

M.A.J.

A French limited company (société anonyme) with share capital of €142,515,408
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**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AT THE ORDINARY
GENERAL MEETING OF JUNE 29, 2016**

We have invited you to this Ordinary General Meeting for the purpose of submitting to you the financial statements for the 12-month fiscal year beginning January 1 and ending December 31, 2015 for your review and approval.

We inform you that no change in the presentation method of the financial statements or in other valuation methods was made during the fiscal year.

I – COMPANY SITUATION

Revenue (including other income) for the fiscal year ended 12/31/2015 amounted to €590,411,000 versus €576,325,000 for the year ended 12/31/2014, an increase of 2.4%. It should be noted that the revenue includes the following transactions:

- incorporation of Hytop clients into sanitary equipment in April 2015, 3D clients from the Traitements Services Plus company in November 2015, and hotel and catering clients of the “Le Grand Blanc” company (via BPA) in December 2015;
- removal of hotel and catering clients of Coignières and Chilly-Mazarin following their switch to leasing and management in favor of the Grenelle Service company as part of the relocation of the Puteaux plant.

The hotel and catering market saw a sharp increase in its flat linen business with the launch of several establishments by a major client. The increase in volume over the year peaked in summer due to the very high temperatures, but the end of the year was markedly affected by the November 2015 attacks, especially in the Paris region.

The healthcare sector continued to grow but was exposed to severe pressure on prices, imposed by major clients regrouping and by a turn towards integrated laundry.

Clothing business in 2015 was up thanks to the arrival of substantial new clients and improvements in productivity.

In the ultra-clean sector, the semiconductor sub-sector, which represents approximately 25% of this activity (against 30% last year), continued its decline. The pharmaceutical industry continued its restructuring (reductions in headcount or in activity). Nevertheless, the addition of major new clients helped to maintain growth in this line of business.

The sanitary market was dominated by cleaning service companies and facilities management companies, with strong pressure on prices, as direct business became more difficult for clients. Ground-based and beverage activities remain stable, with shifts from bottled water fountains to those connected to the municipal water network. DASRI (potentially infectious healthcare waste) activity remained stable and marginal.

The company continued its development in the very promising “3D” business, with the creation of regional technical centers and dedicated tours, specific training courses for the sales and technical teams, the acquisition of a 3D client base in South-East France, linked to the center in Nîmes.

Furthermore, the fiscal year ended December 31, 2015 was marked by:

- The IPO of the parent company ELIS SA and the implementation of a new Senior Credit Agreement to enhance the business and expansion of the group to which the Company belongs;
- Reorganization in the Paris region entailed the closure of the historic Puteaux plant and the transfer of activities to the new Elis Paris-Ouest plant in Nanterre, along with a shift to leasing management, overseen by the Grenelle Service company, of the goodwill from the Chilly-Mazarin (91) and Coignières (78) facilities;
- the financing of acquisitions in Brazil by way of three capital increases in the Brazilian subsidiary Atmosfera for a total amount of €47 million;
- initial investment in Chile by way of takeover of the local leader in linen rental/maintenance;
- the acquisition March 31, 2015 of the goodwill of the Hytop sanitary equipment rental/maintenance business in Villepreux (78), that of the 3D business of the TSP company in South-East France, and some goodwill items in the flat linen business Le Grand Blanc in the Bordeaux region (via BPA);
- the acquisition of Aquitaine Service Développement and Blanchisserie Professionnelle d'Aquitaine (BPA) in the Bordeaux region specializing in flat linen, and Hygiène Contrôle Ile de France in the Paris region specializing in 3D;
- the universal transfer of assets of the companies Sud-Ouest Hygiène Service as of January 2, 2015, Poulard 1836 as of October 31, 2015 and Districlean Service as of December 14, 2015;

INCOME STATEMENT

The **key figures** for the fiscal year ended 12/31/2015, compared to those for the fiscal year ended 12/31/2014, are as follows:

(in thousands of euros)	<u>12/31/2014</u> (12 months)	%	<u>12/31/2015</u> (12 months)	%
Revenue excl. tax (including other income)	576,325	100.00	590,411	100.00
Amortizations	92,304	16.02	98,741	16.72
Personnel costs	185,485	32.18	192,309	32.57
Operating income	102,830	17.84	90,031	15.25
Net financial expense	29,540	5.12	(10,165)	(1.72)
<i>o/w indiv. financial income</i>	<i>41,132</i>	<i>7.14</i>	<i>21,175</i>	<i>3.59</i>
Net recurring income (loss) before tax	132,370	22.97	79,866	13.53
Net non-recurring income (loss)	(6,926)	(1.20)	(26,650)	(4.51)
Employee profit-sharing	7,615	1.32	4,252	0.72
Income tax	29,333	5.09	17,164	2.91
Net income (loss)	88,486	15.35	31,800	5.39
Gross cash flow	180,790	31.37	130,541	22.11

The **operating income** resulted in a net income of €90,031,000 against €102,830,000 at 12/31/2014. Operating expenses increased as a percentage of revenue compared to the year ended 12/31/2014 (87.01% versus 84.33%), which is explained in particular by the increase in purchases, external costs and amortization and depreciation, and rental costs following the sale & lease transaction.

The average workforce as of 12/31/2015 was 6,240 persons, distributed over 62 centers, compared to 6,191 persons as of 12/31/2014 over 64 centers.

The profit-sharing premium for productivity over the fiscal year (excluding general social contribution [C.S.G.] and social debt repayment contribution [C.R.D.S.]) stood at €4,224,000. It was €4,233,000 as at 12/31/2014.

Financial transactions

Financial income specifically includes:

- income from subsidiaries and other equity investments (€21,175,000),
- interest received on advances granted within the framework of the cash pooling agreement (€4,479,000),
- reversal of the provision for depreciation of shares in the subsidiaries Elis Manomatic (€24,862,000), Elis Italia (€6,213,000), Hedena (€49,000) and the cancellation of provisions for the Poulard 1836 and Sud-Ouest Hygiène Service subsidiaries due to the universal transfer of assets to M.A.J. (€27,000).

Financial expenses specifically include:

- interest paid to advances granted by the subsidiaries in the context of the cash pooling agreement and by the company Elis SA (€4,598,000), as well as to the intra-Group loan of the company Elis SA – formerly Novalis (€2,639,000),
- provisions for depreciation of securities in the subsidiaries Atmosfera (€41,670,000), Le Jacquard Français (€156,000), S.O.C. (€91,000), Lovetra (€795,000) and Pro Service Environnement (€1,359,000),
- interest paid in respect of loans (€4,923,000) and interest swaps (€3,366,000).

Ultimately, **net financial income** posted a loss of (€10,165,000) against a profit of €29,540,000 as of 12/31/2014.

