Half-year financial report as at June 30, 2019

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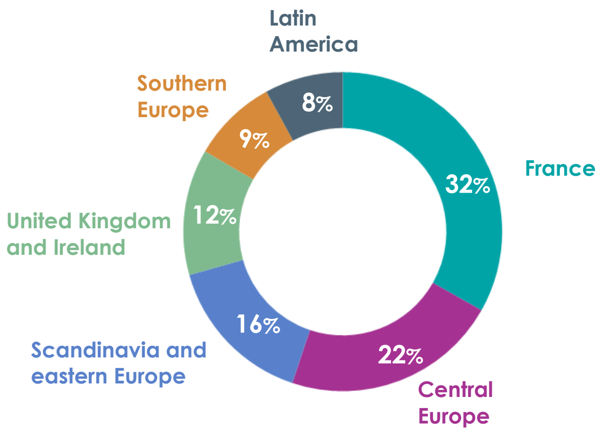
MANAGEMENT REPORT FOR THE FIRST HALF OF 2019

1.1 Company profile and financial highlights of the first half of 2019

With more than a century of expertise, Elis is a multi-service provider offering textile, hygiene and facility services solutions. With its unique know-how, together with the commitment of its 50,000 employees, the Group aims to be the go-to player and trusted partner of its 400,000 customers around the world.

Breakdown of H1 2019 revenue by geographical area



Very satisfactory financial performance

- Revenue of €1,603.7mn, +5.1% at constant FX rates
- Organic growth of +3.0% with a strong Q2 (+3.5%)
- EBITDA margin slightly down –20bps (excluding IFRS 16 impact), in line with the expected annual phasing
- Headline net result up by +8.1% at €103.7mn (excluding IFRS 16 impact)

Elis continues its commercial momentum and demonstrates its ability to face a high-inflation context

- Very good level of activity in France, Southern Europe, Latin America and Scandinavia & Eastern Europe
- Price increases are at a satisfactory level in the countries subject to high cost inflation
- Lag effect between cost increases and the implementation of price increases, leading to a slight margin decrease in some geographies
- Further improvement in the retention rate in the Workwear segment in the UK

Improvement of the Group's debt profile

- Issuance of a €500mn bond at 1.75% coupon (2024 maturity) and a €300mn US Private Placement (USPP) at 2.70% (2029 maturity)
- Average Group cost of debt is now below 2%, with extended maturities

2019 outlook confirmed

- Group organic growth of c. +3%
- Group EBITDA margin between 31.2% and 31.6%, excluding IFRS 16 impact
- Final stage of Berendsen capex plan: Capex of c. 20% of revenue in 2019, returning to c.18% in 2020
- Net debt/EBITDA (excluding IFRS 16 impact) ratio expected at 3.3x at year end December 31, 2019

1.2 Key highlights of the first half of 2019

1.2.1 MAJOR ACQUISITIONS

During the first half of 2019, the Group made the following major acquisitions:

■ Curantex, which operates in the Cologne area in Germany, allowing Elis to expand its network in the highly dynamic North Rhine-Westphalia region;

- A-vask A/S in Denmark, allowing Elis to strengthen its position in Denmark;
- Lloguer Textil Maresme SL in Spain, which allows the Group to grow its portfolio of Hospitality customers in the Barcelona area;
- Lavanderia Industrial Metropolitana SAS in Colombia;
- Carpeting Entrémattor i Stockholm AB in Sweden;

Detailed information is provided in Note 2.1 "Acquisitions completed during the first half of 2019" of the condensed interim consolidated financial statements.

1.2.2 REFINANCING

During the first half of 2019, the Group set up two new borrowings:

- On April 11, 2019, under the EMTN program that was renewed on March 26, 2019, Elis issued €500 million worth of bonds maturing in five years with a coupon rate of 1.75%;
- Elis also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%.

The funds raised by setting up these two borrowings were allocated in full to the refinancing of the Group's existing debt, especially the repayment of the total principal amount payable under the €800 million high-yield bond issue maturing in 2022. The amount was repaid in full on April 30, 2019.

1.3 Management discussion and analysis of the first half of 2019

Revenue

In millions of euros	2019			2018			Var.		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
France	246.9	272.0	518.9	242.1	263.8	505.9	+2.0%	+3.1%	+2.6%
Central Europe	177.3	180.6	357.9	160.8	167.9	328.7	+10.2%	+7.6%	+8.9%
Scandinavia & East. Europe	124.9	124.8	249.8	121.3	119.5	240.8	+3.0%	+4.5%	+3.7%
United Kingdom & Ireland	94.3	100.7	195.0	94.6	102.0	196.6	-0.4%	-1.2%	-0.8%
Southern Europe	64.3	77.8	142.0	57.8	69.2	126.9	+11.3%	+12.4%	+11.9%
Latin America	63.4	66.1	129.5	63.5	62.0	125.5	-0.1%	+6.5%	+3.2%
Other	5.7	5.0	10.6	4.7	4.9	9.6	+21.5%	+1.1%	+11.0%
Total	**776.7**	**827.0**	**1,603.7**	**744.7**	**789.2**	**1,533.9**	**+4.3%**	**+4.8%**	**+4.5%**

"Others" includes Manufacturing Entities and Holdings.

Percentage change calculations are based on actual figures.

Organic revenue growth

	Q1 organic growth	Q2 organic growth	H1 organic growth
France	+2.0%	+3.1%	+2.6%
Central Europe	+1.3%	+3.1%	+2.2%
Scandinavia & Eastern Europe	+3.6%	+4.1%	+3.9%
United Kingdom & Ireland	-1.5%	-1.4%	-1.4%
Southern Europe	+7.0%	+7.8%	+7.4%
Latin America	+4.7%	+8.0%	+6.4%
Other	+20.9%	+1.0%	+10.7%
Total	**+2.4%**	**+3.5%**	**+3.0%**

"Others" includes Manufacturing Entities and Holdings.
Percentage change calculations are based on actual figures.

EBITDA

In millions of euros	**H1 2019 reported**	**H1 2019 (excl. IFRS 16)**	**H1 2018**	**Var. (excl. IFRS 16)**
France	**188.6**	**176.6**	**171.1**	**+3.2%**
As a % of revenue	*36.3%*	*34.0%*	*33.8%*	*+20 bps*
Central Europe	**108.0**	**102.2**	**98.7**	**+3.5%**
As a % of revenue	*30.0%*	*28.4%*	*29.9%*	*-150 bps*
Scandinavia & Eastern Europe	**94.6**	**89.6**	**87.6**	**+2.3%**
As a % of revenue	*37.9%*	*35.9%*	*36.4%*	*-50 bps*
United Kingdom & Ireland	**54.9**	**50.0**	**52.9**	**-5.5%**
As a % of revenue	*28.0%*	*25.5%*	*26.8%*	*-130 bps*
Southern Europe	**38.9**	**36.6**	**32.5**	**+12.6%**
As a % of revenue	*27.4%*	*25.7%*	*25.6%*	*+10 bps*
Latin America	**38.3**	**36.3**	**32.2**	**+12.7%**
As a % of revenue	*29.6%*	*28.0%*	*25.6%*	*+240 bps*
Other	**(4.3)**	**(4.5)**	**(6.0)**	**-24.0%**
Total	519.0	486.8	469.1	+3.8%
As a % of revenue	*32.4%*	*30.4%*	*30.6%*	*-20 bps*

"Others" includes Manufacturing Entities and Holdings.
Percentage change calculations are based on actual figures.

France

In the first half, revenue growth was +2.6% in France (exclusively organic). Activity was well-oriented in all our markets and the price dynamic was good.

EBITDA margin increased by +20bps to 34.0% thanks to operational gains and price discipline.

Central Europe

In the first half in Central Europe, organic growth was +2.2%. The commercial dynamic was good in the Netherlands, in Poland, in Czech Republic, in Slovakia and Hungary. In Germany, organic revenue growth was stable with a well-oriented Workwear segment despite some signs of slowdown in the German economy.

EBITDA margin was at 28.4%, down -150bps. This decrease is attributable to Germany where the low unemployment rate leads to wage inflation. The market fragmentation and the presence of many small local players in Flat linen make it difficult to implement price increases to offset this inflation. The gradual market consolidation by Elis should contribute to improving its pricing power.

Scandinavia & Eastern Europe

In the first half, commercial momentum was very good in the region. Organic revenue growth was +3.9%. This good performance is mainly explained by the good momentum in Sweden, Norway, and Baltic countries, with double-digit organic growth in some cases.

The region's EBITDA margin reached 35.9% in H1, decreasing by -50bps. This slight reduction is related, on the one hand, to the reinforcement of some marketing and commercial teams in a very profitable region for the Group, and on the other hand, to the unfavourable trend of the country-mix, as the countries with the strongest growth have lower margin than the region at the moment.

United Kingdom & Ireland

In the first half, organic sales were down -1.4%. All the operational KPIs gradually returned to satisfactory levels. However, the price increases negotiated in Hospitality did not entirely offset the contract losses recorded in Workwear despite a substantial improvement of the retention rate in the first half.

EBITDA margin was at 25.5% in H1, down -130bps. This decrease illustrates the negative trend of the product mix in the UK, where Workwear is more profitable than Hospitality today.

Southern Europe

In the first half, revenue growth was +11.9% of which +7.4% was organic. This excellent performance was driven by the very good commercial dynamic posted in Spain and Portugal in the Workwear segment, where many new contracts have been signed, and by the successful implementation of price increases throughout the first half, mainly in Spain. We also observed a rebound in the hospitality sector in Catalonia after a difficult year in 2018.

EBITDA margin in the region improved by +10bps at 25.7%. This reflects sales growth momentum and ongoing productivity improvements.

Latin America

In the first half, organic revenue growth was +6.4%, driven by very satisfactory commercial development. The foreign exchange impact was -4.8% for the first half.

H1 EBITDA margin increased by +240bps at 28.0%. This rise is linked to operational progress made throughout the period.

From EBITDA to net result

In millions of euros	H1 2019 reported	of which IFRS 16	H1 2018 restated	Var.
EBITDA	**519.0**	**+32.2**	**469.1**	**+10.6%**
As a % of revenue	*32.4%*	*+200 bps*	*30.6%*	*+180 bps*
EBIT	**205.5**	**+1.9**	**191.6**	**+7.3%**
As a % of revenue	*12.8%*	*+10 bps*	*12.5%*	*+30 bps*
Current operating income	**200.1**		**181.2**	**+10.4%**
Amortization of intangible assets recognized in a business combination	(42.1)		(60.9)	
Non-current operating income and expenses	0.3		(41.6)	
Operating income	**158.3**		**78.8**	**+100.9%**
Financial result	(73.4)	(4.6)	(58.2)	
Income tax benefit (expense)	(24.7)	+0.8	(16.6)	
Net result	**60.3**	(2.0)	**4.0**	**n/a**
Consolidated net result	**61.3**	(2.0)	**3.1**	**n/a**
Headline net result*	**101.7**	(2.0)	**95.9**	**+6.1%**

Percentage change calculations are based on actual figures.
*A reconciliation of net result and headline net result is provided in the section "From net result to headline net result" below.

EBIT

As a percentage of revenue, EBIT was up +30bps in the first-half and +20bps excluding IFRS 16 impact.

Operating income

The main items between EBIT and operating income are as follows:

- Expenses related to free-share plans correspond to the requirements of the IFRS 2 accounting standard. They decreased by €4.8mn in the first half 2019 compared to the first half 2018.
- The amortization of intangible assets recognized in a business combination is partly related to the goodwill allocation of Berendsen. The decrease is due to the end of the amortization of customer relationships recognized in 2007.
- Non-current operating expenses are mainly (i) acquisition-related costs in the period for c. €3mn, (ii) restructuring costs for c. €7mn, (iii) compensated by the reversal of litigation provisions (mainly in the UK) for a total of c. €11mn.

Financial result

The financial result decreased by €(15.2)mn compared to H1 2018. This decrease was mainly driven by (i) the exceptional fees for the EMTN (2024 maturity) refinancing (c. €9mn), (ii) interest expenses of leases that appeared in 2019 due to the first application of IFRS 16 (c. €5mn) and (iii) the change in fair value of interest rate swaps (c.€7mn) as interest rates have decreased on the markets.

Net result

Net result reached €60.3mn in the first half, strongly increasing compared to restated H1 2018 figures. This increase is explained by the improvement in current operating income and the decrease in restructuring costs.

From net result to headline net result

In millions of euros	H1 2019 reported	H1 2018 restated
Net result	**60.3**	**4.0**
- Amortization of intangible assets recognized in a business combination (net of tax effect)	33.9	44.4
- IFRS 2 expense (net of tax effect)	4.4	8.4
- Accelerated amortization of issuing costs of bridge loan (net of tax effect)	1.3	2.6
- Costs of EMTN refinancing (net of tax effect)	4.7	-
- Non-current operating income and expenses	(2.9)	36.5
- of which litigation provisions reversal	*(10.8)*	*-*
- of which restructuring costs related to the Berendsen acquisition (net of tax effect)	*3.3*	*8.6*
- of which other costs of restructuring (net of tax effect)	*2.0*	*3.3*
- of which acquisitions-related costs (net of tax effect)	*2.2*	*22.5*
- of which others (net of tax effect)	*0.3*	*2.1*
Headline net result	**101.7**	**95.9**
- IFRS 16 impact on net result in H1 2019	(2.0)	-
Headline net result excluding IFRS 16	**103.7**	**95.9**

The headline net result, excluding IFRS 16 impact, reached €103.7mn in the first half, increasing by +8.1% compared to the first half of 2018.

