Financial statements for the year ended December 31, 2016


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Financial statements for the year ended December 31, 2016

1.1 CONSOLIDATED FINANCIAL STATEMENTS

1.1.1 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	2016	2015
Revenue	**3.1/4.1**	**1,512,764**	**1,415,418**
Cost of linen, equipment and other consumables		(247,463)	(240,421)
Processing costs		(568,942)	(518,320)
Distribution costs		(238,657)	(224,819)
Gross margin		**457,702**	**431,858**
Selling, general and administrative expenses		(249,150)	(225,346)
Operating income before other income and expense and amortization of customer relationships	**3.2**	**208,552**	**206,512**
Amortization of customer relationships	4.3	(45,610)	(46,222)
Goodwill impairment	6.1	0	(14,575)
Other income and expense	4.4	24,451	(33,432)
Operating income		**187,392**	**112,284**
Net financial expense	8.2	(55,679)	(170,932)
Income (loss) before tax		**131,714**	**(58,648)**
Income tax benefit (expense)	9	(38,054)	929
Share of net income of equity-accounted companies		0	0
Net income (loss)		**93,660**	**(57,719)**
Attributable to:			
- owners of the parent		93,669	(58,194)
- non-controlling interests		(9)	475
Earnings (loss) per share (EPS) / Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	10.3	€0.82	€(0.55)
- diluted, attributable to owners of the parent	10.3	€0.82	€(0.55)
EBITDA	3.2	467,943	446,108

1.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	2016	2015
Net income (loss)		**93,660**	**(57,719)**
Gains (losses) on change in fair value of hedging instruments	8.7	(3,862)	(2,972)
Hedging reserve reclassified to income		4,065	6,283
Total change in hedging reserve	8.8	**203**	**3,311**
Related tax		(68)	(1,140)
Translation reserve		**39,176**	**(34,010)**
Other comprehensive income (loss) which may be subsequently reclassified to income		**39,311**	**(31,839)**
Actuarial gains and losses recognized in equity		**(2,712)**	**(3,823)**
Related tax		533	833
Other comprehensive income (loss) which may not be subsequently reclassified to income		**(2,179)**	**(2,990)**
Other comprehensive income		**37,132**	**(34,830)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**130,792**	**(92,549)**
Attributable to:			
- owners of the parent		130,760	(92,469)
- non-controlling interests		32	(80)

The change in hedging reserve reflects the change in fair value of derivatives eligible for hedge accounting. The fair value of derivatives has decreased due to the decline in the forward yield curve, with a negative impact on the hedging reserve. However, it has not affected hedge effectiveness. The fair value of derivatives is detailed 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.

1.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(In thousands of euros)	Notes	Dec. 31, 2016 net	Dec. 31, 2015 net
Goodwill	6.1	1,755,695	1,583,432
Intangible assets	6.2	350,877	379,477
Property, plant and equipment	6.3	896,508	784,204
Equity-accounted companies		0	0
Available-for-sale financial assets		85	146
Other non-current assets	8.7	4,230	5,757
Deferred tax assets	9	19,414	12,478
TOTAL NON-CURRENT ASSETS		3,026,809	2,765,494
Inventories	4.5	62,401	52,479
Trade and other receivables	4.2	392,613	356,847
Current tax assets		6,597	4,099
Other assets	4.7	16,972	13,799
Cash and cash equivalents	8.4	169,578	56,722
Assets held for sale	6.3	1,146	0
TOTAL CURRENT ASSETS		649,307	483,946
TOTAL ASSETS		**3,676,116**	**3,249,440**

Equity and liabilities

(In thousands of euros)	Notes	Dec. 31, 2016	Dec. 31, 2015
Share capital	10.1	1,140,062	1,140,062
Additional paid-in capital	10.2	280,874	320,777
Treasury share reserve		(1,582)	(2,175)
Other reserves		724	724
Retained earnings (accumulated deficit)		(266,976)	(360,754)
Other components of equity		(6,103)	(44,411)
Equity attributable to owners of the parent		1,146,999	1,054,223
Non-controlling interests	2.7	3,954	(338)
TOTAL EQUITY		1,150,953	1,053,885
Non-current provisions	7.1	24,247	24,650
Employee benefit liabilities	5.3	62,927	59,042
Non-current borrowings	8.5	1,276,797	1,267,421
Deferred tax liabilities	9	176,845	183,819
Other non-current liabilities	8.7	22,611	38,926
TOTAL NON-CURRENT LIABILITIES		1,563,427	1,573,859
Current provisions	7.1	4,921	5,766
Current tax liabilities		3,886	1,906
Trade and other payables	4.6	162,554	134,999
Other liabilities	4.7	296,283	243,544
Bank overdrafts and current borrowings	8.5	494,092	235,482
Liabilities directly associated with assets held for sale		0	0
TOTAL CURRENT LIABILITIES		961,736	621,697
TOTAL EQUITY AND LIABILITIES		**3,676,116**	**3,249,440**

1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Note	2016	2015
Cash flows from operating activities			
CONSOLIDATED NET INCOME (LOSS)		93,660	(57,719)
Depreciation, amortization and provisions	4.3	295,338	285,565
Portion of grants transferred to income	4.3	(115)	(128)
Goodwill impairment	6.1	0	14,575
Share-based payments		4,744	981
Discounting adjustment on provisions and retirement benefits	8.2	994	824
Net gains and losses on disposal of assets		(41,233)	1,229
Share of net income of equity-accounted companies		0	0
Other		(986)	(1,478)
Dividends received (from non-consolidated entities)		(25)	(12)
CASH FLOWS AFTER FINANCE COSTS AND TAX		352,377	243,836
Net finance costs	8.2	54,635	101,606
Income tax expense	9	38,054	(929)
CASH FLOWS BEFORE FINANCE COSTS AND TAX		445,067	344,514
Income tax paid		(47,091)	(17,280)
Change in inventories	4.5	(6,958)	5,980
Change in trade and other receivables	4.2	8,872	(17,883)
Change in other assets	4.7	(1,424)	602
Change in trade and other payables	4.6	6,595	(14,198)
Change in other liabilities	4.7	20,023	(7,159)
Other changes		(244)	(231)
Employee benefits		(31)	(455)
NET CASH FROM OPERATING ACTIVITIES		424,810	293,889
Cash flows from investing activities			
Acquisition of intangible assets		(11,091)	(6,481)
Proceeds from sale of intangible assets		23	0
Acquisition of property, plant and equipment		(252,505)	(261,475)
Proceeds from sale of property, plant and equipment		53,110	8,910
Acquisition of subsidiaries, net of cash acquired	2.4	(216,336)	(117,107)
Proceeds from disposal of subsidiaries, net of cash transferred		1,007	1,000
Changes in loans and advances		378	(226)
Dividends from equity-accounted companies		25	12
Investment grants		95	50
NET CASH FROM INVESTING ACTIVITIES		(425,294)	(375,317)
Cash flows from financing activities			
Capital increase		459	689,400
Treasury shares		700	(2,175)
Dividends paid			
- To owners of the parent		(39,871)	(39,881)
- To non-controlling interests		0	(5)
Change in borrowings [(a)]		197,651	(490,785)
- Proceeds from new borrowings		1,514,807	3,962,527
- Repayment of borrowings		(1,317,156)	(4,453,312)
Net interest paid		(50,032)	(76,939)
Other flows related to financing activities		(194)	(853)
NET CASH USED IN FINANCING ACTIVITIES		108,713	78,762
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		108,228	(2,665)
Cash and cash equivalents at beginning of period		55,825	58,523
Effect of changes in foreign exchange rates on cash and cash equivalents		1,824	(33)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8.4	165,877	55,825

(a) Net change in credit lines.

1.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2016

(In thousands of euros)	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2015	**1,140,062**	**320,777**	**(2,175)**	**724**
Increase in share capital				
Decrease in share capital				
Amounts paid to shareholders		(39,902)		
Share-based payments				
Changes in treasury shares			593	
Acquisition of NCI without a change in control				
Acquisition of subsidiary - NCI				
Other				
Net income (loss) for the period				
Other comprehensive income				
TOTAL COMPREHENSIVE INCOME				
Balance as at December 31, 2016	**1,140,062**	**280,874**	**(1,582)**	**724**

1.1.6 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2015

(In thousands of euros)	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves
Balance as at December 31, 2014	**497,610**	**175,853**		**7,224**
Increase in share capital	658,805	181,789		
Decrease in share capital	(16,354)	(3,463)		
Amounts paid to shareholders		(33,402)		(6,500)
Share-based payments				
Changes in treasury shares			(2,175)	
Changes in consolidation scope				
Other				
Net income (loss) for the period				
Other comprehensive income				
TOTAL COMPREHENSIVE INCOME				
Balance as at December 31, 2015	**1,140,062**	**320,777**	**(2,175)**	**724**

Retained earnings (accumulated deficit)	Hedging reserves	Translation reserve	Actuarial gains and losses	Owners of the parent	Non-controlling interests	Total equity
(360,754)	**(6,543)**	**(33,344)**	**(4,524)**	**1,054,223**	**(338)**	**1,053,885**
(0)				(0)	459	459
31				(39,871)		(39,871)
4,744				4,744		4,744
				593		593
(4,666)		1,669	(452)	(3,449)	475	(2,974)
(0)					3,326	3,326
(1)				(1)	(0)	(1)
93,669				93,669	(9)	93,660
	135	39,135	(2,179)	37,091	41	37,132
93,669	**135**	**39,135**	**(2,179)**	**130,760**	**32**	**130,792**
(266,976)	**(6,408)**	**7,460**	**(7,155)**	**1,146,999**	**3,954**	**1,150,953**
			(6,103)			

Retained earnings (accumulated deficit)	Hedging reserves	Translation reserve	Actuarial gains and losses	Owners of the parent	Non-controlling interests	Total equity
(302,305)	**(8,680)**	**574**	**(1,999)**	**368,277**	**(125)**	**368,152**
				840,594		840,594
(1,410)				(21,227)		(21,227)
21				(39,881)		(39,881)
981				981		981
				(2,175)		(2,175)
166	(34)			132	(132)	
(12)		2		(10)		(10)
(58,194)				(58,194)	475	(57,719)
	2,171	(33,920)	(2,525)	(34,274)	(555)	(34,830)
(58,194)	**2,171**	**(33,920)**	**(2,525)**	**(92,468)**	**(80)**	**(92,549)**
(360,754)	**(6,543)**	**(33,344)**	**(4,524)**	**1,054,223**	**(338)**	**1,053,885**
			(44,411)			

1.1.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Elis Group is a leader in textile rental and laundering and hygiene services in Continental Europe and Latin America. Elis is a company governed by French law and 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 year ended December 31, 2016 were approved by the Management Board on March 14, 2017 and reviewed by the Audit Committee on March 10, 2017 and by the Supervisory Board on March 14, 2017.

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The Elis Group's consolidated financial statements include the financial statements of Elis as well as its subsidiaries. The Elis Group refers to Elis, the parent company of the Elis Group, and the companies included in its consolidation scope (see Note 2 "Scope of consolidation").

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

1.2 ACCOUNTING STANDARDS APPLIED

The 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, 2016 and available on the website: http://ec.europa.eu/finance/company-reporting/standards-interpretations/.

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2015 except for the following standards and amendments effective for annual periods beginning on or after January 1, 2016:

- amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception,"
- amendments to IAS 27 "Equity Method in Separate Financial Statements,"
- amendments to IAS 1 "Disclosure Initiative,"
- annual improvements to IFRSs 2012-2014 Cycle,
- amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization,"
- amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations,"
- amendments to IAS 19R "Defined Benefit Plans: Employee Contributions,"
- annual improvements to IFRSs 2010-2012 Cycle;

These new texts did not have a material impact on the Elis Group's consolidated financial statements. The Group has not opted for the early adoption of any other standards, amendments or interpretations that have been issued but are not yet mandatory.

Lastly, the standards and amendments that have been published but not yet adopted by the European Union or whose application date is subsequent to the reporting date of these financial statements are:

- for annual periods beginning on or after January 1, 2017:
  - amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets".

    The Group expects no material impact of these amendments on its consolidated financial statements,
  - amendments to IAS 7 "Disclosure Initiative."

    To meet the requirements for new notes, the Group intends to include a reconciliation of its beginning and closing debt balances with cash flows from financing activities in the notes to the financial statements for the year ended on December 31, 2017;
- for annual periods beginning on or after January 1, 2018:
  - IFRS 9 "Financial Instruments,"
  - IFRS 15 "Revenue from Contracts with Customers,"
  - Amendments in "Clarifications to IFRS 15,"
  - Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions."

  Diagnostics relating to the impact of these new texts are currently underway. At this stage, the Group does not anticipate any material impact from the first application of IFRS 15 "Revenue from Contracts with Customers." The first application of IFRS 9 "Financial Instruments" should reflect a decrease in equity through the new impairment model that it sets out for trade receivables;
- for annual periods beginning on or after January 1, 2019:
  - IFRS 16 "Leases".

  The Group is currently assessing the impact of this standard.

  The Group does not plan to apply these standards prior to their required effective date in the European Union.

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 related disclosures. 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

The 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 liabilities" provides further details on the matter.

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 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 under IAS 12.2 "Income taxes based on taxable profits." Total current and deferred amounts of CVAE are therefore presented in the line item "Income tax benefit (expense)."

1.4 CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF PRIOR-YEAR FINANCIAL INFORMATION

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

In connection with adjustments recorded following acquisitions made in 2015, the amount of goodwill increased by €5,909 thousand compared with the amount presented in the consolidated financial statements for the year ended December 31, 2015 published for the purposes of the registration document.

