eliorGroup
Time savored

PRESS RELEASE

Paris, February 26, 2016

Results

Q1 2015-2016: a good start to the fiscal year, confirming the outlook for the full twelve months

- 4.5% revenue growth,
  of which 3.1% organic growth excluding the impact of voluntary contract exits
- EBITDA margin up by 20 basis points to 7.7%
- Full-year objectives confirmed

Elior Group (Euronext Paris – ISIN: FR 0011950732), one of the world's leading operators in the catering and services industry, today released its consolidated results for first-quarter 2015-2016, corresponding to the three months ended December 31, 2015.

Commenting on these results, **Philippe Salle, the Group's Chairman and Chief Executive Officer**, stated: "During the first quarter of this new fiscal year Elior Group has made significant progress in the execution of its strategy. We have actively pursued our development in contract catering in the USA with the acquisition of ABL Management. We have continued implementing the Tsubaki transformation plan, notably on the front of the activities and contracts portfolio review project. It implies the full review of our contracts and activities and will result in the termination or the disposal of those which are assessed as not profitable enough. Excluding that impact which amounted to (2.1)%, organic growth reached 3.1% despite a more difficult than anticipated operating environment due to the terrorist attacks that struck Paris on November 13, 2015. EBITDA margin rate increased by 20 basis points year on year, demonstrating how we have effectively implemented our action plans. Overall, we are confident that our businesses will continue their dynamic momentum and thanks to the solid first quarter performance we are standing by our financial objectives for the full fiscal year."

(in € millions)	**Q1 2015-2016**	**Q1 2014-2015**	**Year-on-year change**
Revenue	**1,483**	**1,420**	**+ 4.5%**
EBITDA	**114**	**106**	**+ 6.9%**
As a % of revenue	***7.7%***	***7.5%***	***+0.2 pt***
Attributable net profit for the period	**28**	**20**	**+ 40.6%**

Business development

Business development was strong in the first quarter of FY 2015-2016, although the retention rate for contract catering & services was negatively affected by the Group's deliberate strategy of taking a more selective approach to renewals of contracts, particularly in France and Italy. A number of major contracts were won during the period. For contract catering & services, these included contracts with Accor, Airbus, the Le Raincy municipality and Galeries Lafayette in France, the Geriatros senior living communities in Spain, the Verbania municipality in Italy, and BG Group plc in the United Kingdom. For concession catering, Areas won a very significant contract with SNCF Gares & Connexions for the management of 14 points of sales in Gare du Nord in Paris and 20 points of sales in major regional railway stations for a total revenue amount of €700 million over 10 years.

Revenue

Consolidated revenue totaled €1,483 million for the first quarter of FY 2015-2016. The 4.5% year-on-year increase reflects (i) organic growth of 1.0% (taking into account the 2.1% negative effect of voluntary contract exits), and (ii) positive impacts of 1.5% and 1.9% respectively from acquisition-led growth and changes in exchange rates.

The portion of revenue generated by international operations rose to 51% in the first quarter of FY 2015-2016 from 49% in the comparable prior-year period.

Contract catering & services revenue was up €53 million, or 5.1%, year on year, coming in at €1,096 million and accounting for 74% of total consolidated revenue.

Organic growth was 0.2%, reflecting the adverse effect of the Group's strategy of withdrawing from low- and non-profit-making contracts in all of its European host countries.

The recent acquisitions carried out in the United States[1] had a €30 million positive impact during the first three months of FY 2015-2016, and net of the impact of the sale of non-strategic operations in the education market, changes in the scope of consolidation pushed up contract catering & services revenue by an overall 2.9%.

In **France**, voluntary contract exits carried out during the period had a direct impact on all markets but this geographic segment nevertheless reported 1.0% organic growth, with revenue reaching €561 million.

- In the business & industry market, revenue was buoyed by the strong business development seen in 2015 as well as by a higher average customer spend. Revenue from ancillary services declined year on year, however.
- Revenue generated in the education market was up on first-quarter FY 2014-2015, driven by increased attendance and a higher average customer spend.
- Revenue also rose in the healthcare market, led by the performance of existing sites and a robust level of business development.

