



# 2018 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

# Contents

**1**

**Consolidated financial statements.....3**

**2**

**Notes to the consolidated financial statements.....9**



# CONSOLIDATED FINANCIAL STATEMENTS

- 1.1 CONSOLIDATED INCOME STATEMENT
- 1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
  - Consolidated assets
  - Consolidated equity and liabilities
- 1.4 CONSOLIDATED STATEMENT OF CASH FLOWS
- 1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 1.1 CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	2018	2017 Restated*
Operating revenue	4.2	1 327	1 253
Other revenue*	4.2	51	67
<b>Total revenue</b>	4.2	<b>1 378</b>	<b>1 320</b>
Operating expenses	4.3	(842)	(818)
Depreciation, amortization and impairment losses	5.6	(75)	(73)
<b>Operating profit before other income and expenses (EBIT)</b>	4.4	<b>461</b>	<b>429</b>
Share of net profit from equity-accounted companies	5.4	11	11
Other income and expenses	10.1	(31)	(7)
<b>Operating profit including share of net profit from equity-accounted companies</b>		<b>441</b>	<b>433</b>
Net financial expense	6.1	(37)	(50)
<b>Profit before tax</b>		<b>404</b>	<b>383</b>
Income tax expense	7	(119)	(106)
<b>NET PROFIT</b>		<b>285</b>	<b>277</b>
<b>Net profit attributable to owners of the parent</b>		<b>254</b>	<b>241</b>
Net profit attributable to non-controlling interests		31	36
Weighted average number of shares outstanding (in thousands)	8	236 451	233 064
<b>Earnings per share attributable to owners of the parent (in €)</b>	<b>8</b>	<b>1,07</b>	<b>1,03</b>
Diluted earnings per share (in €)	8	1,06	1,02

\* The consolidated income statement has been restated in accordance with IFRS 15 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

## 1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Notes	2018	2017 Restated*
<b>Net profit</b>		<b>285</b>	<b>277</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation adjustment	1.6	(68)	(138)
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income		4	10
Tax on items that may be subsequently reclassified to profit or loss		-	-
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gains and losses on defined-benefit plans		(0)	2
Tax on items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income, net of tax</b>		<b>(65)</b>	<b>(126)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>220</b>	<b>151</b>
<b>Comprehensive income attributable to owners of the parent</b>		<b>192</b>	<b>125</b>
<b>Comprehensive income attributable to non-controlling interests</b>		<b>29</b>	<b>26</b>

\* The consolidated statement of comprehensive income has been restated in accordance with IFRS 15 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

## 1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Consolidated assets

<i>(in € millions)</i>	Notes	Dec. 31, 2018	Dec. 31, 2017 Restated*
Goodwill	5.1	976	994
Intangible assets	5.2	432	433
Property, plant and equipment	5.3	52	46
Investments in equity-accounted companies	5.4	66	62
Non-current financial assets	6.2	48	41
Deferred tax assets	7.2	75	89
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,649</b>	<b>1,665</b>
Trade receivables	4.7	1,875	1,679
Inventories, other receivables and accruals	4.7	307	301
Restricted cash	4.6	1,402	1,127
Current financial assets	6.2/6.5	46	43
Other marketable securities	6.3/6.5	654	767
Cash and cash equivalents	6.3/6.5	1,337	629
<b>TOTAL CURRENT ASSETS</b>		<b>5,621</b>	<b>4,546</b>
<b>TOTAL ASSETS</b>		<b>7,270</b>	<b>6,211</b>

\* The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

## Consolidated equity and liabilities

<i>(in € millions)</i>	Notes	Dec. 31, 2018	Dec. 31, 2017 Restated*
Issued capital		479	471
Treasury shares		(22)	(6)
Consolidated retained earnings (accumulated losses)		(1,973)	(1,963)
Cumulative compensation costs – share-based payments		111	98
Cumulative fair value adjustments to financial instruments		17	13
Cumulative actuarial gains (losses) on defined-benefit plans		(3)	(3)
Currency translation adjustment		(424)	(358)
Net profit attributable to owners of the parent		254	241
<b>Equity attributable to owners of the parent</b>		<b>(1,561)</b>	<b>(1,507)</b>
Non-controlling interests		110	145
<b>Total equity</b>		<b>(1,451)</b>	<b>(1,362)</b>
Non-current debt	6.4/6.5	2,213	1,748
Other non-current financial liabilities	6.4/6.5	61	17
Non-current provisions	10.2	39	42
Deferred tax liabilities		136	135
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,449</b>	<b>1,942</b>
Current debt	6.4/6.5	276	68
Other current financial liabilities	6.4/6.5	125	249
Current provisions	10.2	40	42
Funds to be redeemed	4.5	4,959	4,749
Trade payables	4.5	224	177
Current tax liabilities	4.5	13	8
Other payables	4.5	614	284
Bank overdrafts	6.4/6.5	21	54
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,272</b>	<b>5,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,270</b>	<b>6,211</b>

\* The consolidated statement of financial position has been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

## 1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	2018	2017 Restated*
+ Net profit attributable to owners of the parent		254	241
+ Non-controlling interests		31	36
- Share of net profit from equity-accounted companies	5.4	(11)	(11)
- Depreciation, amortization and changes in operating provisions		72	85
- Deferred taxes		17	16
- Expenses related to share-based payments		13	12
- Non-cash impact of other income and expenses		4	1
- Difference between income tax paid and income tax expense		(18)	(23)
+ Dividends received from equity-accounted companies	5.4	12	11
<b>= Funds from operations including other income and expenses</b>		<b>374</b>	<b>368</b>
- Other income and expenses (including restructuring costs)		26	12
<b>= Funds from operations before other income and expenses (FFO)</b>		<b>400</b>	<b>379</b>
+ Decrease (increase) in working capital	4.5	404	301
+ Recurring decrease (increase) in restricted cash	4.6	(279)	(204)
<b>= Net cash from (used in) operating activities</b>		<b>525</b>	<b>477</b>
+ Other income and expenses (including restructuring costs) received/paid		1	17
<b>= Net cash from (used in) operating activities including other income and expenses (A)</b>		<b>526</b>	<b>494</b>
- Recurring expenditure		(90)	(78)
- External acquisition expenditure, net of cash acquired		(245)	(100)
+ Proceeds from disposals of assets		5	2
<b>= Net cash from (used in) investing activities (B)</b>		<b>(330)</b>	<b>(176)</b>
+ Capital increase		13	15
- Dividends paid (1)	3.4	(136)	(129)
+ (Purchases) sales of treasury shares		(42)	(24)
+ Increase (decrease) in debt		759	(126)
+ Acquisition of non-controlling interests		(10)	-
<b>= Net cash from (used in) financing activities (C)</b>		<b>584</b>	<b>(264)</b>
- Net foreign exchange differences and fair value adjustments (D)		(39)	(76)
<b>= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>	<b>6.5</b>	<b>741</b>	<b>(22)</b>
+ Cash and cash equivalents at beginning of period		575	597
- Cash and cash equivalents at end of period		1 316	575
<b>= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6.5</b>	<b>741</b>	<b>(22)</b>

\* The consolidated statement of cash flows has been restated in accordance with IFRS 15 (see Note 1.4 "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 €32 million.

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

		2018	2017 Restated
+ Cash and cash equivalents	6.4	1,337	629
- Bank overdrafts	6.5	(21)	(54)
<b>= CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,316</b>	<b>575</b>

## 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	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Total non-controlling interests	Total equity
<b>Dec. 31, 2016 reported</b>	467	682	(32)	(2,381)	86	3	(5)	(230)	180	(1,230)	67	(1,161)
Impact of IFRS 15 (5)	-	-	-	(55)	-	-	-	-	-	(55)	(2)	(57)
<b>Dec. 31, 2016 restated (IFRS 15) (5)</b>	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	(2)	(27)	31	-	-	-	-	-	-	2	-	2
- options exercised	2	11	-	(15)	-	-	-	-	-	(2)	-	(2)
- dividends reinvested in new shares	4	31	-	-	-	-	-	-	-	35	-	35
Dividends paid	-	-	-	(144)	-	-	-	-	-	(144)	(17)	(161)
Changes in consolidation scope	-	-	-	(237)	-	-	-	-	-	(237)	73	(164)
Compensation costs – share-based payments	-	-	-	-	12	-	-	-	-	12	-	12
(Acquisitions) disposals of treasury shares	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
<b>Other comprehensive income</b>	-	-	-	-	-	10	2	(128)	-	(114)	(10)	(126)
Net profit for the period	-	-	-	-	-	-	-	-	241	241	36	277
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	-	-	-	10	2	(128)	241	125	26	151
<b>Dec. 31, 2017 restated (IFRS 15) (5)</b>	471	697	(6)	(2,452)	98	13	(3)	(358)	241	(1,499)	149	(1,350)
Impact of IFRS 9 (5)	-	-	-	(8)	-	-	-	-	-	(8)	(4)	(12)
<b>Dec. 31, 2017 restated (IFRS 15 &amp; 9) (5)</b>	471	697	(6)	(2,460)	98	13	(3)	(358)	241	(1,507)	145	(1,362)
Appropriation of 2017 net profit	-	-	-	241	-	-	-	-	(241)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	3	3
- cancellation of treasury shares	(2)	(24)	-	-	-	-	-	-	-	(26)	-	(26)
- options exercised	2	9	-	-	-	-	-	-	-	11	-	11
- dividends reinvested in new shares	8	88	-	-	-	-	-	-	-	96	-	96
Dividends paid (3)	-	-	-	(200)	-	-	-	-	-	(200)	(32)	(232)
Changes in consolidation scope (4)	-	-	-	(127)	-	-	-	-	-	(127)	(34)	(161)
Compensation costs – share-based payments	-	-	-	-	13	-	-	-	-	13	-	13
(Acquisitions) disposals of treasury shares	-	-	(14)	-	-	-	-	-	-	(14)	-	(14)
Other (6)	-	-	-	3	-	-	-	-	-	3	-	3
<b>Other comprehensive income</b>	-	-	-	-	-	4	(0)	(64)	-	(62)	(2)	(65)
Net profit for the period	-	-	-	-	-	-	-	-	254	254	31	285
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	-	-	-	4	(0)	(64)	254	192	29	220
<b>Dec. 31, 2018</b>	479	770	(22)	(2,743)	111	17	(3)	(424)	254	(1,561)	110	(1,451)

(1) See Note 1.6 "Presentation currency and foreign currencies", and Note 11.6 "Exchange rates" detailing the main exchange rates used in 2017 and 2018. The €424 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 soberano for €151 million and the pound sterling for €24 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 3.4 "Payment of the 2017 dividend") and €32 million paid to minority shareholders.

(4) Changes in attributable scope of consolidation in 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 63% 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 a put option relating to the acquisition of Timex Card.

In 2017, the main impact on the attributable scope of consolidation was the acquisition of a controlling interest in UTA.

(5) Changes in equity have been restated in accordance with IFRS 15 and IFRS 9 (see Note 1.4 "Changes in accounting methods: application of IFRS 15 and IFRS 9").

(6) See Note 3.3 "Hyperinflation in Argentina".





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 :	PRESENTATION OF THE GROUP .....	11
NOTE 2 :	ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS .....	18
NOTE 3 :	SIGNIFICANT EVENTS.....	20
NOTE 4 :	OPERATING ACTIVITY.....	23
NOTE 5 :	NON-CURRENT ASSETS .....	33
NOTE 6 :	FINANCIAL ITEMS .....	44
NOTE 7 :	TAXES.....	58
NOTE 8 :	EQUITY .....	61
NOTE 9 :	EMPLOYEE BENEFITS .....	64
NOTE 10 :	OTHER PROVISIONS AND OBLIGATIONS .....	74
NOTE 11 :	ADDITIONAL INFORMATION .....	81
NOTE 12 :	LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2018 .....	84
NOTE 13 :	UPDATE ON ACCOUNTING STANDARDS .....	86
NOTE 14 :	GLOSSARY .....	88

# INTRODUCTION

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This icon indicates an IFRS standard issue.



This icon indicates 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 1.7. 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 indicates the Group's figures for the current year as well as the comparative period.

## NOTE 1 : PRESENTATION OF THE GROUP

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### 1.1 . BUSINESS OVERVIEW

Edenred, the global leader in payment solutions for the working world, connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants across 45 countries. Thanks to its global technology platform, the Group managed 2.5 billion transactions in 2018, primarily carried out via mobile applications, online platforms and cards, and representing more than €28 billion in business volume.

Edenred's 8,500 staff are driven by a commitment to improving employees' quality of life, increasing companies' efficiency and boosting merchants' revenues. They achieve this through three business lines:

- Employee Benefits (food, meals, well-being, leisure, culture and human services)
- Fleet & Mobility Solutions (fuel, tolls, maintenance and business travel)
- Complementary Solutions, including Corporate Payment Services (virtual payment cards, identified wire transfers and supplier payments), Incentives & Rewards (gift cards and platforms, and incentive programs), and Public Social Programs.

Edenred is listed on the Euronext Paris stock exchange and included in the following indices: CAC Next 20, FTSE4Good, DJSI Europe and MSCI Europe.

### 1.2 . MANAGEMENT OF THE GROUP'S CAPITAL STRUCTURE

The Group's main capital management objective is to maintain an "investment grade" credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is optimized to keep pace with changes in economic conditions by adjusting dividends, returning capital to shareholders or issuing new shares.

### 1.3 . INFORMATION ABOUT THE PARENT COMPANY EDENRED SA

Registered name: Edenred SA

Registered office: Immeuble Colombus, 166-180 Boulevard Gabriel Péri, 92245 Malakoff – France

*Société anonyme à conseil d'administration* (French public limited company with a Board of Directors) with share capital of €478,532,700

Registered on the Nanterre Trade and Companies Register under No. 493 322 978

NAF code: 6420Z

**These financial statements for the year ended December 31, 2018 were approved for publication by the Board of Directors of Edenred on February 20, 2019. They will be submitted for shareholders' approval during the Annual Shareholders Meeting on May 14, 2019.**



## 1.4 . CHANGES IN ACCOUNTING METHODS: APPLICATION OF IFRS 15 AND IFRS 9

### 1.4.1. 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 December 31, 2018 has been restated in accordance with IFRS 15 and the transition impact recognized in opening equity at January 1, 2017. The restatement permits direct comparisons between data for the years ended December 31, 2018 and December 31, 2017.

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 €12 million decrease in operating revenue over 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 €12 million increase in operating revenue over 2017.

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.

The net impact represents only 1% of the total statement of financial position at January 1, 2017.

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

- "Financial revenue" to "Other revenue".

## 1.4.2. 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 that are 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 trade receivables 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.

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. The provisions are applicable prospectively.

- 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.

### 1.4.3. IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Assets</b>							
<i>(in € millions)</i>							
	Dec. 31, 2017	Impact of	Impact of	Dec. 31, 2017	Dec. 31, 2016	Impact of	Dec. 31, 2016
	Reported	IFRS 15	IFRS 9	Restated	Reported	IFRS 15	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
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,633</b>	<b>27</b>	<b>5</b>	<b>1,665</b>	<b>1,516</b>	<b>25</b>	<b>1,541</b>
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	-	(1)	767	735	-	735
Cash and cash equivalents	629	-	-	629	649	-	649
<b>TOTAL CURRENT ASSETS</b>	<b>4,670</b>	<b>(90)</b>	<b>(34)</b>	<b>4,546</b>	<b>4,116</b>	<b>(82)</b>	<b>4,034</b>
<b>TOTAL ASSETS</b>	<b>6,303</b>	<b>(63)</b>	<b>(29)</b>	<b>6,211</b>	<b>5,632</b>	<b>(57)</b>	<b>5,575</b>

<b>Liabilities and equity</b>							
<i>(in € millions)</i>							
	Dec. 31, 2017	Impact of	Impact of	Dec. 31, 2017	Dec. 31, 2016	Impact of	Dec. 31, 2016
	Reported	IFRS 15	IFRS 9	Restated	Reported	IFRS 15	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
<b>Equity attributable to owners of the parent</b>	<b>(1,437)</b>	<b>(62)</b>	<b>(8)</b>	<b>(1,507)</b>	<b>(1,230)</b>	<b>(55)</b>	<b>(1,285)</b>
Non-controlling interests	150	(1)	(4)	145	69	(2)	67
<b>Total equity</b>	<b>(1,287)</b>	<b>(63)</b>	<b>(12)</b>	<b>(1,362)</b>	<b>(1,161)</b>	<b>(57)</b>	<b>(1,218)</b>
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
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,959</b>	<b>-</b>	<b>(17)</b>	<b>1,942</b>	<b>1,576</b>	<b>-</b>	<b>1,576</b>
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
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,631</b>	<b>-</b>	<b>-</b>	<b>5,631</b>	<b>5,217</b>	<b>-</b>	<b>5,217</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,303</b>	<b>(63)</b>	<b>(29)</b>	<b>6,211</b>	<b>5,632</b>	<b>(57)</b>	<b>5,575</b>

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

#### Statement of comprehensive income

<i>(in € millions)</i>	<b>2017 Reported</b>	<b>Impact of IFRS 15</b>	<b>2017 Restated</b>
<b>Net profit</b>	<b>283</b>	<b>(6)</b>	<b>277</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation adjustment	(138)	-	(138)
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income	10	-	10
Tax on items that may be subsequently reclassified to profit or loss	-	-	-
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gains and losses on defined-benefit plans	2	-	2
Tax on items that will not be reclassified to profit or loss	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>(126)</b>	<b>-</b>	<b>(126)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>157</b>	<b>(6)</b>	<b>151</b>
<b>Comprehensive income attributable to owners of the parent</b>	<b>132</b>	<b>(7)</b>	<b>125</b>
<b>Comprehensive income attributable to non-controlling interests</b>	<b>25</b>	<b>1</b>	<b>26</b>

Statement of cash flows	2017	Impact of	2017
(in € millions)	Reported	IFRS 15	Restated
+ Net profit attributable to owners of the parent	247	(6)	241
+ Non-controlling interests	36	-	36
- Share of net profit from equity-accounted companies	(11)	-	(11)
- Depreciation, amortization and changes in operating provisions	85	-	85
- Deferred taxes	18	2	16
- Expenses related to share-based payments	12	-	12
- Non-cash impact of other income and expenses	1	-	1
- Difference between income tax paid and income tax expense	(23)	-	(23)
+ Dividends received from equity-accounted companies	11	-	11
<b>= Funds from operations including other income and expenses</b>	<b>376</b>	<b>(8)</b>	<b>368</b>
- Other income and expenses (including restructuring costs)	12	-	12
<b>= Funds from operations before other income and expenses (FFO)</b>	<b>388</b>	<b>(8)</b>	<b>380</b>
+ Decrease (increase) in working capital	293	8	301
+ Recurring decrease (increase) in restricted cash	(204)	-	(204)
<b>= Net cash from (used in) operating activities</b>	<b>477</b>	<b>-</b>	<b>477</b>
+ Other income and expenses (including restructuring costs) received/paid	17	-	17
<b>= Net cash from (used in) operating activities including other income and expenses (A)</b>	<b>494</b>	<b>-</b>	<b>494</b>
- Recurring expenditure	(78)	-	(78)
- External acquisition expenditure, net of cash acquired	(100)	-	(100)
+ Proceeds from disposals of assets	2	-	2
<b>= Net cash from (used in) investing activities (B)</b>	<b>(88)</b>	<b>-</b>	<b>(88)</b>
+ Capital increase	15	-	15
- Dividends paid	(129)	-	(129)
+ (Purchases) sales of treasury shares	(24)	-	(24)
+ Increase (decrease) in debt	(126)	-	(126)
<b>= Net cash from (used in) financing activities (C)</b>	<b>(352)</b>	<b>-</b>	<b>(352)</b>
<b>- Net foreign exchange differences and fair value adjustments (D)</b>	<b>(76)</b>	<b>-</b>	<b>(76)</b>
<b>= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>	<b>(22)</b>	<b>-</b>	<b>(22)</b>
+ Cash and cash equivalents at beginning of period	597	-	597
- Cash and cash equivalents at end of period	575	-	575
<b>= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(22)</b>	<b>-</b>	<b>(22)</b>



## 1.5 . BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS



Pursuant to European Regulation (EC) 1606/2002 of July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of that date. They include comparative financial information for 2017, prepared in accordance with the same principles and conventions and the same standards.

