each, fully subscribed, fully paid up and all of the same class.

In 2018, the share capital increased by 557,338 shares as a result of issuing new shares to cover the performance share plans implemented on June 15, 2016 and December 20, 2016. These shares were issued as part of capital increases through the capitalization of sums deducted from the "Additional paid-in capital" account (see section 8.3.3 "Changes in share capital over the past three financial years").

8.3.3 CHANGES IN SHARE CAPITAL OVER THE PAST THREE FINANCIAL YEARS

The table below shows changes to the Company's share capital over the past three financial years:

Date	Type of transaction	Transaction amount (In euros)	Share premium (In euros)	Share capital before transaction (In euros)	Number of shares before transaction	Number of shares after transaction	Par value after transaction (In euros)	Share capital after transaction (In euros)
As of December 31, 2015						**114,006,167**	**10**	**1,140,061,670**
As of December 31, 2016						**114,006,167**	**10**	**1,140,061,670**
02/13/2017	Capital increase with preferential subscription rights	325,176,649.50	66,071,749.50	1,140,061,670	114,006,167	139,916,657	10	1,399,166,570
04/07/2017	Capital increase through capitalization of reserves(a)	2,503,920	–	1,399,166,570	139,916,657	140,167,049	10	1,401,670,490
06/21/2017	Reduction in par value of shares from €10 to €1(b)	1,261,503,441	–	1,401,670,490	140,167,049	140,167,049	1	140,167,049
09/13/2017	Capital increase in consideration for asset contribution(c)	69,052,152	1,300,885,293	140,167,049	140,167,049	209,219,201	1	209,219,201
09/13/2017	Capital increase(d)	10,131,713	9,868,301.62	209,219,201	209,219,201	219,350,914	1	219,350,914
12/21/2017	Capital increase through capitalization of reserves(e)	19,293	–	219,350,914	219,350,914	219,370,207	1	219,370,207
As of December 31, 2017						**219,370,207**	**1**	**219,370,207**
06/15/2018	Capital increase through capitalization of reserves(f)	502,735	–	219,370,207	219,370,207	219,872,942	1	219,872,942
12/20/2018	Capital increase through capitalization of reserves(g)	54,603	–	219,872,942	219,872,942	219,927,545	1	219,927,545
As of December 31, 2018						**219,927,545**	**1**	**219,927,545**

(a) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on April 7, 2015 and whose vesting period expired on April 7, 2017.
(b) Capital reduction for reasons other than losses approved by the combined general shareholders' meeting of May 19, 2017 and which became effective on June 21, 2017 at the expiration of the creditors' objection period.
(c) Capital increase in consideration for the contribution by Berendsen shareholders of all of the shares in Berendsen Plc, with the exception of those held by Berendsen's Employee Benefit Trust, carried out by means of a Scheme of Arrangement under Part 26 of the United Kingdom's Companies Act 2006.
(d) Capital increase reserved for CPPIB.
(e) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on December 21, 2015 and whose vesting period expired on December 21, 2017.
(f) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on June 15, 2016 and whose vesting period expired on June 15, 2018.
(g) Capital increase through the capitalization of reserves to serve the beneficiaries of the performance share plan introduced on December 21, 2016 and whose vesting period expired on December 20, 2018.

8.3.4 THE COMPANY'S SELF-CONTROLLING AND SELF-HELD SHARES AND ACQUISITION OF ITS OWN SHARES

As of December 31, 2018, the Company held 198,997 treasury shares accounting for 0.09% of the Company's capital (based on the share capital as of December 31, 2018). Of these shares, 198,252 were held under the liquidity agreement (see section 8.4 "Share buyback"). These shares have no voting rights.

8.3.5 UNISSUED AUTHORIZED CAPITAL

To enable the Company to access the market if necessary, particularly in relation to the Group's ongoing expansion, the general shareholders' meeting of May 18, 2018 renewed its financial delegations of authority to the Management Board. The general shareholders' meeting of May 27, 2016 also gave the Management Board authority to grant performance shares to Group employees and executives for a period of 38 months.

A table summarizing the delegations that are currently in effect regarding capital increases, share buyback programs and transactions reserved for employees and corporate officers and the use of these delegations in 2018 and since the beginning of the current financial year can be found in the Supervisory Board's report on corporate governance (chapter 4, section 4.1 of this registration document).

Financial delegations submitted to the general shareholders' meeting of May 23, 2019

At the Company's combined general shareholders' meeting on May 23, 2019, the shareholders will be asked to vote on the renewal of the share buyback program, as well as the renewal of certain financial delegations as part of the Group's employee share ownership plan.

Details of the resolutions relating to these proposals can be found in chapter 7 of this 2018 registration document.

Other issued securities giving access to capital

As of the date of this registration document, the securities giving access to the share capital, other than shares, are:

- the performance shares granted by the Company (see chapter 6 "Financial statements for the year ended December 31, 2018" of the 2018 registration document, Note 5.4 in the notes to the 2018 consolidated financial statements, and Note 5.2 in the notes to the Company's 2018 parent company financial statements) and;
- bonds convertible into and/or exchangeable for new or existing shares (OCEANEs) issued by the Company represent 12,797,487 underlying shares. This number takes into account the adjustment of the conversion ratio in June 2018 following the payment of a sum from the reserves (see chapter 6, Note 10.2 to the 2018 consolidated financial statements).

No other securities give access to the Company's share capital.

8.3.6 INFORMATION ABOUT THE POTENTIAL DILUTION OF SHARE CAPITAL

As of December 31, 2018, the volume of potentially dilutive instruments outstanding was 12,797,487 shares of Oceanes. This number takes into account the adjustment of the conversion ratio in June following the payment of a sum from the reserves (see Note 10.2 to the consolidated financial statements) and 2,145,475 performance shares likely to be covered by new shares. The overall potentially dilutive effect of these instruments stood at around 6.79% of the share capital as of December 31, 2018, unchanged as of the date of this registration document.

8.3.7 PLEDGES

As of December 31, 2018, existing pledges of Company shares included 5,455 registered shares held by a single shareholder. The Company is not aware of any other pledges of Company shares. No shares held by the Company in its subsidiaries had been pledged.

8.4 SHARE BUYBACK AND LIQUIDITY AGREEMENT

8.4.1 ELIS TREASURY SHARE BUYBACK PROGRAM

On May 18, 2018, the ordinary general shareholders' meeting renewed the 18-month authority granted to the Company by the combined general shareholders' meeting on May 18, 2018 to trade in its own shares. A description of the share buyback program is available on the Group's website: http://www.corporate-elis.com.

Subject to any necessary amendments under Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse, related European Commission regulations, and market practices allowed by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), the goals of the buyback program are as follows:

- to increase share liquidity in connection with a liquidity agreement consistent with the Code of Conduct issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI), using an investment services provider as intermediary;

- to honor obligations arising from the exercising of rights attached to securities giving the right to Company shares by conversion, exercise, redemption, exchange or any other means in compliance with applicable regulations;
- to honor obligations related to stock option plans, the allocation of bonus shares to employees and corporate officers, the allocation or transfer of shares to employees as part of the Company's expansion-related profit sharing plan, employee share ownership or company savings plans, and any other forms of share allocation, allotment, sale or transfer to employees and corporate officers of the Company or Group, and to carry out any hedging transactions relating to these transactions, as provided by law;
- to cancel any shares acquired in the context of a capital reduction;
- to hold all or part of the shares acquired for subsequent reintroduction to the market or for use as payment for potential acquisitions in accordance with recognized market practices and applicable regulations; and
- more generally, to carry out any other transaction that is permitted or that might be authorized in the future by law or the regulations in force or by the AMF.

