Edenred

2017
HALF-YEAR
FINANCIAL REPORT

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HALF-YEAR MANAGEMENT REPORT

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I. First-Half 2017 results

1.1 . INTRODUCTION

First-half 2017 saw **a strong growth in business and financial results**

Edenred has published strong first-half 2017 financial results

- Revenue for the period up 23.7% to €650 million
- Operating EBIT margin[1] up 0.7 points to 27.0%
- EBIT[2] up 24.6% to €201 million
- Net profit, Group share up 68.2% to €120 million from €71 million in first-half 2016

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Like-for-like, Edenred's performance in the first half is in line with its annual growth targets:

- Operating revenue up 8.5% (annual target: above 7%)
- Operating EBIT[3] up 17.6% (annual target: above 9%)
- Funds from operations (FFO)[4] up 16.2% (annual target: above 10%)

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Edenred is confident about its outlook for the second half of the year and is expecting EBIT of between €420 million and €445 million[5] for full-year 2017, compared to €370 million in 2016.

At its meeting on July 24, 2017, the Board of Directors reviewed the consolidated financial statements for the six months ended June 30, 2017.

First-half 2017 key financial metrics:

In € millions	First-half 2017	First-half 2016	% change (reported)	% change (like-for-like)[3]
Operating revenue	616	494	+24.6%	+8.5%
Financial revenue	34	32	+9.4%	+2.7%
Total revenue	**650**	**526**	**+23.7%**	**+8.2%**
Operating EBIT	167	130	+28.3%	+17.6%
Financial EBIT	34	32	+9.4%	+2.7%
Total EBIT	**201**	**161**	**+24.6%**	**+14.7%**
Net profit, Group share	**120**	**71**	**+68.2%**	

1 Ratio of operating EBIT to operating revenue
2 Operating profit before other income and expenses (EBIT)
3 EBIT adjusted for financial revenue
4 Before non-recurring items
5 Calculated based on an assumption of an average Brazilian real / euro exchange rate for the second half of the year equal to the actual rate as of June 30, 2017

1.1 . ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

1.2.1 Total revenue: up 23.7% to €650 million

Total revenue was €650 million, a rise of 23.7% (and of 8.2% like-for-like), reflecting a positive 12.2% impact resulting from changes in the scope of consolidation and a positive 3.3% currency effect.

1.2.1.1 Operating revenue: up 24.6% to €616 million

Operating revenue rose **24.6% to €616 million.** This strong growth includes a positive 12.9% impact resulting from the Group's recent acquisitions, particularly in the Fleet & Mobility Solutions sector. Changes in the scope of consolidation specifically include four months of operations for Embratec in Brazil, which was consolidated as from May 2016, and six months of operations for UTA in Germany, fully consolidated since January 2017. Operating revenue growth of 24.6% also includes an overall positive currency effect of 3.2%, mainly attributable to gains in the Brazilian real. In contrast, Mexican and Venezuelan currencies had a negative impact in the period.

Like-for-like, operating revenue advanced **8.5%**, driven by a very good performance in all of the Group's regions, with Europe delivering particularly strong growth and Latin America posting good gains despite a persistently challenging macroeconomic environment in Brazil.

- **Operating revenue by business line**

In € millions	First-half 2017	First-half 2016	% change (reported)	% change (like-for-like)
Employee Benefits	400	360	+11.1%	+6.2%
Fleet & Mobility Solutions	154	77	+99.9%	+20.2%
Complementary Solutions	62	57	+8.2%	+7.5%
Total	**616**	**494**	**+24.6%**	**+8.5%**

Edenred continues in its efforts to build a more balanced business profile in line with its Fast Forward strategic plan.

In the first half of 2017, operating revenue for **Employee Benefits**, Edenred's traditional business, totaled **€400 million.** While this business line was up **11.1%**, it nevertheless represents a smaller share of Group operating revenue (**65%** versus 73% in first-half 2016), owing to the fast-paced growth of the Group's other business lines. **Like-for-like**, the Employee Benefits business line posted robust **6.2%** growth in operating revenue, reflecting good sales momentum – particularly in Europe and Hispanic Latin America – and a more difficult situation in Brazil. In France, the digitization of Ticket Restaurant® meal vouchers picked up pace, with 28% of users (460,000 employees) equipped with an Edenred card at the end of June. In France as in the Group's other European markets, employees can now also pay for their meals with their mobile phones using technologies such as Apple Pay or Samsung Pay, or bespoke solutions developed by Edenred. The shift to digital also allows Edenred to enhance its existing offering with value-added solutions available on mobile apps such as the monetized services provided to 75,000 holders of the C3 payroll card in United Arab Emirates.

Operating revenue doubled for the **Fleet & Mobility Solutions business**, at **€154 million**. This business line now represents **25%** of Group operating revenue, compared to 16% in first-half 2016. The Group has therefore achieved its aim of a more rebalanced business profile, as set out in its Fast Forward strategic plan, mainly thanks to the new Ticket Log joint venture in Brazil (consolidated as from May 2016) and the acquisition of an additional 17% stake in UTA in Germany (fully consolidated as from January 2017). In parallel to these acquisitions, Fleet & Mobility Solutions delivered a very good **like-for-like** performance in the first half **(up 20.2%),** in Europe and Latin America and in both Vehicle Fleet Management and Travel & Expense solutions. In the Travel & Expense solutions segment, Mexico's Ticket Empresarial proved a resounding success, growing at a rate of 20% per month for the past 18 months. This performance was driven by new multi-sector partnerships that help create alternative distribution channels and accelerate growth.

The Group's **Complementary Solutions**[6] generated operating revenue of **€62 million** in the period, a rise of **8.2%** (and of **7.5% like-for-like)**. This business line accounted for **10%** of Edenred's operating revenue in first-half 2017. The Group has structured its new Corporate Payment offer, capitalizing on its technological expertise through its PrePay Solutions platform. The first contracts for the issuance of its single-use virtual cards have also been drawn up with companies such as Vinci Construction, Hcorpo and Klarna.

- **Operating revenue by region**

In € millions	First-half 2017	First-half 2016	% change (reported)	% change (like-for-like)
Europe	315	260	+21.2%	+9.1%
Latin America	262	197	+32.8%	+7.9%
Rest of the World	39	37	+4.9%	+7.8%
Total	**616**	**494**	**+24.6%**	**+8.5%**

In **Europe,** first-half 2017 operating revenue totaled **€315 million** (**51% of Group operating revenue**), a rise of **21.2% (**and of **9.1% like-for-like)**.

In **France**, operating revenue growth was **9.3%** (and **like-for-like** growth came out at **9.2%)**. This good performance was led by both Employee Benefits (Ticket Restaurant®, ProwebCE) and Mobility Solutions (LCCC-La Compagnie des Cartes Carburant).

The rest of Europe also saw strong operating revenue growth in first-half 2017, **at 27.7%**, thanks to a positive scope impact resulting from the full consolidation of Germany's UTA from January 2017. **Like-for-like**, operating revenue growth for this region was **9.1%**, buoyed by solid operating results in an upbeat economic environment in both Central Europe (especially Romania) and Southern European countries such as Italy and Spain.

In Latin America, operating revenue grew by a strong **32.8%** to **€262 million**, thanks mainly to the contribution of Embratec in Brazil. Latin American operations accounted for **43%** of Group operating revenue. **Like-for-like,** the region delivered **7.9%** growth in operating revenue in first-half 2017. This reflects a mixed performance, shaped by bullish growth in Hispanic countries in the region but a more challenging situation in Brazil.

In **Hispanic Latin America**, first-half 2017 operating revenue increased **14.5%** and **28.0% based on like-for-like figures**. Besides a negative currency effect, the first-half performance resulted from organic growth of more than 20% in Employee Benefits and more than 30% in Fleet & Mobility Solutions. Mexico enjoyed very strong sales momentum taking into account a very favorable basis for comparison in the first quarter. Excluding Venezuela, Hispanic Latin America continues to see a strong upward trend, with like-for-like operating revenue growth of more than 20% in both the first and second quarters of 2017.

In **Brazil**, first-half operating revenue rose **40.6%** (Embratec impact) and slipped -**0.7% based on like-for-like figures**. Fleet & Mobility Solutions posted double-digit organic growth in operating revenue, notably thanks to client wins. In contrast, the persistently difficult macroeconomic situation led to a peak in the

[6] Edenred Corporate Payment, incentives and rewards, and public social programs.

level of unemployment during the second quarter and to certain pressure on client fees. This directly affects revenue for the Employee Benefits business.

First-half operating revenue in the **Rest of the World** climbed **4.9%** and **7.8% like-for-like**, mainly due to a good sales performance in Turkey.

1.2.1.2 Financial revenue: *up 9.4% to €34 million*

Financial revenue came in at **€34 million**, gaining **9.4%** (and edging up **2.7% like-for-like)**. The change is the result of a significant increase in **Latin America** (up 13.6% like-for-like) and a decline in **Europe** (down 11.1% like-for-like) owing to a further fall in interest rates.

1.2.2 EBIT: up 24.6% to €201 million

In first-half 2017, **total EBIT** stood at **€201 million**. EBIT jumped **24.6%,** after factoring in a positive €8 million impact from changes in the scope of consolidation and a positive €8 million currency effect. EBIT rose €40 million or **14.7% like-for-like**, compared with total organic revenue growth of 8.2%.

The total EBIT of €201 million for first-half 2017 comprises operating EBIT of €167 million and financial EBIT, which is equal to financial revenue, of €34 million.

Operating EBIT by region :

In € millions	First-half 2017	First-half 2016	% change (reported)	% change (like-for-like)
Europe	85	61	+38.6%	+34.8%
Latin America	89	71	+23.7%	+4.7%
Rest of the World	4	4	+24.8%	+44.6%
Worldwide structures	(11)	(7)	+70.4%	+48.8%
Total	**167**	**130**	**+28.3%**	**+17.6%**

Operating EBIT (which excludes financial revenue) rose by **28.3%** (and by **17.6%** like-for-like) to **€167 million**.

Europe performed strongly over the period, posting operating EBIT growth of **38.6%** (and of **34.8% like-for-like)**, versus growth in operating revenue of 9.1%. **Latin America** delivered operating EBIT growth of **23.7%** (and of **4.7% like-for-like),** reflecting the positive scope impact (Embratec) and currency effect over the period.

These good performances saw the Group increase its profitability in the first half of 2017, with an **operating EBIT margin** (which excludes financial EBIT) of **27.0%** for the period, up **0.7 points (**and up **2.2 points like-for-like)** compared with first-half 2016.

1.2.3 Financial result

Net financial expense amounted to **€26 million** in first-half 2017 compared with €23 million in the year-earlier period.

Finance costs for the period totaled €35 million in first-half 2017, while the effects of hedging instruments and interest income from the investment of available cash and from marketable securities came to €14 million, leading to net finance costs of €21 million.

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

1.2.4 Operating Profit before tax

Profit before tax stands at **€196 million** versus €124 million at June 30, 2016.

1.2.5 Income tax expense

Edenred decided that French C.V.A.E had characteristics of an income tax. Therefore, income tax expense includes also expense amount related to French C.V.A.E.

Income tax expense stood **at €62 million** for the period, versus €49 million in first-half 2016,

The effective tax rate on profit for 2017 half-year is 34.3%. This rate does not take into account the tax charge or tax income from non-recurring income and expenses, the tax on dividends and other unusual items. The reported effective tax rate on profit for 2016 half-year was 36.3%.