IFRSs are downloadable from the European Commission's website at the following address:

[https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting\\_fr#overview](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr#overview)

The consolidated financial statements are presented in million euros, rounded to the nearest million. In some cases, rounding may lead to non-material differences between reported totals and the sum of the reported amounts.

## 1.6 . PRESENTATION CURRENCY AND FOREIGN CURRENCIES



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 2018 consolidated financial statements are presented in Note 11.6.

The impact on attributable consolidated equity of currency translation adjustments was a negative €66 million between December 31, 2017 and December 31, 2018, as presented in the consolidated statement of changes in equity. The difference mainly reflected the depreciation of the Brazilian real (for €62 million), the depreciation of the Argentine peso (for €3 million) and the appreciation of the Mexican peso (for €5 million) against the euro.

## 1.7 . 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

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In accordance with IFRS 10 – Consolidated Financial Statements, control over an entity has been determined based on a review of the criteria specified in the standard, which is not limited to the interest held in the entity (more than 50%); an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's local currency. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

In accordance with IFRS 11 – Joint Arrangements, companies over which the Group exercises significant influence, either directly or indirectly, are accounted for by the equity method. Under the equity method, investments in associates and joint ventures are initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

The Group has accounted for business combinations and changes in ownership interest that do not result in a loss of control in accordance with IFRS 3 (revised) – Business Combinations and IFRS 10 – Consolidated Financial Statements.

As part of certain acquisitions and/or business combinations, the Group has granted commitments to buy back minority shareholders' interests. The exercise price of these options can be fixed or calculated using a predefined formula, and they can be exercised at any time or at a set date.

The Group records a financial liability at its present value for the puts granted to the minority shareholders of the entities concerned. Subsequent changes to the commitment's value are recognized with adjustments to the equity attributable to owners of the parent.

All equity security transactions between controlling and non-controlling shareholders not involving a loss of control must be recognized directly in equity.

### 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 definitively allocated primarily to the customer list for €8 million and the residual difference to goodwill for €18 million.

A non-current financial liability was recognized in the financial statements at December 31, 2018 in the amount of €18 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 year ended December 31, 2018 are as follows:

<i>(in € millions)</i>	<b>TIMEX Dec. 31, 2018</b>
Non-current assets	26
Current assets	48
<b>Total assets</b>	<b>74</b>
Equity and non-current liabilities*	29
Current liabilities	45
<b>Total equity and liabilities</b>	<b>74</b>

\* Excluding financial liabilities arising on the €18 million put option.

<i>(in € millions)</i>	<b>TIMEX 2018 (12 months)</b>
Total revenue	4
<b>EBIT</b>	<b>3</b>
<b>Net profit attributable to owners of the parent</b>	<b>1</b>

### 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 was not material for 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 was not material for 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 December 31, 2018, this liability amounted to €94 million.

### Efectibono

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 significantly expand its share in Peru's employee benefits market. 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 to goodwill for €4 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.

Vasa Slovensko has been fully consolidated from October 1, 2017. The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been definitively allocated 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 December 31, 2018 were as follows:

<i>(in € millions)</i>	<b>VASA SLOVENSKO 2018 (9 months)</b>	<b>VASA SLOVENSKO 2017 (3 months)</b>
Total revenue	5	2
<b>EBIT</b>	<b>2</b>	<b>1</b>
<b>Net profit attributable to owners of the parent</b>	<b>1</b>	<b>1</b>

## NOTE 3 : SIGNIFICANT EVENTS

### 3.1 . €500 MILLION BOND ISSUE

On November 29, 2018, Edenred announced a €500 million 7-year 1.875% bond issue due March 6, 2026.

The issue will help finance Edenred's growth plans, including the acquisition of Corporate Spending Innovations (CSI) (see "Subsequent events").

### 3.2 . CHANGE OF THE BOLIVAR FUERTE EXCHANGE RATE IN 2017 AND 2018

#### Devaluation of the bolivar fuerte in 2017 and 2018

Over the last few years, the situation in Venezuela has significantly deteriorated, notably due to the political and economic instability resulting, partially, from the decrease in the price of oil. This context resulted in high inflation and the implementation of a strict control of foreign currency and exchange rates, with an unstable system that has been subject to numerous reforms.

On May 19, 2017, the Venezuelan government and central bank modified the exchange control system. On September 4, 2017, the DICOM foreign exchange platform was suspended by the central bank 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 30,988 bolivars per euro, equivalent to around 25,000 bolivars fuerte per dollar.

On August 20, 2018, the Venezuelan government issued a new currency, the bolivar soberano (VES), which is worth 100,000 "old" bolivars fuerte (VEF).



The value of the currency has continued to decline significantly since the announcement, averaging 55 bolivars to the euro in 2018 and closing at 645 bolivars to the euro.



For 2018, the Group decided to use DICOM bolivar soberano to US dollar exchange rates, as presented in the table below:

	2018	
	Average rate*	Closing rate**
Bolivar soberano to US dollar exchange rate used by Edenred, translated into euros	55	645

\* Average of DICOM VES/USD exchange rates since January 1, 2018, translated into EUR.

\*\* Closing DICOM VES/USD exchange rate at December 31, 2018, translated to EUR.

### Bolivar soberano exchange rate sensitivity analysis

The consolidated financial statements are no longer sensitive to changes in the Bolivar soberano exchange rate.

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 €129 million at December 31, 2018 out of a total loss of €151 million including non-controlling interests.

## 3.3 . HYPERINFLATION IN ARGENTINA

Argentina has been qualified as a hyperinflationary economy since July 1, 2018. The Group has therefore applied IAS 29 – Financial Reporting in Hyperinflationary Economies to its operations in this country retroactively as from January 1, 2018.

In line with this standard, a EUR/ARS exchange rate of 43.13 has been used (see Note 11.6 “Exchange Rates”). Non-monetary items have been adjusted using the consumer price index published by Argentina's national statistics institute, INDEC.

Application of IAS 29 had a €1 million negative impact on net profit attributable to owners of the parent. The impact on consolidated equity was a non-material negative €3 million.

## 3.4 . 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 comprised 239,266,350 shares.



The total dividend amounted to €200 million and included cash dividends of €104 million paid to Group shareholders on June 8, 2018.

## **3.5 . SUBSEQUENT EVENTS**

### **Acquisition of CSI**

Edenred has signed an agreement to acquire Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America. The acquisition, for an amount of around 600 million US dollars, follows on from a European partnership formed close to two years ago between the two companies. In line with the Fast Forward strategic plan, the transaction will enable Edenred to step up its development in the fast-growing corporate payment segment, enhance its digital payment technology platform and significantly increase its presence in North America.

The transaction was completed on January 9, 2019. The company will be fully consolidated in Edenred's financial statements as from January 1, 2019.

### **Acquisition of 80% of the share capital of The Right Fuelcard Company (TRFC) group**

On November 27, 2018, Edenred announced the acquisition of 80% of the share capital of The Right Fuelcard Company (TRFC) group, the number four fuel card program manager in the United Kingdom. By expanding into the UK market, one of the largest in Europe, Edenred is consolidating its position as a global provider of fleet and mobility solutions in line with its Fast Forward strategy.

The acquisition of 80% of the TRFC group's share capital from Rontec and the Bayford group represented an outlay of around 95 million pounds sterling.

The transaction was completed on January 4, 2019. The company will be fully consolidated in Edenred's financial statements as from January 1, 2019.

### **Acquisition of Road Account**

On October 18, 2018, Edenred announced that its subsidiary UTA KG had acquired the client portfolio of Road Account from AirPlus, a member of the Lufthansa Group. AirPlus markets corporate toll payment solutions under the Road Account brand. The acquisition will enable UTA to expand its client base on the buoyant European toll market and creates new outlets for additional services.

The transaction was completed on January 11, 2019.

### **Dual acquisition of Merits & Benefits and Ektivita**

On January 31, 2019, Edenred announced the dual acquisition of Merits & Benefits and Ektivita, which will enable the Group – already the number one provider of Employee Benefits in Belgium via its Ticket Restaurant and Ticket Ecocheque programs – to expand its offering in the country and strengthen its leadership position on the local market.

Together, the two companies supply several hundred corporate clients with customized e-commerce platforms that offer access to exclusive promotional deals across a network of more than 500 partner brick-and-mortar stores and e-retailers.

The two companies will be fully consolidated in Edenred's financial statements in 2019.



## NOTE 4 : OPERATING ACTIVITY

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### 4.1 . OPERATING SEGMENTS



IFRS 8 requires companies to present financial information aggregated into "operating segments". The operating segments must reflect the groupings made by "the chief operating decision maker" for the purposes of allocating resources and assessing the performance of the consolidated group.

For aggregation to occur, IFRS 8 requires that the operating segments have similar long-term economic characteristics, and be similar in each of the following respects:

- a) the nature of the products and services;
- b) the nature of the production processes;
- c) the type or class of customer for their products and services;
- d) the methods used to distribute their products or provide their services; and
- e) if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

#### Chief operating decision maker



Edenred's chief operating decision maker is the Chief Executive Officer assisted by the Executive Committee (or "executive management"). Executive management makes decisions about resource allocation to the operating segments and assesses their performance.

Executive management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at the country level. This is because Edenred's business is multi-location with operational decisions made at the level of each homogeneous geographic area.

In the Group's internal reporting system, country-level information is aggregated into four geographical operating segments:

- France;
- Europe (excluding France);
- Latin America;
- Rest of the World.

Except France, the presented segments are thus aggregations of operating segments.

#### Aggregation



The "Europe (excluding France)" and "Latin America" aggregations meet all of the criteria mentioned above.

The "Rest of the World" segment aggregates the countries that are not included in "France", "Europe (excluding France)" and "Latin America".

Finally, "Holding & Other" includes the Edenred SA holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.



# Condensed financial information

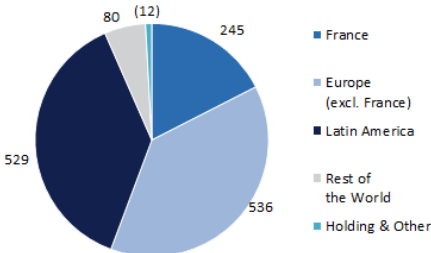
## Income statement (in € millions)

Executive management uses the following indicators to track business performance:

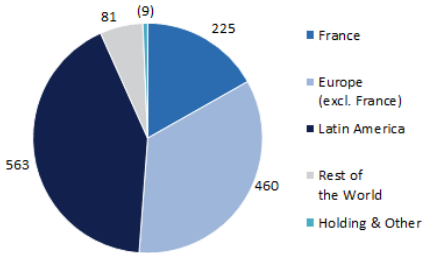
- revenue;
- EBIT.



### Revenue from operating segments (including inter-segment revenue)



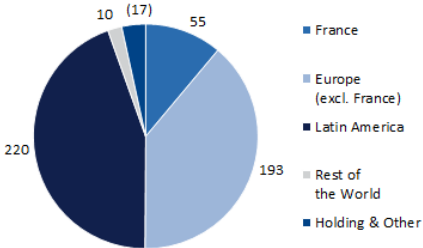
**2018**  
TOTAL: 1,378



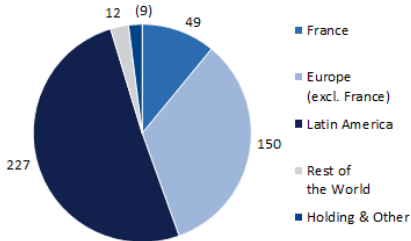
**2017 restated**  
TOTAL: 1,320



### EBIT



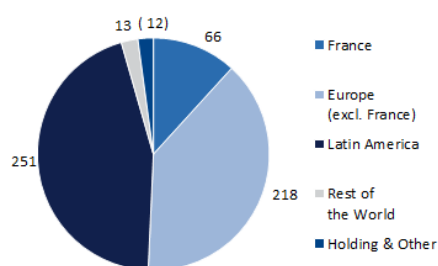
**2018**  
TOTAL: 461



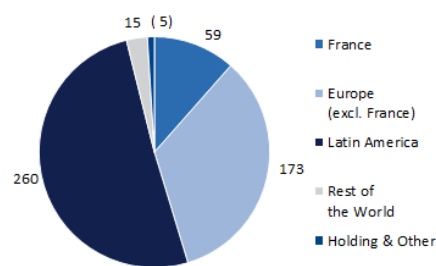
**2017 restated**  
TOTAL: 429



## EBITDA



**2018**  
TOTAL: 536



**2017 restated**  
TOTAL: 502

## Reconciliation of EBITDA to the amounts reported in the consolidated income statement

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Total revenue	245	524	529	80	-	1 378
Operating expenses	(179)	(306)	(278)	(67)	(12)	(842)
<b>EBITDA – 2018</b>	<b>66</b>	<b>218</b>	<b>251</b>	<b>13</b>	<b>(12)</b>	<b>536</b>
<b>EBITDA – 2017 restated</b>	<b>59</b>	<b>173</b>	<b>260</b>	<b>15</b>	<b>(5)</b>	<b>502</b>

## Statement of financial position



(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	Dec. 31, 2018
Goodwill	160	366	415	35	-	976
Intangible assets	69	182	155	10	16	432
Property, plant and equipment	5	28	15	3	1	52
Non-current financial assets and investments in equity-accounted companies	2	62	7	2	41	114
Deferred tax assets	12	15	14	4	30	75
<b>Non-current assets</b>	<b>248</b>	<b>653</b>	<b>606</b>	<b>54</b>	<b>88</b>	<b>1,649</b>
<b>Current assets</b>	<b>1,057</b>	<b>2,024</b>	<b>1,606</b>	<b>193</b>	<b>741</b>	<b>5,621</b>
<b>TOTAL ASSETS</b>	<b>1,305</b>	<b>2,677</b>	<b>2,212</b>	<b>247</b>	<b>829</b>	<b>7,270</b>
Equity and non-controlling interests	128	663	720	48	(3,010)	(1,451)
Non-current liabilities	15	133	56	2	2,243	2,449
Current liabilities	1,162	1,881	1,436	197	1,596	6,272
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,305</b>	<b>2,677</b>	<b>2,212</b>	<b>247</b>	<b>829</b>	<b>7,270</b>

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	Dec. 31, 2017 Restated
Goodwill	156	353	448	37	-	994
Intangible assets	68	178	162	10	15	433
Property, plant and equipment	4	23	16	2	1	46
Non-current financial assets and investments in equity-accounted companies	4	63	6	2	28	103
Deferred tax assets	17	22	27	3	20	89
<b>Non-current assets</b>	<b>249</b>	<b>639</b>	<b>659</b>	<b>54</b>	<b>64</b>	<b>1,665</b>
<b>Current assets</b>	<b>964</b>	<b>1,448</b>	<b>1,554</b>	<b>188</b>	<b>392</b>	<b>4,546</b>
<b>TOTAL ASSETS</b>	<b>1,213</b>	<b>2,087</b>	<b>2,213</b>	<b>242</b>	<b>456</b>	<b>6,211</b>
<b>Equity and non-controlling interests</b>	<b>221</b>	<b>521</b>	<b>674</b>	<b>57</b>	<b>(2,835)</b>	<b>(1,362)</b>
<b>Non-current liabilities</b>	<b>13</b>	<b>101</b>	<b>126</b>	<b>3</b>	<b>1,699</b>	<b>1,942</b>
<b>Current liabilities</b>	<b>979</b>	<b>1,465</b>	<b>1,413</b>	<b>182</b>	<b>1,592</b>	<b>5,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,213</b>	<b>2,087</b>	<b>2,213</b>	<b>242</b>	<b>456</b>	<b>6,211</b>

## 4.2 . REVENUE



As explained in Note 14.6 "Glossary", like-for-like or organic growth corresponds to comparable data, that is, at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.



