2018
HALF-YEAR
FINANCIAL REPORT

Contents

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HALF-YEAR MANAGEMENT REPORT

I. First-Half 2018 results

1.1 . INTRODUCTION

First-half 2018 saw **record organic growth in operating revenue and operating EBIT**

Edenred reports solid results for first-half 2018

- Total income up 10.1% like-for-like and 2.3% as reported to €665 million
- Operating EBIT margin[1] up 1.8 points to 29.7%
- EBIT[2] up 14.0% like-for-like and 4.3% as reported to €215 million
- Increase in net profit, Group share to €124 million

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Like-for-like[3], Edenred's performance in first half 2018 significantly exceeded its annual growth targets:

- Operating revenue: up 11.6% (annual target: above 7%)
- Operating EBIT[4]: up 20.3% (annual target: above 9%)
- Funds from operations (FFO)[5]: up 17.5% (annual target: above 10%)

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Confident about its outlook for the second half of the year, Edenred is expecting **EBIT of between €440 million and €470 million**[6] for full-year 2018, compared with €429 million in 2017.

Financial data for 2018 are provided in accordance with IFRS 9 and IFRS 15, effective since January 1, 2018. To ensure a meaningful comparison with 2017, financial data for the period included in this press release have been restated in accordance with the new standards. A table showing a breakdown of the restatements per quarter is provided in the appendices.

Also as part of this transition, the line items "financial revenue" and "total revenue" have become "other operating income" and "total income", respectively.

Venezuela has been temporarily excluded from data on like-for-like growth and currency effects, due to the country's current level of inflation and the devaluation of its currency.

[1] Ratio of operating EBIT to operating revenue.
[2] Operating profit before other income and expenses.
[3] Like-for-like data temporarily excludes Venezuela, due to the country's high level of inflation.
[4] EBIT adjusted for other operating income.
[5] Before other income and expenses.
[6] Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the actual rate as of June 30, 2018.

At its meeting on July 23, 2018, the Board of Directors reviewed the consolidated financial statements for the six months ended June 30, 2018.

First-half 2018 key financial metrics:

(in € millions)	First-half 2018	First-half 2017	% change (reported)	% change (like-for-like)
Operating revenue	640	616	+4.0%	+11.6%
Other operating income (A) *(formerly financial revenue)*	25	34	-27.3%	-17.5%
Total income *(formerly total revenue)*	**665**	**650**	**+2.3%**	**+10.1%**
Operating EBIT (B)	190	173	+10.6%	+20.3%
EBIT (A+B)	**215**	**207**	**+4.3%**	**+14.0%**
Net profit, Group share	**124**	**123**	**+0.8%**	

1.2. ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

1.2.1 Total income: up 10.1% like-for-like to €665 million

Total income amounted to €665 million, up 10.1% like-for-like and 2.3% as reported, reflecting a strongly negative 8.2% currency effect, a positive 0.9% scope effect and a negative 0.5% impact related to Venezuela.

1.2.1.1 Operating revenue: up 11.6% like-for-like to €640 million

Operating revenue rose **11.6% like-for-like** to **€640 million**. All of Edenred's business lines performed well during the period, in both Europe and Latin America. As a result, the Group's two main regions recorded double-digit growth in operating revenue in the first half of 2018. These solid performances reflect a particularly strong sales dynamic in both Europe and Hispanic Latin America, and an improving macro-economic environment in Brazil.

As reported, the increase in operating revenue came to 4.0%, after taking into account a strongly negative 8.1% currency effect related primarily to Latin American currencies, a positive 1.0% scope effect and a negative 0.5% impact of Venezuela.

- **Operating revenue by business line**

(in € millions)	First-half 2018	First-half 2017	% change (reported)	% change (like-for-like)
Employee Benefits	420	404	+4.0%	+10.0%
Fleet & Mobility Solutions	161	155	+4.2%	+16.3%
Complementary Solutions	59	57	+3.0%	+9.9%
Total	**640**	**616**	**+4.0%**	**+11.6%**

The **Employee Benefits** business line generated **€420 million** in operating revenue in first-half 2018 (and accounted for **66%** of the consolidated total). The business line's operating revenue grew by **10.0% like-for-like**, notably thanks to increased penetration in Europe, driven by the digital transition and the targeting of SMEs. In Latin America, operating revenue performance was supported by a strong sales dynamic in Hispanic Latin America and by a return to growth in Employee Benefits in Brazil in the second quarter. Generally speaking, product and technology innovations are key growth drivers, serving as factors for both differentiation and customer retention. In addition to the launch of new Employees Benefits programs and new platforms, the Group has seen the rapid ramp-up of its digital solutions. This is the case in France, for example, with the introduction of a payment service directly integrated into the country's main online meal delivery sites. Edenred is also speeding up the development of its mobile payment solutions. A pioneer in the field, the Group is now present in 11 countries via 15 mobile payment solutions.

In **Fleet & Mobility Solutions**, which accounts for **25%** of the consolidated total, **operating revenue rose by 16.3% like-for-like** to **€161 million**. In Europe, UTA expanded its acceptance network and broadened its portfolio of services, launching a new interoperable European toll solution for heavy vehicles and extending its offer for light vehicles to several countries in Europe, including Italy and Germany. In Latin America, Edenred is capitalizing on its leadership position in the fleet management segment to expand in a relatively untapped market. The Group's robust marketing and sales dynamic in the region has notably led to the signature of an exclusive contract with Shell in Argentina, for the processing and distribution of the *Shell Flota* fuel card. Lastly, in the expense management segment, Edenred is extending its fast-growing Empresarial solution to three additional countries in Latin America (Argentina, Brazil and Chile).

The **Complementary Solutions** business line, which includes Incentive & Rewards, Public Social Programs and Corporate Payment, generated operating revenue of **€59 million** in first-half 2018, **up 9.9% like-for-like**, and accounted for **9%** of the consolidated total. In the Corporate Payment segment, created in mid-2017, the IATA EasyPay solution continues to be rolled out internationally and is now available in 15 countries. During the first half, Edenred also extended its portfolio of clients in the area of virtual card solutions and launched a pilot project for a simple, efficient solution developed for real estate management company Foncia, for the collection of rental income and fees from tenants and owners.

- **Operating revenue by region**

(in € millions)	First-half 2018	First-half 2017	% change (reported)	% change (like-for-like)
Europe	362	316	+14.7%	+13.0%
Latin America	243	263	-7.8%	+10.4%
Rest of the World	35	37	-4.3%	+8.3%
Total	**640**	**616**	**+4.0%**	**+11.6%**

In **Europe**, first-half 2018 operating revenue totaled **€362 million** (**57% of Group operating revenue**), a rise of **14.7%** (and of **13.0% like-for-like**).

In **France**, operating revenue came to **€118 million**, representing a strong like-for-like increase of 9.4%. Growth was driven by a higher penetration rate in the Employee Benefits market, where Edenred's innovative digital solutions are a major asset, as demonstrated by the contracts signed with La Poste and Société Générale, for example. Edenred France is also successfully developing its offering in the Fleet & Mobility Solutions segment, and more particularly in the management of light vehicle fleets.

Operating revenue in **Europe excluding France** totaled **€244 million**, representing an increase of **16.8% as reported**. The region benefited from the successful integration of Vasa Slovensko in Slovakia

(Employee Benefits) and Timex Card in Poland (Fleet & Mobility Solutions). On a **like-for-like basis**, the region recorded strong growth of **14.9%** thanks to solid performances in both of the Group's main business lines, in both Central and Southern Europe.

Latin America, which accounted for **37%** of the Group's operating revenue, delivered **€243 million** in operating revenue for the first half of the year, up **10.4% like-for-like**, reflecting robust growth in both Employee Benefits and Fleet & Mobility Solutions.

In **Hispanic Latin America**, operating revenue amounted to **€67 million**, up **15.6% like-for-like**. The increase was driven by a strong sales performance, particularly in the Fleet & Mobility Solutions segment.

In **Brazil**, operating revenue gained **8.5% like-for-like** in the first half. Fleet & Mobility Solutions recorded double-digit organic growth, while Employee Benefits operating revenue returned to growth in the second quarter, in a political and economic environment that remains uncertain, however.

In the **Rest of the World**, operating revenue growth was **8.3% like-for-like**, reflecting strong sales performances, notably in Turkey and the United Arab Emirates.

1.2.1.2 Other operating income (formerly financial revenue): €25 million

Other operating income came to **€25 million**, down **17.5% like-for-like** and **27.3% as reported**. In addition to particularly negative currency effects during the period, the fact that certain investments with a higher return than current rates have reached maturity, particularly in Europe, also had a negative impact on other operating income in first-half 2018.

1.2.2 EBITDA[7]: up 13.1% like-for-like to €251 million

The Group's **EBITDA** for first-half 2018 amounted to **€251 million** versus €243 million in first-half 2017, representing a gain of **3.8% as reported** (and of **13.1% like-for-like**).

1.2.3 EBIT: up 14.0% like-for-like to €215 million

In first-half 2018, **total EBIT** came to **€215 million**, representing a **like-for-like** increase of €29 million or **14.0%**. After factoring in a negative €22 million currency effect and a positive €2 million impact from changes in the scope of consolidation, EBIT climbed **4.3% as reported**.
The total EBIT of €215 million for first-half 2018 comprises operating EBIT of €190 million and other operating income of €25 million.

Operating EBIT (which excludes other operating income) stood at **€190 million**, up **20.3%** like-for-like and **10.6%** as reported.

- **Operating EBIT by region :**

(in € millions)	First-half 2018	First-half 2017	% change (reported)	% change (like-for-like)
Europe	110	92	+20.9%	+18.0%
Latin America	85	90	-5.9%	+13.5%
Rest of the World	2	2	+1.0%	+14.7%
Holding and others	(7)	(11)	-39.3%	-53.7%
Total	**190**	**173**	**+10.6%**	**+20.3%**

[7] EBITDA: total income less operating expenses (excluding depreciation, amortization and provisions).

Europe performed strongly over the period, posting operating EBIT growth of **18.0% like-for-like**, to be read in comparison with growth in operating revenue of 13.0%. In **Latin America**, operating EBIT growth came to **13.5% like-for-like**, for operating revenue growth of 10.4%. This performance attests to the Group's high operating leverage, linked notably to a return to growth in Employee Benefits in Brazil in the second quarter of the year.

Operating EBIT margin stood at **29.7%** for the first half of 2018, up **1.8 point** as reported (and **2.2 points like-for-like**) from first-half 2017, illustrating the Group's capacity to generate profitable and sustainable growth.

1.2.4 Financial result

Net financial expense amounted to **€15 million** in first-half 2018 compared with €26 million in the year-earlier period.

Finance costs for the period totaled €25 million in first-half 2017, while the effects of hedging instruments and interest income from the investment of available cash and from marketable securities came to €15 million, leading to net finance costs of €10 million.

Other financial income and other financial expenses mainly concern bank fees, miscellaneous banking expenses and interest, deferred expenses and issuance premiums, and financial provisions.

1.2.5 Operating Profit before tax

Profit before tax stands at **203 million** versus €202 million at June 30, 2017.

1.2.6 Income tax expense

Income tax expense stood **at €61 million** for the period, versus €65 million in first-half 2017. The calculation is available hereafter chapter 2, Note 7 to the consolidated financial statements.

The effective tax rate declined from 34.1% in first-half 2017 to 30.3% in the six months to June 30, 2018.

1.2.7 Net profit: up to €124 million

Net profit, Group share totaled **€124 million** for first-half 2018, compared with €123 million in the six months to June 30, 2017. After a significant increase in 2017, which included non-recurring income of €19 million[8], net profit, Group share rose once again in the first half of 2018, further demonstrating Edenred's capacity to generate profitable growth. Net profit for first-half 2018 takes into account an €11 million improvement in net financial expense compared with the prior-year period. The Group has notably taken advantage of lower interest rates in Europe via a €500 million bond issue in March 2017 (coupon of 1.875%), which enabled it to repay a €510 million bond in October 2017 (coupon of 3.625%). Income tax expense amounted to €61 million and non-controlling interests to €18 million.

1.3 . LIQUIDITY AND FINANCIAL RESOURCES

1.3.1 Cash flows[9]

[8] Non-recurring income of €19 million relating to the January 2017 increase in the Group's stake in UTA.

[9] Consolidated statement of cash flows are available chapter 2, page 29.

(in € millions)	June 2018	June 2017
Net profit Group share	124	120
Non-controlling interests	18	14
Share from associates investments	(6)	(5)
Depreciation, amortization and provision expenses	34	35
Deferred taxes	7	8
Expenses related to share-based payments	7	6
Non cash impact of other income and expenses	(1)	(21)
Difference between income tax and income tax expense	-	7
Dividends received from tax paid and income tax expense	12	4
(Gains)/losses on non-recurring transactions (including restructuring costs)	5	7
Funds from operations before other income and expenses (FFO)	**200**	**179**
Change in float	(270)	(263)
Change in restricted cash	(121)	(83)
Change in working capital (excl. float)	83	8
Recurring capex	(37)	(36)
Free cash flow	**(145)**	**(211)**
External acquisitions	(149)	(20)
Dividends paid (1)	(127)	(127)
Capital increase	7	8
Purchase of treasury shares	(30)	(17)
Currency effects	(55)	(50)
Other non-recurring items	5	36
(Increase)/decrease in net debt	**(494)**	**(628)**

(1) Including cash dividends paid to owners of the parent for €104 million (€0.85 per share) and cash dividends paid to non-controlling interests in subsidiaries for €23 million.

The Edenred business model generates significant cash flow. In the first half of 2018, funds from operations before other income and expenses **(FFO)** totaled **€200 million**, a rise of 10.6% (and of **17.5% like-for-like**) compared with the first half of 2017.

1.3.2 Working capital requirement

Negative working capital requirement at June 30, 2018 increased by €337 million compared with June 30, 2017.

Table with details is available hereafter in chapter 2, note 4.4 of the consolidated financial statements

1.3.3 Net Debt

The Group had net debt of **€1.19 billion** at June 30, 2018, versus €1.22 billion at end-June 2017. In the twelve months to June 30, 2018, the €465 million in free cash flow generated by the Group enabled it to finance external growth operations worth €162 million, primarily the acquisitions of Vasa Slovensko and Timex Card and Edenred's increased stakes in ProwebCE and other Group entities. Net debt also takes into account €104 million in dividends paid to Edenred SA shareholders. In addition, the change in net debt includes €125 million related to currency effects and non-recurring items.

In March 2018, the Brazilian Central Bank (BACEN) issued two circulars in which it stated that, contrary to initial plans, the Employee Benefits business would not be included in its regulation of the payment sector. The regulations, due to enter into force in 2018, would have made it compulsory to reclassify part of the float[10] generated in Brazil to restricted cash, resulting in a negative impact on the Group's net debt.

In addition, the Group received authorization from France's central bank in March 2018 to issue **short-term negotiable debt** (Negotiable EUropean Commercial Paper – **NEU CP**) **for up to €500 million**. The Group will use the proceeds from the issue for general corporate purposes.

More recently, following the exercise of the last option granted in the facility agreement, Edenred extended the maturity of its undrawn €700 million syndicated credit facility by one year, to July 2023. By accepting this extension, all the participating banks reaffirmed their confidence in the Group's financial solidity.