Extraordinary transactions

Extraordinary income resulted in a net loss of (€26,650,000) against a loss of (€6,926,000) as of 12/31/2014. It specifically includes:

- movements (reversals and allocations) in the provision for accelerated amortizations,
- movements (income and NBV) in sales of assets
- costs involved in restructuring and site closures
- payment of the agreed proportion of costs following the stoppage of the Odyssey program
- actuarial spreads on employee benefit obligations,
- costs related to the acquisition of interests,
- premiums paid to staff in connection with the IPO.

The **net profit**, after creating a provision for:

- employee profit-sharing	€4,252,000
- income tax	€17,134,000

resulted in net income of **€31,800,000**. As of 12/31/2014, the net income was €88,496,000.

THE TRANSACTIONS CONCERNING THE BALANCE SHEET DURING THE FISCAL YEAR ENDED ARE AS FOLLOWS

The transactions concerning the balance sheet during the fiscal year ended are as follows: during the fiscal year ended are as follows:

- 1) Intangible assets include the contribution to intangible assets of goodwill from the Hytop sanitary

equipment rental and maintenance business (+€1,640,000), and from the 3D business of the T.S.P. company (€466,000) as well as goodwill from the flat linen rental and maintenance business of Le Grand Blanc (€118,000).

- 2) The gross value of equity investments stood at €464,509,000 versus €395,889,000 at 12/31/2014. The movements of the fiscal year involved in particular:
 - subscription to the capital increases of the Atmosfera (+€47,150,000) and Elis Italia (+€999,000) subsidiaries,
 - acquisition of the companies Aquitaine Service Développement (+€2,727,000) and Hygiène Contrôle Ile de France (+€2,928,000),
 - the removal of securities in Sud-Ouest Hygiène Service (-€307,000), Poulard 1836 (-€14,000) and Districlean Service (-€10,000) following their universal transfer of assets to M.A.J.
- 3) Other receivables: The advances granted by M.A.J. within the framework of the cash pooling agreement at the end of the fiscal year stood at €237,626,000. Please note the following subsidiaries were granted advances: Les Lavandières (€25,454,000), Pierrette-TBA (€58,515,000), RLST (€20,062,000), Le Jacquard Français (€6,125,000), SPCI (€4,652,000), Elis Manomatic (€20,465,000) and Lavotel (€90,866,000). Please note that at the end of the fiscal year, the loan granted to SARL SQUA was repaid in full.
- 4) The provisions for risks, totaling €9,369,000 at the end of the fiscal year, include, in particular, a provision linked to environmental risks (€6,033,000), a provision for litigation (€2,027,000), and a provision for long-service commitments (€1,309,000).
- 5) Provision for post-employment benefits: It stood at €13,299,000 against €13,226,000 at 12/31/2014.
- 6) Payables and other loans:

At the end of the fiscal year, the amount of the loans for the credit agreement (*Senior facilities agreements*), to which M.A.J. is party for a maximum amount of €508,000,000, stood at €108,000,000 for refinancing credit (Term Facility). There is no commitment for renewable credit (Revolving Facility) as of 12/31/2015.

At the end of the fiscal year, Group debts amounted to €220,994,000, of which €72,277,000 was for the cash pooling agreement and €148,717,000 was for the current account advance granted by the parent company ELIS (formerly Novalis). Furthermore, the intra-Group loan with the company ELIS amounted to €89,627,000 at the end of the fiscal year (with capitalized interest). Ultimately, debts totaled €605,633,000 at 12/31/2015 of which €503,805,000 up to a maximum of one year. They stood at €630,436,000 at 12/31/2014.
- 7) Financial instruments

The company entered into an interest rate hedging contract for outstanding borrowings amounting to €108,000,000 for the period until 10/04/2017. The value of these swaps in market conditions as of 12/31/2015 was a loss of €4,795,000.

II – ACTIVITIES OF SUBSIDIARIES AND EQUITY INVESTMENTS

The SIGNIFICANT FIGURES for the past two years of subsidiaries and controlled companies (in thousands of euros) are as follows:

A – SUBSIDIARIES AND CONTROLLED COMPANIES WORKING IN THE RENTAL AND MAINTENANCE OF TEXTILE AND HYGIENE ITEMS OR PEST CONTROL

Given that these companies adhere to the same business and technical development policy within the framework of the ELIS group, no specific remarks are required, except in case of a legal or financial event.

* **Les Lavandières** (Avrillé) – Investment: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	167,452	171,694	+2.5
Depreciation and	27,674	29,800	
Employee profit-sharing	2,176	1,927	
Income tax	5,575	4,450	
Net income (loss)	13,595	11,334	

Flat linen and workwear business is up, thanks to the arrival of major clients in 2015 (DCNS, Conseil Général du Finistère, 5-star hotel in Dinard, Hotel du Zoo in Beauval). Unfortunately, however, clients were lost in healthcare.

Clothing business continued in the agri-food sector (especially in Loudéac), despite lower prices being negotiated.

The sanitary and beverages sector was down (loss of markets). However, 3D business saw strong growth thanks to the opening of regional technical centers.

The outlook is favorable.

The results of the business of the Lavandières subsidiaries are as follows:

Blanchisserie Moderne (Montlouis sur Loire) – Investment: 96.34%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u> %
Recurring operating income	404	412	+2.0
Depreciation and	39	37	
Net income (loss)	279	271	

Since February 1, 2001, the company has delegated its goodwill on a rental-management basis to the company Les Lavandières, at the Elis Touraine premises in Montlouis.

* **Pierrette – T.B.A.** (Malzeville) – Investment: 99.78%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	55,056	55,682	+1.1
Depreciation and	9,488	9,928	
Employee profit-sharing	488	342	
Income tax	1,238	871	
Net income (loss)	3,824	12,923	

In Healthcare and hospitality, flat linen business is experiencing strong growth, helped in particular by the contribution of new clients. The Clothing and Sanitary (ICS) market is down (several business failures, price renegotiations). Beverages and 3D activities are on the rise.

Pierrette-T.B.A. has the following subsidiaries and sub-subsidiaries:

Elis Luxembourg (Bascharage) – Investment: 99.99% (plus 0.01% held by MAJ)

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015*</u> 12 months	<u>Difference %</u>
Revenue excl. tax	5,803	5,884	+1.4
Income	269	483	

*provisional accounts

Clothing, the company's main business, fell 3.4% as a result of the loss of a major client, partially offset by the contribution of new client. The flat linen business was up 11.5% as a result of significant commercial gains.

The sanitary activity was up slightly thanks to the new 3D service. The Ground-based and Beverages market was on the rise.

The outlook for growth remains fragile, particularly in the hospitality and catering market.

Elis Holding GmbH – Rehburg-Loccum (Germany) – Holding

Investment: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Recurring operating	377	785	+108.2
Net financial expense	1,054	1,396	
Net income (loss)	-32	318	

The Elis Holding GmbH Group specializes in flat linen for the Hospitality and Catering, ICS and Healthcare markets. It posted growth of 28.2% in 2015, thanks to the acquisition of Kress in Munich and Zischka in Simmern and Ochtendung. If no contribution to revenues had been made by new acquisitions, organic growth would have increased slightly by 0.8%. Despite good commercial momentum in the hospitality and catering sector, losses were substantial at the start of the year.