1.2.6 Net profit: up 68.2% to €120 million

Net profit, Group share leapt **68.2% to €120 million** in first-half 2017, up from €71 million in first-half 2016. It includes €19 million in non-recurring income relating to the increase in the Group's stake in UTA. Excluding UTA, other income and expenses represented a net expense of €3 million in first-half 2017 compared to a net expense of €18 million in the same period one year earlier. Net profit also takes into account €26 million in net financial expense, a €62 million tax expense, and €14 million in non-controlling interests.

1.2 . LIQUIDITY AND FINANCIAL RESOURCES

1.3.1 Cash flows[7]

(in € millions)	June 2017	June 2016
Net profit Group share	120	71
Non-controlling interests	14	4
Share from associates investments	(5)	(4)
Depreciation, amortization and provision expenses	35	39
Deferred taxes	6	(3)
Expenses related to share-based payments	6	5
Non cash impact of other income and expenses	(21)	(1)
Difference between income tax and income tax expense	7	(4)
Dividends received from tax paid and income tax expense	4	8
(Gains)/losses on non-recurring transactions (including restructuring costs)	7	11
Funds from operations before non-recurring items (FFO)	**174**	**125**
Change in float	(258)	(180)
Change in restricted cash	(83)	(57)
Change in working capital (excl. float)	8	(8)
Recurring capex	(36)	(22)
Free cash flows	**(211)**	**(126)**
External acquisitions	(20)	(184)
UTA put option (non cash)	(247)	
Dividends paid (2)	(127)	(156)
Capital increase	8	0
Purchase of treasury shares	(17)	1
Currency effects	(50)	5
Other non-recurring items	36	5
(Increase)/decrease in net debt	**(628)**	**(455)**

(1) Including € (109) million of dividends paid to the Group shareholders in June 2017 (€0.62 per share), € (15) million to non-controlling interests and € (3) millions of tax on dividends.

The Edenred business model generates significant cash flow. In the first half of 2017, funds from operations before non-recurring items **(FFO)** totaled **€174 million**, a rise of **39.1%** (and of **16.2% like-for-like)**.

1.3.2 Working capital requirement

The following table sets out the items that make up the working capital requirement, excluding restricted cash.

[7] Voir le tableau de financement consolidé page 21 des comptes consolidés.

(in € millions)	June 2017	December 2016	June 2016	Change June 2017/December 2016
Inventories, net	17	24	16	(7)
Trade receivables, net	1 536	1 415	1 140	121
Other receivables and accruals, net	313	302	324	11
Working capital requirments - assets	**1 866**	**1 741**	**1 480**	**125**
Trade payables	145	142	136	3
Other payables	249	229	157	20
Vouchers in circulation	4 089	4 182	3 585	(93)
Working capital requirements - liabilities	**4 483**	**4 553**	**3 878**	**(70)**
NEGATIVE WORKING CAPITAL	2 617	2 812	2 398	(195)
Corporate tax liabilities	13	13	3	-
NEGATIVE WORKING CAPITAL (incl. Corporate tax liabilities)	2 630	2 825	2 401	(195)

Negative working capital requirement at June 30, 2017 increased of €229 million compared with June 30, 2016.

1.3.3 Net Debt

The Group had net debt of **€1,216 million** at June 30, 2017 (€1,092 million at end-June 2016). The change in net debt includes €16 million related to currency effects and non-recurring items. It also includes €279 million relating to acquisitions (mainly UTA), of which €247 million corresponding to commitments recorded in liabilities for put options granted by Edenred to UTA's minority shareholders. Net debt at June 30, 2017 also takes into account the €109 million in dividends paid to Edenred SA shareholders.

In March 2017, Edenred announced that it had successfully completed a **10-year, 1.875% bond issue** for **€500 million.** This issue will contribute to repaying the €510 million 3.625% bond issue due in October 2017. The new issue increases the average maturity of Group debt, from 4.4 years at December 31, 2016 to 5.3 years at end-June 2017, and reduces its average cost of debt from 2.5% at end-December 2016 to 2.1% at June 30, 2017. More recently, Edenred extended the maturity of its €700 million undrawn revolving credit facility by one year. This facility now falls due in July 2022. After repayment of the €510 million bond issue in October 2017, Edenred will have a particularly well-balanced debt profile, with no major repayments due before 2025 and average maturity of 6.4 years.

(in € millions)	June 2017	December 2016	June 2016
Non-current financial debt	1 761	1 355	1 888
Other non-current financial liabilities	40	50	33
Current financial debt	583	527	2
Other current financial liabilities	299	37	55
Bank overdrafts	49	52	40
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	**2 732**	**2 021**	**2 018**
Current financial assets	(51)	(49)	(56)
Other marketable securities	(986)	(735)	(518)
Cash and cash equivalents	(479)	(649)	(352)
TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**(1 516)**	**(1 433)**	**(926)**
NET DEBT	**1 216**	**588**	**1 092**

As of June, 30, 2017 the Group gross outstanding bond position amounts to € 1,985 million with the following breakdown:

Issue date	Amounts in M€	Annual coupon	Maturity
03/30/2017	500	1,875%	10 years 03/30/2027
03/10/2015	500	1,375%	10 years 03/10/2025
10/30/2013	250	2,625%	7 years 10/30/2020
05/23/2012	225	3,75%	10 years 05/23/2022
10/06/2010	510	3,625%	7 years 10/06/2017
Gross Outstanding bond position	**1,985**		

1.3.4 Equity

Equity represented a negative amount of **€1,404 million** at June 30, 2017 and €1,161 million at December 31, 2016. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend paying ability.

Further information about changes in consolidated equity is presented in the condensed half-year consolidated financial statements for the six months ended June 30, 2016 (page 22).

1.3 . MATERIAL CONTRACTS

During first-half 2017, no contract representing a material obligation or commitment for the Group was signed in connection with the Group's external growth operations.

1.4 . SIGNIFICANT EVENTS OF FIRST-HALF 2017

The first half of 2017 was shaped by a number of achievements aligned with the Group's growth strategy in the Employee Benefits and Expense Management businesses.

Fast-paced development of Fleet & Mobility Solutions

In line with one of the Group's strategic objectives of becoming a global leader in Fleet & Mobility Solutions, in January 2017 Edenred increased its stake in UTA from 34% to 51%. UTA is the number two issuer of Europe-wide multi-brand fuel cards and toll and maintenance solutions. UTA has been fully consolidated in Edenred's financial statements since January 2017.

Launch of a Corporate Payment offer

Another strategic goal of the Fast Forward plan is to capitalize on Edenred's technological expertise and know-how to develop new value-added solutions for B2B transactional ecosystems such as Corporate Payments. In March 2017, Edenred officially launched in Europe a corporate accounts payable management solution that enables organizations to automate all of their transactions and reduce their costs. The first initiative to be marketed under the Edenred Corporate Payment brand, the new solution includes the use of a virtual card as a new means of payment. This offer is structured around the payment issuance capacity of its subsidiary PrePay Solutions together with CSI's globalVCard payment platform via a licensing agreement. CSI is a leading US B2B payments company specializing in customizable virtual payments.

Ongoing digitization and innovation

Apple Pay: After France and Spain with the Ticket Restaurant® program, Italy is the third Edenred country to launch Apple Pay, offering Expendia Smart employee beneficiaries an easy, secure and private way to pay for their meals with their iPhone or Apple Watch[8]. This Fleet & Mobility Solution is designed to optimize business travel expenses for employees in Italy.

Moneo Resto: Already the leader in France's digital meal voucher market, Edenred is stepping up its shift to digital by acquiring Moneo Resto, a fully digital French meal voucher solution. Moneo Resto has a portfolio of around 1,500 corporate clients, of which 90% are SMEs, for a total of 65,000 employee users.

Appointment to the Executive Committee

In June, Jacques Adoue was appointed Vice-President, Human Resources and Corporate Social Responsibility, a member of the Executive Committee. Jeanne Renard, previously Vice-President, Human Resources and Corporate Social Responsibility, was named Head of Transformation, reporting directly to the Chairman and Chief Executive Officer.

Appointment to Edenred's Board of Directors

At its meeting on June 9, 2017, Edenred's Board of Directors appointed Dominique D'Hinnin as a Director of Edenred. The Board of Directors noted that Dominique D'Hinnin qualifies as an Independent Director according to the criteria set out in the AFEP/MEDEF corporate governance code. This appointment will be ratified by the shareholders at the next Annual Meeting on May 3, 2018. His term as a Director of

[8] Apple Pay works with the iPhone SE, iPhone 6 and later models, as well as with the Apple Watch.

Edenred will expire at the Annual Shareholders' Meeting called to approve the financial statements for 2019. This corresponds to the period remaining for the term of Nadra Moussalem, who is resigning from his position as a Director of Edenred following Colony Capital's sale of its stake in the Group in January 2017.

II. Outlook

In the second half of 2017, the Group should **continue to deliver robust growth**.

Europe should see **a good momentum** thanks to digitization picking up pace, marketing mix and sales optimization, and the good ramp-up of new solutions. This region also benefits from a favorable economic environment.

The situation in **Latin America** should continue to be contrasted, with **strong growth** expected in **Hispanic Latin America** and particularly **Mexico**, where Employee Benefits and Fleet & Mobility solutions are offering strong development opportunities. In **Brazil**, Fleet & Mobility solutions should continue to deliver a good operating revenue growth, while the Employee Benefits business should not rebound as long as employment is not benefiting from the country's economic recovery.

In this context, Edenred is targeting **EBIT of between €420 million and €445 million[9],** versus €370 million in 2016.

The Group is also confirming the annual growth targets for its key financial metrics:

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

III. Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the "Risk Factors" section of the 2016 Registration Document filed with French securities regulator AMF on March 17, 2017. As of June 30, 2017, there had been no significant new developments in the Group's main disputes.

IV. Main related party transactions

There were no material changes in related party transactions during the half year of 2017.

[9] Calculated based on an assumption of an average Brazilian real / euro exchange rate for the second half of the year equal to the actual rate as of June 30, 2017

V. Subsequent events

Launch of an innovative offering on the employee benefits market

In July 2017, ProwebCE, a specialist in works councils solutions for 7,000 corporate clients and 71%-owned by Edenred, reached a new milestone in the development of the French employee benefits market by joining forces with the vente-privee group, one of the world's leading online retailers. Under the deal, five million employees are now able to benefit from ProwebCE's exclusive offering in the works council segment, a market estimated to be worth more than €15 billion.

Balanced business profile

In line with its Fast Forward strategy, on July 7 Edenred **sold** its non-core **operations in South Africa**. This operation follows the **sale of the Employee Benefits business in Switzerland** in May, a market offering limited growth potential.

Each of these transactions has a slightly positive impact on net profit, Group share

Signature of a worldwide Corporate Payment contract with the IATA

Following the official launch of its Corporate Payment offer in March 2017, Edenred reached a major milestone on July 20 by joining forces with the IATA , one of the world's largest trade associations representing 83% of global air traffic. Edenred will develop and manage the IATA's new-generation settlement system, which improves financial control and cash flows for the IATA's roughly 400 participating airlines. In 2016, this system managed transactions worth an equivalent US$ 219 billion. Edenred will offer over 10,000 accredited travel agents IATA EasyPay, a new electronic payment method. This new method gives the agents the possibility to create and credit a prepaid ewallet that can be used to pay for airline reservations. This new, safer, faster and cheaper payment solution will be gradually rolled out by Edenred over the next three years in over 70 countries. At maturity, Edenred expects to be managing around 40 million EasyPay transactions each year.