The table to Net debt and Net cash is available chapter 2, note 6.6 to the consolidated financial statements.

Borrowings

At June 30, 2018, the Group's gross outstanding bond position amounted to €1,475 million, unchanged from end-2017.

At June 30, 2018, the €250 million Schuldschein private placement represented different tranches of maturity and rates.

Details to debt and other financial liabilities are available chapter 2, note 6.5 to the consolidated financial statements.

1.3.4 Equity

Equity represented a negative amount of **€1,569million** at June 30, 2018 and €1,362 million at December 31, 2017. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend paying ability.

Further information about changes in consolidated equity is presented in the condensed half-year consolidated financial statements for the six months ended June 30, 2018 (page 30).

1.4 . MATERIAL CONTRACTS

During first-half 2018, no contract representing a material obligation or commitment for the Group was signed in connection with the Group's external growth operations.

[10] A portion of the operating working capital requirement corresponding to the preloading of funds by corporate clients.

1.5 . SIGNIFICANT EVENTS OF FIRST-HALF 2018

The first half of 2018 was shaped by a number of achievements aligned with the Group's Fast Forward strategic plan.

- **Edenred increases its stakes in UTA and ProwebCE**

In December 2017, the Group was notified by Hermes Mineralöl GmbH of its intention to exercise its put option on a 17% stake in UTA. After being approved by the relevant competition authorities, the transaction was finalized on June 14, 2018, enabling Edenred to increase its interest in UTA to 83%.

In April 2018, the Group acquired an additional 27% stake in ProwebCE, the French leader in solutions for works councils, thereby increasing its interest in the company to more than 99.3%.

- **Innovations**

Launch of the Edenred Payment Services offer

Since the start of the year, users of the Ticket Restaurant card in France have been able to complete transactions using the Deliveroo, Rapidle, Nestor and DejBox online meal ordering sites thanks to Edenred Payment Services. The new payment solution enables users to pay for their meals from their MyEdenred account on partner websites or mobile applications, ensuring a simple and secure payment experience.

Thanks to the Edenred Payment Services offer, Edenred was the winner of the Top IT Business Enabler award at the MuleSoft CONNECT conference, organized by MuleSoft in May 2018.

A pioneer in open innovation with Partech Africa and Edenred Capital Partners

In April 2018, Edenred announced that through Edenred Capital Partners, its venture capital structure, it had acquired a stake in American start-up Candex, specializing in vendor monitoring and payments, as part of a $3.5 million global fundraising campaign.

Similarly, in June 2018, Edenred once again supported UK-based talent management start-up Beamery during its new $28 million funding round. Carried out through Edenred Capital Partners, the investment is the Group’s third with Beamery since it began raising funds in 2015.

Lastly, in January 2018, Edenred invested in the Partech Africa fund. With a target of raising €100 million, the fund invests in young companies that are currently operating in Africa, experiencing high growth and involved in the digital economy. The investment serves to extend the Group’s partnership with Partech Ventures, initiated in 2011, and strengthen its global innovation system.

II. Outlook

In the second half of the year, the Group should **continue to deliver robust growth**.

In Europe, the Group will continue to deploy initiatives designed to improve its leadership in **Employee Benefits**, notably via product and technology innovations. Growth in this business segment will also be supported by increased penetration of the small and medium-sized enterprise market and optimization of the marketing mix.

In **Fleet & Mobility Solutions**, UTA intends to continue enhancing its offering and expanding its geographic footprint in Europe, via a larger acceptance network and new value-added services, such as the interoperable European toll solution and one-stop billing. The Group is also confident about its capacity to speed up the deployment of its light vehicle fleet offering in Europe.

In **Brazil**, in a context of persistently high unemployment and uncertainty linked to the presidential elections in October 2018, the **Employee Benefits** operating revenue is expected to continue to grow organically. The **Fleet & Mobility Solutions** business line should continue to record double-digit organic growth in operating revenue.

In **Hispanic Latin America**, the strong momentum is expected to continue, in both **Employee Benefits** and **Fleet & Mobility Solutions**, thanks notably to innovation in mobile payment services and to the deployment of new solutions, such as Empresarial, in several countries.

Lastly, currency effects are expected to remain strongly negative throughout the second half of the year, particularly in Latin America.

In this context, Edenred is **targeting full-year 2018 EBIT of between €440 million and €470 million**[11], versus €429 million in 2017.

For full-year 2018, the Group expects to substantially outperform its annual growth targets for its key financial metrics:

- **Like-for-like operating revenue growth of more than 7%**
- **Like-for-like operating EBIT growth of more than 9%**
- **Like-for-like growth in funds from operations (FFO) of more than 10%**

III. Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the "Risk Factors" section of the 2017 Registration Document filed with French securities regulator AMF on March 16, 2018. As of June 30, 2018, there had been no significant new developments in the Group's main disputes.

IV. Main related party transactions

There were no material changes in related party transactions during the half year of 2018.

[11] Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the actual rate as of June 30, 2018.

V. Subsequent events

Acquisition of Peru-based Efectibono, an issuer of meal vouchers and Incentive and Rewards solutions

In July 2018, Edenred announced the acquisition of Peru-based Efectibono, an independent issuer of meal vouchers and Incentive and Rewards solutions, in paper and digital format. The acquisition will enable Edenred to become co-leader of Peru's employee benefits market, which is benefiting from the increasing formalization and digitalization of the economy. Edenred intends to generate synergies by migrating Efectibono clients to the Group's digital platform.

VI. GLOSSARY

Glossary and list of references needed for a proper understanding of financial information

a) Main terms

- **Like-for-like, impact of changes in the scope of consolidation, currency effect:**

Like-for-like or organic growth corresponds to comparable growth, i.e., growth at constant exchange rates and scope of consolidation. This indicator reflects the Group's business performance.

Changes in activity (like-for-like or organic growth) represent changes in amounts between the current period and the comparative period, adjusted for currency effects and for the impact of acquisitions and/or disposals.

The impact of acquisitions is eliminated from the amount reported for the current period. The impact of disposals is eliminated from the amount reported for the comparative period. The sum of these two amounts is known as the impact of changes in the scope of consolidation or the scope effect.

The calculation of changes in activity is translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

The currency effect is the difference between the amount for the reported period translated at the exchange rate for the reported period and the amount for the reported period translated at the exchange rate applicable in the comparative period.

- **Business volume:**

Business volume (formerly called issue volume) comprises total issue volume of Employee Benefits, Incentive and Rewards, Public Social Program solutions and Corporate Payment, plus the transaction volume of Fleet & Mobility Solutions and other solutions.

- **Issue volume:**

Issue volume is the total face value of the funds preloaded on all of the payment solutions issued by Edenred to its corporate and public sector clients.

- **Transaction volume:**

Transaction volume represents the total value of the transactions paid for with payment instruments, at the time of the transaction.

b) Alternative Performance Measurement indicators included in the June 30, 2018 interim Financial Report

The alternative performance measurement indicators outlined below are presented and reconciled with accounting data in the Interim Financial Report.

The alternative performance measurement indicators outlined below are presented and reconciled with accounting data in the interim Financial Report.

Indicator	Reference note in Edenred's 2018 interim condensed consolidated financial statements in the interim Financial Report
Operating revenue	Operating revenue corresponds to: • operating revenue generated by prepaid vouchers managed by Edenred, • and operating revenue from value-added services such as incentive programs, human services and event-related services. It corresponds to the amount billed to the client company and is recognized on delivery of the solutions.
Other operating income	Other operating income is interest generated by investing cash over the period between: • the issue date and the reimbursement date for vouchers, • and the loading date and the redeeming date for cards. The interest represents a component of operating revenue and as such is included in the determination of total income.
EBITDA	This aggregate corresponds to total income (operating revenue and other operating income) less operating expenses.
EBIT	This aggregate is the "Operating profit before other income and expenses", which corresponds to total income (operating revenue and other operating income) less operating expenses, depreciation, amortization (mainly intangible assets, internally generated or acquired assets) and non-operating provisions. It is used as the benchmark for determining senior management and other executive compensation as it reflects the economic performance of the business. EBIT excludes the net profit from equity-accounted companies and excludes the other income and expenses booked in the "Operating profit including share of net profit from equity-accounted companies".
Other income and expenses	*See Note 10.1 of consolidated financial statements*
Funds from operations (FFO)	*See consolidated statement of cash flows (Part 1.4)*

a) Alternative performance measurement indicators not included in the June 30, 2018 interim Financial Report

Indicator	Definitions and reconciliations with Edenred's 2018 interim consolidated financial statements
Operating EBIT	Corresponds to EBIT adjusted for other operating income. As per the consolidated financial statements, operating EBIT as of June 30, 2018 amounted to €190 million, comprising: • €215 million in EBIT • minus €25 million in other operating income.

VII. APPENDICES

Glossary and list of references needed for a proper understanding of financial information

Operating revenue

In € millions	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017
Europe	183	161	179	155	362	316
France	*63*	*57*	*55*	*49*	*118*	*107*
Rest of Europe	*120*	*104*	*124*	*106*	*244*	*209*
Latin America	119	132	124	132	243	263
Rest of the world	17	17	18	19	35	37
Total	**319**	**310**	**321**	**306**	**640**	**616**

In € millions	Q1 Reported	Q1 L/L (excl. Venezuela)	Q2 Reported	Q2 L/L (excl. Venezuela)	H1 Reported	H1 L/L (excl. Venezuela)
Europe	+13.7%	+11.9%	+15.7%	+14.1%	+14.7%	+13.0%
France	+10.3%	+8.6%	+10.8%	+10.2%	+10.5%	+9.4%
Rest of Europe	+15.6%	+13.8%	+18.0%	+15.9%	+16.8%	+14.9%
Latin America	-9.5%	+7.6%	-6.2%	+13.1%	-7.8%	+10.4%
Rest of the world	-3.2%	+6.6%	-5.3%	+9.8%	-4.3%	+8.3%
Total	**+2.9%**	**+9.8%**	**+5.0%**	**+13.4%**	**+4.0%**	**+11.6%**

Other operating income, formerly financial revenue

In € millions	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017
Europe	4	6	3	6	7	12
France	*2*	*3*	*1*	*3*	*3*	*5*
Rest of Europe	*2*	*3*	*2*	*3*	*4*	*7*
Latin America	8	10	8	9	16	20
Rest of the world	1	2	1	1	2	2
Total	**13**	**18**	**12**	**16**	**25**	**34**

In € millions	Q1 Reported	Q1 L/L (excl. Venezuela)	Q2 Reported	Q2 L/L (excl. Venezuela)	H1 Reported	H1 L/L (excl. Venezuela)
Europe	-44.7%	-44.6%	-43.9%	-43.8%	-44.3%	-44.2%
France	*-36.2%*	*-36.2%*	*-34.7%*	*-34.7%*	*-35.5%*	*-35.5%*
Rest of Europe	*-50.7%*	*-50.5%*	*-50.4%*	*-50.1%*	*-50.5%*	*-50.3%*
Latin America	-19.3%	-7.0%	-18.9%	-3.3%	-19.1%	-5.2%
Rest of the world	+1.9%	+24.8%	-14.4%	+12.0%	-6.9%	+17.9%
Total	**-27.1%**	**-18.6%**	**-27.4%**	**-16.5%**	**-27.3%**	**-17.5%**

Total income, formerly total revenue

In € millions	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017
Europe	187	167	182	161	369	328
France	*65*	*60*	*56*	*52*	*121*	*112*
Rest of Europe	*122*	*107*	*126*	*109*	*248*	*216*
Latin America	127	142	132	141	259	283
Rest of the world	18	19	19	20	37	39
Total	**332**	**328**	**333**	**322**	**665**	**650**

In € millions	Q1 Reported	Q1 L/L (excl. Venezuela)	Q2 Reported	Q2 L/L (excl. Venezuela)	H1 Reported	H1 L/L (excl. Venezuela)
Europe	+11.5%	+9.8%	+13.5%	+12.0%	+12.5%	+10.9%
France	*+8.2%*	*+6.6%*	*+8.7%*	*+8.2%*	*+8.4%*	*+7.3%*
Rest of Europe	*+13.3%*	*+11.5%*	*+15.8%*	*+13.8%*	*+14.6%*	*+12.7%*
Latin America	-10.2%	+6.5%	-7.0%	+12.0%	-8.6%	+9.3%
Rest of the world	-2.9%	+7.6%	-5.8%	+10.0%	-4.4%	+8.9%
Total	**+1.3%**	**+8.3%**	**+3.3%**	**+11.9%**	**+2.3%**	**+10.1%**

Operating EBIT & Total EBIT

In € millions	H1 2018	H1 2017	Change reported	Change L/L (excl. Venezuela)
Europe	110	92	+20.9%	+18.0%
France	27	25	+7.2%	+6.2%
Rest of Europe	83	67	+26.0%	+22.3%
Latin America	85	90	-5.9%	+13.5%
Rest of the world	2	2	+1.0%	+14.7%
Holding and others	(7)	(11)	-39.3%	-53.7%
Operating EBIT	**190**	**173**	**+10.6%**	**+20.3%**

In € millions	H1 2018	H1 2017	Change reported	Change L/L (excl. Venezuela)
Europe	117	104	+13.2%	+10.6%
France	30	30	-0.1%	-0.9%
Rest of Europe	87	74	+18.5%	+15.2%
Latin America	101	110	-8.3%	+10.1%
Rest of the world	4	4	-3.2%	+16.4%
Holding and others	(7)	(11)	-39.3%	-53.7%
EBIT	**215**	**207**	**+4.3%**	**+14.0%**

Summarized balance sheet

In € millions ASSETS	June 2018	Dec. 2017 restated	IFRS 9 & IFRS 15	Dec. 2017	June 2017
Goodwill	965	994		994	1,050
Intangible assets	427	433		433	410
Property, plant & equipment	48	46		46	54
Investments in associates	55	62		62	76
Other non-current assets	124	130	32	98	104
Float (Trade receivables, net)	1,783	1,744	(120)	1,864	1,677
Working capital excl. float (assets)	228	236	(3)	239	189
Restricted cash	1,248	1,127		1,127	1,016
Cash & cash equivalents	1,342	1,439	(1)	1,440	1,517
TOTAL ASSETS	**6,220**	**6,211**	**(92)**	**6,303**	**6,092**

In € millions LIABILITIES	June 2018	Dec. 2017 restated	IFRS 9 & IFRS 15	Dec. 2017	June 2017
Total equity	(1,569)	(1,362)	(75)	(1,287)	(1,404)
Gross debt	2,532	2,136	(17)	2,153	2,732
Provisions and deferred tax	201	219		219	268
Vouchers in circulation (Float)	4,355	4,749		4,749	4,089
Working capital excl. float (liabilities)	701	469		469	407
TOTAL LIABILITIES	**6,220**	**6,211**	**(92)**	**6,303**	**6,092**

	June 2018	Dec. 2017 Proforma		Dec. 2017	June 2017
Total working capital	**3,045**	**3,238**		**3,115**	**2,630**
Of which float:	**2,572**	**3,005**		**2,885**	**2,412**