The Clothing market was down slightly following losses recorded at the end of 2014.

Please note that with the acquisition of Zischka, the healthcare market now accounts for 20% of total revenues.

The aim in 2016 is to regain organic growth of around 3% through continued commercial momentum in hospitality and catering and the stabilization of losses. The integration of the companies acquired at the beginning of the year in Wismar and Stralsund will also be one of the top-priority aims. Additionally, efforts will focus on improving the result by controlling costs.

Elis Holding GmbH directly or indirectly controls 100% of the capital in several subsidiaries in Germany, with figures at December 31, 2015, compared to those one year earlier, as follows:

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>12/31/2015</u> 12 months
	Revenue excl.	Net income	Revenue excl.	Net income
Elis Textil Service GmbH – Mörlenbach 100%	26,439	1,766	24,165	1,542
Schäfer, Wäsche-Vollservice GmbH – Ibbenbüren 100%	9,657	969	9,694	(71)

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>12/31/2015</u> 12 months
	Revenue	Net income	Revenue excl.	Net income
Rolf und Horst Schäfer OHG – Ibbenbüren real estate company 100%	765	380	768	366
RWV Textilservice Beteiligungs-GmbH Rehburg-Loccum 100% - inactive	-	2	-	1
Cleantex Potsdam Textilpflege GmbH – Potsdam 100%	4,870	62	4,994	9
Wolfesperger Verwaltungs GmbH – Freiburg - 100%	-	2	-	2
Wolfesperger Textilservice GmbH & Co KG Freiburg - 100%	3,638	(1,065)	3,410	(932)
Kress GmbH	n/a	n/a	7,146	(799)
Zischka GmbH	n/a	n/a	10,247	832
Total	45,369		60,424	

- * **Régionale de Location et Services Textiles** (Marcq en Baroeul) – R.L.S.T.
Direct investment: 91.25% (and indirect 100%)

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	61,784	62,447	+1.1
Depreciation and	10,717	11,216	
Employee profit-sharing	899	208	
Income tax	2,225	388	
Net income (loss)	4,734	2,263	

Flat linen business continued in both hospitality (except in Lille) and in healthcare, with very strong development of the hospital in Armentières and the regular contribution of new clients prospected by the sales teams.

In the Clothing segment, the losses recorded were offset by the arrival of major clients. The sanitary business saw heavy losses of clients but the Ground-based service was on the up thanks to trade competitions.

In addition, of note is the stoppage of the Odyssey pilot program at the Saint-Quentin center at the end of January 2015.

Due to the economic climate, actions in 2016 will focus on client satisfaction and loyalty building as well as developing the new 3D service.

The results of activity for the R.L.S.T. subsidiary are as follows:

France Tapis Hygiène Service – F.T.H.S. (Marcq en Baroeul) – Investment: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u> %
Recurring operating	145	131	-9.7
Depreciation and Amort.	69	8	
Net income (loss)	104	96	

Since October 1, 2013, F.T.H.S. has entrusted its goodwill on a lease-management basis to R.L.S.T. The company now only receives a lease-management fee.

F.T.H.S. sold its stake in the SAS Districlean Service company, prior to its dissolution by asset merger with M.A.J. in December 2015. As a result, the lease-management agreement between Districlean Service and MAJ was automatically terminated on that date.

* **Thimeau (Meaux) - Investment: 100%**

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	30,878	33,581	+8.7
Depreciation and	4,983	4,919	
Employee profit-sharing	543	671	
Income tax	1,247	1,500	
Net income (loss)	2,513	3,497	

Thimeau in fact rents and launders textile articles for high-end hospitality clients, as well as laundering and maintaining clothing and costumes for Disneyland Paris. Given the brisk business at the Disneyland site, the costume laundry service and flat linen business of the site's hotels are growing strongly.

In upscale hotels, the flat linen business was affected by the Paris attacks, but the arrival of new hotel establishments helped to maintain growth over the year.

In 2016, the Disney business should remain at the same level.

* **Grenelle Service (Gennevilliers) - Investment: 100%**

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	69,553	78,726	+13.2
Depreciation and	11,034	10,991	
Employee profit-sharing	1,683	993	
Taxes	4,462	2,839	
Net income (loss)	9,639	7,767	

The flat linen business was marked by a slightly lower level of activity in accommodation, despite the development of new clients. The clothing business was down across all centers. The health and wellness business also dipped, with clients lost both in direct service and cleaning companies. The new 3D business covering rodent control, disinfection and insect control did not see the same growth in 2015 as in the previous year, with stable results.

* **Lovetra (Saint-Ouen l'Aumône) – Investment: 100%**

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	4,975	4,622	-7.1
Depreciation and	868	803	
Employee profit-sharing	-	-	
Taxes	-	-	
Net income (loss)	272	(228)	

Lovetra specializes in the rental, maintenance and cleaning of textile items, specifically workwear.

* **Maison de Blanc Berrogain (Anglet) – Investment: 100%**

Activity: Traditional rental of textile items, industrial laundry services in Anglet, highly seasonal

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	2,222	2,362	+6.3
Depreciation and	495	437	
Net income (loss)	86	130	

The Berrogain market is 100% upscale hospitality and holiday resorts on the Basque coast. The center's business is linked to that of hotel clients in the region that are greatly dependent on weather conditions, implying very high reactivity on the part of the company to deal very quickly with increases and decreases in substantial volumes.

The desire to increase client numbers throughout the year to reduce the impact of the season remains a key objective for 2016.

* **Pro Services Environnement** (Rochetoirin) – Investment: 100%

Activity: Pest control in the Rhone-Alpes region.

(in thousands of €)	<u>12/31/201</u> 4.8 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	1,371	1,798	n/a
Depreciation and	35	50	
Net income (loss)	53	146	

* **Hygiène Contrôle Ile de France** (Serris) – Investment acquired in 2015: 100%

Activity: Pest control in the Paris region.

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	1,456	1,479	+1,6
Depreciation and	21	53	
Net income (loss)	233	116	

* **Aquitaine Service Développement** (Mios) – Holding – Investment acquired in 2015: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Recurring operating	0	0	-
Net financial expense	(2)	(3)	
Net income (loss)	(6)	(8)	

Aquitaine Service Development directly controls 95.76% of the subsidiary **Blanchisserie Professionnelle d'Aquitaine – BPA** (Mios):

Activity: Traditional rental of textile items, industrial laundry services in Mios.

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	3,322	3,677	+10.7
Depreciation and	540	539	
Net income (loss)	23	49	

2015 was a good year with sustained volumes, particularly during the summer, and a marked improvement in tourism in Bordeaux and the surrounding areas, despite a slight downturn at the end of the year in starred hotels following the terrorist attacks in Paris.