The purchase of Company shares may involve a number of shares such that on the date of each buyback, the total number of shares purchased by the Company since the start of the buyback program cannot exceed 10% of the number of shares making up the share capital at that date, with the understanding that in accordance with Article L. 225-209 of the French Commercial Code, the number of shares purchased by the Company to be retained and delivered at a later date as consideration or exchange in the context of an acquisition may not exceed 5% of its share capital.

The maximum purchase price per share is €30. The total maximum amount allocated to the share buyback program may not exceed €350 million.

Share buyback may be staggered over an 18-month period from May 18, 2018, i.e., until November 18, 2019 inclusive. A description of the renewal of the share buyback program for 2018 has been drawn up in accordance with Articles 241-1 et seq. of the General Regulation of the AMF.

Under this program, purchases, sales or transfers of the Company's shares may take place at any time in accordance with legal and regulatory requirements, except during public offers for the purchase or exchange of shares initiated by the Company or concerning the Company's shares.

In 2018, the Company used its share buyback program, on the one hand, under the liquidity contract operated by Kepler Cheuvreux, and on the other hand, to cover the rights of Berendsen option holders in accordance with its commitments under the Scheme of Arrangement, and to cover the Elis share purchase plans that vested during the first half of 2018.

The half-year statement of the liquidity agreement and all press releases relating to the share buyback program are available on the Group's website at www.corporate-elis.com.

Transactions conducted by the Company under the share buyback program in 2018

Treasury shares held as of January 1, 2018 at the start of trading	61,798[(a)]
Number of shares purchased during financial year 2018	1,400,049[(b)]
Number of shares sold during financial year 2018	800,297
Number of shares canceled in the last 24 months	0
Treasury shares held directly or indirectly as of December 31, 2018[(b)]	198,997[(c)]
Market value of the portfolio as of December 31, 2018[(d)] *(€)*	2,895,406.35

(a) O/w 57,000 for the liquidity agreement.
(b) O/w 941,049 for the liquidity agreement.
(c) As of December 31, 2018, a total of 198,252 of the Company's 198,997 treasury shares were allocated for liquidity purposes.
(d) Price on December 31, 2018: €14.55.

At the combined general shareholders' meeting on May 23, 2019, the shareholders will be asked to terminate the 22nd resolution approved by the general shareholders' meeting of May 18, 2018 and to authorize, under the 20th resolution, the implementation of a new share buyback program, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, Articles L. 241-1 et seq. of the General Regulation of the AMF, Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse (MAR), and the related European Commission regulations (delegated regulations).

8.4.2 LIQUIDITY AGREEMENT

On April 13, 2015, Elis entered into a liquidity agreement with Kepler Cheuvreux that is consistent with the Code of Conduct issued by the AMAFI on March 8, 2011 and approved by the AMF on March 21, 2011. A total of €3 million was credited to the liquidity account to fund these market-making transactions.

8.5 SHAREHOLDER STRUCTURE

8.5.1 OWNERSHIP OF SHARE CAPITAL AND VOTING RIGHTS

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

The ownership structure as of December 31, 2018 is presented in the table below, based on disclosures required by law establishing an interest of more than 5% of share capital or voting rights at the end of the financial year pursuant to Article L. 233-7 of the French Commercial Code, and disclosures by Group executives and individuals related to them.

Pursuant to Article 223-11 of the General Regulation of the AMF, the theoretical voting rights presented in the table below account for all voting rights attached to outstanding shares, including non-voting shares (i.e., treasury shares). The number of theoretical voting rights thus differs from the number of voting rights that can actually be exercised at general shareholders' meetings.

Furthermore, double voting rights are allocated to each registered share held by a shareholder for at least two years, pursuant to Article 9 of the Company's bylaws (see section 8.2.2 of this registration document). As of December 31, 2018, 19,912,426 shares had double voting rights.

	December 31, 2016		December 31, 2017						December 31, 2018					
Shareholders	Number of shares	% of theoretical voting rights	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Legendre Holding 27 SAS[(a)]	18,351,303	21.97	13,825,204	23,479,653	23,479,653	6.30	10.24	10.24	12,525,382	20,880,009	20,880,009	5.69	8.70	8.71
Eurazeo SA	906,864	1.08												
ECIP Elis SARL	154,952	0.25												
Crédit Agricole SA, o/w			14,311,662	14,311,662	14,311,662	6.52	6.24	6.24	14,562,193	25,962,810	25,962,810	6.62	10.83	10.83
› Predica[(b)]	11,400,617	9.24	13,991,662	13,991,662	13,991,662	6.38	6.10	6.10	13,991,662	25,392,279	25,392,279	6.36	10.58	10.59
› CACEIS			320,000	320,000	320,000	0.14	0.13	0.13	570,531	570,531	570,531	0.26	0.24	0.24
Canada Pension Plan Investment Board[(c)]			18,356,394	18,356,394	18,356,394	8.37	8.01	8.01	26,721,644	26,721,644	26,721,644	12.15	11.14	11.15
Free float, o/w	71,366,348	57,83	172,876,947	173,039,388	173,039,388	78.76	75.51	75.52	166,118,326	166,275,508	166,076,511	75.53	69.33	69.30
› Franklin Resources, Inc.	5,895,968	4.78	4,356,493	4,356,493	4,356,493	1.98	1.90	1.90	2,742,368	2,742,368	2,742,368	1.24	1.14	1.14
› Ameriprise Financial, Inc.[(d)]	5,752,999	4.66	15,767,160	15,767,160	15,767,160	7.19	6.88	6.88	17,607,396	17,607,396	17,607,396	8.00	7.34	7.34
› FMR LLC[(e)]			14,106,636	14,106,636	14,106,636	6.43	6.16	6.16	13,733,960	13,733,960	13,733,960	6.24	5.72	5.73
› Executives and employees[(f)]	58,116	0.09	321,533	364,596	364,596	0.15	0.16	0.16	1,282,646[(g)]	1,325,709[(g)]	1,325,709[(g)]	0.58	0.55	0.55
› Treasury stock	119,000	0.10	61,798	61,798	–	0.03	0.02	0.00	198,997	198,997	0	0.08	0.08	0
TOTAL	**114,006,167**	**100**	**219,370,207**	**229,187,097**	**229,125,299**	**100**	**100**	**100**	**219,927,545**	**239,839,971**	**239,640,974**	**100**	**100**	**100**

(a) Based on the breach of threshold disclosure dated June 26, 2018.
(b) Based on the breach of threshold disclosure dated June 8, 2018.
(c) Based on the breach of threshold disclosure dated November 26, 2018.
(d) Based on the breach of threshold disclosure dated May 21, 2018.
(e) Based on the breach of threshold disclosure dated October 26, 2018.
(f) Following the purchase of 506,587 and 54,603 shares under the performance share plans implemented on June 15, 2016 and December 21, 2016, respectively, whose vesting periods ended on June 15, 2018 and December 21, 2018, respectively, and based on the declarations made by executives to the AMF (see section 8.5.3 of this registration document).
(g) O/w 393,532 shares held by the Employee Benefit Trust.

In 2018, Eurazeo reduced its stake in the Company following the off-market sale of 1,299,822 Company shares to CPPIB, representing 0.59% of the share capital and 0.54% of the voting rights of Elis on the transaction date (i.e., June 21, 2018). In 2018, CPPIB increased its stake in the Company to over 10%.