VI. GLOSSARY

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

a) Main terms

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

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

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

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

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

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

b) Alternative Performance Measurement indicators included in the June 30, 2017 interim Financial Report

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

Indicator	Reference note in Edenred's 2017 interim condensed consolidated financial statements in the Interim Financial Report
Operating revenue	Operating revenue corresponds to: • operating revenue generated by prepaid vouchers managed by Edenred, and operating Revenue from value-added services such as incentive programs, human services and event-related services. The corresponding revenue is the amount billed to the client and is recognized on delivery of the solution.
Financial revenue	Financial revenue is interest generated by investing cash over the period between: • the issue date and the reimbursement date for vouchers, • and the loading date and the redeeming date for cards. The interest represents a component of operating revenue and as such is included in the determination of the total revenue.

EBIT	This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating and financial) 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 if reflects the economic performance of the business EBIT excludes the share of associates net profit and excludes the other income and expenses booked in the "Operating Profit including share of associates net profit".
Other income and expenses	*Cf. Note 10.1 page 45*
Funds from operations (FFO)	*Cf. Consolidated statement of cash flows (Note 1.4) page 21*

c) Alternative Performance Measurement indicators not included in the 2017 Interim Financial Report

Indicator	Definitions and reconciliations with Edenred's 2017 interim consolidated financial statements
Operating EBIT	Corresponds to EBIT adjusted for financial revenue. As per the published consolidated financial statements, operating EBIT as of June 30, 2017 is €167 million, comprising: • €201 million in EBIT • minus €34 million in financial revenue
Financial EBIT	Corresponds to financial revenue. As per the published consolidated financial statements, financial EBIT as of June 30, 2017 is €34 million.

2

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

I. CONSOLIDATED FINANCIAL STATEMENT

1.1 . CONSOLIDATED INCOME STATEMENT

1.2 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1.3 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1.3.1. CONSOLIDATED ASSETS

1.3.2. CONSOLIDATED LIABILITIES

1.4 . CONSOLIDATED STATEMENT OF CASH FLOWS

1.5 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

II. NOTES ANNEXES AUX COMPTES CONSOLIDES

I. CONSOLIDATED FINANCIAL STATEMENT

1.1 . CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	June 2017	June 2016 *
Operating revenue	4.1	616	494
Financial revenue	4.1	34	32
Total revenue	4.1	**650**	**526**
Operating expenses	4.2	(413)	(338)
Depreciation, amortization and provisions		(36)	(27)
Operating profit before other income and expenses (EBIT)	4.1	**201**	**161**
Share of associates net profit		5	4
Other income and expenses	10.1	16	(18)
Operating Profit including share of associates net profit		**222**	**147**
Net financial expense	6.1	(26)	(23)
Profit before tax		**196**	**124**
Income tax expense	7	(62)	(49)
NET PROFIT		**134**	**75**
Net Profit, Group Share		**120**	**71**
Net Profit, Non-controlling interests		14	4
Weighted average number of shares outstanding (in thousands)	8	232 598	228 610
Earnings per share, groupe share (in euros)	8	**0,52**	**0,31**
Diluted earnings per share (in euros)	8	0,51	0,31

* see Note 1.5 "Modification of Prodit & Loss presentation"

1.2 . COSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Notes	June 2017	June 2016
Net profit		**134**	**75**
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.4	(81)	68
Change in fair value of financial instruments and assets available for sale		17	20
Tax on items that may be subsequently reclassified to profit or loss		(3)	(6)
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans		(1)	(0)
Tax on items that will not be reclassified to profit or loss		-	0
Other comprehensive income, net of tax		**(68)**	**82**
TOTAL COMPREHENSIVE INCOME		**66**	**157**
Comprehensive income, Group share		**58**	**146**
Comprehensive income, Non-controlling interests		**8**	**11**

1.3 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated assets

(in € millions)	Notes	June 2017	December 2016
Goodwill	5.1	1 050	904
Intangible assets	5.2	410	313
Property, plant and equipment		54	38
Investments in associates	5.3	76	151
Non-current financial assets		41	41
Deferred tax assets		63	69
TOTAL NON-CURRENT ASSETS		**1 694**	**1 516**
Trade receivables	4.3	1 536	1 415
Inventories and other receivables	4.3	330	326
Restricted cash	4.4	1 016	942
Current financial assets	6.2 / 6.5	51	49
Other marketable securities	6.3 / 6.5	986	735
Cash and cash equivalents	6.3 / 6.5	479	649
TOTAL CURRENT ASSETS		**4 398**	**4 116**
TOTAL ASSETS		**6 092**	**5 632**

Consolidated liabilities

(in € millions)	Notes	June 2017	December 2016
Issued capital		472	467
Treasury shares		(39)	(32)
Consolidated retained earnings		(1 898)	(1 699)
Cumulative compensation costs - share-based payments		92	86
Cumulative fair value adjustments of financial instruments		11	3
Cumulative actuarial gains (losses) on defined benefit plans		(6)	(5)
Currency translation reserve		(305)	(230)
Net profit, Group share		120	180
Equity attributable to owners of the parent company		**(1 553)**	**(1 230)**
Non-controlling interests		149	69
Total Equity		**(1 404)**	**(1 161)**
Non-current financial debt	6.4 / 6.5	1 761	1 355
Other non-current financial liabilities	6.4 / 6.5	40	50
Non-current provisions	10.2	48	42
Deferred tax liabilities		181	129
TOTAL NON-CURRENT LIABILITIES		**2 030**	**1 576**
Current financial debt	6.4 / 6.5	583	527
Other current financial liabilities	6.4 / 6.5	299	37
Current provisions	10.2	39	35
Funds to be redeemed	4.3	4 089	4 182
Trade payables	4.3	145	142
Current tax liabilities	4.3	13	13
Other payables	4.3	249	229
Bank overdrafts	6.4 / 6.5	49	52
TOTAL CURRENT LIABILITIES		**5 466**	**5 217**
TOTAL EQUITY AND LIABILITIES		**6 092**	**5 632**

1.4 . CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	June 2017	June 2016
+ Net profit Group Share		120	71
+ Non-controlling interests		14	4
- Shares from associates investments	5.3	(5)	(4)
- Depreciation, amortization and provision expenses		35	39
- Deferred taxes		6	(3)
- Expenses related to share-based payments		6	5
- Non cash impact of other income and expenses		(21)	(1)
- Difference between income tax paid and income tax expense		7	(4)
+ Dividends received from investment in associates	5.3	4	8
= Funds from operations including non-recurring items		**167**	**114**
- (Gains) losses on non-recurring transactions (including restructuring costs)		7	11
= Funds from operations before non-recurring items (FFO)		**174**	**125**
+ Decrease (increase) in working capital	4.3	(266)	(172)
+ Recurring decrease (increase) in restricted cash	4.3	(83)	(57)
= Net cash from operating activities		**(175)**	**(104)**
+ Non-recurring gains (losses) (including restructuring costs) received / paid	-	22	(11)
= Net cash from operating activities including non-recurring transactions (A)		**(153)**	**(115)**
- Recurring expenditure		(36)	(22)
- External acquisition expenditure		(20)	(184)
+ Proceeds from disposals of assets		1	1
= Net cash from (used in) investing activities (B)		**(55)**	**(205)**
+ Shares issued by subsidiaries		8	-
- Dividends paid (1)	3.1	(127)	(156)
+ (Purchases) sales of treasury shares		(17)	1
+ Increase (Decrease) in debt		199	426
= Net cash from (used in) financing activities (C)		**65**	**271**
- Net foreign exchange difference and fair value adjustment (D)		**(24)**	**(45)**
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	6.5	**(167)**	**(94)**
+ Cash and cash equivalents at beginning of period		597	406
- Cash and cash equivalents at end of period		430	312
= NET CHANGE IN CASH AND CASH EQUIVALENTS	6.5	**(167)**	**(94)**

(2) Including € (109) million of dividends paid to the Group shareholders in June 2017 (€0.62 per share), € (15) million to non-controlling interests and € (3) millions of tax on dividends.

Cash and cash equivalents at end of the period can be analysed as follows:

		June 2017	June 2016
+ Cash and cash equivalents	6.3	479	352
- Bank overdrafts	6.4	(49)	(40)
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**430**	**312**

1.5 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Issued capital	Additionnal paid-in capital	Treasury shares	Consolidated retained earnings (2)	Cumulative compensation costs share based payments	Cumulative fair value adjustments for financial instruments and assets available for sale	Cumulative actuarial gain (losses) on defined benefit plans	Currency translation reserve (1)	Net profit, Groupe share	Equity attributable to owners of the parent company	Total non-controlling interests	Total equity
December 31, 2015	**462**	**655**	**(56)**	**(2 436)**	**76**	**(14)**	**(2)**	**(316)**	**177**	**(1 454)**	**12**	**(1 442)**
Appropriation of 2015 result	-	-	-	177	-	-	-	-	(177)	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
- option exercised	-	(10)	-	-	-	-	-	-	-	(10)	-	(10)
- dividends reinvested in new shares	5	38	-	-	-	-	-	-	-	43	-	43
Dividends paid	-	-	-	(192)	-	-	-	-	-	(192)	(3)	(195)
Effect of changes in consolidation scope	-	-	-	55	-	-	-	-	-	55	44	99
Compensation costs for the period - share-based payments	-	-	-	-	6	-	-	-	-	6	-	6
(Acquisitions) disposals of treasury shares	-	-	11	-	-	-	-	-	-	11	-	11
Other comprehensive income	-	-	-	-	-	14	-	61	-	75	7	82
Net profit for the period	-	-	-	-	-	-	-	-	71	71	4	75
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	14	-	61	71	146	11	157
June 30, 2016	**467**	**683**	**(45)**	**(2 396)**	**82**	**-**	**(2)**	**(255)**	**71**	**(1 395)**	**64**	**(1 331)**
Appropriation of 2016 result												
Issue of share capital												
- option exercised	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Effect of changes in consolidation scope	-	-	-	19	-	-	-	-	-	19	(2)	17
Compensation costs for the period - share-based payments	-	-	-	-	4	-	-	-	-	4	-	4
(Acquisitions) disposals of treasury shares	-	-	13	(4)	-	-	-	-	-	9	-	9
Other comprehensive income	-	-	-	-	-	3	(3)	25	-	25	(1)	24
Net profit for the period	-	-	-	-	-	-	-	-	109	109	8	117
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	3	(3)	25	109	134	7	141
December 31, 2016	**467**	**682**	**(32)**	**(2 381)**	**86**	**3**	**(5)**	**(230)**	**180**	**(1 230)**	**69**	**(1 161)**
Appropriation of 2016 result	-	-	-	180	-	-	-	-	(180)	-	-	-
Increase (decrease) in share capital												
- option exercised	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)
- dividends reinvested in new shares	5	30	-	-	-	-	-	-	-	35	-	35
Dividends paid ('3)	-	-	-	(144)	-	-	-	-	-	(144)	(15)	(159)
Effect of changes in consolidation scope (4)	-	-	-	(263)	-	-	-	-	-	(263)	87	(176)
(Acquisitions) / disposals of treasury shares (5)	-	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Other comprehensive income	-	-	-	-	6	8	(1)	(75)	-	(62)	(6)	(68)
Net profit for the period	-	-	-	-	-	-	-	-	120	120	14	134
TOTAL COMPREHENSIVE INCOME	-	-	-	-	6	8	(1)	(75)	120	58	8	66
June 30, 2017	**472**	**710**	**(39)**	**(2 608)**	**92**	**11**	**(6)**	**(305)**	**120**	**(1 553)**	**149**	**(1 404)**

(1) See Note 1.4 – "Foreign currency translation" detailing main exchange rates used in 2016 and 2017. The total amount as of currency translation reserve for € (305) million, mainly composed by the VEF for € (126) million, the BRL € (112) million and the GBP for € (22) million.

