

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES



Edenred

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Consolidated financial statements

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1.1. YEARLY CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	December 2016	December 2015
Operating revenue with IV	4.3	918	848
Operating revenue w/o IV	4.3	155	152
Financial revenue	4.3	66	69
Total revenue	4.3	1 139	1 069
Operating expenses	4.4	(712)	(681)
Depreciation, amortization and provisions	5.1	(57)	(47)
EBIT	4.5	370	341
Net financial expense	6.1	(58)	(47)
Share of associates net profit	2.2	8	9
Operating profit before tax and non-recurring items		320	303
Other income and expenses	10.1	(26)	(23)
Profit before tax		294	280
Income tax expense	7.1	(102)	(98)
NET PROFIT		192	182
Net Profit, Group Share		180	177
Net Profit, Non-controlling interests	8.3	12	5
Weighted average number of shares outstanding (in thousands)	8.2	230 113	227 773
Earnings per share, Group share (in euros)	8.2	0,78	0,78
Diluted earnings per share (in euros)	8.2	0,77	0,76

1.2. YEARLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Notes	December 2016	December 2015
Net profit		192	182
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.4	92	(114)
Change in fair value of financial instruments		26	(15)
Tax on items that may be subsequently reclassified to profit or loss		(9)	5
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans		(3)	8
Tax on items that will not be reclassified to profit or loss		0	(3)
Other comprehensive income, net of tax		106	(119)
TOTAL COMPREHENSIVE INCOME		298	63
Comprehensive income, Group share		280	61
Comprehensive income, Non-controlling interests		18	2

1.3. CONSOLIDATED BALANCE SHEET

Consolidated assets

<i>(in € millions)</i>	Notes	December 2016	December 2015
Goodwill	5.2 / 5.5	904	575
Intangible assets	5.3 / 5.5	313	182
Property, plant and equipment	5.4 / 5.5	38	37
Investments in associates	2.2	151	150
Non-current financial assets	4.2	41	32
Deferred tax assets	7.2	69	67
TOTAL NON-CURRENT ASSETS		1 516	1 043
Trade receivables	4.6 / 4.7	1 415	973
Inventories, other receivables and accruals	4.6 / 4.7	326	291
Restricted cash	4.6	942	858
Current financial assets	6.2 / 6.5	49	40
Other marketable securities	6.3 / 6.5	735	478
Cash and cash equivalents	6.3 / 6.5	649	467
TOTAL CURRENT ASSETS		4 116	3 107
TOTAL ASSETS		5 632	4 150

Consolidated liabilities

<i>(in € millions)</i>	Notes	December 2016	December 2015
Issued capital	8.1	467	462
Treasury shares	8.1	(32)	(56)
Consolidated retained earnings (including additional paid-in capital)		(1 699)	(1 781)
Cumulative compensation costs - share-based payments		86	76
Cumulative fair value adjustments of financial instruments		3	(14)
Cumulative actuarial gains (losses) on defined benefit plans		(5)	(2)
Currency translation reserve		(230)	(316)
Net profit, Group share		180	177
Equity attributable to owners of the parent company		(1 230)	(1 454)
Non-controlling interests	8.3	69	12
Total Equity		(1 161)	(1 442)
Non-current financial debt	6.4 / 6.5	1 355	1 476
Other non-current financial liabilities	6.4 / 6.5	50	38
Non-current provisions	10.2	42	33
Deferred tax liabilities	7.2	129	84
TOTAL NON-CURRENT LIABILITIES		1 576	1 631
Current financial debt	6.4 / 6.5	527	2
Other current financial liabilities	6.4 / 6.5	37	45
Current provisions	10.2	35	22
Funds to be redeemed	4.6	4 182	3 564
Trade payables	4.6	142	82
Current tax liabilities	4.6 / 4.7	13	13
Other payables	4.6 / 4.7	229	172
Bank overdrafts	6.4 / 6.5	52	61
TOTAL CURRENT LIABILITIES		5 217	3 961
TOTAL EQUITY AND LIABILITIES		5 632	4 150

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	Notes	December 2016	December 2015
+ Net profit, Group Share (1)		180	177
+ Non-controlling interests	8.3	12	5
- Shares from associates investments	2.2	(8)	(9)
- Depreciation, amortization and provision expenses		66	52
- Deferred taxes	7.1	(5)	(9)
- Change in financial provisions		(0)	2
- Write-offs		-	-
- Expenses related to share-based payments		9	14
- Non cash impact of the other income and expenses		30	(2)
- Difference between income tax paid and income tax expense		10	2
+ Dividends received from investment in associates (2)	2.2	8	23
= Funds from operations including non-recurring items		302	255
- (Gains) losses on disposals of assets, net		(0)	(2)
- (Gains) losses on non-recurring transactions (including restructuring costs)		(3)	27
= Funds from operations before non-recurring items (FFO)		299	280
+ Decrease (increase) in working capital	4.6	215	129
+ Recurring decrease (increase) in restricted cash	4.6	(104)	(41)
= Net cash from operating activities		410	368
+ Non-recurring gains (losses) (including restructuring costs) received / paid	-	3	(31)
= Net cash from operating activities including non-recurring transactions (A)		413	337
- Recurring expenditure		(58)	(57)
- External acquisition expenditure	2.1	(196)	(240)
+ Proceeds from disposals of assets		2	(18)
= Net cash from (used in) investing activities (B)		(252)	(315)
+ Shares issues by subsidiaries (3)		48	56
- Dividends paid (3)		(199)	(199)
+ (Purchases) sales of treasury shares		2	(48)
+ Increase (Decrease) in debt	6.5	251	217
= Net cash from (used in) financing activities (C)		102	26
- Net foreign exchange difference and fair value adjustment (D)		(72)	(39)
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	6.5	191	9
+ Cash and cash equivalents at beginning of period		406	397
- Cash and cash equivalents at end of period		597	406
= NET CHANGE IN CASH AND CASH EQUIVALENTS	6.5	191	9

(1) Including € (38) million of financial interests effectively paid in 2016. No dividends have been received from external companies.

(2) Including € 11 million received in 2015 related to 2014.

(3) Including € (5) millions of tax on dividends in 2016. Moreover, in respect of 2015 year, a dividend amounting to €0.84 per share with the option of reinvesting 50% of this dividend in new shares has paid in cash for €(149) million and distributed in new shares for €(43) million as of December 31, 2016.

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

	Notes	December 2016	December 2015
+ Cash and cash equivalents	6.3	649	467
- Bank overdrafts	6.4	(52)	(61)
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		597	406

1.5. CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(in € millions)	Issued capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings (2)	Cumulative compensation costs share based payments	Cumulative fair value adjustments of financial instruments	Cumulative actuarial gains (losses) on defined benefit plans	Currency translation reserve (1)	Net profit, Group share	Equity attributable to owners of the parent company	Total non-controlling interests	Total equity
December 31, 2014	458	637	(47)	(2 403)	64	(4)	(7)	(205)	164	(1 343)	23	(1 320)
Appropriation of 2014 result	-	-	-	164	-	-	-	-	(164)	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	(34)	-	-	-	-	-	-	-	(34)	-	(34)
- option exercised	-	14	-	-	-	-	-	-	-	14	-	14
- dividends reinvested in new shares	4	38	-	-	-	-	-	-	-	42	-	42
Dividends paid	-	-	-	(191)	-	-	-	-	-	(191)	(3)	(194)
Effect of changes in consolidation scope	-	-	-	(1)	-	-	-	-	-	(1)	(10)	(11)
Compensation costs for the period - share-based payments	-	-	-	-	12	-	-	-	-	12	-	12
(Acquisitions) disposals of treasury shares	-	-	(9)	(5)	-	-	-	-	-	(14)	-	(14)
Other comprehensive income	-	-	-	-	-	(10)	5	(111)	-	(116)	(3)	(119)
Net profit for the period	-	-	-	-	-	-	-	-	177	177	5	182
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	(10)	5	(111)	177	61	2	63
December 31, 2015	462	655	(56)	(2 436)	76	(14)	(2)	(316)	177	(1 454)	12	(1 442)
Appropriation of 2015 result	-	-	-	177	-	-	-	-	(177)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- option exercised	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
- dividends reinvested in new shares	5	38	-	-	-	-	-	-	-	43	-	43
Dividends paid (3)	-	-	-	(192)	-	-	-	-	-	(192)	(4)	(196)
Effect of changes in consolidation scope (4)	-	-	-	74	-	-	-	-	-	74	43	117
Compensation costs for the period - share-based payments	-	-	-	-	10	-	-	-	-	10	-	10
(Acquisitions) / disposals of treasury shares (5)	-	-	24	(4)	-	-	-	-	-	20	-	20
Other comprehensive income	-	-	-	-	-	17	(3)	86	-	100	6	106
Net profit for the period	-	-	-	-	-	-	-	-	180	180	12	192
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	17	(3)	86	180	280	18	298
December 31, 2016	467	682	(32)	(2 381)	86	3	(5)	(230)	180	(1 230)	69	(1 161)