8.5.2 CONTROL OF THE COMPANY

No shareholder, alone or in concert with others, directly or indirectly, has held a controlling interest in the Company or has been deemed to exercise control over the Company.

8.5.3 SHARE TRANSACTIONS CARRIED OUT BY EXECUTIVES AND ASSOCIATED PERSONS

In accordance with Article 223-26 of the General Regulation of the AMF and Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse (MAR), the table below shows the transactions carried out by the Company's executives and persons closely associated with them as defined in Article 3 of the MAR who have been disclosed to the AMF in accordance with Articles 223-22-A et seq. of the General Regulation of the AMF and under the terms set out in Article 19 of the MAR for the financial year ended December 31, 2018 and since the start of the financial year beginning on January 1, 2019:

Date of transaction	Disclosed by	Type of transaction	Number of shares	Unit price *(In euros)*	Transaction amount *(In euros)*
March 22, 2018	Louis Guyot	Share acquisition	195	20.08	3,915.60
October 30, 2018	Louis Guyot	Share acquisition	196	17.18	3,368.12
December 19, 2018	Louis Guyot	Share acquisition	2,000	13.99	27,980.00
December 24, 2018	Xavier Martiré	Share acquisition	4,000	14.09	56,376.80

As of the time of writing the registration document, no other executive or corporate officer had disclosed transactions in the Company's shares in 2018 or since the start of the financial year beginning on January 1, 2019.

8.5.4 TRANSFER OR DISPOSAL OF SHARES UNDERTAKEN TO REGULARIZE CROSS SHAREHOLDINGS

None.

8.5.5 BREACH OF SHAREHOLDING THRESHOLDS

Legal shareholding thresholds (Article L. 233-7 of the French Commercial Code)

Any individual or entity, acting alone or in concert with others, who comes to hold, directly or indirectly, a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's share capital or voting rights, is required to notify the Company and the AMF thereof in writing within four trading days from the date the threshold is crossed, indicating the total number of shares and voting rights held. Shareholding disclosures filed with the AMF are made public by the AMF. These disclosures are also filed within the same time frame and under the same conditions whenever the equity interest or voting rights fall below the above-mentioned thresholds. If any shareholder fails to comply with these disclosure requirements, the shares in excess of the relevant threshold that should have been disclosed in accordance with the above-mentioned provisions will be stripped of voting rights at all shareholders' meetings for a period of two years following the date on which the failure to disclose was rectified.

BREACH OF SHAREHOLDING THRESHOLD DISCLOSURES MADE TO THE AMF IN 2018:

Shareholder	Date of disclosure	AMF declaration no.	Breach of threshold
Canada Pension Plan Investment Board	November 21, 2018	218C1866	Threshold of 10% of the voting rights breached.
Canada Pension Plan Investment Board	November 5, 2018	218C1775	Threshold of 10% of the share capital breached.
FMR Co. Inc.	October 26, 2018	218C1734	Dropped below the threshold of 5% of the share capital.
FMR Co. Inc.	October 9, 2018	218C1653	Dropped below the threshold of 5% of the voting rights.
FMR Co. Inc.	June 27, 2018	2018C1145	Threshold of 5% of the share capital breached.
Legendre Holding 27	June 21, 2018	2018C1116	Dropped below the threshold of 10% of the voting rights.
Crédit Agricole SA[(a)] Predica	June 8, 2018	2018C1026	Threshold of 10% of the voting rights breached as a result of the change to double voting rights of a block of shares held in registered form for at least two years.
FMR Co. Inc.	April 19, 2018	218C0758	Dropped below the threshold of 5% of the voting rights.

(a) Predica's parent company.

Statutory shareholding thresholds (Article 8 of the Company's bylaws)

Shareholders are required to disclose to the Company any movement of 1%, or a multiple of that percentage, above or below the threshold in accordance with the stipulations of Article 8 of the Company's bylaws. These disclosures are in addition to the aforementioned disclosures required by law. Shareholders who fail to comply with the disclosure requirement set forth in the bylaws will lose the voting rights attached to the shares exceeding the threshold in question at the request of one or more shareholders holding at least 1% of the share capital, under the conditions and within the limits set forth by law (see section 8.2.6 above).

8.5.6 EMPLOYEE SHAREHOLDING AND PROFIT-SHARING

As of December 31, 2018, employee profit-sharing (current and former Elis employees) amounted to 0.40% of the Company's share capital, equivalent to 0.38% of the voting rights, i.e. 932,177 shares, mainly held by employees under performance share plans implemented by the Company since its IPO and for which the vesting period has closed.

8.5.7 EQUITY INTERESTS OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As of December 31, 2018, the personal interests in Elis's share capital of members of the Management Board and Supervisory Board accounted for less than 1% of the share capital and voting rights. The number of shares held by each corporate officer can be found in the Supervisory Board's report on corporate governance (see chapter 4 of this 2018 registration document).

8.5.8 OTHER INFORMATION ABOUT THE CAPITAL

Agreements likely to cause a change in control of the Company

As of the date of this registration document, to the Company's knowledge, there are no shareholder or other agreements likely to cause a change in control of the Company at a later date.

Options or conditional or unconditional agreements regarding the capital of the Company or its subsidiaries

As of the date of this registration document, no share capital of the Company or its subsidiaries is under option or agreed conditionally or unconditionally to be put under option (including the identities of those persons to whom such options relate).

8.5.9 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

In accordance with Articles L. 225-37-5 and L. 225-100-3 of the French Commercial Code, the events likely to have an impact with regard to the public offering are disclosed below:

Agreements entered into by the Company that would be amended or terminated in the event of a change in control of the Company

As of the date of this registration document, the financing agreements entered into by the Company (in particular the Senior Syndicated Credit Facilities Agreement, the Océanes, the bond issues under the EMTN program, and the *Schuldschein*), described in chapter 1, section 1.12 "Financing policy and financial rating" of this registration document, contain clauses providing for the possibility under certain conditions of their early redemption in the event of a change of control of the Company.

Likewise, the agreement relating to the issue of High Yield Bonds stipulates that in the event of a change of control, each bond lender has the option to request redemption of said Bonds by the Company, at a price equal to 101% of the par value of the High Yield Bonds held by the lender, plus accrued interest.

Note that the 2017 Bridge Term Facility Agreement, entered into as part of the Berendsen acquisition referred to in section 1.12 of chapter 1 of this 2018 registration document and which included early redemption clauses under certain conditions in the event of a change in control of the Company, was repaid in full on February 19, 2018.

Shareholder agreement

- On May 30, 2016, Eurazeo, Legendre Holding 27 and Predica entered into an automatically renewable five-year agreement relating to the Company's corporate governance, in order to lay down certain commitments concerning the composition of the Elis Supervisory Board, in view of their respective holdings in the Company. Eurazeo, Legendre Holding 27 and Predica have thus undertaken to ensure that (i) the Supervisory Board members appointed on their proposal vote in favor of maintaining a majority of independent members on the Company's Supervisory Board and (ii) at general shareholders' meetings, vote in favor of maintaining a majority of independent members on the Company's Supervisory Board (except in the event of a significant change in Elis's shareholding structure). Moreover, as long as Predica holds at least 5% of Elis's share capital, Eurazeo and Legendre Holding 27 have undertaken to ensure that (i) the Supervisory Board members appointed on their proposal vote in favor of any resolution aimed at allowing Predica to hold a seat on the Company's Supervisory Board and (ii) at general shareholders' meetings, vote in favor of such a resolution. Eurazeo and Legendre Holding 27 have also undertaken to ensure that, within six months from the date their direct or indirect holdings fall below:
  - 15% of Elis's voting rights, they will only have two representatives on the Company's Supervisory Board; and
  - 10% of Elis's voting rights, they will only have one representative on the Company's Supervisory Board.