(In thousands of euros)	2015 published	IFRS 3	2015 restated
Revenue	**1,415,418**		**1,415,418**
Cost of linen, equipment and other consumables	(240,048)	(373)	(240,421)
Processing costs	(518,275)	(45)	(518,320)
Distribution costs	(224,819)		(224,819)
Gross margin	**432,276**	**(418)**	**431,858**
Selling, general and administrative expenses	(225,346)		(225,346)
Operating income before other income and expense and amortization of customer relationships	**206,930**	**(418)**	**206,512**
Amortization of customer relationships	(45,584)	(638)	(46,222)
Goodwill impairment	(14,575)		(14,575)
Other income and expense	(33,413)	(19)	(33,432)
Operating income	**113,359**	**(1,076)**	**112,284**
Net financial expense	(170,932)		(170,932)
Income (loss) before tax	**(57,573)**	**(1,076)**	**(58,648)**
Income tax benefit (expense)	435	494	929
Share of net income of equity-accounted companies	0		0
NET INCOME (LOSS)	**(57,138)**	**(582)**	**(57,719)**
Attributable to:			
- owners of the parent	(57,613)	(582)	(58,194)
- non-controlling interests	475		475
Earnings (loss) per share (EPS) / Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	€(0.54)		€(0.55)
- diluted, attributable to owners of the parent	€(0.54)		€(0.55)
EBITDA	**446,108**	**0**	**446,108**

(In thousands of euros)	Dec. 31, 2015 published	IFRS 3	Dec. 31, 2015 restated
Goodwill	1,589,340	(5,909)	1,583,432
Intangible assets	368,778	10,699	379,477
Property, plant and equipment	774,923	9,281	784,204
Equity-accounted companies	0	0	0
Available-for-sale financial assets	146	0	146
Other non-current assets	6,270	(512)	5,757
Deferred tax assets	12,118	360	12,478
TOTAL NON-CURRENT ASSETS	2,751,575	13,919	2,765,494
Inventories	52,547	(68)	52,479
Trade and other receivables	358,341	(1,494)	356,847
Current tax assets	4,099	0	4,099
Other assets	12,780	1,019	13,799
Cash and cash equivalents	56,594	128	56,722
Assets held for sale	0	0	0
TOTAL CURRENT ASSETS	484,361	(415)	483,946
TOTAL ASSETS	**3,235,936**	**13,504**	**3,249,440**

(In thousands of euros)	Dec. 31, 2015 published	IFRS 3	Dec. 31, 2015 restated
Share capital	1,140,062	0	1,140,062
Additional paid-in capital	320,777	0	320,777
Treasury share reserve	(2,175)	0	(2,175)
Other reserves	724	0	724
Retained earnings (accumulated deficit)	(360,161)	(593)	(360,754)
Other components of equity	(44,422)	11	(44,411)
Equity attributable to owners of the parent	1,054,804	(582)	1,054,223
Non-controlling interests	(338)	0	(338)
TOTAL EQUITY	1,054,466	(582)	1,053,885
Non-current provisions	22,918	1,732	24,650
Employee benefit liabilities	58,259	783	59,042
Non-current borrowings	1,267,386	35	1,267,421
Deferred tax liabilities	182,131	1,689	183,819
Other non-current liabilities	39,639	(713)	38,926
TOTAL NON-CURRENT LIABILITIES	1,570,332	3,526	1,573,859
Current provisions	5,766	0	5,766
Current tax liabilities	1,848	58	1,906
Trade and other payables	135,059	(60)	134,999
Other liabilities	232,546	10,998	243,544
Bank overdrafts and current borrowings	235,919	(437)	235,482
Liabilities directly associated with assets held for sale	0	0	0
TOTAL CURRENT LIABILITIES	611,138	10,559	621,697
TOTAL EQUITY AND LIABILITIES	**3,235,936**	**13,504**	**3,249,440**

(In thousands of euros)	2015 published	IFRS 3	2015 restated
Cash flows from operating activities			
CONSOLIDATED NET INCOME (LOSS)	(57,138)	(582)	(57,719)
Depreciation, amortization and provisions	284,508	1,057	285,565
Portion of grants transferred to income	(128)		(128)
Goodwill impairment	14,575		14,575
Share-based payments	981		981
Discounting adjustment on provisions and retirement benefits	824		824
Net gains and losses on disposal of assets	1,229		1,229
Share of net income of equity-accounted companies	0		0
Other	(1,478)		(1,478)
Dividends received (from non-consolidated entities)	(12)		(12)
CASH FLOWS AFTER FINANCE COSTS AND TAX	243,361	475	243,836
Net finance costs	101,606		101,606
Income tax expense	(435)	(494)	(929)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	344,532	(19)	344,514
Income tax paid	(17,280)		(17,280)
Change in inventories	5,980		5,980
Change in trade and other receivables	(17,883)		(17,883)
Change in other assets	602		602
Change in trade and other payables	(14,198)		(14,198)
Change in other liabilities	(7,159)		(7,159)
Other changes	(231)		(231)
Employee benefits	(455)		(455)
NET CASH FROM OPERATING ACTIVITIES	293,908	(19)	293,889
Cash flows from investing activities			
Acquisition of intangible assets	(6,481)		(6,481)
Proceeds from sale of intangible assets	0		0
Acquisition of property, plant and equipment	(261,475)		(261,475)
Proceeds from sale of property, plant and equipment	8,910		8,910
Acquisition of subsidiaries, net of cash acquired	(117,253)	147	(117,107)
Proceeds from disposal of subsidiaries, net of cash transferred	1,000		1,000
Changes in loans and advances	(226)		(226)
Dividends from equity-accounted companies	12		12
Investment grants	50		50
NET CASH FROM INVESTING ACTIVITIES	(375,463)	147	(375,317)
Cash flows from financing activities			
Capital increase	689,400		689,400
Treasury shares	(2,175)		(2,175)
Dividends paid			
- to owners of the parent	(39,881)		(39,881)
- to non-controlling interests	(5)		(5)
Change in borrowings [(a)]	(490,785)		(490,785)
- Proceeds from new borrowings	3,962,527		*3,962,527*
- Repayment of borrowings	(4,453,312)		*(4,453,312)*
Net interest paid	(76,939)		(76,939)
Other flows related to financing activities	(853)		(853)
NET CASH USED IN FINANCING ACTIVITIES	78,762	0	78,762
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,793)	128	(2,665)
Cash and cash equivalents at beginning of period	58,523		58,523
Effect of changes in foreign exchange rates on cash and cash equivalents	(33)		(33)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55,697	128	55,825

(a) Net change in credit lines.

Note 2 SCOPE OF CONSOLIDATION

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 profit or loss.

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 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 4.4 "Other 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 entity acquired 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 income.

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 dates. 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 line item "Foreign currency translation reserve."

2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

2016 acquisitions

The Group made the following investments during the financial year ended December 31, 2016:

In Germany

The Group acquired:

- two laundries in Wismar and Stralsund on January 7, 2016, employing 340 people. The two laundries had combined revenue of €16.1 million in 2016, with the Wismar plant's customers split equally between the hospitality and healthcare sectors, and the Stralsund plant, located on the Baltic Coast, serving mainly Hotel customers;
- Puschendorf Textilservice on December 8, 2016, a family-owned company with five laundries in Germany, which posted revenue of €40.2 million in 2016. This transaction strengthens the company's positions in the German *Länder* where at present the Group has only limited operations, mostly along an axis connecting the Lower Saxony cities of Hanover and Wolfsburg, Magdeburg in Saxony-Anhalt and Leipzig in Saxony. In these regions, Puschendorf is the uncontested market leader in the Healthcare sector, servicing hospitals and retirement homes, and has established an innovative system for tracking flat linen. Elis now operates 16 laundries in the country.

In Brazil

The Group acquired:

- Uniforme Lavanderia e Locação Eireli on June 15, 2016, operating a laundry in Camaçari providing services mainly to the industry in the Bahia region (revenue of €0.3 million). This company employed some 26 people;
- two companies - Prontlav Lavanderia and Toalshão locação e higienização e Higienização de Enxoval - on October 1, 2016, operating a laundry at Fortaleza (State of Ceará), in the Healthcare market serving hospitals and clinics, with revenue of €2.0 million in 2016 and employing 80 people. This acquisition increases Elis' breadth in this northeastern State of Brazil.

In Colombia

Elis finalized its acquisition of Servicios Industriales de Lavado SIL in Colombia on December 27, 2016, thus moving into its third Latin American country, after Brazil and Chile. Elis purchased 100% of SIL shares from its owner, who will continue to assist the Group in its development in Colombia, with the stated goal of rapidly becoming the market leader. The company, which operates two laundries in Bogotá and in Cali, essentially serves private Healthcare players. SIL finished 2016 with revenue of 11 billion Colombian peso, or approximately €3.5 million.

In Spain

Elis Manomatic acquired:

- the assets of Servicios Hosteleros Textil Rent on June 2, 2016, a company in liquidation proceedings operating a laundry in Almansa, Albacete, catering primarily to the Hospitality market in the area of Valencia, Alicante and Murcia, with revenue of around €1.5 million and a staff of some 40 people;

- Compañia Navarra de Servicios Integrales SL (Indusal) on December 21, 2016. With this acquisition, Elis became the leading operator in the sector in Spain. A family-owned company founded in 1981, Indusal is the second largest operator in the sector in Spain, slightly ahead of Elis. Indusal operates in the textile rental and laundry sector and serves the Hospitality, Healthcare and Industry end markets. Indusal has 24 production facilities and in 2016 recorded revenue of €90 million.

In France

On April 1, 2016, the Group acquired BMF, based in Yerres (department of Essonne). Active in the 3D Pest Control market and employing 16 people, BMF posted total revenue of €1.2 million in 2016.

On November 14, 2016, Elis acquired the company Hygiène Technique et Protection de l'Environnement, based in Bobigny (department of Seine-Saint-Denis). Active in the 3D Pest Control market and employing some 40 people, HTPE posted total revenue of €3 million. Its primary customers are local authorities, town halls and providers of social housing.

These acquisitions consolidated Elis' hold on the 3D market in the Ile de France region.

Furthermore, the Group now owns all shares of SCI Maine Beauséjour, an owner of buildings in the city center of Limoges (department of Haute-Vienne).

In Switzerland

On June 9, 2016, the Group acquired On My Way, a Swiss start-up that offers innovative dry cleaning solutions to private customers (www.on-my-way.ch). On My Way offers private customers dry cleaning services including the pickup up of their laundry at collection points located along their daily commutes (service stations, supermarkets) and within their companies. These activities are a natural extension of the Group's services.

In early July, the Group completed two acquisitions:

- Hygienis SA, a company specializing in 3D Pest Control. Hygienis generated revenue of CHF2.3 million in 2016 and employs 12 people;
- Wäscherei Mariano, a laundry near Zurich whose customers are primarily restaurants. The company employs 45 people and generated revenue of CHF7.3 million in 2016. This acquisition enables Elis to extend its coverage in the canton of Zurich, which is the country's leading Hotel market. The Group is now the leading player in Switzerland with 18 production sites across the country, providing it with an unrivaled network to serve its historical customers in Hospitality and Healthcare, but also in Industry with its workwear offering.

Summary of the aforementioned acquisitions

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

(In thousands of euros)	Fair value at the acquisition date	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Columbia
Statement of financial position							
Intangible assets	8,432	*830*	*752*	*173*	*6,674*	*0*	*2*
Property, plant and equipment	107,959	*1,805*	*37,639*	*66,412*	*648*	*746*	*708*
Available-for-sale financial assets	8	*0*	*8*	*0*	*0*	*0*	*0*
Other non-current assets	366	*0*	*4*	*339*	*24*	*0*	*0*
Deferred tax assets	6,872	*0*	*536*	*6,336*	*0*	*0*	*0*
Inventories	1,895	*11*	*500*	*1,063*	*163*	*9*	*148*
Trade and other receivables	37,101	*1,546*	*5,359*	*26,913*	*1,522*	*904*	*857*
Current tax assets	818	*25*	*50*	*743*	*0*	*0*	*0*
Other assets	663	*13*	*310*	*251*	*70*	*0*	*20*
Cash and cash equivalents	12,973	*1,042*	*1,008*	*6,317*	*4,399*	*194*	*13*
Non-current provisions	(67)	*(67)*	*0*	*0*	*0*	*0*	*0*
Employee benefit liabilities	(38)	*(11)*	*(27)*	*0*	*0*	*0*	*0*
Non-current borrowings	(12,974)	*(6)*	*(10,743)*	*(2,042)*	*(128)*	*(54)*	*0*
Deferred tax liabilities	(3,998)	*(284)*	*(2,257)*	*0*	*(1,457)*	*0*	*0*
Other non-current liabilities	(4,423)	*(535)*	*(3,320)*	*(568)*	*0*	*0*	*0*
Current provisions	(46)	*(26)*	*(20)*	*0*	*0*	*0*	*0*
Current tax payables	(101)	*49*	*(118)*	*0*	*57*	*(55)*	*(35)*
Trade and other payables	(20,657)	*(637)*	*(4,317)*	*(15,117)*	*(163)*	*(70)*	*(353)*
Other liabilities	(12,225)	*(590)*	*(5,855)*	*(4,271)*	*(625)*	*(744)*	*(140)*
Bank overdrafts and current borrowings	(51,579)	*0*	*(9,317)*	*(42,109)*	*(143)*	*(9)*	*(0)*
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**70,979**	**3,165**	**10,190**	**44,442**	**11,040**	**922**	**1,220**
Non-controlling interests [(a)]	(5,146)	*0*	*0*	*(3,326)*	*(1,820)*	*0*	*0*
Goodwill	148,583	*5,103*	*31,478*	*95,681*	*10,435*	*3,123*	*2,762*
PURCHASE PRICE	**214,416**	**8,268**	**41,669**	**136,796**	**19,656**	**4,045**	**3,982**

(a) Switzerland: at the fair value : Spain: at portion of acquired net assets.

CASH FLOWS FROM ACQUISITIONS

(In thousands of euros)	Dec. 31, 2016	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Columbia
Net cash acquired	6,481	1,042	(5,474)	6,317	4,389	194	13
Amount paid	(222,817)	(7,543)	(41,332)	(136,093)	(22,309)	(12,692)	(2,848)
NET CASH FLOW	**(216,336)**	**(6,501)**	**(46,806)**	**(129,776)**	**(17,920)**	**(12,498)**	**(2,835)**

As at December 31, 2016, given the recent acquisitions made in the second half of the year, the initial accounting for the business combinations had not been completed and the amounts recognized were therefore provisional.

Since the acquisition date, the acquired subsidiaries have contributed €27.3 million in revenue, €7.1 million in EBITDA and €3.5 million in operating income (before amortization of customer relationships). If the acquisitions had taken place at the beginning of the year, additional revenue would have been €141.7 million, additional EBITDA €33.8 million and additional operating income (before amortization of customer relationships) €10.4 million.

Residual goodwill

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

2015 acquisitions

The Group made the following investments during the financial year ended December 31, 2015:

In Germany

The Group acquired:

- Kress Textilpflege on January 7, 2015, a company operating a processing center in the Munich area. The company generated annual revenue of €7 million in 2015 and serves customers in the Hospitality sector;
- Zischka Textilpflege on March 31, 2015, a company operating two laundries in the Frankfurt area with annual revenue of €10 million. This new acquisition extends the Elis network to nine laundries across the country, and in particular along the axis between Stuttgart and Essen.

In Brazil

On July 1, 2015 the Group acquired Teclav, a laundry company in Fortaleza (State of Ceará) and AJS Industria e Comercio de Confeccoes on the country's north-east coast. Teclav offers rental and laundry solutions to the region's main hospitals. The company generates annual revenue of approximately €10 million and has around 400 employees. This acquisition gave Elis the opportunity to expand its operations in Brazil and enter a new region where market prices are favorable.

Elis continued its targeted acquisitions policy in December 2015 with four new transactions designed to:

- strengthen its leadership position in the healthcare market in São Paulo with the acquisition of Martins e Lococo, and in Fortaleza (State of Ceará) with the acquisition of Multilav;
- stand out in the Ultra-Clean market with MPW in Piracicaba (State of São Paulo);
- expand into new regions with LavES in Vitória (State of Espírito Santo), the leader in the hospital market.

These acquisitions represented annual revenue of approximately €13 million (based on the Brazilian real exchange rate as at December 31, 2015).

In Chile

On September 30, 2015 the Group finalized the acquisition of Albia, Chile's market leader with a market share of approximately 25%, which operates eight laundries across the country mainly serving customers in the Healthcare, Hospitality and Mining industries. Its national network covers the largest cities in Chile, including Santiago and Valparaiso. Albia's revenue for the full year amounted to 15 billion Chilean peso or €20 million. Having become the number one player in Brazil in 2014 with the acquisition of Atmosfera, the Group now ranks number one in a new Latin American market.

In Spain

On March 31, 2015 Elis Manomatic acquired the Lavalia Group, the market's fourth-ranked player operating two laundries in Alicante and the Balearic Islands mainly serving hotels. It posts annual revenue of more than €10 million. This acquisition means that Elis now owns a plant in the highly popular tourist area of Costa Blanca. The other site it acquired, in the Balearic Islands, gives Elis a good market share in the archipelago.

In France

On April 1, 2015 the Group acquired the business goodwill of Hytop Service, a company specializing in hygiene and wellbeing and serving Trade and Services customers in the Greater Paris region (annual revenue: approximately €1.6 million). This acquisition will help further optimize the Group's regional operations.

The Group also continued to expand into 3D Pest Control services with:

- The acquisition on July 31, 3015 of Hygiène Contrôle Île de France (annual revenue: €1.5 million);
- The acquisition on November 1, 2015 of the business goodwill of Traitements Service Plus in Avignon (annual revenue: €0.4 million).