Reconciliation of 2017 operating revenue according to IFRS 15

	Q1			Q2			Q3			Q4			FY 2017		
In € millions	Reported	**Restated**	*Change*	Reported	**Restated**	*Change*	Reported	**Restated**	*Change*	Reported	**Restated**	*Change*	Reported	**Restated**	Change
Europe	156	**161**	+5	160	**155**	-5	149	**149**	0	208	**187**	-21	673	**652**	-21
France	*50*	***57***	+7	*50*	***49***	-1	*45*	***47***	+2	*74*	***62***	-12	*219*	***215***	-4
Rest of Europe	*106*	***104***	-2	*110*	***106***	-4	*104*	***102***	-2	*134*	***125***	-9	*454*	***437***	-17
Latin America	130	**132**	+2	132	**132**	0	126	**125**	-1	136	**136**	0	524	**525**	+1
Rest of the World	19	**17**	-2	19	**19**	0	18	**19**	+1	19	**21**	+2	75	**76**	+1
Total	**305**	**310**	+5	**311**	**306**	-5	**293**	**293**	0	**363**	**344**	-19	**1 272**	**1 253**	-19

Reconciliation of 2017 operating EBIT according to IFRS 15

	H1 2017			H2 2017			FY 2017		
In € millions	Reported	**Restated**	*Change*	Reported	**Restated**	*Change*	Reported	**Restated**	Change
Europe	85	**92**	+7	98	**83**	-15	183	**175**	-8
France	*18*	***25***	*+7*	*24*	***14***	*-10*	*42*	***39***	*-3*
Rest of Europe	*67*	***67***	*0*	*74*	***69***	*-5*	*141*	***136***	*-5*
Latin America	89	**90**	+1	99	**99**	0	188	**189**	+1
Rest of the World	4	**2**	-2	4	**5**	+1	8	**7**	-1
Holding and others	(11)	**(11)**	0	2	**2**	0	(9)	**(9)**	0
Total	**167**	**173**	+6	**203**	**189**	-14	**370**	**362**	-8

Reconciliation of 2017 EBIT according to IFRS 15

In € millions	H1 2017			H2 2017			FY 2017		
	Reported	**Restated**	*Change*	Reported	**Restated**	*Change*	Reported	**Restated**	Change
Europe	97	**104**	+7	110	**95**	-15	207	**199**	-8
France	*23*	***30***	+7	*29*	***19***	*-10*	*52*	***49***	-3
Rest of Europe	*74*	***74***	*0*	*81*	***76***	*-5*	*155*	***150***	*-5*
Latin America	109	**110**	+1	117	**117**	0	226	**227**	+1
Rest of the World	6	**4**	-2	7	**8**	+1	13	**12**	-1
Holding and others	(11)	**(11)**	*0*	2	**2**	0	(9)	**(9)**	*0*
Total	**201**	**207**	+6	**236**	**222**	-14	**437**	**429**	-8

2

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

I. CONSOLIDATED FINANCIAL STATEMENT

1.1 . CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	First-half 2018	June 30, 2017 Restated*
Operating revenue	4,1	640	616
Other operating income*	4,1	25	34
Total income*	4,1	**665**	**650**
Operating expenses	4,3	(414)	(407)
Depreciation and amortization	5,4	(36)	(36)
Operating profit before other income and expenses (EBIT)	4,1	**215**	**207**
Share of net profit from equity-accounted companies	5,3	6	5
Other income and expenses	10,1	(3)	16
Operating profit including share of net profit from equity-accounted companies		**218**	**228**
Net financial expense	6,1	(15)	(26)
Profit before tax		**203**	**202**
Income tax expense	7	(61)	(65)
NET PROFIT		**142**	**137**
Net profit attributable to owners of the parent		**124**	**123**
Net profit attributable to non-controlling interests		18	14
Weighted average number of shares outstanding (in thousands)	8	234 602	232 598
Earnings per share attributable to owners of the parent (in €)	**8**	**0,53**	**0,53**
Diluted earnings per share (in €)	8	0,52	0,52

* The consolidated income statement has been restated in accordance with IFRS 15 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

1.2 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Notes	First-half 2018	First-half 2017 Restated*
Net profit		**142**	**137**
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.5	(76)	(84)
Fair value adjustments to financial instruments and available-for-sale assets		(6)	17
Tax on items that may be subsequently reclassified to profit or loss		-	(3)
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined-benefit plans		-	(1)
Tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		**(82)**	**(71)**
TOTAL COMPREHENSIVE INCOME		**60**	**66**
Comprehensive income attributable to owners of the parent		**46**	**58**
Comprehensive income attributable to non-controlling interests		**14**	**8**

* The consolidated statement of comprehensive income has been restated in accordance with IFRS 15 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

1.3 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated assets

(in € millions)	Notes	June 30, 2018	Dec. 31, 2017 Restated*
Goodwill	5.1	965	994
Intangible assets	5.2	427	433
Property, plant and equipment		48	46
Investments in equity-accounted companies	5.3	55	62
Non-current financial assets	6.2	47	41
Deferred tax assets		77	89
TOTAL NON-CURRENT ASSETS		**1,619**	**1,665**
Trade receivables	4.4	1,719	1,679
Inventories, other receivables and accruals	4.4	292	301
Restricted cash	4.5	1,248	1,127
Current financial assets	6.3/6.6	33	43
Other marketable securities	6.4/6.6	576	768
Cash and cash equivalents	6.4/6.6	733	628
TOTAL CURRENT ASSETS		**4,601**	**4,546**
TOTAL ASSETS		**6,220**	**6,211**

* The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

Consolidated equity and liabilities

(in € millions)	Notes	June 30, 2018	Dec. 31, 2017 Restated*
Issued capital		479	471
Treasury shares		(28)	(6)
Consolidated retained earnings (accumulated losses)		(1,927)	(1,963)
Cumulative compensation costs – share-based payments		105	98
Cumulative fair value adjustments to financial instruments		7	13
Cumulative actuarial gains (losses) on defined-benefit plans		(3)	(3)
Currency translation adjustment		(430)	(358)
Net profit attributable to owners of the parent		124	241
Equity attributable to owners of the parent		**(1,673)**	**(1,507)**
Non-controlling interests		104	145
Total equity		**(1,569)**	**(1,362)**
Non-current debt	6.5/6.6	1,702	1,748
Other non-current financial liabilities	6.5/6.6	47	17
Non-current provisions	10.2	38	42
Deferred tax liabilities		125	135
TOTAL NON-CURRENT LIABILITIES		**1,912**	**1,942**
Current debt	6.5/6.6	467	68
Other current financial liabilities	6.5/6.6	125	249
Current provisions	10.2	38	42
Funds to be redeemed	4.4	4,355	4,749
Trade payables	4.4	212	177
Current tax liabilities	4.4	7	8
Other payables	4.4	482	284
Bank overdrafts	6.5/6.6	191	54
TOTAL CURRENT LIABILITIES		**5,877**	**5,631**
TOTAL EQUITY AND LIABILITIES		**6,220**	**6,211**

* The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.3 “Changes in accounting methods: application of IFRS 15 and IFRS 9”).

1.4 . CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	First-half 2018	First-half 2017 Restated
+ Net profit attributable to owners of the parent		124	123
+ Non-controlling interests		18	14
- Share of net profit from equity-accounted companies	5.3	(6)	(5)
- Depreciation, amortization and changes in operating provisions		34	35
- Deferred taxes		7	8
- Expenses related to share-based payments		7	6
- Non-cash impact of other income and expenses		(1)	(21)
- Difference between income tax paid and income tax expense		-	7
+ Dividends received from equity-accounted companies	5.3	12	4
= Funds from operations including other income and expenses		**195**	**172**
- (Gains) losses on disposals of assets, net		1	-
- Other income and expenses (including restructuring costs)		4	7
= Funds from operations before other income and expenses (FFO)		**200**	**179**
+ Decrease (increase) in working capital	4.3	(187)	(271)
+ Recurring decrease (increase) in restricted cash	4.3	(121)	(83)
= Net cash from (used in) operating activities		**(108)**	**(175)**
+ Other income and expenses (including restructuring costs) received/paid		20	22
= Net cash from (used in) operating activities including other income and expenses (A)		**(88)**	**(153)**
- Recurring expenditure		(37)	(36)
- External acquisition expenditure, net of cash acquired		(224)	(20)
+ Proceeds from disposals of assets		-	1
= Net cash from (used in) investing activities (B)		**(261)**	**(55)**
+ Capital increase		7	8
- Dividends paid (1)	3.2	(127)	(127)
+ (Purchases) sales of treasury shares		(30)	(17)
+ Increase (decrease) in debt		511	199
+ Acquisition of non-controlling interests		(7)	-
= Net cash from (used in) financing activities (C)		**354**	**65**
- Net foreign exchange differences and fair value adjustments (D)		**(38)**	**(24)**
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	**6.6**	**(33)**	**(167)**
+ Cash and cash equivalents at beginning of period		575	597
- Cash and cash equivalents at end of period		542	430
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6.6**	**(33)**	**(167)**

* The consolidated statement of cash flows has been restated in accordance with IFRS 15 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

(1) Including cash dividends paid to owners of the parent for €104 million (€0.85 per share) and cash dividends paid to non-controlling interests in subsidiaries for €23 million.

Net cash and cash equivalents at the end of the period can be analyzed as follows:

		June 30, 2018	June 30, 2017 Restated
+ Cash and cash equivalents	6.4	733	479
- Bank overdrafts	6.5	(191)	(49)
= CASH AND CASH EQUIVALENTS AT END OF PERIOD		**542**	**430**

1.5 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Issued capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings (2)	Cumulative compensation costs – share-based payments	Cumulative fair value adjustments to financial instruments and available-for-sale assets	Cumulative actuarial gains (losses) on defined-benefit plans	Currency translation adjustment (1)	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Total non-controlling interests	Total equity
Dec. 31, 2016 reported	**467**	**682**	**(32)**	**(2,381)**	**86**	**3**	**(5)**	**(230)**	**180**	**(1,230)**	**69**	**(1,161)**
Impact of IFRS 15 (5)				(55)						**(55)**	(2)	**(57)**
Dec. 31, 2016 restated (IFRS 15) (5)	**467**	**682**	**(32)**	**(2,436)**	**86**	**3**	**(5)**	**(230)**	**180**	**(1,285)**	**67**	**(1,218)**
Appropriation of 2016 net profit	-	-	-	180	-	-	-	-	(180)	**-**	-	**-**
Increase (decrease) in share capital										**-**		**-**
- in cash	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- cancellation of treasury shares	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- options exercised	-	(2)	-	-	-	-	-	-	-	**(2)**	-	**(2)**
- dividends reinvested in new shares	4	31	-	-	-	-	-	-	-	**35**	-	**35**
Dividends paid	-	-	-	(144)	-	-	-	-	-	**(144)**	(15)	**(159)**
Changes in consolidation scope	-	-		(263)	-	-	-	-	-	**(263)**	87	**(176)**
Compensation costs – share-based payments	-	-	-	-	-	-	-	-	-	**-**	-	**-**
(Acquisitions) disposals of treasury shares	-	-	(7)	-	-	-	-	-	-	**(7)**	-	**(7)**
Other comprehensive income	**-**	**-**	**-**	**-**	**6**	**8**	**(1)**	**(78)**	**-**	**(65)**	**(6)**	**(71)**
Net profit for the period	-	-	-	-	-	-	-	-	123	**123**	14	**137**
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**	**6**	**8**	**(1)**	**(78)**	**123**	**58**	**8**	**66**
June 30, 2017 restated (IFRS 15) (5)	**471**	**711**	**(39)**	**(2,663)**	**92**	**11**	**(6)**	**(308)**	**123**	**(1,608)**	**147**	**(1,461)**
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- in cash	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- cancellation of treasury shares	(2)	(27)	31	-	-	-	-	-	-	**2**	-	**2**
- options exercised	2	13	-	(15)	-	-	-	-	-	**-**	-	**-**
- dividends reinvested in new shares	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	-	-	-	-	**-**	(2)	**(2)**
Changes in consolidation scope	-	-	-	26	-	-	-	-	-	**26**	(14)	**12**
Compensation costs – share-based payments	-	-	-	-	12	-	-	-	-	**12**	-	**12**
(Acquisitions) disposals of treasury shares	-	-	2	-	-	-	-	-	-	**2**	-	**2**
Other comprehensive income	**-**	**-**	**-**	**-**	**(6)**	**2**	**3**	**(50)**	**-**	**(51)**	**(4)**	**(55)**
Net profit for the period	-	-	-	-	-	-	-	-	118	**118**	22	**140**
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**	**(6)**	**2**	**3**	**(50)**	**118**	**67**	**5**	**72**
Dec. 31, 2017 restated (IFRS 15) (5)	**471**	**697**	**(6)**	**(2,652)**	**98**	**13**	**(3)**	**(358)**	**241**	**(1,499)**	**149**	**(1,350)**
Impact of IFRS 9 (5)	-	-	-	(8)	-	-	-	-	-	**(8)**	(4)	**(12)**
Dec. 31, 2017 restated (IFRS 15 & 9) (5)	**471**	**697**	**(6)**	**(2,660)**	**98**	**13**	**(3)**	**(358)**	**241**	**(1,507)**	**145**	**(1,362)**
Appropriation of 2017 net profit	-	-	-	241	-	-	-	-	(241)	**-**	-	**-**
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- in cash	-	-	-	-	-	-	-	-	-	**-**	-	**-**
- cancellation of treasury shares	(1)	(7)	-	-	-	-	-	-	-	**(8)**	-	**(8)**
- options exercised	1	6	-	-	-	-	-	-	-	**7**	-	**7**
- dividends reinvested in new shares	8	88	-	-	-	-	-	-	-	**96**	-	**96**
Dividends paid (3)	-	-	-	(200)	-	-	-	-	-	**(200)**	(23)	**(223)**
Changes in consolidation scope (4)	-	-	-	(92)	-	-	-	-	-	**(92)**	(32)	**(124)**
Compensation costs – share-based payments	-	-	-	-	7	-	-	-	-	**7**	-	**7**
(Acquisitions) disposals of treasury shares	-	-	(22)	-	-	-	-	-	-	**(22)**	-	**(22)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(6)**	**-**	**(72)**	**-**	**(78)**	**(4)**	**(82)**
Net profit for the period	-	-	-	-	-	-	-	-	124	**124**	18	**142**
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**	**-**	**(6)**	**-**	**(72)**	**124**	**46**	**14**	**60**
June 30, 2018	**479**	**784**	**(28)**	**(2,711)**	**105**	**7**	**(3)**	**(430)**	**124**	**(1,673)**	**104**	**(1,569)**

(1) See Note 1.5 "Presentation currency and foreign currencies", and Note 11 "Exchange rates" detailing the main exchange rates used in 2017 and 2018. The €430 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Brazilian real for €218 million, the Venezuelan bolivar fuerte for €130 million and the pound Sterling for €22 million.

(2) This amount includes the €1,894 million negative impact of acquiring Edenred entities owned by Accor and deducted from equity following the demerger in June 2010.

(3) Corresponding to the distribution of €200 million paid to Group shareholders (of which €104 million in cash and €96 million in shares – see Note 3.2 "Payment of the 2017 dividend") and €23 million paid to minority shareholders.