- (1) See Note 1.4 – “Foreign currency translation” detailing main exchange rates used in 2015 and 2016.
- (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,, refers Note 8 – “Shareholders’ equity” – “Preamble for further information regarding the negative situation of retained earnings”.
- (3) Shareholders at the Annual Meeting on May 4, 2016, approved a dividend in respect of 2015 year amounting to €0.84 per share with the option of reinvesting 50% of this dividend in new shares. The dividends were paid in cash for €149 million and distributed in new shares for €43 million for 2015 as of December 31, 2016.
- (4) By determining the difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired on Embratec, the Group has re-estimated at fair value 35% of Ticket Car activity sold by Ticket Serviços to Embratec. The gain of this disposal has been booked in equity with balance in goodwill for the amount of €91 million. The Group has also re-estimated at fair-value 21.70% of Repom sold by Edenred Brazil to Embrated : this value has been booked in equity with balance in goodwill for the amount of €13 million.
- (5) The movement in treasury shares reflects €(4) million in liquidity contract transaction and acquisition of owned shares for €24 million.

Notes to the consolidated financial statements

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PREAMBLE

On July 1, 2015, the Financial Market Authority published a “guide on the relevance, the consistency and the readability of financial statements”. The purpose of this guide is to assist companies in their preparation of financial statements, in making them more intelligible and relevant.

In the light of this, this guide contains a number of ideas for consideration organized around three main issues:

- 1) Make the presented information more relevant by giving more detailed and specific information for the most sensitive and important items and by eliminating, if need be, the information related to irrelevant topics ;
- 2) Improve the consistency of the presented information with the one communicated to the market. The purpose is to emphasize the same topics in consolidated accounts as in the presentation to financial analysts and press releases ;
- 3) Make the information more intelligible by reorganising the structure of the notes to the consolidated financial statements and using a number of principles used in financial communication.

In order to participate to this drive for improvement, Edenred implemented, since the publication of financial statements as of December 2015, the reorganization of its financial document notes and to simplify it.

Furthermore, the accounting rules and methods previous single note had been split at the beginning of each specific note it was related to. The notes had been joined together by topic in order to enable the reader to have a global vision of the topics. Finally, in order to provide a quicker reading, visuals have been added as a way to identify the topics among each section.



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. As the Group uses estimates and hypothesis, it uses the method presented in note 1.6. 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 : GROUP PRESENTATION

1.1 . BUSINESS DESCRIPTION

Edenred, which invented the *Ticket Restaurant*® meal voucher and is the world leader in prepaid corporate services, designs and manages solutions that improve the efficiency of organizations and purchasing power to individuals.

By ensuring that allocated funds are used specifically as intended, these solutions enable companies to more effectively manage their:

- Employee benefits (*Ticket Restaurant*®, *Ticket Alimentación*®, *Ticket CESU*, *Childcare Vouchers*®, etc.)
- Expense management process (*Ticket Car*®, *Ticket Clean Way*®, *Repom*®, etc.)
- Incentive and rewards programs (*Ticket Compliments*®, *Ticket Kadéos*®, etc.)

The Group also supports public institutions in managing their social programs.

1.2 . MANAGEMENT OF THE GROUP'S CAPITAL STRUCTURE

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

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

Group dividends distribution policy has been updated during 2016 related to dividends to be paid in 2017. On October 19th, 2016 the Group communicated on this new policy that illustrates the intention to pay every year a dividend at least equal to 80% of Consolidated Net Result – Group share.

1.3 . INFORMATION ABOUT THE PARENT COMPANY EDENRED S.A.

Registered name: Edenred S.A.

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

Société anonyme with a Board of Directors. Share capital: €467,359,690

Registered in Nanterre: R.C.S. 493 322 978

NAF code: 6420Z

These financial statements closed on December 31, 2016 were approved for publication by the Board of Directors of Edenred on February 22, 2017. They will be submitted for shareholders' approbation during the general assembly on Mai 4, 2017.

1.4 . FOREIGN CURRENCY TRANSLATION



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

In accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates and for consolidation needs, the balance sheets of foreign subsidiaries are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit on disposal or closing of the business.

Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the consolidated financial statements were as follows:

	GBP	BRL	MXN	ARS	SEK	VEF	USD
Closing rate 2015	0,73	4,31	18,91	14,08	9,19	216,32	1,09
Closing rate 2016	0,86	3,43	21,77	16,74	9,55	709,32	1,05
Average rate 2015	0,73	3,69	17,60	10,27	9,35	198,25	1,11
Average rate 2016	0,82	3,86	20,65	16,33	9,47	545,09	1,11

The impact on consolidated equity of change in currency translation reserve is €86 million between December 31, 2015 and December 31, 2016, as presented in 1.5 - Consolidated Statement in Changes in Equity. This favorable net exchange difference on foreign operations was mainly due to the appreciation of the Brazilian real €115 million, the devaluation of the Sterling pound €(13) million, the devaluation of Mexican peso €(8) million and the devaluation of Venezuelan bolivar €(7) million against the euro.

1.5 . BASIS OF PREPARATION OF FINANCIAL STATEMENTS



As required by European Commission regulation 1606/2002/EC dated July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2016, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative financial information for the year 2015, prepared in accordance with the same principles and conventions and the same standards.

IFRS are downloadable from the European Commission's website:

http://www.ec.europa.eu/internal_market/accounting/ias/index_en.htm

At December 31, 2016, the accounting standards and interpretations adopted by the European Union were the same as the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB"), with the exception of IAS 39, which was only partially adopted.

This difference does not have a material impact on the Edenred consolidated financial statements because the application of the currently unadopted part of the standard has no impact on the Group's financial statements.

As a result, the Group's consolidated financial statements have been prepared in accordance with International Financing Reporting Standards as published by the IASB and adopted by the European Union.

1.6 . USE OF JUDGMENTS AND ESTIMATES

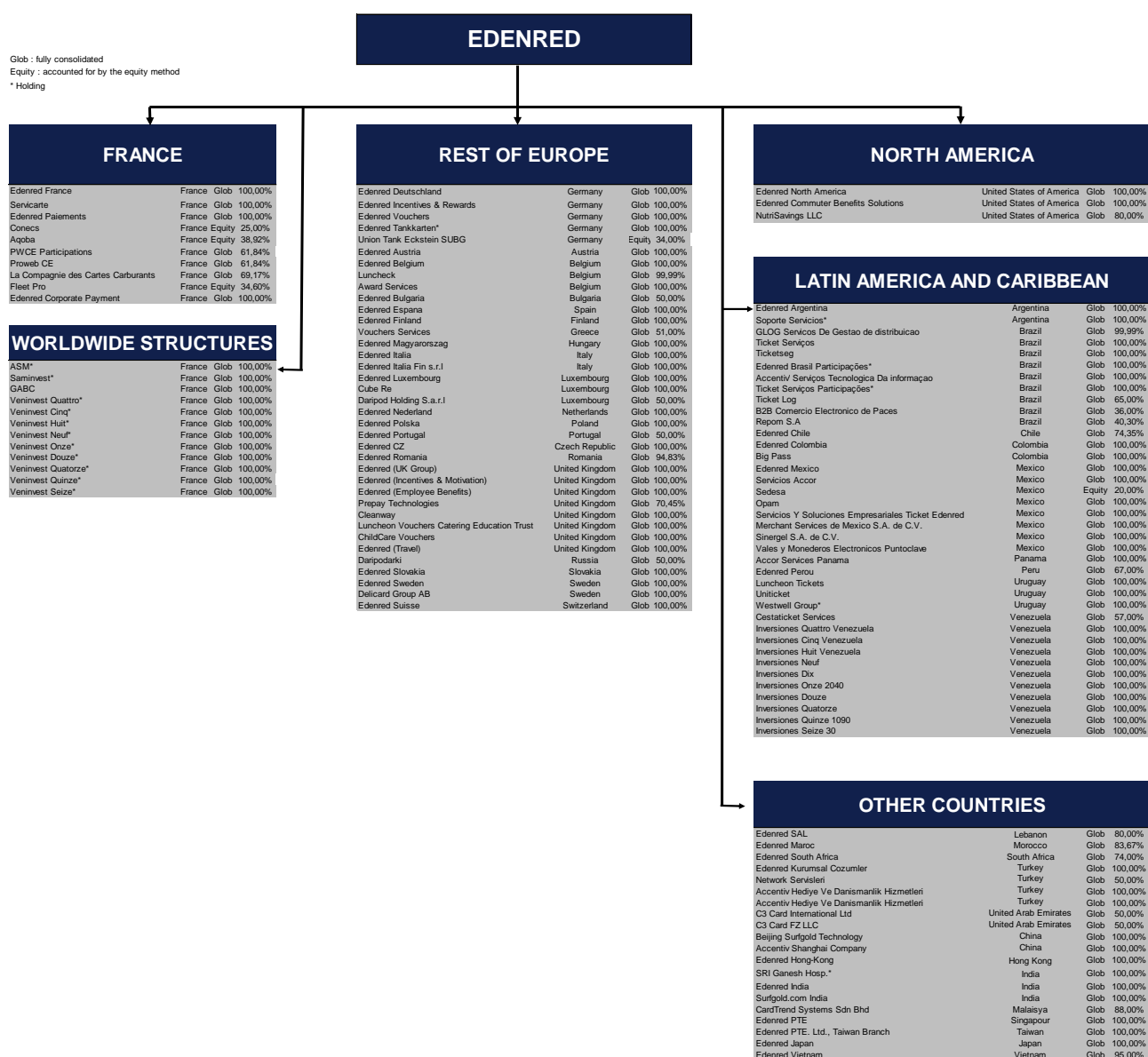
Edenred's management uses judgment and estimates in the preparation of Group financial statements. According with the evolution of used hypotheses and economic conditions different from those existing at closing date, amounts in Group's future financial statements could be significantly different from current estimations.