Changes in revenue between 2018 and 2017 break down as follows:

(in € millions)	Δ 2018/2017 restated									
	2018	2017 Restated	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	In €m	As a %
Operating revenue	1,327	1,253	167	+13.3%	7	+0.6%	(100)	-7.9%	74	+5.9%
Other revenue	51	67	(10)	-14.7%	(0)	-0.1%	(6)	-9.2%	(16)	-24.1%
<b>Total revenue</b>	<b>1,378</b>	<b>1,320</b>	<b>157</b>	<b>+11.9%</b>	<b>7</b>	<b>+0.5%</b>	<b>(106)</b>	<b>-8.0%</b>	<b>58</b>	<b>+4.4%</b>

## 4.2.1. Segment information by indicator

### Change in total revenue



#### Total revenue by region

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

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Total revenue – 2018	245	524	529	80	-	1 378
Total revenue – 2017 restated	225	451	563	81	-	1 320
Change	20	73	(34)	(1)	-	58
% change	+9,1%	+16,2%	-6,0%	-2,0%	-	+4,4%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>18</b>	<b>68</b>	<b>61</b>	<b>10</b>	<b>-</b>	<b>157</b>
<b>LIKE-FOR-LIKE CHANGE AS A %</b>	<b>+8,1%</b>	<b>+15,0%</b>	<b>+10,8%</b>	<b>+12,4%</b>	<b>+0,0%</b>	<b>+11,9%</b>

\* See Note 14 "Glossary" for a definition of like-for-like growth.



#### Operating revenue by region

Changes in operating revenue between 2018 and 2017 break down by region as follows:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	TOTAL
Operating revenue – 2018	239	516	497	75	1,327
Operating revenue – 2017 restated	215	437	525	76	1,253
Change	24	79	(28)	(1)	74
% change	+11,0%	+18,1%	-5,2%	-1,7%	+5,9%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>21</b>	<b>74</b>	<b>63</b>	<b>9</b>	<b>167</b>
<b>LIKE-FOR-LIKE CHANGE AS A %</b>	<b>+10,0%</b>	<b>+16,8%</b>	<b>+12,0%</b>	<b>+11,6%</b>	<b>+13,3%</b>



#### Other revenue

Other 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.

Total revenue corresponds to the sum of operating revenue and other revenue.





(in € millions)

	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Other revenue – 2018	6	8	32	5	-	51
Other revenue – 2017 restated	10	14	38	5	-	67
Change	(4)	(6)	(6)	(0)	-	(16)
% change	-34.3%	-40.8%	-17.8%	-5.8%	-	-24.1%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>(3)</b>	<b>(6)</b>	<b>(2)</b>	<b>1</b>	<b>-</b>	<b>(10)</b>
<b>LIKE-FOR-LIKE CHANGE AS A %</b>	<b>-34.3%</b>	<b>-40.6%</b>	<b>-5.4%</b>	<b>+24.6%</b>	<b>-</b>	<b>-14.7%</b>

\* See Note 14 "Glossary" for a definition of like-for-like growth.



## 4.2.2. 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 business lines:

- o commissions received from corporate clients are recognized when vouchers are issued and sent to clients;
- o commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement by the beneficiary;
- o 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 business line: 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 Management Report.



<i>(in € millions)</i>	Employee Benefits	Fleet & Mobility Solutions	Complementary Solutions	TOTAL
Operating revenue – 2018	854	336	137	<b>1,327</b>
Operating revenue – 2017 restated	814	320	119	<b>1,253</b>
Change	40	16	18	<b>74</b>
% change	+5.0%	+4.9%	+15.3%	<b>+5.9%</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>96</b>	<b>54</b>	<b>18</b>	<b>167</b>
<b>LIKE-FOR-LIKE CHANGE AS A %</b>	<b>+11.7%</b>	<b>+16.8%</b>	<b>+14.8%</b>	<b>+13.3%</b>

### 4.3 . OPERATING EXPENSES



<i>(in € millions)</i>	2018	2017 Restated
Employee benefit expense	(426)	(397)
Cost of sales	(152)	(146)
Business taxes	(41)	(43)
Rental expense	(21)	(21)
Other operating expenses	(202)	(211)
<b>TOTAL OPERATING EXPENSES (1)</b>	<b>(842)</b>	<b>(818)</b>

- (1) In 2018, operating expenses were impacted by a positive €54 million currency effect and a negative €5 million scope effect in comparison with 2017.

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

### 4.4 . EBIT



Changes in EBIT between 2018 and 2017 break down as follows:

<i>(in € millions)</i>	Δ 2018/2017 restated									
	2018	2017 Restated	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	In €m	As a %
<b>EBIT</b>	<b>461</b>	<b>429</b>	<b>75</b>	<b>+17.5%</b>	<b>3</b>	<b>+0.6%</b>	<b>(46)</b>	<b>-10.9%</b>	<b>32</b>	<b>+7.3%</b>



EBIT is analyzed by operating segment in the table below:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBIT – 2018	55	193	220	10	(17)	461
EBIT – 2017 restated	49	150	227	12	(9)	429
Change	6	43	(7)	(2)	(8)	32
% change	+12.5%	+28.1%	-3.4%	-18.0%	+80.1%	+7.3%
<b>LIKE-FOR-LIKE CHANGE</b>	<b>6</b>	<b>38</b>	<b>34</b>	<b>3</b>	<b>(6)</b>	<b>75</b>
<b>LIKE-FOR-LIKE CHANGE AS A %</b>	<b>+12.2%</b>	<b>+25.4%</b>	<b>+15.1%</b>	<b>+19.5%</b>	<b>+60.4%</b>	<b>+17.5%</b>

\* See Note 14 "Glossary" for a definition of like-for-like data.

## 4.5 . CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED



Funds to be redeemed correspond to the face value of all vouchers in circulation and funds loaded on cards but not yet used. They derive from multiple transactions:

- on the one hand, with customers to whom vouchers have been issued or whose cards have been loaded, with a corresponding inflow recognized either in available cash or – depending on applicable regulations – in restricted cash (mainly in France, the United Kingdom and Romania);
- on the other hand, with partner merchants that are reimbursed by Edenred with respect to the vouchers and cards used by beneficiaries in their establishments.

Considering Edenred's operations, the main components of working capital analyzed are funds to be redeemed and restricted cash. These two aggregates are key indicators for managing the business.

Funds to be redeemed are recognized in current liabilities.

(in € millions)	Dec. 31, 2018	Dec. 31, 2017 Restated	Change
Inventories, net	27	24	3
Trade receivables, net	1,875	1,679	196
Other receivables, net	280	277	3
<b>Assets</b>	<b>2,182</b>	<b>1,980</b>	<b>202</b>
Trade payables	224	177	47
Other payables	614	284	330
Funds to be redeemed	4,959	4,749	210
<b>Liabilities and equity</b>	<b>5,797</b>	<b>5,210</b>	<b>587</b>
<b>NEGATIVE WORKING CAPITAL</b>	<b>3,615</b>	<b>3,230</b>	<b>385</b>
Corporate income tax liabilities	13	8	5
<b>NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)</b>	<b>3,628</b>	<b>3,238</b>	<b>390</b>



<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Working capital at beginning of period</b>	<b>3,230</b>	<b>2,894</b>
Change in working capital (1)	404	301
Development expenditure	14	106
Disposals	(1)	(9)
Impairment losses	3	5
Currency translation adjustment	(34)	(94)
Reclassifications to other balance sheet items	(1)	(6)
<b>Net change in working capital</b>	<b>385</b>	<b>303</b>
Impact of IFRS 9	-	33
<b>WORKING CAPITAL AT END OF PERIOD</b>	<b>3,615</b>	<b>3,230</b>

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

#### 4.6 . 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 locally regulated interest-bearing financial instruments.

Restricted cash corresponds mainly to voucher reserved funds subject to special regulations in the following countries: France (€718 million), the United Kingdom (€522 million), Romania (€73 million), the United States (€39 million), Italy (€19 million), Uruguay (€10 million) and Bulgaria (€9 million).

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 generated in Brazil to restricted cash, resulting in a negative impact on the Group's net debt.



<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Restricted cash at beginning of period</b>	<b>1,127</b>	<b>942</b>
Like-for-like change for the period (1)	279	204
Other changes	-	(4)
Currency translation adjustment	(4)	(15)
<b>Net change in restricted cash</b>	<b>275</b>	<b>185</b>
<b>RESTRICTED CASH AT END OF PERIOD</b>	<b>1,402</b>	<b>1,127</b>

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

## 4.7 . TRADE AND OTHER RECEIVABLES AND PAYABLES

### Trade receivables



In accordance with IFRS 9, impairment of trade and other receivables 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.



<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
Trade receivables, gross	1,977	1,783
Impairment losses	(102)	(104)
<b>TRADE RECEIVABLES, NET</b>	<b>1,875</b>	<b>1,679</b>

### Inventories, other receivables and accruals



#### Accounting method used for inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the weighted average cost method.



For Edenred, inventories mainly include ProwebCE ticket inventories as well as cards and paper for printing vouchers.



<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
Inventories	27	24
VAT recoverable	90	85
Employee advances and prepaid payroll taxes	5	4
Other prepaid and recoverable taxes	40	35
Other receivables	125	136
Prepaid expenses	21	18
<b>INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, GROSS</b>	<b>308</b>	<b>302</b>
Impairment losses	(1)	(1)
<b>INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, NET</b>	<b>307</b>	<b>301</b>





## Other payables and accruals



<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
VAT payable	41	35
Wages, salaries and payroll taxes payable	84	71
Other taxes payable (excl. corporate income tax)	22	12
Deferred income	33	28
Other payables	434	138
<b>Total other payables and accruals</b>	<b>614</b>	<b>284</b>
Corporate income tax liabilities	13	8
<b>OTHER PAYABLES AND ACCRUALS, NET</b>	<b>627</b>	<b>292</b>

## NOTE 5 : NON-CURRENT ASSETS

### 5.1 . GOODWILL



In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired and the acquisition price is allocated. For this purpose, fair values are determined in the new subsidiary's local currency.

#### Goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Goodwill mainly results from the expected synergies and other benefits arising from the business combinations that have not been recognized as separated assets in IFRS.

In accordance with IFRS 3 (revised) – Business Combinations, which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires an interest of less than 100% in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value including non-controlling interests, goodwill attributable to non-controlling interests is also recognized.

Goodwill arising on investments in associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries is reported separately.

Goodwill is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in the income statement.



<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017 Restated
Goodwill, gross	1,147	1,158
Accumulated impairment losses	(172)	(164)
<b>GOODWILL, NET</b>	<b>976</b>	<b>994</b>

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017 Restated
Brazil (including Repom and Embrattec)	359	397
UTA	149	148
France (Ticket Cadeaux)	92	92
France (primarily ProwebCE)	52	49
Italy	46	46
United Kingdom (including Prepay Technologies)	43	44
Mexico	42	40
Romania	31	31
Finland	19	19
Slovakia	18	21
Poland (Timex)*	18	-
Sweden	17	18
France (Moneo Resto)	14	14
United States	14	14
Japan	12	11
Czech Republic	13	13
Dubai	9	8
Portugal	6	6
Other (individually representing less than €5 million)	22	23
<b>GOODWILL, NET</b>	<b>976</b>	<b>994</b>

\* Of which €2 million from UTA Polska reclassified as goodwill following the change of consolidation method from the equity method to full consolidation.

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



<i>(in € millions)</i>	2018	2017 Restated
<b>NET GOODWILL AT BEGINNING OF PERIOD</b>	<b>994</b>	<b>904</b>
<b>Increase in gross goodwill and impact of scope changes</b>	<b>27</b>	<b>174</b>
. Germany (UTA acquisition) (1)	1	148
. Slovakia (VASA acquisition) (2)	(3)	21
. France (Moneo Resto acquisition)	-	14
. Nicaragua (Nectar Technology consolidation)	-	3
. Brazil (Embrattec consolidation)	-	(13)
. Brazil (Good Card consolidation)	4	-
. Poland (Timex acquisition) (2)	18	-
. Peru (Effectibono acquisition)	4	-
. Other acquisitions	3	1
<b>Goodwill written off on disposals for the period</b>	<b>-</b>	<b>-</b>
<b>Impairment losses (3)</b>	<b>(5)</b>	<b>(11)</b>
<b>Currency translation adjustment</b>	<b>(40)</b>	<b>(73)</b>
<b>NET GOODWILL AT END OF PERIOD</b>	<b>976</b>	<b>994</b>

- (1) On January 20, 2017, the Group exercised its call option on non-controlling interests in UTA and acquired control of this sub-group.
- (2) See Note 2 "Acquisitions, development projects and disposals".
- (3) See Note 5.5 "Impairment tests".



## 5.2 . INTANGIBLE ASSETS



Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, in accordance with IAS 38 – Intangible Assets.

Incurred expenses related to internal projects are differentiated whether they are incurred during the research phase or the development phase. This differentiation is essential as the financial treatment is different for the two categories.

For an internal project, the research phase includes the preliminary investigation phase before the development phase, represented by the market application.

Expenses incurred during the research phase of an internal project are not capitalized but expensed in the income statement of the period during which they occurred.

Expenses incurred during the development phase of an internal project are analyzed in order to determine whether or not they can be capitalized. If the six criteria defined by IAS 38.57 are simultaneously met, expenses can be capitalized and amortized over the period defined by the category of assets in which they are included. If not, they are expensed in the income statement of the period during which they occurred.

As a reminder, according to IAS 38.57, expenses may only be capitalized if the entity demonstrates the following six items:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.



The Group's main brands are considered as having indefinite useful lives and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their recoverable amount determined according to the criteria applied at the acquisition date is less than their carrying amount, an impairment loss is recognized.

Other intangible assets (acquired and internally developed software, licenses and customer lists) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives, as follows:



- licenses: life of the license;
- customer lists: 3 to 18 years;
- software: 2 to 7 years.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based



on multiple criteria, taking into account both brand equity and their contribution to profit. Customer lists are measured based on the cost of acquiring new customers.



Most brands have been qualified as having an indefinite useful life because the Group considers that there is no foreseeable limit to the period in which they can be used.

<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
<b>GROSS CARRYING AMOUNT</b>		
Brands	66	66
Customer lists	335	338
Licenses and software	330	301
Other intangible assets	85	76
<b>TOTAL GROSS CARRYING AMOUNT</b>	<b>817</b>	<b>781</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>		
Brands	(10)	(10)
Customer lists	(111)	(92)
Licenses and software	(220)	(202)
Other intangible assets	(45)	(44)
<b>TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES</b>	<b>(385)</b>	<b>(348)</b>
<b>NET CARRYING AMOUNT</b>	<b>432</b>	<b>433</b>

Other intangible assets concern mainly assets in progress in the framework of IT platform development projects.



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

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>CARRYING AMOUNT AT BEGINNING OF PERIOD</b>	<b>433</b>	<b>313</b>
Intangible assets of newly consolidated companies*	8	146
Internally generated assets	47	39
Additions	20	26
Depreciation for the period	(61)	(57)
Impairment losses for the period	(0)	(9)
Disposals	(0)	-
Currency translation adjustment	(17)	(26)
Reclassifications	2	1
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>432</b>	<b>433</b>

\* In 2017, intangible assets of newly consolidated companies included customer lists (UTA and Vasa) for €120 million and the UTA brands for €23 million (see Note 2 "Acquisitions, development projects and disposals").



The carrying amount of intangible assets with an indefinite useful life corresponds mainly to the following brands:

<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
UTA brand	23	23
Kadéos brand	19	19
ProwebCE brand	6	6
Rikskuponger brand	3	3
Prepay brand	2	2
Other brands	3	3
<b>Total</b>	<b>56</b>	<b>56</b>

### 5.3 . PROPERTY, PLANT AND EQUIPMENT



Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 – Property, Plant and Equipment. Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, using the components method, from the date when they are put in service. The main depreciation periods applied are as follows:



- building improvements, fixtures and fittings: 5 to 15 years;
- equipment and furniture: 4 to 7 years.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, using the components method. Buildings are depreciated over a maximum of 40 years. Other components are depreciated over the same periods as other property, plant and equipment.



<i>(in € millions)</i>	<b>Dec. 31, 2018</b>			<b>Dec. 31, 2017 Restated</b>		
	<b>GROSS CARRYING AMOUNT</b>	<b>DEPRECIATION AND IMPAIRMENT LOSSES</b>	<b>NET CARRYING AMOUNT</b>	<b>GROSS CARRYING AMOUNT</b>	<b>DEPRECIATION AND IMPAIRMENT LOSSES</b>	<b>NET CARRYING AMOUNT</b>
Land	2	-	2	2	-	2
Buildings	13	(6)	7	14	(6)	8
Fixtures	30	(18)	12	27	(18)	9
Equipment and furniture	124	(95)	29	127	(101)	26
Assets under construction	2	-	2	1	-	1
<b>Total</b>	<b>171</b>	<b>(119)</b>	<b>52</b>	<b>171</b>	<b>(125)</b>	<b>46</b>



Changes in the carrying amount of property, plant and equipment during the period were as follows:

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>CARRYING AMOUNT AT BEGINNING OF PERIOD</b>	<b>46</b>	<b>38</b>
Property, plant and equipment of newly consolidated companies	1	13
Additions	22	17
Disposals	(1)	(1)
Depreciation for the period	(15)	(16)
Impairment losses for the period	-	(1)
Currency translation adjustment	(2)	(4)
Reclassifications	1	-
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>52</b>	<b>46</b>

## 5.4 . INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES



In accordance with IFRS 12 – Disclosure of Interests in Other Entities, an entity must disclose information that enables users of financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in other entities; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

As per IAS 28 (revised), exercising significant influence over a company consists in having the power to participate in the financial and operating policy decisions of the company but not control (as in the case of a fully consolidated company) or joint control over those policies.

At December 31, 2018, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG).

Impact on the income statement:

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
Share of net profit from equity-accounted companies	11	11
<b>Total share of net profit from equity-accounted companies</b>	<b>11</b>	<b>11</b>

Impact on the statement of financial position:

<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
Goodwill	-	-
Investments in equity-accounted companies	66	62
<b>Total investments in equity-accounted companies</b>	<b>66</b>	<b>62</b>

Change in investments in equity-accounted companies:

<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Investments in equity-accounted companies at beginning of period</b>	62	151
Impact of full consolidation of UTA	-	(151)
Consolidation of AGES and MSC	-	62
Share of net profit from equity-accounted companies	11	11
Acquisition of 35% stake in Goodcard	7	-
Impact of full consolidation of UTA Polska	(2)	-
Dividends received from investments in AGES and MSC equity-accounted companies	(12)	(11)
<b>Investments in equity-accounted companies at end of period</b>	<b>66</b>	<b>62</b>

#### **AGES (Ages Maut System GmbH & Co KG and Ages International GmbH & Co KG)**

Actual 2018 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them. The income statement data correspond to nine actual months and three estimated months.