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

(3) See Note 3.1 - "Payment of the 2016 dividend"

(4) Including mainly debt on put on 49% minority shareholders of UTA for € (247) millions and € (17) million of impact in equity attributable to owners of the parent company with exercise of option on PWCE Participations. The ownership percentage of Edenred Group in ProwebCE changed from 62% to 71%.

(5) The movement in treasury shares reflects acquisition of owned shares for € (17) million and cancellations for € 10 million.

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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PRÉAMBLE

This icon highlights an IFRS standard issue.

This icon highlights a definition specific to the Edenred Group.

This icon highlights the use of estimates or judgement. In the absence of standards or interpretations applicable to a specific transaction, the Management of Edenred uses judgement 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 situation, the financial performance and the Group cash flows, and show the economic reality of transactions.

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

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 APPROVAL OF THE FINANCIAL STATEMENTS

The Group Edenred condensed consolidated financial statements for the six months ended June 30, 2017 were authorized for issue at the Board of Directors' meeting of July 24, 2017.

1.2 ACCOUNTING STANDARDS

In application of the European regulation 1606/2002 of July 19, 2002, the consolidated financial statements for the period ended June 30, 2017 were prepared in accordance with IAS 34 – Interim Financial Reporting. These condensed financial statements do not include all the information that need to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read jointly with the consolidated financial statements for the year ended December 31, 2016.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the IFRS as endorsed by the European Union as of June 30, 2017 and available on:

https://ec.europa.eu/commission/index_en

The accounting policies used by the Group in the interim consolidated financial statements are consistent with those applied in the consolidated financial statements at December 31, 2016 with the exception of:

- ✓ the standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2017 (Note 11),
- ✓ the specific items related to the preparation of the interim consolidated financial statements (Note 1.3).

With the exception of particularities related to the preparation of intermediary financial statements, the estimates took into account as of June 30, 2017 are the same than in December 2016.

1.3 SPECIFIC ITEMS RELATED TO PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income tax

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

Post-employment and other long-term employee benefits

Post-employment and other long-term employee benefits expense for half-year corresponds to half of the estimated net expense for the full year, as determined based on prior year data and actuarial assumptions. These valuations are adjusted to take into account any significant changes in market conditions compared to the previous period, any curtailments, settlements or other material non-recurring events of pension plan.

1.4 USE OF ESTIMATES AND JUDGMENT

The preparation of the financial statements implies that Edenred's management uses judgment, estimates and hypotheses in determination of assets and liabilities values, of income and expenses over the period and to take into account upside or downside potential effects on closing date. According with the evolution of used hypotheses and economic conditions different from those existing at closing date, amounts in Group's future financial statements could be significantly different from current estimations.

Euro exchange rates used to translate foreign operations in the consolidated financial statements as of June 30th, 2017 were as follows:

	Sterling Pound GBP	Brazilian Real BRL	Mexican Pesos MXN	Argentine Peso ARS	Swedish Krona SEK	Venezuelan Bolivar VEF*	United States Dollar USD
June 30, 2016	0,83	3,59	20,63	16,70	9,42	696,72	1,11
December 31, 2016	0,86	3,43	21,77	16,74	9,55	709,32	1,05
June 30, 2017	0,88	3,76	20,58	18,98	9,64	3 009,00	1,14

* see Note 3.3 "Change of the Bolivar exchange rate in 2016 and 2017 1st semester"

1.5 MODIFICATION OF CONSOLIDATED INCOME STATEMENT PRESENTATION

Considering the Financial Market Authority recommendations about financial statements 2013 and 2016 closure (DOC -2015-12 and recommendation ANC n°2013-03) and to improve our consolidated financial statements, we modified our consolidated income statement. "Other income and expenses" will not be seen below financial result from the publication of consolidated financial statements of 30th June 2017: "other income and expenses" are now included in "Operating Profit including share of associates net profit".

NOTE 2: MAIN ACQUISITIONS, DEVELOPMENTS AND DISPOSALS

Main acquisitions and developments 2017

UTA

On **January 20th 2017**, Edenred announced that it is exercising the call option enabling it to acquire, from the two founding families, 17% of the capital of Union Tank Eckstein (UTA), the number two Europe-wide player in multi-brand fuel cards, toll solutions and maintenance solutions. Edenred already held a 34% interest in the company.

By increasing its stake in UTA to 51%, Edenred is taking a further step to speed up its growth in the expense management market. The Group intends to boost UTA's business in Europe by leveraging its expertise in fuel card solutions in Latin America and its own commercial presence in Europe.

The acquisition of an additional 17% of UTA's capital, for €85 million, gives the exclusive control on UTA. UTA financial statements are fully consolidated from 1st of January 2017.

After this transaction, UTA's minority shareholders have put options in Edenred's favor covering the remaining 49% of capital, between 21st of January 2017 and 21st of January 2019. As a result, Edenred recorded a liability in the amount of €247 million in its consolidated financial statements, with a counterpart in equity attributable to owners of the parent company.

In accordance with IFRS 3 (revised) "Business Combinations", the Group reassessed at the fair value the prior owned part of 34% and partially with a counterpart of a gain in a bargain purchase for € 19 million in "Other income and expenses".

The temporary goodwill linked to the additional 17% of UTA's capital and the reassessment of the prior owned part have been booked in half year financial statements for a total amount of € 164 million (attributable to owners of the parent company).

The acquisition fair value of the net assets acquired has been temporary booked in customer list for €87 million and €23 million brand.

The Group has a period of 12 months to allocate this acquisition price to assets, liabilities and contingent liabilities identifiable as such according to IFRS 3 (revised) and to harmonize accounting and valuation methods.

The impacts of UTA full integration in half year consolidated financial statements as of 30 June 2017 can be detailed as follows:

in € millions	UTA June 2017
Non Current Assets	120
Current Assets	297
Total Assets	**417**
Equity & non current Liabilities	82
Current Liabilities (1)	335
Total Equity & Liabilities	**417**

in € millions	UTA June 2017
Revenue	34
EBIT	**4**
Net result (2)	27
Net result - Group share	**22**

(1) Excluding debt on put options of UTA's minority shareholders for € 247 million.
(2) Including € 19 millions of gain on a bargain purchase (34%) and € 5 million from Investment in associates

ProwebCE

During April 2017, the Group exercised a part of his call options on share capital of entity PWCE Participations, which own total shares of ProwebCE, for a total amount of € 16 million. With this transaction, Edenred Group increases his ownership percentage in ProwebCE entity, from 62% to 71%. In consolidated financial statements, according to IFRS 3 revised, this transaction between shareholders has been booked in equity. Otherwise, the relutive impact on half year net result Group share is not material. Edenred owns options allowing to hold 100% of the share capital of ProwebCE in the future.

Moneo Resto

Already the leader in France's digital meal voucher market, with 340,000 Ticket Restaurant® card holders, Edenred is stepping up its shift to digital by acquiring Moneo Resto, a fully digital French meal voucher solution. Moneo Resto has a portfolio of around 1,500 corporate clients, of which 90% are SMEs, for a total of 65,000 employee users. Thanks to this acquisition, more than 400,000 employees in France now have a digital meal voucher solution issued by Edenred, representing 25% of the total number of employee beneficiaries of Edenred's meal voucher programs.

The Group booked a temporary goodwill of € 19 million in intangible assets as of June 2017 consolidated financial statements, and will perform the price purchase allocation in the following 12 months of acquisition date, according to IFRS 3 revised standard.

Edenred Suisse SA

The Group sold its Employee benefits business in Switzerland in May following Edenred's analysis that it had an insufficient share of this market, which offers limited growth potential. The capital gain is not material and has been booked in "Other income and expenses" in consolidated income statement as of June 30th, 2017.

Main acquisitions and developments 2016

Embratec

In accordance with the agreement signed in January, the Group Edenred finalized, in the first semester of 2016, the takeover of Embratec's activities in Brazil.

The entity created (65% owned by Edenred and 35% owned by Embratec's fouding shareholders) in 2016 bring together Edenred's Ticket Car and Repom assets and Embratec's fuel card and maintenance activities, operated under the Ecofrotas and Expers brands.

In accordance with IFRS 3 (revised) "Business Combinations", the Group has proceeded to the provisional allocation of acquisition prices to assets, liabilities and contingent liabilities identifiable as such according to IFRS 3 (revised) and to harmonize accounting and valuation methods.

The acquisition price for the 65% shares of Expense Management activities amounted to reais 1,153 million equivalent to € 290 million including reais 742 million cash (€ 187 million) translated at the acquisition date exchange rate (1 € = 3.9738 BRL).

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been allocated to customer list for €92 million and to licenses and software for € 10 million, the residual difference of € 262 million being allocated to the goodwill. The definitive allocation of the goodwill has been performed during first semester of 2017 with no material impact.

NOTE 3: SIGNIFICANT EVENTS

3.1 PAYMENT OF THE 2016 DIVIDEND

At the Annual Meeting on **May 4, 2017**, Edenred shareholders approved the payment of a 2016 dividend of €0.62 per share, with the option of reinvesting 50% of the dividend in new shares.

The option of reinvesting 50% of the dividend in shares was available from May 12 to June 2, 2017. This led to the issue of 1,722,895 new shares of Edenred common stock, representing 0.74% of the share capital, which will be settled and begin trading on the Euronext Paris stock market on June 15, 2017.

The new shares carry dividend rights from January 1, 2017 and rank pari passu with existing shares of Edenred common stock. Following the issue, the Company's share capital comprises 235,402,740 shares.

The total cash dividend, which amounts to €109 million, has been paid on June 15, 2017. This corresponds to 50% of directly cash paid dividend (amounting to €73 millions) and €35 million paid to shareholders who decided to not reinvest.

3.2 €500 MILLION BOND ISSUE

Edenred issued €500 million 10-year 1.875% bond during March 2017.

The bond issue was placed with a diverse base of more than 100 international institutional investors and was more than three times oversubscribed, confirming the market's confidence in the Group's credit quality.

The new bond issue will provide financing for general corporate purposes and, more particularly, for the Group's growth projects. Following the €250 million Schuldschein loan issued by the Group in June 2016 under particularly favorable conditions, this new bond issue will also contribute to repaying the €510 million 3.625% bond issue due in October 2017.

Maturing in March 2027, the new bond issue has an immediate effect on the average maturity of the Group's debt, increasing it to 5.4 years from 4.4 years at December 31, 2016, and reduces its average cost of debt to 2.1% versus 2.5% at December 31, 2016. After repayment of the €510 million bond issue in October 2017, the group will have a particularly well-balanced debt profile, with no major repayments due before 2025 and average maturity extended by around two years.

3.3 CHANGE OF THE BOLIVAR EXCHANGE RATE IN 2016 AND 2017 1ST SEMESTER

Significant events on the year 2016

On March 10, 2016, the Venezualian government announced the implementation of a new currency exchange system. It decided to merge two systems that were coexisting until then, the CADIVI with a rate of 6.3 bolivars to the dollar, and the SICAD I with a rate of 11.3 bolivars fuerte to the dollar, and to create a new system called DIPRO, ensuring a fixed rate of 10 bolivars fuerte to the dollar. This new system is intended to rationalize the access to the dollar mainly for the industrial sector and importations as well as to struggle against inflation.

As a substitute to the SIMADI, the government also disclosed a second currency exchange system, the SIMADI / DICOM, for transactions that are not hedged by the fixed exchange system DIPRO. The SIMADI / DICOM fluctuates according to supply and demand and the first rate amounted to 206.92 bolivars fuerte to the dollar US in March 2016.

Devaluation of the bolivar fuerte on 2017 1st Semester

On May 22th 2017, BCV (Venezuela Central Bank) and the Venezuelan government modified their exchange control system. The new minimum value for the DICOM has been established for the first bid in Bs 1.800/USD.