NOTE 2 : SCOPE OF CONSOLIDATION



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

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



Changes in scope of consolidation compared to 2015 are mainly related to the integration in scope of La Compagnie des Cartes Carburant and to new entites linked to Embratec acquisition, as explained in the note 2.1.

2.1 . MAIN ACQUISITIONS AND DEVELOPMENTS 2016



Since January 1, 2010, following the adoption of IFRS 3 (revised) – Business Combinations and IFRS 10 – Consolidated Financial Statements, the Group has accounted for business combinations and changes in percentage ownership without loss of control in accordance with these standards.

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

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

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

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 combination of Edenred's Expense Management assets in Brazil with those of Embratec in a 65%-owned by Edenred and 35%-owned by Embratec's founding shareholders dedicated new entity creates a leading player in this fast-growing segment. As a result, the Group is stepping up its development in Expense Management and strengthening its fuel card and maintenance offering in Brazil by doubling its size in this promising market.

The entity created by the transaction will bring together Edenred's Ticket Car and Repom assets and Embratec's fuel card and maintenance activities, operated under the Ecofrotas and Expers brands. These businesses will be regrouped under the new Ticket Log brand. This entity serves around 27,000 clients, representing more than one million active cards that can be used at more than 24,500 affiliated service stations and maintenance workshops, or 58% of Brazil's national network.

Thanks to this transaction, Edenred is doubling the size of its Expense Management business in Brazil to become the leading provider of fuel card and maintenance solutions for light vehicles and number two for heavy vehicles. With approximately 60 billion liters of fuel consumed in 2014 and a low penetration rate (between 15% and 20%), the Brazilian B2B fuel card segment holds significant potential for growth.

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 amounts 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). It breaks down as follows:

<i>(in BRL million)</i>	December 2016
Acquisition price of 65% Embratec Fleet Business	1 153
including fair value of acquired 65% of Embratec's Expense Management activities	742
including reestimation to fair value of 35% of Ticket Car activity sold	341
including 20.7%-dilution of Repom of which detention decreases from 62% to 40.3%	51
including fair value of acquired 65% of Embratec's Maintenance activities	19

As the Group keeps control over Ticket Car and Repom entities, the gain of disposal of 35% of Ticket Car and the Group dilution in Repom have been booked in equity with balance in goodwill for respectively €91 million and €13 million.

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 (before deferred tax) for reais 366 million (€92 million) and to licenses and software for reais 38 million (€ 10 million), the residual difference of reais 559 million (€140 million) being allocated to the goodwill.

Moreover, the Group has also finalized the acquisition of Embratrec's Employee Benefits business, developed under the Ecobeneficios brand, which acquisition price amounts to reais 68 million (€ 17 million). In December 2016, 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 in goodwill.

The operation has been financed at the Group level only in Brazilian reais. Also, acquired cash related to the operation in new entity Ticket Log is amounting to €33 million.

Impacts of the combination of Expense Management activities on consolidated accounts as of December 31st, 2016 can be detailed as follows:

<i>in € millions</i>	Ticket Log December 2016	<i>in € millions</i>	Ticket Log December 2016
Non Current Assets	373	Issue volume	1 481
Current Assets	336	Revenue	84
Total Assets	709	EBIT	27
Non current Liabilities	332	Net result	16
Current Liabilities	377	Net result - Group share	10
Total Liabilities	709		

2.2 . INVESTMENTS IN ASSOCIATES



In accordance with IFRS 12 – Disclosures of Interests in Other Equities, an entity must provide the information that enables users of financial statements to evaluate:

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

As per IAS28.R, exercising significant influence over a company consists in having the power to participate to decisions related to financial and operational policies of the company, without controlling it (case of a fully integrated company) or having a joint control over these policies.

Since **February 27th, 2015**, Edenred holds an investment of 34% interest in Union Tank Eckstein (UTA), a leading issuer of fuel cards for heavy vehicle fleets in Europe. The transaction, of €150 million of enterprise value, is a unique opportunity to accelerate the Group's development on the expense management market. The transaction is accompanied by an option to purchase an additional 17% interest, exercisable between 2017 and 2019, which will enable Edenred to increase its stake to 51% (see Note 3.4 – Post-closing events).

At December 31, 2016 the shares owned by Edenred gives a significant influence in UTA, which is being consolidated as investment in associates.

In 2015, 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 mainly to trademark and customer list (before deferred tax) for €46 million, the residual difference of €93 million being allocated to the goodwill. Share result of equity consolidated company is amounting €9 million as of end of December 2015.

Impact of UTA integration on investments in associates in Group consolidated financial statements



Statement of income from investments in associates

(in € millions)	December 2016	December 2015
Share of Income (loss) from investments in associates	9	9
Total Share of Income (loss) from investments in associates	9	9



Statement of financial position from investments in associates

(in € millions)	December 2016	December 2015
Goodwill	93	93
Investment in associates	58	57
Total Investment in associates	151	150



Changes in investments in associates

(in € millions)	December 2016	December 2015
Investment in associates beginning of period	150	-
Acquisition of share in associates	-	164
Share of Income (loss) from investments in associates	9	9
Dividends received from investments in associates	(8)	(23)
Investment in associates end of period	151	150

Aggregated financial information of Group's share in associates



Statement of income information

(in € millions)	Amount before proportionalization and intercompany elimination	Amount after fair value adjustments linked to the acquisition	Amount of intercompanies eliminations	Amounts before proportionalization	Dec 2016 Calculation of share in investment in associate according to percentage of ownership *	Dec 2015 Calculation of share in investment in associate according to percentage of ownership *
Issue volume	2 605	2 605	-	2 605	886	885
Revenue	69	69	-	69	23	23
EBIT	20	13	-	13	4	4
Net result before tax	29	22	-	22	7	9
Net Income	32	25	-	25	9	9
Comprehensive income	32	25	-	25	9	9

* Amounting to 34% of UTA for each disclosed aggregate



Statement of financial position information

	Amount before proportionalization and intercompany elimination	Amount after fair value adjustments linked to the acquisition	Amount of intercompanies eliminations	Amounts before proportionalization	Dec 2016 Calculation of share in investment in associate according to percentage of ownership *	Dec 2015 Calculation of share in investment in associate according to percentage of ownership *
<i>(in € millions)</i>						
Non current assets	27	150	-	150	51	53
Current Assets	351	351	-	351	119	111
Total assets	378	501	-	501	170	164
Total equity	49	172	-	172	58	56
Non current liabilities	-	-	-	-	-	0
Current liabilities	329	329	-	329	112	108
Total liabilities	378	501	-	501	170	164

* Amounting to 34% of UTA for each disclosed aggregate

NOTE 3 : SIGNIFICANT EVENTS

3.1 . PAYMENT OF THE 2015 DIVIDEND

At the Annual Meeting on **May 4, 2016**, Edenred shareholders approved the payment of a 2015 dividend of €0.84 per share, with the option of reinvesting 50% of the dividend in new shares.