The data are presented on a 100% basis.

#### **Income statement**

<i>(in € millions)</i>	<b>2018</b>
Operating revenue	162
Operating profit before other income and expenses (EBIT)	46
Profit before tax	40
<b>Net profit</b>	<b>30</b>

#### **MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG)**

Actual 2018 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them. The income statement data correspond to ten actual months and two estimated months.

The data are presented on a 100% basis.

#### **Income statement**

<i>(in € millions)</i>	<b>2018</b>
Operating revenue	8
EBIT	6
Profit before tax	6
<b>Net profit</b>	<b>5</b>

## 5.5 . IMPAIRMENT TESTS



### Recoverable amount of assets

In accordance with IAS 36 – Impairment of Assets, the carrying amounts of goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired. Assets with an indefinite useful life – corresponding solely to goodwill and brands – are tested at least once a year.

### Reversal of impairment losses

In accordance with IAS 36 – Impairment of Assets, impairment losses on goodwill are irreversible. Impairment losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

### Cash-generating units

Impairment tests are performed at the level of the cash-generating unit (CGU) or group of CGUs.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. It corresponds to the level at which the Group organizes its businesses and monitors its results for internal management purposes. All assets are allocated to CGUs. When it is not possible to allocate goodwill on a non-arbitrary basis to individual CGUs, it may be allocated to a group of CGUs which may not be greater than an operating segment as defined in Note 4 "Operating Activity".

Indications of impairment are as follows for active CGUs:



- a 15% drop in like-for-like operating revenue;
- a 20% drop in like-for-like EBITDA; or
- any event or change in the economic environment indicating a current risk of impairment.

CGUs, which correspond to the Group's operating segments, are identified by country. For the main countries, they are identified by type of solution (Employee Benefits, Fleet & Mobility Solutions and Incentives & Rewards) if there are very different activities with separated sales teams and customer portfolios.

### Methods used to determine recoverable amounts

Impairment tests consist in comparing the carrying amount of a CGU with its recoverable amount, defined as the higher of fair value less cost to sell and value in use.

The carrying amount corresponds to the carrying value of capital employed.

For Edenred, it includes:



- goodwill;
- property, plant and equipment and intangible assets;
- working capital excluding float but including current tax liability.

Float corresponds to operating working capital, that is, vouchers in circulation to be redeemed less trade receivables.





Impairment tests are carried out in two steps:

- Step one: the carrying amount of the CGU/group of CGUs is compared to an EBITDA multiple that is considered as being representative of fair value less cost to sell. The Group considers that a difference of more than 20% between the fair value, less cost to sell, and the carrying amount means a potential loss in value.
- Step two: when there is a risk of a loss in value identified using this method or changes in the economic environment of the country or the local business, a test based on the discounted cash flow method is applied in order to determine the potential loss in value compared with the carrying amount.



The method used is as follows:

Step 1: Fair value less cost to sell	Step 2*: Value in use
<p><b>EBITDA multiple method:</b> This method can be used to measure fair value less cost to sell, and provides the best estimate of the price at which a CGU could be sold on the market on the valuation date. The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk. The multiples applied correspond to the average of transactions occurring on the market and within a range comparable to the valuation multiples of the Edenred Group. If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flow method (Step 2).</p>	<p><b>Discounted cash flow method:</b> The projections used are consistent with the five-year business plans approved by the Board of Directors. In 2018, the rate used to discount cash flows was the Group's after-tax weighted average cost of capital (WACC), broken down by country and by business type. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.</p>

\* Used in two situations:

- if the first step demonstrates loss of value;
- if the country or the subsidiary is under specific economic circumstances.

If as a result of this test the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the value-in-use method. The impairment loss is recorded first as a deduction from the carrying amount of the goodwill allocated to the CGU/group of CGUs, and then as a deduction from the carrying amount of the other assets of the CGU/group of CGUs.



The following CGUs were tested using the value in use method in 2018:

Brazil (Repom), United Kingdom (Prepay Technologies), UTA, Slovakia, Japan, Colombia, Chile, Uruguay, Malaysia (Cardtrend), United States (Nutrisavings) and Nicaragua (Nectar Technology).

The following CGUs were tested using the value-in-use method in 2017:

Brazil (Ticket Servicios, Ticket Log, Repom and Accentiv), United Kingdom (Edenred UK and Prepay Technologies), Japan, Colombia, Portugal, Malaysia, Russia and India.

Potential risks linked to Brexit and the situation in Brazil were taken into account when testing value in 2018.

## Impairment losses

Accumulated impairment losses on property, plant and equipment and intangible assets amounted to €227 million in 2018, versus €219 million in 2017. Goodwill impairment losses of €5 million were recorded in 2018, including €3 million on Malaysian goodwill and €2 million on Russian goodwill (see Note 10.1).



Property, plant and equipment and intangible assets of CGUs impacted by accumulated impairment losses are detailed as follows:



	Dec. 31 2018				Dec. 31, 2017 Restated			
	Gross carrying amount	Depreciation/amortization	Accumulated impairment losses	Net carrying amount	Gross carrying amount	Depreciation/amortization	Accumulated impairment losses	Net carrying amount
(in € millions)								
Goodwill	1,148	-	(172)	976	1,158	-	(164)	994
Brands	66	-	(10)	56	66	-	(10)	56
Customer lists	335	(89)	(21)	225	338	(71)	(21)	246
Other intangible assets	415	(240)	(24)	151	377	(222)	(24)	131
Property, plant and equipment	171	(119)	-	52	171	(125)	-	46
<b>TOTAL</b>	<b>2,135</b>	<b>(448)</b>	<b>(227)</b>	<b>1,460</b>	<b>2,110</b>	<b>(418)</b>	<b>(219)</b>	<b>1,473</b>

## Key assumptions



In 2018, the discount rate applied was based on the Group weighted average cost of capital (WACC) and averaged 9.0% (9.2% in 2017).



	Discount rate		Perpetuity growth rate	
	2018	2017	2018*	2017
Europe (excl. France)	7.8%-11.2%	7.9%-14.3%	2.0%-2.5%	1.8%-4.0%
Latin America	10.6%-14.7%	12.6%-14.6%	3.0%-6.1%	3.0%-4.5%
Rest of the World	7.0%-17.0%	6.7%-13.6%	1.2%-4.0%	1.6%-5.0%

\* Source: IMF inflation forecast for 2023.

## Sensitivity analysis

### Rate sensitivity



	2018							
	WACC sensitivity				Perpetuity growth rate sensitivity			
	+100 bps	+50 bps	-50 bps	-100 bps	-100 bps	-50 bps	+50 bps	+100 bps
(in € millions)								
France	-	-	-	-	-	-	-	-
Europe (excl. France)	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(3)	(2)	1	1	(2)	(1)	1	1

	2017							
	WACC sensitivity				Perpetuity growth rate sensitivity			
	+100 bps	+50 bps	-50 bps	-100 bps	-100 bps	-50 bps	+50 bps	+100 bps
(in € millions)								
France	-	-	-	-	-	-	-	-
Europe (excl. France)	(1)	(0)	-	-	(0)	(0)	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(4)	(2)	3	6	(3)	(1)	2	4

In 2018, changes in the weighted average cost of capital (WACC) and the perpetuity growth rate would have the following impacts on the Rest of the World region:

Regarding discount rates, the impacts on recognized impairment losses would be as follows:

- a 50 basis point increase in the discount rate would have had the effect of increasing the recognized loss by around €2 million for the Rest of the World region;
- a 100 basis point increase in the discount rate would have had the effect of increasing the recognized loss by around €3 million for the Rest of the World region;

Regarding perpetuity growth rates, the impacts on recognized impairment losses would be as follows:

- a 50 basis point decrease in the discount rate would have had the effect of increasing the recognized loss by around €1 million for the Rest of the World region;
- a 100 basis point decrease in the discount rate would have had the effect of increasing the recognized loss by around €2 million for the Rest of the World region.

### Growth assumption sensitivity

(in € millions)	2018			
	Business growth sensitivity		Margin rate sensitivity	
	-10%	+10%	-100 bps	+100 bps
France				
Europe (excl. France)	-	-	-	-
Latin America	-	-	-	-
Rest of the World	(1)	2	(1)	1

Business growth is measured by like-for-like growth of business volume. The margin rate is defined as the ratio between EBIT before depreciation, amortization and provisions and operating revenue.

At December 31, 2018, a 10% fall in business volume would have had the effect of increasing the recognized impairment loss by around €1 million.

At December 31, 2018, a 100 basis point fall in the margin rate would have increased the recognized impairment loss by around €1 million.

## 5.6. DEPRECIATION, AMORTIZATION AND PROVISIONS



Depreciation, amortization and provision expenses reflect the operating costs of assets owned by Edenred. This item also includes amortization of fair value adjustments to assets acquired in business combinations.

(in € millions)	2018	2017 Restated
Amortization of fair value adjustments to assets acquired in business combinations	21	22
Other depreciation and amortization	54	51
<b>TOTAL</b>	<b>75</b>	<b>73</b>

In 2018, amortization of fair value adjustments to assets primarily included €6 million for UTA and €7 million for Embratec.



## NOTE 6 : FINANCIAL ITEMS

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### 6.1 . NET FINANCIAL EXPENSE



Net financial expense includes:

- interest expense or income on borrowings, other financial liabilities and loans and receivables;
- exchange gains and losses on financial transactions;
- movements on financial provisions.



(in € millions)

	2018	2017
Gross borrowing cost	(47)	(65)
Hedging instruments	18	20
Income from cash and cash equivalents and other marketable securities	10	8
<b>Net borrowing cost</b>	<b>(19)</b>	<b>(37)</b>
Net foreign exchange gains (losses)	4	2
Other financial income	1	1
Other financial expenses	(23)	(16)
<b>NET FINANCIAL EXPENSE</b>	<b>(37)</b>	<b>(50)</b>

Hedging instruments are related to expenses and income on interest rate swaps as presented in Note 6.6 "Financial instruments and market risk management".

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

### 6.2 . FINANCIAL ASSETS



IFRS 9 defines financial assets as a contractual right to receive an economic benefit that will ultimately result in the receipt of cash flows or an equity instrument. Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the asset. The initial fair value corresponds to the asset's purchase price.



Financial assets and liabilities are recognized and measured in accordance with IFRS 9 – Financial Instruments.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified among the three main categories defined in IFRS 9, as follows:

- **At amortized cost:** One of the conditions of eligibility of a debt instrument for measurement at amortized cost is that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (“SPPI instruments”). SPPI instruments include:
  - term deposits and loans to non-consolidated companies. These assets are initially recognized at fair value.
  - bonds and other marketable securities that are **held to maturity**. These assets are initially recognized at fair value.

They are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the reporting date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods. For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.

- **At fair value through profit or loss:** Mutual fund units in cash are booked in “**Financial assets at fair value through profit and loss**”. These assets are recognized at fair value in the balance sheet and fair value changes are recorded in the income statement.
- **At fair value through other comprehensive income (OCI):** Derivative financial instruments recorded in assets and eligible for hedge accounting are measured at fair value and fair value changes are recorded in other comprehensive income.

## 6.2.1. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist mainly of equity interests in non-consolidated companies and deposits and guarantees.

(in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Equity interests*	35	(1)	34	34	(5)	29
Deposits and guarantees	12	-	12	10	-	10
Other	2	-	2	2	-	2
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>49</b>	<b>(1)</b>	<b>48</b>	<b>46</b>	<b>(5)</b>	<b>41</b>

\* Changes to the fair value of which are recognized through profit or loss.

## 6.2.2. CURRENT FINANCIAL ASSETS



(in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Other current financial assets	2	-	2	3	(1)	2
Receivables on disposals of assets	-	-	-	-	-	-
Derivatives	44	-	44	41	-	41
<b>CURRENT FINANCIAL ASSETS</b>	<b>46</b>	<b>-</b>	<b>46</b>	<b>44</b>	<b>(1)</b>	<b>43</b>

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

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management".

## 6.3. CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES



### Cash and cash equivalents

"Cash and cash equivalents" includes bank balances and short-term investments in money market instruments. To be classified in cash and cash equivalents, investments have to respect IAS 7 criteria. These instruments mainly correspond to bank term deposits and risk-free interest-bearing demand deposits. They have initial maturities of three months or less, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

### Other marketable securities

Instruments that have initial maturities of more than three months and less than one year are reported under "Other marketable securities". These instruments are highly liquid and are subject to an insignificant risk of changes in value due to interest rate and foreign exchange rate changes. However, they are no longer classified as cash and cash equivalents in line with IAS 7. This line item also includes restricted cash, corresponding to cash and cash equivalents subject to restrictions due to regulations that are specific to a country (such as exchange rate control).

### Accounting method

"Cash and cash equivalents" and "Other marketable securities" are financial assets recognized according to IFRS 9 – Financial Instruments (see Note 6.3) and its amendments.



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





	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
(in € millions)						
Cash at bank and on hand	865	-	865	306	-	306
Term deposits and equivalent – less than 3 months	423	-	423	297	-	297
Bonds and other negotiable debt securities	32	-	32	-	-	-
Mutual fund units in cash – less than 3 months	17	-	17	26	-	25
<b>CASH AND CASH EQUIVALENTS</b>	<b>1,337</b>	<b>-</b>	<b>1,337</b>	<b>629</b>	<b>-</b>	<b>629</b>
Term deposits and equivalent – more than 3 months	491	(1)	490	750	(4)	746
Bonds and other negotiable debt securities	163	-	163	20	-	20
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1
<b>OTHER MARKETABLE SECURITIES</b>	<b>655</b>	<b>(1)</b>	<b>654</b>	<b>771</b>	<b>(4)</b>	<b>767</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES</b>	<b>1,992</b>	<b>(1)</b>	<b>1,991</b>	<b>1,400</b>	<b>(4)</b>	<b>1,396</b>

Cash and cash equivalents at December 31, 2018 included a temporary balance of €500 million and the total was not therefore comparable with cash and cash equivalents at the previous year-end. The €500 million corresponded to the proceeds from a public bond offering that were received on December 6, 2018 and were subsequently used to finance the CSI acquisition that was settled on January 9, 2019 (see Note 2 “Acquisitions, development projects and disposals”).

## 6.4 . DEBT AND OTHER FINANCIAL LIABILITIES



### Debt

Non-banking debt (bonds, private placements such as Schuldschein instruments, etc.) and bank borrowings set up as interest-bearing lines of credit and bank overdrafts are recognized for the amounts received, net of direct issuing costs.

Debt is measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.



	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Non-current	Current	Total	Non-current	Current	Total
(in € millions)						
Non-bank debt*	2,197	-	2,197	1,681	-	1,681
Bank borrowings	16	66	82	67	68	135
NEU CP	-	210	210	-	-	-
<b>DEBT</b>	<b>2,213</b>	<b>276</b>	<b>2,489</b>	<b>1,748</b>	<b>68</b>	<b>1,816</b>
<b>BANK OVERDRAFTS</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>54</b>	<b>54</b>
Deposits and guarantees	1	13	14	1	13	14
Purchase commitments for non-controlling interests	57	102	159	14	209	223
Derivatives	-	6	6	-	23	23
Other	3	4	7	2	4	6
<b>OTHER FINANCIAL LIABILITIES</b>	<b>61</b>	<b>125</b>	<b>186</b>	<b>17</b>	<b>249</b>	<b>266</b>
<b>DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>2,274</b>	<b>422</b>	<b>2,696</b>	<b>1,765</b>	<b>371</b>	<b>2,136</b>

\* Non-bank debt restated based on IFRS 9 (see Note 1.3 “Changes in accounting methods: application of IFRS 15 and IFRS 9”).

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

On November 29, 2018, Edenred announced a €500 million 1.875% bond issue with a maturity of 7 years and 3 months. The new bond issue will help finance the acquisition of CSI.

At December 31, 2018, the Group's gross outstanding bond position amounted to €1,975 million, which breaks down as follows:

Issue date	Amount in €m	Coupon	Maturity
			7 years & 3 months
December 6, 2018	500	1.875%	March 6, 2026
			10 years
March 30, 2017	500	1.875%	March 30, 2027
			10 years
March 10, 2015	500	1.375%	March 10, 2025
			7 years
October 30, 2013	250	2.625%	October 30, 2020
			10 years
May 23, 2012	225	3.75%	May 23, 2022
<b>Gross outstanding bond position</b>	<b>1,975</b>		

At December 31, 2017, the gross outstanding bond position amounted to €1,475 million.

Issue date	Amount in €m	Coupon	Maturity
			10 years
March 30, 2017	500	1.875%	March 30, 2027
			10 years
March 10, 2015	500	1.375%	March 10, 2025
			7 years
October 30, 2013	250	2.625%	October 30, 2020
			10 years
May 23, 2012	225	3.75%	May 23, 2022
<b>Gross outstanding bond position</b>	<b>1,475</b>		

#### Other non-bank debt

At December 31, 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	45	5	June 29, 2021
Variable	68	5	June 29, 2021
Fixed	32	7	June 29, 2023
Variable	105	7	June 29, 2023
<b>Total Schuldschein loan</b>	<b>250</b>		

\* 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 (€113 million at the December 31, 2018 BRL/EUR exchange rate). The loan is repayable in two 250 million reais installments, one paid in June 2018 and one due in May 2019.


Bank borrowings at December 31, 2018 totaled €77 million, of which €58 million corresponding to the 250 million reais loan.

## 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 December 31, 2018, current debt outstanding under the program stood at €210 million.


## Maturity analysis – carrying amounts

### At December 31, 2018



(in € millions)	2019	2020	2021	2022	2023	2024 and beyond	Dec. 31, 2018
Debt and other financial liabilities	422	284	137	244	137	1,472	2,696
<b>Total</b>	<b>422</b>	<b>284</b>	<b>137</b>	<b>244</b>	<b>137</b>	<b>1,472</b>	<b>2,696</b>

### At December 31, 2017



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

## Credit facility

At December 31, 2018, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2023. 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, in line with the 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.