Revenue for the **International** segment climbed 9.8% to €535 million. Organic growth for this segment was a negative 0.9%, however, mainly due to voluntary contract exits in Italy, the United Kingdom and Spain. In addition, organic growth in the United States was hampered by an unfavorable calendar effect (which trimmed an estimated $5 million off

1 Starr Restaurant Catering Group and Cura Hospitality have been consolidated since October 1, 2015, and ABL Management has been consolidated since December 1, 2015.

revenue for the period), as well as by a lower retention rate than the historic average in early 2015, which resulted in sales teams being strengthened during the second half of 2015. Meanwhile, the Group's recent acquisitions in the United States and positive currency effects generated additional growth of 6.2% and 4.6% respectively.

- In the business & industry market, revenue was more or less unchanged compared with first-quarter FY 2014-2015. Business development was strong in Spain and the United States, notably in the corrections sector, but revenue decreased in the United Kingdom due to a number of voluntary contract exits.

- In the education market, revenue declined year on year, particularly in Italy and Spain (where the Group made the decision to withdraw from low- and non-profit making contracts), as well as in the United States where attendance was slightly lower.

- The healthcare market reported robust growth, due to sustained business development and to good performances on existing sites in the United Kingdom and Spain.

Concession catering revenue rose 2.7% in the first three months of FY 2015-2016 to €387 million, representing 26% of total consolidated revenue.

Organic growth for the period came to 3.4%. Changes in the scope of consolidation had a 2.2% adverse impact on revenue, reflecting both completed and planned sales of non-strategic assets resulting from the Group's review of its business portfolio. Changes in exchange rates – notably for the US dollar – had a 1.4% positive effect.

Revenue generated in **France** amounted to €162 million, down 3.8% year on year. The terrorist attacks in Paris in November 2015 had an estimated €5 million negative effect on revenue during the period.

- The motorways market felt the adverse effects of a decrease in traffic volumes of tourist coaches in France as well as unfavorable weather conditions in the mountains during the Christmas vacation period.

- Revenue in the airports market continued to be weighed down by the loss of the contract for Terminal 1 at Nice Airport from January 2015.

- The city sites & leisure market also reported a year-on-year revenue decrease due to much lower footfall in Parisian railway stations and museums as well as an unfavorable basis of comparison with the first quarter of FY 2014-2015, when major trade shows were held which only take place every two years. These unfavorable effects were partly offset by the additional revenue generated from the Bois aux Daims vacation resort that opened in the Vienne region in June 2015.

In the **International** segment**,** 7.9% growth drove revenue up to €225 million. Organic growth was 9.2%, but completed or planned sales of non-strategic assets shaved 3.9% off the revenue figure.

- The motorways market was buoyed by the ramp-up of service plazas in the United States, the opening of new service plazas in Italy, and higher traffic volumes in Spain and Portugal.

- Revenue in the airports market was boosted by upward trends in traffic volumes in Spain and the United States and the opening of new points of sale in Italy.

EBITDA

Consolidated EBITDA climbed by €7 million to €114 million and represented 7.7% of revenue, up 20 basis points on the first quarter of FY 2014-2015.

EBITDA for the contract catering & services business line rose to €90 million from €86 million, but its EBITDA margin edged down to 8.2% from 8.3% in the first quarter of FY 2014-2015.

- In **France**, EBITDA totaled €50 million and represented 9.0% of revenue, up 20 basis points on the first quarter of FY 2014-2015 fueled by a strong performance in the education market.

- In the **International** segment, EBITDA advanced by €3 million to €40 million. As a percentage of revenue, it narrowed to 7.4%, from 7.6% essentially because of the dilutive impact of acquisitions in the USA, while the margin rate improved in Italy and in the UK.

Concession catering EBITDA amounted to €26 million (versus €22 million in the same period of FY 2014-2015) and represented 6.7% of revenue, up 80 basis points year on year.

- In **France**, the EBITDA figure was €11 million compared with €14 million for the first quarter of FY 2014-2015, reflecting the revenue decline posted for the period as a consequence of the Paris terrorist attacks.

- In the **International** segment, EBITDA rose by €7 million year on year to €15 million, and EBITDA margin surged by 270 basis points to 6.6%, led by higher profitability levels in all regions in Europe and in America.