The reinvestment period, which ran from May 12, 2016 to June 3, 2016, led to the issue of 2,862,997 new shares of Edenred common stock, representing 1.24% of the share capital which have been settled and traded on the NYSE Euronext Paris stock market on June 15, 2016.

The new shares carry dividend rights from January 1, 2016 and rank pari passu with existing shares of Edenred common stock. Following the issue, the Company's share capital comprises 233,679,845 shares.

The total cash dividend amounts to €149 million and has been paid on June 15, 2016.

The total dividend amounts to €192 million: dividend cash paid amounts to €149 million (this corresponds to 50% of directly cash paid dividend amounting to €96 million and €53 million paid to shareholders who decided to not reinvest) and dividend paid in new shares of Edenred common stock amounts to €43 million.

3.2 . CHANGE OF THE BOLIVAR EXCHANGE RATE IN 2015 AND 2016

Significant events on the year 2015

In **February 2015**, the Venezuelan government amended exchange rate regulation by setting up a new foreign currency exchange rate system, SIMADI. The new law merged SICAD I and SICAD II systems, and created a new system SIMADI. Currency control has now three official exchange rates: CADIVI, SICAD and SIMADI. SIMADI substitutes SICAD II and is intended to compete with the black market by establishing a legal trading system based on supply and demand. This system is available to all companies and individuals willing to obtain dollars.

SIMADI first exchange rate was VEF 170 to the dollar and fluctuates on a daily basis. The official exchange rate is unchanged at VEF 6.3 to the dollar, under CADIVI system. Under SICAD exchange rate is at least VEF 12 to the dollar and fluctuates according to auctions, no official details have been communicated by public authorities regarding first auction under merged SICAD and its way of operating.

Significant events on the year 2016

On **March 10, 2016**, the Venezuelan 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.

The following table shows the official bolivar fuerte exchange rates to the US dollar:

	Exchange rate system	2015	2016
Official bolvar fuerte exchange rate to the US dollar	CADIVI	6,30	-
	SICAD	12,00	-
	SIMADI/DICOM	floating (*)	floating (**)
	DIPRO	-	10,00

(*) Since the settlement of SIMADI, Edenred had been able to get an insignificant amount of bolivar fuerte with an average exchange rate at VEF 196.5 to the US dollar.

(**) Since the settlement of DICOM, Edenred has been able to get an insignificant amount of bolivar fuerte with an average exchange rate at VEF 620.09 to the US dollar.

Edenred's position



Since SICAD II has no longer legal existence since February 12, 2015, the Group had chosen to apply rates under SIMADI systems for 2015, which are the most conservative ones.

For 2016, the Group decided to use SIMAD / DICOM bolivar fuerte exchange rates to the US dollar, as presented in the table below:

	2015		2016	
	TM (*)	TC (**)	TM (***)	TC (****)
Bolivar fuerte exchange rate to US dollar used by Edenred translated to EUR	198,25	216,32	545,09	709,32

(*) Average of all exchange rates of bolivar fuerte against the US dollar of SICAD II until February 11, 2015 and the average of all exchange rates under SIMADI since the system had been set up (February 12, 2015), translated to EUR.

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

(***) Average of all exchange rates of bolivar fuerte against the US dollar of SIMADI / DICOM from January 1st 2016, 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:

in € millions	December 31, 2015		December 31, 2016	
		+/- 50%		+/- 50%
Issue volume		102		102
Revenue		7		7
EBIT		3		3
Net result		2		2
Net result - Group share		1		1
Net debt		(15)		(9)

3.3 . RENEGOCIATION OF REVOLVING CREDIT FACILITIES

On **July 21st 2016**, Edenred successfully signed with 14 banks an amendment agreement to its €700 million 5-year Revolving Credit Facility dated 25 April 2013, amended firstly on 20 June 2014. Thanks to this operation, the Group takes advantage of significantly more favorable financing conditions. It extends the maturity of the facility by 2 years from

June 2019 to July 2021 whilst reducing significantly the spread. The amendment also reinstates the two one-year extension options exercisable at the request of Edenred and discretion of the banks.

3.4 . POST CLOSING EVENTS

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 transaction has been approved by the relevant competition authorities and will be finalized in the next few days. UTA will be fully consolidated in Edenred's financial statements as of financial year 2017. The acquisition of an additional 17% of UTA's capital, for around €83 million, is expected to have an accretive impact of around 5% on 2017 net profit, Group share before depreciation of assets identified in purchase price allocation.

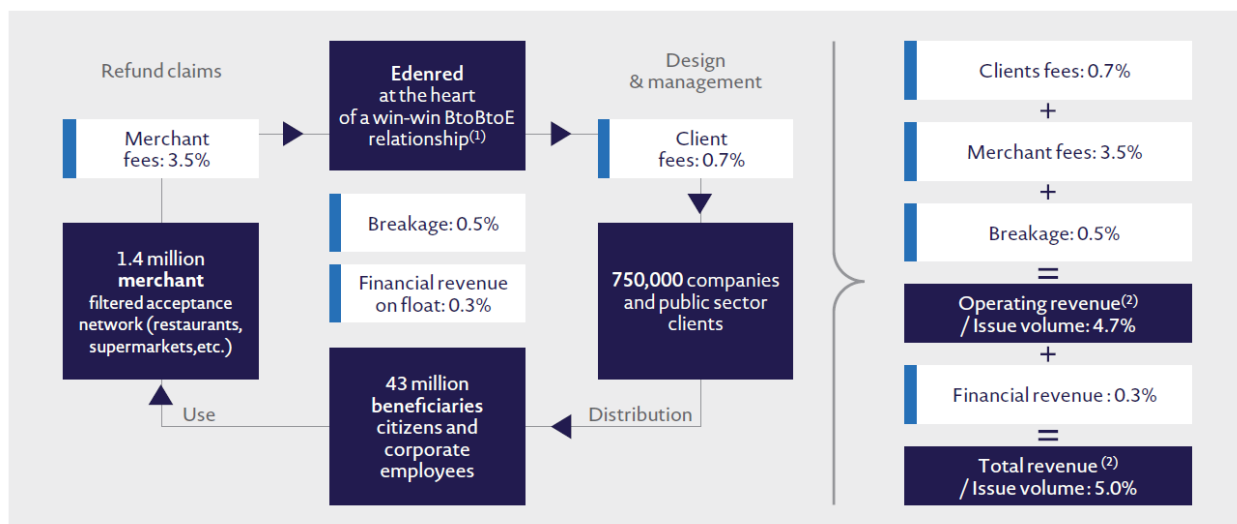
Once the transaction has been finalized, UTA's minority shareholders will have put options in Edenred's favor covering the remaining 49% of capital. As a result, Edenred will record a liability in the amount of around €200 million (gross) in its consolidated financial statements.

NOTE 4 : OPERATIONAL BUSINESS

4.1 . THE BUSINESS MODEL



Simplified presentation of Edenred's Business Model



(1) Business to Business to Employees

(2) with issue volume

4.2 . SEGMENT INFORMATION



The presented segments are thus an aggregation of operating segments performed in accordance with IFRS 8 principles. The operating segments must reflect the groupings made by « the chief operating decision maker » when he allocates the resources and assesses the performance of the consolidated group.

In addition to the similarity of long-term economic characteristics, IFRS 8 requires that the 5 following aggregation criteria are respected:

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

Chief operating decision maker



Edenred's chief operating decision maker is the Chief Executive Officer assisted by the Executive Management. They make decision about resources allocation towards the operating segments and asses their performances.

Executive Management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at country level. As a matter of fact, Edenred's activity is multi-located with operational decision taken at each homogenous geographic area level.

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

- France;
- Rest of Europe;
- Latin America;
- Rest of the World.

Except France, the presented segments are thus an aggregation of operating segments.

Aggregation



The "Rest of Europe" and "Latin America" aggregations meet all the criteria mentioned above.

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

Finally, the "Worldwide structures" include the Edenred S.A. holding company, regional headquarters and companies with no operating activity.