  The parties have declared that this corporate governance agreement did not represent concerted action as defined by Article L. 233-10 of the French Commercial Code.
- On June 7, 2017, the Company and CPPIB, which at the time held 4.83% of Elis's share capital, signed an investment agreement (the **"Investment Agreement"**) pursuant to which CPPIB undertook to Elis to subscribe for 10,131,713 new Elis shares (the **"CPPIB Shares"**) as part of a reserved capital increase carried out on September 13, 2017 in connection with the Berendsen acquisition (the **"Reserved Capital Increase"**), at a subscription price of €19.74 per CPPIB Share (the **"CPPIB Cash Placing"**). The total proceeds of the CPPIB Cash Placing was approximately €200 million.

  Pursuant to the provisions of the Investment Agreement:
  - Elis undertook not to, until the completion of the Elis Reserved Capital Increase, (i) propose or issue any equity securities on a preemptive basis (rights issue) to Elis shareholders, (ii) propose or issue any equity securities to any shareholder or third party other than CPPIB and any of the Elis shareholders listed in chapter 8 of the registration document as holding more than 8% of the Company's share capital (the **"First Offer Investors"**) without first offering to all of the First Offer Investors to subscribe for such equity securities, and (iii) issue equity securities to any First Offer Investor on terms more favorable than those offered to the other First Offer Investors, which in any event will not be more favorable than the terms of the CPPIB Shares, it being specified that the Company is authorized to issue equity securities for the purposes of the bonus share allocation plans;
  - CPPIB has undertaken for a 12-month period from the settlement of the Reserved Share Capital not to (i) directly or indirectly transfer ownership to the CPPIB Shares, for which it has subscribed as part of the Reserved Capital Increase, (ii) grant any right or promise on such CPPIB Shares or (iii) announce its intention to perform one of the transactions mentioned in (i) and (ii). CPPIB is however authorized to tender all or part of the CPPIB Shares in the context of a public tender offer for any of the Elis Shares recommended by the Elis Supervisory Board Members and cleared by the AMF.

The Investment Agreement also includes an anti-dilution clause pursuant to which as long as CPPIB holds at least 8% of Elis's share capital, Elis must make any and all efforts for CPPIB to have the right, in connection with any future offerings of securities by Elis, including any offering of equity securities, to purchase or subscribe for a portion of such new securities pro rata to its shareholding in the Company for the same per-security price either (i) in the context of the offering, or (ii) by any other means agreed among the parties so that the CPPIB shareholding remains unchanged and in all cases on the same terms as those applicable to the purchase or subscription of the securities offered to others.

At the end of the lock-up period, CPPIB may freely transfer all or part of the CPPIB Shares it holds. In the event CPPIB and/or its affiliates want such transfer to occur through a block trade or private placement, CPPIB may notify Elis, up to three times every five years, and Elis will undertake to cooperate with CPPIB, its affiliates and its/their advisers in order to ensure the liquidity of CPPIB's investment in Elis, by using commercially reasonable efforts to carry out these transactions and provide CPPIB with the assistance it is reasonably able to give in order to facilitate the sale of the securities that CPPIB wishes to transfer. The cooperation commitment of the Company with CPPIB is only applicable if the block trade covers at least 10% of the share capital of the Company and/or if the private placement covers at least 5% of the share capital of the Company.

As regards corporate governance, the Investment Agreement provides that CPPIB has the right to nominate a representative to Elis's Supervisory Board if its shareholding in the Company is at least equal to 8% of Elis's share capital, and to nominate a second representative to Elis's Supervisory Board if its shareholding in the Company is at least equal to 15% of Elis's share capital. Under this provision, CPPIB nominated Joy Verlé as a member of Elis's Supervisory Board, since Ms. Verlé had been co-opted by the Supervisory Board at its meeting of March 6, 2018 to replace Philippe Audouin, who had resigned. This co-optation was ratified at the general shareholders' meeting on May 18, 2018.

The Investment Agreement was signed for a 10-year period from its execution date and is renewable for subsequent three-year periods unless terminated by written non-renewal notice sent by either party to the other party at least 12 months prior to the expiration of the initial 10-year period or of any renewal period.

CPPIB may terminate the Investment Agreement at any time by giving at least four (4) months' prior notice.

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

Agreements providing for compensation payments to members of the Management Board or employees if they resign or are dismissed without just or serious cause

Management Board members are eligible for compensation payments in the event of departure. The terms and conditions of such payments are presented in the Supervisory Board's report on corporate governance and in the Statutory Auditors' special report on regulated agreements and commitments (see chapter 4 of this registration document).

Agreement that may lead to restrictions on share transfers or on the exercise of voting rights

CPPIB's 12-month lock-up period under the Investment Agreement signed between CPPIB and the Company on June 7, 2017 ended on September 12, 2018. Under the terms of the Investment Agreement, CPPIB had agreed for a 12-month period from the settlement of the Reserved Share Capital, namely from September 12, 2017, not to (i) directly or indirectly transfer ownership of the CPPIB Shares, for which it had subscribed as part of the Reserved Capital Increase, (ii) grant any right or promise on such CPPIB Shares or (iii) announce its intention to perform one of the transactions mentioned in (i) and (ii).

As of the date of this registration document, to the Company's knowledge and with the exception of the restrictions stipulated in Article 8 of the Company's bylaws as described above, there are no shareholder agreements or other agreement that may, at a later date, lead to restrictions on share transfers or on the exercise of voting rights.

8.6 DIVIDENDS

8.6.1 DIVIDEND POLICY

The Company will determine the amounts of any future dividend distributions on the basis of various factors, including the Company's general business conditions and in particular its strategic objectives, financial position, the opportunities it wishes to pursue and the applicable statutory provisions.

8.6.2 DIVIDENDS PAID IN THE PAST THREE FINANCIAL YEARS

The Company did not pay any dividends in the financial years ended December 31, 2016, 2017 and 2018. However, amounts deducted from its additional paid-in capital account were paid out during those periods. At the next general shareholders' meeting held to approve the financial statements for the year ended December 31, 2018, the shareholders will be asked to vote under the **4th resolution** on a special cash dividend (see chapter 7 of this 2018 registration document).

8.6.3 TIME FRAME FOR CLAIMING DIVIDENDS

Dividends not claimed within five years from the payment date are time-barred and must be paid over to the French government.

8.7 TRADING OF SHARES

8.7.1 EXCHANGE

On February 11, 2015 Elis was listed for trading in Compartment A of the Euronext Paris regulated market. Since the acquisition of Berendsen, the Company is now included in the SBF 120 index in around 75th place and in the Euro Stoxx 600 index.