(4) Changes in attributable scope of consolidation in first-half 2018 mainly include the impact of increasing the Group's interest in ProwebCE from 71% to 99.3% through the exercise in April 2018 of a call option on PWCE Participations shares, the increase of the Group's interest in Repom from 40% to 65% through the acquisition of non-controlling interests, the increase of the Group's interest in UTA from 66% to 83% through the June 2018 acquisition of non-controlling interests, and the recognition of a liability arising from put option relating to the acquisition of Timex Card. In 2017, the main impact on the attributable scope of consolidation was the acquisition of UTA.

(5) Changes in equity have been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.3 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PRÉAMBLE

This icon highlights an IFRS standard issue.

This icon highlights a definition specific to the Edenred Group.

This icon indicates the use of an estimate or judgment. When the Group uses estimates and assumptions, it applies the method presented in Note 1.6. In the absence of standards or interpretations applicable to a specific transaction, the management of Edenred uses judgment to define and apply the accounting methods that will provide relevant and reliable information, so that the financial statements present a true and fair view of the financial position, the financial performance and the cash flows of the Group, and show the economic reality of transactions.

This icon highlights the figures of the Group for the current year as well as the comparative period.

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 APPROVAL OF THE FINANCIAL STATEMENTS

The Edenred Group's condensed consolidated financial statements for the six months ended June 30, 2018 were approved by the Board of Directors on July 23, 2018.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002, the Edenred consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting. Since they are condensed financial statements, they do not include all the disclosures required under IFRS for the preparation of complete financial statements and must therefore be read in conjunction with the 2017 consolidated financial statements.

The accounting principles used to prepare the condensed consolidated financial statements are in line with IFRS standards and interpretations, as adopted by the European Union at June 30, 2018, which can be viewed at the following address:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr#overview

The accounting policies used by the Group to prepare the condensed interim consolidated financial statements are the same as those applied to prepare the 2017 consolidated financial statements, with the exception of:

(1) the standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2018 (see Note 1.3);

(2) the specific items relating to the preparation of interim financial statements (see Note 1.4).

1.3 CHANGES IN ACCOUNTING METHODS: APPLICATION OF IFRS 15 AND IFRS 9

1.3.1 IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15, which replaces IAS 18 and IAS 11, is applicable for periods beginning on or after January 1, 2018. The Group has chosen to adopt the full retrospective approach to applying the new standard. The 2017 comparative information presented in the financial statements for the period ended June 30, 2018 has been restated in accordance with IFRS 15 and the transition impact recognized in opening equity at January 1, 2017. The restatement enables users of the financial statements to compare financial information for the first six months of 2018 with (i) that of the comparative period of 2017 for the income statement, and (ii) that of the comparative year of 2017 for the statement of financial position.

The core principle of IFRS 15 is that revenue is recognized upon the transfer of control of goods or services to the customer. IFRS 15 also provides specific guidance on breaking down contracts into performance obligations and on measuring revenue in specific circumstances.

Following an in-depth analysis of the impacts of the standard on its business, the Group has identified the following main changes:

- Principal/agent arrangements are henceforth analyzed on the basis of the "transfer of control" and no longer on the "transfer of risks and rewards". Based on a review of the contracts affected by this change, amounts previously recognized in "Revenue" have been reclassified to "Operating expenses". This is because, under IFRS 15, only amounts received by the Group in its capacity of principal may be recognized as revenue.

  This change gives rise to a €6 million decrease in revenue over the first half of 2017 but, as a reclassification between two income statement items, has no impact on opening equity at January 1, 2017.

- The operative event for revenue recognition is henceforth the transfer of control. The impact of this new principle is to defer the recognition date for a portion of the commissions received from partner merchants in respect of the "Employee Benefits" and "Incentive & Rewards" businesses from the voucher issue date to the date on which vouchers are presented for reimbursement.

  This change gives rise to a €6 million increase in revenue over the first half of 2017 due to the seasonal nature of the business.

  Taking into account this seasonal effect, the full impact on operating revenue for the first half of 2018 is not material.

The net impact on opening equity at January 1, 2017 is a negative €57 million recognized with a corresponding entry to "Inventories, other receivables and accruals" for a negative €82 million and to "Deferred tax assets" for a positive €25 million.

As the net impact represents only 1% of the total statement of financial position at January 1, 2017, it is not considered material.

Lastly, for the purpose of applying IFRS 15, the Group has decided to rename the following line items:

- "Financial revenue" to "Other operating income";
- "Total revenue" to "Total income".

1.3.2 IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Group has chosen to adopt the retrospective approach to applying the new standard, with the exception of the hedge accounting provisions of IFRS 9 applicable prospectively. The transition impact has therefore been incorporated into the restated statement of financial position at December 31, 2017 in the financial statements presented below.

The main changes under IFRS 9 affect the following areas:

- Impairment of financial assets measured at amortized cost: under IFRS 9, impairment is recognized on the basis of expected losses and no longer on incurred losses. A provision for impairment will therefore need to be recognized as soon as the receivable arises. For receivables with no significant financing component, the Group applies the alternative model, which consists of recognizing a provision equal to the lifetime expected losses on the contract.

  The impact of this new provision on equity at January 1, 2018 is €33 million before tax.

- Classification and measurement of financial assets: IFRS 9 defines new categories for the presentation and measurement of financial assets. It also modifies the accounting treatment of potential income on equity investments, which entities may elect to recognize through other comprehensive income. In this case, it is not possible to reclassify the income on disposal to profit or loss.

  The Group has not identified any material impacts arising from these new principles on opening equity at January 1, 2018 and does not anticipate any material impacts in 2018.

  Hedge accounting: under IFRS 9, the hedge accounting eligibility criteria have been modified, allowing for a better alignment of the standard with internal risk management practices. Changes have also been made to the accounting treatment of hedge accounting relationships, including the treatment of time values and forward points and the adjustment of the carrying amount of hedged items. As the provisions are applicable prospectively, no impact has been recognized on opening equity. The Group does not anticipate any material impacts in 2018.

- Financial liabilities: although IFRS 9 does not make any substantial changes to the recognition of financial liabilities, it does provide guidance on the accounting treatment of modifications of debts that do not require derecognition. The impact of the renegotiation must be recognized immediately in profit or loss and all interest accruing in subsequent years will be calculated at the historical rate. These new provisions have given rise to a positive pre-tax impact of €17 million on opening equity, recognized with a corresponding decrease in debt at January 1, 2018.
  In the income statement, an additional financial expense of €2 million has been recognized over the remaining term of the loan, i.e., until 2025.

The overall impact of the new standard is thus a €12 million decrease in net equity.

1.3.3 IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Assets *(in € millions)*	Dec. 31, 2017 Reported	Impact of IFRS 15	Impact of IFRS 9	Dec. 31, 2017 Restated	Dec. 31, 2016 Reported	Impact of IFRS 15	Dec. 31, 2016 Restated
Goodwill	994	-	-	994	904	-	904
Intangible assets	433	-	-	433	313	-	313
Property, plant and equipment	46	-	-	46	38	-	38
Investments in equity-accounted companies	62	-	-	62	151	-	151
Non-current financial assets	41	-	-	41	41	-	41
Deferred tax assets	57	27	5	89	69	25	94
TOTAL NON-CURRENT ASSETS	**1,633**	**27**	**5**	**1,665**	**1,516**	**25**	**1,541**
Trade receivables	1,712	-	(33)	1,679	1,415	-	1,415
Inventories, other receivables and accruals	391	(90)	-	301	326	(82)	244
Restricted cash	1,127	-	-	1,127	942	-	942
Current financial assets	43	-	-	43	49	-	49
Other marketable securities	768	-	-	768	735	-	735
Cash and cash equivalents	629	-	(1)	628	649	-	649
TOTAL CURRENT ASSETS	**4,670**	**(90)**	**(34)**	**4,546**	**4,116**	**(82)**	**4,034**
TOTAL ASSETS	**6,303**	**(63)**	**(29)**	**6,211**	**5,632**	**(57)**	**5,575**

Liabilities and equity *(in € millions)*	Dec. 31, 2017 Reported	Impact of IFRS 15	Impact of IFRS 9	Dec. 31, 2017 Restated	Dec. 31, 2016 Reported	Impact of IFRS 15	Dec. 31, 2016 Restated
Issued capital	471	-	-	471	467	-	467
Treasury shares	(6)	-	-	(6)	(32)	-	(32)
Consolidated retained earnings	(1,900)	(55)	(8)	(1,963)	(1,699)	(55)	(1,754)
Cumulative compensation costs – share-based payments	98	-	-	98	86	-	86
Cumulative fair value adjustments to financial instruments	13	-	-	13	3	-	3
Cumulative actuarial gains (losses) on defined-benefit plans	(3)	-	-	(3)	(5)	-	(5)
Currency translation adjustment	(357)	(1)	-	(358)	(230)	-	(230)
Net profit attributable to owners of the parent	247	(6)	-	241	180	-	180
Equity attributable to owners of the parent	**(1,437)**	**(62)**	**(8)**	**(1,507)**	**(1,230)**	**(55)**	**(1,285)**
Non-controlling interests	150	(1)	(4)	145	69	(2)	67
Total equity	**(1,287)**	**(63)**	**(12)**	**(1,362)**	**(1,161)**	**(57)**	**(1,218)**
Non-current debt	1,765	-	(17)	1,748	1,355	-	1,355
Other non-current financial liabilities	17	-	-	17	50	-	50
Non-current provisions	42	-	-	42	42	-	42
Deferred tax liabilities	135	-	-	135	129	-	129
TOTAL NON-CURRENT LIABILITIES	**1,959**	**-**	**(17)**	**1,942**	**1,576**	**-**	**1,576**
Current debt	68	-	-	68	527	-	527
Other current financial liabilities	249	-	-	249	37	-	37
Current provisions	42	-	-	42	35	-	35
Funds to be redeemed	4,749	-	-	4,749	4,182	-	4,182
Trade payables	177	-	-	177	142	-	142
Current tax liabilities	8	-	-	8	13	-	13
Other payables	284	-	-	284	229	-	229
Bank overdrafts	54	-	-	54	52	-	52
TOTAL CURRENT LIABILITIES	**5,631**	**-**	**-**	**5,631**	**5,217**	**-**	**5,217**
TOTAL EQUITY AND LIABILITIES	**6,303**	**(63)**	**(29)**	**6,211**	**5,632**	**(57)**	**5,575**

Income statement

(in € millions)	First-half 2017 Reported	Impact of IFRS 15	First-half 2017 Restated
Operating revenue	616	0	616
Other operating income	34	-	34
Total income	**650**	**0**	**650**
Operating expenses	(413)	6	(407)
Depreciation and amortization	(36)	-	(36)
EBIT	**201**	**6**	**207**
Share of net profit from equity-accounted companies	5	-	5
Other income and expenses	16	-	16
Operating profit including share of net profit from equity-accounted companies	**222**	**6**	**228**
Net financial expense	(26)	-	(26)
Profit before tax	**196**	**6**	**202**
Income tax expense	(62)	(3)	(65)
NET PROFIT	**134**	**3**	**137**
Net profit attributable to owners of the parent	**120**	**3**	**123**
Net profit attributable to non-controlling interests	14	-	14
Weighted average number of shares outstanding (in thousands)	232 598	-	232 598
Earnings per share attributable to owners of the parent (in €)	**0,52**	**0,01**	**0,53**
Diluted earnings per share (in €)	0,51	0,01	0,52

Income statement

(in € millions)	2017 Reported	Impact of IFRS 15	2017 Restated
Operating revenue	1 272	(19)	1 253
Other operating income	67	-	67
Total income	**1 339**	**(19)**	**1 320**
Operating expenses	(829)	11	(818)
Depreciation and amortization	(73)	-	(73)
EBIT	**437**	**(8)**	**429**
Share of net profit from equity-accounted companies	11	-	11
Other income and expenses	(7)	-	(7)
Operating profit including share of net profit from equity-accounted companies	**441**	**(8)**	**433**
Net financial expense	(50)	-	(50)
Profit before tax	**391**	**(8)**	**383**
Income tax expense	(108)	2	(106)
NET PROFIT	**283**	**(6)**	**277**
Net profit attributable to owners of the parent	**247**	**(6)**	**241**
Net profit attributable to non-controlling interests	36	-	36
Weighted average number of shares outstanding (in thousands)	233 064	-	233 064
Earnings per share attributable to owners of the parent (in €)	**1,06**	**(0,03)**	**1,03**
Diluted earnings per share (in €)	1,05	(0,03)	1,02

Statement of cash flows *(in € millions)*	**First-half 2017** **Reported**	**Impact of** **IFRS 15**	**First-half 2017** **Restated**
+ Net profit attributable to owners of the parent	120	3	123
+ Non-controlling interests	14	-	14
- Share of net profit from equity-accounted companies	(5)	-	(5)
- Depreciation, amortization and changes in operating prov isions	35	-	35
- Deferred taxes	6	2	8
- Expenses related to share-based payments	6	-	6
- Non-cash impact of other income and expenses	(21)	-	(21)
- Difference between income tax paid and income tax expense	7	-	7
+ Div idends receiv ed from equity-accounted companies	4	-	4
= Funds from operations including other income and expenses	**167**	**5**	**172**
- Other income and expenses (including restructuring costs)	7	-	7
= Funds from operations before other income and expenses (FFO)	**174**	**5**	**179**
+ Decrease (increase) in working capital	(266)	(5)	(271)
+ Recurring decrease (increase) in restricted cash	(83)	-	(83)
= Net cash from (used in) operating activities	**(175)**	**-**	**(175)**
+ Other income and expenses (including restructuring costs) receiv ed/paid	22	-	22
+ Non-recurring decrease (increase) in restricted cash	-	-	
= Net cash from (used in) operating activities including other income and expenses (A)	**(153)**	**-**	**(153)**
- Recurring expenditure	(36)	-	(36)
- External acquisition expenditure, net of cash acquired	(20)	-	(20)
+ Proceeds from disposals of assets	1	-	1
= Net cash from (used in) investing activities (B)	**(55)**	**-**	**(55)**
+ Capital increase	8	-	8
- Div idends paid	(127)	-	(127)
+ (Purchases) sales of treasury shares	(17)	-	(17)
+ Increase (decrease) in debt	199	-	199
= Net cash from (used in) financing activities (C)	**65**	**-**	**65**
- Net foreign exchange differences and fair value adjustments (D)	**(24)**	**-**	**(24)**
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	**(167)**	**-**	**(167)**
+ Cash and cash equiv alents at beginning of period	597	-	597
- Cash and cash equiv alents at end of period	430	-	430
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(167)**	**-**	**(167)**

1.4 SPECIFIC ITEMS RELATING TO THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

Income tax

For the interim consolidated financial statements, current and deferred income tax expense is calculated by applying to profit before tax for the period the estimated annual average tax rate for the current fiscal year for each entity or tax group.

Post-employment benefits and other long-term employee benefits

The expense for the period relating to post-employment benefits and other long-term employee benefits corresponds to half of the projected annual expense, determined based on the data and actuarial assumptions used at the 2017 year-end.

In the event of significant changes in certain factors, such as market conditions and plan settlements and curtailments, the actuarial assumptions used by the Group to calculate the employee benefit obligation at the end of interim periods differ from those used at year-end.