Edenred's position

For 1st semester 2017, the Group decided to use SIMADI / DICOM bolivar fuerte exchange rates to the US dollar, as presented in the table below:

	December 2016		June 2017	
	TM	TC	TM (*)	TC (**)
Bolivar fuerte exchange rate to US dollar used by Edenred translated to EUR	198,25	216,32	998,3	2 636,7

(***) Average of all exchange rates of bolivar fuerte against the US dollar of SIMADI / DICOM from January 1, 2017 translated to EUR

(****) Last SIMADI / DICOM exchange rate of bolivar fuerte to the US dollar, published before the end of the month of December 2016, translated to EUR.

Bolivar fuerte exchange rate sensitivity analysis

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

	30th Jun 2016 +/- 50% (*)		30th Jun 2017 +/- 50% (**)	
in € millions	M EUR	% Group Total	M EUR	% Group Total
Revenue	3	0,7%	2	0,3%
EBIT	2	1,3%	0	0,2%
Net result	1	1,0%	1	0,4%
Net result - Group share	1	0,9%	0	0,3%
Net debt	(6)	-0,6%	(1)	-0,1%

*: With an average foreign rate of 373 EUR/VEF, rates used are 745 (-50%) and 248 (+50%).

**: With an average foreign rate of 1081 EUR/VEF, rates used are 2161 (-50%) and 720 (+50%).

3.4 SUBSEQUENT EVENTS

Disposal of Edenred South Africa

In line with its Fast Forward strategy, Edenred sold its non-core operations in South Africa by July 2017.

Edenred chosen by IATA to develop IATA Easypay system in more than 70 countries

Following the official launch of its Corporate Payment offer in March 2017, Edenred reached a major milestone on July 20 by joining forces with the IATA[10], one of the world's largest trade associations representing some 275 airline companies, and 83% of global air traffic. Edenred will develop and manage the IATA's new-generation settlement system, which improves financial control and cash flows for the IATA's roughly 400 participating airlines. In 2016, this system managed transactions worth an equivalent US$ 219 billion. Edenred will offer over 10,000 accredited travel agents IATA EasyPay, a new electronic payment method. This new method gives the agents the possibility to create and credit a prepaid ewallet that can be used to pay for airline reservations. This new, safer, faster and cheaper payment solution will be gradually rolled out by Edenred over the next three years in over 70 countries. At maturity, Edenred expects to be managing around 40 million EasyPay transactions each year.

[10] International Air Transport Association

NOTE 4: OPERATIONAL BUSINESS

4.1 SEGMENT INFORMATION

Preamble

The organic growth corresponds to the like-for-like growth that is at constant scope of consolidation and exchange rates. This indicator represents the Group's commercial performance.

Activity variation represents the difference between published current period and comparative period amounts, restated from exchange impacts, as well as acquisitions and/or disposals.

In case of an acquisition, the impact of the acquisition is neutralized in the published amount of the current period and the activity variation is calculated by using this restated amount of the current period.

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

Activity variation thus calculated is translated by using the comparative period exchange rate and divided by the restated amount of the comparative period.

4.1.1 CONDENSED FINANCIAL STATEMENTS

1st Semester 2017

Income statement

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Elimi-nations	June 2017
Operating Revenue	**100**	**215**	**262**	**39**	**-**	**-**	**616**
Financial Revenue	5	7	20	2	-	-	**34**
Total external Revenue	**105**	**222**	**282**	**41**	**-**	**-**	**650**
Inter-segment revenue	-	4	-	-	-	(4)	**-**
TOTAL REVENUE FROM OPERATING SEGMENTS	**105**	**218**	**282**	**41**	**-**	**4**	**650**
EBIT FROM OPERATING SEGMENTS	**23**	**74**	**109**	**6**	**(11)**	**-**	**201**

1st Semester 2016

Income statement

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structure	Elimi-nations	June 2016
Operating Revenue	**92**	**168**	**197**	**37**	**-**	**-**	**494**
Financial Revenue	5	9	16	2	-	-	**32**
Total external Revenue	**97**	**177**	**213**	**39**	**-**	**-**	**526**
Inter-segment revenue	-	4	-	-	-	(4)	**-**
TOTAL REVENUE FROM OPERATING SEGMENTS	**97**	**181**	**213**	**39**	**-**	**(4)**	**526**
EBIT FROM OPERATING SEGMENTS	**17**	**58**	**87**	**6**	**(7)**	**-**	**161**

Change in issue volume, revenue and EBIT

Change in issue volume, revenue and EBIT between half-year 2017 and half-year 2016 break down as follows:

			Δ June 2017 / June 2016							
			Organic growth		Changes in consolidation scope		Currency effect		Total change	
(in € millions)	June 2017	June 2016	In €M	In %	In €M	In %	In €M	In %	**In €M**	**In %**
Operating Revenue	616	494	+42	+8,5%	+64	+12,9%	+16	+3,2%	+122	+24,6%
Financial revenue - Unrestricted float	31	29	+1	+9,8%	+0	+2,7%	+1	+5,3%	+2	+17,9%
Financial revenue - Restricted cash	3	3	-	(33,1)%	-	+0,0%	-	+0,0%	-	(33,1)%
Financial Revenue	**34**	**32**	**+1**	**+2,7%**	**+0**	**+2,2%**	**+1**	**+4,5%**	**+2**	**+9,4%**
TOTAL REVENUE	**650**	**526**	**+43**	**+8,2%**	**+64**	**+12,3%**	**+17**	**+3,3%**	**+124**	**+23,7%**
EBIT	**201**	**161**	**+24**	**+14,7%**	**+8**	**+5,0%**	**+8**	**+4,9%**	**+40**	**+24,6%**

4.1.2 SEGMENT INFORMATION BY INDICATOR

Change in revenues

Total revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2017 Total external revenue	105	222	282	41	-	**650**
2016 Total external revenue	97	177	213	39	-	**526**
Change	8	45	69	2	-	**124**
Reported change in %	+8,2%	+25,7%	+32,6%	+4,7%	-	**+23,7%**
LIKE-FOR-LIKE CHANGE	**+8**	**+14**	**+18**	**+3**	**-**	**+43**
LIKE-FOR-LIKE CHANGE IN %	**8,1%**	**8,0%**	**8,3%**	**8,1%**	**0,0%**	**8,2%**

Total Operating revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2017 Operating revenue	100	215	262	39	-	**616**
2016 Operating revenue	92	168	197	37	-	**494**
Change	8	47	65	2	-	**122**
Reported change in %	+9,3%	+27,7%	+32,8%	+4,9%	-	**+24,6%**
LIKE-FOR-LIKE CHANGE	**+8**	**+16**	**+15**	**+3**	**-**	**+42**
LIKE-FOR-LIKE CHANGE IN %	**9,2%**	**9,1%**	**7,9%**	**7,8%**	**0,0%**	**8,5%**

Financial revenue

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2017 Financial revenue	5	7	20	2	-	**34**
2016 Financial revenue	5	9	16	2	-	**32**
Change	-	(2)	+4	-	-	**+2**
Reported change in %	(8,7)%	(14,7)%	+30,2%	+2,0%	-	**+9,4%**
LIKE-FOR-LIKE CHANGE	**-**	**(2)**	**+3**	**-**	**-**	**+1**
LIKE-FOR-LIKE CHANGE IN %	**(8,7)%**	**(12,6)%**	**+13,6%**	**+14,0%**	**-**	**+2,7%**

4.1.3 CHANGE IN EBIT

(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2017 EBIT	23	74	109	6	(11)	**201**
2016 EBIT	17	58	87	6	(7)	**161**
Change	+6	+16	+22	-	(4)	**+40**
Reported change in %	+33,8%	+27,7%	+24,8%	+15,7%	+70,4%	**+24,6%**
LIKE-FOR-LIKE CHANGE	**+6**	**+13**	**+6**	**+2**	**(3)**	**+24**
LIKE-FOR-LIKE CHANGE in %	**+37,2%**	**+23,0%**	**+6,3%**	**+32,4%**	**+48,8%**	**+14,7%**

4.2 OPERATING EXPENSES

(in € millions)	June 2017	June 2016
Employee benefit expense	(200)	(162)
Costs of sales	(72)	(64)
Buisness taxes	(21)	(16)
Rental expenses	(11)	(10)
Other operating expenses	(109)	(86)
TOTAL OPERATING EXPENSES (1)	**(413)**	**(338)**

(1) As of June 30, 2017 the currency effect impact the operating expenses for €(8) million and €(46) million of scope impact in comparison with June 30, 2016.

Other operating expenses consist mainly in external fees, marketing expenses, increase / reversal of provisions for current assets, travel expenses and IT expenses.

4.3 CHANGE IN WORKING CAPITAL

(in € millions)	June 2017	December 2016	June 2016	Change June 2017/December 2016
Inventories, net	17	24	16	(7)
Trade receivables, net	1 536	1 415	1 140	121
Other receivables and accruals, net	313	302	324	11
Working capital requirments - assets	**1 866**	**1 741**	**1 480**	**125**
Trade payables	145	142	136	3
Other payables	249	229	157	20
Vouchers in circulation	4 089	4 182	3 585	(93)
Working capital requirements - liabilities	**4 483**	**4 553**	**3 878**	**(70)**
NEGATIVE WORKING CAPITAL	**2 617**	**2 812**	**2 398**	**(195)**
Corporate tax liabilities	13	13	3	-
NEGATIVE WORKING CAPITAL (incl. Corporate tax liabilities)	**2 630**	**2 825**	**2 401**	**(195)**

As of 30 June 2017, half-year consolidated financial statements include the impact of "Employee Benefits" and "Incentive & Reward" seasonality with a higher activity at year end. In order to provide more readable half-year financial statements, Edenred chose to display balance sheet as of 30st of June 2016 as a comparative period.

Other receivables and payables are presented in detail in Notes of consolidated financial statements as for December 2016. They correspond to social and tax receivables, prepaid expenses, social and tax payables, deferred income and received funds not loaded linked to the digital activity of the Group.

(in € millions)	June 2017	June 2016
Working capital at beginning of period	**2 812**	**2 554**
Change in w orking capital (1)	(266)	(172)
Development Expenditure	79	49
Disposals	(2)	(0)
Provisions	(3)	4
Currency translation adjustment	(32)	(20)
Reclassification to other balance sheet items	29	(17)
Net change in working capital	(195)	**(156)**
WORKING CAPITAL AT END OF PERIOD	**2 617**	**2 398**

(1) See Statement of Cash Flows table 1.4

4.4 CHANGE IN RESTRICTED CASH

Restricted cash corresponds mainly to service voucher reserved funds which use is regulated. In the following countries France (€686 million), United Kingdom (€196 million), Romania (€44 million), United-States (€29 million) and India (€8 million).

(in € millions)	June 2017	December 2016	June 2016	Change June 2017/December 2016
Restricted cash	**1 016**	**942**	**897**	**74**

(in € millions)	June 2017	June 2016
Restricted cash at beginning of period	**(942)**	**(858)**
Like-for-like change for the period (1)	(83)	(57)
Other variations	-	(3)
Currency translation adjustment	9	21
Net change in restricted cash	(74)	**(39)**
RESTRICTED CASH AT END OF PERIOD	**(1 016)**	**(897)**

(1) See Statement of Cash Flows table 1.4

The accreditation package submitted by our companies in Brazil, to the Brazilian Central Bank ("BACEN") is currently in the process of validation. As soon as the certification will occur, which is expected in 2017, BACEN regulation will make compulsory the reclassification of a part of the float of the benefits business to restricted cash. And this funds segregation will increase to 60% in 2017, 80% in 2018 and 100% in 2019. This accreditation package has no impact on consolidated accounts as of June 30, 2017.