› Elis share data

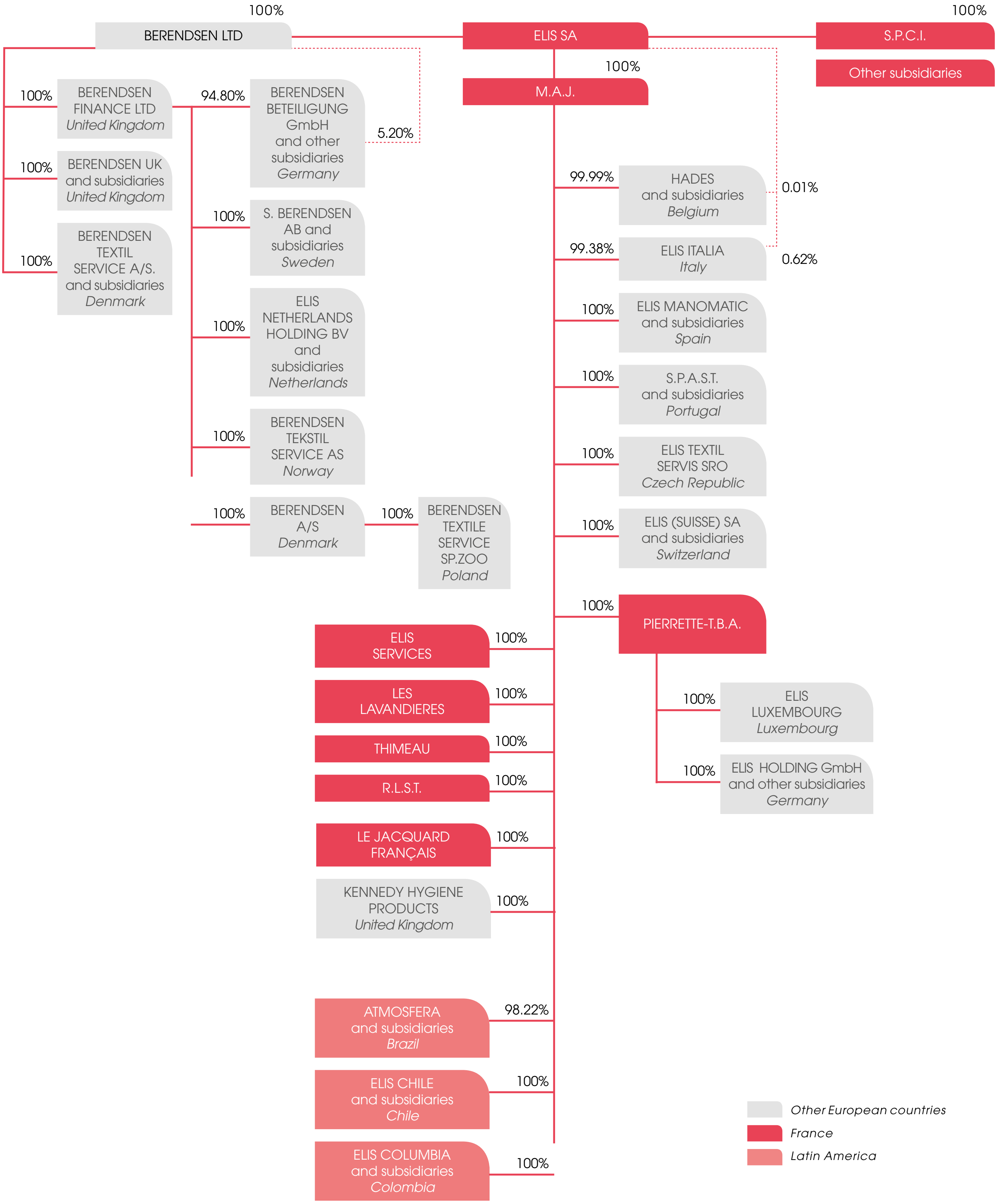
- ISIN code: FR0012435121.
- Exchange: Ongoing trading on Euronext – Compartment A of NYSE Euronext Paris.
- Other exchanges where the shares are traded: none.
- Par value of shares: €1.
- Number of shares outstanding as of December 31, 2018: 219,927,545.
- Price as of December 31, 2018: €14.55.
- Market capitalization as of December 31, 2018: €3,199,945,779.

8.7.2 VOLUMES TRADED AND SHARE PRICE TREND IN 2018

	Price *(In euros)*			**Traded volume**		
	High	**Low**	**Closing price (last day of the month)**	**Number of shares traded per month**	**Daily average of shares traded**	**Market capitalization (end of month)** *(In millions of euros)*
January 2018	23.94	22.44	22.50	6,566,310	298,469	4,936
February 2018	22.56	20.08	21.08	9,379,637	468,982	4,624
March 2018	21.52	19.51	20.10	12,265,946	584,093	4,409
April 2018	20.44	18.51	19.82	10,362,045	518,102	4,348
May 2018	21.00	18.34	18.47	10,495,892	477,086	4,052
June 2018	20.20	18.50	19.64	9,768,612	465,172	4,318
July 2018	20.52	17.94	19.66	9,816,077	446,185	4,323
August 2018	20.16	18.95	19.95	6,191,377	269,190	4,386
September 2018	20.44	19.51	20.28	6,771,198	338,560	4,459
October 2018	20.48	16.12	17.83	9,562,446	415,759	3,920
November 2018	18.75	16.33	17.30	7,963,672	361,985	3,804
December 2018	17.60	13.71	14.55	9,251,944	486,944	3,200

8.8 SIMPLIFIED GROUP ORGANIZATIONAL CHART

The simplified Group organizational chart set out below shows the Group's legal structure as of December 31, 2018 (the percentages shown on the organizational chart correspond to the percentage of share capital and voting rights held by the Company in the subsidiary concerned):



8.9 MAIN SUBSIDIARIES

Elis is the Group's holding company, cash pool leader, and the head of the French tax consolidation group set up on March 1, 2008. The Company's main direct and indirect subsidiaries are described below. No Group subsidiary is listed.

- **M.A.J.** is a company incorporated under French law whose registered office is located at 31, Chemin Latéral au Chemin de Fer, 93500 Pantin, France. Its main activity is rental and maintenance services for flat linen, workwear and HWB appliances. M.A.J. also owns the Elis brand and acts as Elis's historical cash pool leader.
- **Berendsen Textile Service AB** is a company incorporated under Swedish law and a wholly-owned subsidiary of S. Berendsen AB. Its registered office is located at S:t Johannesgatan 2, Box 17143, 200 10 Malmö, Sweden. Its main activity is rental and maintenance services for flat linen, workwear and HWB appliances.
- **Berendsen Textil Service A/S** is a company incorporated under Danish law whose registered office is located at Tobaksvejen 22, 2860 Søborg, Denmark. Its main activity is rental and maintenance services for flat linen, workwear and HWB appliances.
- **Atmosfera Gestão e Higienização de Têxteis SA** is a joint-stock corporation incorporated under Brazilian law whose registered office is located at Avenida Antonieta Piva Barranqueiros, S/N, Chácara Aeroporto, Jundiaí, SP, 13212-009, Brazil. Its main activity is rental and maintenance services for flat linen and workwear. Atmosfera Gestão e Higienização de Têxteis SA is the holding company for the Brazilian subsidiaries.
- **Elis Nederland BV** is a company incorporated under Dutch law and a direct, wholly-owned subsidiary of Elis Netherlands Holding BV. It is headquartered at Pieter Calandweg 2, 6827 BK Arnhem, Netherlands. Its main activity is rental and maintenance services for workwear and HWB appliances.
- **Berendsen UK** is a company incorporated under British law whose registered office is located at Intec 3, Wade Road, Basingstoke, RG24 8NE, United Kingdom. Its main activity is rental and maintenance services for flat linen and workwear.
- **Berendsen Beteiligungs GmbH** is a company incorporated under German law whose registered office is located at Stadtstraße 3-7, 25348 Glückstadt, Germany. It is the holding company of the Berendsen Germany sub-group.
- **Berendsen Tekstil Service AS** is a company incorporated under Norwegian law whose registered office is located at Smeltedigelen 1, 0195 Oslo, Norway. Its main activity is rental and maintenance services for workwear and HWB appliances.
- **Berendsen Textile Service Sp. z o.o.** is a company incorporated under Polish law whose registered office is located at ul. Duńska 1, Żukowo 83-330, Poland. Its main activity is rental and maintenance services for workwear and HWB appliances.
- **Compañia Navarra de Servicios Integrales, SL (C.N.S.I.)** is a limited liability company incorporated under Spanish law whose registered office is located at Calle Benjamín de Tudela, 40, 31008 Pamplona, Spain. Elis Manomatic holds 100% of the share capital and voting rights of C.N.S.I., which is the holding company for the Indusal sub-group.
- **Elis Manomatic SA** is a joint-stock corporation incorporated under Spanish law with capital of €72,232,490 whose registered office is located at Camí de Can Ametller, 24, Edificio 2, Planta 2, 08195 Sant Cugat del Vallès, Barcelona, Spain. Its main activity is rental and maintenance services for flat linen, workwear and HWB appliances. Elis Manomatic SA is the holding company for the Spanish subsidiaries.
- **Les Lavandières** is a simplified joint-stock corporation incorporated under French law whose registered office is located in the Zone Industrielle les Carrières, 49240 Avrillé, France. Its main activity is rental and maintenance services for flat linen, workwear and HWB appliances.