Attributable net profit for the period

Non-recurring items represented a net charge of €13 million, breaking down as (i) €10 million in non-recurring operating charges such as restructuring costs recorded in France, Italy, Spain and the United States and disposal losses on sales of non-strategic assets and closures of non-profit making sites, and (ii) €3 million in amortization of goodwill recognized on acquisitions.

At €14 million, **net financial expense** was considerably lower than in the first three months of FY 2014-2015, reflecting (i) the debt refinancing carried out in December 2014 and May 2015, (ii) the better financial conditions obtained for the Group's euro-denominated senior debt in December 2015, and (iii) lower interest rates.

The Group's **income tax expense** rose to €19 million from €14 million. The year-on-year increase reflects a higher level of taxable profit as the applicable tax rate was stable at around 40%.

Attributable net profit for the period was up sharply, amounting to €28 million versus €20 million in first-quarter FY 2014-2015. This drove a year-on-year increase in adjusted earnings per share[2] to €0.21 from €0.12.

Cash flow and debt

Free cash flow[3] came to a negative €65 million in the first three months of FY 2015-2016. This represented a €13 million improvement on the comparable prior-year period, achieved thanks to the increase in EBITDA as well as the Group's tight control of seasonal working capital requirement and capital expenditure. Free cash flow was, however, adversely affected during first-quarter FY 2015-2016 by €19 million in non-recurring items (versus €32 million in the first three months of FY 2014-2015) as well as the payment of non-recurring income tax.

Net debt amounted to €1,613 million at December 31, 2015, up €161 million on the September 30, 2015 figure, mainly as a result of seasonal effects on working capital requirement and the acquisitions carried out during the period in the United States and France (Cura Hospitality, ABL Management and Ducasse Développement) for an aggregate €57 million. The Group's leverage ratio[4] stood at 3.30x EBITDA at December 31, 2015, compared with 3.38x one year earlier.

2 Adjusted for non-recurring operating items net of the tax effect calculated at the standard rate of 34%

3 Defined as EBITDA + change in WCR - net capex - cash impact of tax - non-recurring cash items

4 Calculated in accordance with the definition in the SFA: Consolidated net debt/Pro forma EBITDA adjusted for acquisitions and divestments carried out in the past twelve months

Outlook

As part of its strategic plan for 2016-2020, the Group has embarked on its transformation process with a view to accelerating its development, and fiscal 2015-2016 should see the initial benefits of this new momentum. Thanks to our solid performance in the first quarter of 2015-2016 we are standing by our objectives for the full fiscal year, namely:

- Organic growth[5] of more than 3%, excluding the impact of voluntary contract exits (which is expected to be less than 150 basis points).
- An EBITDA margin of over 8.6 %, representing an increase of at least 20 basis points compared with FY 2014-2015.
- A significant rise in reported earnings per share and adjusted earnings per share[6].

Given the ongoing discussions with potential acquisition targets in contract catering in the USA, the Group expects to close new transactions in the coming months in the framework of its 2020 strategic plan.

Subsequent events

- On February 9, 2016, Elior redeemed in advance of term 22% of the outstanding Elior Finance SCA 6.5% May 2020 Senior Secured Notes. This redemption represented a nominal amount of €50 million and the corresponding cash outflow for Elior was €54 million, including €3 million in early redemption penalties. The repayment was financed by way of Elior SA drawing down €50 million under a new syndicated bank loan set up on January 29, 2016, which expires in January 2023. Interest on the new loan is based on the Euribor plus a standard margin of 2.5%.

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5 Excluding the impact of changes in scope of consolidation and the currency effect

6 Adjusted for non-recurring operating items net of the tax effect calculated at the standard rate of 34%

A press conference will be held on Friday, February 26, 2016 at 9.00 a.m. (CET), which will also be accessible by webcast on the Elior Group website and by phone by dialing one of the following numbers:

France: + 33 1 76 77 22 21

United Kingdom: + 44 20 3427 1907

United States: + 1 646 254 3365

Financial calendar:

- March 11, 2016: Annual Shareholders' Meeting
- May 27, 2016: First-half FY 2015-2016 results – issue of press release before the start of trading plus conference call

Appendix 1: Revenue by business line and geographic region
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The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation

Financial statements included in this press release have not been audited by the Group's statutory auditors.