NOTE 5: NON CURRENT ASSETS

5.1 GOODWILL

(in € millions)	June 2017	December 2016
Goodwill	1 207	1 063
Less accumulated impairment losses	(157)	(159)
GOODWILL, NET	**1 050**	**904**

(in € millions)	June 2017	December 2016
Brazil (including Repom and Embratec)	435	472
UTA *	164	-
France (Ticket Cadeaux)	92	92
France ProwebCE	49	49
Mexico	46	44
Italy	46	46
United Kingdom (including Prepay Technologies)	44	45
Romania	31	32
Japan	19	20
Finland	19	19
France Moneo Resto	19	-
Sweden	18	18
USA	14	15
Czech Republic	12	12
Dubaï	9	9
Portugal	6	6
Colombia	4	5
Other (individually representing less than €5 million)	23	20
GOODWILL, NET	**1 050**	**904**

*: As of December 2016, a goodwill for € 93 million was booked in the line "Investment in associates" (See Note 5.3 "Investment in associates").

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

(in € millions)	June 2017	December 2016
NET GOODWILL AT BEGINNING OF PERIOD	**904**	**575**
Goodwill recognized on acquisitions for the period and other increases	191	265
. Germany (UTA acquisition) (1)	164	-
. France (Moneo Resto acquisition) (1)	19	-
. Brazil (Embratec acquisition) (1)	4	261
. Costa Rica & Nicaragua (Nectar Holdings & Nectar Technology consolidation) (2)	3	-
. France (LCCC consolidation)	-	1
. Other acquisitions	1	3
Goodwill written off on disposals for the period	-	-
Impairment losses	-	-
Currency translation adjustement	(45)	64
Put options on non-controlling interests recognized / remeasured during the period and other	-	-
NET GOODWILL AT END OF PERIOD	**1 050**	**904**

(1) See Note 2 – " Main acquisitions, developments and disposals"

(2) The Group acquired respectively 30% and 51% of Nectar Holdings and Nectar Technology share capital during 2016 but integrated for the first time as of 1st of January 2017

5.2 INTANGIBLE ASSETS

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

(in € millions)	June 2017	December 2016
CARRYING VALUE OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD	**313**	**182**
Intangible assets of newly-consolidated companies (*)	114	118
Internally-generated assets	28	29
Additions	0	15
Amortization for the period	(28)	(42)
Impairment losses for the period	(0)	(12)
Disposals	(0)	-
Currency translation adjustement	(15)	23
Reclassifications	(1)	-
CARRYING VALUE OF INTANGIBLE ASSETS AT END OF PERIOD	**410**	**313**

(*) including €87 million in customer lists and €23 million in brand.

5.3 INVESTMENTS IN ASSOCIATES

(in € millions)	June 2017	June 2016
Share of Income (loss) from investments in associates	5	4
Total Share of Income (loss) from investments in associates	**5**	**4**

(in € millions)	June 2017	December 2016
Goodwill	-	93
Investment in associates	76	58
Total Investment in associates	**76**	**151**

(in € millions)	June 2017	December 2016
Investment in associates beginning of period	151	150
Acquisition of share in associates	-	-
UTA in full consolidation impact	(151)	-
Integration of AGES and MSC (in subconsolidation of UTA in 2016) in investments in associates	75	-
Share of Income (loss) from investments in associates	5	9
Dividends received from investments in associates UTA	-	(8)
Dividends received from investments in associates AGES & MSC	(4)	-
Investment in associates end of period	**76**	**151**

As of December 2016, investment in associates was composed by UTA group. As of June 2017, investment in associates is mainly composed by AGES (AGES Maut System Gmbh&Co KG and Ages International Gmbh & Co KG) and MSC (MercedesService Card Beteiligungs Gmbh and MercedesService Card Gmb&Co KG) which were included in UTA group as of December, 31, 2016.

NOTE 6: FINANCIAL ELEMENTS

6.1 NET FINANCIAL RESULT

(in € millions)	June 2017	June 2016
Gross borrowing cost	(35)	(22)
Hedging instruments	9	7
Interests income from short term bank deposits and equivalent	5	0
Net borrowing cost	**(21)**	**(15)**
Net foreign exchange gains / (losses)	2	(0)
Other financial income and expenses, net	(7)	(8)
NET FINANCIAL EXPENSE	**(26)**	**(23)**

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

"Other financial income and expenses, net" concerns mainly bank fees, banking charges and interests, deferred charges on bonds and issuance premiums and financial provisions.

6.2 CURRENT FINANCIAL ASSETS

(in € millions)	June 2017			December 2016			June 2016		
	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value
Other current financial assets	3	-	3	4	-	4	4	-	4
Receivables on disposal of assets	1	-	1	-	-	-	-	-	-
Derivatives	47	-	47	45	-	45	52	-	52
CURRENT FINANCIAL ASSETS	**51**	**-**	**51**	**49**	**-**	**49**	**56**	**-**	**56**

Other current financial assets represent short-term loans with external counterparts, classified as "Loans and receivables" according to IAS 39.

Derivatives are accounted for according to IAS 39 standard – "Financial Instruments, Recognition and Measurement". Accounting method is detailed in the Note 6.6 "Financial instruments and market risk management".

6.3 CASH AND CASH EQUIVALENT AND OTHER MARKETABLE SECURITIES

(in € millions)	June 2017			December 2016			June 2016		
	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value	Gross value	Depre-ciation	Net value
Cash at bank and on hand	223	-	223	162	-	162	203	-	203
Term deposits less than 3 months	219	-	219	460	-	460	142	-	142
Bonds and other negociable debt securities	10	-	10	-	-	-	-	-	-
Interest-bearing bank accounts	-	-	-	-	-	-	-	-	-
Mutual fund units in cash less than 3 months	27	-	27	27	-	27	7	-	7
CASH AND CASH EQUIVALENTS	**479**	**-**	**479**	**649**	**-**	**649**	**352**	**-**	**352**
Term deposits more than 3 months	870	(3)	867	734	(3)	731	518	(4)	514
Bonds and other negociable debt securities	118	-	118	3	-	3	3	-	3
Interest-bearing bank accounts	-	-	-	-	-	-	-	-	-
Mutual fund units in cash more than 3 months	1	-	1	1	-	1	1	-	1
OTHER MARKETABLE SECURITIES	**989**	**(3)**	**986**	**738**	**(3)**	**735**	**522**	**(4)**	**518**
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1 468**	**(3)**	**1 465**	**1 387**	**(3)**	**1 384**	**874**	**(4)**	**870**

6.4 DEBT AND OTHER FINANCIAL LIABILITIES

(in € millions)	June 2017			December 2016			June 2016		
	Non courant	Courant	Total	Non-current	Current	Total	Non-current	Current	Total
Non-banking debt	1 691	515	2 206	1 207	525	1 732	1 748	-	1 748
Bank borrowings	70	68	138	148	2	150	140	2	142
DEBT	**1 761**	**583**	**2 344**	**1 355**	**527**	**1 882**	**1 888**	**2**	**1 890**
BANK OVERDRAFTS	**-**	**49**	**49**	**-**	**52**	**52**	**-**	**40**	**40**
Deposits	1	13	14	8	5	13	-	13	13
Purchase commitments	37	253	290	40	3	43	30	3	33
Derivatives	-	25	25	-	19	19	-	30	30
Other	2	8	10	2	10	12	3	9	12
OTHER FINANCIAL LIABILITIES	**40**	**299**	**339**	**50**	**37**	**87**	**33**	**55**	**88**
DEBT AND OTHER FINANCIAL LIABILITIES	**1 801**	**931**	**2 732**	**1 405**	**616**	**2 021**	**1 921**	**97**	**2 018**

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

Financial debts

Non-banking debt

Bonds

The Group announced on March 22, 2017 a new public €500 million 10-year 1.875% bond issue. The new bond issue will provide financing for general corporate purposes and, more particularly, for the Group's growth projects and will also contribute the repayment the €510 million 3.625% bond issue due in October 2017.

As of June, 30, 2017 the Group gross outstanding bond position amounts to € 1,985 million with the following breakdown:

Issue date	Amounts in M€	Annual coupon	Maturity
03/30/2017	500	1,875%	10 years 03/30/2027
03/10/2015	500	1,375%	10 years 03/10/2025
10/30/2013	250	2,625%	7 years 10/30/2020
05/23/2012	225	3,75%	10 years 05/23/2022
10/06/2010	510	3,625%	7 years 10/06/2017
Gross Outstanding bond position	**1,985**		

As of December 31, 2016, the gross outstanding bound position amounted to € 1,485 million.

Issue date	Amounts in M€	Annual coupon	Maturity
03/10/2015	500	1,375%	10 years 03/10/2025
10/30/2013	250	2,625%	7 years 10/30/2020
05/23/2012	225	3,75%	10 years 05/23/2022
10/06/2010	510	3,625%	7 years 10/06/2017
Gross Outstanding bond position	**1,485**		

Non –banking Debt

As of June 30, 2017, €250 million private placement as Schuldschein operation presents different tranches for maturity and rates with following breakdown:

Rate		Amounts in M€	Annual coupon	Maturity
Fixed	1,05%	45	5	06/29/2021
Variable	Euribor 6 months * +105 bp	68	5	06/29/2021
Fixed	1,47%	32	7	06/29/2023
Variable	Euribor 6 months * +130 bp	105	7	06/29/2023
Total Schuldschein loan		**250**		

* Euribor 6 months floor at 0%

Bank borrowings

Debt in BRL to finance its general activity has been put in place on the first semester of 2016 for a total amount of BRL 500 million (equivalent €132 million at closing exchange rate) of which 250 million matured in May 2019 and 250 million matured in June 2018.

The Group has an outstanding bank debt position amounting to € 138 million as of June 30, 2017 of which BRL 500 million (equivalent €132 million).

Credit facility

As of June 30, 2017 Edenred had €700 million outstanding confirmed credit facilities expiring on June 2021. This facility will be used for general corporate purposes and to support group activities.

The €700 Million Revolving Credit Facility has been extended on July 6, 2017 for a new one year availability period in comparison with existing current maturity of July 2021 in the context of the first extension option request by Edenred to the lenders. Each lender accepted the extension, reassessing the confidence in the Group. The new 5 year maturity offers an availability period up to July 2022.