In addition, the acquisition on April 1, 2015 of Blanchisserie Professionnelle d'Aquitaine, which operates a laundry primarily serving the Hospitality sector in the Gironde region (2014 revenue: €3.3 million), followed by the acquisition on November 30, 2015 of Blanchisserie Le Grand Blanc (annual revenue: €0.9 million) serving the same market in Bordeaux, have boosted the customer portfolio in south-west France.

In Switzerland

On April 1, 2015 InoTex acquired the Wäscheria Textil Service group, which operates three laundries in the cantons of Grisons and Saint-Gall serving mainly hotels. The acquisition has enabled the Group to supplement its geographic coverage of the country, especially in Grisons, which is Switzerland's second most popular tourist canton. The Wäscheria Group generated revenue of around €12 million in 2015.

On July 9, 2015 the Group acquired Prohotel, a laundry near the airport of Zurich mainly serving hotels. The company has

70 employees and generated annual revenue of around €8 million in 2015. This acquisition enables Elis to extend its coverage in the canton of Zurich, which is the country's leading Hotel market.

The Group is now the leading player in Switzerland with 15 laundries across the country, providing it with an unrivaled network to serve its historical customers in Hospitality and Healthcare, but also in Industry with its workwear offering.

Summary of the aforementioned acquisitions

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

(In thousands of euros)	Fair value at the acquisition date	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Chile
Statement of financial position							
Intangible assets	21,712	1,130	4,702	504	3,916	8,971	2,488
Property, plant and equipment	69,418	4,121	9,279	9,159	20,684	15,995	10,180
Available-for-sale financial assets	3	3	0	0	0	(0)	0
Other non-current assets	(447)	20	0	0	0	(512)	45
Deferred tax assets	740	0	0	0	0	319	421
Inventories	1,034	163	45	142	46	342	296
Trade and other receivables	18,595	823	1,878	1,367	4,459	5,369	4,698
Current tax assets	342	0	3	33	0	0	305
Other assets	1,472	69	5	0	173	1,054	171
Cash and cash equivalents	4,065	738	255	530	1,298	1,055	189
Non-current provisions	(1,732)	0	(820)	(40)	(41)	(268)	(563)
Employee benefit liabilities	(4,345)	(42)	0	0	(4,303)	0	0
Non-current borrowings	(11,388)	(2,018)	0	(2,481)	(2,664)	(2,268)	(1,957)
Deferred tax liabilities	(4,321)	(465)	(1,128)	0	(1,509)	0	(1,218)
Other non-current liabilities	656	0	0	0	0	713	(57)
Current provisions	(511)	0	0	0	0	0	(511)
Current tax payables	(1,256)	53	(191)	(76)	0	(418)	(624)
Trade and other payables	(9,347)	(298)	(750)	(2,145)	(4,032)	(1,290)	(831)
Other liabilities	(9,942)	(1,211)	(1,335)	(774)	(1,224)	(4,135)	(1,265)
Bank overdrafts and current borrowings	(8,658)	(1,025)	(2,240)	(1,182)	301	(1,935)	(2,577)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**66,090**	**2,061**	**9,704**	**5,038**	**17,103**	**22,994**	**9,189**
Non-controlling interests [(a)]	(125)	(125)	0	0	(0)	0	0
Goodwill	87,759	7,283	14,418	3,418	9,533	48,863	4,243
PURCHASE PRICE	**153,724**	**9,220**	**24,122**	**8,456**	**26,636**	**71,857**	**13,432**

(a) France: at fair value / Switzerland: at portion of acquired net assets.

CASH FLOWS FROM ACQUISITIONS

(In thousands of euros)	Dec. 31, 2015	of which France	of which Germany	of which Spain	of which Switzerland	of which Brazil	of which Chile
Net cash acquired	3,641	757	(207)	530	1,298	1,075	189
Amount paid	(120,748)	(8,773)	(24,122)	(9,249)	(28,712)	(36,270)	(13,623)
NET CASH FLOW	**(117,107)**	**(8,016)**	**(24,329)**	**(8,719)**	**(27,414)**	**(35,195)**	**(13,434)**

Since the acquisition date, the acquired subsidiaries contributed €45.5 million in revenue and €4.7 million in operating income (before amortization of customer relationships) in 2015. If the acquisitions had taken place at the beginning of 2015, additional revenue would have been €50.8 million and additional operating income (before amortization of customer relationships) would have been €7.5 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 their carrying amount and fair value less costs 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.

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. These totaled €2,150 thousand as at December 31, 2016 (versus €2,150 thousand as at December 31, 2015).

Commitments received totaled €137,898 thousand as at December 31, 2016 (€103,393 thousand as at December 31, 2015) and correspond to guarantees granted to Elis in connection with its acquisitions.

2.7 NON-CONTROLLING INTERESTS

No detailed information is provided under IFRS 12 as there is no subsidiary with material non-controlling interests.

2.8 EVENTS AFTER THE REPORTING PERIOD RELATING TO CHANGES IN THE CONSOLIDATION SCOPE

On January 5, 2017 the Group signed an agreement to acquire Lavebras Gestão de Têxteis S.A. ("Lavebras") in Brazil. Lavebras is the number two player in the Brazilian market behind Elis and has operations in 17 States of Brazil, employing around 4,000 people across 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 sectors. The Lavebras Group's revenue should exceed €370 million reals (€103 million) for 2016. As at the reporting date of these consolidated financial statements, the completion of the acquisition of Lavebras was still under review by the Brazilian competition authority, with the approval expected to be obtained during the first half of 2016.

Elis Group also acquired:

- on March 3, 2017, the company HTE Sanitation, based in Les Martigues, active in the 3D Pest Control market in the area of Aix-Avignon-Marseille. HTE generates a turnover of approximately €0,9 million and is employing 9 people.
- on March 13, 2017, the company Blanchisserie Blésoise SAS, which holds a laundry unit in Blois and operates with customers in both Healthcare and Hospitality sectors. This company – which has a turnover of approximately €12 million in 2006 – is operating in the Val de Loire and Ile de France areas and is employing approximately 180 people.

Note 3 SEGMENT INFORMATION AND SIGNIFICANT EVENTS OF THE YEAR

The Group is organized into four main operating segments, based on the products and services offered and/or the target geographic region:

- France, representing the original rental, laundry and maintenance services business in France;
- Europe, representing the same activities across the rest of Europe;
- Latin America: representing business in Brazil, Chile and Colombia;
- Manufacturing Entities, regrouping operations of the cash-generating units (CGUs) Le Jacquard Français and Kennedy Hygiene.

To track performance, management monitors each segment's EBITDA. Financing costs and income tax expense are primarily monitored at Group level.

3.1 REVENUE

2016

(In millions of euros)	France	Europe	Latin America	Manufacturing entities	Eliminations & holding companies	Total
External customers	984.2	376.8	132.9	18.9	0.0	1,512.8
Inter-segment	1.6	0.6	0.0	8.2	(10.5)	0.0
SEGMENT REVENUE	**985.9**	**377.4**	**132.9**	**27.1**	**(10.5)**	**1,512.8**

2015

(In millions of euros)	France	Europe	Latin America	Manufacturing entities	Eliminations & holding companies	Total
External customers	978.1	327.7	92.2	**17.5**		1,415.4
Inter-segment	1.7	0.5	0.0	9.8	(12.1)	0.0
SEGMENT REVENUE	**979.8**	**328.2**	**92.2**	**27.3**	**(12.1)**	**1,415.4**

3.2 EARNINGS

Non-IFRS indicators

EBIT is defined as net income (loss) before net financial expense, income tax, share in net income of equity-accounted companies, amortization of customer relationships, goodwill impairment losses, other income and expense, miscellaneous financial items (bank fees recognized in operating income) and 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 with the consolidated income statement is presented below.

2016

(In millions of euros)	France	Europe	Latin America	Manufacturing entities	Eliminations & holding companies	Total
Operating income before other income and expense and amortization of customer relationships	**181.2**	**26.6**	**7.1**	**2.3**	**(8.8)**	**208.6**
Miscellaneous financial items	*0.5*	*0.3*	*1.3*	*0.1*	*0.1*	*2.3*
Expenses related to share-based payments	*0.0*	*0.0*	*0.0*	*0.0*	*3.8*	*3.8*
EBIT	181.8	27.0	8.4	2.4	(4.8)	214.7
Depreciation and amortization including portion of grants transferred to income	*162.8*	*67.3*	*21.8*	*1.3*	*0.0*	*253.2*
EBITDA	**344.5**	**94.3**	**30.2**	**3.7**	**(4.8)**	**467.9**
	34.9%	*25.0%*	*22.7%*	*13.8%*		*30.9%*

2015

(In millions of euros)	France	Europe	Latin America	Manufacturing entities	Eliminations & holding companies	Total
Operating income before other income and expense and amortization of customer relationships	**187.8**	**19.4**	**1.9**	**1.1**	**(3.7)**	**206.5**
Miscellaneous financial items	*0.6*	*0.3*	*0.4*	*0.1*	*0.1*	*1.5*
Expenses related to share-based payments	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
EBIT	188.4	19.7	2.3	1.2	(3.6)	208.0
Depreciation and amortization including portion of grants transferred to income	*158.2*	*61.2*	*17.5*	*1.3*	*0.0*	*238.1*
EBITDA	**346.5**	**80.9**	**19.8**	**2.5**	**(3.6)**	**446.1**
	35.4%	*24.6%*	*21.4%*	*9.2%*		*31.5%*

3.3 INFORMATION BY REGION

(In millions of euros)	2016	2015
France (including Le Jacquard Français)	995.8	988.9
Other countries	516.9	426.5
REVENUE	**1,512.8**	**1,415.4**

(In millions of euros)	Dec. 31, 2016	Dec. 31, 2015
France (including Le Jacquard Français)	2,142.8	2,173.6
Other countries	860.3	573.5
NON-CURRENT ASSETS	**3,003.1**	**2,747.1**

The non-current assets presented above comprise goodwill, property, plant and equipment and intangible assets.

3.4 INFORMATION ON REVENUE FROM SERVICES

Revenue from services is generated equally by three main activities: hygiene and well-being, flat linen and workwear.

(In millions of euros)	2016	2015
Flat linens	741.4	659.5
Workwear	449.1	433.9
Hygiene and well-being	321.5	319.6
Other	0.7	2.4
REVENUE	**1,512.8**	**1,415.4**

These services are rendered to customers who mainly operate in the Hospitality, Industry, Trade and Services, and Healthcare sectors.

3.5 INFORMATION BY SECTOR, INDUSTRY END MARKET OR COUNTRY

(In millions of euros)	2016	2015
Hospitality	*313.6*	*309.5*
Industry	*187.8*	*189.6*
Trade & Services	*343.5*	*340.0*
Healthcare	*164.9*	*159.7*
Other	*(25.5)*	*(20.6)*
France	**984.2**	**978.1**
Germany	*80.6*	*57.0*
Belgium & Luxembourg	*29.1*	*31.0*
Czech Republic	*1.8*	*1.7*
Switzerland	*107.2*	*95.4*
Northern Europe	**218.6**	**185.2**
Spain & Andorra	*86.9*	*75.6*
Italy	*27.4*	*26.6*
Portugal	*43.8*	*40.3*
Southern Europe	158.1	142.5
Europe	**376.8**	**327.7**
Brazil	*112.8*	*87.4*
Chile	*20.1*	*4.8*
Colombia	*0.0*	
Latin America	**132.9**	**92.2**
Manufacturing entities	**18.9**	**17.5**
REVENUE	**1,512.8**	**1,415.4**

The breakdown by customer segment in France is based on the APE activity code (characterizing the core activity by reference to national statistical nomenclature) of the entity that has contracted with a Group company.

3.6 SIGNIFICANT EVENTS OF THE YEAR

Financing

In order to secure financing for the acquisition of Indusal in Spain and Lavebras in Brazil by its M.A.J. subsidiary, Elis signed a €550 million bridge loan on November 10, 2016 with a syndicate of international bankers. As at December 31, 2016, the amount drawn down from the "bridge to debt" tranche was €130 million.

Sale of the Puteaux site

On December 30, 2016, M.A.J. completed the sale of its Puteaux site under the sale agreement signed on July 15, 2015 with a real-estate development group for €50.4 million. The site was the location of the Group's headquarters and a former production center. The move of the Company's headquarters to Saint-Cloud (department of Hauts-de-Seine) in France was completed at the end of November, 2016.

Note 4 OPERATING DATA

4.1 REVENUE

Revenue is recognized to the extent where it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding any trade discounts, volume rebates and other sales reductions. The following specific recognition criteria must also be met before revenue is recognized:

Rendering of services

Revenue from services is recognized as and when the services are rendered.

When services are invoiced as part of a monthly or quarterly subscription, the portion of the invoice corresponding to a service not yet rendered is recognized as unearned revenue (see Note 4.7 "Other current assets and liabilities").

Sales of goods

Revenue is recognized when the material risks and benefits attached to the ownership of the property concerned are transferred to the buyer.

(In millions of euros)		**2015**
Rendering of services	1,484,586	1,392,787
Sales of goods	28,155	22,619
Recurrent dividends	24	12
REVENUE	**1,512,764**	**1,415,418**

4.2 TRADE AND OTHER RECEIVABLES

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 and notes receivables may be written down for impairment. An impairment loss is recognized when it is probable that the receivable will not be recovered and when the amount of the loss can be measured reliably. Impairment losses are estimated taking into account historical loss experience and the age of the receivables. They 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)	Dec. 31, 2016	Dec. 31, 2015
Trade receivables and notes receivable (gross)	378,441	325,641
Allowance for bad debts	(37,354)	(29,638)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**341,087**	**296,003**
Other receivables	51,526	60,844
TOTAL TRADE AND OTHER RECEIVABLES	**392,613**	**356,847**
collection expected in less than one year	392,613	356,847
collection expected in more than one year	-	-

Changes in trade and other receivables during the financial years presented are analyzed as follows:

(In millions of euros)	2016	2015
AT JANUARY 1	**356,847**	**327,863**
Change in gross WC	*(9,347)*	17,480
Change in write-downs	*475*	*403*
Change in net WC	(8,872)	17,883
Change in consolidation scope	37,101	18,595
Translation differences	5,941	(5,506)
Change in receivable on disposal of assets	*(836)*	(72)
Other	2,432	(1,915)
AT DECEMBER 31	**392,613**	**356,847**

Net movements in working capital requirements are mainly due to the increase or decrease in receivables related to France's tax credit for competitiveness and employment (CICE), which were not prefinanced, and the increase in business volume.

Credit risk

The management of credit risk is described in detail in Note 8.1 "Financial risk management".

4.3 DEPRECIATION, AMORTIZATION, PROVISIONS AND OTHER COSTS BY NATURE

(In thousands of euros)	**2016**	**2015**
Depreciation and amortization (including portion of grants)		
- *included in Operating income before other income and expense and amortization of customer relationships*		
Property, plant and equipment and intangible assets	(73,117)	(66,117)
Rental-cleaning items	(163,745)	(155,752)
Other leased items	(16,502)	(16,402)
Portion of grants transferred to income	115	128
- *included in Other income and expense*	*0*	*(2,717)*
- *amortization of customer relationships*	*(45,610)*	*(46,222)*
TOTAL DEPRECIATION AND AMORTIZATION (INCLUDING PORTION OF GRANTS)	**(298,860)**	**(287,083)**
Additions to or reversals of provisions		
- *included in Operating income before other income and expense and amortization of customer relationships*	*3,021*	*940*
- *included in Other income and expense*	*616*	*703*
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**3,637**	**1,643**
Operating lease expense	**(36,097)**	**(34,291)**

4.4 OTHER INCOME AND EXPENSE

Items of material amounts that are unusual, abnormal or infrequent are disclosed separately in the income statement under "Other income and expense", in order to better reflect Group performance.