Cash flow statement

In millions of euros	H1 2019 reported	H1 2018 re-stated
EBITDA	**519.0**	**469.1**
Exceptional items	(9.1)	(23.2)
Acquisition fees	(2.7)	(2.0)
Provision variance	1.4	(3.7)
Cash flow before finance costs and tax	**508.6**	**440.2**
Net capex	(329.5)	(294.1)
Change in working capital requirement	(53.2)	(57.1)
Net interest paid	(63.4)	(30.3)
Income tax paid	(46.5)	(26.1)
Free cash flow	**16.0**	**32.6**
Lease liabilities payments – principal (IFRS 16)	(35.5)	-
Acquisitions and other related fees	(77.3)	(93.0)
Dividends, capital increase and treasury shares	(80.9)	(80.5)
Other	6.0	12.1
Net debt variance	**(171.7)**	**(128.8)**
Net debt at closing	**3,529.4**	**3,415.4**

Capex

In the first half, the Group's capital expenditures (excluding acquisitions of subsidiaries) represent 20.1% of revenue (including Clinical Solutions). The Group confirms its Capex guidance for full-year 2019 of c. 20% of revenue.

Change in operating working capital requirement

In the first half, the change in operating working capital requirement was €(53.2)mn compared to €(57.1)mn in first half 2018.

Net interests paid

In H1 2019, the Group's net interests paid are at €(63.4)mn compared to €(30.3)mn in H1 2018. This increase is explained by (i) a base effect, as the payment of the EMTN (2023 & 2026 maturities) coupon for 2018 started from H2 2018, (ii) a c. €6mn break-up fee paid with regard the refinancing of the €800mn bond maturity 2022, and (iii) a c. €5mn interest expense on lease liabilities and finance leases.

Free cash-flow

Free cash-flow reached €16.0mn, decreasing compared to H1 2018. This reduction is linked to the rise of net financial interests paid (with an artificially low 2018 base) and the tax payment schedule, which has now become normative.

Pay-out for the 2018 financial year

The Annual General Meeting held on May 23, 2019 approved the cash payment of €0.37 per share for the 2018 financial year. This payment was made on May 29, 2019 for a total amount of €81.3mn.

Net financial debt

The Group's net financial debt at June 30, 2019 stood at €3,529.4mn compared to €3,357.7mn at December 31, 2018. The leverage calculated for the bank covenants (Adjusted net debt / Pro forma EBITDA for acquisitions closed over the last 12 months and after synergies) amounted to 3.48 times.

1.4 Risk factors

The main risks and uncertainties that the Group could face during the second half of 2019 are those detailed in chapters 2 and 3 of the 2018 registration document in section 2.1 "Risk factors" (pages 54 to 65), section 3.2 "Employee-related risks" (pages 79 to 83) and section 3.3 "Environmental risks" (pages 83 to 86).

These risk factors remain applicable at the date of this report and have not undergone any significant changes, apart from the disputes mentioned in Note 7.2 to the condensed interim consolidated financial statements.

The Company believes these risks could have a material adverse effect on the Group and its business, financial position, results, or ability to achieve its objectives.

1.5 Transactions with related parties

The major transactions with related parties are set out in Note 2.3 to the condensed interim consolidated financial statements in section 2 of this report.

1.6 Changes in corporate governance

Elis's combined general shareholders' meeting on May 23, 2019 approved the reappointment of Thierry Morin, Philippe Delleur and Magali Chessé as members of the Supervisory Board, and also reappointed Magali Chessé and Thierry Morin to their respective roles on the Supervisory Board's special committees, each for a four-year term, i.e., until the close of the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2022. The shareholders also ratified the co-optation of Antoine Burel decided by the Supervisory Board on February 20, 2019 to replace Agnès Pannier-Runacher, who resigned after taking a position with the French government, for the remainder of his predecessor's term of office, i.e., until the close of the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2021. Antoine Burel has also served as chair of the Audit Committee since joining the Supervisory Board.

As announced on May 3, 2019, Maxime de Bentzmann, appointed as member of the Elis Supervisory Board on March 9, 2016 based on the recommendation of Eurazeo and Legendre Holding 27, resigned from his position on the Supervisory Board effective May 23, 2019. This resignation arose from the governance agreement signed on May 30, 2016 between Eurazeo, Legendre Holding 27 and Predica and amended on July 11, 2018 relating to Elis's corporate governance in order to agree to certain commitments concerning the composition of Elis's Supervisory Board in view of their respective holdings in the Company.

As at June 30, 2019, Elis's Supervisory Board, the Supervisory Board's special committees, and Management Board were composed of the following members:

Supervisory Board:

Name or corporate name	Role		Expiration of term of office
Thierry Morin	Chairman	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Marc Frappier	Vice-chairman		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2019
Magali Chessé	Member		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Philippe Delleur	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Florence Noblot	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Antoine Burel	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2021
Joy Verlé	Member		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Anne-Laure Commault	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020

■ *Independent member.*

Audit Committee:

Full name	Role	Expiration of term of office
Antoine Burel	Chairman	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2021
Thierry Morin	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Magali Chessé	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022

Appointments and Compensation Committee:

Full name	Role	Expiration of term of office
Florence Noblot	Chair	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Thierry Morin	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Marc Frappier	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2019

Management Board:

Full name	Role	Expiration of term of office
Xavier Martiré	Chairman of the Management Board	September 5, 2022
Louis Guyot	Member of the Management Board	September 5, 2022
Matthieu Lecharny	Member of the Management Board	September 5, 2022

1.7 Information about share capital

1.7.1 SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The latest breakdown of the Company's share capital is updated on the Group's website at http://www.corporate-elis.com.

Based on statutory disclosures establishing an interest of more than 5% of share capital or voting rights, and disclosures by parties related to the Group, the ownership structure as at June 30, 2019 was as follows:

	June 30, 2019					
Shareholders	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Legendre Holding 27 SAS[(a)]	12,525,382	20,880,009	20,880,009	5.67	8.51	8.52
Crédit Agricole SA, o/w[(b)]	14,086,181	28,077,843	28,077,843	6.38	11.44	11.45
- Predica	13,991,662	27,983,324	27,983,324	6.34	11.41	11.41
Canada Pension Plan Investment Board[(c)]	27,328,009	27,328,009	27,328,009	12.38	11.15	11.15
Free float, o/w	166,588,430	168,897,433	168,897,433	75.47	68.89	68.89
- Franklin Resources, Inc.	2,742,368	2,742,368	2,742,368	1.24	1.12	1.12
- Ameriprise Financial, Inc.[(d)]	12,258,659	12,258,659	12,258,659	5.55	5.00	5.00
- FMR LLC[(e)]	10,743,419	10,743,419	10,743,719	4.87	4.38	4.38
- Executives and employees[(f)(g)]	1,880,933	2,146,255	2,146,255	0.85	0.87	0.88
Treasury shares[(h)]	197,797	197,797	0	0.09	0.08	0
TOTAL	220,725,799	245,381,091	245,183,294	100	100	100

(a) Based on the breach of shareholding threshold disclosure dated June 26, 2018.
(b) Based on the breach of shareholding threshold disclosure dated March 8, 2019.
(c) Based on the breach of shareholding threshold disclosure dated November 26, 2018.
(d) Based on the breach of shareholding threshold disclosure dated July 3, 2019 (date threshold reached: June 28, 2019).
(e) Based on the breach of shareholding threshold disclosure dated January 24, 2019.
(f) Following the purchase of 299,820 shares under the performance share plan implemented on March 24, 2019, whose vesting period ended on March 24, 2019, and 498,434 shares under the June 15, 2016 plan, whose vesting period ended on June 15, 2019.
(g) O/w 393,532 shares held by the Employee Benefit Trust.
(h) O/w 197,252 shares held as part of the liquidity agreement.

To the Company's knowledge, at June 30, 2019, no shareholder other than those mentioned above directly or indirectly held 5% or more of the Company's share capital and voting rights.

1.7.2 SHAREHOLDING DISCLOSURE THRESHOLDS

Since January 1, 2019, the following breach of shareholding threshold disclosures have been filed with the AMF:

Shareholder	Date of disclosure	AMF declaration no.	Breach of threshold
Ameriprise Financial, Inc.	July 3, 2019	2019C1082	Threshold of 5% of the voting rights breached.
FMR LLC	January 24, 2019	2019C0161	Dropped below the threshold of 5% of the share capital.
FMR LLC	January 21, 2019	2019C0139	Dropped below the threshold of 5% of voting rights.

1.7.3 POTENTIAL SHARES

As at June 30, 2019, the volume of potentially dilutive instruments outstanding was 13,124,018 shares in respect of bonds convertible into and/or exchangeable for new or existing shares (OCÉANEs). This number takes into account the adjustment of the conversion ratio that occurred following the payment of a sum from the reserves on May 31, 2019 (see Note 10.2 to the condensed interim consolidated financial statements as at June 30, 2019). It also takes into account 2,386,837 shares in respect of performance shares currently being vested and likely to be covered by new shares (this number includes the 1,058,812 performance shares granted on May 2, 2019 whose acceptance period will end on July 7, 2019). The overall potentially dilutive effect of these instruments stood at around 7.02% of the share capital as at June 30, 2019.

Please note that the conversion ratio of the OCÉANEs bonds was adjusted following the shareholders' decision on May 23, 2019 to pay a dividend of €0.37 per share that was deducted from the "Additional paid-in capital" account.

1.7.4 SHAREHOLDER AGREEMENTS AND OTHER AGREEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

No new shareholder agreement or other agreement has been entered into since the start of the financial year beginning January 1, 2019 and no changes have been made to the shareholder agreements and other agreements described in the 2018 registration document that remain in effect as at the date of this half-year report.

1.8 Events after the reporting period

No other significant events have occurred since the half-year financial statements' reporting date.

2
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Interim consolidated income statement

(In millions of euros) *(Unaudited)*	Notes	06/30/2019	06/30/2018 restated*
REVENUE	3.1/3.3	1,603.7	1,533.9
Cost of linen, equipment and other consumables		(258.4)	(255.7)
Processing costs		(611.2)	(573.3)
Distribution costs		(264.7)	(254.6)
Gross margin		469.4	450.4
Selling, general and administrative expenses		(267.9)	(265.9)
Value adjustments for losses on trade and other receivables		(1.3)	(3.3)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	3.2	200.1	181.2
Amortization of intangible assets recognized in a business combination	4.1	(42.1)	(60.9)
Goodwill impairment	6.2	-	-
Other operating income and expenses	4.2	0.3	(41.6)
OPERATING INCOME		158.3	78.8
NET FINANCIAL INCOME	8.1	(73.4)	(58.2)
Income (loss) before tax		84.9	20.6
Income tax expense	9	(24.7)	(16.6)
Share of net income of equity-accounted companies		-	-
Income from continuing operations		60.3	4.0
Income from discontinued operations, net of tax	2.5	1.0	(0.9)
Net income (loss)		61.3	3.1
Attributable to:			
- owners of the parent		61.5	3.2
- non-controlling interests		(0.2)	(0.2)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	10.3	€0.28	€0.01
- diluted, attributable to owners of the parent	10.3	€0.28	€0.01
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	10.3	€0.27	€0.02
- diluted, attributable to owners of the parent	10.3	€0.27	€0.02

**See Note 1.6.*

2.2 Interim consolidated statement of comprehensive income

(In millions of euros)	Notes	06/30/2019	06/30/2018 restated*
(Unaudited)			
Net income (loss)		61.3	3.1
Gains (losses) on change in fair value of hedging instruments		(4.5)	2.4
Cash flow hedge reserve reclassified to income		4.2	1.5
Total change in cash flow hedge reserve, before taxes		**(0.3)**	**3.9**
Related tax		0.1	(1.1)
Net change in the cost of hedging, before tax		**(0.3)**	**-**
Related tax		0.1	-
Effects of changes in foreign exchange rates – net translation differences		**(4.3)**	**(106.0)**
Other comprehensive income (loss) which may be subsequently reclassified to income		(4.7)	(103.3)
Actuarial gains (losses) on defined benefit plans, before tax		**5.1**	**20.3**
Related tax		(0.3)	(3.9)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**4.8**	**16.3**
OTHER COMPREHENSIVE INCOME		**0.1**	**(86.9)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**61.4**	**(83.8)**
Attributable to:			
- owners of the parent		61.6	(82.5)
- non-controlling interests		(0.2)	(1.3)

**See Note 1.6.*

2.3 Interim consolidated statement of financial position – Assets

(In millions of euros) *(Unaudited)*	Notes	06/30/2019	12/31/2018 restated*
Goodwill	6.1	3,775.6	3,745.5
Intangible assets		892.4	925.2
Right-of-use assets	11	370.8	-
Property, plant and equipment	6.3	1,946.9	1,906.3
Equity-accounted companies		-	-
Other equity investments		0.2	0.2
Other non-current assets		74.3	67.7
Deferred tax assets		59.4	56.4
Employee benefit assets		26.2	17.5
TOTAL NON-CURRENT ASSETS		7,145.9	6,718.8
Inventories		135.2	120.2
Contract assets		34.9	31.7
Trade and other receivables		706.7	649.9
Current tax assets		30.2	10.4
Other assets		24.2	26.0
Cash and cash equivalents	8.3	108.6	197.0
Assets held for sale	2.5	50.0	41.7
TOTAL CURRENT ASSETS		1,089.7	1,077.0
TOTAL ASSETS		**8,235.6**	**7,795.8**

**See Note 1.6.*

2.4 Interim consolidated statement of financial position – Equity and liabilities

(In millions of euros) *(Unaudited)*	Notes	06/30/2019	12/31/2018 restated*
Share capital	10.1	220.7	219.9
Additional paid-in capital	10.1/10.2	2,646.4	2,943.9
Treasury share reserve		(11.4)	(11.4)
Other reserves		0.7	0.7
Retained earnings (accumulated deficit)		211.8	(77.7)
Other components of equity		(215.9)	(208.7)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**2,852.4**	**2,866.8**
NON-CONTROLLING INTERESTS	**2.3**	**0.7**	**1.4**
TOTAL EQUITY		2,853.1	2,868.2
Provisions	7.1	80.4	92.4
Employee benefit liabilities		102.5	99.0
Borrowings and financial debt	8.2/8.4	3,114.0	3,101.6
Deferred tax liabilities		378.2	370.7
Lease liabilities	11	310.1	-
Other non-current liabilities		29.6	15.3
TOTAL NON-CURRENT LIABILITIES		4,014.6	3,679.1
Current provisions	7.1	21.4	24.0
Current tax payables		21.2	23.9
Trade and other payables		282.4	274.5
Contract liabilities		70.1	68.3
Current lease liabilities	11	54.7	-
Other liabilities		375.1	381.5
Bank overdrafts and current borrowings	8.3/8.4	524.0	453.1
Liabilities directly associated with assets held for sale	2.5	18.8	23.3
TOTAL CURRENT LIABILITIES		1,367.9	1,248.5
TOTAL EQUITY AND LIABILITIES		**8,235.6**	**7,795.8**