In addition, BPA acquired goodwill from Blanchisserie Le Grand Blanc for the rental and maintenance of flat linen in the Bordeaux region in December 2015. A portion of the client base was immediately passed on to M.A.J. (Bordeaux center).

* **SNDI SA** (Switzerland) – Investment: 100%

(in thousands of CHF)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	6,301	6,720	+6.6
Depreciation and	504	546	
Net income (loss)	1,489	1,530	

(value at 12/31/15: €1 = CHF 1.08746)

The Swiss subsidiary SNDI SA, specializing in the ultra-clean sector, continued its double-digit growth. The outlook is encouraging, given that a number of significant markets held by the competition are in negotiation. That said, German competition is becoming more aggressive.

* **SNDI Sro** (Bmo – Czech Republic) – Investment: 100%

(in thousands of CZK)	<u>12/31/2014</u> 12 months	<u>12/31/2015*</u> 12 months	<u>Difference</u> %
Revenue excl. tax	47,187	52,396	+11.0
Depreciation and	7,416	7,988	
Net income (loss)	7,623	9,542	

*provisional accounts

(value at 12/31/15: €1 = CZK 27.02078)

The ultra-clean business of the Czech subsidiary was up sharply, thanks to the arrival of new clients in the Czech Republic, Slovakia and Hungary. The company opened a new workshop for the treatment of traditional workwear.

* **Hades** (Anderlecht – Belgium) – Investment: 99.99%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015*</u> 12 months	<u>Difference</u> %
Revenue excl. tax	24,522	25,561	+4.2
Depreciation and	6,570	6,443	
Taxes	25	4	
Net income (loss)	(1,324)	(842)	

*provisional accounts

The company specializes in the rental and maintenance of linen, workwear and hygiene and wellness equipment. Business was up slightly in flat linen and clothing, with sales development offsetting losses. Of note was the strong growth on the ultra-clean market.

Health and beverages business were down, with only ground business being positive.

The implementation of a new marketing structure should allow revenue to improve in 2016, particularly in the Flanders region.

* **Elis Manomatic S.A.** (Parets del Valles – Spain) – Investment: 100 %

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015*</u> 12 months	<u>Difference %</u>
Revenue excl. tax	57,326	64,477	+12.5
Depreciation and	12,338	12,867	
Net income (loss)	(2,250)	(553)	

*provisional accounts

2015 provided confirmation that the Spanish economy had left the crisis behind. Apart from the acquisitions made in early 2015 (LHM Group) bringing in revenue of €7,040,000 over nine months, the organic growth and good business regarding hospitality clients meant that our revenue increased by 11% in consolidated terms.

The acquisition of the LHM Group and the use of subcontractors in southern Spain increased the national coverage of Elis and strengthened its presence in major hotel chains.

In 2016, flat linen continued to grow thanks to growth in business and the acquisition of new clients. The clothing market started to take off, with the signing of major contracts in the pharmaceutical and agri-food sectors, particularly in Catalonia.

Elis Manomatic holds investments in:

- a small company **Auxiliar Hotelera Arly** (AHA) focusing on the rental and maintenance of flat linen.
- the company **Azelab Productos SL**, specializing in ultra-clean items in the Barcelona region of Spain.
- The company **Explotadora de Lavanderias** on Mallorca, acquired in September 2013, specializing in the laundry of flat linen, which saw strong sales growth in 2015.
- The company **Lavanderia Hotelera del Mediterraneo** in Alicante, acquired in April 2015, which oversees the following three entities: Lavalía Balears, Lavalía Sur, Lavalía CEE.

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>12/31/2015</u> 12 months
	Revenue excl.	Net income	Revenue excl.	Net income
Auxiliar Hotelera Arly (AHA) – Andorra – 100%	1,467	140	1,674	175
Azelab Productos SL – Parets – 100%	-	(5)	-	(5)
Explotadora de Lavanderias – Mallorca – 100%	4,113	467	6,081	876
Lavanderia Hotelera del Mediterraneo – Alicante – 100%	n/a	n/a	6,749	(121)
Lavalía Balears – Alicante – 100%	n/a	n/a	281	(1,210)
Lavalía Sur – Alicante – 100%	n/a	n/a	10	(20)
Lavalía CEE – Alicante – 100%	n/a	n/a	-	-

* **Elis Italia S.p.A.** (San Giuliano Milanese – Italy) – Investment: 99.24%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	26,200	26,655	+1.7
Depreciation and	5,785	5,860	
Net income (loss)	(1,007)	(1,277)	

Business in 2015 was marked by sustained growth in the ICS workwear, 3D and retirement homes segments. Revenue was down in Hospital Healthcare and hygiene and wellness though in this segment, there was a reversal of the downward trend seen since the final quarter of 2015.

The company is still making a net loss due to exceptional restructuring costs.

In 2016, the Italian subsidiary plans profitable growth in 3D and ICS workwear and consequently an improvement in its margin.

* **S.P.A.S.T.** (Porto Alto – Portugal) – Investment: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u> %
Revenue excl. tax	39,314	40,878	+4.0
Depreciation and	8,771	9,157	
Net income (loss)	1,326	1,323	

2015 saw stabilization in the Portuguese economy and S.P.A.S.T. increased its revenue by 4%, thanks specifically to good performance in flat linen.

Other markets are up sharply: clothing (9.0% in 2015) having attracted a number of medium-sized prospects; 3D with growth of 48% and Fountains with revenue of +7.2%.

SPAST holds investments in:

- the company **GAFIDES** (Porto Alto – 100%), which specializes in the distribution and customization of workwear acquired by the purchase of Elis Services SA, intended for group operational entities. The results of this subsidiary's business are as follows:

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl.	5,328	4,807	-9,8
Net income	196	189	

- the company **SPAST II Lda** (Porto Alto – 75%). Following the sale of its goodwill to SPAST in 2013, this subsidiary saw no more activity. The results of this subsidiary are as follows:

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl.	0	0	-
Net income	90	132	

* **Lavotel SA** (Nyon – Switzerland) – Investment: 100%

(in thousands of CHF)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u> %
Revenue excl. tax	22,003	22,964	+4.3
Depreciation and	5,488	5,906	
Net income (loss)	445	197	

(value at 12/31/15: €1 =CHF 1.08746)

The Lavotel group specializes in the rental and maintenance of linen in the healthcare, hospitality and industrial segments. Revenue saw major growth compared to 2014, in particular via the acquisitions made in March 2015 (Wäscheria Group in Graubünden) and June 2015 (Prohotel nearby Zürich) which contributed approximately CHF 12.8m. In addition, the group posted organic growth of some 0.6% thanks to sound commercial performance in flat linen.