(In thousands of euros)	**2016**	**2015**
Transaction costs	(4,083)	(2,347)
Put option over non controlling interests - liability adjustment		1,478
Restructuring costs	(2,273)	(2,285)
Uncapitalizable costs for change in IT systems	(1,105)	(1,760)
Contingencies	(1,212)	0
Net gains on site disposals	42,216	16
Expenses relating to site disposal	(6,582)	(854)
Environmental rehabilitation costs	(55)	(200)
IPO expenses & related non recurring compensation	0	(21,094)
Expense associated with free shares granted, post IPO	(1,562)	(2,274)
Badwill	802	0
Other	(1,695)	(4,112)
OTHER INCOME AND EXPENSE	**24,451**	**(33,432)**

4.5 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 equipment) 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 thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Raw materials, supplies	22,827	15,717
Work in progress	893	468
Intermediate and finished goods	13,051	10,186
Goods for resale	25,630	26,107
INVENTORIES	**62,401**	**52,479**
o/w inventories (at cost)	63,242	53,385
o/w impairment	(840)	(906)

Changes in net inventories during the financial years presented are analyzed as follows:

(In thousands of euros)	2016	2015
AT JANUARY 1	**52,479**	**58,641**
Change in gross inventory	*6,894*	(5,881)
Change in write-downs	*64*	(99)
Change in net inventory	6,958	(5,980)
Change in consolidation scope	*1,895*	1,034
Translation differences	*1,069*	(1,217)
Other change	(0)	(0)
AT DECEMBER 31	**62,401**	**52,479**

4.6 TRADE AND OTHER PAYABLES

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Trade payables	143,209	116,264
Trade payables (fixed assets)	16,297	15,193
Other payables	3,048	3,542
TOTAL TRADE AND OTHER PAYABLES	**162,554**	**134,999**

Changes in trade and other payables during the financial years presented are analyzed as follows:

(In thousands of euros)	2016	2015
At January 1	**134,999**	**139,718**
Change in WC	6,595	(14,198)
Change in consolidation scope	23,045	9,366
Translation differences	1,812	(1,146)
Change in trade payables (fixed assets)	(2,237)	1,259
Other change	(1,660)	0
AT DECEMBER 31	**162,554**	**134,999**

4.7 OTHER CURRENT ASSETS AND LIABILITIES

(In thousands of euros)	Note	Dec. 31, 2016	Dec. 31, 2015
Prepaid expenses		13,745	11,533
Other current asset derivatives	8.8	2,773	2,053
Other assets		454	213
TOTAL OTHER ASSETS		**16,972**	**13,799**
Deposits received		8,719	8,926
Payroll-related liabilities		115,740	97,262
Taxes payable		124,176	91,087
Other current liability derivatives	8.8	0	0
Unearned revenue		47,648	46,269
TOTAL OTHER LIABILITIES		**296,283**	**243,544**

Unearned revenue primarily consists of services invoiced that will be rendered in the following month.

Changes in other current assets during the financial years presented are analyzed as follows:

(In thousands of euros)	2016	2015
AT JANUARY 1	**13,799**	**13,461**
Change in gross WC	1,424	(602)
Change in consolidation scope	663	1,472
Translation differences	126	35
Other change	960	(568)
AT DECEMBER 31	**16,972**	**13,799**

Changes in other current liabilities during the financial years presented are analyzed as follows:

(In thousands of euros)	2016	2015
AT JANUARY 1	**243,544**	**234,836**
Change in gross WC	20,023	(7,159)
Change in consolidation scope	12,225	21,125
Translation differences	5,126	(2,251)
Change in debt related to business combination	15,280	0
Other change	85	(3,008)
AT DECEMBER 31	**296,283**	**243,544**

Movements in WCR are mainly due to VAT to be refunded on the sale of the Puteaux site in the amount of €10.1 million.

Note 5 EMPLOYEE BENEFITS EXPENSE

5.1 AVERAGE NUMBER OF EMPLOYEES

(In number of people)	2016	2015
Executives	1,449	1,449
Supervisory personnel	1,438	1,475
Office employees	2,128	1,775
Service employees	3,601	3,157
Other employees	14,435	13,633
TOTAL EMPLOYEES PER CATEGORY	**23,052**	**21,488**
France	12,520	12,589
Other countries	10,532	8,898
TOTAL EMPLOYEES	**23,052**	**21,488**

5.2 EMPLOYEE BENEFITS

Payments by the Group to defined contribution plans are recognized as expenses when incurred.

In the case of 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 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 thousands of euros)	2016	2015
wages and salaries	(480,465)	(441,009)
Social security contributions	(153,787)	(147,493)
Crédit d'impôt pour la compétitivité des entreprises	15,300	15,044
Mandatory/optional profit-sharing	(30,200)	(17,431)
Other employee benefits	37	454
Equity-settled share-based payments [(a)]	(5,408)	(2,274)
TOTAL EMPLOYEE BENEFIT EXPENSES	**(654,524)**	**(592,708)**

(a) charge related to the plan awarded following the initial public offering figure was restated in "Other income and expense" (see Note 4.4).

5.3 EMPLOYEE BENEFIT 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 contribution.

Defined benefit plans

The Elis Group's commitments to defined benefit plans and other post-employment benefits are chiefly related to its French subsidiaries and consist of:

- supplementary retirement benefits paid to a category of senior executives. the supplementary retirement plan for which 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 Swiss subsidiaries of Elis have employee benefit liabilities in accordance with 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 statement of financial position.

The following table shows changes in the liability recognized in the Elis Group's statement of financial position:

(In thousands of euros)	Obligation	Fair value of plan assets	Liability
As at December 31, 2014	**82,447**	**34,124**	**48,323**
Current service cost	1,825		1,825
Interest expense	1,003	533	470
Benefit paid	(1,658)	(1,658)	0
Employee contributions	2,256	2,256	0
Employer contributions	(2,180)	(332)	(1,848)
Past service cost	(63)		(63)
Plan amendments			
Plan curtailments or settlements			
Return on plan assets		(358)	358
Actuarial gains and losses	4,013		4,013
Changes in scope of consolidation	10,534	7,007	3,527
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	8,670	6,233	2,437
As at December 31, 2015	**106,847**	**47,805**	**59,042**
Current service cost	4,840		4,840
Interest expense	1,267		1,267
Benefit paid	(3,920)	(1,678)	(2,242)
Employee contributions	1,957	1,953	4
Employer contributions	0	2,557	(2,557)
Past service cost	0		0
Plan amendments			
Plan curtailments or settlements			
Return on plan assets		2,526	(2,526)
Actuarial gains and losses	4,247		4,247
Changes in scope of consolidation	107		107
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	1,328	583	745
AS AT DECEMBER 31, 2016	**116,673**	**53,746**	**62,927**

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Present value of unfunded obligations	39,684	36,483
resent value of fully or partially funded obligations	76,989	70,364
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	116,673	106,847
Fair value of plan assets (2)	53,746	47,805
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**62,927**	**59,042**

INFORMATION BY REGION

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
France	38,476	35,206
Switzerland	23,132	22,452
Other countries	1,319	1,384
EMPLOYEE BENEFIT LIABILITIES	**62,927**	**59,042**

FRANCE – DETAILS

Retirement obligations and provisions break down as follows:

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Present value of unfunded obligations	38,476	35,206
Present value of fully or partially funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	38,476	35,206
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**38,476**	**35,206**

The actuarial assumptions used to measure the liability and obligation for France are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Discount rate	1.3%	2.0%
Expected salary increase rate	inflation+0/6%	inflation+0/6%
Expected retirement benefit increase rate	1.1%	1.1%

A 1.00% increase or decrease in the discount rate and a 0.25% increase or decrease in the expected increase rate would have the following impact on the projected benefit obligation as at December 31, 2016:

	Sensitivity France
Discount rate: -1.0% impact	+10.9%
Discount rate: +1.0% impact	-9.6%
Expected salary/retirement benefit increase rate: -0.25 impact	-2.1%
Expected salary/retirement benefit increase rate: +0.25 impact	+2.1%

An indication of future cash flows is shown below:

	France
Expected contribution for next financial year	2,197
Weighted average duration of the obligation	10.6

SWITZERLAND – DETAILS

Retirement obligations and provisions break down as follows:

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Present value of unfunded obligations		
resent value of fully or partially funded obligations	76,794	70,179
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	76,794	70,179
Fair value of plan assets (2)	53,662	47,727
TOTAL VALUE OF DEFINED BENEFIT PLAN LIABILITY (1) - (2) = (3)	**23,132**	**22,452**

The actuarial assumptions used to measure the liability and obligation for Switzerland are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Discount rate	0.25%	0.75%
Expected salary increase rate	1.00%	1.25%
Expected retirement benefit increase rate	0.00%	1.00%

A 0.5% increase or decrease in these rates would have the following impact on the projected benefit obligation as at December 31, 2016:

	Sensitivity Switzerland
Discount rate: -0.5% impact	+9.6%
Discount rate: +0.5% impact	-8.3%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.4%
Expected salary/retirement benefit increase rate: +0.5 impact	+0.4%

An indication of future cash flows is shown below:

	Switzerland
Expected contribution for next financial year	3,793
Weighted average duration of the obligation	8.9

The breakdown of plan assets as at December 31v6 is shown below:

	Switzerland
Cash and cash equivalents	8,662
Share	14,913
Bonds	20,415
Properties & mortgages	7,096
Derivatives	2,576
TOTAL	**53,662**

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 grant date, weighted by a reasonable estimate as to what extent the share allocation criteria had been fulfilled. The cost, recognized with an offsetting entry to equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 "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
Date of shareholders' meeting	10/08/2014	10/08/2014	05/27/2016	05/27/2016	05/27/2016
Date of the 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
Date of decision of the Management Board	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/20/2016
Number of rights originally granted	524,684	44,027	978,380	8,465	54,466
- of which, members of the Executive Committee	188,716	0	469,583	0	0
- of which, corporate officers:	130,614	0	277,662	0	0
Xavier Martiré	104,108	-	207,520	-	-
Louis Guyot	13,253	-	35,071	-	-
Matthieu Lecharny	13,253	-	35,071	-	-
Number of grantees	152	29	206	7	43
- of which, members of the Executive Committee	8	-	9	-	-
- of which, corporate officers	3 [a]	-	3 [a]	-	-
Grant date	04/07/2015	12/21/2015	06/15/2016	06/15/2016	12/21/2016
Vesting date					
France					
- members of the Management Board and the Executive Committee	04/07/2017 [1]	-	06/15/2019 [3]	-	-
- pther beneficiaries	04/07/2017 [1]	12/21/2017 [1]	06/15/2018 [3]	06/15/2018 [4]	12/21/2018 [4]
Rest of the world	04/07/2017 [1]	12/21/2017 [1]	06/15/2018 [3]	06/15/2018 [4]	12/21/2018 [4]
End of share lock-up period					
- members of the Management Board and the Executive Committee	04/07/2019 [2]	-	06/15/2019 [5]	-	-
- other beneficiaries	04/07/2019 [2]	12/21/2019 [2]	06/15/2018 [5]	06/15/2018 [5]	12/21/2018 [5]
Rights vested in 2016	0	0	0	0	0
Number of rights lapsed or forfeited as at 12/31/2016	46,781	5,003	8,769	0	0
Number of rights outstanding as at 12/31/2016	477,903	39,024	969,611	8,465	54,466
- of which, members of the Executive Committee	188,716	0	469,583	0	0
- of which, corporate officers:	130,614	0	277,662	0	0
Xavier Martiré	104,108	-	207,520	-	-
Louis Guyot	13,253	-	35,071	-	-
Matthieu Lecharny	13,253	-	35,071	-	-

Free performance share grants	**Plan no. 1 - 2015**	**Plan no. 2 - 2015**	**Plan no. 3 - 2016**	**Plan no. 4 - 2016**	**Plan no. 5 - 2016**
Number of working beneficiaries as at 12/31/2016	130	25	201	7	43
- of which, members of the Executive Committee	8	0	9		0
- of which, corporate officers:	3 (b)	0			0

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(1) Shares vest at the end of a vesting period set at two years from the date of the award of the performance shares, and vesting is contingent on cumulative continued employment conditions and meeting 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 SBF 120, with the understanding that:
the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2016 plus dividends paid between February 11, 2015 and December 31, 2016, and (ii) the IPO price (€13);
the change in the SBF 120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2016 and (ii) the value of the index as at February 10, 2015 (€3,701.09).
Only 20% of the granted shares 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 shall vest if none of the conditions is met.
(2) The plan rules stipulate 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 and corresponding to one-third of vested shares up to three times the amount of their annual fixed compensation for the Chairman of the Management Board, and one-third of vested shares up to two times the amount of their compensation for the other members of the Management Board.
(3)(4) Shares vest at the end of a vesting period set at two years from the date of the grant of the performance shares for all beneficiaries, except for the members of the Management Board and the Executive Committee for whom the vesting period is set at three years from the date of the grant. There are two categories of share grants, A and B.
Vesting of each category of shares is subject to continued employment and performance conditions, which are determined based on three quantitative criteria linked to i) consolidated revenue of the Group and ii) EBIT as they appear in the financial statements for 2017, and iii) Elis' share-price performance relative to the SBF 120 index for Category A performance shares, and based on two criteria linked to revenue and EBIT for Category B shares.
Determining the final number of shares vested at the end of the vesting period will be evaluated over a two-year performance period for all beneficiaries except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2016 and 2017) for 67% of the performance shares granted, and over a three-year period (2016, 2017 and 2018) for 33% of the performance shares granted.
It should be noted that:
- the change in the Company's share price corresponds to the difference (as a percentage) between (i) the moving average of the share value over the twenty trading days preceding the last trading day of 2017 plus dividends paid between January 1, 2016 and December 31, 2017, and (ii) the closing price as at the last trading day of 2015 (€15.25).
- the change in the SBF 120 corresponds to the difference (as a percentage) between (i) the moving average of the index over the twenty trading days preceding the last trading day of 2017 and (ii) the value of the index as at December 31, 2015 (3,663.88 points).
The number of shares that will vest will depend on the number of targets achieved, with the understanding that for each performance share category, achievement of the performance criteria is binary such that if the criterion is not achieved, the proportion of rights attached to the target concerned will not be due and the related shares will not vest. On that basis, beneficiaries will acquire 20% of Category A performance shares if one criterion is achieved, 50% of Category A performance shares if two criteria are achieved, and 100% of Category A performance shares if all three criteria are achieved. Category B performance shares will only vest if at least one target is achieved, it being specified that the achievement of just one of the targets will allow vesting of 50% of the shares granted.
(5) 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. Furthermore, each Management Board member is required to retain their shares until such time as they step down from their duties.

5.5 EXECUTIVE COMPENSATION (RELATED PARTY TRANSACTIONS)

As at December 31, 2016, executives comprise the seven members of the Executive Board, along with the President of the Management Board. Total compensation (paid or payable) of the main executives is as follows:

(In thousands of euros)	**2016**	**2015**
Short-term employee benefits	5,028	9,712
Post-employment benefits	18	62
Termination benefits	0	74
Share-based payments	6,509	1,002

As at December 31, 2016, employee benefit liability accrued in respect of termination benefits amounted to €288 thousand (€235 thousand as at December 31, 2015).

Compensation allocated to members of the Supervisory Board and expensed as directors' fees amounted to €515 thousand (€467 thousand as at December 31, 2015).