1.5 PRESENTATION CURRENCY AND FOREIGN CURRENCIES

The presentation currency is the euro. Amounts are rounded to the nearest million euros.

In accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, and for consolidation needs, balance sheet items expressed in a functional currency other than the euro are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Income statements expressed in a functional currency other than the euro are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit or loss on disposal or closing of the business.

Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the consolidated financial statements for the period ending June 30, 2018 are presented in Note 11.

The impact on attributable consolidated equity of currency translation adjustments was a negative €72 million between December 31, 2017 and June 30, 2018, as presented in the consolidated statement of changes in equity. This difference was mainly due to the depreciation of the Brazilian real for €67 million and the depreciation of the Venezuelan bolivar fuerte for €3 million (see Note 3.1) against the euro.

1.6 . USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements requires the application of judgment and the use of estimates and assumptions to determine the reported amount of certain assets, liabilities, income and expenses, and to take into account the potential positive or negative effect of uncertainties existing at the balance sheet date. Due to changes in the assumptions used and economic conditions different from those existing at the closing date, the amounts in the Group's future financial statements could be materially different from current estimates.

NOTE 2 : ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

Acquisitions, development projects and disposals in 2018

Timex

On January 12, 2018, Edenred announced the acquisition, through its subsidiary UTA, of a 51% stake in its Poland-based distributor Timex Card, which also operates in Estonia, Latvia, Lithuania and Ukraine.

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated primarily to the customer list for €12 million and the residual difference to goodwill for €14 million.

The process of allocating the purchase price to the identifiable assets acquired and liabilities and contingent liabilities assumed, based on the recognition principles in IFRS 3 (revised), and aligning recognition and measurement methods will be completed within 12 months of the acquisition date.

A non-current financial liability was recognized in the financial statements at June 30, 2018 in the amount of €17 million for the put option granted to Timex's minority shareholder for the remaining 49% interest. The option is exercisable as of August 2020.

The impact of consolidating Timex in the consolidated financial statements for the six months ended June 30, 2018 are as follows:

(in € millions)	TIMEX June 30, 2018
Non-current assets	27
Current assets	49
Total assets	**76**
Equity and non-current liabilities*	31
Current liabilities	45
Total equity and liabilities	**76**

* Excluding financial liabilities arising on the €17 million put option.

(in € millions)	TIMEX First-half 2018 (6 months)
Total income	2
EBIT	**2**
Net profit attributable to owners of the parent	**1**

ProwebCE

In April 2018, the Edenred Group acquired an additional 28% stake in ProwebCE, the French leader in solutions for works councils, thereby increasing its interest in the company from 71% to 99.3%.

In accordance with IFRS 3 (revised), this transaction between shareholders was recorded in the consolidated financial statements within equity. The accretive impact of the operation on net profit attributable to owners of the parent is not material for the six months ended June 30, 2018.

UTA

On December 28, 2017, the Group was notified by Hermes Mineralöl GmbH, co-founder and minority shareholder of UTA, of its intention to exercise its put option on a 17% stake. The transaction was approved by the relevant competition authorities and finalized on June 14, 2018. Edenred now holds an 83% interest in UTA.

In accordance with IFRS 3 (revised), this transaction between shareholders was recorded in the consolidated financial statements within equity. The accretive impact of the operation on net profit attributable to owners of the parent is not material for the six months ended June 30, 2018.

Note that, with respect to the remaining 17% interest held by minority shareholder Eckstein, a current financial liability has been recognized in the financial statements. At June 30, 2018, this liability amounted to €91 million.

Acquisitions, development projects and disposals in 2017

Vasa Slovensko

On October 16, 2017, Edenred acquired the entire capital of Vasa Slovensko and became the market leader in meal vouchers in Slovakia, where it has been operating since 1994.

The acquisition is part of the Fast Forward strategic plan, which notably aims to increase the Group's penetration rate in its Employee Benefits markets.

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated primarily to the customer list for €11 million and the residual difference to goodwill for €18 million.

The effects of consolidating Vasa Slovensko on the consolidated financial statements for the period ended June 30, 2018 were as follows:

(in € millions)	VASA SLOVENSKO 2018 (6 months)	VASA SLOVENSKO 2017 (3 months)
Total income	3	2
EBIT	**1**	**1**
Net profit attributable to owners of the parent	**1**	**1**

NOTE 3 : SIGNIFICANT EVENTS

3.1 . CHANGE OF THE BOLIVAR FUERTE EXCHANGE RATE IN 2017 AND FIRST-HALF 2018

Devaluation of the bolivar fuerte in 2017 and first-half 2018

On May 19, 2017, the Venezuelan government and central bank modified the exchange control system. The new minimum value for the DICOM was set at 1,800 bolivars to the US dollar. The DICOM was suspended by the central bank on September 4, 2017 before reopening on April 16, 2018.

On February 5, 2018, Venezuela's central bank announced a devaluation of more than 99% of its official exchange rate with the launch of a new foreign exchange platform, resulting in an exchange rate of 30,987.5 bolivars per euro, equivalent to around 25,000 bolivars fuerte per dollar.

The value of the currency has continued to decline significantly since the announcement, averaging 56,402 bolivars to the euro in first-half 2018 and closing at 111,777 bolivars to the euro.

Edenred's position

For first-half 2018, the Group decided to use SIMADI/DICOM bolivar fuerte to US dollar exchange rates, as presented in the table below:

	First-half 2018		2017	
	Average rate*	Closing rate**	Average rate	Closing rate
Bolivar fuerte to US dollar exchange rate used by Edenred, translated into euros	56,402	111,777	2,410	4,007

** Average of SIMADI/DICOM bolivar fuerte to US dollar exchange rates since January 1, 2018, translated into euros.*

*** Latest SIMADI/DICOM bolivar fuerte to US dollar exchange rate in June 2018, translated into euros.*

Bolivar fuerte exchange rate sensitivity analysis

A 50% variation in the bolivar fuerte to US dollar exchange rate, translated into euros, would have the following impacts:

(in € millions)	First-half 2018 +/- 50%*		2017 +/- 50%**		% contribution to Group total
	€m	% Group total	€m	% Group total	
Total income	0	0.0%	2	0.1%	0.1%
EBIT	0	0.0%	0	0.0%	0.2%
Net profit	1	0.5%	1	0.5%	1.9%
Net profit attributable to owners of the parent	1	0.4%	1	0.5%	1.6%
Net debt	(2)	-0.3%	(2)	-0.3%	0.4%

* Based on an actual average VEF/EUR exchange rate of 56,402, the rates used are 112,804 (-50%) and 37,601 (+50%).

** Based on an actual average VEF/EUR exchange rate of 2,410, the rates used are 4,821 (-50%) and 1,607 (+50%).

If it were to remove its Venezuelan subsidiaries from its scope of consolidation, the Group would have to transfer the historical translation differences previously recognized in equity attributable to owners of the parent to net profit, i.e., a negative €130 million at June 30, 2018 out of a total loss of €153 million including non-controlling interests.

3.2 . PAYMENT OF THE 2017 DIVIDEND

At the Annual Meeting on May 3, 2018, Edenred shareholders approved the payment of a 2017 dividend of €0.85 per share, with the option of reinvesting 100% of the dividend paid in new shares.

The reinvestment period, which ran from May 14 to May 25, 2018, led to the issue of 3,863,610 new shares of Edenred common stock, representing 1.64% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 8, 2018.

The new shares carry dividend rights from January 1, 2018 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprises 239,266,350 shares.

The total cash dividend amounted to €104 million and was paid to Group shareholders on June 8, 2018.

3.3 . SUBSEQUENT EVENTS

Acquisition of Peru-based Efectibono, an issuer of meal vouchers and Incentive and Rewards solutions

In July 2018, Edenred announced the acquisition of Peru-based Efectibono, an independent issuer of meal vouchers and Incentive and Rewards solutions, in paper and digital format. The acquisition will enable Edenred to become the co-leader of Peru's employee benefits market, which is benefiting from the increasing formalization and digitization of the economy. Edenred intends to generate synergies by migrating Efectibono clients to the Group's digital platform.

NOTE 4 : OPERATING ACTIVITY

4.1 . SEGMENT INFORMATION

Introduction

Like-for-like growth corresponds to organic growth, that is, growth at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Organic (or like-for-like) growth in revenue represents the difference between the amount for the current period and the amount for the comparative period, before the currency effect and the impact of acquisitions and/or disposals.

The impact of acquisitions is eliminated from the amount reported for the current period and changes in activity are calculated in relation to this adjusted amount for the current period.

In case of a disposal, the impact of the disposal is neutralized in the published amount of the comparative period and the activity variation is calculated by using this restated amount of the comparative period.

The calculation of changes in activity is translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

4.1.1. CONDENSED FINANCIAL INFORMATION

FIRST-HALF 2018

Income statement

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2018
Operating revenue	**118**	**244**	**243**	**35**	**-**	**640**
Other operating income	3	4	16	2	-	**25**
Total external income	**121**	**248**	**259**	**37**	**-**	**665**
Inter-segment rev enue	-	5	-	-	(5)	**0**
TOTAL INCOME FROM OPERATING SEGMENTS	**121**	**253**	**259**	**37**	**(5)**	**665**
OPERATING EXPENSES	**(85)**	**(154)**	**(143)**	**(32)**	**-**	**(414)**
EBITDA	**36**	**99**	**116**	**5**	**(5)**	**251**
EBIT	**30**	**87**	**101**	**4**	**(7)**	**215**

FIRST-HALF 2017

Income statement

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2017 Restated
Operating revenue	**107**	**210**	**262**	**37**	**-**	**616**
Other operating income	5	7	20	2	-	**34**
Total external income	**112**	**217**	**282**	**39**	**-**	**650**
Inter-segment rev enue	-	4	-	-	(4)	**0**
TOTAL INCOME FROM OPERATING SEGMENTS	**112**	**221**	**282**	**39**	**(4)**	**650**
OPERATING EXPENSES	**(77)**	**(136)**	**(155)**	**(33)**	**(6)**	**(407)**
EBITDA	**35**	**85**	**127**	**6**	**(10)**	**243**
EBIT	**30**	**74**	**110**	**4**	**(11)**	**207**

Changes in total income and EBIT

Changes in total income and EBIT between first-half 2018 and first-half 2017 break down as follows:

			Δ First-half 2018/First-half 2017 restated							
			Organic growth		Changes in consolidation scope		Currency effect		Total change	
(in € millions)	**First-half 2018**	**First-half 2017 Restated**	In €m	As a %	In €m	As a %	In €m	As a %	**In €m**	**As a %**
Operating revenue	640	616	109	+17.8%	6	+1.0%	(91)	-14.8%	24	+4.0%
Other operating income	25	34	(6)	-17.4%	(0)	-0.2%	(3)	-9.6%	(9)	-27.3%
Total external income	**665**	**650**	**103**	**+15.9%**	**6**	**+0.9%**	**(94)**	**-14.5%**	**15**	**+2.3%**
OPERATING EXPENSES	**(414)**	**(407)**	**(53)**	**+12.9%**	**(3)**	**-0.7%**	**49**	**+12.2%**	**(7)**	**+1.4%**
EBITDA	**251**	**243**	**50**	**+20.8%**	**3**	**+1.3%**	**(45)**	**-18.3%**	**8**	**+3.8%**
EBIT	**215**	**207**	**48**	**+23.2%**	**2**	**+1.2%**	**(42)**	**-20.1%**	**8**	**+4.3%**

4.1.2. SEGMENT INFORMATION BY INDICATOR

Total income

The Group's total income is made up of operating revenue and other operating income.

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holdings et autres	TOTAL
Total income – first-half 2018	121	248	259	37		**665**
Total income – first-half 2017 restated	112	216	283	39	-	**650**
Change	9	32	(24)	(2)	-	**15**
% change	+8,4%	+14,6%	-8,6%	-4,4%		**+2,3%**
LIKE-FOR-LIKE CHANGE	**8**	**28**	**64**	**3**		**103**
LIKE-FOR-LIKE CHANGE AS A %	**+7,3%**	**+12,8%**	**+22,7%**	**+8,9%**		**+15,9%**

Operating revenue by region

Changes in operating revenue between June 30, 2017 and June 30, 2018 break down as follows:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Operating revenue – first-half 2018	118	244	243	35	-	**640**
Operating revenue – first-half 2017 restated	107	209	263	37	-	**616**
Change	11	35	(20)	(2)	-	**24**
% change	+10.5%	+16.8%	-7.8%	-4.3%	-	**+4.0%**
LIKE-FOR-LIKE CHANGE	**10**	**31**	**65**	**3**	**-**	**109**
LIKE-FOR-LIKE CHANGE AS A %	**+9.4%**	**+14.9%**	**+24.8%**	**+8.3%**		**+17.8%**

Other operating income

Other operating income (formerly financial revenue) is the interest generated by investing cash over the period between:

- the issue date and the reimbursement date for prepaid vouchers; and
- the loading date and the redeeming date for prepaid cards.

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Other operating income – first-half 2018	3	4	16	2	-	**25**
Other operating income – first-half 2017 restated	5	7	20	2	-	**34**
Change	(2)	(3)	(4)	(0)	-	**(9)**
% change	-35.5%	-50.5%	-19.1%	-6.9%	-	**-27.3%**
LIKE-FOR-LIKE CHANGE	**(2)**	**(3)**	**(1)**	**0**	**-**	**(6)**
LIKE-FOR-LIKE CHANGE AS A %	**-35.5%**	**-50.3%**	**-4.9%**	**+17.9%**		**-17.4%**

EBITDA

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBITDA – first-half 2018	36	99	116	5	(5)	**251**
EBITDA – first-half 2017 restated	35	85	127	6	(10)	**243**
Change	1	14	(11)	(1)	5	**8**
% change	+2.2%	+16.7%	-8.1%	-6.3%	-51.1%	**+3.8%**
LIKE-FOR-LIKE CHANGE	**1**	**11**	**31**	**1**	**6**	**50**
LIKE-FOR-LIKE CHANGE AS A %	**+1.5%**	**+13.1%**	**+25.1%**	**+10.2%**	**-68.0%**	**+20.8%**

EBITDA corresponds to total income less operating expenses.

Operating profit before other income and expenses (EBIT)

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBIT – first-half 2018	30	87	101	4	(7)	**215**
EBIT – first-half 2017 restated	30	74	110	4	(11)	**207**
Change	-	13	(9)	-	4	**8**
% change	-0.1%	+18.5%	-8.3%	-3.2%	-39.3%	**+4.3%**
LIKE-FOR-LIKE CHANGE	**-**	**11**	**30**	**1**	**6**	**48**
LIKE-FOR-LIKE CHANGE AS A %	**-0.9%**	**+15.2%**	**+27.4%**	**+16.4%**	**-53.7%**	**+23.2%**

4.2 . OPERATING REVENUE BY BUSINESS LINE

In accordance with IFRS 15, revenue is recognized upon the transfer of control to the customer.

- "Employee Benefits" and "Fleet & Mobility Solutions":
    - commissions received from corporate clients are recognized when vouchers are issued and sent to clients;
    - commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement by the beneficiary;
    - profits on vouchers that expire without being reimbursed are recognized in income gradually, after the expiry date of the reimbursement rights.