About Elior Group

Founded in 1991, Elior Group has grown into one of the world's leading operators in the catering and related services industry, and is now a benchmark player in the business & industry, education, healthcare, and travel markets.
In FY 2014-2015, it generated €5,674 million in revenue through 18,600 restaurants and points of sale in 13 countries. Our 108,000 employees serve 4 million customers on a daily basis, taking genuine care of each and every one by providing personalized catering and service solutions to ensure an innovative customer experience
We place particular importance on corporate social responsibility and have been a member of the United Nations Global Compact since 2004. The professional excellence of our teams, as well as their unwavering commitment to quality and innovation and to providing best-in-class service is embodied in our corporate motto: "Time savored".

For further information please visit our website (http://www.eliorgroup.com) or follow us on Twitter (@Elior_Group / @Elior_France).

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Appendix 1: Revenue by Business Line and Geographic Region

(in € millions)	Q1 2015-2016	Q1 2014-2015	Organic growth (1)	Changes in scope of consolidation	Currency effect	Total growth
France	561	555	1.0%	0.0%	0.0%	1.0%
International	535	487	-0.9%	6.2%	4.6%	9.8%
Contract catering & services	1,096	1,043	0.2%	2.9%	2.1%	5.1%
France	162	168	-3.8%	0.0%	0.0%	-3.8%
International	225	209	9.2%	-3.9%	2.6%	7.9%
Concession catering	387	377	3.4%	-2.2%	1.4%	2.7%
GROUP TOTAL	1,483	1 420	1.0%	1.5%	1.9%	4.5%

Appendix 2: Revenue by Business Line and Geographic Region

(in € millions)	Q1 2015-2016	Q1 2014-2015	Organic growth (1)	Changes in scope of consolidation	Currency effect	Total growth
France	723	724	-0.1%	0.0%	0.0%	-0.1%
Other European countries	543	530	1.9%	-0.9%	1.6%	2.6%
Rest of the world	217	167	3.0%	16.0%	11.4%	30.4%
GROUP TOTAL	1,483	1,420	1.0%	1.5%	1.9%	4.5%

Appendix 3: Revenue by Market

(in € millions)	Q1 2015-2016	Q1 2014-2015	Organic growth (1)	Changes in scope of consolidation	Currency effect	Total growth
Business & industry	500	474	-0.3%	3.9%	2.0%	5.6%
Education	307	305	-1.1%	0.2%	1.5%	0.7%
Healthcare	288	264	2.3%	4.1%	2.9%	9.3%
Contract catering & services	1,096	1,043	0.2%	2.9%	2.1%	5.1%
Motorways	132	131	1.1%	-1.7%	1.8%	1.3%
Airports	165	151	8.6%	-1.6%	2.3%	9.2%
City sites & leisure	90	96	-1.7%	-3.7%	-0.3%	-5.7%
Concession catering	387	377	3.4%	-2.2%	1.4%	2.7%
GROUP TOTAL	1,483	1,420	1.0%	1.5%	1.9%	4.5%

1. Organic growth: change in revenue on a constant Group structure basis and excluding the currency effect.

Appendix 4: EBITDA by Business Line and Geographic Region

(En millions d'euros)	Q1 2015-2016	Q1 2014-2015	Y-o-y change (€m)	Y-o-y change (%)
France	50	49	1	2.2%
International	40	37	2	6.6%
Contract catering & services	90	86	4	4.1%
France	11	14	(3)	-22.6%
International	15	8	7	83.5%
Concession catering	26	22	4	15.8%
Corporate	(2)	(2)	0	ns
GROUP TOTAL	114	106	7	6.9%

Appendix 5: EBITA by Business Line and Geographic Region

(in € millions)	Q1 2015-2016	Q1 2014-2015	Y-o-y change (€m)	Y-o-y change (%)
France	41	39	2	4.1%
International	31	28	2	8.6%
Contract catering & services	71	67	4	6.0%
France	2	5	(3)	-54.2%
International	3	(2)	6	ns
Concession catering	6	3	3	114.5%
Corporate	(2)	(3)	0	ns
GROUP TOTAL	75	67	7	11.0%