**See Note 1.6.*

2.5 Consolidated statement of cash flows

(In millions of euros) *(Unaudited)*	Notes	06/30/2019	06/30/2018 restated*
Consolidated net income (loss)		**61.3**	**3.1**
Income tax expense	2.5/9	24.9	16.5
Net financial income (loss)	2.5/8.1	73.5	58.2
Share-based payments		4.6	6.9
Depreciation, amortization and provisions	4.1	342.6	333.5
Portion of grants transferred to income	4.1	(0.2)	(0.1)
Net gains and losses on disposal of property, plant and equipment and intangible assets		2.0	2.2
Other		(0.0)	20.1
CASH FLOWS BEFORE FINANCE COSTS AND TAX		**508.6**	**440.2**
Change in inventories		(14.7)	(9.1)
Change in trade and other receivables and contract assets		(41.5)	(60.0)
Change in other assets		3.5	(1.8)
Change in trade and other payables		(9.2)	(11.7)
Change in contract and other liabilities		11.1	26.8
Other changes		(2.3)	(1.1)
Employee benefits		(0.0)	(0.1)
Income tax paid		(46.5)	(26.1)
NET CASH FROM OPERATING ACTIVITIES		**408.8**	**357.1**
Acquisition of intangible assets		(11.0)	(7.5)
Proceeds from sale of intangible assets		-	0.5
Acquisition of property, plant and equipment		(320.8)	(291.2)
Proceeds from sale of property, plant and equipment		2.3	4.0
Acquisition of subsidiaries, net of cash acquired	2.1	(48.7)	(56.6)
Proceeds from disposal of subsidiaries, net of cash transferred		(0.0)	1.0
Changes in loans and advances		0.4	0.4
Dividends from equity-accounted companies		0.0	0.1
Investment grants		0.0	-
NET CASH USED IN INVESTING ACTIVITIES		**(377.7)**	**(349.1)**
Capital increase		0.0	9.4
Treasury shares		0.0	(10.4)
Dividends and distributions paid			
- to owners of the parent		(81.3)	(81.0)
- to non-controlling interests		-	-
Change in borrowings (1)	8.2	102.3	137.6
- Proceeds from new borrowings	8.2	1,292.1	1,447.1
- Repayment of borrowings	8.2	(1,189.8)	(1,309.5)
Lease liability payments – principal (2018: payments under finance leases)		(35.5)	(1.7)
Net interest paid		(63.4)	(30.3)
Other flows related to financing activities		(20.5)	(30.0)
NET CASH USED IN FINANCING ACTIVITIES		**(98.3)**	**(6.4)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(67.2)**	**1.5**
Cash and cash equivalents at beginning of period		179.1	203.0
Effect of changes in foreign exchange rates on cash and cash equivalents		0.2	(2.9)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**112.2**	**201.6**

(1) Net change in credit lines.

**See Note 1.6.*

2.6 Interim consolidated statement of changes in equity as at June 30, 2019

(In millions of euros) *(Unaudited)*	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Hedge reserve	Translation reserve	Equity component of convertible notes	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2018 (restated*)		**219.9**	**2,943.9**	**(11.4)**	**0.7**	**(77.7)**	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
First-time adoption of IFRS 16						-					-		-
First-time adoption of IFRIC 23						-					-		-
Adjusted balance as at January 1, 2019		**219.9**	**2,943.9**	**(11.4)**	**0.7**	**(77.7)**	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
Cash increase in share capital		-	-	-	-	0.0	-	-	-	-	0.0	-	0.0
Amounts paid to shareholders	10.2	-	(81.4)	-	-	0.2	-	-	-	-	(81.3)	-	(81.3)
Issue of convertible notes		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	4.5	-	-	-	-	4.5	-	4.5
Changes in treasury shares		-	-	0.0	-	-	-	-	-	-	0.0	-	0.0
Acquisition of NCI without a change in control		-	-	-	-	3.1	-	-	(2.5)	-	0.6	(0.5)	0.1
Acquisition of subsidiary – NCI												(0.0)	(0.0)
Other changes	10.1	0.8	(216.1)	-	-	215.5	-	-	-	-	0.2	-	0.2
Net income (loss) for the period		-	-	-	-	61.5	-	-	-	-	61.5	(0.2)	61.3
Gains (losses) recognized directly in equity		-	-	-	-	4.8	(0.2)	(0.2)	(4.3)	-	0.1	0.0	0.1
Total comprehensive income (loss)		-	-	-	-	66.3	(0.2)	(0.2)	(4.3)	-	61.6	(0.2)	61.4
Balance as at June 30, 2019		**220.7**	**2,646.4**	**(11.4)**	**0.7**	**211.8**	**(5.8)**	**0.1**	**(248.1)**	**37.8**	**2,852.4**	**0.7**	**2,853.1**
								(215.9)					

**See Note 1.6.*

2.7 Interim consolidated statement of changes in equity as at June 30, 2018

(In millions of euros) *(Unaudited)*	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Hedge reserve	Translation reserve	Equity component of convertible notes	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2017 (restated*)		**219.4**	**3,025.7**	**(0.7)**	**0.7**	**(213.7)**	**(5.5)**	**-**	**(143.6)**	**37.8**	**2,920.2**	**2.9**	**2,923.0**
First-time adoption of IFRS 15 (net of tax effect)						22.6					22.6		22.6
First-time adoption of IFRS 9 (net of tax effect)						10.8					10.8		10.8
Adjusted balance as at January 1, 2018		**219.4**	**3,025.7**	**(0.7)**	**0.7**	**(180.3)**	**(5.5)**	**-**	**(143.6)**	**37.8**	**2,953.6**	**2.9**	**2,956.4**
Cash increase in share capital		-	-	-	-	8.6	-	-	-	-	8.6	0.8	9.4
Amounts paid to shareholders		-	(81.0)	-	-	(0.0)	-	-	-	-	(81.0)	-	(81.0)
Issue of convertible notes		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	6.9	-	-	-	-	6.9	-	6.9
Changes in treasury shares		-	-	(10.4)	-	-	-	-	-	-	(10.4)	-	(10.4)
Acquisition of NCI without a change in control		-	-	-	-	(11.3)	-	-	1.4	-	(9.9)	0.5	(9.4)
Acquisition of subsidiary – NCI												(0.0)	(0.0)
Other changes		0.5	(0.7)	0.1	-	8.4	(0.0)	-	-	-	8.3	0.0	8.3
Net income (loss) for the period		-	-	-	-	3.2	-	-	-	-	3.2	(0.2)	3.1
Gains (losses) recognized directly in equity		-	-	-	-	16.3	2.7	-	(104.9)	-	(85.8)	(1.1)	(86.9)
Total comprehensive income (loss)		-	-	-	-	19.6	2.7	-	(104.9)	-	(82.5)	(1.3)	(83.8)
Balance as at June 30, 2018 (restated)		**219.9**	**2,944.0**	**(11.0)**	**0.7**	**(148.2)**	**(2.7)**	**-**	**(247.0)**	**37.8**	**2,793.5**	**2.9**	**2,796.4**

(211.9)

2.8 Notes to the consolidated financial statements

Elis is a leading multi-service group in the rental, laundry and maintenance of textiles, and hygiene and well-being appliances in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, Trade and Services sectors. Elis is a French limited liability company with a management board and a supervisory board, listed on the Euronext market in Paris. Its registered office is located at 5, boulevard Louis Loucheur, 92210 Saint-Cloud, France.

The condensed interim consolidated financial statements were approved by the Management Board on July 24, 2019 and were reviewed by the Audit Committee on July 23, 2019 and Elis's Supervisory Board on July 24, 2019. They have also been reviewed by the Statutory Auditors.

NOTE 1 Accounting methods and policies

1.1 Basis of preparation

The Elis Group's condensed interim consolidated financial statements include the financial statements of Elis and its subsidiaries.

The Elis Group (or the Group) refers to Elis (or the Company), the parent company of the Elis Group, and the companies it controls and consolidates.

These financial statements have been prepared on a going concern basis and under the historical cost convention, with the main exception of:

- derivative financial instruments and offsetting assets, contingent liabilities and financial liabilities representing a price adjustment, recognized in a business combination, which are measured at fair value;
- liabilities (assets) related to employee benefits, which are measured at the fair value of plan assets less the present value of defined benefit obligations, as limited by IAS 19;
- assets held for sale, which are measured at the lower of the carrying amount and the fair value, less cost to sell.

The financial statements are presented in millions of euros, unless otherwise stated.

1.2 Accounting standards applied

Elis's condensed interim consolidated financial statements for the period from January 1 to June 30, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting", the IFRS (International Financial Reporting Standards) standard as adopted by the European Union. As they are condensed financial statements, they do not include all the information required by IFRS for a complete set of financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018.

The condensed interim consolidated financial statements have been prepared in accordance with the international standards issued by the IASB, which include IFRS and International Accounting Standards (IAS), interpretations issued by the former International Financial Committee (IFRIC), currently known as the IFRS Interpretations Committee and by the former Standing Interpretations Committee (SIC), as adopted by the European Union and applicable as at the reporting date.

The financial statements comprise:

- the consolidated income statement and the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the statement of cash flows;
- the statement of changes in equity;
- the notes to the consolidated financial statements.

The amounts are shown with comparative figures from the consolidated financial statements as at December 31, 2018 and with the condensed interim consolidated financial statements as at June 30, 2018.

1.3 Impact of new standards

The accounting policies used are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2018, except for standards, amendments and interpretations whose application is mandatory as at January 1, 2019.

These condensed consolidated financial statements have been prepared for the first time after applying IFRS 16 on January 1, 2019 and the interpretation of IFRIC 23.

- **IFRS 16 "Leases"**

The Group adopted this standard using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 was recognized as an adjustment recorded as at the date of initial application, without a retrospective restatement of comparative information. The Group utilized the practical expedients available, including mainly applying the exemption for leases for which the lease term ends within 12 months of the date of initial application.

Furthermore, the Group also opted to utilize the recording exemptions for leases that, as at the start date, had a lease term of 12 months or less and did not include an option to purchase ("short-term leases"), and leases whose underlying asset was of low value ("low-value assets").

The Group entered into lease agreements for a variety of assets including property, vehicles, machines, and other equipment. Before adopting IFRS 16, the Group classified all of its leases (as the lessee) as at their start date as either an operating lease or a finance lease. Leases were classified as finance leases when nearly all of the risks and rewards incident to ownership of the leased asset were transferred to the Group. All other leases were classified as operating leases. Finance leases were capitalized at the beginning of the lease term at the initial fair value of the leased asset or, when the value was lower, at the present value of the minimum lease payments. Lease payments were split between interest (recorded as financial expenses) and the reduction of the lease liability. For operating leases, leased assets were not capitalized and lease payments were recorded as lease expenses in the income statement on a straight-line basis over the term of the lease. Prepaid and accrued lease payments were recorded under prepaid expenses and trade payables, respectively.

- Lease agreements previously classified as finance leases: The Group did not modify the initial carrying amount of the assets or liabilities recorded as at the initial adoption date. Right-of-use assets and liabilities are equal to the lease assets and liabilities previously recorded per IAS 17.

- Lease agreements previously classified as operating leases: The Group recorded right-of-use assets and lease liabilities, except for short-term leases and leases of low-value assets. Right-of-use assets were recorded based on an amount equal to the lease liability adjusted for any potential prepaid lease payments or lease payments that had already been recorded. Lease liabilities were recorded based on the present value of the remaining lease payments discounted using the incremental borrowing rate as at the date of initial application.

As at January 1, 2019, the impact was as follows:

(In millions of euros)	01/01/2019
Intangible assets	(1.1)
Right-of-use assets	394.2
Property, plant and equipment	(26.9)
TOTAL ASSETS	**366.2**
TOTAL EQUITY	-
Borrowings and financial debt	(19.5)
Lease liabilities	329.4
Current lease liabilities	59.6
Bank overdrafts and current borrowings	(3.4)
TOTAL EQUITY AND LIABILITIES	**366.2**

Lease liabilities under lease agreements as at January 1, 2019 may be reconciled against the operating lease commitments as at December 31, 2018 as follows:

Operating lease commitments published as at 12/31/2018	**339.0**
Short-term lease commitments	(4.0)
Reasonably certain renewal options	86.2
Other adjustments	2.9
Non-discounted operating lease liabilities	**424.2**
Weighted average incremental borrowing rate as at 01/01/2019	2.7%
Operating lease liabilities	**366.2**
Commitments previously classified as finance leases	22.9
Lease liabilities as at 01/01/2019	**389.0**
Of which:	
Non-current lease liabilities	329.4
Current lease liabilities	59.6

- ## Summary of new accounting principles

The new accounting principles adopted by the Group when it adopted IFRS 16 and applied starting January 1, 2019 are described below:

• Right-of-use assets

The Group records right-of-use assets on the lease start date (the date on which the underlying set of assets becomes available). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted according to the measurement of the lease liabilities. The cost of right-of-use assets comprises the amount of the lease liability, initial direct costs incurred, and lease payments made before the start date, less any lease incentives received. Unless the Group is reasonably certain that ownership of the leased asset will be transferred at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. Right-of-use assets are subject to impairment.

• Lease liabilities

As at the lease start date, the Group records lease liabilities as measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price for a purchase option that the Group is reasonably certain will be exercised, as well as penalty payments for terminating a lease if the lease term reflects exercise of the termination option by the Group. Variable lease payments that do not depend on an index or a rate are recorded as expenses in the period during which the event or condition that triggered the payments occurred.

To calculate the present value of lease payments, the Group uses the Group's incremental borrowing rate adjusted using a country spread as at the lease start date, if the interest rate implicit in the lease cannot be readily determined. The rate also depends on the duration of the agreement. After the start date, the lease liability is increased to reflect interest incurred and reduced to reflect lease payments made. The carrying amount of the lease liability is remeasured in the event there is a change in the term of the lease, the in-substance fixed lease payments are changed, or the measurement is modified such that the underlying asset may be purchased.

• Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases (leases with terms shorter than 12 months from the start date that do not include a purchase option). It also applies the recognition exemption for the leasing of low-value assets (assets whose replacement cost is less than €4,000). Lease payments on short-term leases and leases of low-value assets are recorded as expenses on a straight-line basis over the term of the lease.

• Important decision regarding the definition of the term of a lease with a renewal option

The Group defines the lease term as the non-cancellable period of the lease as well as any period covered by an option to extend the lease if it is reasonably certain that such option will be exercised, or any period covered by a lease termination option if the Group is reasonably certain it will not exercise this option.

Under some of its leases, the Group has the possibility of extending the period during which the assets are leased. The Group uses its own judgment to determine whether it is reasonably certain that it will exercise a renewal option. In other words, it takes any relevant factors that provide an economic incentive to exercise the renewal option as well as the Group's five-year strategic investment plan into account. Furthermore, for so-called 3/6/9 commercial leases in France, the Group applies the ANC position from February 2018 that concluded that, from an accounting perspective, no renewal option exists after nine years. The Group is following current developments in this area.

• Important decision regarding the analysis of rental, laundry and maintenance assets

Rental, laundry and maintenance agreements are generally considered service agreements that do not transfer rights of use for the asset to the customer (mainly due to the substantive substitution right for textiles). Accordingly, items subject to rental, laundry and maintenance service agreements are recognized as non-current assets.

• IFRIC 23 "Uncertainty over Income Tax Treatments"

In June 2017, the International Accounting Standards Board (IASB) published IFRIC 23 "Uncertainty over income tax treatments" (the application of which is mandatory as from January 1, 2019), in order to clarify the recognition and measurement of uncertainties regarding income taxes. The Group does not believe that this has an impact on the assessment of taxes. However, approximately €1.4 million of uncertain tax liabilities classified as provisions were reclassified in the balance sheet as current tax liabilities, as presented in Note 7 "Provisions and contingent liabilities." The cumulative effect of the first-time adoption of this interpretation was recorded as at the date of initial application, without the restatement of comparative information, as provided in the transition approach.

The other amendments and interpretations that are mandatory as from January 1, 2019 have no material impact on the Group.

1.4 Critical accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, income and expenses and the disclosures in some of the notes to the financial statements. Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

In preparing these condensed interim consolidated financial statements, the judgments and significant estimates made by management in applying the Group's accounting policies (other than those described in the previous paragraph and related to IFRS 16) were the same as those made for the consolidated financial statements as at December 31, 2018, with the exception of:

- the estimate made for the recognition of the interim tax expense, as described in Note 9;
- the French business tax (CVAE) and the ownership interest taken into account in the results of the Group's French entities, which are provisioned at 50% of the estimated annual expense;
- the retirement benefit liabilities which were not remeasured using actuarial methods for the purposes of the condensed interim consolidated financial statements. The retirement benefit expense for the period corresponds to 50% of the estimated expense for full-year 2019, based on data used at December 31, 2018, extrapolated for any significant changes in assumptions (change in discount rates).

1.5 Seasonal revenues

Revenue, recurring operating income (before other income and expense) and all operating indicators are subject to low seasonal fluctuations, with the exception of tourism and summer vacation periods which impact activity at certain centers. The extent of the seasonal impact varies in the countries in which the Group operates. Consequently, the interim results for the period from January 1 to June 30, 2019 are not necessarily representative of the results for full-year 2019.

1.6 Restatements of prior years' financial information

The following tables present the adjustments related to previous business combinations compared to the income statement as at June 30, 2018 included in the condensed interim consolidated financial statements and the previously published financial statements as at December 31, 2018.

• IFRS 3 "Business combinations"

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The main adjustments showing a difference compared to previously published interim consolidated financial statements were made to the income statement from the first half of 2018. The initial recognition of certain business combinations (mainly in the Berendsen group) had not been completed in July 2018, especially the valuation of brands, software, and customer relationships. The property valuations to record the fair value of land and buildings were also not completed until the second half of 2018, as described in Note 1.4 "Restatements of prior years' financial information" to the consolidated financial statements for the year ended December 31, 2018.

1.6.1 INTERIM CONSOLIDATED INCOME STATEMENT

(In millions of euros)	06/30/2018 published	IFRS 3	06/30/2018 restated
(Unaudited)			
REVENUE	1,533.9	-	1,533.9
Cost of linen, equipment and other consumables	(255.7)	-	(255.7)
Processing costs	(573.4)	0.1	(573.3)
Distribution costs	(254.6)	-	(254.6)
Gross margin	450.3	0.1	450.4
Selling, general and administrative expenses	(264.5)	(1.4)	(265.9)
Value adjustments for losses on trade and other receivables	(3.3)	-	(3.3)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	182.5	(1.3)	181.2
Amortization of intangible assets recognized in a business combination	(30.9)	(29.9)	(60.9)
Goodwill impairment	-	-	-
Other operating income and expenses	(41.6)	-	(41.6)
OPERATING INCOME	110.0	(31.2)	78.8
NET FINANCIAL INCOME	(58.2)	-	(58.2)
Income (loss) before tax	51.8	(31.2)	20.6
Income tax expense	(23.4)	6.8	(16.6)
Share of net income of equity-accounted companies	-		-
Income from continuing operations	28.4	(24.4)	4.0
Income from discontinued operations, net of tax	(0.9)	-	(0.9)
NET INCOME (LOSS)	27.5	(24.4)	3.1
Attributable to:			0
- owners of the parent	27.7	(24.4)	3.2
- non-controlling interests	(0.2)	-	(0.2)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	€0.13		€0.01
- diluted, attributable to owners of the parent	€0.13		€0.01
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	€0.13		€0.02
- diluted, attributable to owners of the parent	€0.13		€0.02

1.6.2 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	06/30/2018 published	IFRS 3	06/30/2018 restated
(Unaudited)			
NET INCOME	27.5	(24.4)	3.1
Gains (losses) on change in fair value of hedging instruments	2.4		2.4
Cash flow hedge reserve reclassified to income	1.5		1.5
Total change in cash flow hedge reserve, before taxes	**3.9**	**-**	**3.9**
Related tax	(1.1)		(1.1)
Net change in the cost of hedging, before tax	**-**		**-**
Related tax	-		-
Effects of changes in foreign exchange rates – net translation differences	**(106.0)**	**-**	**(106.0)**
Other comprehensive income (loss) which may be subsequently reclassified to income	**(103.3)**	**-**	**(103.3)**
Actuarial gains (losses) on defined benefit plans, before tax	**20.3**		**20.3**
Related tax	(3.9)		(3.9)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**16.3**	**-**	**16.3**
OTHER COMPREHENSIVE INCOME	**(86.9)**	**-**	**(86.9)**
TOTAL COMPREHENSIVE INCOME	(59.4)	(24.4)	(83.8)
Attributable to:			
- owners of the parent	(58.1)	(24.4)	(82.5)
- non-controlling interests	(1.3)	-	(1.3)

1.6.3 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros) *(Unaudited)*	12/31/2018 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2018 restated
Goodwill	3,744.9	0.6	-	-	3,745.5
Intangible assets	925.2	-	-	-	925.2
Right-of-use assets					
Property, plant and equipment	1,906.3	-	-	-	1,906.3
Equity-accounted companies	-	-	-	-	-
Other equity investments	0.2	-	-	-	0.2
Other non-current assets	67.7	-	-	-	67.7
Deferred tax assets	56.4	-	-	-	56.4
Employee benefit assets	17.5	-	-	-	17.5
TOTAL NON-CURRENT ASSETS	6,718.2	0.6	-	-	6,718.8
Inventories	120.2	-	-	-	120.2
Contract assets	31.7	-	-	-	31.7
Trade and other receivables	649.9	-	-	-	649.9
Current tax assets	10.4	-	-	-	10.4
Other assets	26.0	-	-	-	26.0
Cash and cash equivalents	197.0	-	-	-	197.0
Assets held for sale	41.7	-	-	-	41.7
TOTAL CURRENT ASSETS	1,077.0	-	-	-	1,077.0
TOTAL ASSETS	**7,795.2**	**0.6**	**-**	**-**	**7,795.8**

1.6.4 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros) *(Unaudited)*	12/31/2018 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2018 restated
Share capital	219.9				219.9
Additional paid-in capital	2,943.9				2,943.9
Treasury share reserve	(11.4)				(11.4)
Other reserves	0.7				0.7
Retained earnings (accumulated deficit)	(77.7)	0.0	-	-	(77.7)
Other components of equity	(208.7)	-	-	-	(208.7)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,866.8**	**0.0**	**-**	**-**	**2,866.8**
NON-CONTROLLING INTERESTS	**1.4**	**-**	**-**	**-**	**1.4**
TOTAL EQUITY	2,868.2	0.0	-	-	2,868.2
Provisions	92.4	-	-	-	92.4
Employee benefit liabilities	99.0	-	-	-	99.0
Borrowings and financial debt	3,101.6	-	-	-	3,101.6
Deferred tax liabilities	370.9	(0.2)	-	-	370.7
Lease liabilities	-	-	-	-	-
Other non-current liabilities	15.3	-	-	-	15.3
TOTAL NON-CURRENT LIABILITIES	3,679.3	(0.2)	-	-	3,679.1
Current provisions	23.2	0.8	-	-	24.0
Current tax payables	23.9	-	-	-	23.9
Trade and other payables	274.4	0.0	-	-	274.5
Contract liabilities	68.3	-	-	-	68.3
Current lease liabilities	-	-	-	-	-
Other liabilities	381.5	0.0	-	-	381.5
Bank overdrafts and current borrowings	453.1	-	-	-	453.1
Liabilities directly associated with assets held for sale	23.3	-	-	-	23.3
TOTAL CURRENT LIABILITIES	1,247.7	0.9	-	-	1,248.5
TOTAL EQUITY AND LIABILITIES	**7,795.2**	**0.6**	**-**	**-**	**7,795.8**

1.6.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	06/30/2018 published	IFRS 3	06/30/2018 restated
Consolidated net income (loss)	**27.5**	**(24.4)**	**3.1**
Income tax expense	23.3	(6.8)	16.5
Net financial income (loss)	58.2	-	58.2
Share-based payments	6.9		6.9
Depreciation, amortization and provisions	302.2	31.2	333.5
Portion of grants transferred to income	(0.1)		(0.1)
Net gains and losses on disposal of property, plant and equipment and intangible assets	2.2		2.2
Other	20.1		20.1
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**440.2**	**-**	**440.2**
Change in inventories	(9.1)		(9.1)
Change in trade and other receivables and contract assets	(60.0)		(60.0)
Change in other assets	(1.8)		(1.8)
Change in trade and other payables	(11.7)		(11.7)
Change in contract and other liabilities	26.8		26.8
Other changes	(1.1)		(1.1)
Employee benefits	(0.1)		(0.1)
Income tax paid	(26.1)		(26.1)
NET CASH FROM OPERATING ACTIVITIES	**357.1**	**-**	**357.1**
Acquisition of intangible assets	(7.5)		(7.5)
Proceeds from sale of intangible assets	0.5		0.5
Acquisition of property, plant and equipment	(291.2)		(291.2)
Proceeds from sale of property, plant and equipment	4.0		4.0
Acquisition of subsidiaries, net of cash acquired	(56.6)		(56.6)
Proceeds from disposal of subsidiaries, net of cash transferred	1.0		1.0
Changes in loans and advances	0.4		0.4
Dividends from equity-accounted companies	0.1		0.1
Investment grants	-		-
NET CASH USED IN INVESTING ACTIVITIES	**(349.1)**	**-**	**(349.1)**
Capital increase	9.4		9.4
Treasury shares	(10.4)		(10.4)
Dividends and distributions paid			
- to owners of the parent	(81.0)		(81.0)
- to non-controlling interests	-		-
Change in borrowings (1)	137.6		137.6
- Proceeds from new borrowings	1,447.1		*1,447.1*
- Repayment of borrowings	(1,309.5)		*(1,309.5)*
Lease liability payments – principal (2018: payments under finance leases)	(1.7)		(1.7)
Net interest paid	(30.3)		(30.3)
Other flows related to financing activities	(30.0)		(30.0)
NET CASH USED IN FINANCING ACTIVITIES	**(6.4)**	**-**	**(6.4)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1.5**	**-**	**1.5**
Cash and cash equivalents at beginning of period	203.0		203.0
Effect of changes in foreign exchange rates on cash and cash equivalents	(2.9)	-	(2.9)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**201.6**	**-**	**201.6**

(1) Net change in credit lines.

- **IFRS 3 “Business combinations”**

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The main adjustments showing a difference compared to previously published interim consolidated financial statements were made to the income statement from the first half of 2018. The initial recognition of certain business combinations (mainly in the Berendsen group) had not been completed in July 2018, especially the valuation of brands, software, and customer relationships. The property valuations to record the fair value of land and buildings were also not completed until the second half of 2018, as described in Note 1.4 “Restatements of prior years’ financial information” to the consolidated financial statements for the year ended December 31, 2018.

NOTE 2 Changes in the scope of consolidation and key highlights

2.1 Acquisitions completed during the first half of 2019

The Group acquired the following business combinations during the period:

In Germany:

On January 14, Elis acquired 100% of Curantex GmbH and Curantex GmbH & Co. KG (“Curantex”) in Germany. The Curantex plant, located in Erkelenz in North Rhine-Westphalia, serves customers in the Healthcare market, including hospitals and retirement homes (flat linen, workwear and residents’ clothing). Curantex is a family-owned company that generated revenue of approximately €14 million in 2017. This acquisition, which expands Elis’s existing network in the Cologne region, will enable it to streamline its plants in West Germany, a densely populated area in which Elis already operates five flat linen plants and two garment plants.

In Colombia:

On January 14, Elis completed the acquisition of 100% of Metropolitana SAS in Colombia. Metropolitana has two plants in Bogotá dedicated to operators in the Healthcare, Industry and Hospitality segments. A family-owned group, Metropolitana reported revenue of around €4 million in 2017. This acquisition boosts Elis’s existing network in the Bogotá region and allows it to expand further in the Hospitality and Industry segments, where until now it had a limited foothold.