## 6.5 . NET DEBT AND NET CASH



<i>(in € millions)</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017 Restated</b>
Non-current debt	2,213	1,748
Other non-current financial liabilities	61	17
Current debt	276	68
Other current financial liabilities	125	249
Bank overdrafts	21	54
<b>DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>2,696</b>	<b>2,136</b>
Current financial assets	(46)	(43)
Other marketable securities	(654)	(768)
Cash and cash equivalents	(1,337)	(628)
<b>CASH AND CASH EQUIVALENTS LAND OTHER CURRENT FINANCIAL ASSETS</b>	<b>(2,037)</b>	<b>(1,439)</b>
<b>NET DEBT</b>	<b>659</b>	<b>697</b>



<i>(in € millions)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>Net debt at beginning of period</b>	<b>697</b>	<b>588</b>
Increase (decrease) in non-current financial debt	464	410
Increase (decrease) in other non-current financial liabilities	44	(33)
Decrease (increase) in other marketable securities	114	(33)
Decrease (increase) in cash and cash equivalents, net bank overdrafts	(741)	22
Increase (decrease) in other financial assets and liabilities	81	(241)
<b>Increase (decrease) in net debt</b>	<b>(38)</b>	<b>125</b>
Impact of IFRS 9	-	(16)
<b>NET DEBT AT END OF PERIOD</b>	<b>659</b>	<b>697</b>

## 6.6 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT



The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of its business. Hedged risks are currency and interest rate risks.

In accordance with IFRS 9, derivatives are initially recognized at cost. They are subsequently measured at fair value at each period-end. The intended use of the derivatives determines the IFRS designation and therefore the accounting treatment of changes in fair value.

Most interest rate and foreign currency derivatives used by Edenred are designated as hedging instruments. In accordance with IAS 39, hedge accounting is applicable if, and only if:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship can be demonstrated from the outset and at each balance sheet date, prospectively and retrospectively.

### Financial instruments designated as hedging instruments

When derivatives are designated as hedging instruments, their accounting treatment varies depending on whether they are designated as:

- a fair value hedge of an asset or a liability or of an unrecognized firm commitment; or
- a cash-flow hedge.

Fair value hedge	Cash flow hedge
A fair value hedge is a hedge of the exposure to changes in fair value of a financial liability or an unrecognized firm commitment.	A cash flow hedge is a hedge of the exposure to variability in future cash flows associated with an existing asset or liability, or a highly probable forecast transaction.
The gain or loss from the change in fair value of the hedging instrument is recognized in profit or loss on a symmetrical basis with the gain or loss from the change in fair value of the hedged item. These two remeasurements offset each other within the same line items in the income statement, except for the ineffective portion of the hedge.	The effective portion of the gain or loss from remeasurement at fair value of the hedging instrument is recognized in equity and the ineffective portion is recognized in the income statement for the period.  Cumulative gains or losses in equity are recycled to the income statement in the period when the hedged item affects profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss carried in equity at the time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss carried in equity is immediately transferred to the income statement.

### Other derivatives


Derivatives not designated as hedging instruments are classified as "Financial assets at fair value through profit and loss". Any changes in their fair value are booked in financial income or expense.

## Interest rate risk: fixed/variable interest rate analysis

### 1) Hedging impact

#### Before hedging


Debt before interest rate hedging breaks down as follows:

 (in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt (1)	2,313	2.1%	93%	1,641	2.9%	90%
Variable-rate debt	176	1.4%	7%	175	1.3%	10%
<b>DEBT</b>	<b>2,489</b>	<b>2.0%</b>	<b>100%</b>	<b>1,816</b>	<b>2.8%</b>	<b>100%</b>

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.750%, 2.625%, 1.375%, 1.875% 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:

 (in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	455	1.1%	18%	290	4.4%	16%
Variable-rate debt	2,034	1.2%	82%	1,526	1.3%	84%
<b>DEBT</b>	<b>2,489</b>	<b>1.2%</b>	<b>100%</b>	<b>1,816</b>	<b>1.8%</b>	<b>100%</b>

### 2) Hedging of interest rate risk

Interest rate risk on fixed rate debt and variable rate financial assets is hedged using swaps where the Group is the fixed rate lender and variable rate borrower:

- swaps to hedge debt in euros: notional amount of €1,932 million relating to an underlying debt of €2,052 million and for a fair value of €20 million representing a financial asset;
- swaps to hedge the bank debt in Brazilian reais: notional amount of €56 million relating to an underlying debt of 250 million reais and for a fair value of €1 million representing a financial asset;
- swaps to hedge marketable securities in reais: notional amount of €315 million relating to an underlying debt of 1,400 million reais and for a fair value of €17 million representing a financial asset;
- swaps to hedge marketable securities in Mexican pesos: notional amount of €44 million relating to an underlying debt of 1,000 million pesos and for a fair value of €1 million representing a financial liability.

Under IFRS 9, swaps on debt are designated as hedging instruments in fair value hedges and swaps on marketable securities are designated as hedging instruments in cash flow hedges. These hedging operations have no material impact on the income statement as the efficiency ratio is almost 100%.

<i>(in € millions)</i>	Notional amount	Fair value	2019	2020	2021	2022	2023 and beyond
BRL: fixed-rate receiver swaps (1)	315	17	64			116	135
BRL: variable-rate payer swaps (2)	56	1	56				
EUR: fixed-rate payer swaps	50	(1)				50	
EUR: variable-rate payer swaps	1,882	21		125		275	1,482
MXN: fixed-rate receiver swaps (3)	44	(1)					44
<b>TOTAL</b>	<b>2,347</b>	<b>37</b>	<b>120</b>	<b>125</b>	<b>-</b>	<b>441</b>	<b>1,661</b>

(1) Of which BRL 1,340 million (€302 million) in swaps to hedge marketable securities of the Ticket Serviços entity.

(2) Of which BRL 250 million (€56 million) in swaps to hedge debt of the Ticket Serviços SA entity.

(3) Of which MXN 1,000 million (€44 million) in swaps to hedge marketable securities of the Edenred Mexico entity.

### 3) Interest rate risk sensitivity

Edenred is exposed to the risk of fluctuations in interest rates, given:



- the cash flows related to variable-rate debt, after hedge accounting; and
- derivative financial instruments eligible for cash flow hedge accounting for the ineffective portion of the hedging relationships.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2018 remains constant over one year.

A 100 basis point change in interest rates (mainly the 3-month Euribor) would have the following impacts on equity and pre-tax income at year-end:

<i>(in € millions)</i>	Income		Equity	
	100 bp decrease in interest rates*	100 bp increase in interest rates	100 bp decrease in interest rates*	100 bp increase in interest rates
Debt at variable rate after hedge accounting	16	(16)		
accounting	-	-	-	-
<b>TOTAL</b>	<b>16</b>	<b>(16)</b>	<b>-</b>	<b>-</b>


\* 100 basis point fall in interest rates in positive rates and in negative rates.

## Foreign exchange risk: currency analysis

### 1) Hedging impact


#### Before hedging

Debt before currency hedging breaks down as follows:

 (in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2,423	1.8%	97%	1,681	2.0%	93%
Other currencies	66	12.1%	3%	135	12.1%	7%
<b>DEBT</b>	<b>2,489</b>	<b>2.0%</b>	<b>100%</b>	<b>1,816</b>	<b>2.8%</b>	<b>100%</b>

#### After hedging

Debt after currency hedging breaks down as follows:

 (in € millions)	Dec. 31, 2018			Dec. 31, 2017 Restated		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2,420	1.0%	97%	1,672	1.2%	92%
Other currencies	69	6.6%	3%	144	9.0%	8%
<b>DEBT</b>	<b>2,489</b>	<b>1.2%</b>	<b>100%</b>	<b>1,816</b>	<b>1.8%</b>	<b>100%</b>

### 2) Currency hedges




For each currency, the "notional amount" corresponds to the amount of currency sold or purchased forward. Fair value is the difference between the amount converted at the period-end forward rate (which is different from the contract-date forward rate) and at the spot rate on the hedge's inception date.

All currency transactions carried out by the Group, as listed below, are hedging transactions. They consist of designated hedges of intra-group loans and borrowings in foreign currencies and correspond to documented fair value hedging relationships.

At December 31, 2018, currency derivatives had an aggregate positive fair value of €1 million.

This figure breaks down as follows:

 (in € millions)	Notional amount	Fair value	2019	2020	2021	2022	2023	2024 and beyond
	GBP	102	0	0	-	-	-	-
MXN	3	(0)	(0)	-	-	-	-	-
PLN	7	(0)	(0)	-	-	-	-	-
USD	435	1	1	-	-	-	-	-
<b>FORWARD PURCHASES AND CURRENCY SWAPS</b>	<b>547</b>	<b>1</b>	<b>1</b>	-	-	-	-	-
CZK	0	0	0	-	-	-	-	-
HKD	3	0	0	-	-	-	-	-
USD	0	(0)	(0)	-	-	-	-	-
<b>FORWARD SALES AND CURRENCY SWAPS</b>	<b>3</b>	<b>(0)</b>	<b>(0)</b>	-	-	-	-	-
<b>TOTAL</b>	<b>550</b>	<b>1</b>	<b>1</b>	-	-	-	-	-



### 3) Sensitivity to exchange rates

A change of 10% in currency exchange rates of the major currencies would have the following impact on EBIT: Brazil (BRL) €17 million and Mexico (MXN) €4 million.

### Liquidity risk

The tables below show the repayment schedule of debt, interest included.



Future cash flows relating to interest rates are calculated using market interest rates at December 31, 2018. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

#### At December 31, 2018



(in € millions)	Dec. 2018 carrying amount	Contractual flows	2019	2020	2021	2022	2023	2024 and beyond
Bonds	1,948	1,948	-	253	-	238	-	1,457
Schuldschein	249	249	-	-	112	-	137	-
NEU CP	210	210	210	-	-	-	-	-
Bank borrowings	82	82	67	5	5	5	0	-
Future interest	N/A	242	46	42	37	31	27	59
<b>DEBT</b>	<b>2,489</b>	<b>2,731</b>	<b>323</b>	<b>300</b>	<b>154</b>	<b>274</b>	<b>164</b>	<b>1,516</b>
Bank overdrafts	21	21	21	-	-	-	-	-
Other financial liabilities	186	186	124	26	20	1	-	15
Future interest	N/A	(20)	(19)	(15)	(9)	(2)	4	21
<b>BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES</b>	<b>207</b>	<b>187</b>	<b>126</b>	<b>11</b>	<b>11</b>	<b>(1)</b>	<b>4</b>	<b>36</b>
<b>DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>2,696</b>	<b>2,918</b>	<b>449</b>	<b>311</b>	<b>165</b>	<b>273</b>	<b>168</b>	<b>1,552</b>

#### At December 31, 2017



(in € millions)	Dec. 2017 carrying amount	Contractual flows	2018	2019	2020	2021	2022	2023 and beyond
Bonds	1,681	1,681	-	-	254	112	239	1,076
Bank borrowings	135	135	68	67	-	-	-	-
Future interest	N/A	223	45	37	34	28	23	56
<b>DEBT</b>	<b>1,816</b>	<b>2,039</b>	<b>113</b>	<b>104</b>	<b>288</b>	<b>140</b>	<b>262</b>	<b>1,132</b>
Bank overdrafts	54	54	54	-	-	-	-	-
Other financial liabilities	266	266	249	17	-	-	-	-
Future interest	N/A	(9)	(17)	(12)	(6)	(1)	3	24
<b>BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES</b>	<b>320</b>	<b>311</b>	<b>286</b>	<b>5</b>	<b>(6)</b>	<b>(1)</b>	<b>3</b>	<b>24</b>
<b>DEBT AND OTHER FINANCIAL LIABILITIES</b>	<b>2,136</b>	<b>2,350</b>	<b>399</b>	<b>109</b>	<b>282</b>	<b>139</b>	<b>265</b>	<b>1,156</b>



## Credit and counterparty risk



In the normal course of business, the Group is exposed to the risk of counterparties being unable to honor their contractual obligations.

For example, the Group is exposed to credit risk in the event of default by its clients and to counterparty risk in respect of its investments of cash and its purchases of derivative instruments.

With several tens of thousands of corporate and public authority clients at December 31, 2018, the Group has a highly diversified customer base. Moreover, its clients include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

The Group diversifies its exposure to financial counterparties by investing available cash with a variety of leading financial institutions. About 80% of investments are with institutions rated investment grade.

Its maximum exposure to a single financial counterparty represented less than 15% of the total funds invested at the closing date.

## Financial instruments



### Market value of financial instruments

<i>(in € millions)</i>	Carrying amount Dec. 31, 2018	Fair value	Financial assets at fair value through profit and loss	Held-to-maturity financial assets	Financial liabilities at amortized cost	Loans and receivables	Derivatives
<b>ASSETS</b>							
Non-current financial assets	47	-	34	-	-	13	-
Trade receivables, net	1,949	-	-	-	-	1,949	-
Employee advances and prepaid payroll taxes	5	-	-	-	-	5	-
Other receivables, net	125	-	-	-	-	123	-
Prepaid expenses	21	-	-	-	-	21	-
Restricted cash	1,402	1,415	-	-	-	1,402	-
Current financial assets	46	-	-	-	-	2	44
Other marketable securities	654	661	1	-	-	653	-
Cash and cash equivalents	1,337	1,337	17	455	-	865	-
<b>TOTAL</b>	<b>5,586</b>	<b>3,413</b>	<b>52</b>	<b>455</b>	<b>-</b>	<b>5,033</b>	<b>44</b>
<b>LIABILITIES</b>							
Non-current debt	2,213	2,251	-	-	2,251	-	-
Other non-current financial liabilities	61	61	-	-	61	-	-
Current debt	276	276	-	-	276	-	-
Bank overdrafts	21	21	-	-	21	-	-
Other current financial liabilities	125	125	-	-	119	-	6
Vouchers in circulation	4,958	-	-	-	4,958	-	-
Trade payables	224	-	-	-	224	-	-
Wages, salaries and payroll taxes payable	84	-	-	-	84	-	-
Other payables	434	-	-	-	434	-	-
Deferred income	33	-	-	-	33	-	-
<b>TOTAL</b>	<b>8,429</b>	<b>2,734</b>	<b>-</b>	<b>-</b>	<b>8,461</b>	<b>-</b>	<b>6</b>



## Fair value analysis of financial assets and liabilities



The fair value hierarchy comprises the following levels:

- **Level 1:** fair value assessed by reference to prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3:** fair value assessed by reference to inputs related to the asset or liability that are not based on market data (unobservable inputs).



<i>(in € millions)</i>	Fair value at Dec. 31, 2018	Level 1	Level 2	Level 3
<b>ASSETS</b>				
Non-current financial assets	34	-	-	34
Current financial assets	44	-	44	-
Other marketable securities	1	1	-	-
Cash and cash equivalents	17	17	-	-
<b>TOTAL</b>	<b>96</b>	<b>18</b>	<b>44</b>	<b>34</b>
<b>LIABILITIES</b>				
Non-current debt	-	-	-	-
Other non-current financial liabilities	-	-	-	-
Current debt	-	-	-	-
Bank overdrafts	-	-	-	-
Other current financial liabilities	6	-	6	-
<b>TOTAL</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>

## Derivative financial instruments



<i>(in € millions)</i>	IFRS classification	Dec. 31, 2018			Dec. 31, 2017 Restated		
		Fair value	Notional amount	Face value	Fair value	Notional amount	Face value
<b>Derivative financial instruments – asset position</b>							
Interest-rate instruments	Cash-flow hedge	16	359	-	14	217	-
Interest-rate instruments	Fair-value hedge	26	1,636	-	22	393	-
Interest-rate instruments	Trading	-	-	-	3	50	-
Currency instruments	Fair-value hedge	-	-	3	2	-	147
Currency instruments	Cash-flow hedge	1	-	544	-	-	-
<b>Derivative financial instruments – liability position</b>							
Interest-rate instruments	Cash-flow hedge	-	-	-	(1)	88	-
Interest-rate instruments	Fair-value hedge	(5)	352	-	(13)	1,002	-
Interest-rate instruments	Trading	-	-	-	(1)	50	-
Currency instruments	Fair-value hedge	-	-	3	(8)	-	231
<b>NET DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>38</b>	<b>2,347</b>	<b>550</b>	<b>18</b>	<b>1,800</b>	<b>378</b>



Derivative instruments were measured at December 31, 2018 by applying a credit valuation adjustment (CVA) in accordance with IFRS 13.

The CVA for a given counterparty is determined by calculating the result of: (i) exposure (i.e., the market value of the derivative instruments purchased from the counterparty, if positive), (ii) probability of default, and (iii) loss given default. CVAs at December 31, 2018 were not material.

### Cumulative fair value of financial instruments

Changes in retained earnings related to fair value of financial instruments are detailed in the table below:



(in € millions)

	Dec. 31, 2017	New transactions	Change in fair value	P&L recycling	Dec. 31, 2018
Cash-flow hedge financial instruments (after tax)	9	1	2	1	13
Securities at fair value through profit and loss	4				4
<b>Total</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>17</b>

## NOTE 7 : TAXES

### 7.1 . INCOME TAX



Income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base using the liability method. This method consists of adjusting deferred taxes at each period-end, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the change is announced.



Edenred has decided that the French tax assessed on the value added by the business (CVAE) had the characteristics of an income tax. Therefore, income tax expense also includes the expense related to the French CVAE.

## Income tax expense and benefit



(in € millions)	2018	2017 Restated
Current taxes	(102)	(111)
Tax on dividends*	-	21
<b>SUB-TOTAL: CURRENT TAXES</b>	<b>(102)</b>	<b>(90)</b>
Deferred taxes arising on temporary differences during the period	(17)	(21)
Deferred taxes arising on changes in tax rates or rules	-	5
<b>SUB-TOTAL: DEFERRED TAXES</b>	<b>(17)</b>	<b>(16)</b>
<b>TOTAL INCOME TAX EXPENSE</b>	<b>(119)</b>	<b>(106)</b>

\* In 2017, the Group recorded an exceptional net tax benefit of €21 million corresponding to claims for refunds of the tax paid on dividends in the years 2015 to 2017.