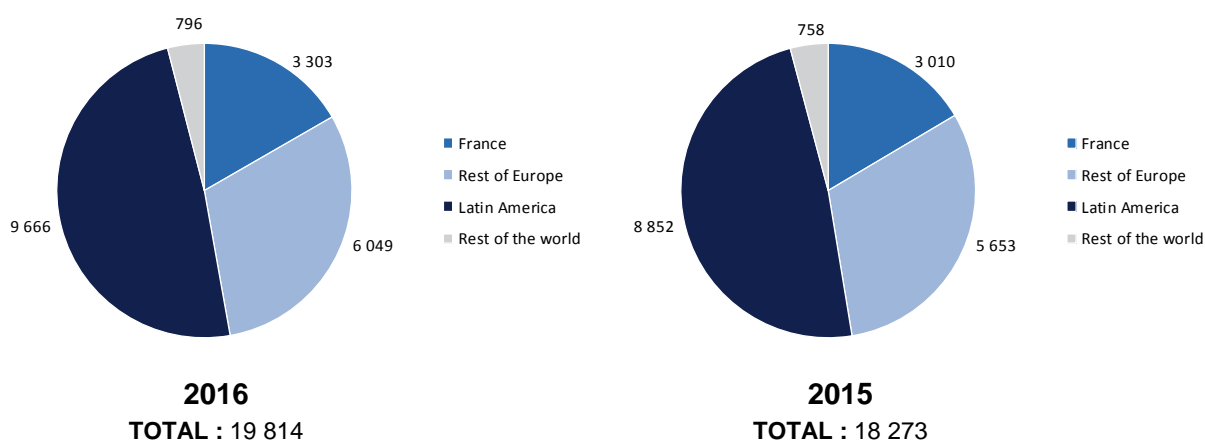
Transactions between segments are not material.

Condensed financial statements

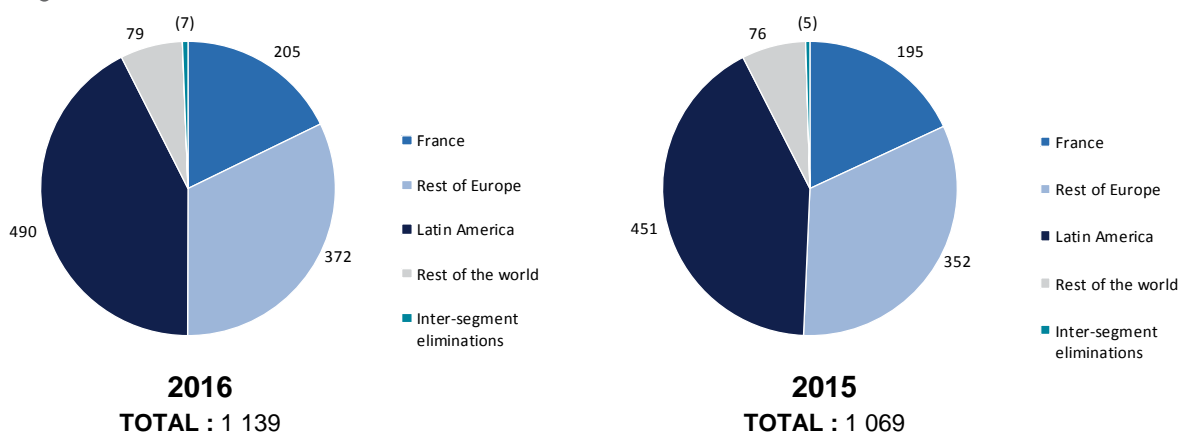
Income statement (in € millions)

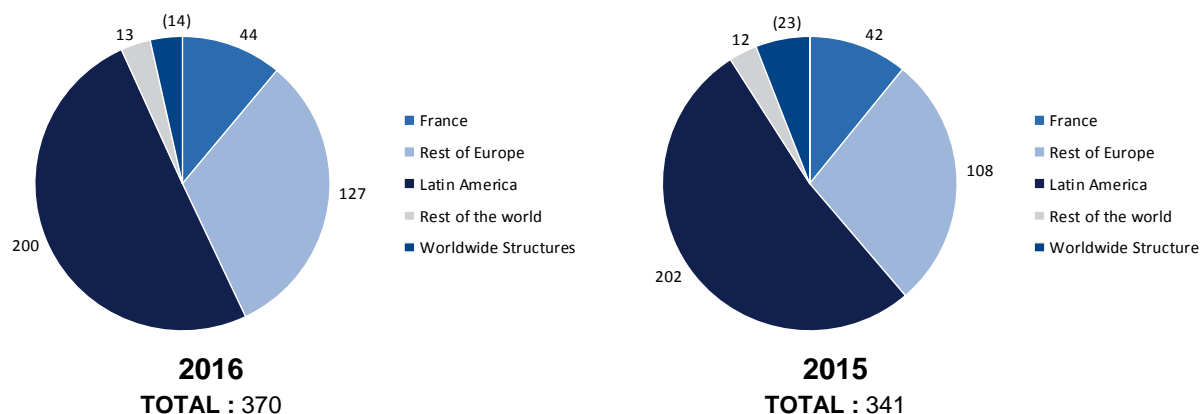


Issue volume



Total revenue from operating segments (including inter-segment revenue)





Balance sheet



(in € millions)

	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Eliminations	December 2016
Goodwill	142	187	524	51	-	-	904
Intangible assets	60	39	187	11	16	-	313
Property, plant and equipment	3	11	20	3	1	-	38
Investments in associates and non-current financial assets	1	152	7	3	29	-	192
Deferred tax assets	3	19	22	1	24	-	69
Non-current assets	209	408	760	69	70	-	1 516
Current assets	930	823	1 663	201	499	-	4 116
TOTAL ASSETS	1 139	1 231	2 423	270	569	-	5 632
Equity and non-controlling interests	225	604	772	78	(2 840)	-	(1 161)
Non-current liabilities	17	80	228	4	1 247	-	1 576
Current liabilities	897	547	1 423	188	2 162	-	5 217
TOTAL EQUITY AND LIABILITIES	1 139	1 231	2 423	270	569	-	5 632



(in € millions)

	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	Eliminations	December 2015
Goodwill	142	194	191	48	-	-	575
Intangible assets	59	44	51	10	18	-	182
Property, plant and equipment	3	10	16	6	2	-	37
Investments in associates and non-current financial assets	2	152	4	2	22	-	182
Deferred tax assets	2	23	16	2	25	-	68
Non-current assets	208	423	278	68	67	-	1 044
Current assets	817	852	1 089	189	160	-	3 107
TOTAL ASSETS	1 025	1 275	1 367	257	227	-	4 151
Equity and non-controlling interests	242	653	413	77	(2 830)	-	(1 445)
Non-current liabilities	18	72	32	6	1 507	-	1 635
Current liabilities	764	550	921	174	1 552	-	3 961
TOTAL EQUITY AND LIABILITIES	1 024	1 275	1 366	257	229	-	4 151

4.3 . ISSUE VOLUME AND REVENUE



As explained in Note 13 – Glossary, 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.



Change in issue volume and revenue between year 2016 and year 2015 break down as follows:

Δ December 2016 / December 2015										
(in € millions)	December 2016	December 2015	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €M	In %	In €M	In %	In €M	In %	In €M	In %
ISSUE VOLUME	19 814	18 273	+1 821	+10.0%	+1 068	+5.8%	(1 348)	(7.4)%	+1 541	+8.4%
Operating revenue generated by issue volume	918	848	+71	+8.3%	+56	+6.6%	(57)	(6.7)%	+70	+8.2%
Other operating revenue	155	152	+12	+8.2%	(1)	(0.7)%	(8)	(5.1)%	+3	+2.4%
Financial revenue - Unrestricted float	58	59	+3	+4.7%	+0	+0.7%	(4)	(7.5)%	(1)	(2.1)%
Financial revenue - Restricted cash	8	10	(3)	(28.4)%	+1	+11.3%	(0)	(0.5)%	(2)	(17.6)%
Financial Revenue	66	69	+0	+0.2%	+1	+2.1%	(4)	(6.5)%	(3)	(4.2)%
TOTAL REVENUE	1 139	1 069	+83	+7.8%	+56	+5.3%	(69)	(6.5)%	+70	+6.5%

Segment information by indicator

Change in issue volume



Issue volume corresponds to the face value of prepaid vouchers issued during the period plus the amount loaded on prepaid cards.

Issue Volume is tracked for all vouchers and cards in circulation that are managed by Edenred.



(in € millions)	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Issue volume	3 303	6 049	9 666	796	-	19 814
2015 Issue volume	3 010	5 653	8 852	758	-	18 273
Change	+293	+396	+814	+38	-	+1 541
Reported change in %	+9.7%	+7.0%	+9.2%	+5.0%	-	+8.4%
LIKE-FOR-LIKE CHANGE *	+139	+504	+1 100	+78	-	+1 821
LIKE-FOR-LIKE CHANGE IN %	+4.6%	+8.9%	+12.4%	+10.3%	-	+10.0%

* Cf. Note 13 - Glossary for like-for-like growth definition

Change in revenue



Total revenue

Total revenue is split by the revenue with IV, the revenue without IV and financial revenue.