In Denmark:

On January 4, the Group completed the acquisition of 100% of A-vask A/S in Denmark. A-vask A/S is a family-owned group with two multi-service plants in Aabenraa (southern Denmark) and Taastrup (Copenhagen region) with customers in the Hospitality and public sectors. A-vask A/S generated revenue of around €8 million in 2017.

In Spain:

On January 29, Elis announced the acquisition of 100% of Lloguer Textil Maresme, SL (Lloguer Textil) in Spain. Lloguer Textil is a family-owned group with a flat linen plant in Mataró, north of Barcelona, that posted revenue of around €3 million in 2018. In addition, the Group also acquired Base Lavanderias and Marina de Complementos, which operate in the Healthcare sector (flat linen) in Valencia and La Rioja, employing nearly 50 people and generating almost €1.6 million in revenue.

In France:

On February 5, Elis acquired 100% of Rathiboust, a French pest control company that mainly serves building management companies in the Greater Paris region. The company has 13 employees and generated revenue of approximately €1.5 million in 2018.

On February 21, the Group completed the acquisition of 100% of Blanchisserie Sud Aquitaine. The company, which operates in the Hospitality sector in Nouvelle-Aquitaine in southwestern France, has nearly 40 employees and revenue of approximately €3.6 million.

In addition, on March 1, 2019, Les Lavandières acquired a pest control business in Nantes (€0.2 million in revenue last year with four employees).

In Norway:

At the end of April, the Group completed the acquisition of the business assets of Storvask, a company specialized in mats and workwear located in the Trondheim area. This business generates nearly €1 million in revenue.

In the United Kingdom:

At the end of March, Elis acquired the business assets of Ocean Breeze, which operates in the Hospitality sector in Cornwall. This business generates nearly €0.8 million in revenue.

In Sweden:

On March 1, Elis acquired 100% of Swedish company Carpeting Entrémattor. A family-run group located in Stockholm, Carpeting Entrémattor is entirely dedicated to the rental and maintenance of mats for clients of all sizes operating in a variety of sectors. In 2018, it posted revenue of around €3.5 million.

At the end of March, Elis moved to acquire Skräddarens Tvätt & Hyrservice, a mat and workwear company located in the Umeå area. The company has 13 employees and generates revenue of approximately €2.4 million.

In Switzerland:

On April 2, Elis moved forward with the acquisition of AS Désinfection, which operates in the Pest Control sector in the Fribourg area. The company has three employees and generates revenue of approximately €0.5 million.

- **Summary of the aforementioned acquisitions**

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

(In millions of euros)	Fair value as at the acquisition date	*of which France*	*of which Germany*	*of which Colombia*	*of which Denmark*	*of which Switzerland*	*of which Sweden*	*of which Norway*	*of which United Kingdom*	*of which Spain*
Balance sheet										
Intangible assets	10.4	-	-	-	-	-	8.5	-	0.7	1.3
Right-of-use assets	6.2	-	-	0.8	5.4	-	-	-	-	-
Property, plant and equipment	17.8	1.5	7.7	0.6	2.3	0.0	3.8	0.4	0.2	1.4
Other equity investments	0.0	0.0	-	-	-	-	-	-	-	0.0
Other non-current assets	0.1	0.0	0.1	-	-	-	-	-	-	-
Deferred tax assets	0.0	-	-	-	-	-	-	-	-	0.0
Inventories	0.5	0.1	0.1	-	-	0.0	-	-	0.0	0.3
Trade and other receivables	10.6	0.9	1.3	0.9	5.3	0.0	-	-	-	2.2
Current tax assets	0.0	-	0.0	-	-	-	-	-	-	0.0
Other assets	0.2	0.1	0.0	-	0.1	0.0	-	-	-	0.0
Cash and cash equivalents	1.4	0.1	(0.1)	0.6	(0.1)	0.1	-	-	-	0.8
Provisions	(0.0)	-	-	-	-	(0.0)	-	-	-	-
Deferred tax liabilities	(2.9)	-	(0.1)	-	(0.9)	-	(1.9)	-	-	-
Lease liabilities	(4.8)	-	-	(0.6)	(4.2)	-	-	-	-	(0.1)
Other non-current liabilities	(0.6)	(0.5)	-	-	-	-	-	-	(0.1)	-
Current tax payables	(0.4)	-	(0.0)	(0.1)	(0.3)	(0.0)	-	-	-	-
Trade and other payables	(9.8)	(0.3)	(2.7)	(0.5)	(4.8)	(0.0)	-	-	-	(1.6)
Contract liabilities	(0.1)	-	-	(0.0)	(0.1)	-	-	-	-	-
Current lease liabilities	(0.1)	-	-	(0.1)	-	-	-	-	-	-
Other liabilities	(1.6)	(0.5)	(0.4)	(0.3)	(0.0)	(0.0)	-	-	-	(0.4)
Bank overdrafts and current borrowings	(8.1)	(1.3)	(5.3)	(0.7)	-	-	-	-		(0.8)
Total identifiable net assets at fair value (a)	**18.7**	**0.1**	**0.5**	**0.6**	**2.6**	**0.1**	**10.4**	**0.4**	**0.8**	**3.2**
Goodwill	34.4	4.6	11.0	4.0	3.9	0.4	8.5	1.2	0.1	0.7
Purchase price	**53.1**	**4.7**	**11.5**	**4.6**	**6.6**	**0.5**	**18.9**	**1.5**	**0.8**	**3.9**
Acquisition-related transaction costs	1.5	0.5	0.2	0.1	0.2	-	0.1	-	0.2	0.1

(a) Provisional amount, see below.

As at June 30, 2019, due to these recent acquisitions, the initial accounting for the business combinations acquired during the last 12 months had not been completed and the amounts recognized were therefore provisional.

Since their acquisition, the acquired companies have contributed €17.9 million to revenue, €4 million to EBITDA, €2.1 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.9 million to net income in 2019. If these acquisitions had taken place at the beginning of 2019, additional revenue would have been €2.9 million, additional EBITDA €0.5 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €0.1 million, and net income would have remained unchanged.

- **Residual goodwill**

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

- **Cash flows from acquisitions**

(In millions of euros)	06/30/2019	*of which France*	*of which Germany*	*of which Colombia*	*of which Denmark*	*of which Switzerland*	*of which Sweden*	*of which Norway*	*of which United Kingdom*	*of which Spain*
Net cash acquired	1.4	0.1	(0.1)	0.6	(0.1)	0.1	-	-	-	0.8
Amount paid	(50.1)	(4.7)	(11.5)	(4.6)	(5.6)	(0.5)	(17.1)	(1.3)	(0.8)	(3.9)
Net cash flow	**(48.7)**	**(4.6)**	**(11.6)**	**(4.1)**	**(5.7)**	**(0.4)**	**(17.1)**	**(1.3)**	**(0.8)**	**(3.1)**

2.2 Changes in the scope of consolidation

The following changes in the scope of consolidation occurred during the first half of 2019:

Entity name	Registered office	Main activity	% interest 06/30/2019	% interest 12/31/2018
France				
Rathiboust, SAS	Aulnay-sous-Bois	Textile & hygiene services	Merger	-
Blanchisserie Sud Aquitaine, SAS	Bénesse-Maremne	Textile & hygiene services	100	-
Germany				
Curantex Verwaltungs GmbH	Erkelenz	Other activity	100	-
Curantex GmbH & Co. KG	Erkelenz	Textile & hygiene services	100	-
Brazil				
Atmosfera Gestão e Higienização de Têxteis SA	Jundiaí	Textile & hygiene services	100	98
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	98
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	98
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	98
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	100	98
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	98
Uniforme Lavanderia E Locação Ltda	Camaçari	Textile & hygiene services	100	98
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	98
Toalhão locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	98
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	100	98
Prolav Servicos Tecnicos Ltda	Rio Bonito	Textile & hygiene services	100	98
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	100	98
LVB Holding Ltda	Videira	Other activity	100	98
Lavebras Gestão de Têxteis SA	Videira	Textile & hygiene services	100	98
Atmosfera Gestão e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	100	98
Totalqualy Higienização Textil Ltda	São Bernardo do Campo	Textile & hygiene services	100	98
Colombia				
Lavanderia Industrial Metropolitana SAS	Bogotá D.C.	Textile & hygiene services	100	-
Denmark				
A-vask A/S	Taastrup	Textile & hygiene services	100	-
Jysk Linnedservice A/S	Kjellerup	Textile & hygiene services	90	70
Spain				
UTE Cantabria Lainpak	Cabezón de la Sal (Cantabria)	Dormant	Dissolved	100
Lloguer Textil Maresme, SL	Cabrera de Mar (Barcelona)	Textile & hygiene services	100	-
Base Lavandería, SLU	Riba-roja de Túria (Valencia)	Textile & hygiene services	100	-
Marina de Complementos, SLU	Manises (Valencia)	Textile & hygiene services	100	-

Entity name	Registered office	Main activity	% interest 06/30/2019	% interest 12/31/2018
United Kingdom				
Rocialle Healthcare Ltd.	Basingstoke	Textile & hygiene services	100	-
Sweden				
Carpeting Entrémattor i Stockholm AB	Skogås	Textile & hygiene services	100	-
Skräddarens Tvätt & Hyrservice AB	Umeå	Textile & hygiene services	100	-
Vialla Fastigheter AB	Skogås	Other activity	100	-
Switzerland				
InoTex Bern AG	Bern	Textile & hygiene services	Merger	100
Wäscherei Kunz AG	Rüdtligen-Alchenflüh	Textile & hygiene services	Merger	100
AS Désinfection SA	Lonay	Textile & hygiene services	100	-

2.3 Disclosures on acquisition of non-controlling interests

In May 2019, the Group acquired a) the balance of the shares of its main Brazilian subsidiary Atmosfera Gestão e Higienização de Têxteis SA it did not already own and b) 20% of the shares of its Danish subsidiary Jysk Linnedservice A/S per the buyback agreements made previously by the Group and recorded as at December 31, 2018 under other current liabilities.

2.4 Refinancing

On April 30, 2019, the Group used two new borrowings in order to fully repay the €800 million in high-yield bonds maturing in 2022:

- On April 11, 2019, under the EMTN program that was renewed on March 26, 2019, Elis issued €500 million worth of bonds maturing in five years with a coupon rate of 1.75%;
- On April 24, 2019, Elis also took out a USPP loan with Barings and a group of American investors with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%.

As part of the USPP transaction, the Group underwent the rating process of the rating agency DBRS, which gave Elis SA an issuer rating of BBB low. This rating is the first investment-grade rating Elis SA has received.

These new borrowings allowed the Group to diversify its sources of financing, extend the maturity of its debt, stagger its payments, and lower its overall financing costs in accordance with its objectives.

2.5 Non-current assets held for sale and discontinued operations

On July 25, 2018, the Group publicly announced the decision authorized by the Supervisory Board to sell the Clinical Solutions business in the United Kingdom. This business has been classified under "Discontinued operations" as at June 30, 2018 and is no longer presented under "Segment information." The results of this business for the period are as follows:

(In millions of euros)	06/30/2019	06/30/2018
Revenue	34.7	33.7
Expenses	(33.4)	(34.7)
Income (loss) before tax of discontinued operations	1.2	(1.0)
Income tax expense	(0.2)	0.1
Net income (loss)	1.0	(0.9)

The assets and liabilities of the Clinical Solutions business classified as held for sale are as follows:

(In millions of euros)	06/30/2019	12/31/2018
Right-of-use assets	6.8	-
Property, plant and equipment	5.1	4.8
Deferred tax assets	0.7	0.7
Inventories	13.1	12.5
Trade and other receivables	13.1	16.8
Current tax assets	0.0	0.0
Other assets	1.9	2.0
Cash and cash equivalents	8.6	4.6
Assets held for sale	**49.2**	**41.4**
Provisions	0.7	0.7
Deferred tax liabilities	1.5	1.3
Lease liabilities	5.3	-
Current provisions	0.1	0.1
Current tax payables	0.7	0.3
Trade and other payables	3.4	2.6
Current lease liabilities	0.7	-
Other liabilities	6.4	7.7
Bank overdrafts and current borrowings	-	10.5
Liabilities directly associated with assets held for sale	**18.8**	**23.3**

The cash flows from this business included in the consolidated statement of cash flows are:

(In millions of euros)	06/30/2019	06/30/2018
Cash flows from operating activities	4.6	(6.8)
Net cash used in financing activities	(0.9)	-
Net cash used in investing activities	(0.1)	(1.0)
Free cash flow for the period	**3.5**	**(7.8)**

As at June 30, 2019, the Clinical Solutions business was still classified as an asset held for sale whose disposal process had taken longer than expected (having been split into two parts for the purposes of the sale). As at the date of this half-year financial report, the Group:

- had signed an agreement at the beginning of July with a purchaser for the sale of the "Single Use (Rocialle)/Medical Consumables (Guardian)" division (see also Note 13 "Events after the reporting period"); and
- is working to bring up the remaining items for discussion with the potential buyers of the "IHSS Decontamination and Sterilisation" division.

NOTE 3 Segment information

The definition of segments and the rules for assessing the performance of each segment at June 30, 2019 are the same as those used to prepare the annual financial statements.