Note 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 GOODWILL

(In thousands of euros)	**Dec. 31, 2016**	**Dec. 31, 2015**
Gross value	1,651,119	1,589,083
Accumulated impairment	(67,687)	(52,985)
Carrying amount at beginning of period	**1,583,432**	**1,536,098**
Acquisitions	148,583	87,759
Disposals	0	0
Translation adjustments	22,435	(25,722)
Other changes	5	0
CHANGES IN GROSS CARRYING AMOUNT	171,023	62,037
Impairment	0	(14,575)
Translation adjustments	1,240	(128)
Other changes	(0)	(0)
CHANGES IN IMPAIRMENT	1,240	0 (14,703)
CARRYING AMOUNT AT END OF PERIOD	**1,755,695**	**1,583,432**
Gross value	1,822,142	1,651,119
Accumulated impairment	(66,447)	(67,687)

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 cash-generating units as follows:

(In thousands of euros)	**Dec. 31, 2016**	**Dec. 31, 2015**
FRANCE CGU/SEGMENT	1,394,145	1,389,042
CGU Spain	100,711	5,030
CGU Belgium & Luxembourg	10,588	10,588
CGU Germany	47,851	16,373
CGU Italy	1,669	1,669
CGU Switzerland	60,540	49,585
EUROPE SEGMENT	221,359	83,245
CGU Brazil	120,266	92,632
CGU Chile	4,767	4,294
CGU Columbia	2,730	0
LATIN AMERICA SEGMENT	127,763	96,927
CGU Kennedy Hygiene	12,428	14,218
MANUFACTURING ENTITIES SEGMENT	12,428	14,218
CARRYING AMOUNT OF GOODWILL	**1,755,695**	**1,583,432**

In view of the way the Group manages its business in Belgium and Luxembourg, under unique management and using joint reporting, the "Belgium" and "Luxembourg" cash-generating units were combined for the purposes of impairment testing as from December 31, 2016.

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, 2016, the Group recorded no impairment losses.

As at December 31, 2015, the Group recognized the following impairment losses for 2015:

- €5.4 million on the Kennedy Hygiene CGU, reflecting the decline in estimated future cash flows;
- €9.2 million on the Belgian UGT, reflecting a decline in its profitability due to a highly competitive market. These impairment losses were recorded on the basis of a valuation by multiples of economic indicators.

6.2 INTANGIBLE ASSETS

Brands

Brands acquired in a business combination are recognized at fair value (based on discounted royalties) at the acquisition date. Costs incurred to create a new brand or to develop an existing one are recognized as expenses.

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: 3 years;
- software: 5 years;
- ERP: 15 years;
- acquired customer contracts and relationships: 4 to 11 years.

Amortization expense is recognized from the date the asset is first used.

(In thousands of euros)	**Brands**	**Customer relationships**	**Other**	**Total**
Gross value	**215,966**	**539,082**	**78,476**	**833,524**
Accumulated depreciation and impairment	**(6,851)**	**(369,131)**	**(53,160)**	**(429,142)**
NET CARRYING AMOUNT AT DEC 31, 2014	209,115	169,951	25,316	404,383
Investments	136	0	6,345	6,481
Changes in scope of consolidation	6	21,392	363	21,761
Retirements and disposals	0	0	68	68
Amortization	(222)	(46,244)	(4,767)	(51,233)
Translation adjustments	78	(1,920)	(14)	(1,856)
Impairment	0	0	0	0
Other	109	0	(237)	(128)
Gross value	**216,295**	**557,950**	**57,002**	**831,247**
Accumulated depreciation and impairment	**(7,073)**	**(414,771)**	**(29,926)**	**(451,769)**
NET CARRYING AMOUNT AT DEC 31, 2015	209,222	143,180	27,076	379,477
Investments	132	0	10,759	10,891
Changes in scope of consolidation	98	7,790	544	8,432
Retirements and disposals	0	0	(91)	(91)
Amortization	(247)	(45,610)	(6,435)	(52,293)
Translation adjustments	(190)	2,846	73	2,729
Impairment	0	0	0	0
Other	142	0	1,591	1,732
Gross value	**216,797**	**571,101**	**71,283**	**859,181**
Accumulated depreciation and impairment	**(7,641)**	**(462,895)**	**(37,767)**	**(508,304)**
NET CARRYING AMOUNT AT DEC 31, 2016	209,156	108,205	33,516	350,877

Other intangible assets consist primarily of software.

The Group's brand values, which are derived from a business combination when measuring their fair value for the purpose of allocating goodwill, are as follows:

(In thousands of euros)	**Dec. 31, 2016**	**Dec. 31, 2015**	**Amortization**
Elis brands in France	184,700	184,700	Not amortized
Elis brands in Europe	21,800	21,800	Not amortized
- *Le Jacquard Français brand*	*900*	*900*	*Impaired*
- *Kennedy trademark*	*1,316*	*1,505*	Not amortized
Brands of manufacturing entities	2,216	2,405	
Other	440	316	
TOTAL BRANDS	**209,156**	**209,222**	

Recognition of impairment

No brand impairment loss was recognized in the last two financial years. The Le Jacquard Français brand, worth €6,800 thousand gross, has an accumulated impairment loss of €5,900 thousand.

6.3 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are carried in the statement of financial position at their 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: 50 years;
- internal walls, partitions, painting and floor coverings: 10 years;
- industrial equipment: 10, 15 or 30 years;
- vehicles: 4 to 8 years;
- office equipment and furniture: 5 or 10 years;
- IT equipment: 5 years;
- items related to rental, laundry and maintenance service agreements (textiles, equipment and other leased items) are initially recognized as inventories and are capitalized when they are allocated to the Group’s operating site responsible for their leasing. These items are depreciated over an 18-month to 5-year period from the date they are available for use.

Depreciation expense is recognized from the date the asset is first used. Land is not depreciated.

(In thousands of euros)	Land and buildings	Vehicles	Plant & equipment	Rental-cleaning items	Total
Gross value	**232,618**	**81,428**	**433,006**	**596,922**	**1,343,974**
Accumulated depreciation and impairment	**(75,274)**	**(53,709)**	**(197,734)**	**(310,172)**	**(636,888)**
NET CARRYING AMOUNT AS AT DEC. 31, 2014	157,344	27,719	235,273	286,750	707,086
Investments	10,007	10,355	58,728	184,522	263,612
Changes in scope of consolidation	23,021	2,647	32,807	10,943	69,418
Retirements and disposals	(9,105)	(208)	(1,103)	(291)	(10,707)
Depreciation	(12,076)	(9,485)	(42,307)	(172,156)	(236,024)
Translation adjustments	2,247	(389)	(7,345)	(3,269)	(8,756)
Impairment	0	0	0	0	0
Other movements	441	708	(2,056)	482	(425)
Gross value	**258,222**	**95,640**	**532,090**	**650,435**	**1,536,387**
Accumulated depreciation and impairment	**(86,342)**	**(64,293)**	**(258,093)**	**(343,455)**	**(752,183)**
NET CARRYING AMOUNT AS AT DEC. 31, 2015	171,880	31,347	273,997	306,980	784,204
Investments	23,885	12,019	45,450	169,255	250,609
Changes in scope of consolidation	29,981	2,976	36,752	38,250	107,959
Retirements and disposals	(8,440)	(227)	(2,252)	(56)	(10,975)
Depreciation	(11,637)	(10,162)	(44,631)	(180,242)	(246,672)
Translation adjustments	1,341	569	8,299	4,592	14,800
Impairment	0	0	0	0	0
Other movements	(994)	302	(3,074)	348	(3,418)
Gross value	**318,263**	**116,085**	**695,709**	**823,148**	**1,953,204**
Accumulated depreciation and impairment	**(112,245)**	**(79,261)**	**(381,168)**	**(484,021)**	**(1,056,696)**
NET CARRYING AMOUNT AS AT DEC. 31, 2016	206,017	36,823	314,540	339,127	896,508

In 2016, “Other movements” includes a reclassification to non-current assets held for sale in the amount of €1,146 thousand relating to a site formerly operated by Lavalia in Mallorca, Spain.

Finance leases

Assets financed by leases with purchase options 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 direct costs attributable to negotiating and arranging the lease, including professional and legal fees. The financial commitments arising under leases are recognized as financial liabilities.

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Owned property, plant and equipment	888,653	775,510
Leased property, plant and equipment	7,855	8,694
TOTAL PROPERTY, PLANT AND EQUIPMENT	**896,508**	**784,204**

6.4 OFF-BALANCE SHEET COMMITMENTS RELATING TO NON-CURRENT ASSETS AND LEASES

Outstanding future minimum operating lease commitments are as follows:

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Future minimum lease payments under non-cancellable operating leases		
Within one year	28,875	23,761
Between 1 and 5 years	85,804	67,281
After 5 years	137,207	121,002
TOTAL	**251,885**	**212,004**

6.5 IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Impairment tests are systematically performed on goodwill and intangible assets with indefinite useful lives, at the reporting date 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 corroborated, where appropriate, with valuation multiples of 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 identifiable 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 costs 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.v

Discounted cash flow 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, validated 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 – 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 it operates.

2. Method for calculating WACC

Elis used the following inputs for calculating 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;
- the 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);
- 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 WACC (extreme values are excluded from the average),
  - the gearing used to calculate 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 CGU was as follows:

Country	**France**	**Portugal**	**Spain**	**Belgium**	**Germany**	**UK**	**Switzerland**	**Italy**	**Brazil**	**Chile**
Risk-free rate	1.7%	5.7%	3.5%	1.9%	1.1%	2.0%	0.4%	3.4%	12.1%	4.5%
Credit spread	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.4%*
Cost of debt (before tax)	**3.0%**	**7.0%**	**4.8%**	**3.2%**	**2.5%**	**3.4%**	**1.8%**	**4.8%**	**13.5%**	**5.8%**
Tax rate	28.9%	22.5%	25.0%	34.0%	29.7%	20.0%	21.9%	31.4%	34.0%	24.0%
Cost of debt, net of tax	**2.2%**	**5.5%**	**3.6%**	**2.1%**	**1.7%**	**2.7%**	**1.4%**	**3.3%**	**8.9%**	**4.4%**
Risk premiums	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Levered beta	**0.83**	**0.83**	**0.83**	**0.82**	**0.82**	**0.84**	**0.84**	**0.82**	**0.82**	**0.83**
Cost of equity	**6.1%**	**10.1%**	**7.9%**	**6.3%**	**5.5%**	**6.5%**	**4.9%**	**7.8%**	**16.5%**	**8.9%**
Gearing	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
WACC 2016	**5.5%**	**9.4%**	**7.2%**	**5.6%**	**4.9%**	**5.9%**	**4.3%**	**7.1%**	**15.3%**	**8.2%**
WACC 2015	**6.1%**	**10.7%**	**8.1%**	**6.4%**	**5.6%**	**6.4%**	**4.9%**	**7.8%**	**14.9%**	**8.3%**
Pre-tax discount rate 2016 (approximation)	**7.7%**	**12.1%**	**9.6%**	**8.5%**	**7.0%**	**7.3%**	**5.5%**	**10.3%**	**23.1%**	**10.8%**
Pre-tax discount rate 2015 (approximation)	9.2%	13.7%	10.8%	9.7%	7.9%	8.0%	6.2%	11.4%	22.5%	10.9%

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 goodwills

The most significant sensitivities of the impairment tests are as follows (difference between the carrying amount and the recoverable amount of the CGU):

		Perpetuity growth rate		
France *(in millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	*5.0%*	*1,974*	*2,549*	*3,357*
	5.5%	1,490	**1,913**	2,479
	6.0%	1,114	1,438	1,854

		EBITDA Plan 2017		
Brazil *(in millions of euros)*		**-10.0%**	**-**	**10.0%**
Multiple	6,5x	(44)	(25)	(7)
	7x	(31)	**(11)**	9
	7,5x	(18)	3	25

		Perpetuity growth rate		
Spain *(in millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	*6.7%*	*137*	*173*	*218*
	7.2%	103	**133**	169
	7.7%	75	100	129

		EBITDA Plan 2017		
Belgium-Luxembourg *(in millions of euros)*		**-10.0%**	**-**	**10.0%**
Multiple	**6,5x**	8	13	17
	7x	11	**16**	21
	7,5x	14	20	25

		Perpetuity growth rate		
Kennedy *(in millions of euros)*		**1.5%**	**2.0%**	**2.5%**
WACC	*5.4%*	*8*	*11*	*16*
	5.9%	5	**7**	11
	6.4%	2	4	7

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 resulting impairment losses are recognized on all the other CGUs.ww

Sensitivity of tests related to brands

The assumptions used for the purposes of impairment testing based on the discounted royalties of Elis' brands are as follows:

	Elis	**Le Jacquard Français**	**Kennedy**
Discount rate	6.5%	6.5%	7.0%
Growth rate of revenue generated by the brand over 5 years	3%	3%	3%
Perpetuity growth rate	2%	2%	2%
Royalty rate	2%	4%	2%

The sensitivity of the excess of the recoverable amount of the Elis brand over its carrying amount is as follows:

Discount rate *(In thousands of euros)*	**Perpetuity growth rate**		
	1.5%	**2.0%**	**2.5%**
6.0%	200	244	301
6.5%	**159**	**194**	**237**
7.0%	126	154	188

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 an outflow of resources required to settle the obligation can be reliably estimated.

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, the related costs have been forecast in detail and it is highly probable that they 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. They relate to sites or categories of work which are to be dealt with 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 thousands of euros)	**Compliance**	**Litigation**	**Other**	**Total**
As at December 31, 2015	**16,332**	**9,598**	**4,486**	**30,417**
Increases/additions for the year	392	1,327	204	1,923
Changes in consolidation scope				
Decreases/reversals of provisions used	(1,367)	(3,849)	(341)	(5,558)
Translation adjustments	432	1,085	755	2,272
Other	0	0	114	113
AS AT DECEMBER 31, 2016	15,789	8,161	5,218	29,168
Current portion		**3,539**	**1,382**	**4,921**
Non-current portion	**15,789**	**4,622**	**3,835**	**24,247**
France	*10,802*	*3,022*	*878*	*14,701*
Europe	*2,775*	*440*	*199*	*3,414*
Latin America	*2,212*	*4,699*	*4,142*	*11,053*
Manufacturing Entities				

7.2 CONTINGENT LIABILITIES

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

In Brazil

Proceedings related to alleged acts of administrative improbity

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

As at December 31, 2016, Atmosfera was still awaiting additional information and therefore is unable to estimate the contingent liability incurred and the indemnification asset to be received under the vendor warranty. The Atmosfera Group's former owners, who were notified of the proceedings through interim measures on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

Proceedings related to degrading working conditions

- Proceedings initiated by the national prosecuting authority

After a hearing held on April 20, 2015, the public prosecutor and Atmosfera failed to reach an agreement on a settlement that would have required Atmosfera to adopt a series of measures. In December 2016 the national prosecuting authority filed a public civil action aimed at preventing Atmosfera from using subcontractors to carry out its main business activities, in particular with regard to manufacturing textile products used in its business, and to comply with certain provisions of Brazilian legislation in the area of labor law, hygiene and safety related to findings by the federal police during an inspection. The motion lodged by the prosecuting authority also seeks damages from Atmosfera in the amount of €830 thousand under a collective moral damages charge. Currently, Atmosfera no longer uses subcontractors in these businesses. As at the reporting date of the consolidated financial statements, the Company had not received official notification of the motion lodged by the prosecuting authority.

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

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

The decision on the substance of the case is to be rendered by the Labor Court. A hearing was held on February 1, 2017. As at the reporting date of the consolidated financial statements, no decision has been rendered.

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

In France

- 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 by a self-catering cottage, a customer of the Group, with the Pays de Loire regional Board for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

No provision was recognized as at December 31, 2016 since at this stage it is difficult to assess whether this risk will materialize and what might be the consequences, especially financial, for the Group.

- Other information

Following an accident occurring in March, 2012 at the Carcassonne laundry site leading to the death of an employee of one of the Group's laundry products suppliers who was on site, M.A.J. was summoned to appear before the Carcassonne Criminal Court for having involuntarily caused the death of a person by carelessness, recklessness, inattention, negligence, or a breach of the duty of care or prudence in accordance with applicable laws and regulations. The related maximum fine can amount to €225,000, in addition to penalties such as displaying the judgment or publishing it in the print media. The hearing is scheduled for May 2017.