In accordance with IAS 18 – Revenue, operating revenue corresponds to the value of goods and services sold in the ordinary course of business by fully consolidated companies.

It is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes, in compliance with IAS 18.

Operating revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. If there is significant uncertainty about the collectability of revenue, it is not recognized until the uncertainty is removed.



<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Total external revenue	205	365	490	79	-	1 139
2015 Total external revenue	195	347	451	76	-	1 069
Change	+10	+18	+39	+3	-	+70
Reported change in %	+5.4%	+5.0%	+8.6%	+4.2%	-	+6,5%
LIKE-FOR-LIKE CHANGE *	+7	+26	+44	+6	-	+83
LIKE-FOR-LIKE CHANGE IN %	+3.4%	+7.3%	+9.9%	+8.7%	-	+7.8%

* Cf. Note 13 - Glossary for like-for-like growth definition



Operating revenue with issue volume

Operating revenue generated by issue volume corresponds to operating revenue generated by prepaid vouchers managed by Edenred.

For all of these products, recognized revenue comprises:

- Commissions received from client companies net of granted discounts on the sale of prepaid vouchers and cards and all related amounts billed to clients such as delivery costs, card sales and voucher customization costs. These amounts are recognized in revenue when the prepaid vouchers and cards are issued and delivered to clients.
- Affiliate contributions ("Network fees"), corresponding to the margin deducted from the amount reimbursed to the affiliate that provides the service, and any related billings such as up-front payments, monthly subscription fees and electronic payment terminal sales or rentals. These contributions and billings are recognized in revenue when the vouchers or cards are issued to the extent that the processing transaction cannot be dissociated from the issuance transaction, and an accrual is booked for the future processing costs.
- Profits on vouchers and cards that expire without being reimbursed. To take into account commercial practices in each country (refunds of expired service vouchers and other commercial gestures), these profits are recognized gradually once the vouchers have expired.
- Revenue from advertisements printed on vouchers and cards. This revenue is recognized on the billing date to the advertiser.



(in € millions)

	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Operating revenue with IV	142	304	434	38	-	918
2015 Operating revenue with IV	132	283	395	38	-	848
Change	+10	+21	+39	(0)	-	+70
Reported change in %	+7.0%	+7.3%	+10.0%	(0.5)%	-	+8.2%
LIKE-FOR-LIKE CHANGE *	+6	+25	+38	+2	-	+71
LIKE-FOR-LIKE CHANGE IN %	+4.1%	+8.9%	+9.7%	+4.8%	-	+8.3%

* Cf. Note 13 - Glossary for like-for-like growth definition



Operating revenue without issue volume

Other operating revenue corresponds essentially to 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 solutions.



(in € million)

	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Operating revenue w/o IV	53	44	22	36	-	155
2015 Operating revenue w/o IV	50	45	23	34	-	152
Change	+3	(1)	(1)	+2	-	+3
Reported change in %	+7.7%	(3.0)%	(8.3)%	+9.3%	-	2.4%
LIKE-FOR-LIKE CHANGE *	+3	+2	+3	+4	-	+12
LIKE-FOR-LIKE CHANGE IN %	+7.7%	+3.5%	+12.3%	+12.5%	-	+8.2%

* Cf. Note 13 - Glossary for like-for-like growth definition



Financial revenue

This 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 revenue.



(in € millions)

	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 Financial revenue	10	17	34	5	-	66
2015 Financial revenue	13	19	33	4	-	69
Change	(3)	(2)	+1	+1	-	(3)
Reported change in %	(20.1)%	(10.3)%	+4.2%	+5.7%	-	(4.2)%
LIKE-FOR-LIKE CHANGE *	(2)	(1)	+3	+0	-	-
LIKE-FOR-LIKE CHANGE IN %	(20,1)%	(7,7)%	+11,0%	+13,3%	-	+0,2%

* Cf. Note 13 - Glossary for like-for-like growth definition

4.4 . OPERATING EXPENSES



<i>(in € millions)</i>	December 2016	December 2015
Employee benefit expense	(341)	(331)
Costs of sales	(139)	(135)
Buisness taxes	(38)	(30)
Rental expenses	(21)	(20)
Other operating expenses	(173)	(165)
TOTAL OPERATING EXPENSES (1)	(712)	(681)

(1) As of December 31, 2016 the currency effect impact the operating expenses for €34 million and €(31) million of scope impact in comparison with year ended on December 31, 2015.

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

4.5 . EBIT



Change in EBIT between year 2016 and year 2015 break down as follows:

<i>(in € millions)</i>	Δ December 2016 / December 2015									
	December 2016	December 2015	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €M	In %	In €M	In %	In €M	In %	In €M	In %
EBIT	370	341	+47	+13.8%	+15	+4.2%	(33)	(9.6)%	+29	+8.4%

EBIT by operating segment presentation is detailed in the table below:



<i>(in € millions)</i>	France	Rest of Europe	Latin America	Rest of the world	Worldwide Structures	TOTAL
2016 EBIT	44	127	200	13	(14)	370
2015 EBIT	42	108	202	12	(23)	341
Change	+2	+19	(2)	+1	+9	+29
Reported change in %	+5.9%	+18.0%	(0.8)%	(0.1)%	(37.9)%	+8.4%
LIKE-FOR-LIKE CHANGE *	+2	+22	+20	+0	+3	+47
LIKE-FOR-LIKE CHANGE in %	+3.7%	+20.6%	+9.8%	+2.9%	(13.9)%	+13.8%

* Cf. Note 13 - Glossary for like-for-like growth definition

4.6 . NET CHANGE IN WORKING CAPITAL

Considering Edenred's operations, net working capital mainly analysed components are service funds in circulation and restricted cash. These two aggregates are key indicators in order to manage the business.

Change in working capital and funds to be redeemed



Funds to be redeemed are booked in current liabilities. They correspond to the face value of digital funds loaded on accounts but not yet used.



(in € millions)	December 2016	December 2015	Change December 2016 / December 2015
Inventories, net	24	19	5
Trade receivables, net	1 415	973	442
Other receivables and accruals, net	302	272	30
Working capital requirements - assets	1 741	1 264	477
Trade payables	142	82	60
Other payables	229	172	57
Vouchers in circulation	4 182	3 564	618
Working capital requirements - liabilities	4 553	3 818	735
NEGATIVE WORKING CAPITAL	2 812	2 554	258
Corporate tax liabilities	13	13	-
NEGATIVE WORKING CAPITAL (incl. Corporate tax liabilities)	2 825	2 567	258

(in € millions)	December 2016	December 2015
Working capital at beginning of period	2 554	2 530
Change in working capital (1)	215	129
Development Expenditure	57	12
Disposals	0	(17)
Provisions	16	4
Currency translation adjustment	(24)	(104)
Reclassification to other balance sheet items	(6)	-
Net change in working capital	258	24
WORKING CAPITAL AT END OF PERIOD	2 812	2 554

(1) See statement of cash flows table 1.4

Change in restricted cash



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

The accreditation package submitted by our company in Brazil, Ticket Serviços, 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 could make compulsory the reclassification of a part of the float of the benefits business to restricted cash. And this funds segregation could increase to 60% in 2017, 80% in 2018 and 100% in 2019. This accreditation package has no impact on consolidated accounts as of December 31st, 2016.

Restricted cash corresponds mainly to service voucher reserved funds which use is regulated in the following countries: France (€638 million), United Kingdom (€176 million), Romania (€54 million), United-States (€29 million), Italy (€13 million), Uruguay (€12 million) and India (€10 millions).



<i>(in € millions)</i>	December 2016	December 2015	Change December 2016 / December 2015
Restricted cash	942	858	84

<i>(in € millions)</i>	December 2016	December 2015
Restricted cash at beginning of period	(858)	(797)
Like-for-like change for the period (1)	(104)	(41)
Other variations	(3)	(12)
Currency translation adjustment	23	(8)
Net change in restricted cash	(84)	(61)
RESTRICTED CASH AT END OF PERIOD	(942)	(858)

(1) See statement of cash flows table 1.4

4.7 . TRADE AND OTHER RECEIVABLES AND PAYABLES

Trade receivables



Details of trade receivables and related depreciation

Trade and other receivables are initially recognized at fair value. They are subsequently measured at amortized cost, net of any impairment losses recorded in the income statement. An impairment loss is recognized when the total amount of the receivable is not recoverable in accordance with the originally agreed terms.