The position of Elis's subsidiaries and direct shareholdings is shown in the table in Note 4.4 to the 2018 parent company financial statements included in chapter 6 "Financial statements for the year ended December 31, 2018" of this 2018 registration document.

8

Consolidated values (Excluding dividends) *(In millions of euros)*	**Total non-current assets (including goodwill)**	**External financial liabilities**	**Cash on balance sheet**	**Cash flows from operating activities**	**Dividends paid during the year and attributable to the listed company**
M.A.J. (France)	1,919.1	12.3	5.7	199.7	-
Berendsen Textil Service AB (Sweden)	842.0	1.4	5.0	78.1	-
Berendsen Textil Service A/S (sub-group, Denmark)	661.3	–	19.4	59.6	-
Atmosfera Gestao e Higienização de Têxteis (Brazil)	372.2	–	2.7	5.5	-
Elis Nederland (sub-group)	527.1	–	3.5	41.6	-
Berendsen UK (sub-group)	354.1	0.4	7.8	81.6	-
Berendsen Germany (sub-group)	262.3	–	8.9	64.9	-
Berendsen Tekstil Service AS (Norway)	169.3	–	0.34	17.2	-
Berendsen Textile Service Sp. zoo (Poland)	166.1	–	3.2	22.8	-
CNSI (Indusal sub-group, Spain)	164.8	0.1	0.9	21.0	-
Elis Manomatic (Spain)	103.7	–	0.5	19.7	-
Les Lavandières (France)	87.9	4.3	0.9	44.4	-

The Elis Group primarily analyzes its business by geographic region, to which the legal entities listed above belong based on where they are located. It would therefore not be relevant to analyze revenue and EBITDA by legal entity. Revenue and EBITDA by region are presented in section 5.2.2 of this registration document.


6 Céréales et Graines 270 Gr
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Additional information

9.1 PERSONS RESPONSIBLE

9.1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

Xavier Martiré, chairman of the Management Board.

9.1.2 DECLARATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

Having taken all reasonable care to this effect, I hereby declare that, to the best of my knowledge, the information contained in this registration document is consistent with the facts and contains no omission likely to affect its scope.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present fairly the assets and liabilities, financial position, and results of the Company and all companies in the Group, and that the information included in the 2018 registration document relating to the management report listed in the cross-reference table on pages 313 and 314 of this registration document presents fairly the changes in the business, the results, and the financial position of the Company and all companies in the Group as well as a description of the major risks and uncertainties they face.

I have obtained a completion of work letter from the Statutory Auditors stating that they have audited the information relating to the financial position and financial statements contained in this registration document, which they have read in its entirety. The letter does not contain any comments.

Saint-Cloud, March 21, 2019

Xavier Martiré

Chairman of the Management Board

9.2 STATUTORY AUDITORS

9.2.1 PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Bruno Tesniere, Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

63, rue de Villiers

92200 Neuilly-sur-Seine, France

First appointed on: 2007 (incorporation of the Company)

Expiry of term: 2019 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2018).

Mazars

Represented by Isabelle Massa, Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

61, rue Henri Regnault – Tour Exaltis

92400 Courbevoie

First appointed on: June 29, 2011

Expiry of term: 2019 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2018).

9.2.2 ALTERNATE STATUTORY AUDITORS

Anik Chaumartin

Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

63, rue de Villiers

92200 Neuilly-sur-Seine, France

First appointed on: June 26, 2013

Expiry of term: 2019 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2018).

CBA

Member of the Association of Statutory Auditors of Versailles *(Compagnie régionale des commissaires aux comptes de Versailles)*

61, rue Henri Regnault – Tour Exaltis

92400 Courbevoie

First appointed on: June 29, 2011

Expiry of term: 2019 (general shareholders' meeting called to approve the financial statements for the year ended December 31, 2018).

At the meeting on May 23, 2019, the shareholders will be asked to vote on the reappointment of the Principal Statutory Auditors for a six-year term (see chapter 7 of this registration document). Since the appointment of Alternate Statutory Auditors is no longer required under the Sapin II Law, the shareholders will not be asked to vote on the reappointment of the Alternate Statutory Auditors, whose term expires at the end of the general shareholders' meeting on May 23, 2019.

9.3 CONTACTS AND AVAILABLE FINANCIAL INFORMATION

9.3.1 INVESTOR RELATIONS

The Group is committed to maintaining ongoing relationships with financial analysts and its shareholders, including French and foreign individual shareholders and institutional investors. Analyst meetings and/or conference calls are organized in Paris for the publication of annual and half-year results, as well as for other significant events. Quarterly revenue announcements are made by conference call. The Group's management gives talks all year round at conferences organized by specialized financial intermediaries.

Individual meetings between investors and various contact persons within the Company are also arranged several times a year, especially during roadshows in France and abroad. Investors may also contact the Director of Investor Relations at any time.

The Investor Relations section of the Elis website is specially designed for both individual and institutional shareholders and offers open and unrestricted access. This section provides share price information (both in near real time and historical data) and all information published by the Group's Financial Department: press releases and news, analyst presentations, annual financial reports and registration documents from previous financial years, composition of the Management Board and the Supervisory Board, Company bylaws, the Supervisory Board's rules of procedure, the charters of the Audit Committee and the Appointments and Compensation Committee, the Code of Conduct for Trading and Market Activities, the financial publications calendar and the list of financial analysts that cover Elis stock.

Investor relations contact
Nicolas Buron
Director of Investor Relations
5, boulevard Louis Loucheur – 92210 Saint-Cloud – France
Telephone: +33 (0)1 75 49 98 30
Fax: +33 (0)1 47 11 02 19
investors@elis.com
www.corporate-elis.com

9.3.2 BANK RESPONSIBLE FOR REGISTERED SHAREHOLDERS' ACCOUNTS

BNP Paribas Securities Services
Elis shareholder relations

CTS – Corporate Trust Services
Grands Moulins de Pantin – 9, rue du Débarcadère – 93500 Pantin, France
Telephone: +33 (0)1 40 14 00 90

Elis shares may be registered with this institution as described in the shareholder section of the Company's website (www.corporate-elis.com).