Note 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 FINANCIAL RISK MANAGEMENT

Credit and counterparty 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 as follows:

- trade receivables: the Group insures its customer's risk in France with a well-known insurance company. Trade receivables are managed in a decentralized manner by operational centers and by the key account management. Their amount and age are monitored in detail as an integral part of the monthly reporting system. Because of the large number of Group customers, there is no material concentration of credit risk (meaning no one counterparty or group of counterparties accounting for a material proportion of trade receivables). The maximum exposure to credit risk is limited to the carrying amount of trade receivables. The due dates of trade and other receivables are as follows:

	Dec. 31, 2016		
(in thousands of euros)	**Gross value**	**Impairment**	**Net value**
Not yet due or less than 4 months overdue	319,095	(1,104)	317,992
between 5 and 12 months overdue	17,948	(5,294)	12,654
More than 1 year overdue	41,398	(30,956)	10,442
TRADE RECEIVABLES	**378,441**	**(37,354)**	**341,087**

	Dec. 31, 2015		
(in thousands of euros)	**Gross value**	**Impairment**	**Net value**
Not yet due or less than 4 months overdue	287,072	(1,212)	285,860
Between 5 and 12 months overdue	7,944	(3,182)	4,762
More than 1 year overdue	30,625	(25,244)	5,381
TRADE RECEIVABLES	**325,641**	**(29,638)**	**296,003**

- the Group's policy is to invest cash in money market funds (OPCVM) with short-term maturities or in bank deposits with financing counterparties of the Group, against a backdrop of historically low and significantly negative interest rates, in compliance with diversification and counterparty rules. As at December 31, 2016, short-term investments totaled €10.7 million and consisted mainly of bank deposits with major counterparties who also provide financing to the Group. In the Group's view, therefore, those investments 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.

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 bonds/commercial paper). The Group also manages its available cash prudently and 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., the Group's central treasury entity.

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, 2016 amounted to €1,595.8 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. The financial undertakings notably include an obligation for the Group to maintain certain financial ratios. Based on these consolidated financial statements, the Group was in compliance with its main commitment as at December 31, 2016:

- Leverage ratio = 3.2 (must be below 3.75).

As at December 31, 2016, the repayment dates for consolidated debt and related interest are presented hereafter.

The future contractual cash flows are based on the receivables shown in the statement of financial position at the end of the financial year, 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 2017		Cash flow 2018		Cash flow 2019-2020-2021		Cash flow 2022 and beyond		Estimate of future cash flows as of 12/31/2016	
(in thousands of euros)	Amortized cost	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
High-Yield Bonds 3%	804,067		24,000		24,000		72,000	800,000	12,000	800,000	132,000
Senior Credit Facilities Agreement EURIBOR +2,125%	451,672		10,065		9,669	450,000	12,139			450,000	31,873
Swaps			7,163		6,312		7,319				20,794
Bridge loan/revolving	130,043	130,000	112							130,000	112
Commercial paper	303,800	303,800								303,800	
Unamortized loan costs	(22,827)										
Loan from employee profit-sharing fund	28,374	5,582	1,113	6,495	998	14,431	1,397		41	26,508	3,549
Financial leases	12,746	2,255	234	2,484	506	2,831	1,168	5,150	3,508	12,720	5,416
Other	59,315	46,847	492	5,611	337	5,170	414	776	133	58,404	1,376
Overdrafts	3,701	3,695	137							3,695	137
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**1,770,889**	**492,179**	**43,317**	**14,590**	**41,821**	**472,432**	**94,438**	**805,926**	**15,682**	**1,785,127**	**195,258**

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt, and to a lesser extent as a result of foreign currency transactions. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize any potentially adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest rate 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 at December 31, 2016, the Group had €618.1 million of floating-rate debt outstanding (before taking into account any hedging instruments) and €1,152.8 million of fixed-rate debt outstanding.

To manage this risk effectively, the Group has taken out certain 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 floating rate applying to the relevant debt, based on a given notional amount. As at December 31, 2016, the Group was a party to interest rate hedging contracts covering a total par amount outstanding of €450 million of debt. These contracts effectively convert some of the Group's floating-rate debt into fixed-rate debt. However, no guarantee can be given regarding the Group's ability to manage its exposure to interest rate fluctuations appropriately in the future or to continue doing so at a reasonable cost.

Net exposure to interest rate risk as at December 31, 2016, before and after hedging, was as follows:

			Floating		
(in thousands of euros)	**Dec. 31, 2016**	**Fixed**	**hedged**	**unhedged**	**Maturities**
High-Yield Bonds 3%	804,067	804,067			2022
Senior Credit Facilities Agreement EURIBOR +2,125%	451,672		451,672		2020
Bridge loan/Revolving	130,043			130,043	2017
Commercial paper	303,800	303,800			Less than 12 months
Unamortized loan costs	(22,827)	(7,965)	(14,862)	0	
Loan from employee profit-sharing fund	28,374	28,374			
Financial leases	12,746	12,311		434	
Other	59,315	12,230	28,302	18,783	
Overdrafts	3,701			3,701	
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**1,770,889**	**1,152,816**	**465,112**	**152,961**	

In accordance with IFRS 7, a sensitivity analysis of the change in interest is presented hereafter. 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 floating-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. Changes in the fair value of such derivatives have an impact on the hedging reserve in equity, and are 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 the changes affect their fair value. These movements in fair value are 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:

	+100 bp		-100 bp	
Type	**Hedging reserves**	**Net financial expense**	**Hedging reserves**	**Net financial expense**
Financial instruments designated as hedging instruments				
Non-derivative variable-rate financial instruments (not hedged)		1,398		(4,463)
Total derivatives not eligible for hedge accounting		13,107		(13,664)
TOTAL IMPACT (PRE-TAX)	**0**	**14,505**	**0**	**(18,127)**
Sensitivity of equity to interest rate changes	***+100 bp***	***0.0%***	***-100 bp***	***0.0%***
Sensitivity of consolidated net income to interest rate changes	***+100 bp***	***-10.2%***	***-100 bp***	***10.2%***

The Group does not have any material interest-bearing assets.

Currency risk

The majority of the Group's operations are located in eurozone countries. For the year ended December 31, 2016, countries outside the eurozone – mainly Brazil, Chile, Switzerland and the UK, where the Group operates through its Kennedy Hygiene Products subsidiary – accounted for 16.5% of consolidated revenue (Brazil – 7.5%, Chile – 1.3%, Switzerland – 7.1%, and the UK – 0.5%).

When the Group prepares its consolidated financial statements, it must translate the accounts 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 external financing is generally denominated in euros.

As at December 31, 2016, the Group's sensitivity to fluctuations in exchange rates arose mainly from:

- fluctuations of the Brazilian real against the euro: a 10% rise or fall of the Brazilian real against the euro relative to the exchange rates seen for the financial year ended December 31, 2016 would cause equity to vary by €23.1 million and consolidated net income by €0.5 million;
- fluctuations of the Chilean peso against the euro: a 10% rise or fall of the Chilean peso against the euro relative to the exchange rates seen for the financial year ended December 31, 2016 would cause equity to vary by €2.0 million and consolidated net income by €0.2 million;
- fluctuations of the pound sterling against the euro: a 10% rise or fall of the pound sterling against the euro relative to the exchange rates seen for the financial year ended December 31, 2016 would cause equity to vary by €2.5 million and consolidated net income by €0.2 million.
- Fluctuations of the Swiss franc against the euro: a 10% rise or fall of the Swiss franc against the euro relative to the exchange rates seen for the financial year ended December 31, 2016 would cause equity to vary by €14.3 million and consolidated net income by €1.1 million.

The Group is also exposed to operational exchange rate risk through its purchases of goods for resale, which are partly denominated in US dollars and to a lesser extent in pounds sterling. In 2016, purchases of goods for resale denominated in foreign currencies totaled $46.0 million and £3.7 million. However, the Group seeks to reduce the impact of exchange rate movements on its income by using currency hedging in relation with the procurement of goods for resale. As at December 31, 2016, the Group had made forward purchases with a 2017 maturity amounting to $41.5 million ($50.0 million one year ago). Furthermore, the Group had made forward purchases with a 2017 maturity amounting to £4 million.

In addition, as the acquisition price for Lavebras was stipulated in Brazilian real, the Group is exposed to exchange rate risk related to the fluctuation of the euro relative to the Brazilian real between January 5, 2017, the date of signing the purchase agreement, and the date of completion of the transaction which is expected to occur in the first half of 2017. This risk concerns the amount to be paid out for the acquisition of Lavebras, i.e. 1,300 million reals (€360 million, at an exchange rate of 3.60 reals to the euro). As at the reporting date of the consolidated financial statements, the Group took out no hedges against this exchange rate risk in view of forecasts relating to fluctuations of the Brazilian real against the euro in 2017.

Equity risk

As at December 31, 2016, the Group's exposure to equity risk mainly involves the 148,147 Elis treasury shares held for the requirements of the liquidity agreement implemented on April 13, 2015. These shares were valued at €2,259 thousand based on the December 31, 2016 closing price (€15.25). As an illustration of the risk, a 10% drop in the Elis share price compared with the December 31, 2016 closing price would have an impact of approximately €226 thousand on the Group's equity. 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 oil products (mainly gas and fuel).

8.2 NET FINANCIAL EXPENSE

(In thousands of euros)	**2016**	**2015**
Interest expense on borrowings and employee profit-sharing fund	(55,589)	(95,678)
GROSS FINANCE COSTS	(55,589)	(95,678)
Gains (losses) on traded derivatives	827	(6,317)
Other financial income	127	389
NET FINANCE COSTS	(54,635)	(101,606)
Foreign exchange gains	610	268
Foreign exchange losses	(288)	(471)
Interest expense on provisions and retirement benefits	(994)	(824)
Other	(371)	(68,299)
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	(1,043)	(69,326)
NET FINANCIAL EXPENSE	**(55,679)**	**(170,932)**

The main changes were mainly due to:

- refinancing in the wake of the initial public offering in the first half of 2015. Gross finance costs in 2015 include accelerated amortization of debt issuance costs of €24.9 million;
- losses on traded derivatives in respect of the partial termination on May 11, 2015 of the interest rate hedging swap agreements. The nominal amount was reduced from €650 million to €450 million (including €8.4 million paid in respect of the partial termination);
- costs related to the early redemption of the principal amount and interests due under the Senior Secured Notes and Senior Subordinated Notes due 2018 and of approximately 40% of the Legendre Holding 27's loan (PIK Proceeds Loan). They are included for an amount of 68.9 million in the line item "Other" for 2015 in the table above.

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 when the liability is extinguished. If a liability is exchanged with a creditor under materially different terms and conditions, a new liability is recognized.

As at December 31, 2016, consolidated debt mainly comprised the following:

2022 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 (organized multilateral trading facility within the meaning of European Parliament and Council Directive 2004/39/EC of April 21, 2004 as amended).

Senior Credit Facilities Agreement

Elis entered into a Senior Credit Facilities Agreement on September 2, 2014 with a syndicate of international banks. It was subsequently amended on December 8, 2014, February 12, 2015, July 6, 2015, and December 15, 2016, with Elis and M.A.J. acting as borrowers as at the date of filing of this registration document.

The Senior Credit Facilities Agreement includes two credit facilities with a total principal amount of €850.0 million, breaking down as follows:

- a medium-term facility (Senior Term Loan Facility) with a principal amount of €450 million and a maturity of five years from the settlement date of shares offered in connection with the initial public offering; and
- a secured credit facility (allowing multiple drawdowns, mainly in the form of a revolving facility or swingline loan) with a principal amount of €400 million and the same maturity as the Senior Term Loan (five years).
- These Senior Credit Facilities were refinanced on January 17, 2017 (see Note 12).

Bridge Loan Agreement

On November 10, 2016 Elis entered into a Bridge Loan Agreement with a bank syndicate for a total principal amount of €550 million, in order to finance the acquisition price of Indusal and Lavebras including associated costs and expenses and to pay the full amount due by virtue of the refinancing of the existing debt of Indusal and Lavebras. This agreement consists of two tranches:

- tranche 1, "bridge to equity", in an amount of €325 million, undrawn as at December 31, 2016.
- tranche 2, "bridge to debt", in an amount of €225 million, of which €130 million had been drawn down as at December 31, 2016.

Commercial paper

In September 2015, the Group launched a commercial paper program with a maximum amount of €400 million, governed by Articles D.213-9 II, paragraph 1 and 213-11 of the French Monetary and Financial Code and Article 1 of the amended Decree of February 13, 1992 and subsequent regulations. The program supplements bank-related financing and gives the Elis Group access to short-term funding on favorable terms. As at December 31, 2016 outstandings under this program totaled €303.8 million, versus €169.5 million as at December 31, 2015.

As at December 31, 2016, the Group had an undrawn revolving credit line of €400 million.

Maturity of financial liabilities

(in thousands of euros)	Dec. 31, 2016	2,017	2,018	2019-2021	2,022 and beyond
High-Yield Bonds 3%	804,067	4,067	0	0	800,000
Senior Credit Facilities Agreement EURIBOR +2,125%	451,672	1,672	0	450,000	0
Bridge loan/revolving	130,043	130,043			
Commercial paper	303,800	303,800	0	0	0
Unamortized loan costs	(22,827)	(6,419)	(5,989)	(9,884)	(536)
Loan from employee profit-sharing fund	28,374	6,616	6,844	14,914	0
Financial leases	12,746	2,258	2,566	2,772	5,150
Other	59,315	47,747	5,622	5,248	698
Overdrafts	3,701	3,701	0	0	0
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	**1,770,889**	**493,485**	**9,043**	**463,050**	**805,312**

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 statement of financial position as part of borrowings under current liabilities.

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

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
Demand deposits	158,864	22,018
Term deposits and marketable securities	10,714	34,703
CASH AND CASH EQUIVALENTS	169,578	56,722
Cash classified as assets held for sale	0	0
Bank overdrafts	(3,701)	(897)
CASH AND CASH EQUIVALENTS, NET	**165,877**	**55,825**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents amounted to €19,456 thousand as at December 31, 2016 (€3,965 thousand as at December 31, 2015).

In France, cash allocated to the Elis liquidity agreement implemented on April 10, 2015 amounted to €1,512 thousand as at December 31, 2016 (€812 thousand as at December 31, 2015).

8.5 NET DEBT

(In thousands of euros)	Dec. 31, 2016	Dec. 31, 2015
BOND DEBT	800,000	800,000
Senior facilities	450,000	450,000
Bridge loan/revolving	130,000	50,000
Commercial paper	303,800	169,500
Finance lease liabilities	12,746	8,335
Other loans and overdrafts	62,137	12,446
Loan from employee profit-sharing fund	28,374	33,864
LOANS	987,057	724,145
ACCRUED INTEREST	6,660	6,620
UNAMORTIZED LOAN COSTS	(22,827)	(27,862)
BORROWINGS	**1,770,889**	**1,502,902**
Of which maturing in less than one year	494,092	235,482
Of which maturing in more than one year	1,276,797	1,267,421
CASH AND CASH EQUIVALENTS (ASSETS)	**169,578**	**56,722**
NET DEBT	**1,601,311**	**1,446,181**
Loans and borrowings by currency		
EUR	1,765,636	1,493,522
BRL	299	1,215
CHF	2,575	3,840
CLP	2,380	4,325
COP	0	0
CZK	0	0
GBP	0	0
Reconciliation to adjusted net debt		
Net debt	**1,601,311**	**1,446,181**
Unamortized loan costs	22,827	27,862
Loan from employee profit-sharing fund	(28,374)	(33,864)
Adjusted net debt	**1,595,765**	**1,440,179**

8.6 FINANCIAL ASSETS AND LIABILITIES

Initial recognition of financial assets and liabilities

Financial instruments are initially recognized in the statement of financial position 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 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 not material. 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 for 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 of fair value – quoted prices in active markets);
- non-current derivative instruments are measured using a valuation technique based on interbank market rates (e.g., Euribor) (level 2 of fair value – derived from observable market data);
- loans and borrowings 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.