3.1 Revenue

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
External customers	518.9	195.0	357.9	249.8	142.0	129.5	10.6	**1,603.7**
Inter-segment	0.8	0.8	1.8	0.1	0.2	-	(3.7)	-
Segment revenue	**519.7**	**195.9**	**359.7**	**249.8**	**142.2**	**129.5**	**6.9**	**1,603.7**
	32.4%	12.2%	22.3%	15.6%	8.9%	8.1%	0.7%	

06/30/2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
External customers	505.9	196.6	328.7	240.8	126.9	125.5	9.6	**1,533.9**
Inter-segment	0.9	0.8	1.6	0.0	0.1	(0.0)	(3.4)	-
Segment revenue	**506.8**	**197.4**	**330.2**	**240.8**	**127.0**	**125.5**	**6.2**	**1,533.9**
	33.0%	12.8%	21.4%	15.7%	8.3%	8.2%	0.6%	

3.2 Income

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**91.6**	**7.2**	**32.6**	**50.8**	**7.3**	**18.6**	**(7.9)**	**200.1**
Miscellaneous financial items	*0.3*	*0.2*	*0.1*	*0.0*	*0.1*	*0.0*	*0.3*	1.0
Expenses related to share-based payments	*1.6*	-	*0.0*	-	-	-	*2.8*	4.4
EBIT	**93.5**	**7.3**	**32.7**	**50.8**	**7.4**	**18.7**	**(4.9)**	**205.5**
Depreciation and amortization, net of the portion of grants transferred to income	*95.1*	*47.6*	*75.3*	*43.8*	*31.5*	*19.7*	*0.5*	313.5
EBITDA	**188.6**	**54.9**	**108.0**	**94.6**	**38.9**	**38.3**	**(4.3)**	**519.0**
	36.3%	*28.0%*	*30.0%*	*37.9%*	*27.4%*	*29.6%*		*32.4%*

06/30/2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**87.7**	**9.0**	**33.5**	**47.6**	**6.6**	**13.1**	**(16.1)**	**181.2**
Miscellaneous financial items	*0.5*	*0.1*	*0.1*	*0.0*	*0.1*	*0.0*	*0.3*	1.2
Expenses related to share-based payments	-	*0.0*	-	-	-	-	9.2	9.2
EBIT	**88.2**	**9.1**	**33.6**	**47.6**	**6.6**	**13.1**	**(6.6)**	**191.6**
Depreciation and amortization, net of the portion of grants transferred to income	*83.0*	*43.9*	*65.1*	*40.0*	*25.8*	*19.1*	*0.6*	*277.5*
EBITDA	**171.1**	**52.9**	**98.7**	**87.6**	**32.5**	**32.2**	**(6.0)**	**469.1**
	33.8%	*26.8%*	*29.9%*	*36.4%*	*25.6%*	*25.6%*		*30.6%*

• Non-IFRS indicators

EBIT is defined as net income (loss) before net financial income (loss), income tax, share of net income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expenses (share-based payments).

EBITDA is defined as EBIT before depreciation and amortization, net of the portion of grants transferred to income.

• Impact of the initial application of IFRS 16

The EBITDA of each sector improved due to the application of IFRS 16. The impact on the EBIT and EBITDA of each sector during the first half of 2019 is as follows:

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	Total
EBIT	**0.5**	**0.4**	**(0.0)**	**0.1**	**0.2**	**0.7**	**0.0**	**1.9**
Depreciation and amortization, net of the portion of grants transferred to income	*(11.4)*	*(4.5)*	*(5.8)*	*(4.8)*	*(2.2)*	*(1.4)*	*(0.2)*	(30.4)
EBITDA	**12.0**	**4.9**	**5.8**	**5.0**	**2.4**	**2.0**	**0.2**	**32.2**

3.3 Disaggregation of revenue

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	**Total**
Flat linen	210.2	126.3	156.2	50.6	100.2	102.7	-	**746.1**
Workwear	180.7	55.6	169.6	96.1	24.8	25.9	-	**552.7**
Hygiene and well-being	145.6	8.5	26.3	84.4	17.4	0.0	0.4	**282.5**
Other	(17.5)	4.7	5.9	18.6	(0.4)	0.9	10.2	**22.4**
Revenue by service	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**
Hospitality	169.8	60.4	63.3	37.7	81.6	9.2	-	**422.1**
Industry	94.6	58.1	128.0	140.5	17.5	30.0	-	**468.6**
Healthcare	86.5	70.4	121.1	28.6	19.9	90.1	-	**416.5**
Trade and Services	185.2	6.1	45.6	43.0	23.0	0.2	-	**303.0**
Other	(17.1)	(0.0)	(0.0)	0.0	0.0	0.0	10.6	**(6.5)**
Revenue by customer segment	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**
Services (supplied over a given period)	518.0	189.1	350.8	233.4	141.8	128.4	1.3	**1,562.8**
Sales of goods (supplied on a specific date)	0.9	5.9	7.1	16.4	0.3	1.0	9.3	**40.9**
Revenue	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**

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06/30/2018

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	**Total**
Flat linen	206.2	125.4	142.4	51.0	88.4	99.7	-	**713.1**
Workwear	174.9	56.6	155.8	93.3	21.6	24.7	-	**526.9**
Hygiene and well-being	140.6	9.3	24.5	77.3	16.8	-	-	**268.6**
Other	(15.9)	5.4	6.0	19.1	0.1	1.1	9.6	**25.3**
Revenue by service	**505.9**	**196.6**	**328.7**	**240.8**	**126.9**	**125.5**	**9.6**	**1,533.9**
Hospitality	160.8	58.8	56.4	36.9	73.0	2.0	-	**387.8**
Industry	93.5	58.7	121.5	134.1	16.4	25.5	-	**449.7**
Healthcare	84.2	73.2	107.9	29.2	17.5	97.7	-	**409.7**
Trade and Services	180.9	6.0	42.5	40.5	20.0	0.3	-	**290.2**
Other	(13.5)	0.0	0.5	0.0	0.0	(0.0)	9.6	**(3.5)**
Revenue by customer segment	**505.9**	**196.6**	**328.7**	**240.8**	**126.9**	**125.5**	**9.6**	**1,533.9**
Services (supplied over a given period)	504.7	190.3	321.2	224.3	126.3	124.6	0.5	**1,491.9**
Sales of goods (supplied on a specific date)	1.1	6.3	7.4	16.4	0.7	0.9	9.1	**41.9**
Revenue	**505.9**	**196.6**	**328.7**	**240.8**	**126.9**	**125.5**	**9.6**	**1,533.9**

NOTE 4 Other operating data

4.1 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	06/30/2019	06/30/2018
Depreciation and amortization (net of the portion of grants transferred to income)		
- included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination		
Textile rental, laundry and maintenance items	(195.2)	(192.0)
Other leased items	(13.5)	(14.2)
Other property, plant and equipment and intangible assets	(73.6)	(71.5)
Right-of-use assets	(31.4)	
Portion of grants transferred to income	0.2	0.1
- included in Other operating income and expenses	0.0	-
- amortization of intangible assets recognized in a business combination	(42.1)	(60.9)
- included in Income from discontinued operations	(0.0)	(1.0)
Total depreciation and amortization (net of the portion of grants transferred to income)	**(355.7)**	**(339.4)**
Additions to or reversals of provisions		
- included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination	0.9	4.4
- included in Other operating income and expenses	12.3	1.7
Total additions to or reversals of provisions	**13.2**	**6.1**

4.2 Other operating income and expenses

(In millions of euros)	06/30/2019	06/30/2018
Costs related to acquisitions and earnouts	(2.8)	(23.2)
Restructuring costs	(7.3)	(15.3)
Uncapitalizable costs for change in IT systems	(0.2)	(0.4)
Litigation	10.9	(0.4)
Net gains on site disposals	(0.0)	(0.1)
Expenses relating to site disposal	(0.0)	-
Environmental rehabilitation costs	0.1	(1.0)
Other	(0.4)	(1.2)
Other operating income and expenses	**0.3**	**(41.6)**

Other operating income and expenses mainly correspond to a reversal of provisions for litigation in the United Kingdom (see Note 7 "Provisions and contingent liabilities") and restructuring costs related to former Berendsen entities.

NOTE 5 Employee benefits expense

5.1 Share-based payments – Free performance share grants

In accordance with IFRS 2, Elis estimated the fair value of services received in return for bonus shares awarded, based on the fair value of the equity instruments granted, measured using the Monte-Carlo model, which is conditioned on the variation of the share price, weighted by a reasonable assumption of meeting the share grant criteria. The expense, recognized together with a corresponding entry to equity, is spread over the vesting period starting from the date of the Management Board's approval of the plan and is recorded under operating income.

The details of the performance shares plan awarded free of charge each year since 2015 are presented in the 2018 registration document including the annual financial report, on pages 198 and 199. As at June 30, 2019, the number of rights outstanding under these plans was 249,300 performance shares for the plan implemented on March 24, 2017, 1,020,371 performance shares for the plan implemented on April 6, 2018, 29,750 performance shares for the plan implemented on August 31, 2018, and 28,604 performance shares for the plan implemented on December 20, 2018.

On May 2, 2019, the Management Board decided to grant 1,476,558 performance shares. As at the date of this report, the process for the shareholders to approve this share grant was ongoing and the number of shares actually granted will be finalized once the process has been completed. This award benefited slightly more than 520 Group executives and senior managers (including the members of the Management Board).

The shares awarded under the 2019 plan vest at the end of a two-year vesting period for all employees, except for the members of the Executive Committee (including the members of the Management Board), for whom the shares vest at the end of a three-year vesting period. The vesting of the shares is subject to a condition of continuous service and to the achievement of performance targets. The performance targets are defined in reference to three criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to a reference index, in this case, the STOXX Europe 600 index. The final number of shares vested at the end of the vesting period will be determined over a two-year performance period for all beneficiaries except for members of the Management Board, whose performance is measured over three consecutive years. The number of fully vested shares will thus depend on the number of targets achieved for each share class with the understanding that the achievement of the performance criteria is binary, such that if a criterion is not achieved, the portion of rights linked to that target is not due and the corresponding shares do not vest.

On that basis, 34% of performance shares will vest if one criterion is achieved, 67% of performance shares will vest if two criteria are achieved, and 100% of performance shares will vest if all three criteria are achieved.

There is no lock-up period under this plan, but all Management Board members are required to hold their shares until such time as they step down from their duties, according to the terms described in the Supervisory Board's report on corporate governance in chapter 4 of the 2018 registration document.

5.2 Share-based payments – Employee stock ownership plan

During the first half of the year, Elis decided to launch its first stock ownership plan for employees in France and 15 other countries called "Elis for All." The Group received AMF approval for the plan rules and started to announce the launch of the initiative to its employees. The launch will be completed during the second half of 2019. Under this plan, eligible employees will be able to subscribe for newly issued Elis SA shares, the subscription price of which will be discounted by 20% compared to the average opening price of the shares preceding the date on which the subscription period opens and a matching contribution whereby an additional share is issued for every 10 shares subscribed. Elis will account for the plan per IFRS 2 "Share-based payments" during the second half of the year once the conditions of the plan are finalized.

The expenses on the share-based payments amount to €4.4 million during the first 2019 half year (v 9,2 during the first 2018 half year).

5.3 Executive compensation (related party disclosures)

As of June 30, 2019, the main executives comprise the 10 members of the Executive Committee, along with the chairman of the Management Board. Total compensation (paid or payable) of the main executives is as follows:

(In millions of euros)	06/30/2019	06/30/2018
Number of people	11	11
Employee benefits	(6.8)	(6.1)
Post-employment benefits	-	-
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(3.0)	(3.5)

NOTE 6 Property, plant and equipment and intangible assets

6.1 Goodwill

(In millions of euros)	06/30/2019
Gross value	3,811.5
Accumulated impairment	(66.0)
Net carrying amount as at 12/31/2018	**3,745.5**
Acquisitions	34.4
Disposals	-
Translation adjustments	(4.9)
Other changes	0.6
Changes in gross carrying amount	**30.1**
Impairment	-
Translation adjustments	0.0
Other changes	0.0
Changes in impairment	**0.0**
Net carrying amount as at 06/30/2019	**3,775.6**
Gross value	3,841.6
Accumulated impairment	(66.0)

6.2 Impairment tests as at June 30, 2019

In accordance with IAS 36, the Group identifies indications of impairment using both internal and external sources of information.

External sources of information primarily consist of reviewing the weighted average cost of capital (WACC).

Internal sources of information are based on the main indicators used in financial reporting. A significant drop in profitability or failure to meet budget forecasts are indicators of impairment.

Given the economic environment, the Group regularly reviews the performance of each cash-generating unit (CGU) before deciding whether to perform impairment tests. After reviewing both internal and external sources of information, management concluded that there was no indication of impairment as at June 30, 2019.

6.3 Property, plant and equipment

During the six months ended June 30, 2019, the Group acquired property, plant and equipment in the amount of €325.1 million (€296.5 million as at June 30, 2018).

The changes which occurred during the period are presented as follows:

(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Rental, laundry and maintenance items	Total
Gross value	773.1	158.1	1,495.2	1,834.6	4,261.1
Accumulated depreciation and impairment	(240.3)	(108.4)	(870.6)	(1,135.5)	(2,354.8)
Net carrying amount as at December 31, 2018	**532.8**	**49.7**	**624.6**	**699.2**	**1,906.3**
Adjustment related to initial application of IFRS 16	(15.6)	(3.7)	(7.6)		(26.9)
Net carrying amount as at January 1, 2019	**517.2**	**46.0**	**617.0**	**699.2**	**1,879.4**
Investments	28.0	7.4	49.7	239.9	325.1
Changes in scope of consolidation	9.3	0.4	4.5	3.6	17.8
Retirements and disposals	(1.8)	(0.1)	(0.4)	(2.0)	(4.2)
Depreciation	(12.5)	(6.4)	(46.2)	(208.7)	(273.8)
Translation adjustments	0.1	0.1	0.9	0.1	1.2
Impairment	-	-	0.0	-	0.0
Other movements	5.3	0.7	(4.5)	(0.0)	1.4
Gross value	795.8	156.0	1,525.1	1,942.6	4,419.5
Accumulated depreciation and impairment	(250.3)	(107.8)	(904.0)	(1,210.5)	(2,472.6)
Net carrying amount as at June 30, 2019	**545.5**	**48.1**	**621.1**	**732.1**	**1,946.9**

NOTE 7 Provisions and contingent liabilities

7.1 Provisions

(In millions of euros)	Compliance	Litigation	Other	Total
At December 31, 2018	70.2	19.0	27.2	**116.4**
Reclassification related to initial application of IFRIC 23	-	-	(1.4)	(1.4)
As at January 1, 2019	70.2	19.0	25.8	**115.0**
Increases/additions for the year	-	1.4	0.3	1.7
Changes in consolidation scope	-	0.0	-	0.0
Decreases/reversals of used and unused provisions	(0.6)	(11.7)	(2.7)	(15.0)
Translation differences	(0.4)	0.4	0.3	0.2
Other	0.1	(0.3)	(0.1)	(0.2)
As at June 30, 2019	69.3	8.8	23.6	**101.8**
				-
Current portion	0.8	3.6	17.1	**21.4**
Non-current portion	68.5	5.3	6.5	**80.4**
France	*14.5*	*2.4*	*0.4*	*17.3*
United Kingdom & Ireland	*13.8*	*1.1*	*0.0*	*14.8*
Scandinavia & Eastern Europe	*27.4*	*-*	*1.1*	*28.6*

Latin America	*5.5*	*5.2*	*15.9*	*26.6*
Other segments	*8.1*	*0.3*	*6.2*	*14.5*

The main movement during the period corresponds to the reversal of an unused €10.4 million provision in the United Kingdom after the end of an employee dispute.