9.3.3 REGULATED INFORMATION

Regulated information, as defined in the General Regulation of the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), is available on the Company's website. This information is archived in a specific section of the Company's website and may be accessed at: www.corporate-elis.com.

Elis has signed a contract with an AMF-licensed professional information agency for the distribution of regulated information as defined in the AMF general regulations. This service provider is responsible for the distribution of all press releases covering periodic or ongoing regulated information.

9.3.4 PROVISIONAL FINANCIAL COMMUNICATION CALENDAR

For 2019, the provisional calendar for key communication events is as follows:

Date (Indicative)	Contents
03/07/2019	Presentation of FY 2018 results
05/02/2019	Presentation of Q1 2019 revenue
05/23/2019	Combined general shareholders' meeting
05/31/2019	Payment of special dividend
07/24/2019	Q2 2019 revenue and H1 2019 results
10/24/2019	Q3 2019 revenue

9.4 PUBLIC DOCUMENTS

Company press releases, this registration document, including Company and Group historical financial information filed with the AMF, and, where applicable, any updates, are available on the Company's website at www.corporate-elis.com, and on the AMF's website at www.amf-france.org. A copy may be obtained free of charge from the Company's registered office (5, boulevard Louis Loucheur – 92210 Saint-Cloud – France).

Pursuant to Article 221-3 of the AMF general regulations, regulated information (as defined in Article 221-1 of the AMF general regulations) is available on the Company's website. This information is available for at least ten years following its publication.

In accordance with AMF recommendations, the Company's bylaws and the Supervisory Board's rules of procedure are available on the Company's website (www.corporate-elis.com). These documents, the minutes of the general meetings, the Statutory Auditors' reports and all other company documents may be consulted at the Company's registered office under the conditions provided for by law and the bylaws.

All these legal and financial documents relating to the Company and made available to shareholders according to the regulations in force may be consulted at the Company's registered office.

Moreover, breach of shareholding threshold disclosures are published on the AMF's website.

Cross-reference tables

CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

This cross-reference table lists the main disclosure items required by European Commission regulation (EC) 809/2004 of April 29, 2004 (the "Regulation") and refers to the pages in this registration document containing information regarding these items.

No.	Items shown in Appendix 1 of the Regulation	Chapter/section	Corresponding page(s) of the registration document
9.	Financial position and performance		
9.1.	Financial position	5.2.4, 5.2.5	155 157
9.2.	Operating income (loss)	5.2 5.9 5.10 5.11	151 159 159 160
9.2.1	Significant factors affecting the issuer's operating income	5.1	150
9.2.2	Explanation of material changes in net revenue or net income	5.1.1	150
9.2.3	Governmental, economic, fiscal, monetary or political strategies or factors that have materially affected or may materially affect, directly or indirectly, the issuer's operations	Message from management 5.4	8 and 9 158
10.	Cash and equity		
10.1.	Issuer's capital	5.2.4 5.2.5 6.1 – Note 10 6.3 – Note 5.1	155 157 224 246
10.2.	Sources and amounts of cash flows	5.2.4	155
10.3.	Borrowing terms and conditions and financing structure	1.12 5.2.4 6.1 – Note 8.3	48 155 213
10.4.	Restrictions on the use of capital	6.1 – Note 8.4	215
10.5.	Sources of financing needed to honor commitments	1.12 6.1 – Note 8.3	48 213
11.	Research and development, patents and licenses	1.14 2.1 5.7	50 54 158
12.	Trend information		
12.1.	Main trends having affected production, sales and inventories, and costs and selling prices since the end of the last financial year	5.4	158
12.2.	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's outlook	5.4	158
13.	Profit forecasts or estimates		
13.1.	Statement setting out the principal assumptions underlying the issuer's forecasts or estimates	N/A	
13.2.	Report prepared by the Statutory Auditors	N/A	
13.3.	Preparation of forecasts or estimates	N/A	
13.4.	Statement on the validity of a forecast previously included in a prospectus	N/A	
14.	Administrative, management and supervisory bodies and senior management		
14.1.	Composition – statements	4.1.1	98
14.2.	Conflicts of interest	4.1.1	121
15.	Compensation and benefits		
15.1.	Compensation and benefits in kind	4.1.2 6.1 – Note 5.5	124 to 139 199
15.2.	Retirement and other benefits	4.1.2 6.1 – Note 5.5	124 to 139 199
16.	Operation of administrative and management bodies		
16.1.	Terms of office of the members of the Supervisory Board and the Management Board	4.1.1	101 to 115
16.2.	Service agreements binding members of the administrative and management bodies	4.1.1	124
16.3.	Information about the Audit Committee and the Appointments and Compensation Committee	4.1.1	121 to 123
16.4.	Statement on corporate governance	4.1.1	98
17.	Employees		
17.1.	Number of employees	Elis at a glance, 2018, 3.2.1	3 79
17.2.	Employee profit sharing and stock options	8.5.1 8.5.6 8.5.7	296 298 298
17.3.	Employee shareholding agreements	8.5.6	298

No.	Items shown in Appendix 1 of the Regulation	Chapter/section	Corresponding page(s) of the registration document
18.	Main shareholders		
18.1.	Identification of the main shareholders	8.5.1	296
18.2.	Voting rights	8.2.2	290
18.3.	Control of the issuer	8.5.2	296
18.4.	Agreements that may result in a change of control	8.5.9	298
19.	Related-party transactions	6.1 – Note 11 4.1.1	226 98
20.	Financial information concerning the issuer's assets and liabilities, financial position and results		
20.1.	Historical financial information	5.11	160
20.2.	Pro forma financial information	N/A	
20.3.	Financial statements	6.1 6.3	164 237
20.4.	Auditing of historical annual financial information	6.2 6.4	233 254
20.5.	Date of the latest financial information	31/12/2018	
20.6.	Interim and other financial information	N/A	
20.6.1	Quarterly and half-year financial information	N/A	
20.6.2	Interim financial information	N/A	
20.7.	Dividend policy	8.6	300
20.7.1	Dividend amount	8.6.2 6.1 – Note 10.2	300 224
20.8.	Litigation and arbitration proceedings	2.1.5 6.1 – Note 7.2	63 206
20.9.	Significant changes in the financial or commercial position	6.1-Note 12	231
21.	Additional information		
21.1.	Share capital		
21.1.1	Amount of subscribed capital	8.3.2	292
21.1.2	Non-equity shares	8.3.5	294
21.1.3	Own shares held by the issuer	8.3.4	293
21.1.4	Convertible securities, exchangeable securities and securities with warrants attached	8.3.5	294
21.1.5	Information about the terms and conditions governing any right of purchase and/or obligations attached to capital subscribed but not paid up, or about any undertaking to increase the capital	N/A	
21.1.6	Information about the capital of any member of the Group that is under option or agreed conditionally or unconditionally to be put under option	N/A	
21.1.7	Changes in share capital	8.3.3	293
21.2.	Charter and bylaws		
21.2.1	Description of the issuer's corporate purpose	8.1	290
21.2.2	Summary of any provision included in the issuer's charter or bylaws regarding members of its administrative, management and supervisory bodies	4.1.1 8.1	98 and 104 290
21.2.3	Description of rights, privileges and restrictions attached to each class of existing shares	8.2.1	290
21.2.4	Description of the actions necessary to change shareholder rights	8.2	290
21.2.5	Description of the conditions governing the manner in which the Annual and Extraordinary General Meetings are convened	4.1.3	140
21.2.6	Description of any provision that may have the effect of delaying, deferring or preventing a change of control of the issuer	8.5.9	298
21.2.7	Information about any provision setting the threshold above which shareholder ownership must be disclosed	8.5.5	296
21.2.8	Description of the conditions governing changes in capital when such conditions are more stringent than is required by law	N/A	
22.	Major contracts	1.13	49
23.	Information from third parties, experts' declarations and declarations of interest		
23.1	Statement or report attributed to a person acting as an expert	3.7	92
23.2	Information from third parties	N/A	
24.	Public documents	9.4	308
25.	Information on holdings	8.9 6.1 – Note 11	303 226

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

To facilitate the reading of this document, the cross-reference table below may be used to identify in this 2018 registration document the information that constitutes the annual financial report that must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulation of the French Financial Markets Authority (*Autorité des marchés financiers* – AMF).