## Tax proof



(in € millions)	2018	2017 Restated
<b>Profit before tax</b>	<b>404</b>	<b>383</b>
Share of net profit from equity-accounted companies	11	11
<b>Profit before tax and before share of net profit from equity-accounted companies (a)</b>	<b>393</b>	<b>372</b>
Non-deductible impairment losses	6	15
Elimination of intercompany capital gains	(1)	(21)
Other	(6)	(2)
<b>TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (b)</b>	<b>(1)</b>	<b>(8)</b>
<b>Untaxed profit and profit taxed at a reduced rate (c)</b>	<b>18</b>	<b>24</b>
<b>Profit taxable at the standard rate (d) = (a) + (b) + (c)</b>	<b>410</b>	<b>388</b>
<b>Standard tax rate in France (e)</b>	<b>34.43%</b>	<b>34.43%</b>
<b>Theoretical tax at standard rate in France (f) = (d) x (e)</b>	<b>(141)</b>	<b>(134)</b>
Adjustments for:		
. differences in foreign tax rates	24	21
. unrecognized tax losses for the period	(4)	(2)
. utilization of previously unrecognized tax losses	-	2
. changes in deferred tax assets	4	(5)
. effect of changes in future tax rates	-	(1)
. reimbursement/payment of tax on dividends (l)	-	21
. other items	-	(6)
<b>TOTAL ADJUSTMENTS (g)</b>	<b>24</b>	<b>30</b>
<b>Actual tax at standard rate (h) = (f) + (g)</b>	<b>(117)</b>	<b>(104)</b>
<b>Tax at reduced rate (i)</b>	<b>(2)</b>	<b>(2)</b>
<b>INCOME TAX EXPENSE (j) = (h) + (i)</b>	<b>(119)</b>	<b>(106)</b>
<b>EFFECTIVE TAX RATE (k) = (j) / (d)</b>	<b>28.9%</b>	<b>27.3%</b>
<b>INCOME TAX EXPENSE without tax on dividends (j)' = (j) - (l)</b>	<b>(119)</b>	<b>(127)</b>
<b>EFFECTIVE TAX RATE without tax on dividends (k)' = (j)' / (d)</b>	<b>28.9%</b>	<b>32.7%</b>

## 7.2 . DEFERRED TAXES



Deferred taxes are recognized for all temporary differences, except when the difference arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except when:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future. Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity. Adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

In accordance with IAS 12, deferred taxes are not discounted.

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

- Edenred has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

### Details of recognized deferred tax assets and liabilities



<i>(in € millions)</i>	Dec. 31, 2017	
	Dec. 31, 2018	Restated
Temporary differences	47	61
Recognized deferred tax assets on tax losses	28	28
<b>SUB-TOTAL: DEFERRED TAX ASSETS</b>	<b>75</b>	<b>89</b>
Temporary differences	136	135
<b>SUB-TOTAL: DEFERRED TAX LIABILITIES</b>	<b>136</b>	<b>135</b>
<b>NET DEFERRED TAX ASSET (LIABILITY)</b>	<b>(61)</b>	<b>(46)</b>

At December 31, 2018, unrecognized deferred tax assets on tax loss carryforwards amounted to €22 million, including €11 million for the Holding & Other segment (primarily Edenred SA) and €2 million for India.

At December 31, 2017, unrecognized deferred tax assets amounted to €21 million.

## NOTE 8 : EQUITY

### Note on the negative value of Group retained earnings



At December 31, 2018, total equity attributable to owners of the parent amounted to a negative €1,561 million. This negative value is mainly due to the legacy of the financial statements established for Edenred's demerger from the Accor group in July 2010.

In these financial statements, equity represented a negative €1,137 million at December 31, 2008, a negative €1,187 million at December 31, 2009 and a negative €1,044 million at December 31, 2010. This was due to the recognition at historical cost of assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction.

None of the legal restructuring operations, whether consisting of asset contributions or sales by Accor in favor of Edenred, qualify as business combinations under IFRS 3. Whatever the legal method used to create the Edenred Group, the transactions would not have changed Edenred's scope as defined in the consolidated financial statements. Consequently, the contributions were analyzed as an internal restructuring of Edenred without any effect on Edenred's consolidated financial statements, to the extent that all of the contributed entities were already included in the scope of the consolidated financial statements. Similarly, the legal sale transactions between Accor and Edenred did not constitute acquisitions for Edenred, because all of the sold entities were already included in the scope of Edenred's combined financial statements prior to the legal sale transactions. However, in Edenred's financial statements, the sales led to an outflow of cash to the shareholder, Accor, without any benefit being received in return. The cash outflow therefore had to be recognized when it occurred as a distribution of reserves by Edenred, giving rise to a reduction in equity.

## 8.1 . EQUITY

### Issued capital

At December 31, 2018, the Company's capital was made up of 239,266,350 shares with a par value of €2 (two) each, all fully paid up.

These 239,266,350 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

#### Change in capital in number of shares:



	2018	2017 Restated
<b>At January 1</b>	<b>235,403,240</b>	<b>233,679,845</b>
Capital increase linked to dividend payments	3,863,610	1,722,895
Shares issued on conversion of performance share rights	381,970	526,798
Shares issued on exercise of stock options	646,515	963,836
Share cancellation	(1,028,985)	(1,490,134)
<b>At December 31</b>	<b>239,266,350</b>	<b>235,403,240</b>



## Treasury shares

Edenred shares held by the Group are recorded as a deduction from consolidated equity at cost. Capital gains/losses on disposal of Edenred shares are recognized directly in equity and do not affect profit for the financial year.



(in number of shares)	2018	2017 Restated
<b>Shares at beginning of period</b>	<b>1,197,257</b>	<b>1,805,374</b>
<b>Purchases of shares</b>		
Share buy-back agreements	1,500,064	1,099,268
Liquidity contracts*	1,212	(46,116)
<b>Sales of shares</b>		
Disposals		
Purchase option exercise, bonus shares and capital allocations	(302,336)	(171,135)
Share cancellation	(1,028,985)	(1,490,134)
<b>SHARES AT END OF PERIOD</b>	<b>1,367,212</b>	<b>1,197,257</b>

Edenred SA shares held by the Company are measured at cost and recorded as a deduction from equity under "Treasury shares".

At December 31, 2018, a total of 1,367,212 shares were held in treasury.

At December 31, 2017, a total of 1,197,257 shares were held in treasury.

Entity to whom the custody of the liquidity contract* has been assigned	Period	2018				2017			
		Sold		Purchased		Sold		Purchased	
		No.	Total €m	No.	Total €m	No.	Total €m	No.	Total €m
Exane BNP Paribas	Since Oct. 3, 2016	2,004,701	59	2,003,489	59	2,475,252	55	2,429,136	54

\* In accordance with the code of ethics published by the Association française des marchés financiers (AMAFI) on March 8, 2011 and recognized by France's financial markets regulator Autorité des marchés financiers (AMF) on March 21, 2011.

The funds allocated to the liquidity contract but not invested in Edenred shares represent liquid assets and are classified as cash and cash equivalents.

## Dividends

### 2018 dividend

At the Edenred Shareholders Meeting called to approve the financial statements for the year ended December 31, 2018, shareholders will be asked to approve a dividend of €0.86 per share, representing a payout ratio of 80% of attributable net profit, in line with the Group's dividend policy.

Subject to approval by the Shareholders Meeting, this dividend will be granted during the first half of 2019. The dividend was not recognized under liabilities in the financial statements for the year ended December 31, 2018 as these financial statements were presented before appropriation of profit.



## 8.2 . EARNINGS PER SHARE



### Basic earnings per share

Basic earnings per share are calculated by dividing net profit (attributable to owners of the parent) by the weighted average number of shares outstanding during the year (adjusted to exclude shares held in treasury during the year).

### Diluted earnings per share

Diluted earnings per share are calculated based on the average number of outstanding shares, as adjusted to include the weighted average number of shares that would result from the exercise, during the year, of existing stock options and any other dilutive instruments.

Diluted earnings per share are based on the average number of outstanding shares adjusted to take into account the effect of the potential ordinary shares.

## Earnings per share attributable to owners of the parent



At December 31, 2018, the Company's share capital was made up of 239,266,350 ordinary shares.

At December 31, 2018, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

<i>(in shares)</i>	<b>2018</b>	<b>2017 Restated</b>
<b>SHARE CAPITAL AT END OF PERIOD</b>	<b>239,266,350</b>	<b>235,403,240</b>
<b>Number of outstanding shares at beginning of period</b>	<b>234,205,983</b>	<b>231,874,471</b>
Number of shares issued for dividend payments	3,863,610	1,722,895
Number of shares issued on conversion of performance share plans	381,970	526,798
Number of shares issued on conversion of stock-option plans*	646,515	963,836
Number of shares canceled	(1,028,985)	(1,490,134)
<b>Issued shares at period-end excluding treasury shares</b>	<b>3,863,110</b>	<b>1,723,395</b>
Treasury shares not related to the liquidity contract	(169,243)	562,001
Treasury shares under the liquidity contract	(1,212)	46,116
<b>Treasury shares</b>	<b>(170,455)</b>	<b>608,117</b>
<b>NUMBER OF OUTSTANDING SHARES AT END OF PERIOD</b>	<b>237,898,638</b>	<b>234,205,983</b>
Adjustment to calculate weighted average number of issued shares	(1,529,894)	(774,621)
Adjustment to calculate weighted average number of treasury shares	81,837	(367,614)
<b>Total weighted average adjustment</b>	<b>(1,448,057)</b>	<b>(1,142,235)</b>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD</b>	<b>236,450,581</b>	<b>233,063,748</b>

In addition, 167,000 stock options (number outstanding at December 31, 2018) and 3,108,103 performance shares were granted to employees between 2012 and 2018. Conversion of all of these potential shares would increase the number of shares outstanding to 241,173,741.

Based on the above number of potential shares and the average Edenred share price calculated:

- from January 1, 2017 to December 31, 2017 for Plans 3, 4, 5, 6, 7, 8 and 9 (€29.87);
- from February 19, 2018 to December 31, 2018 for Plan 10 (€30.58).

The diluted weighted average number of shares outstanding at December 31, 2018 was 238,958,656.



	2018	2017 Restated
<b>Net profit attributable to owners of the parent (in € millions)</b>	<b>254</b>	<b>241</b>
Weighted average number of issued shares (in thousands)	237,736	234,629
Weighted average number of treasury shares (in thousands)	(1,286)	(1,565)
<b>Number of shares used to calculate basic earnings per share (in thousands)</b>	<b>236,451</b>	<b>233,064</b>
<b>BASIC EARNINGS PER SHARE (in €)</b>	<b>1.07</b>	<b>1.03</b>
Number of shares resulting from the exercise of stock options (in thousands)	90	387
Number of shares resulting from performance share grants (in thousands)	2,418	2,341
<b>Number of shares used to calculate diluted earnings per share (in thousands)</b>	<b>238,959</b>	<b>235,792</b>
<b>DILUTED EARNINGS PER SHARE (in €)</b>	<b>1.06</b>	<b>1.02</b>

### 8.3 . NON-CONTROLLING INTERESTS

(in € millions)

<b>Dec. 31, 2016</b>	<b>69</b>
Impact of IFRS 15	(2)
<b>Dec. 31, 2016 restated (IFRS 15)</b>	<b>67</b>
Net profit from non-controlling interests for the period	36
Dividends paid to non-controlling interests	(17)
Capital increase	-
Currency translation adjustment	(10)
Changes in consolidation scope	73
<b>Dec. 31, 2017 restated (IFRS 15)</b>	<b>149</b>
Impact of IFRS 9	(4)
<b>Dec. 31, 2017 restated (IFRS 15 &amp; IFRS 9)</b>	<b>145</b>
Net profit from non-controlling interests for the period	31
Dividends paid to non-controlling interests	(32)
Capital increase	3
Currency translation adjustment	(2)
Changes in consolidation scope	(34)
<b>Dec. 31, 2018</b>	<b>110</b>

Changes in consolidation scope between 2017 and 2018 primarily concerned the acquisition of UTA (see Note 2 "Acquisitions, development projects and disposals").

## NOTE 9 : EMPLOYEE BENEFITS

### 9.1 . SHARE-BASED PAYMENTS

#### Stock option plans



The fair value of the options is recognized on a straight-line basis over the vesting period for the relevant plan. The cost is included in employee benefit expense, with a corresponding adjustment to equity. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to equity.





IFRS 2 – Share-based Payment applies to the stock option plans set up by the Board of Directors on August 6, 2010, March 11, 2011 and February 27, 2012. These plans do not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the end of the vesting period.

The fair value of services received as consideration for the stock options is measured by reference to the fair value of the options at the grant date. The fair value of the options is determined using the Black & Scholes option pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees: it corresponds to the date on which the Board of Directors approved the plan.



The main characteristics of the current stock option plans at December 31, 2018 are summarized in the table below:

	Plan 1	Plan 2	Plan 3
Date of Shareholders' Meeting authorization	May 10, 2010	May 10, 2010	May 10, 2010
Date granted by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Duration of the plan	8 years	8 years	8 years
Start date of the exercise period	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date of the exercise period	August 6, 2018	March 11, 2019	February 27, 2020
Expected life of the options	-	0.2 years	1.2 years
Exercise price	€13.69	€18.81	€19.03
Number of grantees at the grant date	455	58	18
Number of options at the plan launch	4,235,500	611,700	382,800
<b>Number of options remaining at December 31, 2018</b>	<b>-</b>	<b>77,800</b>	<b>89,200</b>



The fair value of the options at the grant date was determined using the Black & Scholes option pricing model. The main data and assumptions used for the fair value calculations are as follows:

	Plan 1	Plan 2	Plan 3
Date granted by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
<b>Data at the grant date</b>			
Number of options at the plan launch	4,235,500	611,700	382,800
Edenred share price	€13.45	€20.04	€20.36
Exercise price	€13.69	€18.81	€19.03
Duration of the plan	8 years	8 years	8 years
Expected volatility	27.20%	28.80%	26.50%
Risk-free interest rate	1.79%	2.73%	1.72%
Expected dividend yield	2.55%	2.43%	2.81%
<b>OPTION FAIR VALUE</b>	<b>€2.62</b>	<b>€5.07</b>	<b>€4.25</b>
<b>PLAN FAIR VALUE</b>	<b>€11.1m</b>	<b>€3.1m</b>	<b>€1.6m</b>



## Maturity of stock options



The Group has decided to base the assumed exercise dates of stock options on observed exercise dates under previous plans in the Accor group. The schedule applied is as follows:

- 35% of options exercised after four years;
- 20% of options exercised after five years;
- 35% of options exercised after six years;
- 5% of options exercised after seven years;
- 5% of options exercised after eight years.

Maturities of stock options correspond to the options' expected lives.

## Share price volatility

Edenred's volatility assumptions are based on the period covered by its liquidity contract.

However, as the options have an eight-year life, the Edenred Group also calculated the historical volatility over eight years for three companies operating in the same business segment. Average volatility for these companies was consistent with the rate used by the Edenred Group.

## Risk-free interest rate

The risk-free interest rate is the implied yield available on zero-coupon issues by the French government at the grant date.



Movements in 2018 of stock option subscription plans in effect on December 31, 2018 are detailed below:

	2018		2017 Restated	
	Number of options	Weighted average	Number of options	Weighted average
<b>OPTIONS OUTSTANDING AT BEGINNING OF PERIOD</b>	<b>875,665</b>	<b>€16.25</b>	<b>1,830,251</b>	<b>€15.98</b>
Options granted			-	-
Options canceled or expired	(62,150)	€13.69	-	-
Options exercised	(646,515)	€15.81	(963,836)	€15.73
Correction from previous year			9,250	-
<b>OPTIONS OUTSTANDING AT END OF PERIOD</b>	<b>167,000</b>	<b>€18.93</b>	<b>875,665</b>	<b>€16.25</b>
<b>OPTIONS EXERCISABLE AT END OF PERIOD</b>	<b>167,000</b>	<b>€18.93</b>	<b>875,665</b>	<b>€16.25</b>



The weighted average exercise price was €18.93 in 2018 and €16.25 in 2017.

(in € millions)	2013	2014	2015	2016	2017	2018
<b>Expense recognized* in respect of share-based payments granted to the Edenred employees</b>	1.10	1.20	0.50	0.10	-	-

\* With a corresponding adjustment to equity for the duration of the plan.

## Performance share plans



IFRS 2 – Share-based Payment also applies to the performance share plans set up by the Board of Directors on February 27, 2012, February 18, 2013, February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016, March 8, 2017 and February 19, 2018.

The recognition principles are the same as those applied to stock option plans.



The number of performance shares is reviewed annually based on changes in the probability of the performance objectives being met.

## Main characteristics

Edenred's Board of Directors, at its meetings of February 27, 2012, February 18, 2013, February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016, March 8, 2017 and February 19, 2018, carried out the conditional attribution of performance shares.

The duration of the 2012-to-2015 plans is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to a five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be sold. The duration of the 2016-to-2018 plans is three years for all beneficiaries.

Performance shares vest when the performance conditions are fulfilled. However, if the grantee is no longer employed by the Group on the vesting date, depending on the reason for his or her departure the performance share rights may be forfeited or the number of rights may be reduced proportionately to his or her actual period of service since the grant date. Shares definitively acquired cannot exceed 100% of the initial amount granted.

Under the three-year plan, the 685,706 shares originally granted on February 21, 2018 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 plan's three performance conditions, 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.

The performance objectives are as follows:

Plan 3		Plan 4		Plan 5		Plan 6	
Plan of February 27, 2012		Plan of February 18, 2013		Plan of February 17, 2014		Plan of February 20, 2015	
867,575 shares		845,900 shares		824,000 shares		800,000 shares	
Weight	Conditions	Weight	Conditions	Weight	Conditions	Weight	Conditions
50% of the shares granted for the 2011 and 2012 plans	Like-for-like growth in business volume for the years 2012, 2013 and 2014	80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	80% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)
50% of the shares granted for the 2011 and 2012 plans	Like-for-like growth in funds from operations for the years 2012, 2013 and 2014	20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	20% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the
The performance objectives were met for Plan 3		The performance objectives were partially met for Plan 4		The performance objectives were partially met for Plan 5		The performance objectives were partially met for Plan 6	

Plan 7		Plan 8		Plan 9		Plan 10	
Plan of December 9, 2015		Plan of May 4, 2016		Plan of March 8, 2017		Plan of February 19, 2018	
137,363 shares		990,080 shares		794,985 shares		485,706 shares	
Weight	Conditions	Weight	Conditions	Weight	Conditions	Weight	Conditions
75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)
25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the
The performance objectives were partially met for Plan 7		The performance objectives are still being assessed for Plan 8		The performance objectives are still being assessed for Plan 9		The performance objectives are still being assessed for Plan 10	

## Fair value of performance share plans



The fair value of performance shares corresponds to the share price on the day of the granting, net of the expected dividend payment during the vesting period. Note that for Plans 1 to 7 and for French tax residents, the two-year lock-up period led to a valuation of an illiquidity risk based on the interest rate for a loan to an employee, equal to the interest rate applied by a credit institution to a private client with average financial capacities.