7.2 Contingent liabilities

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

- **In Brazil**

Proceedings related to alleged acts of administrative improbity

Atmosfera filed a preliminary response in December 2014 to a public action filed against several industrial laundry service providers, including Atmosfera and Prolav, relating to alleged bribery of civil servants between 2003 and 2011 regarding contracts in the state of Rio de Janeiro. The public prosecutor rejected arguments put forward by Atmosfera and ruled to continue the action.

As at June 30, 2019, Atmosfera and Prolav were still awaiting additional information and therefore were unable to estimate the contingent liability incurred and the indemnification asset to be received under the respective liability guarantees. The Atmosfera Group's former owners, who received provisional notification of the proceedings on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

Proceedings related to degrading working conditions

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

In these proceedings, following the inspection conducted in 2014 by the Brazilian Federal Police at the premises of Maiguá (an Atmosfera supplier), Atmosfera lodged an appeal against the decision of the Ministry of Labor resulting from the aforementioned inspection, which provided, in particular, for the inclusion of Atmosfera on the blacklist of companies convicted of this type of practice.

The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. This first-instance decision was appealed by the administration, resulting in a new proceeding. This proceeding was still underway as at June 30, 2019, and there is no specific time frame known for this case. If the Ministry of Labor's decision is upheld on the aforementioned appeal, Atmosfera will be put on the blacklist for a period of two years.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was sentenced by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.6 million) for antitrust offenses. Any delay in payment of this fine will incur interest on arrears at the benchmark rate of Brazil's central bank (SELIC), which may lead to significant additional costs. Prolav has not, to date, paid the aforementioned fine and has set aside a provision in the amount of R$3.0 million (approximately €0.7 million). After lodging an appeal, which was rejected by CADE, Prolav was unable to reach an agreement with CADE's prosecutor on a possible reduction of the fine and payment in installments. As at the reporting date, Prolav was awaiting the implementation of the enforcement phase of the sanction.

Proceedings against NJ Lavanderia

Proceedings initiated by Brazil's Federal District public prosecutor

The public civil action brought in 2014 by the Federal District's public prosecutor against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a subsidiary of Lavebras, and the government of the federal district (GDF) concerns the validity of a public contract signed between NJ Lavanderia and the GDF (contract no. 184/2014) for the provision by NJ Lavanderia of industrial laundry services to public health establishments in the Federal District (Brasilia). This public civil action aims to annul the contract concluded between the two parties and compel the GDF to implement a restructuring plan for the laundry services that must be provided to four regional public hospitals located in the Federal District. A decision on the merits was rendered in August 2018 by which the judge annulled contract no. 184/2014 and ordered the GDF to launch a new tender for the provision of laundry services to the four regional hospitals within 180 days of the date of the decision. NJ Lavanderia was not ordered to return the amounts received under the annulled contract (which has already been performed in full) and the judge did not find any evidence of wrongdoing on the part of NJ Lavanderia or its representatives in connection with the tender procedure for contract No. 184/2014. The plaintiff (the Federal District's public prosecutor's office) did not appeal the decision, although the GDF itself appealed the decision to launch a new tender within 180 days. A decision following the GDF's appeal is expected before the end of 2020. In any case, NJ Lavanderia is no longer exposed to any risks in connection with this public civil action.

Other proceedings are also ongoing against NJ Lavanderia as part of a public civil action initiated in 2014 by the Federal District's public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public service contract described above was entered into. In these proceedings, the final written submissions of the first instance have been submitted and a decision on the merits is expected in 2019.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of these proceedings in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantee. No provision has been set aside by Lavebras or NJ Lavanderia in relation to these proceedings.

Proceedings before Brazil's Federal Court of Accounts

NJ Lavanderia is also party to administrative proceedings initiated in March 2014 by the Democratas political party against the Health Secretariat of Brazil's Federal District government, alleging that NJ Lavanderia continued to provide services under two public-service contracts (one being the contract involved in the proceedings initiated by Brazil's Federal District public prosecutor described above) entered into as emergency agreements, beyond their respective terms. The Federal Court of Accounts ruled on February 12, 2019 that it had found irregularities in the delivery of these services and indicated that the Health Secretariat of Brazil's Federal District government should, according to the results of the public civil action described above, initiate specific administrative proceedings to review said irregularities and, if applicable, impose a penalty.

NJ Lavanderia is also party to another proceeding initiated in 2016 by the Federal District's public prosecutor's office attached to the Federal District Court of Accounts against the Health Secretariat of Brazil's Federal District Government, alleging that NJ Lavanderia offered its services at excessive prices, resulting in possible harm to the Brazilian National Treasury. On December 11, 2018, the Federal District Court of Accounts found that the prices for services rendered by NJ Lavanderia were excessive and that the Health Secretariat of the Federal District should initiate an administrative procedure against NJ Lavanderia. To the Company's knowledge, no proceedings have been initiated to date on this basis. However, the Company expects that such proceedings will be initiated in the near future.

Should the decisions in connection with the above proceedings go against NJ Lavanderia, the possible penalties could include the reimbursement of profits derived from the contracts in question, as well as fines and a prohibition on participating in public tenders and concluding public contracts.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of this proceeding in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantees. No provision has been set aside by Lavebras or NJ Lavanderia in relation to this proceeding.

Proceedings against Lavebras

The Group was informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, that may involve Lavatec Lavanderia Técnica Ltda. ("Lavatec"), a former subsidiary that merged with Lavebras in 2014.

As at June 30, 2019, Lavebras had not received any formal notification of these potential violations, with the exception of separate proceedings conducted by the tax authorities against ICN, a social organization.

In these tax proceeding against ICN, the Brazilian tax authorities argue that Lavebras – as well as other companies – must be held jointly and severally liable for ICN's obligations in view of (i) the illegal nature of the payments made by ICN under contracts it entered into and under which Lavebras and ICN had a business relationship, and (ii) the lack of cooperation shown by ICN during the audit by the Brazilian tax authorities. At the end of June 2019, the amount of the dispute was approximately R$330 million, or around €76 million (including all penalties but excluding the potential effect of future inflation). Lavebras has submitted the arguments in its defense and is awaiting a first instance administrative decision. Lavebras believes that it has a strong case to contest the Brazilian tax authorities' point of view. The Group therefore considers that the risk of Lavebras being held jointly and severally liable with ICN for payment of the tax penalty is limited. No provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

In the event that Lavebras is notified of and, following the investigation by the Brazilian Federal Police, is held liable for the offenses, Lavebras could be subject to various sanctions, including (i) the prohibition of benefiting from incentives or receiving subsidies, grants, donations or loans from public entities and financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unfairly received, (iii) a prohibition on entering into contracts with public entities for up to 10 years, and (iv) an obligation to compensate the public administration in full for any damage actually suffered by the latter. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of the gross revenue excluding tax in the financial year preceding the filing of the administrative proceedings. As a consequence of Lavatec's merger into Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated on the basis of Lavebras's gross revenue instead of Lavatec's, which Lavebras will contest on the basis that Lavebras's total liability (including the amount of the fine and any compensation due for the damage that may have been caused) should be limited to the amount of the Lavatec assets transferred to Lavebras in connection with the merger.

In the absence of notification, no provision has been set aside by Atmosfera or Lavebras in relation to this procedure.

Proceedings against Lavebras related to a previous acquisition

Lavebras was recently informed of enforcement proceedings against it in Rio de Janeiro initiated by White Martins Gases Industrials Ltda ("White Martins") in which White Martins is seeking to have Lavebras's bank accounts seized in order to recover approximately R$26 million (approximately €6 million) (the "enforcement proceedings").

The aim of these enforcement proceedings is to enforce a decision on the merits rendered by the Court of Appeal of Rio de Janeiro as part of legal proceedings initiated by White Martins (as the vendor) after it sold shares of WM Serviços de Lavanderia Industrial Ltda ("WM Serviços") that it owned to Sul Americana Lavanderias Ivoti Ltda ("Sul Americana"). In these proceedings on the merits ("main proceedings"), White Martins stated that it had not received the full purchase price it was owed by Sul Americana.

Lavebras, which Atmosfera acquired in May 2017, was implicated in the enforcement proceedings following (i) Lavebras's acquisition of Sul Americana in December 2015, and (ii) Lavebras's merger with Sul Americana in March 2017. To the Company's knowledge, Sul Americana (and its previous shareholder) was the only defendant named in the main proceedings.

Lavebras challenged these enforcement proceedings on the basis that it was never informed of the existence of the main proceedings (and therefore never had the opportunity to defend itself in that case) and is also disputing the amount it allegedly owes.

Lavebras meanwhile intends to contest the main proceedings before the Superior Court of Justice in Brasilia.

Atmosfera notified Lavebras's vendors of these two cases. The vendors dispute that they are liable given that Atmosfera disagrees with this assessment.

- ## In France

Inquiry by DIRECCTE

The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed in 2014 by a self-catering cottage, a customer of the Group, with the Pays-de-la-Loire regional department for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

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

- ## Tax audits

The Group is subject to tax audits in various countries. When the Group considers, with its advisors, that it has a sufficiently strong case, no provision is recorded.

NOTE 8 Financing and financial instruments

8.1 Net financial income (loss)

(In millions of euros)	06/30/2019	06/30/2018
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(59.8)	(54.3)
Interest expense on lease liabilities and finance leases	(4.6)	(0.1)
Total interest expense	**(64.4)**	**(54.4)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	(9.6)	(2.5)
Interest income using the effective interest rate method	0.6	0.5
Foreign currency translation gains (losses)	0.1	(1.1)
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	0.2	0.3
Interest expense on provisions and retirement benefits	(0.3)	(0.5)
Other	0.1	(0.5)
Net financial income (loss)	**(73.4)**	**(58.2)**

The changes were mainly due to:

- higher gross finance costs compared to the first half of 2018 due to the early refinancing of the 2022 high-yield bonds (especially early termination fees and the accelerated amortization of bond issuance costs);
- the lease liability interest expense that appeared for the first time in 2019 due to the initial application of IFRS 16 according to the modified retrospective method;
- changes in the fair value of the zero-floor interest rate swaps that have been disqualified from hedge accounting and whose value was negatively impacted by the decrease in forward rates as at June 30, 2019.

8.2 Gross debt

As at June 30, 2019, consolidated debt mainly comprised the following:

(In millions of euros)	06/30/2019	Fixed	Variable		Debt
			hedged	unhedged	maturity
EMTN 1.875% (€650m)/1.75% (€500m)/2.875% (€350m)	**1,510.3**	1,510.3			2023, 2024, and 2026
Convertible bonds	**360.2**	360.2			2023
USPP 2.70% (€300m)/4.99% ($40m)	**336.8**	336.8			2029
Senior Credit Facilities – Term loan EURIBOR3M +1.95%	**453.6**		453.6		2022
Syndicated credit facility – Term loan EURIBOR3M +1.90%	**200.5**	-	200.5		2022
Bridge loan/revolving/bilateral short-term loan	**50.0**			50.0	various
Schuldschein	**75.4**	34.8		40.6	2020 to 2024
Capex line	**200.6**		200.6		2022 and 2023
Commercial paper	**453.5**	453.5			less than 12 months
Unamortized debt issuance costs	**(40.7)**	(14.9)	(24.4)	(1.4)	
Loan from employee profit-sharing fund	**21.4**	21.4			
Other	**11.3**	10.0	0.9	0.3	
Bank overdrafts	**5.0**			5.0	
Total borrowings and financial debt	**3,638.0**	**2,712.3**	**831.2**	**94.5**	

	06/30/2019	12/31/2018
EUR	3,597.2	3,545.2
USD	35.1	-
GBP	3.5	1.7
BRL	-	5.7
CHF	1.1	0.9
CLP	1.1	1.2
Borrowings and financial debt	**3,638.0**	**3,554.7**

The Elis Group has several sources of financing: short- and medium-term financing on capital markets, bank loans, and private placement, as described in section 1.12.1 of the 2018 registration document.

• Capital markets

On the *short-term capital market*, Elis has an unrated commercial paper program, approved by Banque de France, in the amount of €600 million. As at June 30, 2019, outstandings under this program totaled €453.5 million, versus €413.1 million as at December 31, 2018, an increase of €40.4 million.

On the *long-term capital market*, as part of its €3 billion AMF-approved EMTN program, Elis carried out a €500 million bond issue on April 11, 2019 with a maturity of five years and a coupon of 1.75%. The proceeds from this issue have been allocated in full to refinance the high-yield bonds maturing in 2022.

• Bank loans and private placement

As at June 30, 2019:

- The €400 million revolving credit facility under the Senior Syndicated Credit Facilities Agreement entered into on November 7, 2017 (described in section 1.12.1 of the 2018 registration document) was drawn down for a total of €20 million;
- A bilateral line of credit was drawn down for €30 million.

During the first half of 2019, the Group also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%.