Information	Chapter/ section	Corresponding page(s) of the registration document
Parent company financial statements	6.3	237
Group consolidated financial statements	6.1	164
Management Board's management report (French Monetary and Financial Code)		
Article L. 225-100 of the French Commercial Code		
Analysis of changes in business	5.2, 5.5	151 158
Analysis of results	5.5, 5.2	158, 151
Analysis of financial position	5.2, 5.5	151 158
Main risks and uncertainties	2.1	54
Table of currently valid delegations of authority granted by the General Shareholders' Meeting to the Management Board regarding capital increases	4.1.5 8.3.5	140 294
Factors likely to have an impact in the event of a public offering	8.5.9	298
Buyback by the Company of its own shares	8.4	294
Declaration of the person responsible for the annual financial report	9.1.2	306
Statutory Auditors' report on the parent company financial statements	6.4	254
Statutory Auditors' report on the consolidated financial statements	6.2	233
Statutory Auditors' fees	6.1 – Note 13	231
Supervisory Board's report on corporate governance	4.1	98
Statutory Auditors' special report on regulated agreements	4.2	143

CROSS-REFERENCE TABLE FOR THE MANAGEMENT BOARD'S REPORT

The cross-reference table below may be used to identify in this 2018 registration document the information that constitutes the Management Board's management report.

	Disclosure items of the Management Board's management report Articles L. 225-100 paragraph 2, L. 225-102, L. 225-102-1, L. 232-1-II, R. 225-102, L. 225-100-3 and R. 225-105-1 of the French Commercial Code	**Chapter(s) of the registration document**	**Corresponding page(s) of the registration document**
1	**Business of the Company and its subsidiaries and/or controlled companies and outlook**		
1.1	Financial position and operations of the Company, its subsidiaries and all of its consolidated entities during the past financial year	Elis at a glance, 2018 1.1 1.4 5.1 – 5.2 5.5	3 to 23 27 30 150 to 151 151 to 157, 158
1.2	Operating results of the Company, its subsidiaries and companies that it controls	Elis at a glance, 2018 5.2	22 151 to 157
1.3	Analysis of business developments, results and financial position	Elis at a glance, 2018 5.2	3 to 23 151 to 157
1.4	Financial key performance indicators	Elis at a glance, 2018 5.2.1	3 to 23 151
1.5	Significant events occurring between the end of the reporting period and the date of the management report	5.3 6.1 – Note 12	158 231
1.6	Information about the use of financial instruments	6.1 – Note 8.8	219
1.7	Research and development activities	1.14 5.7	50 158
1.8	Changes in the presentation of the parent company financial statements and valuation methods	6.1 – Note 1 6.3 – Note 3	171 241
1.9	Description of main risks and uncertainties	2.1	54 to 65
1.10	Investments over the past three financial years	1.11	47
1.11	Outlook	5.4	158
1.12	Dividends and other income paid in the last three financial years	8.6.2 6.1 – Note 10.2	300 224
1.13	Payment terms and trade payables	5.10	159
2	**Presentation of the financial statements**		
2.1	Changes in the presentation of the parent company financial statements and valuation methods	6.3 – Note 3	241
2.2	Amount of non-tax-deductible expenses	5.9	159
2.3	Combined total of sumptuary expenses and corresponding tax expense (Article 223 quater of the French Tax Code)	5.9	159
3	**Subsidiaries and direct investments**		
3.1	Significant equity investments or acquisitions of controlling interests during the financial year in companies registered in France	5.6 6.1 – Note 2.4	158 179
3.2	List of subsidiaries and direct investments	6.1 – Note 11	226
3.3	List of branches	5.7	158
4	**Share capital and shareholding structure**		
4.1	Ownership of share capital and voting rights and changes therein during the financial year	8.5.1 8.5.2	296 296
4.2	Employee share ownership	8.5.1 8.5.6	296 298
4.3	Buyback and resale by the Company of its own shares	8.3.4 8.4	293 294
4.4	Shareholder agreements	8.5.9	298
4.5	Stock options	N/A	
4.6	Bonus share grants	4.1.2 6.1 – Note 5.4 6.3 – Note 5.2	124 198 247
4.7	Share buyback program	8.4	294
4.8	Factors likely to have an impact in the event of a public offering	8.5.9	298

	Disclosure items of the Management Board's management report Articles L. 225-100 paragraph 2, L. 225-102, L. 225-102-1, L. 232-1-II, R. 225-102, L. 225-100-3 and R. 225-105-1 of the French Commercial Code	**Chapter(s) of the registration document**	**Corresponding page(s) of the registration document**
5	**Senior management – Corporate officers**		
5.1	List of offices and positions held in any company by each corporate officer	4.1.1	101 to 115
5.2	Choice of senior management operating procedures	4	98
5.3	Compensation and benefits of any kind paid to each corporate officer during the past financial year	4.1.2 6.1 – Note 5.4 6.1 – Note 5.5 6.3-Note 5.2	124 198 199 247
5.4	Commitments of any kind made to senior managers	4.1.2 4.2	124 143
5.5	Trading in the Company's shares by senior managers or closely related parties thereto	8.5.3	297
5.6	Terms and conditions regarding the transfer of bonus shares granted to senior managers in the course of their duties	4.1.2 8.2.8	124 292
5.7	Summary table of deviations from the provisions of the AFEP-MEDEF Code and explanations	4.1.1	98
6	**Social and environmental information**		
6.1	Non-financial performance statement	3.2	75 to 89
6.3	Opinion of the independent Auditor	3.7	92 and 93
7	**Documents to be attached to the management report and/or sent to shareholders**		
7.1	Five-year financial summary	5.11	160
7.2	Management Board's report on the resolutions submitted to the Combined General Meeting on May 23, 2019	7.2	261
7.3	Supervisory Board's report on corporate governance	4.1	98
7.4	Statutory Auditors' report on the parent company financial statements including the Statutory Auditors' certification that the information contained in the management report regarding the compensation of corporate officers is true and fair	6.4	254
7.5	Inventory of the Company's portfolio securities as at the end of the reporting period	6.3 – Note 3.1	241
7.6	Summary table of the current delegations of authority and powers granted by the General Shareholders' Meeting to the Board of Directors in respect of capital increases and the use of those delegations	4.1.5	140
8	**Regulated agreements**		
8.1	Agreements entered into by a Company subsidiary with a Company shareholder holding more than 10% of the Company's share capital and voting rights, a member of the Company's Supervisory Board or a member of the Company's Management Board	4.1.1	123
8.2	Statutory Auditors' special report on regulated agreements and commitments	4.2	143
9	**Duty of vigilance**		
9.1	Vigilance plan and implementation report	2.4	71

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