The outlook is good for 2015, due to the carry-forward effect of acquisitions made in 2015, though tourism and industry business remains uncertain due to the continued strength of the Swiss franc, varied levels of snow, and an uncertain global economic climate.

The strengthening of the Swiss franc at the beginning of 2015 favored EUR purchases, and had a positive effect on income. This will not recur in 2016, due to a fall in the Swiss franc which was already seen to an extent over 2015.

LAVOTEL SA directly or indirectly controls the capital of several subsidiaries in Switzerland, whose figures were as follows:

(in thousands of CHF)	<u>12/31/2014</u> 12 months	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>12/31/2015</u> 12 months
	Revenue excl.	Net income	Revenue excl.	Net income
Blanchisserie des Epinettes SA – Plan les Ouates – 100%	3,758	(95)	4,129	35
Blanchival SA – Sion – 100%	2,555	(10)	2,750	(37)
Laventex SA – Givisiez – 100%	1,319	(570)	1,273	277
Lavopital SA – Plan les Ouates – 100%	-	(0.3)	-	3,1
Blanchatel SA – La-Chaud-de-Fonds – 100%	5,047	1,648	4,079	2,221
Lavotel Textilleasing GmbH – 100%	1,211*	33	711	34
Wäscherei Papritz AG – Rüdtligen – 100% via Blanchâtel	5,308*	894*	4,682	802
Grosswäscherei Domeisen AG – Endigen – 75%	6,579	(951)	6,986	(98)
InoTex Bern AG – Bern – 66.67% via Blanchâtel	34,050	4,367	34,114	6,788
Wäscherei Kunz AG – Hochdorf – 100% via Papritz	2,941	37	2,878	(88)
Prohotel Wäscherei AG – Kloten – 100%	n/a	n/a	8,151	53
Wäscheria Textil Service AG – Ilanz –	n/a	n/a	10,887	3,579
Wäscheria Textil Service Bad Ragaz AG – Bad Ragaz – 100%	n/a	n/a	3,698	170

(value at 12/31/15: €1 = CHF 1.08746)

- * **Atmosfera Gestao e Higienizacao e têxteis, Ltda** (Jundiai – Brazil) – 99.99%
(after the merger-takeover of Elis Brasil, Serviços e Higienização de Têxteis Ltda in December 2014)

The Atmosfera group is the Brazilian leader in the rental, maintenance and laundering of textile items.

In 2015, new acquisitions were made in Brazil:

- Teclav Tecnologia e Lavagem Industrial Ltda
- AJS Industria e Comercio de Confecções Ltda
- MPW Lavanderia, Comercio e serviços Ltda
- Reis & Nobrega Lavanderia Ltda
- Megalav Lavanderia Hospitalar Ltda
- Lavanderia Espirito Santo Norte Ltda
- Lavanderia Verde Ltda
- Martins e Lococo Lavanderia Ltda

Brazilian consolidated revenue amounted to 87.4 million in 2015 (compared to 85.3 million in 2014). Growth in revenue (2.4%) is linked in part to the effect of the acquisitions. Despite the economic climate that remains difficult in Brazil, the organic performance was led by very good commercial momentum, which confirmed the strong potential of the market.

Faced with the development of business and in order to finance external growth, M.A.J. subscribed to several capital increases of the Atmosfera subsidiary during the year, for a total of 47 million BRL.

* **Elis Chile SpA** (Santiago de Chile – Chili) – Investment: 100%

In September 2015, M.A.J. continued its development in Latin America with the acquisition of 100% of the capital of the leading Chilean flat linen and workwear company, **ALBIA SA**, by establishing a local holding company, **ELIS CHILE**.

ALBIA has a market share of some 25%, operates eight laundries across the country which mainly serve customers in the Healthcare, Hospitality and Mining sectors. Its national network covers the largest cities in Chile, including Santiago and Valparaiso.

ALBIA also owns a fully-held subsidiary, **SERVICIOS HOSPITALARIOS SA**. (Santiago de Chile).

Total consolidated Chilean revenue in 2015 was €4.8 million (value at 12/31/15: €1 = 772.06750 CLP).

B – SUBSIDIARIES AND CONTROLLED COMPANIES WITH BUSINESS OTHER THAN RENTAL AND SERVICE OF TEXTILES AND HYGIENE

* **Elis Services** (Puteaux) – Investment: 100% (excluding consumer loans)

Elis Services (ex Elis SA) provides services in various areas (management, finance, IT, technical, human resources, accounting, etc.). In addition, Elis Services is the group's purchasing hub for products supplied by its subsidiaries to clients.

Please note that Elis Services has reinvoiced the Company for a proportion of the cost following the stoppage of the Odyssey program.

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u>
Revenue excl.	300,851	295,600	-1.7
Net income	(12,457)	32,774	

* **Kennedy Hygiene Products Ltd** (Uckfield) England – Investment: 100%

Specializing in the manufacture of dispensers for hand towels, soaps, ph, etc.

(in thousands of £)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference</u> %
Revenue excl. tax	9,573	9,154	-4.4
Depreciation and	379	390	
Net income (loss)	760	440	

(Value of £ at 12/31/15: €1 = £0.73680)

Revenue with the Elis Group was down (-5.6%). It represents 47% of total revenue (against 48% the previous year). Sales excluding Elis were down (-5.6%) on export and (-1.2%) in Great Britain.

* **Le Jacquard Français** (Gérardmer) – Weaving – Investment: 100%

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months	<u>Difference %</u>
Revenue excl. tax	14,079	14,608	+3.7
Depreciation and	781	722	
Employee profit-sharing	-	-	
Income tax	-	-	
Net income (loss)	(565)	(13)	

Revenue for the “rental” business increased 33% compared to the previous year. Conversely, revenue for the “collection” business was down 3.7%, due mainly to a fall in sales of destocking in both France and North America.

The “collection” portion represents 73.96% of revenue at 12/31/2015 against 78.55% the previous year.

In addition, the year was marked by the opening of a new factory outlet in the Marques Avenue de Corbeil complex (91).

The outlook for 2015 is positive, thanks specifically to the launch of a new bath and beach line which should boost Collection revenue. However, revenue for the Rental business should fall slightly.

* **Hedena SA** (Plan les Ouates – Switzerland) – Investment: 100%

(in thousands of CHF)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months
Revenue excl. tax	-	-
Net income (loss)	(26)	(15)

(value at 12/31/15: €1 = CHF 1.08746)

This company has not been active.

Hedena SA holds direct control of the Swiss company **Blanchisserie des Epinettes, Acacias SA** (Plan les Ouates – Switzerland) of 70% (with Lavotel SA holding the remaining 30%). This company has not been active.

* **Société des Oreillers et Couvertures** (SOC) – Investment: 100%

Owner of a property complex in Ivry. The company no longer receives rental income.