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 Plan 10 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 €4.2 million in 2018.



	2014	2015	2016	2017	2018
<b>Fair value of benefits for French tax residents</b>	14.12	16.08	17.00	18.38	24.26
<b>Fair value of benefits for non-residents</b>	14.58	15.91	17.00	18.38	24.26
<b>Expense recognized* (in € millions)</b>	13.40	11.20	8.92	12.36	13.30

\* With a corresponding adjustment to equity for the duration of the plan.

## 9.2 . PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS



The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and discount rates. These assumptions take into account the macroeconomic situation and other specific circumstances in each country where the Group operates.

The fair value of the plan assets intended to hedge retirement obligation and other long-term employee benefits is used in order to evaluate the amount of the liability related to them. Pension and other retirement benefit obligations recognized in the balance sheet correspond to the discounted present value of the defined-benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent future economic benefits available for the Group, for instance in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined-benefit obligation is recognized in the balance sheet under "Non-current provisions".

For defined-benefit plans, current and past service costs are recognized in operating expenses.

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity.

However, actuarial gains and losses related to current employees' long-term benefits, particularly long-service awards and loyalty bonuses, are recognized immediately in net financial expense.



Group employees receive three kinds of benefits:

- 1) **Short-term benefits:** paid vacation, paid sick leave and profit-shares.
- 2) **Long-term benefits:** long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses.
- 3) **Post-employment benefits:**
  - a. **Defined-contribution plans:** Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. Contributions to these plans are recognized immediately as an expense. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined-contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined-contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.
  - b. **Defined-benefit plans (end-of-career compensation, pension funds):** For defined-benefits plans, the Group assesses its obligation in accordance with IAS 19 (revised) – Employee Benefits. These plans are characterized by the employer's obligation toward employees. If they are not entirely pre-funded, a provision must be set aside.

For Edenred, the main post-employment defined-benefit plans concern:

- Defined-benefit pension plans, for which the benefits are calculated as follows:
  - lump-sum payments made to employees on retirement, determined by reference to the employee's years of service and final salary;
  - calculation based on factors defined by the Finance and Human Resources Departments each year;
  - related obligation covered by a provision in the balance sheet.

These plans mainly concern:

- Holding & Other (69.6% of the total projected benefit obligation in 2018 versus 55.6% in 2017);
  - United Kingdom (10.7% of the total projected benefit obligation in 2017 versus 14.2% in 2017, after deducting plan assets);
  - France (12.4% of the total projected benefit obligation in 2018 versus 12.4 % in 2017);
  - Belgium (0.2% of the total projected benefit obligation in 2018 versus 1.8% in 2017, after deducting plan assets).
- Length-of-service awards in Italy (7.1% of the obligation at December 31, 2018):
    - lump-sum payments made to employees on retirement, resignation or dismissal, determined by reference to the employee's years of service and final salary;
    - related obligation covered by a provision in the balance sheet.
  - The Edenred Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly in the classes of assets held in insurers' general portfolios managed according to conservative investment strategies.



## Actuarial assumptions

Actuarial valuations are based on a certain number of long-term factors defined by the Group, which are reviewed each year.



2018	Europe (excl. France)				Holding & Other
	France	United Kingdom	Belgium	Italy	
Rate of future salary increases	2.8%	N/A	2.8%	1.5%	3%-4%
Discount rate	1.5%	2.8%	1.5%	1.5%	1.5%



2017	Europe (excl. France)			
	France	United Kingdom	Belgium	Italy
Rate of future salary increases	2.8%	N/A	2.8%	1.5%
Discount rate	1.5%	2.6%	1.5%	1.5%

## Funded status of post-employment defined-benefit plans and long-term employee benefits

To improve legibility, Edenred has decided to present only non-zero and/or material aggregates.

### At December 31, 2018



(in € millions)

	Defined-benefit pension plans	Other defined-benefit plans*	Total
Present value of funded obligation	20	-	20
Fair value of plan assets	(17)	-	(17)
<b>Surplus (deficit)</b>	<b>3</b>	<b>-</b>	<b>3</b>
Present value of unfunded obligation	-	25	25
<b>LIABILITIES RECOGNIZED IN THE BALANCE SHEET</b>	<b>3</b>	<b>25</b>	<b>28</b>

\* Including length-of-service awards and loyalty bonuses.

## At December 31, 2017



(in € millions)

	Defined-benefit pension plans	Other defined-benefit plans*	Total
Present value of funded obligation	22	-	22
Fair value of plan assets	(18)	-	(18)
<b>Surplus (deficit)</b>	<b>4</b>	<b>-</b>	<b>4</b>
Present value of unfunded obligation	-	22	22
<b>LIABILITIES RECOGNIZED IN THE BALANCE SHEET</b>	<b>4</b>	<b>-</b>	<b>26</b>

\* Including length-of-service awards and loyalty bonuses.

## Change in funded status of post-employment defined-benefit plans by region



(in € millions)	Pension plans								2018	2017
	2018									
	Europe (excl. France)							Other benefits		
	France	United Kingdom	Belgium	Italy	Holding & Other*	Rest of the World	Total			
<b>Projected benefit obligation at beginning of period</b>	3	15	6	2	14	2	42	2	44	44
Service costs	0	-	0	-	2	0	3	0	3	2
Interest costs	0	0	0	0	0	0	1	0	1	1
Past service costs (plan amendments)	-	-	-	-	-	(0)	(0)	(0)	(0)	0
Acquisitions (disposals)	-	-	-	-	-	-	-	-	-	-
Benefits paid	(0)	(0)	(1)	(0)	-	(0)	(2)	(0)	(2)	(0)
Actuarial (gains) losses	(0)	(1)	(0)	0	2	(0)	0	(0)	0	(1)
Currency translation adjustment	-	(0)	-	-	-	(0)	(0)	(0)	(0)	(1)
Total other	-	-	-	-	-	0	0	0	1	0
<b>PROJECTED BENEFIT OBLIGATION AT END OF PERIOD</b>	<b>3</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>17</b>	<b>2</b>	<b>44</b>	<b>2</b>	<b>46</b>	<b>44</b>

\* The impact on actuarial gains and losses is mainly due to experience adjustments resulting from the change in governance.



(in € millions)	Europe (excl. France)								Total 2018	Total 2017
	2018									
	Europe (excl. France)							Other benefits		
	France	United Kingdom	Belgium	Italy	Holding & Other*	Rest of the World	Total			
<b>Fair value of plan assets at beginning of period</b>	-	11	6	-	-	1	18	-	18	17
Financial income	-	0	0	-	-	(0)	0	-	0	1
Actual return on plan assets	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	0	0	-	-	-	0	-	0	1
Benefits paid	-	(0)	(1)	-	-	(0)	(1)	-	(1)	(0)
Currency translation adjustment	-	(0)	-	-	-	0	(0)	-	(0)	(0)
<b>FAIR VALUE OF PLAN ASSETS AT END OF PERIOD</b>	<b>-</b>	<b>11</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>18</b>



(in € millions)	Europe (excl. France)								Total 2018	Total 2017
	2018									
	Europe (excl. France)							Other benefits		
	France	United Kingdom	Belgium	Italy	Holding & Other*	Rest of the World	Total			
<b>Plan deficit at beginning of period*</b>	<b>3</b>	<b>4</b>	<b>-</b>	<b>2</b>	<b>14</b>	<b>1</b>	<b>24</b>	<b>2</b>	<b>26</b>	<b>27</b>
Provision at end of period	3	3	0	2	17	0	26	2	28	26
<b>PLAN DEFICIT AT END OF PERIOD</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>17</b>	<b>1</b>	<b>27</b>	<b>2</b>	<b>29</b>	<b>26</b>

\* Including length-of-service awards and loyalty bonuses.





(in € millions)	Europe (excl. France)				Rest of the World		Total	Other benefits	Total 2018	Total 2017
	France	United Kingdom	Belgium	Italy	Holding & Other	World				
<b>Service costs</b>	0	-	0	-	2	0	3	0	3	2
Past service costs on acquired rights										-
Net interest income	0	0	0	0	0	(0)	0	(0)	0	1
Amortization of actuarial gains and losses										-
<b>COST FOR THE PERIOD</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>(0)</b>	<b>3</b>	<b>3</b>
<b>Actuarial gains and losses recognized in equity</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>	<b>0</b>	<b>2</b>	<b>(0)</b>	<b>1</b>	<b>(0)</b>	<b>1</b>	<b>(2)</b>

## Charges in pension liabilities (including loyalty bonuses) between January 1, 2017 and December 31, 2018



(in € millions)	Amount
<b>Liability at January 1, 2017</b>	<b>27</b>
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	(2)
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
<b>Liability at December 31, 2017</b>	<b>26</b>
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	1
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
<b>LIABILITY AT DECEMBER 31, 2018</b>	<b>28</b>

## Actuarial gains and losses arising from changes in assumptions and experience adjustments



(in € millions)	2018	2017
Actuarial (gains) and losses – experience adjustments	2	1
Actuarial (gains) and losses – changes in demographical assumptions	(0)	(0)
Actuarial (gains) and losses – changes in financial assumptions	(1)	(3)
<b>Actuarial (gains) losses</b>	<b>1</b>	<b>(2)</b>

## Sensitivity analysis

At December 31, 2018, a 0.5 point increase/decrease in the discount rate would lead to a roughly €2 million change in the Group's projected benefit obligation.

## 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". 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:



<i>(in € millions)</i>	2018	2017 Restated
Mov ements in restructuring prov isions	(1)	3
Restructuring and reorganization costs	(4)	(7)
<b>Restructuring costs</b>	<b>(5)</b>	<b>(4)</b>
Impairment of goodwill	(5)	(11)
Impairment of intangible assets	(1)	(7)
<b>Total impairment of assets</b>	<b>(6)</b>	<b>(18)</b>
Capital gains and losses	-	19
Reclassification of currency translation adjustments	-	-
Prov isions	2	-
Non-recurring gains (losses)	(22)	(4)
<b>Other</b>	<b>(20)</b>	<b>15</b>
<b>TOTAL OTHER INCOME AND EXPENSES</b>	<b>(31)</b>	<b>(7)</b>

#### Impairment of assets

Impairment losses are recorded in this section in accordance with IAS 36 – Impairment of Assets.

In 2018, impairment losses were recognized on Cardtrend (Malaysia) goodwill for €3 million and on Daripodarki (Russia) goodwill for €2 million.

In 2017, impairment losses mainly concerned impairment of goodwill relating to Edenred Japan for €7 million and India for €4 million, and impairment of an internally developed IT platform for €7 million.

## Other

Other items break down as follows:

- in 2018, primarily €17 million in fees related to acquisitions in 2018 and 2019 (see Note 2 "Acquisitions, development projects and disposals" and Note 3.5 "Subsequent events");
- in 2017, mainly the €19 million gain on remeasurement at fair value of Edenred's initial investment in UTA, following the acquisition of a controlling interest in the sub-group.

## 10.2 . PROVISIONS



In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it.



Provisions for losses due to voucher theft are calculated for reported thefts based on a percentage of the stolen vouchers' aggregate face value corresponding to the Group's best estimate of the proportion of those vouchers that will be cashed in.

Movements in non-current provisions between January 1, 2018 and December 31, 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	Dec. 31, 2018
- Provisions for pensions and loyalty bonuses	26	1	4	(1)	(0)	(1)	0	28
- Provisions for claims and litigation and other contingencies*	16	-	3	(2)	(5)	(2)	1	11
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>42</b>	<b>1</b>	<b>6</b>	<b>(4)</b>	<b>(5)</b>	<b>(2)</b>	<b>1</b>	<b>39</b>

\* Including provision for non-current tax litigation.

Between 2017 and 2016, movements were as follows:

(in € millions)	Dec. 31, 2016	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi- fications and changes in scope	Dec. 31, 2017 Restated
- Provisions for pensions and loyalty bonuses	27	(2)	3	(1)	(0)	(1)	0	26
- Provisions for claims and litigation and other contingencies*	15	-	1	(4)	(0)	(2)	6	16
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>42</b>	<b>(2)</b>	<b>4</b>	<b>(5)</b>	<b>(0)</b>	<b>(3)</b>	<b>6</b>	<b>42</b>

\* Including provision for non-current tax litigation.



Movements in current provisions between January 1, 2018 and December 31, 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	Dec. 31, 2018
- Restructuring provisions	2	-	2	(1)	(0)	(0)	(1)	2
- Provisions for claims and litigation and other contingencies	40	-	4	(2)	(2)	(0)	(0)	38
<b>TOTAL CURRENT PROVISIONS</b>	<b>42</b>	<b>-</b>	<b>6</b>	<b>(3)</b>	<b>(3)</b>	<b>(0)</b>	<b>(1)</b>	<b>40</b>

Between 2017 and 2016, movements were as follows:

(in € millions)	Dec. 31, 2016	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi- fications and changes in scope	Dec. 31, 2017 Restated
- Restructuring provisions	7	-	0	(4)	(1)	(0)	(0)	2
- Provisions for claims and litigation an	28	-	5	(3)	0	(0)	10	40
<b>TOTAL CURRENT PROVISIONS</b>	<b>35</b>	<b>-</b>	<b>5</b>	<b>(7)</b>	<b>(1)</b>	<b>(0)</b>	<b>10</b>	<b>42</b>

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.

The Company decided to escalate the matter to the European Court of Human Rights (ECHR). However, the ECHR declared the application inadmissible in September 2018.

### **Edenred SA tax audit**

In 2017 and 2018, a tax audit was carried out at Edenred SA, 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.

Notification of the proposed reassessments of tax paid in 2015 and 2016 was received by the Company in July 2018. As originally expected, the tax authorities reduced the 2014 reassessment to align its position with that adopted with regard to 2015 and 2016.

The total tax, late interest and penalties claimed for the three years amount to €17 million.

The Company has contested the reassessments and intends to take up the matter with the local tax board.

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. A similar order was issued against Conforama on December 3, 2010. The total amount of the penalties is €11.7 million.

In a decision on the merits of the case 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.

In a ruling handed down on December 12, 2018, the Paris Court of Appeal ordered Edenred France to return the above amounts that it had received in penalties and damages. Edenred France opposes the Court of Appeal's ruling and plans to bring the matter before the Court of Cassation. In the meantime, the penalties and damages totaling €19 million were repaid by Edenred France on January 24, 2019.

An allowance has been recorded against the amounts referred to above.



## 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 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 prejudices the Authority's final decision on the merits of the case. The Competition Authority's review is still in progress.

## Futureo 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, notably 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. Edenred France has yet to present its submissions. 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 December 31, 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 the Achmea case. The reconstituted tribunal dismissed the Hungarian government's claim on February 7, 2019 and reopened its investigation into the annulment procedure, which had been stayed. Edenred views the application as having no basis in law and has thus not revised its assessment of the risk at December 31, 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 76.2 million reais (€17.1 million) in penalties and interest at December 31, 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 (€6.3 million), plus 278.5 million reais (€62.7 million) in penalties and interest at December 31, 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 39.3 million reais (€8.8 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 still being awaited.

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 (€18.4 million), plus 259.9 million reais (€58.5 million) in penalties and interest at December 31, 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 63.9 million reais (€14.4 million) in penalties and interest at December 31, 2018;
- for 2012, the reassessment was 16.3 million reais (€3.7 million), plus 40.4 million reais (€9.1 million) in penalties and interest at December 31, 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 (€74.9 million), which constitutes an off-balance sheet commitment given 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 the first half of 2019. 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 service voucher market between 2007 and 2010. On November 15, 2018, the Turkish competition authorities imposed a fine of approximately €640,000 on Edenred in its capacity as a shareholder of Netser, the subsidiary set up 17 years ago with Sodexo to offer restaurant operators an efficient, low-cost technical electronic payments solution. Edenred does not agree with the competition authorities' conclusions and is examining opportunities to appeal against the decision.

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 : ADDITIONAL INFORMATION

### 11.1 . ADDITIONAL INFORMATION ABOUT JOINTLY CONTROLLED ENTITIES

Not applicable.

### 11.2 . RELATED-PARTY TRANSACTIONS

For the purpose of applying IAS 24, the Group has identified the following related parties:

- all members of the Executive Committee and of the Board of Directors, and the members of their direct families;
- all companies in which a member of the Executive Committee holds material voting rights;

#### Companies accounted for by the equity method

Relations between the parent company and its associates are presented on a dedicated line in the consolidated income statement and statement of financial position.

#### Members of the Executive Committee

Transactions with members of the Executive Committee are disclosed in full in Note 11.3.

#### Members of the Board of Directors

The only compensation paid to the members of the Board of Directors are the attendance fees. The amount of attendance fees paid to the members of the Board of Directors in respect of 2018 totaled €0.6 million. The Chief Executive Officer does not receive any attendance fees; his compensation is disclosed in Note 11.3 "Compensation paid to key management staff".

### 11.3 . COMPENSATION PAID TO KEY MANAGEMENT STAFF



<i>(in € millions)</i>	2018	2017
Short-term benefits	11	11
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	6	5
<b>TOTAL COMPENSATION</b>	<b>17</b>	<b>16</b>

## 11.4 . STATUTORY AUDITORS' FEES

The table below shows the total fees billed by the Statutory Auditors that were recognized in the income statement in respect of the two periods presented:

(in € millions)	Deloitte & Associés				Ernst & Young			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Fees paid to the Statutory Auditors for certifying the financial statements</b>								
- Issuer	(0.5)	(0.5)	17%	21%	(0.5)	(0.4)	23%	23%
- Fully consolidated subsidiaries	(1.4)	(1.3)	50%	54%	(1.3)	(1.1)	64%	60%
<b>SUB-TOTAL</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>67%</b>	<b>75%</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>87%</b>	<b>83%</b>
<b>Fees paid to the Statutory Auditors for other services*</b>								
- Issuer	(0.1)	(0.1)	2%	3%	(0.0)	(0.1)	1%	6%
- Fully consolidated subsidiaries	(0.8)	(0.5)	30%	21%	(0.2)	(0.2)	11%	11%
<b>SUB-TOTAL</b>	<b>(0.9)</b>	<b>(0.6)</b>	<b>33%</b>	<b>25%</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>13%</b>	<b>17%</b>
<b>TOTAL</b>	<b>(2.7)</b>	<b>(2.4)</b>	<b>100%</b>	<b>100%</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>100%</b>	<b>100%</b>

\* In 2018, these fees mainly concerned tax and payroll compliance engagements, as well as buy-side due diligence.