  All revenue generated through principal/agent arrangements in which the Group acts as the principal is recognized in full. Where the Group acts as the agent, only the agency commission will be recognized.
- "Complementary Solutions": the revenue corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions.

In addition to the information broken down by region as presented in the section on segment information and in accordance with IFRS 15, the following tables show a breakdown of the Group's operating revenue by business line.

Information on the business lines and associated income types is provided in the 2017 Registration Document.

(in € millions)	Employee Benefits	Fleet & Mobility Solutions	Complem-entary Solutions	TOTAL
Operating rev enue – first-half 2018	420	161	59	640
Operating rev enue – first-half 2017 restated	404	155	57	616
Change	16	6	2	24
% change	+4.0%	+4.2%	+3.0%	+4.0%
LIKE-FOR-LIKE CHANGE	**60**	**25**	**24**	**109**
LIKE-FOR-LIKE CHANGE AS A %	**+14.8%**	**+16.3%**	**+42.7%**	**+17.8%**

4.3 . OPERATING EXPENSES

(in € millions)	First-half 2018	First-half 2017 Restated
Employee benefit expense	(209)	(200)
Cost of sales	(70)	(66)
Business taxes	(21)	(21)
Rental expense	(10)	(11)
Other operating expenses	(104)	(109)
TOTAL OPERATING EXPENSES (1)	**(414)**	**(407)**

(1) In first-half 2018, operating expenses were impacted by a €50 million decrease relating to the currency effect and a €3 million increase due to the scope effect, in comparison with first-half 2017 (restated).

Other operating expenses consist mainly in external fees, marketing and advertising expenses, additions to and reversal of provisions for current assets, development expenses and IT expenses.

4.4 . CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED

(en millions d'euros)	Juin 2018	Décembre 2017 Retraité	Juin 2017 Retraité	Variation Juin 2018/Décembre 2017
Stocks (nets)	26	24	17	2
Clients (nets)	1 719	1 679	1 536	40
Autres tiers actifs (nets)	266	277	235	(11)
Actif	**2 011**	**1 980**	**1 788**	**31**
Fournisseurs	212	177	145	35
Autres tiers passifs	482	284	249	198
Fonds à rembourser	4 355	4 749	4 089	(394)
Passif	**5 049**	**5 210**	**4 483**	**(161)**
BFR NET NEGATIF	**3 038**	**3 230**	**2 695**	**(192)**
Dettes d'IS	7	8	13	(1)
BFR NET NEGATIF (yc dettes d'IS)	**3 045**	**3 238**	**2 708**	**(193)**

The financial statements for the period ended June 30, 2018 were impacted by the seasonal nature of the Employee Benefits and Incentive & Rewards businesses, which record higher business volumes toward the end of the year. To make the interim financial statements easier to read, Edenred has decided to also present the figures for the comparative period (six months ended June 30, 2017).

Other receivables and payables are presented in the notes to the consolidated financial statements for the year ended December 31, 2017. They correspond mainly to prepaid and recoverable taxes and payroll costs, other prepaid expenses, accrued taxes and payroll costs and deferred revenue. They also include funds received but not yet loaded on cards by the Group's digital voucher business.

(in € millions)	First-half 2018	First-half 2017 Restated
Working capital at beginning of period	**3,230**	**2,910**
Change in working capital (1)	(187)	(271)
Dev elopment expenditure	11	79
Disposals	-	(2)
Impairment losses	1	(3)
Currency translation adjustment	(39)	(32)
Reclassifications to other balance sheet items	22	14
Net change in working capital	**(192)**	**(215)**
WORKING CAPITAL AT END OF PERIOD	**3,038**	**2,695**

(1) See section 1.4 "Consolidated statement of cash flows".

4.5 . CHANGE IN RESTRICTED CASH

Restricted cash corresponds to voucher reserve funds. These funds, which are equal to the face value of vouchers in circulation, are subject to specific regulations in some countries, such as France for the *Ticket Restaurant®* and *Ticket CESU* solutions. In particular, use of the funds is restricted and they must be clearly segregated from the Group's other cash. The funds remain Edenred's property and are invested in interest-bearing financial instruments.

Restricted cash corresponds mainly to voucher reserved funds subject to special regulations in the following countries: France (€716 million), the United Kingdom (€379 million), Romania (€55 million), the United States (€34 million), Italy (€18 million), Bulgaria (€19 million) and Uruguay (€9 millions).

Plans by the Brazilian Central Bank (BACEN) to introduce regulations that would have made it compulsory to reclassify part of the float of the Employee Benefits business to restricted cash have now been abandoned. The Brazilian subsidiaries' accreditation package, as described in Note 4.6 to the 2017 consolidated financial statements, is therefore no longer necessary.

(in € millions)	First-half 2018	First-half 2017
Restricted cash at beginning of period	**(1,127)**	**(942)**
Like-for-like change for the period (1)	(121)	(83)
Currency translation adjustment	0	9
Net change in restricted cash	**(121)**	**(74)**
RESTRICTED CASH AT END OF PERIOD	**(1,248)**	**(1,016)**

(2) See section 1.4 "Consolidated statement of cash flows".

NOTE 5 : NON-CURRENT ASSETS

5.1 . GOODWILL

(in € millions)	June 30, 2018	Dec. 31, 2017 Restated
Goodwill, gross	1,131	1,158
Accumulated impairment losses	(166)	(164)
GOODWILL, NET	**965**	**994**

Since there were no indications of impairment, goodwill was not tested for impairment at the period-end.

(in € millions)	June 30, 2018	Dec. 31, 2017 Restated
Brazil (including Repom and Embratec)	353	397
UTA	151	148
France (Ticket Cadeaux)	92	92
France (ProwebCE)	52	49
Italy	46	46
United Kingdom (including Prepay Technologies)	44	44
Mexico	42	40
Romania	31	31
Finland	19	19
Slovakia	18	21
Sweden	17	18
France (Moneo Resto)	14	14
United States	14	14
Japan	12	11
Czech Republic	12	13
Poland (Timex)	14	-
Dubai	9	8
Portugal	6	6
Other (individually representing less than €5 million)	19	24
GOODWILL, NET	**965**	**994**

Changes in the carrying amount of goodwill during the period presented were as follows:

(in € millions)	First-half 2018	2017 Restated
NET GOODWILL AT BEGINNING OF PERIOD	**994**	**904**
Increase in gross goodwill and impact of scope changes	**16**	**174**
. Germany (UTA acquisition) (1)	-	148
. Slovakia (VASA acquisition) (1)	(3)	21
. France (Moneo Resto acquisition)	(1)	14
. Nicaragua (Nectar Technology consolidation)	-	3
. Brazil (Embratec consolidation)	-	(13)
. Poland (Timex acquisition) (1)	14	-
. Other acquisitions	6	1
Goodwill written off on disposals for the period	-	-
Impairment losses	-	**(11)**
Currency translation adjustment	(45)	**(73)**
NET GOODWILL AT END OF PERIOD	**965**	**994**

(1) See Note 2 "Acquisitions, development projects and disposals".

5.2 . INTANGIBLE ASSETS

Changes in the carrying amount of intangible assets over the period were as follows:

(in € millions)	First-half 2018	2017 Restated
CARRYING AMOUNT OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD	**433**	**313**
Intangible assets of newly consolidated companies*	12	146
Internally generated assets	28	39
Additions	-	26
Amortization for the period	(29)	(57)
Impairment losses for the period	-	(9)
Disposals	-	-
Currency translation adjustment	(17)	(26)
Reclassifications	-	1
CARRYING AMOUNT OF INTANGIBLE ASSETS AT END OF PERIOD	**427**	**433**

* Of which €12 million relating to the Timex customer list at June 30, 2018 and €120 million to the UTA and VASA customer lists at December 31, 2017.

5.3 . INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

At June 30, 2018, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG).

Impact on the income statement:

(in € millions)	First-half 2018	First-half 2017 Restated
Share of net profit from equity-accounted companies	6	5
Total share of net profit from equity-accounted companies	**6**	**5**

Impact on the statement of financial position:

(in € millions)	June 30, 2018	Dec. 31, 2017 Restated
Goodwill	-	-
Investments in equity-accounted companies	54	62
Total investments in equity-accounted companies	**54**	**62**

Change in investments in equity-accounted companies:

(in € millions)	First-half 2018	2017 Restated
Investments in equity-accounted companies at beginning of period	62	151
Impact of full consolidation of UTA	-	(151)
Consolidation of AGES and MSC	-	62
Share of net profit from equity-accounted companies	6	11
Impact of full consolidation of UTA Polska	(2)	-
Dividends received from investments in AGES and MSC equity-accounted companies	(12)	(11)
Investments in equity-accounted companies at end of period	**54**	**62**

5.4 . DEPRECIATION AND AMORTIZATION

(in € millions)	First-half 2018	First-half 2017 Restated
Amortization of fair value adjustments to assets acquired in business combinations	(11)	(12)
Other depreciation and amortization	(25)	(24)
Impairment losses on non-current assets	-	-
TOTAL	**(36)**	**(36)**

NOTE 6 : FINANCIAL ITEMS

6.1 . NET FINANCIAL EXPENSE

(in € millions)	First-half 2018	First-half 2017 Restated
Gross borrowing cost	(25)	(35)
Hedging instruments	9	9
Income from cash and cash equiv alents and other marketable securities	6	5
Net borrowing cost	**(10)**	**(21)**
Net foreign exchange gains (losses)	3	2
Other financial income	1	1
Other financial expenses	(9)	(8)
NET FINANCIAL EXPENSE	**(15)**	**(26)**

Hedging instruments are related to expenses and income on interest rate swaps as presented in Note 6.7 "Financial instruments and market risk management".

Other financial income and other financial expenses mainly concern bank fees, miscellaneous banking expenses and interest, deferred expenses and issuance premiums, and financial provisions.

6.2 . NON-CURRENT FINANCIAL ASSETS

When there is objective evidence that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized in the income statement. The loss is irreversible and cannot be written back to the income statement.

	June 30, 2018			Dec. 31, 2017		
(in € millions)	Gross carrying amount	Impair-ment losses	Net carrying amount	Gross carrying amount	Impair-ment losses	Net carrying amount
Equity interests	38	(5)	33	34	(5)	29
Deposits and guarantees	11	-	11	10	-	10
Other	3	-	3	2	-	2
NON-CURRENT FINANCIAL ASSETS	**52**	**(5)**	**47**	**46**	**(5)**	**41**

6.3 . CURRENT FINANCIAL ASSETS

	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
(in € millions)	Gross carrying amount	Impair-ment losses	Net carrying amount	Gross carrying amount	Impair-ment losses	Net carrying amount	Gross carrying amount	Impair-ment losses	Net carrying amount
Other current financial assets	3	(1)	2	3	(1)	2	3	-	3
Receivables on disposals of assets	-	-	-	-	-	-	1	-	1
Derivatives	31	-	31	41	-	41	47	-	47
CURRENT FINANCIAL ASSETS	**34**	**(1)**	**33**	**44**	**(1)**	**43**	**51**	**-**	**51**

Other current financial assets primarily represent short-term loans with external counterparts, classified as "Loans and receivables" according to IFRS 9.

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.7 "Financial instruments and market risk management".

6.4 . CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES

Both cash and cash equivalents and other marketable securities are taken into account for the calculation of net debt.

	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
(in € millions)	Gross carrying amount	Impair-ment losses	Net carrying amount	Gross carrying amount	Impair-ment losses	Net carrying amount	Gross carrying amount	Impair-ment losses	Net carrying amount
Cash at bank and on hand	326	-	326	306	-	306	223		223
Term deposits and equivalent – less than 3 months	374	-	374	297	-	297	219		219
Bonds and other negotiable debt securities	10	-	10	-	-	-	10		10
Interest-bearing bank accounts	-	-	-	-	-	-			
Mutual fund units in cash – less than 3 months	23	-	23	26	-	25	27		27
CASH AND CASH EQUIVALENTS	**733**	**-**	**733**	**629**	**-**	**629**	**479**	**-**	**479**
Term deposits and equivalent – more than 3 months	437	(3)	434	750	(4)	746	870	(3)	867
Bonds and other negotiable debt securities	141	-	141	20	-	20	118		118
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1	1		1
OTHER MARKETABLE SECURITIES	**579**	**(3)**	**576**	**771**	**(3)**	**767**	**989**	**(3)**	**986**
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1,312**	**(3)**	**1,309**	**1,400**	**(4)**	**1,396**	**1,468**	**(3)**	**1,465**

6.5 . DEBT AND OTHER FINANCIAL LIABILITIES

(in € millions)	June 30, 2018 Non-current	June 30, 2018 Current	June 30, 2018 Total	Dec. 31, 2017 Restated Non-current	Dec. 31, 2017 Restated Current	Dec. 31, 2017 Restated Total	June 30, 2017 Non-current	June 30, 2017 Current	June 30, 2017 Total
Non-bank debt	1,688	-	1,688	1,681	-	1,681	1,691	515	2,206
Bank borrowings	14	67	81	67	68	135	70	68	138
NEU CP	-	400	400	-	-	-	-	-	-
DEBT	**1,702**	**467**	**2,169**	**1,748**	**68**	**1,816**	**1,761**	**583**	**2,344**
BANK OVERDRAFTS	**-**	**191**	**191**	**-**	**54**	**54**	**-**	**49**	**49**
Deposits and guarantees	1	15	16	1	13	14	1	13	14
Purchase commitments	42	94	137	14	209	223	37	253	290
Derivatives	-	11	11	-	23	23	-	25	25
Other	4	5	9	2	4	6	2	8	10
OTHER FINANCIAL LIABILITIES	**47**	**125**	**172**	**17**	**249**	**266**	**40**	**299**	**339**
DEBT AND OTHER FINANCIAL LIABILITIES	**1,749**	**783**	**2,532**	**1,765**	**371**	**2,136**	**1,801**	**931**	**2,732**

The contractual documents for debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

Debt

Non-bank debt

Bonds

At June 30, 2018, the Group's gross outstanding bond position amounted to €1,475 million, unchanged from end-2017, which breaks down as follows:

Issue date	Amount in €m	Coupon	Maturity
Mar. 30, 2017	500	1.875%	10 years Mar. 30, 2027
Mar. 10, 2015	500	1.375%	10 years Mar. 10, 2025
Oct. 10,2013	250	2.625%	7 years Oct. 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
Gross outstanding bond position	**1,475**		

Other non-bank debt

At June 30, 2018, the €250 million Schuldschein private placement represented different tranches of maturity and rates and can be detailed as follows:

Rate		Amount in €m	Coupon	Maturity
Fixed	1.05%	45	5	Jun. 29, 2021
Variable	6-month Euribor* +105 bps	68	5	Jun. 29, 2021
Fixed	1.47%	32	7	Jun. 29, 2023
Variable	6-month Euribor* +130 bps	105	7	Jun. 29, 2023
Total Schuldschein loan		**250**		

* 6-month Euribor with a 0% floor.

Bank borrowings

Bank borrowings mainly comprise a 500 million reais loan for general corporate purposes obtained in the first half of 2016 (€111 million at the June 30, 2018 BRL/EUR exchange rate). The loan is repayable in two 250 million reais installments in June 2018 and May 2019.