(in thousands of €)	<u>12/31/2014</u> 12 months	<u>12/31/2015</u> 12 months
Revenue excl.	-	-
Net income	(104)	(84)

* **Société Civile Immobilière des Deux Sapins** (Grenoble) – Buildings Management
Investment: 99.98%

Owner of part of the industrial premises located at Avenue du Grand Châtelet, Grenoble (38), leased to M.A.J. Revenue at 12/31/2015 is €263,000 and the net result is a profit of €190,000.

III - RESEARCH AND DEVELOPMENT

Within the framework of implementing the ISO 9001 certification, the Company is committed to protecting the environment while operating its laundry business. In particular, production sites are subject to French ICPE laws.

Productivity and service improvement systems are being studied: traceability of flat linen, computer monitoring of industrial equipment.

IV – OUTLOOK

The outlook must remain cautious, especially for the Hospitality market.

In 2016, the emphasis will be on improving the quality of service and customer satisfaction, as well as controlling stolen laundry.

The objective is to continue developing our 3D services, thanks to the new organizational structure for both commercial and operational activities.

The company foresees the construction of a new plant in Aix-les-Bains.

V – SIGNIFICANT EVENTS SINCE THE END OF THE FISCAL YEAR

No significant event occurred since the end of the fiscal year on December 31, 2015.

VI – CHARGES AND EXPENSES THAT ARE NOT DEDUCTIBLE FOR TAX PURPOSES

During the fiscal year ended December 31, 2015, the Company:

* did not recognize any sumptuary expenses that were not deductible from taxable income within the meaning of Article 39-4 of the French Tax Code (Code général des impôts).

* did not exclude any general expenses from tax deductible expenses in the income taxable pursuant to Articles 39-5 and 223 quinquies of the French Tax Code.

VII – TAX INFORMATION

Since March 1, 2008 the Company has been integrated in a tax group established by the parent company ELIS. A tax consolidation agreement was signed on October 30, 2009, effective from July 1, 2009.

VIII – LEGAL INFORMATION

1) Employees do not hold shares of the company M.A.J.. No company stock options have been granted to corporate officers or company employees.

The last Extraordinary General Meeting, which was consulted to approve a planned capital increase reserved for employees in accordance with Articles L. 3332-18 and seq. of the French Labor Code, was held on October 27, 2015.

The details of compensation, referred to in Article L. 225-102-1 of the French Commercial Code, regarding Mr. Xavier Martiré, Director of the Company and a member of the Executive Board of Elis SA, which the Company controls within the meaning of Article L. 233-16 of the French Commercial Code, are recorded in the hereto attached appendix.

Furthermore, we are also providing you in the Appendix with a list of all the offices and positions held in any company by each director over the fiscal period under review.

2) Information about payment terms for suppliers

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown of the balance of trade payables for the fiscal year stood at the overall amount of €33,316,653 (excluding accrued expenses) was the following:

In EUR	Not due payable in more than 60 days	Not due payable in 30 to 60 days	Not due payable in less than 30 days	Due	Total
Suppliers	237,835	5,109,397	21,582,296	6,687,125	33,316,653
Ratio (%)	1%	15%	64%	20%	100%

To recap, the distribution of supplier debts at 12/31/2014 was as follows:

In EUR	Not due payable in more than 60 days	Not due payable in 30 to 60 days	Not due payable in less than 30 days	Due	Total
Suppliers	5,705	13,435,375	23,054,319	7,366,190	43,861,589
Ratio (%)	0%	31%	53%	17%	100%

3) Environmental and social information (CSR)

In accordance with Article L. 225-102-1 paragraph 6 of the French Commercial Code, the Company is exempt, as a company controlled by the company ELIS SA, from publishing environmental and social information, and information relating to its social commitments as stipulated in paragraph 5. This information relating to the company is presented in Chapter 3 of the Elis Registration Document 2015, which contains the annual financial report available on the Elis Group website: www.corporate-elis.com/rubriqueinvestisseur.

4) Information on the agreements concluded during 2015 in accordance with Article L. 225-102-1 last paragraph of the French Commercial Code.

During the 2015 fiscal year, we hereby inform you that no agreement was concluded in accordance with Article L. 225-102-1 last paragraph of the French Commercial Code.

IX – PROPOSED RESOLUTIONS

A – Approval of the financial statements – discharge

We kindly ask you to approve the financial statements for the fiscal year ended December 31, 2015 as they are presented to you, and to discharge the members of the Board of Directors from their management.

B – Allocation of income

After noting that the fiscal year ended December 31, 2015 showed net income of €31,800,179.96, we ask you to allocate this amount as follows:

Net income for the fiscal year:	€31,800,179.96
Retained earnings	<u>+ €109,048.91</u>
Distributable amount:	€31,909,228.87

a) to the legal reserve, the amount to bring it up to 10% of share capital	€894,737.60
b) a special reserve account for an amount at least equivalent to CICE	€8,079,689.00
c) to the distribution of a dividend of €2.51 per share representing, for 8,907,213 shares, a total amount of	€22,357,104.63
d) to the “Retained earnings” item, the balance, i.e.	€577,697.64
Total equal to the distributable amount	<u>€31,909,228.87</u>

In accordance with the law, it is noted that the distributed dividends in respect of the last three fiscal years were:

Fiscal year	Total amount of distributed dividends	Amount of distributed income eligible for tax relief	Amount of distributed income not eligible for tax relief
12/31/2014	€64,363,095.42	€23.06*	€64,363,072.35
12/31/2013	€86,819,220.80	€31.20*	€86,819,186.60
12/31/2012	€84,413,105.40	€9,510.80*	84,403,594.60

**it is specified that for individual shareholders benefiting from consumer loans, the dividend was only based on the income distributed in the fiscal year.*

The dividends paid are subject to the parent company/subsidiaries' tax scheme when they are paid to shareholders who are legal entities of the company, and are eligible for tax relief of 40% for individuals subject to income tax in accordance with the provisions of Article 158.3.2° of the French Tax Code (C.G.I.).

C – Regulated agreements

You will be required to approve agreements falling within the scope of Article L. 225-38 of the French Commercial Code, subject to the special report by your Statutory Auditors.

x x x

We kindly ask you to vote in favor of the resolutions proposed to you.

We think that you will enjoy joining us in thanking the employees of the company and its subsidiaries for their dedicated collaboration.

The Board of Directors

INCL.:

- list of offices held by corporate officers
- list of the details of compensation referred to in Article L. 225-102-1 of the French Commercial Code
- table of financial results for the last five fiscal years
- list of agreements falling within the scope of Article L. 225-102-1 last paragraph of the French Commercial Code

M.A.J.