	Dec. 31, 2016		Breakdown by category of financial instrument				
(In thousands of euros)	Carrying amount	Fair value	Fair value through income	Fair value through equity	Loans and receivables	Debt at amortized cost	Derivative financial instruments
Available-for-sale financial assets (non-current)	85	85		85			
Other non-current assets	4,230	4,230			4,230		0
Trade and other receivables	392,613	392,613			392,613		
Other current assets	16,972	16,972			14,199		2,773
Cash and cash equivalents	169,578	169,578	169,578				
FINANCIAL ASSETS	**583,479**	**583,479**	**169,578**	**85**	**411,042**	**0**	**2,773**
Loans and borrowings	1,276,797	1,297,747				1,276,797	
Other non-current liabilities	22,611	22,611			3,256		19,356
Trade and other payables	162,554	162,554			162,554		
Other liabilities	296,283	296,283			296,283		0
Bank overdrafts and portions of loans due in less than one year	494,092	499,903				494,092	
FINANCIAL LIABILITIES	**2,252,338**	**2,279,099**	**0**	**0**	**462,093**	**1,770,889**	**19,356**

	Dec. 31, 2015		Breakdown by category of financial instrument				
(In thousands of euros)	Carrying amount	Fair value	Fair value through income	Fair value through equity	Loans and receivables	Debt at amortized cost	Derivative financial instruments
Available-for-sale financial assets (non-current)	146	146		146			
Other non-current assets	5,757	5,757			5,757		0
Trade and other receivables	356,847	356,847			356,847		
Other current assets	13,799	13,799			11,746		2,053
Cash and cash equivalents	56,722	56,722	56,722				
FINANCIAL ASSETS	**433,270**	**433,270**	**56,722**	**146**	**374,350**	**0**	**2,053**
Loans and borrowings	1,267,421	1,275,622				1,267,421	
Other non-current liabilities	38,926	38,926			19,666		19,260
Trade and other payables	134,999	134,999			134,999		
Other liabilities	243,544	243,544			243,544		0
Bank overdrafts and portions of loans due in less than one year	235,482	241,124				235,482	
FINANCIAL LIABILITIES	**1,920,372**	**1,934,215**	**0**	**0**	**398,209**	**1,502,903**	**19,260**

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

	Dec. 31, 2016	Fair value hierarchy		
(In thousands of euros)	Fair value	Level 1	Level 2	Level 3
Current asset derivatives (currency forward)	2,773		2,773	
ASSETS MEASURED AT FAIR VALUE	2,773	0	2,773	0
Non-current derivatives - liabilities (interest rate swap)	19,356		19,356	
LIABILITIES MEASURED AT FAIR VALUE	19,356	0	19,356	0
High-Yield Bonds 3%	808,000	808,000		
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED	**808,000**	**808,000**	**0**	**0**

	Dec. 31, 2015	Fair value hierarchy		
(In thousands of euros)	Fair value	Level 1	Level 2	Level 3
Current asset derivatives (currency forward)	2,053		2,053	
ASSETS MEASURED AT FAIR VALUE	2,053	0	2,053	0
Non-current derivatives - liabilities (interest rate swap)	19,260		19,260	
LIABILITIES MEASURED AT FAIR VALUE	19,260	0	19,260	0
High-Yield Bonds 3%	780,800	780,800		
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED	**780,800**	**780,800**	**0**	**0**

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.

Put options over non-controlling interests are recognized as liabilities. Subsequent changes in the value of the put option strike price are recognized in the income statement under "Other income and expense," in accordance with IAS 39, paragraph AG8.

(In thousands of euros)	Note	Dec. 31, 2016	Dec. 31, 2015
Non-current asset derivatives	8.8	0	0
Loans and receivables		4,230	5,757
OTHER NON-CURRENT ASSETS		**4,230**	**5,757**
Non-current liability derivatives	8.8	19,356	19,260
Deferred consideration payable on acquisitions		326	19,602
Liability for put options over a non-controlling interest		1,820	125
Other non-current liabilities		1,110	(61)
OTHER NON-CURRENT LIABILITIES		**22,611**	**38,926**

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 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 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 instruments and the hedged items, 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 derivatives 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 are designated as cash flow hedges is recognized directly in equity. The gain or loss related to the ineffective portion is immediately recognized in the income statement. The cumulative gain or loss reported in equity is reclassified to the income statement when the hedged item affects net income.

When the transaction settlement results in the recognition of a non-financial asset (for example, a non-current asset or inventory), the hedge gain or loss, deferred as equity, is capitalized at the entry value of the hedged item on the reporting date (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 income. 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 year are recognized immediately in the income statement.

Interest rate derivatives

Interest rate derivatives are classified as other non-current assets and liabilities (see Note 8.7 “Other non-current assets and liabilities”).

The Group uses interest rate swaps to convert part of its floating-rate debt into fixed-rate debt.

Interest rate derivatives are measured on the basis of market data at the reporting date (interest rate curve from which the zero coupon curve is deducted). Their fair value - level 2 - is calculated using the discounted cash flow model.calculée à l’aide d’un modèle d’actualisation des flux de trésorerie.

The table below details the impact of interest rate derivatives on the consolidated financial statements of Elis:

(In thousands of euros)	Principal	Fair values as at Dec 31, 2016	Changes in fair value during the reporting period	Impact on net financial expense [(a)]	Impact on equity
Interest rate swaps maturing in 2020 1,143%	450,000	18,702	501	872	(371)
Other interest rate swaps	28,302	654	(23)	(45)	23
TOTAL NON-CURRENT DERIVATIVES - LIABILITIES		19,356			
TOTAL INTEREST-RATE DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING		**19,356**	**478**	**827**	**(348)**

(a) Ineffective portion/impact of dequalifying derivative instruments eligible for hedge accounting and change in fair value.

- In view of the negative forward rates up until the maturity of the swaps, these instruments were disqualified for hedge accounting from July 1, 2016.

(In thousands of euros)	Nominal	Fair values as at Dec 31, 2015	Changes in fair value during the reporting period	Impact on net financial expense [(a)]	Impact on equity
Interest rate swaps maturing in 2020 1,143% [(b)]	450,000	19,203	(2,225)	(6,283)	4,058
Other interest rate swap	909	57			
TOTAL NON-CURRENT DERIVATIVES - LIABILITIES		19,260			
TOTAL INTEREST-RATE DERIVATIVES ELIGIBLE FOR HEDGE ACCOUNTING		**19,260**	**(2,225)**	**(6,283)**	**4,058**

(a) Ineffective portion/impact of restructuring derivative instruments eligible for hedge accounting and change in fair value of other derivatives.
(b) principal amount reduced to m€ 450 during the period, against a cash payment.

Currency derivatives

Forward currency purchases are classified as other current assets and liabilities (see Note 4.7 “Other current assets and liabilities”).

(In thousands of euros)	Nominal (in foreign currencies)	Fair values as at Dec 31, 2016	Changes in fair value during the reporting period	Impact on net financial expense	Impact on equity
Currency forward USD/EUR	41,500	2,546	493	169	324
Currency forward GBP/EUR	4,000	227	227	0	226
TOTAL CURRENT DERIVATIVES - ASSET		2,773	720	169	551
Currency forward USD/EUR					
TOTAL CURRENT DERIVATIVES - LIABILITIES		0			
TOTAL CURRENCY DERIVATIVES		**2,773**	**720**	**169**	**551**

(In thousands of euros)	Nominal (in foreign currencies)	Fair values as at Dec 31, 2015	Changes in fair value during the reporting period	Impact on net financial expense	Impact on equity
Currency forward USD/EUR	50,000	2,053	(781)	(34)	(747)
TOTAL CURRENT DERIVATIVES - ASSET		2,053	(781)	(34)	(747)
Currency forward USD/EUR					
TOTAL CURRENT DERIVATIVES - LIABILITIES		0			
TOTAL CURRENCY DERIVATIVES		**2,053**	**(781)**	**(34)**	**(747)**

8.9 OFF-BALANCE SHEET COMMITMENTS RELATING TO GROUP FINANCING AND OTHER COMMITMENTS

(In thousands of euros)	**Dec. 31, 2016**	**Dec. 31, 2015**
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	47,865	
Pledges, endorsements and guarantees given	7,938	24,229
Other commitments given		
Commitments received		
Pledges, mortages and sureties		
Pledges, endorsements and guarantees received	12,532	9,694
Other commitments received		

Note 9 INCOME TAX EXPENSE

Current income tax

Income tax assets or liabilities due for the year or for previous years are measured at the amount expected to be collected 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 end of the reporting period. Current tax on items directly recognized outside income or loss is recognized outside income or loss.

Deferred tax

Deferred taxes are recognized using the variable balance sheet liability method for all timing differences between the tax base of assets and liabilities shown in the consolidated statement of financial position and their tax base as 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 income nor the taxable income 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 income will be available against which the deductible temporary differences, tax loss carryforwards and unused tax credits can be utilized:

- 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 income nor taxable income 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 taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are measured at the end of each reporting period and are recognized insofar as it is probable that a future taxable income will be available against which they can be utilized.

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 directly recognized outside income or loss is recognized outside income 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 thousands of euros)	**2016**	**2015**
Consolidated net income (loss)	93,660	(57,719)
Equity-accounted companies	0	0
Current taxes	47,618	16,314
Deferred taxes	(9,564)	(17,243)
Pre-tax income (loss)	131,714	(58,648)
Theoretical tax rate	34.43%	34.43%
THEORETICAL TAX EXPENSE	45,349	(20,193)
ACTUAL TAX EXPENSE	38,054	(929)
Effect of tax not not based on net income [a]	10,300	10,199
DIFFERENCE	17,595	(9,065)
Breakdown of difference		
Tax rate differences and transactions taxed at reduced rates	18,298	2,398
Permanent differences (including nondeductible interests)	(8,096)	(15,101)
Unrecognized tax loss carryforwards/Utilization of previously unrecognized tax losses	(2,324)	(656)
Goodwill impairment	0	(5,018)
Other (deductible CVAE, nontaxable CICE...)	9,717	9,312

(a) CVAE in France, IRAP in Italy.

The line item "Tax rate differences and transactions taxed at reduced rates" includes an amount of €15.0 million related to a change in tax rates approved in France reducing the rate for all companies to 28.92% from 2020 (including the additional corporate tax contribution), compared with 34.43% in 2016.

The following table shows the sources of deferred tax assets and liabilities:

(In thousands of euros)	**Dec. 31, 2015 net**	**Changes in consolidation scope**	**Reclassification as current**	**Income**	**Recognized directly in equity**	**Dec. 31, 2016 net**
Intangible assets	(114,244)	(1,069)	0	24,436	(370)	(91,247)
Property, plant and equipment	(115,805)	(2,007)	0	8,538	(127)	(109,402)
Other assets	842	709	0	(278)	(112)	1,160
Derivative instruments - assets	(707)	0	0	(58)	(190)	(955)
Provisions	7,545	0	0	(1,370)	767	6,942
Retirement benefit liabilities	14,296	0	0	(2,057)	561	12,800
Interest-bearing loans and borrowings	(8,994)	0	0	1,808	(204)	(7,390)
Derivative instruments - liabilities	6,627	142	0	(300)	123	6,591
Other current liabilities	3,414	1,445	0	2,162	14	7,036
Other	(33)	0	0	387	(70)	284
Unused tax losses and credits/Recognized tax losses	35,717	3,654	0	(23,703)	1,080	16,749
NET DEFERRED TAX ASSETS (LIABILITIES)	**(171,341)**	**2,874**	**0**	**9,564**	**1,472**	**(157,432)**
Deferred tax assets	**12,478**	**6,872**			**1,325**	**19,414**
Deferred tax liabilities	**(183,819)**	**(3,998)**			**147**	**(176,845)**

Deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be utilized against future taxable profit.

As at December 31, 2016, the Group had tax losses of €42.6 million (base) for which no deferred tax assets had been recognized. 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, 2014	**49,761,041**
Number of shares as at December 31, 2015	**114,006,167**
Number of shares as at December 31, 2016	**114,006,167**
Number of authorized shares	114,006,167
Number of shares issued and fully paid up	114,006,167
Number of shares issued and not fully paid up	-
Par value of shares	10.00
Treasury shares	119,000
Shares reserved for issue under options and sales agreements	-

On February 10, 2015, prior to the initial public offering, the following capital transactions were carried out:

- share capital increase amounting to €19,398 thousand resulting from the exercise of warrants by Quasarelis SAS and Eurazeo (€14,700 thousand and €4,698 thousand respectively). As at December 31, 2015 there were no exercisable warrants outstanding;
- share capital increase amounting to €16,319 thousand through the issue of 1,631,863 new shares as consideration for the contribution granted to Elis in connection with the merger by absorbtion of Quasarelis SAS under the terms of a draft merger agreement dated December 22, 2014. The merger premium amounted to €4,864 thousand. The capital increase was followed by a capital reduction in an amount of €16,354 thousand by cancellation of €1,635,406 Elis treasury shares as a consequence of the merger. The difference between the carrying amount of the Elis shares in Quasarelis SAS's accounting records and their par value, i.e. the sum of €3,463 thousand, was deducted from the merger premium;
- share capital increase subscribed in cash in an amount of €84,627 thousand through the issue of 8,462,715 new shares with a par value of €10 each, issued at the subscription price of €13 per share, i.e., additional paid-in capital of €3 per share representing total additional paid-in capital of €25,388 thousand. The share capital increase was fully subscribed by Legendre Holding 27, which paid up the amount of its subscription by offsetting the receivable held on the Company through the shareholder loan that was therefore fully capitalized.

As part of the Company's initial public offering, share capital was increased by €538,462 thousand through the issue of 53,846,153 new shares with a par value of €10 each, issued at a subscription price of €13 per share, i.e. additional paid-in capital of €3 per share, representing total additional paid-in capital of €161,538 thousand (before recognition of issue costs net of income tax benefit amounting to €10,002 thousand).

No movement in share capital occurred in 2016.

On April 13, 2015, the Group also implemented a liquidity agreement consistent with the Code of Conduct issued by the French Financial Market Professional Association (*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 allocated to the implementation of the liquidity agreement and credited to the liquidity account amounted to €3,000 thousand. As at December 31, 2016, treasury shares accounted for 119,000 shares valued at €1,760 thousand based on the historic share price, deducted from equity (148,147 shares, or €2,150 thousand as at December 31, 2015).

10.2 DIVIDENDS AND DISTRIBUTIONS PAID AND PROPOSED

The general meeting of June 24, 2015 approved the payment of a dividend in the amount of €0.35 per share. The total amount paid to shareholders therefore was €39,881 thousand.

The general meeting of May 27, 2016 approved the payment of a dividend in the amount of €0.35 per share. The amount distributed to shareholders therefore was €39,871 thousand.

A dividend of €0.37 per share or approximately €51.8 million will be proposed to the next annual general meeting.

10.3 EARNINGS PER SHARE

As disclosed in Note 10.1 "Share capital and reserves". As a result, the calculation of earnings per share (basic and diluted) for the relevant period is based on the new number of shares. Earnings per share for the prior periods have been adjusted retrospectively.