A €20 million loan to finance the acquisition of Timex Card (UTA) was obtained in the first half of 2018. The loan is repayable quarterly with maturity set for December 2022.

Bank borrowings at June 30, 2018 totaled €76 million, of which €58 million corresponding to the outstanding 250 million reais.

Credit facility

At June 30, 2018, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2022. This facility will be used for general corporate purposes.

On June 29, 2018, the maturity of the €700 million syndicated credit facility expiring on July 21, 2022 was extended by one year, following the exercise of the last option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until July 2023.

Maturity analysis – carrying amounts

At June 30, 2018

(in € millions)	First-half 2019	First-half 2020	First-half 2021	First-half 2022	First-half 2023	First-half 2024 and beyond	June 30, 2018
Debt and other financial liabilities	783	11	383	259	147	949	2,532
Total	**783**	**11**	**383**	**259**	**147**	**949**	**2,532**

At December 31, 2017

(in € millions)	2018	2019	2020	2021	2022	2023 and beyond	Dec. 31, 2017
Debt and other financial liabilities	371	84	254	112	239	1,076	2,136
Total	**371**	**84**	**254**	**112**	**239**	**1,076**	**2,136**

At June 30, 2017

(in € millions)	First-half 2018	First-half 2019	First-half 2020	First-half 2021	First-half 2022	First-half 2023 and beyond	June 30, 2017
Debt and other financial liabilities	931	107	-	368	237	1,089	2,732
Total	**931**	**107**	**-**	**368**	**237**	**1,089**	**2,732**

NEU CP program

In March 2018, Edenred set up a Negotiable EUropean Commercial Paper (NEU CP) program with the French central bank. The program, which was set up under competitive terms, is capped at €500 million and is intended to fund the Group's short-term financing needs, primarily in relation to its business cycle. At June 30, 2018, current debt outstanding under the program stood at €400 million.

6.6 . NET DEBT AND NET CASH

(in € millions)	June 30, 2018	Dec. 31, 2017 Restated	June 30, 2017
Non-current debt*	1,702	1,748	1,761
Other non-current financial liabilities	47	17	40
Current debt	467	68	583
Other current financial liabilities	125	249	299
Bank ov erdrafts	191	54	49
DEBT AND OTHER FINANCIAL LIABILITIES	**2,532**	**2,136**	**2,732**
Current financial assets	(33)	(43)	(51)
Other marketable securities	(576)	(768)	(986)
Cash and cash equiv alents	(733)	(628)	(479)
CASH AND CASH EQUIVALENTS LAND OTHER CURRENT FINANCIAL ASSETS	**(1,342)**	**(1,439)**	**(1,516)**
NET DEBT	**1,190**	**697**	**1,216**

* Restated in accordance with IFRS 9.

(in € millions)	First-half 2018	2017 Restated	First-half 2017
Net debt at beginning of period	**697**	**588**	**588**
Increase (decrease) in non-current financial debt	(46)	410	406
Increase (decrease) in other non-current financial liabilities	30	(33)	(10)
Decrease (increase) in other marketable securities	192	(33)	(251)
Decrease (increase) in cash and cash equiv alents, net of bank ov erdrafts	33	22	167
Increase (decrease) in other financial assets and liabilities	284	(241)	316
Increase (decrease) in net debt	**493**	**125**	**628**
Impact of IFRS 9	-	(16)	-
NET DEBT AT END OF PERIOD	**1,190**	**697**	**1,216**

* Restated in accordance with IFRS 9.

6.7 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

Interest rate risk: fixed/variable interest rate analysis

1) Hedging impact

Before hedging

Debt before interest rate hedging breaks down as follows:

	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt (1)	1 993	1,92%	92%	1 641	2,90%	90%	2 169	3,07%	93%
Variable-rate debt	176	1,36%	8%	175	1,31%	10%	175	1,27%	7%
DEBT	**2 169**	**1,87%**	**100%**	**1 816**	**2,75%**	**100%**	**2 344**	**2,94%**	**100%**

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.625%, 3.750%, 2.625%, 1.375% and 1.875%) applied to the exact number of days in the year divided by 360.

After hedging

Debt after interest rate hedging breaks down as follows:

	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	644	0,70%	30%	290	4,42%	16%	302	4,41%	13%
Variable-rate debt	1 525	1,24%	70%	1 526	1,29%	84%	2 042	1,72%	87%
DEBT	**2 169**	**1,08%**	**100%**	**1 816**	**1,79%**	**100%**	**2 344**	**2,07%**	**100%**

Foreign exchange risk: currency analysis

1) Hedging impact

Before hedging

Debt before currency hedging breaks down as follows:

	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2 106	1,56%	97%	1 681	2,00%	93%	2 205	2,36%	94%
Other currencies	63	12,39%	3%	135	12,07%	7%	139	12,06%	6%
DEBT	**2 169**	**1,87%**	**100%**	**1 816**	**2,75%**	**100%**	**2 344**	**2,94%**	**100%**

After hedging

Debt after currency hedging breaks down as follows:

(in € millions)	June 30, 2018			Dec. 31, 2017 Restated			June 30, 2017		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2 101	0,90%	97%	1 672	1,17%	92%	2 198	1,43%	94%
Other currencies	68	6,56%	3%	144	8,99%	8%	146	11,56%	6%
DEBT	**2 169**	**1,08%**	**100%**	**1 816**	**1,79%**	**100%**	**2 344**	**2,07%**	**100%**

Interest rate hedges mainly include derivatives (around 50 instruments outstanding) in the form of swaps that transform a fixed rate into a variable rate over a debt initially issued at a fixed rate. The swaps have the following main characteristics:

- bond debt in euros: notional amount of €1,432 million relating to an underlying debt of €1,725 million and for a fair value of €10 million representing a financial asset;

- bank debt in reais: notional amount of 250 million reais relating to an underlying debt of 250 million reais and for a fair value of 11 million reais representing a financial asset.

The derivatives are therefore variable-for-fixed swaps and classified as fair value hedges under IFRS 9. The hedging operations have no material impact on the income statement because they qualify for hedge accounting under IFRS.

NOTE 7 : INCOME TAX – EFFECTIVE TAX RATE

The effective tax rate is calculated based on:

- profit before tax and before share of net profit from equity-accounted companies;
- income tax expense adjusted for the tax on dividends, withholding tax, utilization of tax loss carryforwards and non-recurring items.

Based on these calculations, the effective tax rate declined from 34.1% in first-half 2017 to 30.3% in the six months to June 30, 2018.

NOTE 8 : EARNINGS PER SHARE

At June 30, 2018, the Company's share capital was made up of 239,713,415 ordinary shares.

At the same date, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

(in shares)	First-half 2018	First-half 2017 Restated
SHARE CAPITAL AT END OF PERIOD	**239,713,415**	**235,402,740**
Number of outstanding shares at beginning of period	**234,205,983**	**231,874,471**
Number of shares issued for dividend payments	3,863,610	1,722,895
Number of shares issued on conversion of performance share plans	558,390	526,798
Number of shares issued on conversion of stock-option plans*	446,565	538,644
Number of shares canceled	(381,970)	(1,056,942)
Issued shares at period-end excluding treasury shares	**4,486,595**	**1,731,395**
Treasury shares not related to the liquidity contract	(1,100,064)	467,309
Treasury shares under the liquidity contract	10,000	47,431
Treasury shares	**(1,090,064)**	**514,740**
NUMBER OF OUTSTANDING SHARES AT END OF PERIOD	**237,602,514**	**234,112,106**
Adjustment to calculate weighted average number of issued shares	(3,697,776)	(1,561,076)
Adjustment to calculate weighted average number of treasury shares	697,398	47,241
Total weighted average adjustment	**(3,000,378)**	**(1,513,835)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**234,602,136**	**232,598,271**

* Excluding the 54,500 shares issued in respect of the options exercised between June 5 and June 30, 2018.

In addition, 446,565 stock options (number outstanding at June 30, 2018) and 2,995,980 performance shares were granted to employees between 2012 and 2017. Conversion of all of these potential shares would increase the number of shares outstanding to 240,151,929.

These items are based on the above number of potential shares and the average Edenred share price calculated:

- from January 1, 2018 to June 30, 2018 for Plans 3, 4, 5, 6, 7, 8 and 9 (€27.25); and
- from February 22, 2018 to June 30, 2018 for Plan 10 (€28.00).

The performance conditions for each plan are described in Note 9 "Employee benefits" to the consolidated financial statements for the year ended December 31, 2017.

The diluted weighted average number of shares outstanding at June 30, 2018 was 237,754,262.

	First-half 2018	First-half 2017 Restated
Net profit attributable to owners of the parent *(in € millions)*	**124**	**123**
Weighted average number of issued shares *(in thousands)*	236,016	233,842
Weighted average number of treasury shares *(in thousands)*	(1,414)	(1,243)
Number of shares used to calculate basic earnings per share *(in thousands)*	**234,602**	**232,598**
BASIC EARNINGS PER SHARE *(in €)*	**0.53**	**0.53**
Number of shares resulting from the exercise of stock options *(in thousands)*	234	443
Number of shares resulting from performance share grants *(in thousands)*	2,918	2,153
Number of shares used to calculate diluted earnings per share *(in thousands)*	**237,754**	**235,194**
DILUTED EARNINGS PER SHARE *(in €)*	**0.52**	**0.52**

NOTE 9 : EMPLOYEE BENEFITS

Main characteristics

On February 19, 2018, the Board of Directors authorized the Chief Executive Officer to grant 685,706 performance share rights on February 21, 2018.

The 685,706 shares originally granted under the three-year plan will vest on February 21, 2021 provided that several performance conditions are met.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2018 to December 31, 2020, based on the degree to which the following objectives have been met:

(i) two internal performance objectives, which will determine 75% of the total grant and are linked to like-for-like growth in:

- ✓ business volume,
- ✓ funds from operations before other income and expenses (FFO);

(ii) one external (market) performance objective, which will determine 25% of the total grant and is linked to:

- ✓ Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.

Depending on the actual percentage of fulfillment of each of the three performance conditions, the proportion of shares that ultimately vest will be reduced or increased. The percentage of fulfillment of each performance condition may reach a maximum of 150% and the conditions can offset each other, when one condition is exceeded and another is not met or only partially met. However, the total number of vested shares may not exceed 100% of the initial amount of shares granted.

Performance share vest subject to the fulfillment of performance conditions and provided that the grantees are still employed by the Group at the end of the vesting period.

Fair value of performance share plans

The fair value of performance shares corresponds to the share price on the last trading day before the grant, net of the expected dividend payment during the vesting period.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity.

The current fair value of performance shares is €24.26 per share, compared with a share price of €27.40 on February 20, 2018, the last trading day before the grant date.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost recognized in respect of the 2018 plan amounted to €1.6 million in first-half 2018.

NOTE 10 : OTHER PROVISIONS AND OBLIGATIONS

10.1 . OTHER INCOME AND EXPENSES

To make the consolidated financial statements easier to read, certain specific items of income and expense are reported under "Other income and expenses" in accordance with the guidelines issued by France's financial markets regulator (AMF recommendation 2016 financial statements – DOC-2016-09 – para. 1.4.3). This item is used only for income and expenses:
– related to a major event that occurred during the reporting period; and
– whose impact, if it were not presented separately from that of other transactions, would distort the understanding of the Group's underlying performance by users of the financial statements.

Other income and expenses can be analyzed as follows:

(in € millions)	First-half 2018	First-half 2017 Restated
Movements in restructuring provisions	0	3
Restructuring and reorganization costs	(0)	(4)
Restructuring costs	**0**	**(1)**
Impairment of goodwill	-	-
Impairment of intangible assets	-	-
Total impairment losses	**-**	**-**
Capital gains and losses	1	19
Provisions	1	-
Non-recurring gains (losses)	(5)	(2)
Other	**(3)**	**17**
TOTAL OTHER INCOME AND EXPENSES	**(3)**	**16**

Other income and expenses were as follows:

- in June 2018, mainly fees paid relating to an additional investment;

- in June 2017, mainly the €19 million gain on remeasurement at fair value of Edenred's initial investment in UTA, following the acquisition of an additional interest in the sub-group.

10.2 . PROVISIONS

Movements in non-current provisions between January 1, 2018 and June 30, 2018 can be analyzed as follows:

(in € millions)	Dec. 31, 2017 Restated	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi-fications and changes in scope	June 30, 2018
- Provisions for pensions and loyalty bonuses	26	(0)	2	(1)	(0)	(0)	-	27
- Provisions for claims and litigation and other contingencies	16	-	-	(1)	(3)	(1)	-	11
TOTAL NON-CURRENT PROVISIONS	**42**	**(0)**	**2**	**(2)**	**(3)**	**(1)**	**-**	**38**

Movements in current provisions between January 1, 2018 and June 30, 2018 can be analyzed as follows:

(in € millions)	Dec. 31, 2017 Restated	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi-fications and changes in scope	June 30, 2018
- Restructuring provisions	2	-	(0)	(0)	(0)	(0)	(1)	1
- Provisions for claims and litigation and other contingencies	40	-	1	(2)	(1)	(0)	(1)	37
TOTAL CURRENT PROVISIONS	**42**	**-**	**1**	**(2)**	**(1)**	**(0)**	**(2)**	**38**

Taken individually, all ongoing disputes are immaterial, with the exception of those presented in Note 10.3 "Claims and litigation".

10.3 . CLAIMS AND LITIGATION

Tax litigation in France

Edenred France – Fine for failure to produce a statement tracking capital gains subject to tax deferral

Following a tax audit of Accor Services France (now Edenred France) for the 2003 and 2004 fiscal years, the tax authorities notified the Company of a penalty for failure to produce a statement tracking capital gains subject to tax deferral as well as VAT-related penalties.

A collection procedure was initiated and the penalties, which totaled €21.8 million, were paid by the Company in April 2008. This amount was recognized as a loss in the financial statements for the year ended December 31, 2008.

On December 10, 2009, the Company applied to the Montreuil Administrative Court for recourse on the matter.

The Montreuil Administrative Court rejected Edenred France's recourse in a decision handed down on December 2, 2010.

The Company appealed the decision on February 16, 2011 before the Versailles Administrative Court of Appeal.

On March 6, 2014, the Versailles Administrative Court of Appeal rendered a decision partially granting the Company's motion. The Court ordered an abatement of the VAT-related penalties for a principal amount of €2.3 million but maintained that the Company was responsible for paying the fine for failure to produce the statement tracking capital gains subject to tax deferral.

The Company was therefore reimbursed the sum of €3.1 million, including €0.7 million in late payment interest, which was recognized as income after the abandonment of the tax authorities' appeal. The Company also formed an appeal before the Council of State against the Administrative Court's decision to maintain the fine for failure to produce the statement tracking capital gains subject to tax deferral.

The Council of State rejected Edenred France's appeal in a decision handed down on December 4, 2017.

This marked the end of the proceedings before the French courts. The decision had no impact on the Company's financial statements because the fine had been provided for and paid in a prior year.

However, the Company has decided to escalate the matter to the European Court of Human Rights. At the present time, it is unknown when the Court will hand down its decision.

Edenred SA tax audit

Edenred SA is currently the subject of a tax audit covering the period 2014 to 2016.