Société anonyme (public limited company) with share capital of €142,515,408
31 Chemin Latéral au Chemin de Fer, 93500 Pantin, France
775 733 835 R.C.S. Bobigny

INFORMATION ABOUT THE DIRECTORS

Xavier Martiré

Chairman and Chief Executive Officer

- Chairman of the Management Board of ELIS S.A.
- Chairman and Chief Executive Officer of ELIS SERVICES S.A.
- Chairman of NOVALIS S.A.S.
- Director of PIERRETTE-T.B.A. S.A.
- Chairman of ELIS LUXEMBOURG S.A. (company under Luxembourg law)
- Director of ELIS MANOMATIC S.A. (company under Spanish law)
- Director of ELIS ITALIA SpA (company under Italian law)
- Director of S.P.A.S.T. S.A. (company under Portuguese law)
- Director of GAFIDES S.A (company under Portuguese law)
- Chairman of the Supervisory Board of ATMOSFERA GESTÃO E HIGIENIZAÇÃO DE TÊXTEIS S.A. (company under Brazilian law)
- Director of ALBIA S.A. (company under Chilean law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

Didier Lachaud

Director

- Chairman and Chief Executive Officer of SHF HOLDING S.A.
- Chairman of LES LAVANDIERES S.A.S.
- Chairman of MAISON DE BLANC BERROGAIN S.A.S.
- Chairman of GRENELLE SERVICE S.A.S.
- Chairman of FRANCE TAPIS HYGIENE SERVICE S.A.S
- Chairman of AQUITAINE SERVICES DEVELOPPEMENT S.A.S.
- Manager of S.C.I. DU CHATEAU DE JANVILLE
- Director of ELIS SERVICES S.A.
- Permanent representative of the company LES LAVANDIERES on the Board of Directors of BLANCHISSERIE MODERNE S.A.

Bastien Soret

Director (until 02/29/2016)

- Chairman and Chief Executive Officer of PIERRETTE – T.B.A. S.A.
- Chairman of THIMEAU S.A.S.
- Chairman of LOVETRA S.A.S.
- Chairman of REGIONALE DE LOCATION ET SERVICES TEXTILES S.A.S.
- Chairman of SHF S.A.S.
- Manager of SOCIETE DES OREILLERS ET COUVERTURES DES GRANDS RESEAUX DE CHEMINS DE FER (S.O.C.) S.A.R.L.
- Manager of S.C.I. SOMAT IMMOBILIER
- Manager of S.C.I. DE LA FORGE
- Director of SHF HOLDING S.A.
- Member of the Board of KENNEDY HYGIENE PRODUCTS Ltd (company under English law)
- Member of the Board of KENNEDY EXPORTS Ltd (company under English law)
- Co-manager of LAVOTEL TEXTILLEASING GmbH (company under Swiss law)

- Director of InoTex Bern AG (company under Swiss law)
- Director of PICSOU MANAGEMENT AG (company under Swiss law)
- Director of SiRo HOLDING AG (company under Swiss law)
- Director of PROHOTEL WÄSCHEREI AG (company under Swiss law)
- Director of WÄSCHERIA TEXTIL SERVICE AG (company under Swiss law)
- Director of WÄSCHERIA TEXTIL SERVICE BAD RAGAZ AG (company under Swiss law)
- Director of WÄSCHEREI KUNZ AG (company under Swiss law)
- Director of WashTex HOLDING AG (company under Swiss law)
- Director of SERVICIOS HOSPITALARIOS S.A.(company under Chilean law)

Barthélémy Morin

Director (from 02/29/2016)

- Chairman and Chief Executive Officer of PIERRETTE – T.B.A. S.A.
- Chairman of THIMEAU S.A.S.
- Chairman of LOVETRA S.A.S.
- Chairman of REGIONALE DE LOCATION ET SERVICES TEXTILES S.A.S.
- Chairman of SHF S.A.S.
- Manager of SOCIETE DES OREILLERS ET COUVERTURES DES GRANDS RESEAUX DE CHEMINS DE FER (S.O.C.) S.A.R.L.
- Manager of S.C.I. DE LA FORGE
- Director of SHF HOLDING S.A.
- Member of the Board of KENNEDY HYGIENE PRODUCTS Ltd (company under English law)
- Member of the Board of KENNEDY EXPORTS Ltd (company under English law)
- Director of InoTex Bern AG (company under Swiss law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

PRINCIPAL STATUTORY AUDITOR

Company **MAZARS**
61 rue Henri Regnault, Tour Exaltis,
92400 Courbevoie, France

ALTERNATE STATUTORY AUDITORS

Company **CBA**
61 rue Henri Regnault, Tour Exaltis,
92400 Courbevoie, France

February 2016

Notes – Compensation of Top Executives at ELIS SA

Compensation due and paid to the members of the Management Board		
	<i>Year ended 12/31/2015</i>	
	Amount due (1)	Amount paid (2)
Fixed compensation	550,000 (a)	549,996
Annual variable compensation	421,000 (b)	514,395 (e)
Multi-year variable compensation	0	0
Special compensation	1,700,000 (c)	1,700,000 (c)
Directors' fees	0	0
Benefits in kind	3,896 (d)	3,896 (d)
Total	2,674,896	2,768,287
Fixed compensation	250,000 (a)	249,996
Annual variable compensation	76,500 (b)	108,024 (e)
Multi-year variable compensation	0	0
Special compensation	500,000 (c)	500,000
Directors' fees	0	0
Benefits in kind	2,705 (d)	2,705 (d)
Total	829,205	860,725

(1) Fixed compensation due to the members of the Management Board during the year under consideration.

(2) Total compensation paid during the year, i.e., after application of the achievement condition to the basis of variable compensation.

(a) The fixed compensation of Xavier Martiré, Louis Guyot and Matthieu Lecharny for 2015 has been determined based on the market practices of international listed companies. Their respective fixed compensation was adjusted following the Company's initial public offering and applies to the entire year of 2015.

(b) The variable component of the 2015 compensation for each member of the Management Board is based on ambitious targets and pre-defined performance criteria, including quantitative criteria counting for 70% and qualitative criteria counting for 30%, which were set by the Supervisory Board on October 10, 2014 based on the opinion of the Appointments and Compensation Committee. The achievement condition corresponding to 2015 targets approved by the Supervisory Board on March 9, 2016 is 76.5% for Xavier Martiré, Chairman of the Management Board and Louis Guyot, and 79.5% for Matthieu Lecharny.

(c) Special bonus decided upon by the Supervisory Board on October 10, 2014 and January 26, 2015, subject to the Company's successful initial public offering.

(d) The benefits in kind are measured for individual members and correspond to a company car made available to each of the members of the Management Board.

(e) In 2015, Xavier Martiré received an annual target-based bonus of €481,900 for 2014 and bonus and profit-sharing compensation of €32,495 as an Elis employee for the period from January 1, 2014 to December 31, 2014. Louis Guyot received a target-based bonus of €96,919 for the 2014 fiscal year. He also received profit-sharing compensation of €11,105 for 2014 as an employee of Elis Services. Matthieu Lecharny received an annual target-based bonus of €98,325 for 2014 and profit-sharing compensation of €11,105 for 2014 as an employee of Elis Services.