## 11.5 . OFF-BALANCE SHEET COMMITMENTS

### Off-balance sheet commitments given

Off-balance sheet commitments amounted to €433 million at December 31, 2018, versus €252 million a year earlier.

At December 31, 2018, off-balance sheet commitments given broke down as follows:

(in € millions)	Dec. 31, 2018					Dec. 31, 2017 Restated
	<1 year	>1 year <5 years	<5 years	>5 years	Total	
Voucher sale guarantees given to the public sector	61	20	7	88	78	
Bank bonds issued in Brazil	-	27	6	33	14	
Bail bond issued within the framework of tax litigation on municipal tax in Brazil (ISS)	-	-	81	81	92	
Bail bond issued within the framework of litigation on tax allowances for goodwill amortization	-	-	75	75	-	
Capital commitments given to the Partech VI investment fund	4	4	-	8	10	
Intermarché bond as part of the contract with LCCC	30	-	-	30	-	
Purchase commitments	-	-	-	-	-	
<b>SUB-TOTAL</b>	<b>95</b>	<b>51</b>	<b>169</b>	<b>315</b>	<b>193</b>	
Other*	46	31	41	118	59	
<b>Total off-balance sheet commitments given</b>	<b>141</b>	<b>82</b>	<b>210</b>	<b>433</b>	<b>252</b>	

\* Mainly comprising rental commitments and deposits.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

## Off-balance sheet commitments received

Off-balance sheet commitments received from third parties at December 31, 2018 amounted to €4 million. They consisted mainly in guarantees received from clients in Brazil in exchange for post-payment facilities granted by Repom for the same amount.

### 11.6 . EXCHANGE RATES

ISO code	Currency	Country	2018		2017	
			Closing rate at Dec. 31, 2018	Average rate	Closing rate at Dec. 31, 2017	Average rate
			EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS*	Peso	ARGENTINA	43.13	43.13	22.33	18.74
BRL	Real	BRAZIL	4.44	4.31	3.97	3.60
USD	US dollar	UNITED STATES	1.15	1.18	1.20	1.13
MXN	Peso	MEXICO	22.49	22.71	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	10.25	10.26	9.84	9.64
CZK	Koruna	CZECH REPUBLIC	25.72	25.64	25.54	26.33
TRY	Lira	TURKEY	6.06	5.70	4.55	4.12
VES**	Boliv ar	VENEZUELA	644.95	54.52	4,006.64	2,410.43

\* See Note 3.3 "Hyperinflation in Argentina".

\*\* See Note 3.2 "Change of the boliv ar fuerte exchange rate in 2017 and 2018".

## NOTE 12 : LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2018

In accordance with regulation 2016-09 of French accounting board Autorité des Normes Comptables Françaises, the list of consolidated companies and details of the main investments in non-consolidated companies are provided below for users of the financial statements. All companies controlled by the Group or over which the Group exercises significant influence are included in the scope of consolidation.

Company	Country	Method	Interest held (%)
<b>France</b>			
Conecs	France	EQ	25.00
Edenred Corporate Paiement France	France	FC	100.00
Edenred France	France	FC	100.00
Edenred Paiement	France	FC	100.00
Fair Fuel	France	EQ	27.37
Ticket Fleet Pro SAS	France	FC	100.00
Edenred Fuel Card A	France	FC	100.00
La Compagnie des Cartes Carburants	France	FC	80.48
Proweb CE	France	FC	99.30
PWCE Participations	France	FC	99.30
Servicarte	France	FC	100.00
UTA France S.r.l	France	(UTA sub-group)	FC 83.00
Edenred Fleet & Mobility SAS	France	FC	100.00
Addworking	France	NC	16.78
Lucky Cart	France	NC	24.39
Zen Chef	France	NC	15.76
Andjaro	France	NC	22.73
Activitiz	France	NC	9.89
CRCESU	France	NC	16.67
CRF	France	NC	25.00
ESolutions NC	France	NC	30.00
<b>Europe (excl. France)</b>			
Edenred Austria GmbH	Austria	FC	100.00
UTA Austria GmbH	Austria	(UTA sub-group)	FC 83.00
Edenred Belgium SA	Belgium	FC	100.00
Luncheck SA	Belgium	FC	99.99
Award Services	Belgium	FC	100.00
Edenred Bulgaria AD	Bulgaria	FC	50.00
UTA Bulgaria	Bulgaria	New in scope (UTA sub-group)	FC 83.00
Edenred Burundi	Burundi	FC	100.00
UTA Czech s.r.o.	Czech Republic	(UTA sub-group)	FC 83.00
Edenred CZ s.r.o.	Czech Republic	FC	100.00
Edenred Production Center	Czech Republic	FC	100.00
Nikosax A/S	Denmark	(UTA sub-group)	FC 83.00
Timex Card Estonie	Estonia	New in scope (UTA sub-group)	FC 44.82
Edenred Finland	Finland	FC	100.00
Agas Maut System GmbH & Co KG	Germany	(UTA sub-group)	EQ 13.78
Agas International GmbH & Co KG	Germany	(UTA sub-group)	EQ 13.78
Edenred Deutschland	Germany	FC	100.00
Edenred Incentive & Rewards	Germany	FC	100.00
Edenred Vouchers	Germany	FC	100.00
Edenred Tankkarten*	Germany	FC	100.00
Union Tank Eckstein GmbH & Co. KG	Germany	(UTA sub-group)	FC 83.00
Hamion GmbH & co. KG	Germany	(UTA sub-group)	FC 83.00
UTA GmbH	Germany	(UTA sub-group)	FC 83.00
Hamion Verwaltungs GmbH	Germany	(UTA sub-group)	FC 83.00
Mercedes Service Card GmbH & Co KG	Germany	(UTA sub-group)	EQ 40.67
Mercedes Service Card Beteiligungs GmbH	Germany	(UTA sub-group)	EQ 40.67
Timex Card	Germany	New in scope	FC 44.82
Vouchers Services	Greece	FC	51.00
UTA Magyarorszag Kft.	Hungary	(UTA sub-group)	FC 83.00
Nikosax HU	Hungary	(UTA sub-group)	FC 83.00
Edenred Magyarorszag	Hungary	FC	100.00
UTA Italia s.r.l.	Italy	(UTA sub-group)	FC 83.00
Edenred Italia s.r.l.	Italy	FC	100.00
Edenred Italia Financiera S.r.l	Italy	FC	100.00
Timex Card Lithuania	Lithuania	New in scope (UTA sub-group)	FC 44.82
Edenred Luxembourg	Luxembourg	FC	100.00
Cube RE SA	Luxembourg	FC	100.00
Daripod Holding S.r.l.*	Luxembourg	FC	50.00
Edenred MD S.r.l	Moldova	FC	100.00
UTA Nederland B.V.	Netherlands	(UTA sub-group)	FC 83.00
Edenred Nederland	Netherlands	FC	100.00
Nikosax PL	Poland	(UTA sub-group)	FC 83.00
Edenred Polska	Poland	FC	99.99
Edenred Portugal Lda	Portugal	FC	50.00
One Card	Portugal	FC	56.34
UTA Romania Services srl	Romania	(UTA sub-group)	FC 83.00
Edenred Romania srl	Romania	FC	100.00
Daripodarki	Russia	FC	50.00
Edenred Slovakia s.r.o	Slovakia	FC	100.00
UTA Slovakia s.r.o	Slovakia	New in scope (UTA sub-group)	FC 83.00
UTA España	Spain	(UTA sub-group)	FC 83.00
Nikosax España	Spain	(UTA sub-group)	FC 83.00
Edenred España SA	Spain	FC	100.00
ig Card SL	Spain	NC	39.68
Edenred Sweden AB	Sweden	FC	100.00
Delicard Group AB	Sweden	FC	100.00
UTA Tank AG	Switzerland	(UTA sub-group)	FC 83.00
Timex Card Ukraine	Ukraine	New in scope (UTA sub-group)	FC 44.82
UTA Freight UK Ltd	United Kingdom	(UTA sub-group)	FC 83.00
Edenred UK Group Ltd	United Kingdom	FC	100.00
Edenred Incentives & Motivation Limited	United Kingdom	FC	100.00
Edenred Travel Limited	United Kingdom	FC	100.00
Edenred Employee Benefits Limited	United Kingdom	FC	100.00
Prepay Technologies Ltd	United Kingdom	FC	70.45
Edenred Coporate Payment UK	United Kingdom	FC	100.00
Cleanway	United Kingdom	FC	100.00
Luncheon Vouchers Catering Education Trust	United Kingdom	FC	100.00
ChildCare Vouchers	United Kingdom	FC	100.00
Launchpad	United Kingdom	NC	13.23



Latin America				
Edenred Argentina	Argentina		FC	100.00
Soporte Servicios*	Argentina		FC	100.00
Ticket Serviços Brasil	Brazil		FC	100.00
Ticketseg	Brazil		FC	100.00
Edenred Brasil Participações*	Brazil		FC	100.00
Accentiv* Serviços Tecnológica Da informação S/A	Brazil		FC	63.00
Ticket Soluções HDFGT S.A	Brazil		FC	63.00
B2B Comercio Electronico de Paces	Brazil		FC	42.65
Repom S.A	Brazil		FC	63.00
Topazio Cartoes	Brazil		FC	48.46
Ticket Freto	Brazil	New in scope	FC	63.00
Good Card	Brazil	New in scope	EQ	35.00
Edenred Chile	Chile		FC	74.35
Servicios Empresariales de Colombia S.A.	Colombia		FC	100.00
Big Pass S.A.	Colombia		FC	100.00
Nectar Holdings	Costa Rica		EQ	30.00
Operadora de Programas de Abasto Multiple SA de CV	Mexico		FC	100.00
Edenred Mexico	Mexico		FC	100.00
Sinergel S.A. de C.V.	Mexico		FC	100.00
Vales y Monederos Electronicos Puntoclave	Mexico		FC	100.00
Merchant Services de Mexico S.A. de C.V.	Mexico		FC	100.00
Servicios Y Soluciones Empresariales Ticket Edenred S.A. de C.V.	Mexico		FC	100.00
Servicios Edenred	Mexico		FC	100.00
Sedesa	Mexico		EQ	20.00
Nectar Technology	Nicaragua		FC	51.00
Edenred Panama	Panama		FC	100.00
Edenred Peru	Peru		FC	67.00
Efectibono	Peru	New in scope	FC	67.00
Westwell Group*	Uruguay		FC	100.00
Luncheon Tickets	Uruguay		FC	100.00
Uniticket	Uruguay		FC	100.00
Cestaticket Services C.A.	Venezuela		FC	57.00
Inversiones Quattro Venezuela	Venezuela		FC	100.00
Inversiones Cinq Venezuela	Venezuela		FC	100.00
Inversiones Huit Venezuela	Venezuela		FC	100.00
Inversiones Neuf Venezuela	Venezuela		FC	100.00
Inversiones Dix Venezuela	Venezuela		FC	100.00
Inversiones Onze 2040	Venezuela		FC	100.00
Inversiones Douze Venezuela	Venezuela		FC	100.00
Inversiones Quatorze	Venezuela		FC	100.00
Inversiones Quinze 1090	Venezuela		FC	100.00
Inversiones Seize 30	Venezuela		FC	100.00
Rest of the World				
Beijing Surfgold Technology Ltd	China		FC	100.00
Accentiv* Shanghai Company	China		FC	100.00
Edenred India PVT Ltd	India		FC	100.00
Surfgold.com India PVT Ltd	India		FC	100.00
SRI Ganesh Hospitality Services Private Ltd*	India		FC	100.00
Edenred Japan	Japan		FC	100.00
Edenred SAL	Lebanon		FC	80.00
Cardtrend System Sdn Bhd	Malaysia		FC	100.00
Edenred Maroc SAS	Morocco		FC	83.67
Edenred PTE Limited	Singapore		FC	100.00
Edenred PTE Ltd, Taiwan Branch	Taiwan		FC	100.00
Edenred Kurumsal Cozumler	Turkey		FC	100.00
Network Servisleri	Turkey		FC	50.00
Accentiv Hediye Ve Danismanlik Hizmetleri	Turkey		FC	100.00
Edenred Ödeme Hizmetleri	Turkey		FC	100.00
C3 Card International Limited	United Arab Emirates		FC	100.00
C3 Card DTMFZ	United Arab Emirates		FC	100.00
C3 Edenred LLC	United Arab Emirates		FC	49.00
Edenred North America inc	United States		FC	100.00
Edenred Commuter Benefits Solution	United States		FC	100.00
NutriSavings LLC	United States		FC	100.00
Beamery Inc	United States		NC	7.13
Beekeeper Holding Inc	United States		NC	3.98
Dexx Technologies Inc	United States		NC	8.35
Holding & Other				
ASM*	France		FC	100.00
Gaméo*	France	New in scope	FC	100.00
Landray*	France	New in scope	FC	100.00
Saminvest*	France		FC	100.00
GABC*	France		FC	100.00
Veninvest Quattro*	France		FC	100.00
Veninvest Cinq*	France		FC	100.00
Veninvest Huit*	France		FC	100.00
Veninvest Neuf*	France		FC	100.00
Veninvest Onze*	France		FC	100.00
Veninvest Douze*	France		FC	100.00
Veninvest Quatorze*	France		FC	100.00
Veninvest Quinze*	France		FC	100.00
Veninvest Seize*	France		FC	100.00
Partech Entrepreneur II FPCI	United States		NC	2.50
Partech Entrepreneur III FPCI	United States		NC	14.14
Partech International VI FPCI	United States		NC	11.35
Partech International Ventures VII	United States		NC	2.01
Partech Africa SLP	United States		NC	2.80

FC: full consolidation method

EQ: equity method

NC: non-consolidated

\* Holding company



## NOTE 13 : UPDATE ON ACCOUNTING STANDARDS

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### 13.1 . MAIN EXPECTED IMPACTS OF APPLYING IFRS 16 (LEASES)

The new standard, IFRS 16 – Leases, which comes into effect on January 1, 2019, eliminates the idea of “operating leases” and requires entities to recognize – for all leases that fall within its scope – a lease liability calculated as the discounted present value of future minimum lease payments and a right-of-use asset, included in intangible assets.

The Group has opted for the simplified retrospective approach to transition and has decided to apply certain options made available under the new standard, including:

- the exclusion of leases with a term of less than 12 months;
- the exclusion of leases of low-value assets;
- the consistent treatment of leases qualified as finance leases under IAS 17 – Leases.

The IFRS 16 implementation project is organized in 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.

At this stage of the analysis, leases identified as falling within the scope of IFRS 16 consist mainly of real estate and vehicle leases. The applicable discount rates have been determined by adding together the following three components by maturity: the risk-free rate in the lease currency, the Group's credit spread and the premium on the Group's credit spread paid by the subsidiary concerned.

The estimated effects of applying IFRS 16 are as follows:

- Recognition of a right-of-use asset in non-current assets and a corresponding lease liability for an amount of between €90 million and €100 million in the opening statement of financial position at January 1, 2019.
- €25 million to €35 million increase in EBITDA.
- No material impact on EBIT.

The issues still being analyzed as of December 31, 2018 mainly concern deferred taxes and the disclosures to be made in the notes to the 2019 consolidated financial statements.

In addition, in light of the specific assumptions used for the application of IFRS 16 and the effect on leases of changes in consolidation scope, it is not currently possible to extrapolate the data presented in off-balance sheet commitments in order to estimate the impact of applying IFRS 16.

## 13.2 . 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 1.4
IFRS 15	Revenue From Contracts With Customers	IFRS 15 introduces a single model for recognizing revenue from contracts with customers	See Note 1.4
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	<p><u>Two standards are within the scope:</u></p> <p>1) IFRS 1 – First-Time Adoption of International Financial Reporting Standards: Deletion of Short-Term Exemptions for First-Time Adopters</p> <p>2) IAS 28 – Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value</p>	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 1.3
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



## 13.3 . 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 December 31, 2018 and are applicable for reporting 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	January 1, 2019	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases	See Note 13.1
IFRIC 23	Interpretation	Uncertainty over Income Tax Treatments	January 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	The Group has not chosen to early adopt this interpretation and is currently assessing the possible impact of its application.

## NOTE 14 : GLOSSARY

### 14.1 . OPERATING REVENUE



Operating revenue corresponds to revenue from (i) the voucher business managed by Edenred and (ii) value-added services such as incentive programs, human services and event-related services. It corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions.

### 14.2 . OTHER REVENUE



Other 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.

The interest represents a component of operating revenue and as such is included in the determination of total revenue.

### 14.3 . EBIT



This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating revenue and other revenue) 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 share of 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".

#### 14.4 . EBITDA



This aggregate corresponds to total revenue (operating revenue and other revenue) less operating expenses (excluding depreciation, amortization and provisions).

#### 14.5 . CONSOLIDATED STATEMENTS OF CASH FLOWS



The statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- funds from operations before other income and expenses (FFO);
- cash received and paid in relation to other income and expenses;
- changes in working capital;
- changes in restricted cash.

Cash flows from investing activities include:

- recurring expenditure to maintain in a good state of repair or to replace operating assets held at January 1 of each year and required for normal operations;
- development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- proceeds from disposals of assets.

Cash flows from financing activities include:

- changes in equity;
- changes in debt;
- dividend payments;
- purchases/sales of treasury shares;
- acquisition of non-controlling interests.

#### 14.6 . LIKE-FOR-LIKE GROWTH



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.

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. Like-for-like data temporarily excludes Venezuela, due to the country's high level of inflation.

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.



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

The changes in activity thus calculated are translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