In December 2017, the tax authorities notified the Company of a proposed reassessment of the tax paid in 2014, on the grounds that the brand royalties billed to the Brazilian subsidiaries were understated and were not on arm's length terms.

The notification in respect of 2015 and 2016 is expected to arrive in the second half of 2018. The notified amounts are as yet unknown.

Regarding 2014, the Company expects the €9 million reassessment (including interest and penalties) that was initially notified to be reduced.

Based on the opinion of its tax advisers, the Company believes that it has solid arguments in its defense. Therefore, the Company has not set aside a related provision.

Dispute with Kering (formerly PPR, which has been substituted for Fnac in the procedure) and Conforama

Edenred France (to which the rights of Accentiv' Kadéos were transferred) is involved in a dispute with Fnac and Conforama, two members of its gift solution acceptance and distribution network. The litigation concerns the breach by both companies of some of their contractual obligations, particularly the exclusive distribution of the Kadéos® card applicable until December 31, 2011. Fnac and Conforama created their own single-brand card, which they distribute through their respective networks.

The two remaining steps in the dispute are the summary procedure and the proceedings on the merits.

In the summary procedure, Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeal on December 1, 2010, and then from the Court of Cassation on November 15, 2011, requiring Fnac to stop distributing its single-brand card immediately. A similar order was issued against Conforama on December 3, 2010. The total amount of the penalties is €11.7 million.

In a decision handed down on March 14, 2016, the Paris Commercial Court ordered Kering and Conforama to pay Edenred France an additional €6.6 million for damages sustained as well as €100,000 as compensation for the lawsuit brought by Kering and Conforama, which was considered to represent an abuse of process.

Kering and Conforama have appealed the decision before the Paris Court of Appeal, which is expected to hear the case in the fall of 2018.

As legal proceedings are still ongoing, the cash received amounting to €11.7 million and the additional €6.6 million received have been booked in income with a provision for impairment, pending the final decision not open to appeal.

As Edenred France believes that Kering's and Conforama's claims are without merit, no contingency provision has been set aside in the Group's financial statements.

Competition disputes (France)

On October 9, 2015, the French company Octoplus filed a complaint with the French Competition Authority against several French companies in the paperless meal voucher sector, including Edenred France. The Competition Authority's board met on April 5, 2016 and on July 7, 2016 to hear all the parties concerned as well as the investigation departments. On October 6, 2016, the Competition Authority decided to pursue its investigations without passing provisional measures against Edenred France. This decision in no way prejudges the Authority's final decision on the merits of the case. The Competition Authority's review is still in progress.

Futuréo dispute

Edenred France was a 38% minority shareholder of Aqoba SA, which in turn controlled Aqoba EP, a payment institution licensed by France's banking supervisor, Autorité de Contrôle Prudentiel et de Résolution.

Aqoba SA and Aqoba EP were placed in compulsory liquidation in June 2014, leading to the termination of Aqoba EP's contract for the supply of payment services to Futuréo.

On December 24, 2014, Futuréo was also placed in compulsory liquidation. The liquidator brought suit against Edenred France and another shareholder of Aqoba SA before the Nanterre Commercial Court, alleging that they were responsible for Futuréo's bankruptcy. Futuréo's former Chief Executive Officer joined the suit. Together, Futuréo's liquidator and the former Chief Executive Officer estimate their losses at around €15.6 million. The Court has yet to set a date to hear the parties' conclusions. The company has not set aside a provision.

ICSID dispute

Pursuant to a change in the Hungarian regulatory and tax framework related to the issue conditions of meal and food vouchers, the Company filed a request for arbitration in August 2013 against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the arbitral tribunal in November 2015 and, on December 13, 2016, the tribunal ordered the Hungarian government to pay Edenred approximately €23 million, excluding interest (5% per year starting on January 1, 2012, which represents approximately €6 million). This decision represents an important step in the resolution of the dispute.

As the procedure is now closed, at December 31, 2016, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the enforcement of the arbitral award, an estimate considered as reasonable of income and a related receivable for a net amount of €22 million were recognized in "Non-recurring income and expenses" in the Group's financial statements for the period ended December 31, 2016.

This amount was received in March 2017. On April 11, 2017, the Hungarian government filed an application for annulment of the award, claiming that the tribunal had manifestly exceeded its powers and had failed to provide a legal basis for its award. The ad hoc proceedings related to this application have been stayed in response to an application for revision filed by the Hungarian government (see below). However, this situation does not affect the Company's assessment of the risk at June 30, 2018.

On June 5, 2018, the Hungarian government filed an application for the revision of the award further to a decision handed down by the Court of Justice of the European Union on March 6, 2018 in Achméa. The reconstituted tribunal is to issue a decision on the application in the coming months and has therefore decided to stay the annulment procedure in the meantime. Edenred views the application as having no basis in law and has thus not revised its assessment of the risk at June 30, 2018.

Tax litigation in Brazil

Municipal tax – Ticket Serviços

In December 2011, the municipality of São Paulo notified the Brazilian company Ticket Serviços of a reassessment of municipal tax (ISS – *Imposto Sobre Serviços*) for the period from April to December 2006, even though the company had already paid this tax to the municipality of Alphaville.

For this period, the principal amount of the reassessment was 7.7 million reais (€1.7 million), plus 72.2 million reais (€16.1 million) in penalties and interest at June 30, 2018.

In November 2012, the municipality notified the company, on the same basis, of the amounts related to the period from January 2007 to March 2009.

For this second period, the principal amount of the reassessment was 28.1 million reais (€6.2 million), plus 263.3 million reais (€58.7 million) in penalties and interest at June 30, 2018. The company's motion before the Brazilian courts was denied in the first trial and an appeal was filed.

In addition to the reassessments mentioned above, the company may be required to pay for the government's legal fees and the court fees for a total of 37.4 million reais (€8.33 million).

The administrative chamber of appeal ruled against the company on September 23, 2014. The company appealed the decision.

On August 11, 2015, the appeal lodged by the company was denied, thereby putting an end to the administrative phase of the dispute.

On November 10, 2015, the company filed a motion with the Court of Justice of the State of São Paulo for cancellation of the reassessments.

Based on the opinion of its tax advisers, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

The motion included a request to defer the payment of the disputed amount, which was granted by a decision handed down on November 12, 2015. The tax authorities appealed this decision, but the appeal was denied. The State of São Paulo appealed to the Supreme Court of Justice.

At the Court's request, the company provided a guarantee issued by Swiss Re.

A first instance decision is expected during the first half of 2018.

An expert was appointed as part of the proceedings to observe and examine the facts of the case. The expert's opinion was favorable to the Company.

Based on the opinion of an expert who has examined the facts, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was 81.7 million reais (€18.2 million), plus 238.9 million reais (€53.2 million) in penalties and interest at June 30, 2018.

During 2016, the tax authorities issued two new reassessments, in line with the previous reassessment, for the following periods:

- for 2011, the principal amount of the reassessment was 24.5 million reais (€5.5 million), plus 62.0 million reais (€13.8 million) in penalties and interest at June 30, 2018;
- for 2012, the reassessment was 16.3 million reais (€3.6 million), plus 39.2 million reais (€8.7 million) in penalties and interest at June 30, 2018.

The tax authorities disallowed the tax deductibility of the goodwill amortization recognized on the buyout of the minority interest in Ticket Serviços. Ticket Serviços initiated proceedings before the administrative courts. The motion was denied by the higher court. The company was officially notified of this decision on August 14, 2015 and filed a request for clarification.

The request was rejected by the administrative courts.

The company has filed a first-instance request before the judicial courts to have the reassessments canceled and an application has also been made for a stay of payment of the contested amount. In 2018, the company posted a bank guarantee in support of its application for a stay of payment in an amount of 333 million Brazilian reais (€74.2 million), and is an off-balance sheet commitment givent by the Group.

Based on the opinion of its tax advisers, the company believes that the chance of a favorable outcome is very good. Therefore, the company has not set aside a related provision.

Slovak competition litigation

Following an investigation in August 2014 of Slovakia's five voucher issuers, including Edenred Slovakia, by the country's competition authorities, the Slovak Competition Authority notified Edenred of an €850,000 fine, which was confirmed by the Administrative Court of Appeal in June 2017. All the other issuers were notified of similar decisions, including Vasa, which had been acquired by Edenred SA in the meantime and was merged with Edenred Slovakia in January 2018. Edenred appealed the decision of the Administrative Court of Appeal before the civil courts. The procedure is in progress and is expected to last at least until the end of 2018 or longer. The amount of the fine was recognized in the Slovak entity's financial statements in 2017.

Turkish competition litigation

In February 2010, the Turkish competition authorities conducted an investigation into Edenred Turkey and Sodexo Turkey to examine the behavior of these two entities on their market between 2007 and 2010. In July of the same year, this investigation resulted in a decision to close the case without further action by the competition authorities. After examining the application of another market participant seeking the annulment of that decision, the High Court of Justice ruled that the competition authorities had to conduct a full investigation of six market participants in Turkey, including Edenred, on the basis of their respective behavior on the voucher market between 2007 and 2010. The procedure is expected to last between 12 and 18 months. No contingency provision was recognized in the Group's financial statements for the six months ended June 30, 2018.

Moreover, in the normal course of its business, the Group is subject to various existing, pending or future lawsuits, disputes and legal proceedings. To the Company's knowledge, as of the date of this document, there are no lawsuits threatening the Company and/or any of its subsidiaries that could have a material impact on the Group's business, results or financial position.

NOTE 11 : EXCHANGE RATES

			2018		2017	
			Closing rate at June 30, 2018	Average rate	Closing rate at Dec. 31, 2017	Average rate
ISO code	Currency	Country	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS	Peso	ARGENTINA	33.72	26.13	22.33	18.74
BRL	Real	BRAZIL	4.49	4.14	3.97	3.60
CLP	Peso	CHILE	762.32	740.54	738.09	732.06
AED	Dirham	UNITED ARAB EMIRATES	4.28	4.45	4.41	4.15
HUF	Forint	HUNGARY	329.77	314.09	310.33	309.27
INR	Rupee	INDIA	79.81	79.51	76.61	73.49
JPY	Yen	JAPAN	129.04	131.60	135.01	126.64
MXN	Peso	MEXICO	22.88	23.08	23.66	21.33
RON	Leu	ROMANIA	4.66	4.65	4.66	4.57
GBP	Pound Sterling	UNITED KINGDOM	0.89	0.88	0.89	0.88
SEK	Krona	SWEDEN	10.45	10.15	9.84	9.64
CZK	Koruna	CZECH REPUBLIC	26.02	25.50	25.54	26.33
TRY	Lira	TURKEY	5.34	4.96	4.55	4.12
VEF*	Boliv ar	VENEZUELA	111,776.90	56,402.03	4,006.64	2,410.43

* See Note 3.1 "Change of the boliv ar fuerte exchange rate in 2017 and first-half 2018".

NOTE 12 : UPDATE ON ACCOUNTING STANDARDS

12.1 . MAIN EXPECTED IMPACTS OF APPLYING IFRS 16 (LEASES)

The Group has applied a project methodology to implement the new standard IFRS 16 – Leases, which is effective for annual reporting periods beginning on or after January 1, 2019.

The project has been designed with three phases:

- Phase 1: analysis of the standard, identification and analysis of the contracts, review of the parameters and initial simulations.
- Phase 2: creation of processes and tools, initial assessment of the impacts.
- Phase 3: implementation and decision on disclosure methods.

Phase 2 is currently in progress. At this stage of the project, the initial impacts have yet to be determined but are primarily expected to affect the Group's debt.

12.2 . STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2018

The following standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2018 came into effect on that date:

Standard	Name	Summary	Potential impact on Edenred's financial statements
IFRS 9	Financial Instruments	IFRS 9 finalizes the first of three steps in the IASB project on financial instruments, replacing IAS 39 – Financial Instruments: Recognition and Measurement	See Note 1.3
IFRS 15	Revenue From Contracts With Customers	IFRS 15 introduces a single model for recognizing revenue from contracts with customers	See Note 1.3
IFRS 2 – Amendment	Classification and Measurement of Share-based Payment Transactions	The aim of the amendment is to clarify the classification of share-based payment transactions with a net settlement feature for withholding tax obligations	The amendment came into effect on January 1, 2018. No material impact
Annual Improvements to IFRSs	2014-2016 Cycle	Two standards are within the scope: 1) IFRS 1 – First-Time Adoption of International Financial Reporting Standards: Deletion of Short-Term Exemptions for First-Time Adopters 2) IAS 28 – Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value	The improvements came into effect on January 1, 2018. No material impact
IFRS 4	Amendment	The objective of the amendment is to mitigate the problems created by the different effective dates of IFRS 9 – Financial Instruments and IFRS 17 – Insurance Contracts	See Note 1.2
IAS 40	Amendment	The amendment provides clarification on the application of paragraph 57 of IAS 40 – Transfers of Investment Properties, which provides guidance when there is a change of use	No material impact
IFRIC 22	Amendment	IFRIC 22 provides clarification on which exchange rate to use in transactions (e.g., revenue) that include advance consideration paid or received in a foreign currency	No material impact

Other than IFRS 15 and IFRS 9, the application and impacts of which are detailed in Note 1.3, the application of these standards, amendments and interpretations did not have a material impact on the periods presented.

12.3 . STANDARDS, AMENDMENTS AND INTERPRETATIONS OPTIONAL FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2018

Edenred has chosen not to early adopt the following standards, amendments and interpretations, which were adopted by the European Union as of June 30, 2018 and are applicable for annual periods beginning after January 1, 2018:

Standard	Type	Name	EU application date	Summary	Potential impact on Edenred's financial statements
IFRS 16	New standard	Leases	Jan. 1, 2019	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases	The standard and potential impacts are under analysis
IFRIC 23	Interpretation	Uncertainty over Income Tax Treatments	Jan. 1, 2019	The interpretation recommends that entities determine whether each uncertain tax treatment should be considered independently or whether some uncertain tax treatments should be considered together for the purposes of determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates	Impacts to be assessed

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AUDITORS' review report on the half year consolidated financial statements

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Statutory Auditor's Review Report on the Interim Financial Information

For the period from January 1 to June 30, 2018

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information presented in the Group's half-yearly management report. 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 annual general meetings 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 Edenred S.A., for the six months ended June 30, 2018,
- the verification of the information presented in the half-yearly management report.

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

1. 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 are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the paragraph 1.3 of the notes to the condensed interim consolidated financial statements which describes the changes in accounting methods resulting from the mandatory application on January 1st, 2018, of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" standards.

2. Specific verification

We have also verified the information presented 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 consistency with the condensed interim consolidated financial statements.

Paris-La-Défense, July 24, 2018

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Patrick E. Suissa	Philippe Diu

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DECLARATION BY PERSONS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

Statement by the person responsible for the 2018 half-year financial report

I declare that, to the best of my knowledge, (i) the condensed financial statements for the first half of 2018 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all of the companies included in the scope of consolidation, and (ii) the half-year management report on page 3 includes a fair review of material events of the first six months of the financial year, of their impact on the half-year financial statements and of the main related-party transactions as well as an overview of the main risks and uncertainties in the second half of the year.

Malakoff – July 24, 2018

Bertrand Dumazy

Chairman and Chief Executive Officer