Significant issuances and redemptions of debt securities during the period are presented below:

(In millions of euros)	12/31/2018	Changes in financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other entities	Effect of changes in foreign exchange rates	Changes in bank overdrafts	New finance lease	Other changes	06/30/2019
Euro Medium Term Notes	1,000.0	500.0	-	-	-	-	-	1,500.0
Convertible bonds	355.8	-	-	-	-	-	4.4	360.2
USPP (2018: high-yield bonds)	800.0	(464.3)	-	-	-	-	(0.5)	335.1
Senior Credit Facilities – Term loan	450.0	-	-	-	-	-	-	450.0
Syndicated credit facility – Term loan	200.0	-	-	-	-	-	-	200.0
Bridge loan/revolving/bilateral short-term loan	-	50.0	-	-	-	-	-	50.0
Schuldschein	75.0	-	-	-	-	-	-	75.0
Capex line	200.0	-	-	-	-	-	-	200.0
Commercial paper	413.1	40.4	-	-	-	-	-	453.5
Finance lease debt	22.9						(22.9)	
Other loans	18.6	(15.6)	8.1	0.2	(0.0)	-	0.0	11.3
Bank overdrafts	12.1	-	-	0.2	(17.7)	-	10.5	5.0
Loan from employee profit-sharing fund	23.2	(2.1)	-	-		-		21.1
Loans	1,414.8	72.7	8.1	0.4	(17.7)	-	(12.3)	1,465.9
Accrued interest	28.1		0.0	-	(0.0)	-	(10.7)	17.4
Unamortized debt issuance costs	(44.0)	(6.0)	-	-	-	-	9.3	(40.7)
Borrowings and financial debt	**3,554.7**	**102.3**	**8.1**	**0.4**	**(17.7)**	**-**	**(9.8)**	**3,638.0**
Reconciliation to cash flow statement								
- Proceeds from new borrowings		1,292.1						
- Repayment of borrowings		(1,189.8)						
Change in borrowings		**102.3**						

8.3 Cash and cash equivalents

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

(In millions of euros)	06/30/2019	12/31/2018
Demand deposits	107.7	195.7
Term deposits and marketable securities	0.9	1.3
Cash and cash equivalents (assets)	**108.6**	**197.0**
Bank overdrafts	(5.0)	(12.1)
Cash classified as assets held for sale	8.6	4.6
Bank overdrafts classified as liabilities directly related to assets held for sale	-	(10.5)
Cash and cash equivalents, net	**112.2**	**179.1**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents totaled €17.8 million as at June 30, 2019, compared to €6.1 million at December 31, 2018.

8.4 Net debt

(In millions of euros)	06/30/2019	12/31/2018
EMTN	1,500.0	1,000.0
Convertible bonds	360.2	355.8
USPP (2018: high-yield bonds)	335.1	800.0
Senior Credit Facilities – Term loan	450.0	450.0
Syndicated credit facility – Term loan	200.0	200.0
Bridge loan/revolving/bilateral short-term loan	50.0	-
Schuldschein	75.0	75.0
Commercial paper	453.5	413.1
Finance lease debt	-	22.9
Capex line	200.0	200.0
Other loans	11.3	18.6
Bank overdrafts	5.0	12.1
Loan from employee profit-sharing fund	21.1	23.2
Loans	1,465.9	1,414.8
Accrued interest	17.4	28.1
Unamortized debt issuance costs	(40.7)	(44.0)
Borrowings and financial debt	**3,638.0**	**3,554.7**
Of which maturing in less than one year	524.0	453.1
Of which maturing in more than one year	3,114.0	3,101.6
Cash and cash equivalents (assets)	**108.6**	**197.0**
Net debt	**3,529.4**	**3,357.7**

Reconciliation to adjusted net debt

Net debt	**3,529.4**	**3,357.7**
Unamortized debt issuance costs	40.7	44.0
Loan from employee profit-sharing fund	(21.4)	(23.2)
Finance lease debt per IAS 17	21.9	
Adjusted net debt	**3,570.6**	**3,378.4**

8.5 Financial assets and liabilities

	06/30/2019		**Breakdown by category of financial instrument**			
(In millions of euros)	**Carrying amount**	**Fair value**	Mandatory at fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	74.3	74.3	40.2		34.1	
Contract assets	34.9	34.9			34.9	
Trade and other receivables	706.7	706.7			706.7	
Other current assets	24.2	24.2	0.3	1.2	22.6	
Cash and cash equivalents	108.6	108.6			108.6	
Financial assets	**948.9**	**948.9**	**40.8**	**1.2**	**906.9**	**-**
Borrowings and financial debt	3,114.0	3,229.4				3,114.0
Lease liabilities	310.1	310.1				310.1
Other non-current liabilities	29.6	29.6	6.1	22.3		1.2
Trade and other payables	282.4	282.4				282.4
Contract liabilities	70.1	70.1				70.1
Current lease liabilities	54.7	54.7				54.7
Other current liabilities	375.1	375.1	6.8	0.2		368.1
Bank overdrafts and current borrowings	524.0	536.6				524.0
Financial liabilities	**4,760.0**	**4,888.0**	**12.9**	**22.5**	**-**	**4,724.6**

(In millions of euros)	12/31/2018 Carrying amount	Fair value	Breakdown by category of financial instrument: Mandatory at fair value through profit or loss	Fair value – hedging instruments	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	67.7	67.7	34.1		33.6	
Contract assets	31.7	31.7			31.7	
Trade and other receivables	649.9	649.9			649.9	
Other current assets	26.0	26.0	0.1	1.3	24.6	
Cash and cash equivalents	197.0	197.0			197.0	
Financial assets	**972.4**	**972.4**	**34.3**	**1.3**	**936.9**	**-**
Borrowings and financial debt	3,101.6	3,098.5				3,101.6
Other non-current liabilities	15.3	15.3	0.0	13.9		1.4
Trade and other payables	274.5	274.5				274.5
Contract liabilities	68.3	68.3				68.3
Other current liabilities	381.5	381.5	26.2	0.1		355.2
Bank overdrafts and current borrowings	453.1	466.6				453.1
Financial liabilities	**4,294.3**	**4,304.7**	**26.2**	**14.1**	**-**	**4,254.1**

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

(In millions of euros)	06/30/2019 Fair value	Fair value hierarchy: Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Current derivatives – assets (currency forwards)	1.5		1.5	
Offsetting assets	40.2			40.2
Assets measured at fair value	**42.0**	**-**	**1.5**	**40.4**
Non-current derivatives – liabilities (interest rate swaps)	22.3		22.3	
Current derivatives – liabilities (currency forwards)	0.2		0.2	
Debt related to acquisitions	12.9			12.9
Liabilities measured at fair value	**35.4**	**-**	**22.5**	**12.9**
EMTN 1.875% (€650m)/1.75% (€500m)/2.875% (€350m)	1,577.4	1,577.4		
USPP 2.70% (€300m)/4.99% ($40m)	347.3		347.3	
Convertible bonds – debt component	370.0		370.0	
Liabilities for which fair value is disclosed in the Notes	**2,294.7**	**1,577.4**	**717.3**	**-**

(In millions of euros)	12/31/2018 Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Current derivatives – assets (currency forwards)	1.4		1.4	
Offsetting assets	34.1			34.1
Assets measured at fair value	**35.6**	**-**	**1.4**	**34.2**
Non-current derivatives – liabilities (interest rate swaps)	13.9		13.9	
Current derivatives – liabilities (currency forwards)	0.1		0.1	
Debt related to acquisitions	26.2			26.2
Liabilities measured at fair value	**40.3**	**-**	**14.1**	**26.2**
EMTN 1.875% (€650m)/1.75% (€500m)/2.875% (€350m)	978.2	978.2		
High-Yield Bonds 3%	808.3	808.3		
Convertible bonds – debt component	359.2		359.2	
Liabilities for which fair value is disclosed in the Notes	**2,145.8**	**1,786.5**	**359.2**	**-**

NOTE 9 Income tax expense

The Group recognizes income tax expense for interim periods based on its best estimate of the weighted average annual tax rate expected to apply to total annual earnings. This rate is calculated by tax entity.

NOTE 10 Shareholders' equity and earnings per share

10.1 Changes in share capital

Number of shares as at December 31, 2018	**219,927,545**
Number of shares as at June 30, 2019	**220,725,799**
Number of authorized shares	220,725,799
Number of shares issued and fully paid up	220,725,799
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares*	591,329
Shares reserved for issue under options and sales agreements	-

**Of which 393,532 shares held by the Berendsen Employee Benefit Trust*

Following the vesting of the free performance shares, the share capital was increased on March 24, 2019 and June 15, 2019 by a nominal amount of €0.3 million and €0.5 million respectively through the capitalization of those same amounts in "Additional paid-in capital."

Furthermore, the general shareholders' meeting of May 23, 2019 decided to clear the accumulated deficit of the parent company by charging €215.2 million to "Additional paid-in capital."

10.2 Dividends and distributions paid and proposed

The general shareholders' meeting of May 23, 2019 approved the payment of a dividend of €0.37 per share taken from "Additional paid-in capital." The total amount distributed was €81.4 million.

10.3 Earnings per share

The weighted average number of ordinary shares outstanding during the period is shown below:

(In millions of euros)	06/30/2019	06/30/2018 restated
Net income or loss attributable to owners of the parent		
- Continuing operations	60.5	4.1
- Discontinued operations	1.0	(0.9)
Net income or loss attributable to owners of the parent	**61.5**	3.2
Weighted average number of shares	220,133,364	219,451,729
Effect of conversion of convertible notes	13,124,018	12,797,487
Effect of contingently issuable shares	206,919	1,114,697
Weighted average number of shares used for diluted EPS	233,464,301	233,363,913

NOTE 11 Right-of-use assets and lease liabilities

	Right-of-use assets				
(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Total	Lease liabili-ties
As at January 1, 2019	**323.2**	**57.2**	**13.8**	**394.2**	**389.0**
Change in consolidation scope	0.7	0.1	5.4	**6.2**	**4.9**
Reclassified as assets held for sale	(6.8)			**(6.8)**	**(6.0)**
New rights of use	0.7	8.4	0.7	**9.8**	**9.8**
Remeasuring of rights of use	1.2	0.3	0.3	**1.9**	**1.9**
Amortization	(18.5)	(11.2)	(1.7)	**(31.4)**	**-**
Principal payments				**-**	**(35.5)**
Translation differences	0.9	(0.1)	0.0	**0.8**	**0.6**
Other movements	(1.4)	(0.4)	(2.0)	**(3.7)**	**-**
As at June 30, 2019	**299.9**	**54.4**	**16.5**	**370.8**	**364.8**

As at June 30, 2019, the Group had recognized lease expenses relating to:

- - short-term lease agreements in the amount of €9.7 million;
- - leases of low-value assets in the amount of €0.6 million; and
- - variable lease payments in the amount of €0.6 million.

NOTE 12 Off-balance sheet commitments

(In millions of euros)	06/30/2019	12/31/2018
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	6.3	9.1
Pledges, endorsements and guarantees given	90.3	90.0
Warranties		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	18.1	23.2
Warranties	139.4	149.4

Commitments to acquire equity

- On July 25, 2018, the Group signed an agreement to acquire 100% of Kings Laundry Ltd. in Ireland. Kings Laundry has two plants in Cork and Dublin specialized in flat linen. The Group generated revenue of around €30 million in 2017. This acquisition, which complements Elis's existing network, will generate synergies and will expand the Group's portfolio of customers. As at the date the condensed interim consolidated financial statements were prepared, the Kings Laundry acquisition had been approved by the Irish Competition and Consumer Protection Commission (CCPC) after a detailed review (phase II). For the approval to be finalized, the CCPC required that Elis put required legal provisions in place. These provisions relate to the assignment of several contracts in the Healthcare sector. It is Elis's intention to comply with these provisions in the coming months and thus continue finalizing this transaction.
- On March 22, 2019, the Group signed an agreement to acquire 100% of the mat business of Blesk InCare in Russia. The finalization of this acquisition was subject to conventional regulatory requirements. It was finalized on July 17, 2019 as mentioned in Note 13 below.

NOTE 13 Events after the reporting period

- On July 2, 2019, the Group sold its 50.02% stake in On My Way, a Swiss startup offering dry cleaning services to individual customers.
- On July 4, 2019, the Group acquired Italian company Organizzazione Arrigoni, which is located near Milan. The company, which specializes in pest control, generated €1.4 million in revenue in 2018 and employed 14 people.
- On July 8, 2019, the Group announced that it had signed an agreement to sell 100% of the "Single Use (Rocialle)/Medical Consumables (Guardian)" division of the Clinical Solutions segment in the United Kingdom. The finalization of the transaction is subject to certain legal and regulatory obligations and should be completed before the end of Q3 2019. This division supplies single-use products used for specific surgical procedures in the form of medical packs as well as surgical drapes, gowns, and surgical tray packaging. This division posted revenue of approximately GBP 42 million in 2018.
- On July 17, 2019, the Group acquired 100% of the mat business of Blesk InCare in Russia. Blesk InCare is a mat market leader with five locations providing coverage across Russia. Blesk InCare's mat business serves 10,000 customers across all private-sector industries and generated revenue of approximately €10 million in 2018 in a rapidly expanding market. It has approximately 350 employees.

3

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFOR-MATION

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

Statutory Auditors' review report on the half-year financial information

For the six months ended June 30, 2019

Elis
5, boulevard Louis Loucheur
92210 Saint-Cloud

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Elis for the six months ended June 30, 2019;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to Note 1.3 "*Impact of new standards*" to the consolidated financial statements, which describes the impact of the entry into force on January 1, 2019 of IFRS 16 – "*Leases*" and IFRIC 23 – "*Uncertainty over Income Tax Treatments*" and the application of those standards by Elis.

II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, July 24, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit — Mazars

Bruno Tesnière — Isabelle Massa

4
CERTIFICATION BY THE PERSON RESPONSIBLE

This document is the responsibility of Xavier Martiré, chairman of the Management Board.

"I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and present fairly the assets, liabilities, financial position and results of the Company and all the companies included in the scope of consolidation, and that the accompanying half-year management report presents fairly the significant events that occurred during the first six months of the financial year beginning January 1, 2019, their impact on the financial statements, the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the financial year."

Saint-Cloud, July 25, 2019

Chairman of the Management Board

Xavier Martiré

We empower your day

www.corporate-elis.com

Elis

French joint-stock corporation *(société anonyme)* with a Management Board and Supervisory Board with a share capital of €220,725,799

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