Ageing analysis

At June 30, 2017

(in € millions)	June 2018	June 2019	June 2020	June 2021	June 2022	Beyond June 2023	June 2017
Total debt and other financial liabilities	931	107	-	368	237	1 089	2 732
Total	**931**	**107**	**-**	**368**	**237**	**1 089**	**2 732**

At December 31, 2016

(in € millions)	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	2022 and beyond	December 2016
Total debt and other financial liabilities	616	83	97	266	113	846	2 021
Total	**616**	**83**	**97**	**266**	**113**	**846**	**2 021**

At June 30, 2016

(in € millions)	June 2017	June 2018	June 2019	June 2020	June 2021	Beyond June 2022	June 2016
Total debt and other financial liabilities	97	595	89	5	370	862	2 018
Total	**97**	**595**	**89**	**5**	**370**	**862**	**2 018**

6.5 NET DEBT AND NET CASH

(in € millions)	June 2017	December 2016	June 2016
Non-current financial debt	1 761	1 355	1 888
Other non-current financial liabilities	40	50	33
Current financial debt	583	527	2
Other current financial liabilities	299	37	55
Bank ov erdrafts	49	52	40
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	**2 732**	**2 021**	**2 018**
Current financial assets	(51)	(49)	(56)
Other marketable securities	(986)	(735)	(518)
Cash and cash equiv alents	(479)	(649)	(352)
TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**(1 516)**	**(1 433)**	**(926)**
NET DEBT	**1 216**	**588**	**1 092**

(in € millions)	June 2017	December 2016	June 2016
Net debt at beginning of period	**588**	**637**	**637**
Increase (decrease) in non-current financial debt	406	(121)	412
Increase (decrease) in other non-current financial liabilities	(10)	12	(5)
Decrease (increase) in other marketable securities	(251)	(257)	(40)
Decrease (increase) in cash and cash equiv alents, net of bank ov erdrafts	167	(191)	94
Increase (decrease) in other financial assets and liabilities	316	508	(6)
Increase (decrease) in net debt	**628**	**(49)**	**455**
NET DEBT AT END OF PERIOD	**1 216**	**588**	**1 092**

6.6 FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

Rate risk: fixed / variable interest rate analysis

Before hedging

Debt without hedging breaks down as follows:

	June 2017			December 2016			June 2016		
(in € millions)	Amount	Rate	% of total debt	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt (1)	2 169	3,07%	93%	1 708	3,48%	91%	1 716	3,42%	91%
Variable rate debt	175	1,27%	7%	174	1,24%	9%	174	1,24%	9%
TOTAL DEBT	**2 344**	**2,94%**	**100%**	**1 882**	**3,27%**	**100%**	**1 890**	**3,22%**	**100%**

(1) The rates mentioned for the fixed rate debt correspond to the contractual rates (that are 3.625%, 3.750%, 2.625%, 1.375% and 1.875%) applied among exact days of the year divided by 360.

After hedging

Debt after interest rate hedging breaks down as follows:

(in € millions)	June 2017 Amount	June 2017 Rate	June 2017 % of total debt	December 2016 Amount	December 2016 Rate	December 2016 % of total debt	June 2016 Amount	June 2016 Rate	June 2016 % of total debt
Fixed rate debt	302	4,41%	13%	309	4,56%	16%	598	2,97%	32%
Variable rate debt	2 042	1,72%	87%	1 573	2,12%	84%	1 292	2,39%	68%
TOTAL DEBT	2 344	2,07%	100%	1 882	2,52%	100%	1 890	2,58%	100%

Interest rate hedges mainly consist of derivative transactions (about fifty transactions outstanding) which transform fixed rate into floating rate over a debt initially issued at fixed rate with the following characteristics:

- Bond Debt in Euro: notional amount of €1,832 million relating to an underlying debt of €1,985 million for a fair value of €4 million representing a financial asset;

- Bank Debt in BRL : notional amount of 250 million Brazilian Real relating to an underlying debt of 500 million Brazilian Real for a fair value of 14 million BRL representing a financial asset

The interest rate derivative instruments consist of swaps receiving fixed rate and paying floating rate. IFRS classification is Fair Value Hedge according to IAS 32-39. These hedging operations have no material impact on the P&L due to IFRS classification in Hedge accounting.

Foreign exchange risk: Currency analysis

Before hedging

Debt without hedging breaks down as follows:

(in € millions)	June 2017 Amount	June 2017 Rate	June 2017 % of total debt	December 2016 Amount	December 2016 Rate	December 2016 % of total debt	June 2016 Amount	June 2016 Rate	June 2016 % of total debt
EUR	2 205	2,36%	94%	1 732	2,51%	92%	1 748	2,50%	92%
Other currencies	139	12,06%	6%	150	12,08%	8%	142	12,08%	8%
TOTAL DEBT	2 344	2,94%	100%	1 882	3,27%	100%	1 890	3,22%	100%

After hedging

Debt after interest rate hedging breaks down as follows:

(in € millions)	June 2017 Amount	June 2017 Rate	June 2017 % of total debt	December 2016 Amount	December 2016 Rate	December 2016 % of total debt	June 2016 Amount	June 2016 Rate	June 2016 % of total debt
EUR	2 198	1,43%	94%	1 723	1,60%	92%	1 742	1,71%	92%
Other currencies	146	11,56%	6%	159	12,49%	8%	148	12,79%	8%
TOTAL DEBT	2 344	2,07%	100%	1 882	2,52%	100%	1 890	2,58%	100%

Foreign currency hedges mainly consist of derivative transactions (swaps) over intragroup loans and borrowings in foreign currencies with the following characteristics:

- Financial assets: notional amount of €120 million for a fair value of €3 million (mainly MXN, CZK and GBP for a notional amount of €105 million for a fair value of €3 million);

- Financial liabilities: notional amount of €249 million for a fair value of €7 million (mainly GBP, MXN and JPY – notional amount of €231 million for a fair value of €7 million).

These hedging operations have no material impact on the P&L due to IFRS classification in Hedge accounting (Fair value Hedge) for intragroup loans and borrowings.

NOTE 7: TAXES – NORMATIVE TAX RATE

Edenred decided that French C.V.A.E had characteristics of an income tax. Therefore, income tax expense includes also expense amount related to French C.V.A.E.

The effective tax rate on profit for 2017 half-year is 34.3%. This rate does not take into account the tax charge or tax income from non-recurring income and expenses, the tax on dividends and other unusual items. The reported effective tax rate on profit for 2016 half-year was 36.3%.

NOTE 8: EARNINGS PER SHARE

Net earnings per share

At June 30, 2017, the Company's share capital was made up of 235 402 740 ordinary shares.

At June 30, 2017, the average number of ordinary shares outstanding breaks down as follows:

In shares	June 2017	June 2016
EDENRED'S SHARE CAPITAL AT CLOSING	**235 402 740**	**233 679 845**
Outstanding shares at beginning of period	**231 874 471**	**227 808 792**
Number of shares issued for dividend paid	1 722 895	2 862 997
Number of shares issued from performance plans	526 798	501 513
Number of shares from exercised of stock-options plans (1)	538 644	2 400
Number of shares cancelled (2)	(1 056 942)	(503 913)
Issued shares at period-end excluding treasury shares	**1 731 395**	**2 862 997**
Treasury shares not related to the liquidity contract	467 309	715 353
Treasury shares under the liquidity contract	47 431	34 348
Treasury shares	**514 740**	**749 701**
OUTSTANDING SHARES AT PERIOD-END	**234 112 106**	**231 421 490**
Adjustment to calculate weighted average number of issued shares	(1 561 076)	(2 595 574)
Adjustment to calculate weighted average number of treasury shares	47 241	(215 626)
Total weighted average adjustment	**(1 513 835)**	**(2 811 200)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**232 598 271**	**228 610 290**

(1) Before exercise of 190 182 options between June 15th and June 30th 2017

(2) After cancellation of 530 144 options exercised between January the 1st and June the 15th 2017 and confirmed by the board of directors of July the 24th 2017

In addition, stock options representing 1 300 107 ordinary shares (number before the exercise of 190,182 options between June 15 and June 30, 2017) and 3 538 220 performance shares were granted to employees between 2010 and 2017. Conversion of all of these potential shares would increase the number of shares outstanding to 238 950 433.

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

- from January 1, 2017 to June 30, 2017 for Plans 1, 2, 3, 4, 5, 6, 7 and 8 (€22.04), and
- from March 8, 2017 to June 30, 2017 for Plan 9 (€22.99).

The diluted weighted average number of shares outstanding at June 30, 2017 was 235 437 142.

	June 2017	June 2016
Net Profit - Group share *(in € millions)*	**120**	**71**
Weighted average number of issued shares (in thousands)	233 842	231 084
Weighted average number of shares held in treasury (in thousands)	(1 243)	(2 474)
Number of shares used to calculate basis earnings per share *(in thousands)*	**232 598**	**228 610**
BASIC EARNINGS PER SHARE ***(in €)***	**0,52**	**0,31**
Number of shares resulting from the exercise of stock options *(in thousands)*	443	1 092
Number of shares resulting from performance shares grants *(in thousands)*	2 153	2 869
Number of shares used to calculate diluted earnings per share *(in thousands)*	**235 194**	**232 571**
Diluted earnings per share ***(in €)***	**0,51**	**0,31**

Recurring profit after tax

Recurring profit after tax corresponds to:

- Operating profit before tax and non-recurring items, and

- Tax adjustment of the period related to the other income and expenses. It is stated net of minority interests.

The recurring profit after tax and the recurring profit after tax per share break down as follows:

	June 2017	June 2016
Net profit (in € millions)	**134**	**75**
Other income and expenses adjustement, net *(in € millions)*	(16)	17
Net Profit, Non-controlling interests adjustment *(in € millions)*	(14)	(4)
Recurring profit after tax, Group share *(in € millions)*	**104**	**88**
Number of shares used to calculate basic earnings per share *(in thousands)*	**232 598**	**228 610**
RECURRING PROFIT AFTER TAX. GROUPE SHARE PER SHARE *(IN €)*	**0,58**	**0,39**

NOTE 9: SOCIAL BENEFITS

Performance share plans

Main caracteristics

The Board of Directors of February 23rd, 2017 gave delegation to Chairman and Chief Executive Officer to proceed to the conditional attribution of 794,985 performance shares on March 8th, 2017.

The 794,985 shares initially allocated in the frame of this plan for duration of three years are subject to the achievement of performance conditions, assessed between January 1, 2017 and December 31, 2019 before becoming definitively acquired shares on March 9th, 2020.

According to the achieved performance, for each of the three conditions of the Plan, this portion will be reduced or increased. It may reach until 150% of the relative allocation to the said condition without exceeding 100% of the initial allocation.

Performance shares vest after a three-year period, prorata temporis at the end of the vesting period.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2017 to December 31, 2019, based on the degree to which the following targets have been met:

(i) Two internal performance targets, which will determine 75% of the total grant. They concern like-for-like growth in:

- ✓ of Issue Volume;
- ✓ of Funds From Operations (FFO) ;

(ii) A market performance target, which will determine 25% of the total grant. It concerns:

- ✓ the positioning of the Edenred Total Shareholder Return (TSR) in comparison with the SBF120 TSR.

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 dividends payment during the vesting period.

Based on these hypotheses, the fair value amounts to €18.38 compared to a share price of €20.855 at the date of the grant.

The fair value of performance shares part of the plan 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 plan amounted to € (1.5) million for 2017 half-year.

NOTE 10: OTHER PROVISIONS AND OBLIGATIONS

10.1 OTHER INCOME AND EXPENSES

To ease the financial statements'understanding, the company uses the aggregate « other income and charges » according to the AMF recommendation 2016-09, Arrêté des Comptes 2016, § 1.4.3. This aggregate has a limited use and some elements may be booked:

- in the framework of a major event in the booking period ;
- as soon as the presentation of those impacts not separately from any other lines of the result may lead to an inappropriate understanding of the company's performance linked to the normal course of business.

Other income and expenses can be analysed as follows:

(in € millions)	**June 2017**	**June 2016**
Movements on restructuring provisions	3	(6)
Restructuring costs and reorganization	(4)	(3)
Restructuring expenses	**(1)**	**(9)**
Others capital gains and losses	19	(0)
Provisions movments	-	(1)
Non-reccuring gains and (losses), net	(2)	(8)
Other non-recurring income and expenses, net	**17**	**(9)**
TOTAL OTHER INCOME AND EXPENSES	**16**	**(18)**

Other income and expenses were as follows:

- In June 2017, mainly € 19 million of gain in a bargain purchase linked to UTA;

- In June 2016, mainly development fees for € (4) million and external fees for the Group Edenred's strategic reorganization for € (2) million.