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net income or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

(In thousands of euros)	2016	2015
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**93,669**	**(58,194)**
Weighted average number of shares	113,877,072	106,461,658
Weighted average number of shares used for diluted EPS	**114,135,536**	**106,461,658**

Diluted earnings per share

Diluted earnings per share (DEPS) is calculated by dividing net income or loss 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 assume 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

The main transactions undertaken were with Legendre Holding 27 during the 2015 financial year:

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

Furthermore, under the agreement between Elis, Eurazeo and the banks responsible for the investment with respect to the Company's initial public offering, in 2015 Elis and Eurazeo paid amounts of €11.9 million and €2.6 million respectively.

Except for compensation paid to executives as shown in Note 5.5, there no other transactions were carried out with related parties in 2016.

Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of Elis and of all the following integrated consolidated subsidiaries:

Company name	Registered office	Principal Activity	% interest 2016	% interest 2015
Elis	St-Cloud	Parent Company	100	100
FRANCE				
M.A.J.	Pantin	Textile & hygiene services	100	100
Les Lavandières	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles	Marcq en Baroeul	Textile & hygiene services	100	100
Pierrette - T.B.A.	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français	Gerardmer	Manufacturing entity	100	100
Elis Services	St-Cloud	Other activity	100	100
Thimeau	Meaux	Textile & hygiene services	100	100
Grenelle Service	Gennevilliers	Textile & hygiene services	100	100
Maison de Blanc Berrogain	Anglet	Textile & hygiene services	100	100
Société des Oreillers et Couvertures	St-Cloud	Other activity	100	100
Pro Services Environnement	Rochetoirin	Textile & hygiene services	100	100
Poulard 1836	Nanterre	Dormant	-	Merger
AD3	Dardilly	Textile & hygiene services	100	100
Novalis	Puteaux	Other activity	-	Merger
S.C.I. Château de Janville	St-Cloud	Other activity	100	100
Lovetra	St Ouen l'Aumône	Textile & hygiene services	100	100
G.I.E. Eurocall Partners	Villeurbanne	Other activity	100	100
Blanchisserie Moderne	Montlouis sur Loire	Textile & hygiene services	96	96
S.C.I. Maine Beauséjour	Limoges	Other activity	100	-
S.C.I. La Forge	Bondoufle	Other activity	100	100
Société de Participations Commerciales et Industrielles	St Ouen l'Aumône	Other activity	100	100
S.C.I. 2 Sapins	Grenoble	Other activity	100	100
SHF Holding	St-Cloud	Other activity	100	100
SHF	St-Cloud	Textile & hygiene services	100	100
BMF	Yerres	Textile & hygiene services	100	-
LSP	St-Cloud	Textile & hygiene services	100	-
Hygiène Technique et Protection de l'Environnement	Bobigny	Textile & hygiene services	100	-
Sud-Ouest Hygiène Services	Puteaux	Textile & hygiene services	-	Merger
Blanchisserie Professionnelle d'Aquitaine	Mios	Textile & hygiene services	96	96
Aquitaine Services Developpement	Mios	Other activity	100	100
France Tapis Hygiène Service	Marcq en Baroeul	Textile & hygiene services	Merger	100
Districlean Service	Puteaux	Textile & hygiene services	-	Merger
Hygiène Contrôle Ile de France	Serris	Textile & hygiene services	100	100
Quasarelis	Puteaux	Other activity	-	Merger

Company name	Registered office	Principal Activity	% interest 2016	% interest 2015
GERMANY				
Elis Holding GmbH	Rehburg-Loccum	Other activity	100	100
Elis Textil-Service GmbH	Mörlenbach	Textile & hygiene services	100	100
RWV Textilservice Beteiligungs GmbH	Rehburg-Loccum	Other activity	Merger	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-Trudering	Textile & hygiene services	100	100
Zischka Textilpflege GmbH	Ochtendung	Textile & hygiene services	100	100
Wismarer Wäscherei GmbH	Wismar	Textile & hygiene services	100	-
KlinTex GmbH	Waren/Müritz	Other activity	100	-
Textilpflege Stralsund GmbH	Stralsund	Textile & hygiene services	100	-
Textilpflege Stralsund Verwaltungs GmbH	Stralsund	Other activity	Merger	-
Puschendorf Textilservice GmbH Mannheim	Mannheim	Textile & hygiene services	100	-
Servicegesellschaft der Zentralwäscherei Rein-Neckar mbH	Mannheim	Other activity	100	-
Puschendorf Textilservice GmbH	Schönebeck/Elbe	Textile & hygiene services	100	-
ANDORRA				
Auxiliar Hotelera Arly	Andorra	Textile & hygiene services	100	100
Arly les Valls (en liquidation)	Andorra	Other activity	100	100
BELGIUM				
Hades	Anderlecht	Textile & hygiene services	100	100
BRAZIL				
Atmosfera Gestao e Higienização de Têxteis Ltda	Jundiai	Textile & hygiene services	100	100
SC Lavanderia Ltda	Sete Lagoas	Textile & hygiene services	-	Merger
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	100
AJS Industria e Comercio de Confeccoes Ltda	Eusébio	Other activity	Liquidation	100
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	100
Lavanderia Verde Ltda	Caieiras	Other activity	100	100
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	100
Reis & Nóbrega Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	100
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	100	100
Lavanderia Espírito Santo Norte Ltda	Serra	Textile & hygiene services	Merger	100
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	100
Uniforme Lavanderia e Locação Eireli EPP	Camaçari	Textile & hygiene services	100	-
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	-
Toalhão locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	-
CHILE				
Elis Chile S.A.	Santiago	Other activity	100	100
Albia S.A.	Recoleta	Textile & hygiene services	100	100
Servicios Hospitalarios S.A.	Recoleta	Textile & hygiene services	100	100
COLOMBIA				
Servicios Industriales de Lavado SIL S.A.S.	Bogota D.C.	Textile & hygiene services	100	-

Company name	Registered office	Principal Activity	% interest 2016	% interest 2015
SPAIN				
Elis Manomatic	Parets del Vallès (Barcelona)	Textile & hygiene services	100	100
Azelab Productos	Parets del Vallès (Barcelona)	Textile & hygiene services	Merger	100
Explotadora de Lavanderias	Consell (Mallorca)	Textile & hygiene services	Merger	100
LAVANDERIA HOTELERA DEL MEDITERRANEO	La Nucia (Alicante)	Textile & hygiene services	100	100
Lavalia Balears Servicios y Renting Textil	La Nucia (Alicante)	Textile & hygiene services	100	100
Lavalia Sur Servicios y Renting Textil	La Nucia (Alicante)	Dormant	In liquidation	100
Lavalia c. e. e.	La Nucia (Alicante)	Dormant	100	100
UTE Elis Indusal	Parets del Vallès (Barcelona)	Textile & hygiene services	100	-
Indusal Centro, S.A.	Guadalajara (Guadalajara)	Textile & hygiene services	100	-
Indusal Navarra, S.A.	Marcilla (Navarra)	Textile & hygiene services	100	-
Lavanderías del Ebro, S.A.	Huesca (Huesca)	Textile & hygiene services	100	-
Indusal Rías Baixas, S.A.	Porriño (Pontevedra)	Textile & hygiene services	100	-
Lavandería Industrial Navarra, S.A.	Tudela (Navarra)	Textile & hygiene services	100	-
Lavandería Industrial Olimpia, S.L	Mutilva Baja (Navarra)	Textile & hygiene services	100	-
Servicios de Lavandería Industrial de Castilla la Mancha, S.A.	Yeles (Toledo)	Textile & hygiene services	100	-
Indusal Alandalus, S.L.	Córdoba (Córdoba)	Textile & hygiene services	100	-
Ibérica de Renting y Lavanderías Industriales, S.A.	Venta de Baños (Palencia)	Textile & hygiene services	100	-
Indusal, S.A.	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	-
Indusal Renting Cataluña, S.A.	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	-
Industrias del Lavado y Planchado, S.L.	Quart de Poblet (Valencia)	Textile & hygiene services	100	-
Lavandería Miele, S.L.	Sueca (Valencia)	Textile & hygiene services	100	-
Lavandería Indusal Cantabria, S.A.	Cabezón de la Sal (Cantabria)	Textile & hygiene services	100	-
Indusal Rías Altas, S.A.	Sergude Boqueixon (A Coruña)	Textile & hygiene services	100	-
Indusal La Rioja, S.L.	Quel (La Rioja)	Textile & hygiene services	100	-
Indusal Castilla La Mancha, S.A.	Alcázar de San Juan(Ciudad Real)	Dormant	100	-
Indusal Renting Catalunya Siglo XXI, S.L.	Vilafranca del Penedés (Barcelona)	Dormant	100	-
Lavandería Industrial La Condesa, S.L.	Venta de Baños (Palencia)	Textile & hygiene services	100	-
Indusal Galicia Siglo XXI, S.L	Porriño (Pontevedra)	Other activity	100	-
Tudela Patrimonial Siglo XXI, S.L.	Tudela (Navarra)	Other activity	100	-
Rías Altas Patrimonial Siglo XXI, S.L.	Sergude Boqueixon (A Coruña)	Other activity	100	-
Serlasa Patrimonial Siglo XXI, S.L.	Abanto y Ciervana (Vizcaya)	Other activity	51	-
Naserinco Patrimonial S. XXI, S.L.	Tudela (Navarra)	Other activity	100	-

Company name	Registered office	Principal Activity	% interest 2016	% interest 2015
Lavanderías Industriales Salamanca, S.L.	Villares de la Reina (Salamanca)	Textile & hygiene services	100	-
Goiz Ikuztegia, S.L.	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	-
Energías Margua S.A.	Pamplona (Navarra)	Other activity	100	-
Malsin, S.A.	Pamplona (Navarra)	Other activity	100	-
Serclothes, S.L.	Pamplona (Navarra)	Textile & hygiene services	100	-
Gulluri, Sociedad Anónima	Arrigorriaga (Vizcaya)	Textile & hygiene services	100	-
Lain-Pak, Sociedad Anónima	Arrigorriaga (Vizcaya)	Other activity	100	-
Indusal Textil, S.L.	Pamplona (Navarra)	Dormant	100	-
Indusal Sur, S.A.	Escacena del Campo (Huelva)	Textile & hygiene services	60	-
Serlasa, S.A.	Abanto y Ciervana (Vizcaya)	Textile & hygiene services	51	-
Cogeneración Martiartu, Sociedad Limitada	Arrigorriaga (Vizcaya)	Other activity	100	-
Lesa Inmuebles Siglo XXI, S.L.	Pamplona (Navarra)	Other activity	100	-
Insernaco Patrimonial S. XXI, Sociedad Limitada	Abanto y Ciervana (Vizcaya)	Other activity	51	-
Gestytex Ibérica, Sociedad Limitada	Arrigorriaga (Vizcaya)	Other activity	50	-
Lavanderías El Cantábrico, Sociedad Limitada	Santurtzi (Vizcaya)	Textile & hygiene services	87	-
Casbu, S.L.	Igualada (Barcelona)	Textile & hygiene services	50	-
Compañía Navarra Servicios Integrales	Pamplona (Navarra)	Other activity	100	-
UTE Tasubinsa	Marcilla (Navarra)	Textile & hygiene services	68	-
UTE Goiz ikuzteguia	Zumarraga (Guipuzcua)	Textile & hygiene services	75	-
ITALY				
Elis Italia S.p.A.	San Giuliano Milanese	Textile & hygiene services	100	100
LUXEMBOURG				
Elis Luxembourg	Bascharage	Textile & hygiene services	100	100
PORTUGAL				
Garment Finishing and Distribution European Services	Samora Correira	Other activity	100	100
Sociedade Portuguesa de Aluguer e Serviço de Texteis	Samora Correira	Textile & hygiene services	100	100
SPAST II	Samora Correira	Textile & hygiene services	100	100
CZECH REPUBLIC				
SNDI S.R.O.	Slavkov ù Brna	Textile & hygiene services	100	100
UNITED KINGDOM				
Kennedy Hygiene Products LTD	Uckfield	Manufacturing entity	100	100
Kennedy Exports LTD	Uckfield	Other activity	100	100

Company name	Registered office	Principal Activity	% interest 2016	% interest 2015
SWITZERLAND				
Blanchâtel S.A.	La Chaux-de-Fonds	Textile & hygiene services	100	100
Blanchisserie des Epinettes S.A.	Plan-les-Ouates	Textile & hygiene services	100	100
Blanchisserie des Epinettes, Acacias S.A.	Nyon	Other activity	Merger	100
Blanchival S.A.	Sion	Textile & hygiene services	100	100
Großwäscherei Domeisen AG	Endingen	Textile & hygiene services	100	100
Hedena S.A.	Nyon	Other activity	Merger	100
Hygienis S.A.	Carouge	Textile & hygiene services	100	-
InoTex Bern AG	Bern	Textile & hygiene services	100	84
Laventex S.A.	Givisiez	Textile & hygiene services	100	100
Lavopital S.A.	Plan-les-Ouates	Dormant	Merger	100
Lavotel S.A.	Nyon	Textile & hygiene services	100	100
Lavotel Textilleasing GmbH	Rüdtligen-Alchenflüh	Textile & hygiene services	Merger	100
On my Way	Lausanne	Textile & hygiene services	50	-
Picsou Management AG	Muri Bei Bern	Other activity	100	51
Prohotel Wäscherei AG	Kloten	Textile & hygiene services	100	100
SiRo Holding AG	Muri Bei Bern	Other activity	100	51
SNDI (Suisse) S.A.	Brügg	Textile & hygiene services	100	100
Wäscherei Kunz AG	Hochdorf	Textile & hygiene services	100	100
Wäscherei Mariano AG	Schlieren	Textile & hygiene services	100	-
Wäscherei Papritz AG	Rüdtligen-Alchenflüh	Textile & hygiene services	100	100
Wäscheria Textil Service AG	Ilanz	Textile & hygiene services	100	84
Wäscheria Textil Service Bad Ragaz AG	Bad Ragaz	Textile & hygiene services	100	84
WashTex Holding AG	Bern	Other activity	100	84

Note 12 EVENTS AFTER THE REPORTING PERIOD

On January 17, 2017, Elis entered into a new Syndicated Senior Credit Facilities Agreement in the amount of €1,150 million to refinance the previous Senior Credit Facilities of the Company and the bridge-to-debt tranche of the Bridge Loan Agreement. The new agreement extends the maturity of the debt by around two years (to January 2022 as opposed to January, 2020 for the previous agreement), increases its amount (to €1,150 million versus €850 million for the previous agreement) and reduces the interest rate margin by around 50 bps.

At the same time, the Company amended its interest rate swap contracts to hedge the new Syndicated Senior Credit Facilities Agreement in full through its maturity on January 20, 2022, with a reduction of the fixed rate paid out of 68.3 bps and in exchange for a cash payment of €10 million.

In order to finance its acquisitions of Indusal and Lavebras, Elis also carried out a capital increase with preferential subscription rights in the amount of €325 million (gross amount before deduction of issuance costs) through the issue of 25,910,490 new shares with settlement and delivery occurring on February 13, 2017.

In order to proceed to this operation, beneficiaries of performance shares have been informed that their rights will be adjusted by a public notice published in the Bulletin des Annonces Légales Obligatoires (BALO), these adjustments occured on February 13, 2017.

Note 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl.tax)		%		Amount (excl.tax)		%	
(In thousands of euros)	2016	2015	2016	2015	2016	2015	2016	2015
Independent audit	486	1,089	80%	88%	240	867	82%	86%
Other services different from independent audit	123	144	20%	12%	52	145	18%	14%
TOTAL	**609**	**1,233**	**100%**	**100%**	**292**	**1,012**	**100%**	**100%**

In accordance with the ANC (the French Accounting Standards Authority) Regulation no. 2016-09, these tables do not include fees paid to other legal entities of the audit networks by fully consolidated subsidiaries.