<i>(in € millions)</i>	December 2016	December 2015
Gross	1 478	1 004
Provisions	(63)	(31)
TRADE RECEIVABLES, NET	1 415	973

Inventories, other receivables and accruals



Accounting method of inventories

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



For Edenred, stocks are mainly including card and paper for vouchers printing.



<i>(in € millions)</i>	December 2016	December 2015
Inventories	24	19
VAT recoverable	32	89
Employee advances and prepaid payroll taxes	5	3
Other prepaid and recoverable taxes	12	10
Other receivables	247	161
Other prepaid expenses	15	11
GROSS VALUE	335	293
Provisions	(9)	(2)
INVENTORIES AND OTHER RECEIVABLES AND ACCRUALS, NET	326	291

Details of other payables and accruals



<i>(in € millions)</i>	December 2016	December 2015
VAT payable	34	29
Wages and salaries and payroll taxes payable	70	56
Other taxes payable	15	8
Deferred income	23	14
Other payables	87	65
Total Other payables	229	172
Current tax liabilities	13	13
OTHER PAYABLES AND ACCRUALS	242	185

NOTE 5 : NON CURRENT ASSETS

5.1 . DETAIL OF AMORTIZATION, PROVISIONS AND DEPRECIATION



Depreciation, amortization and provision expenses reflect the operating costs of assets owned by Edenred.



(in € millions)	December 2016	December 2015
Provisions and depreciations	(0)	0
Amortization	(57)	(47)
TOTAL	(57)	(47)

Change in Amortization between 2015 and 2016 is related to the integration of new entities linked to Embratec acquisition in scope of consolidation (see Note 2.1 – Main acquisitions and developments in 2016).

5.2 . GOODWILL



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

Positive goodwill

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

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

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

Goodwill arising on the acquisition of subsidiaries is reported separately.

In accordance with IFRS 3, goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit.

Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit during the acquisition period.



<i>(in € millions)</i>	December 2016	December 2015
Goodwill	1 063	734
Less accumulated impairment losses	(159)	(159)
GOODWILL, NET	904	575

<i>(in € millions)</i>	December 2016	December 2015
Brazil (including Repom and Embravec)	472	131
France - Kadéos	92	91
France - ProwebCE	49	49
United Kingdom (including Prepay Technologies)	45	53
Mexico	44	49
Italy	46	46
Romania	32	32
Japan	20	19
Finland	19	19
Sweden	18	19
USA	15	15
Czech Republic	12	12
Dubaï	9	9
Portugal	6	6
Colombia	5	5
Other (individually representing less than €5 million)	20	20
GOODWILL, NET	904	575



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

<i>(in € millions)</i>	December 2016	December 2015
NET GOODWILL AT BEGINNING OF PERIOD	575	570
Goodwill recognized on acquisitions for the period and other increases*	265	49
. Brazil (Embravec acquisition)	261	-
. Brazil (Ecardes acquisition)	3	-
. France (LCCC consolidation)	1	-
. France (ProwebCE acquisition)	-	49
. Other acquisitions	-	-
Goodwill written off on disposals for the period	-	-
Impairment losses	-	(2)
Currency translation adjustment	64	(42)
Put options on non-controlling interests recognized / remeasured during the period and other	-	(0)
NET GOODWILL AT END OF PERIOD	904	575

*Cf. Note 2 for further details

5.3 . INTANGIBLE ASSETS



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

In accordance with IAS 38, incurred expenses related to internal projects are differentiated whether they are incurred during project research phase or development phase. This differentiation is essential as the financial treatment is different for the 2 categories.

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

Incurred expenses during research phase of an internal project are not capitalized but expensed in the Income Statement of the period during which they occurred.

Incurred expenses during development phase of an internal project are scrutinized in order to determine whether they can or cannot be capitalized. If criteria defined by IAS 38.57 are simultaneously met, capitalized expenses can be depreciated over the period defined by the category of assets in which they are included. If not, they are expensed in the Income Statement of the period during which they occurred.

As a reminder, according to IAS 38.57, the 6 criteria to meet for capitalizing expenses are the following:

- Technical feasibility needed for the completion of the intangible asset with a view to use or sell it;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The existence of future economic benefits generated by the intangible asset;
- The availability of adequate resources (technical, financial and other) to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development phase.



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

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



- Licenses: life of the license;
- Customer list: 3 to 15 years;
- Software: 2 to 7 years.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit. Customer lists are measured based on the cost of acquiring new customers.



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



(in € millions)

	December 2016	December 2015
COST		
Kadéos brand	19	19
Other brands	25	26
Contractual customer relationships	232	119
Licenses and software	258	186
Other	73	66
TOTAL COST	607	416
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(10)	(10)
Contractual customer relationships	(78)	(66)
Licenses and software	(163)	(112)
Other	(43)	(46)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(294)	(234)
INTANGIBLE ASSETS, CARRYING VALUE	313	182

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



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

(in € millions)	December 2016	December 2015
CARRYING VALUE OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD	182	160
Intangible assets of newly-consolidated companies	118	26
Internally-generated assets	29	27
Additions	15	13
Amortization for the period	(42)	(32)
Impairment losses for the period	(12)	(1)
Disposals	-	(0)
Currency translation adjustment	23	(11)
Reclassifications	-	-
CARRYING VALUE OF INTANGIBLE ASSETS AT END OF PERIOD	313	182

Intangible assets of newly-consolidated companies relate to Embratec acquisition in 2016, including €96 million in customer list and €20 million in licenses and software (cf Note 2.1).

Impairment losses for the period concern mainly the depreciation of internally-developed software.



Net value of main intangible assets considered as having an indefinite useful life is the following:

(in € million)	December 2016	December 2015
Kadéos brand	19	19
Rikskuponger brand	3	3
Prepay brand	2	2

No internally-developed asset has an indefinite useful life.

5.4 . PROPERTY, PLANT AND EQUIPMENT



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

In accordance with IAS 40 – Investment property, investment properties are properties held to earn rentals or for capital appreciation. Investment properties are measured at cost and net of cumulated depreciation and potential impairment.

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



- Building improvements, fixtures and fittings: 5 to 15 years
- Equipment and furniture: 4 to 7 years.

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



<i>(in € million)</i>	December 2016	December 2015
Land	0	0
Buildings	4	4
Fixtures	27	26
Equipment and furniture	116	105
Assets under construction	1	0
COST	148	135

<i>(in € million)</i>	December 2016	December 2015
Buildings	(1)	(1)
Fixtures	(17)	(15)
Equipment and furniture	(92)	(82)
ACCUMULATED DEPRECIATION	(110)	(98)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	(110)	(98)

<i>(in € millions)</i>	December 2016	December 2015
Land	0	0
Buildings	3	3
Fixtures	10	11
Equipment and furniture	24	23
Assets under construction	1	0
PROPERTY, PLANT AND EQUIPMENT, NET	38	37



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

<i>(in € millions)</i>	December 2016	December 2015
NET PROPERTY, PLANT AND EQUIPMENT AT BEGINNING OF PERIOD	37	44
Property, plant and equipment of newly-consolidated companies	7	0
Additions	14	17
Disposals	(1)	(1)
Depreciation for the period	(14)	(14)
Impairment losses for the period	(1)	(2)
Currency translation adjustment	(4)	(7)
Reclassifications	(0)	(0)
NET PROPERTY, PLANT AND EQUIPMENT AT END OF PERIOD	38	37

5.5 . IMPAIRMENT TESTS



Recoverable amount of assets

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

Reversal of impairment losses

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

Impairment tests are performed at the level of the Cash-Generating Unit (CGU).

Cash-Generating Units

CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

Indications of impairment are as follows for active CGUs:



- A 15% drop in like-for-like operating revenue, or
- A 20% drop in like-for-like EBIT before depreciation, amortization and provisions, or
- Any event or change in the economic environment indicating a current risk of impairment.

CGUs are identified by country. For the main countries, they are identified by type of solution (Employee Benefits, Expense Management and Incentive & Rewards) if there are very different activities with separated commercial teams and customer portfolios.

Methods used to determine recoverable amounts

Impairment tests consist in comparing the carrying amount of a CGU with its recoverable amount.

Carrying amount corresponds to carrying value of capital employed.

For Edenred they include:



- Goodwill
- Tangible and intangible assets
- Working capital excluding float but including current tax liability

Float corresponds to operating working capital requirement, i.e vouchers in circulation to be redeemed less trade receivables.