Appendix 6: Simplified Cash Flow Statement

(In € million)	Q1 2015-2016	Q1 2014-2015	y-o-y change (€m)
EBITDA	114	106	8
Change in working capital requirement	-90	-90	0
Net capex	-40	-56	16
Cash tax	-29	-6	-23
Non-recurring cash items	-19	-32	13
Free cash flow	-65	-78	13

Appendix 7: Consolidated Financial Statements

Consolidated Income Statement

(in € millions)	Q1 2015-2016	Q1 2014-2015
Revenue	1,483	1,420
Purchases of raw materials and consumables	(464)	(440)
Personnel costs	(674)	(649)
Other operating expenses	(219)	(211)
Taxes other than on income	(13)	(14)
Depreciation, amortization and provisions for recurring operating items	(39)	(39)
Recurring operating profit	74	67
Share of profit of equity-accounted investees	0	0
Recurring operating profit including share of profit of equity-accounted investees	75	67
Other income and expenses, net	(13)	(2)
Operating profit including share of profit of equity-accounted investees	61	66
Net financial expense	(14)	(32)
Profit before income tax	47	34
Income tax	(19)	(14)
Profit/(loss) for the period from discontinued operations	0	
Profit for the period	28	20
Attributable to owners of the parent	**28**	**20**
Attributable to non-controlling interests	0	0
Earnings per share (in €)	0.16	0.12

Consolidated Balance Sheet – Assets

(in € millions)	At Dec. 31, 2015	At Dec. 31, 2014
Goodwill	2,431	2,385
Intangible assets	317	272
Property, plant and equipment	504	500
Non-current financial assets	38	32
Equity-accounted investees	3	2
Fair value of derivative financial instruments	-	-
Deferred tax assets	217	245
Total non-current assets	3,510	3,437
Inventories	104	97
Trade and other receivables	960	973
Current income tax assets	31	22
Other current assets	56	51
Short-term financial receivables	9	7
Cash and cash equivalents	180	154
Assets classified as held for sale	6	
Total current assets	1,346	1,303
Total assets	**4,856**	**4,740**

Consolidated Balance Sheet – Equity and Liabilities

(in € millions)	At Dec. 31, 2015	At Dec. 31, 2014
Share capital	2	2
Reserves and retained earnings	1,482	1,298
Non-controlling interests	39	46
Total equity	1,523	1,346
Long-term debt	1,666	1,565
Fair value of derivative financial instruments	8	22
Non-current liabilities relating to share acquisitions	20	182
Deferred tax liabilities	50	49
Provisions for pension and other post-employment benefit obligations	105	105
Other long-term provisions	23	15
Total non-current liabilities	1,872	1,938
Trade and other payables	655	641
Due to suppliers of non-current assets	16	15
Accrued taxes and payroll costs	560	550
Current income tax liabilities	26	44
Short-term debt	118	99
Current liabilities relating to share acquisitions	11	10
Short-term provisions	56	77
Other current liabilities	17	20
Liabilities classified as held for sale	2	-
Total current liabilities	1,461	1,456
Total liabilities	**3,333**	**3,394**
Total equity and liabilities	**4,856**	**4,740**

Consolidated Cash Flow Statement

(in € millions)	Q1 2015-2016	Q1 2014-2015
Cash flows from operating activities		
EBITDA	114	106
Change in working capital	(90)	(90)
Interest paid	(28)	(22)
Tax paid	(29)	(6)
Other cash movements	(19)	(32)
Net cash used in operating activities	(53)	(44)
Cash flows from investing activities		
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(40)	(55)
Purchases of and proceeds from sale of non-current financial assets	(7)	0
Acquisition/sale of shares in consolidated companies	(50)	(18)
Net cash used in investing activities	(98)	(74)
Cash flows from financing activities		
Dividends paid to owners of the parent	-	-
Movements in share capital of the parent	0	0
Purchases of treasury shares	-	-
Dividends paid to non-controlling interests	(1)	(1)
Proceeds from borrowings	132	1,048
Repayments of borrowings	(41)	(960)
Net cash from financing activities	90	88
Effect of exchange rate and other changes	(1)	(22)
Net decrease in cash and cash equivalents	**(62)**	**(52)**