Notes – Compensation of Top Executives at ELIS SA

Bonus shares granted to each corporate officer for the fiscal year 2015						
	No. of plan and date of grant	Number of shares granted in the 2015 fiscal year	Value of options based on the method used for consolidated financial statements (a) – <i>in euros</i>	Vesting date (b)	Availability date (c)	Performance conditions
Xavier Martiré, Chairman of the Management	Plan no. 1, April 7, 2015	104,108, i.e., 0.091% of the share capital (e)	552,813	April 7, 2017	April 7, 2019	(d)

- a) The value of the performance-related bonus shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2015, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.
- b) The performance-related bonus shares vest at the end of a period of two years starting from the grant date (vesting period) under the combined conditions of continued employment and achievement of performance targets.
- c) At the end of the vesting period, the shares thus acquired are not available for a period of two years from their effective acquisition date, and further, the members of the Executive Board are subject to a lock-in obligation for their full term of office.
- d) The acquisition of the shares at the end of the vesting period depends on the achievement, at the end of the vesting period, of the performance conditions set out with reference to three criteria relating to the Group's consolidated revenue and EBIT as appearing in the financial statements for the 2016 fiscal year, as well as Elis' market performance in relation to changes in the SBF 120, on 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.
- As the first two criteria are related to revenue and EBIT forecast in the business plan, they cannot be made public for confidentiality reasons.
- (e) On the basis of the share capital as at December 31, 2015.

Notes – Compensation of Top Executives at ELIS SA

History of the issue of share subscription warrants in connection with transactions reserved for executive directors and employees	
<i>Date of shareholders' meeting: October 4, 2007</i>	
Xavier Martiré – Chairman of the Management Board – Corporate officer	1,759,992 (a)

- (a) Louis Guyot held 300,000 shares in Quasarelis, representing approximately 6% of its capital, and the company itself held 7,940,771 share subscription warrants (for more information on changes in the Company's share capital and the reorganization operations prior to its IPO, see chapter 8 "Information about the Company and its capital", section 8.3.3 "Changes in share capital over the last three years" of the 2015 Registration Document). Quasarelis was absorbed by the Company as part of a merger-absorption transaction that became final as of February 10, 2015. In exchange for the merger contribution, Louis Guyot was awarded 23,063 shares in the Company.
- (b) Matthieu Lecharny held 190,000 shares in Quasarelis, representing approximately 3.8% of its capital, and the company itself held 7,940,771 share subscription warrants (for more information on changes in the Company's share capital and the reorganization operations prior to its IPO, see chapter 8 "Information about the Company and its capital", section 8.3.3 "Changes in share capital over the last three years" of this Registration Document). Quasarelis was absorbed by the Company as part of a merger-absorption transaction that became final as of February 10, 2015. In exchange for the merger contribution, Matthieu Lecharny was awarded 14,606 shares in the Company.

RESULTS OVER THE LAST FIVE FISCAL YEARS

(and other significant items)

In euros

TYPE OF INDICATION	01/01/2011 12/31/2011 (12 months)	01/01/2012 12/31/2012 (1) (12 months)	01/01/2013 12/31/2013 (12 months)	01/01/2014 12/31/2014 (2) (12 months)	01/01/2015 12/31/2015 (3) (12 months)
I. Capital at the end of the fiscal year					
* share capital	568,032	568,032	568,032	133,568,032*	142,515,408*
* number of existing ordinary shares	35,502	35,502	35,502	8,348,002	8,907,213
* number of existing preferred dividend shares (without voting rights)					
* maximum number of future shares to create:					
. In bond conversions					
. In exercising subscription rights					
II. Transactions and results for the fiscal year					
* revenue excl. tax	510,534,473	555,411,889**	568,849,577***	576,324,436****	590,410,626*****
* income before tax, employee profit-sharing, amortization, depreciation and provisions	182,689,300	226,735,955	227,057,588	232,114,710	179,219,936
* income tax benefit (expense)	27,101,277	27,554,000	29,580,570	29,333,080	17,163,670
* employee profit-sharing	7,157,123	8,129,559	8,571,187	7,615,142	4,252,113
* income after tax, employee profit-sharing, amortization, depreciation and provisions	56,189,513	90,543,399	91,838,416	88,495,547	31,800,179
* distributed income	56,189,725	84,413,105	86,819,221	59,019,893	22,357,105
III. Earnings per share					
* income after tax and employee profit-sharing, but before amortization, depreciation and provisions	4,180,92	5,381,45	5,320,99	23.38	17.72
* income after tax, employee profit-sharing, amortization, depreciation and provisions	1,582,71	2,550,37	2,586,85	10.60	3.57
* net dividend per share	1,582,72	2,377,70	2,445,47	7.07	2.51
IV. Employees					
* average number of employees during the fiscal year	5,644	5,833	5,868	6,191	6,240
* payroll expenses for the fiscal year	126,709,891	136,200,367	139,909,228	143,234,328	149,976,953
* employee benefits paid during the fiscal year (social security, etc.)	43,160,685	46,424,758	43,423,405	42,251,025	42,332,123

* capital increase of €133 million in 2014 and of €8,947,376 in 2015

** revenue includes that of S.N.D.I customers (starting retroactively from 01/01/2012) and that of Pole Services customers (from 06/01/2012)

*** revenue includes that of the customers Sud-Ouest Hygiène Service (from 02/01/2013), RLD1 – Toulon (from 05/01/2013) and Districlean Service (from 10/01/2013)

**** revenue includes that of the customers Blanchisserie Mazamétaine et Castraise (from 04/01/2014) and Blanchisserie Poulard (from 09/30/2014)

***** revenue includes that of the customers Hytop (from 04/01/2015) and Le Grand Blanc via BPA (from 12/01/2015)

(1) the 2012 financial statements include the contributions/merger of the companies S.N.D.I. and Cassiopée

(2) the 2014 financial statements include the contributions/merger of the company Blanchisserie Poulard

(3) the 2015 financial statements include the contributions/merger of the companies Poulard 1836 and Districlean Service

**AGREEMENTS FALLING WITHIN THE SCOPE OF ARTICLE L. 225-102-1
OF THE FRENCH COMMERCIAL CODE**

NB: excluding current transactions concluded under normal conditions

- 1. Agreements between the shareholder holding more than 10% shares and a subsidiary in which the company has a 50% stake (directly or through an intermediary) during the 2015 fiscal year**

Management services agreement concluded between the company ELIS SA and the company ELIS SERVICES on 10/04/2007, is automatically renewed annually.

Annual amount paid: €1,500,000

Management services agreement (intra-Group agreement) between the company ELIS SERVICES and the company ELIS SA dated 12/06/2011, is renewed annually on January 1.

- 2. Agreements between a member of the Board of Directors and a subsidiary in which the company has a 50% stake (directly or through an intermediary) during the 2015 fiscal year**

None