10.2 PROVISIONS

Movements in non-current provisions between January 1, 2017 and June 30, 2017 can be analyzed as follows:

(in € millions)	December 2016	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifi-cations and changes in scope	June 2017
- Provisions for pensions and loyalty bonuses	27	-	1	-	-	-	-	28
- Provisions for claims and litigation and other con	15	-	2	-	(1)	(2)	6	20
TOTAL NON-CURRENT PROVISIONS	**42**	**-**	**3**	**-**	**(1)**	**(2)**	**6**	**48**

*Including provision for non-current fiscal litigations

Movements in current provisions between January 1, 2017 and June 30, 2017 can be analysed as follows:

(in € millions)	December 2016	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifi-cations and changes in scope	June 2017
- Provisions for tax litigations	1	-	-	(1)	-	-	-	-
- Restructuring provisions	7	-	-	(3)	-	-	-	4
- Provisions for claims and litigation and other con	27	-	2	(1)	-	-	7	35
TOTAL CURRENT PROVISIONS	**35**	**-**	**2**	**(5)**	**-**	**-**	**7**	**39**

Taken individually, there is no significant litigation, with the exception of those presented in the Note 10.3 – Claims and litigations.

Net provision expense - corresponding to increases in provisions less reversals of used and unused provisions set up in prior periods - is reported under the following income statement captions:

(in € millions)	June 2017	June 2016
EBIT	(9)	(8)
Net financial expense	-	(0)
Other income and expenses	3	(6)
TOTAL	**(6)**	**(14)**

10.3 CLAIMS AND LITIGATION

Tax litigation in France

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 result 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 has also formed an appeal before the Supreme Court against the tax administration's position consisting in maintaining the fine for failure to produce the statement tracking capital gains subject to tax deferral, to the Council of State.

The case is still pending; a ruling is expected during 2017.

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 31st 2011. Fnac and Conforama created their own single-brand card which they distribute through their respective networks.

The dispute is divided into three steps: the summary procedure, proceedings on the merits and arbitration.

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

The proceedings are ongoing pending the decision on the merits. Regarding the merits, on January 28, 2011, Fnac and Conforama filed an application to have Accentiv' Kadéos summoned before the Paris Commercial Court to obtain the retroactive removal of the exclusivity clauses and compensation for damages sustained as a result of the continued existence of this exclusivity. Fnac and Conforama estimated the damages at approximately €11.7 million. On June 22, 2012, the Paris Commercial Court, without expressing an opinion on the merits, ruled that it was not competent to hear the case and referred the parties to an arbitral tribunal, given the existence of an arbitration clause in the Kadéos assignment agreement. Accentiv' Kadéos appealed the decision (dispute note). Following a decision by the Court of Appeals, which Kering and Conforama appealed in cassation, the Court of Cassation denied their appeal and referred the parties to the Paris Commercial Court in a ruling handed down on February 12, 2014.

At the same time, based on the Paris Commercial Court's decision of June 22, 2012, Kering (formerly PPR which replaced Fnac in the procedure) and Conforama had submitted a request for arbitration to the International Chamber of Commerce. Each party had appointed its own arbitrator.

Given the decision of the Court of Cassation on February 12, 2014, the arbitral tribunal ruled on April 15, 2014 that it was not competent to hear the case submitted to it. The arbitral proceedings are now closed.

The parties were therefore referred back to the Paris Commercial Court to rule on the merits of the dispute. In a decision handed down on March 14, 2016, the Court sentenced 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, which was considered abuse of process. They made it known that it would appeal this decision.

As legal proceedings are still ongoing, the cash received amounting to €11.7 million and additional received 6.6 million euros have been booked in Net Income and then depreciated, pending the final decision not open to appeal.

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

Antitrust disputes (France)

On October 9, 2015, the French company Octoplus filed a complaint with the Competition Authority against several French companies in the paperless meal voucher sector, including Edenred France. The case is currently being reviewed by the Competition Authority, whose 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 their investigations without passing provisional measures against Edenred France. This decision in no way prejudges the Authority's final decision on the merits of the case.

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 in August 2013 for arbitration 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 sentenced Hungarian Government to pay to Edenred benefit approx. €23 million, excluding interests (5% per year starting January 1st, 2012, which represents approx. €6 million). This decision represents an important step in the settlement of this dispute. A new step is now expected in order to obtain the implementation of ICSID decision.

The procedure being closed, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the completion of the arbitral award, an estimation considered as reasonable of income and related receivable for a net amount of €22 million has been booked in "Other income and expenses" in the Group financial statements as of December 31st, 2016.

The amount was collected in March 2017. On April 11th 2017, the Hungarian Government filed an action for annulment of the Arbitral Court's decision based on alleged manifest excess of power of the tribunal and for lack of grounds of the decision. The procedure related to this action is expected to last 12 to 18 months.

Tax litigation in Brazil

Municipal tax – Ticket Serviços

In December 2011, the municipality of São Paulo notified the Brazilian Ticket Serviços company 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 Brazilian reais 7.7 million (€2.0 million), plus Brazilian reais 66,2 million (€17.6 million) in penalties and interest at June 30, 2017.

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 Brazilian reais 28.1 million (€ 7.5 million), plus Brazilian reais 239 million (€ 63.6 million) in penalties and interest at June 30, 2017. 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, government lawyers and Court fees may be supported by the company for a total of Brazilian reais 34.4 million (€9.1 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 up 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 Sao Paulo appealed on the Supreme Court of Justice.

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

A first instance decision is expected beginning of FY 2018 at the latest.

Municipal tax – Accentiv

In December 2015 and May 2016, the municipality of São Paulo notified the Brazilian Accentiv company of a reassessment of municipal tax (ISS - Imposto Sobre Serviços) for the period from January 2010 to September 2015, challenging the calculation modalities of the taxable basis.

For this period, the principal amount of the reassessment was Brazilian reais 53.7 million (€14.3 millions), plus Brazilian reais 139.7 million (€37.2 million) in penalties and interest at June 30, 2017.

The litigation is currently under the administrative phase.

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 any 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 Brazilian reais 81.7 million (€ 21.7 million), plus Brazilian reais 283.6 million in penalties and interest (€ 75.5 million) at 30 June 2017.

During 2016, the administration issued 2 new reassessments, in line with the previous reassessment, for the following periods:

- For 2011: The reassessment was Brazilian reais 24.5 million (€ 6.5 million), plus Brazilian reais 57.6 million in penalties and interest (€ 15.3 million) at June 30, 2017.
- For 2012: The reassessment was Brazilian reais 16.3 million (€ 4.3 million), plus Brazilian reais 36.2 million in penalties and interest (€ 9.3 million), at June 30, 2017.

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.

Based on the opinion of its tax advisers, the Company believes that the chance of a favorable outcome is good.

Therefore, no expense has been recognized in Edenred's financial statements.

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 effect on the Group's business, results or financial position.

Slovakian Competition Litigation

Following an investigation initiated by the Slovak competition authorities in August 2014 against the five Slovakian voucher's issuers, the Slovak Competition Authority notified Edenred of a fine of € 850,000, confirmed by the Administrative Court of Appeal in June 2017. All other issuers were notified a similar decision. Edenred brought an appeal from the decision of the Administrative Court of Appeal before the civil courts. The procedure should take between 18 and 24 months. The amount of the fine was recognized in the Slovak entity's financial statements.

Turkey Competition Litigation

In February 2010, the Turkish competition authorities conducted an investigation on 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 of closing the case without further action by 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 securities services market between 2007 and 2010. The procedure is expected to last about one year. No provision for risk was booked in the Group's accounts in 2017.

NOTE 11: UPDATE ON ACCOUNTING STANDARDS

11.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE EUROPEAN UNION AND MANDATORY FROM JANUARY 1, 2017

Standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2017 came into effect on January 1, 2017 and were adopted for use in the European Union as of that date.

Standard	Name of amendement	Summary	Edenred Impact
IAS 12	"Recognition of deferred tax assets for unrealised losses "	The amendment clarifies how to evaluate if a deferred tax asset should be recognised for unrealised losses.	No material impact
IAS 7	Disclosure initiative	The amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities, wether they are linked to cash-flow statment or not.	Edenred's cash-flow statment disclose a separate category named "financing activity"
IFRS 12	Annual Improvments - Cycle 2014- 2016	The issue relates to whether the disclosure requirements in IFRS 12 apply to an entity's interests in other entities when those interests are classified as held for sale or discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale or Discontinued Operations".	Not applicable

The application of these texts had no significant effects on the presented periods.

11.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS WITH OPTIONNAL APPLICATION FOR PERIODS FROM 1ST OF JANUARY 2017

Edenred has not chosen to early adopt the following standards, amendments and interpretations that had been adopted by the European Union as of June 30, 2017 and are applicable for annual periods beginning after January 1, 2017.

Standard	Substance	Name of amendement	European application expected on	Summary	Edenred Impact
IFRS 9	New standard	Financial instruments – classification and measurement	See paragraphe below	IFRS 9 finalised the first of the three steps in IASB project related to financial instruments to replace IAS 39 "financial instruments: recognition and measurement".	No material impact expected.
IFRS 14	New standard	Regulatory deferral accounts	N/A**	IFRS 14 has the objective to improve comparison of financial information for entities who provide goods or services to customers at a price or rate that is subject to rate regulation.	Since the group already applies IFRS standards it is not in the scope of IFRS 14.
IFRS 15	New standard	Revenue from ordinary activities from contracts with customers	1st January 2018	IFRS 15 introduces a single model of revenue recognition from customer's contracts with customers	The Group has started the analysis of the standard in order to define an action plan able to reach requirements and challenges. For more details, see pagraph below.
IFRS 16	New standard	Lease	1st January 2019	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases.	The standard and potential impacts are under analysis
IFRS 2	Amendment	Classification and Measurement of Share-based Payment Transactions	1st January 2018	The objective of the project is to clarify the classification of a share based payment transaction with a net settlement feature related to fiscal withholds.	No material impact expected.
Annual IFRS Improvements	Amendment	Cycle 2014 - 2016	1st January 2018	There are two standards in the scope: 1) IFRS 1 - First-time Adoption of IFRS: Deletion of short-term exemptions for first-time adopters 2) IAS 28 - Investments in Associates and Joint Ventures:Measuring an associate or joint venture at fair value	Potential impacts are under analysis

Focus IFRS 15 & IFRS 9

The Group applied a project methodology to analyze differences between the new standard IFRS 15 – "Revenue from ordinary activities from contracts with customers" (mandatory application by January 1st 2018) and the existing standard IAS 18 – "Revenue". The project has been designed with three phases:

- Phase 1: Gaap analysis and identification of main issues;
- Phase 2: Local investigations and contracts analysis;
- Phase 3: Impacts evaluation and decision of an option for transition disclosure.

As of today the phase three is under completion. Works will be performed during the second semester 2017, the Group does not anticipate any material impact on Operating revenue recognition of the Group.

An analysis is in progress on IFRS 9 "Financial instruments" impact, with mandatory application by January 1st, 2018.

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AUDITORS' review report on the half year consolidated financial statements

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Statutory Auditor's Review Report On the Interim Financial Information

For the period from January 1 to June 30, 2016

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information presented in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Edenred S.A., for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the interim management report on the interim condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, July 22, 2016

The Statutory Auditors

French original signed by

Deloitte & Associés	ERNST & YOUNG Audit
Philippe Diu	Patrick E. Suissa

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DECLARATION BY PERSONS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

Statement by the person responsible for the 2017 half-year financial report

I declare that, to the best of my knowledge, (i) the condensed financial statements for the first half of 2017 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all of the companies included in the scope of consolidation, and (ii) the half-year management report on page 2 includes a fair review of material events of the first six months of the financial year, of their impact on the half-year financial statements and of the main related-party transactions as well as an overview of the main risks and uncertainties in the second half of the year.

Malakoff – July 25, 2017
Bertrand Dumazy
Chairman and Chief Executive Officer