The method consists firstly in calculating the fair value (as per below), and then compare it to the carrying amount. The group considers that a difference higher than 20% between the fair value and the carrying amount means a potential loss in value. When a loss in value is identified using this method or in case of changes in economic context of the country or related to local business, a test based on discounted cash flows method is applied in order to validate the potential loss in value compared with the carrying amount.



Method used is the following:

Step 1: Fair value at selling costs

Valuation by the EBITDA multiple method:

This process is a method of fair value calculation less selling costs, and allows to get the best estimate of the price at which a CGU could be sold on the market on the valuation date.

This method consists in calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk.

The multiples applied correspond to the average of transactions occurring on the market and within a range of multiples comparable to Edenred group valuation.

If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flows method (Step 2).

Step 2*: Value in use

Valuation by the discounted cash flows method

The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end Group WACC (weighted average cost of capital), split by geographic zone. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.

** Only in two cases:*

- 1) *If the first step demonstrates loss of value*
- 2) *If the country or the subsidiary is under specific economic circumstances*

If as a result of this test the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the value in use method. Impairment losses are recognized in the income statement under "Other income and expenses" and it is irreversible.



The following CGU have been tested with the value in use method during the period 2016:

Brazil (Repom), United-Kingdom (Prepay Technologies), Finland, Sweden, Japan, Colombia, Portugal, Malaysia, Russia, Dubai and India.

The following CGU have been tested with the value in use method during the period 2015:

Brazil (Repom), United-Kingdom (Prepay Technologies), Finland, Sweden, Japan, Colombia and Portugal.

Potential risks linked to Brexit and the economic and political crisis in Brazil have been taken into account in the process of fair-value testing and value in use as of December 31.2016.

Bolivar Fuerte devaluation and the impact of new American president election, Donald Trump, on the Mexican currency have been taken into account in fair-value testing of related CGUs on December 31, 2016. Despite those specific economic circumstances, results of Step 1 on those tests have presented that no test on value in use is necessary.

Impairment losses

Cumulative impairment losses on property, plant and equipment and intangible assets amounted to € (202) million at December 31, 2016 (€ (173) million at December 31, 2015). An impairment loss amounting to € (15) million was recognized during the year (cf. Note 10.1) (€ (2) million in 2015).

Intangible and tangible assets of CGUs impacted by cumulated impairment losses are detailed as follows:

	December 2016												
	France - Kadéos				Other countries				Total				
	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	
(in € millions)													
Goodwill	196	-	(105)	91	867	-	(54)	813	1 063	-	(159)	904	
Brands	19	-	-	19	25	(5)	(5)	15	44	(5)	(5)	34	
Customer lists	21	(8)	(13)	-	211	(49)	(8)	154	232	(57)	(21)	154	
Other intangible assets	47	(26)	(8)	13	285	(163)	(9)	112	331	(189)	(17)	125	
Tangible assets	20	(17)	-	3	128	(93)	-	35	148	(110)	-	38	
TOTAL	303	(51)	(126)	126	1 516	(310)	(76)	1 129	1 818	(361)	(202)	1 255	

	December 2015												
	France - Kadéos				Other countries				Total				
	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	Gross value	Accumulated depreciation	Accumulated impairment losses	Net value	
(in € millions)													
Goodwill	196	-	(105)	91	538	-	(54)	484	734	-	(159)	575	
Brands	19	-	-	19	26	(5)	(5)	16	45	(5)	(5)	35	
Customer lists	21	(8)	(13)	-	98	(37)	(8)	53	119	(58)	(8)	53	
Other intangible assets	46	(27)	(8)	11	206	(123)	-	83	252	(157)	(1)	94	
Tangible assets	21	(17)	-	4	114	(81)	-	33	135	(98)	-	37	
TOTAL	303	(59)	(119)	125	982	(259)	(54)	669	1 285	(318)	(173)	794	

Key assumptions

In 2016, the discount rate applied is based on the Group WACC (Weighted Average Cost of Capital) of 9.3% (9.4% in 2015).


As the Group has operations in a very large number of countries, Edenred calculated an average rate for the Group and estimated a discount rate for each CGU in order to make the impairment test using the value in use method.

	Discount rate: Perpetuity growth rates			
	2016	2015	2016 *	2015
Rest of Europe	7,1% - 10,1%	7,8% - 9,5%	1,8% - 4,0%	1,7% - 2,0%
Latin America	13% - 18,1%	13,2% - 18,6%	3,0% - 4,5%	3,0% - 4,6%
Rest of the world	10,5% - 14,9%	10,4%	1,2% - 4,9%	1,2%

(*) Source : IMF inflation forecast for 2021

Sensitivity analysis

Rate sensitivity



December 2016								
(in € millions)	Discount rate sensitivity				Perpetual growth rate sensitivity			
	+100 bp	+50 bp	-50 bp	-100 bp	-100 bp	-50 bp	+50 bp	+100 bp
Rest of Europe	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the world	(1)	(0)	-	-	(0)	-	-	-

December 2015								
(in € millions)	Discount rate sensitivity				Perpetual growth rate sensitivity			
	+100 bp	+50 bp	-50 bp	-100 bp	-100 bp	-50 bp	+50 bp	+100 bp
Rest of Europe	(1)	(0)	-	-	(1)	-	-	-
Latin America	(1)	(0)	0	1	(1)	(0)	0	1
Rest of the world	-	-	-	-	-	-	-	-

At December 31, 2016 variation upon WACC (Weighted Average Cost of Capital) and perpetuity growth rate would have had an impact only on Rest of the world.


Regarding WACC, impacts upon recognized impairment losses:

- 50- Bps increase in the discount rate would have increased the recognized impairment losses by an amount less than €1 million on this zone;
- 100- bps increase in the discount rate would have increased the recognized impairment losses by an amount approximatively €1 million on this zone.

Regarding perpetual growth, impacts upon recognized impairment losses:

- 100- bps increase in the discount rate would have decreased the recognized impairment losses by an amount less than €1 million on this zone.

Flow sensitivity



December 2016				
(in € millions)	Business growth sensitivity		Margin rate sensitivity	
	-10%	+10%	-100 bp	+100 bp
Rest of Europe	-	-	-	-
Latin America	-	-	-	-
Rest of the world	-	-	(0)	-

Business growth is measured by like-for-like growth of Issue volume. Margin rate is defined as the ratio between EBIT before depreciation, amortization and provisions and operational revenue.

At December 31, 2016, a 100-bps fall in the margin rate would have increased the recognized impairment losses by about less than €1 million.

NOTE 6 : FINANCIAL ELEMENTS

6.1 . NET FINANCIAL RESULT



Net financial result includes:

- Interest expense or income on borrowings, other financial liabilities and loans and receivables.
- Exchange gains and losses on financial transactions.
- Movements on financial provisions.



(in € millions)

	December 2016	December 2015
Gross borrowing cost	(53)	(42)
Hedging instruments	13	10
Interests income from short term bank deposits and equivalent	(0)	0
Net borrowing cost	(40)	(32)
Net foreign exchange gains / (losses)	(2)	-
Other financial income and expenses, net	(16)	(15)
NET FINANCIAL EXPENSE	(58)	(47)

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, baking charges and interests, deferred charges on bonds and issuance premiums, and financial provisions.

6.2 . CURRENT FINANCIAL ASSETS



Financial assets and liabilities are recognized and measured in accordance with IAS 39 – Financial Instruments, Recognition and Measurement, and its amendments.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified between the three main categories defined in IAS 39, as follows:

"Loans and receivables" mainly include term deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period.

"Held-to-maturity investments" mainly include bonds and other marketable securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period.

For these three categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.



(in € millions)	December 2016			December 2015		
	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value
Other current financial assets	4	-	4	4	(1)	3
Receivables on disposal of assets	-	-	-	-	-	-
Derivatives	45	-	45	37	-	37
CURRENT FINANCIAL ASSETS	49	-	49	41	(1)	40

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

Derivatives are accounted according to IAS39 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



Cash and cash equivalents

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

Other marketable securities

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

Accounting method

“Cash and cash equivalents” and “Other marketable securities” are financial assets booked according to IAS 39 standard and its amendments.

Term deposits and loans to non-consolidated companies are presented in “Non-current financial assets”. For initial booking, they are booked at fair value. For every closing, they are measured at amortized cost and they may be depreciated. This depreciation represents the difference between net book value and recoverable value (expected cash flows discounted with original effective interest rate) and is booked in income statement. It is reversible if recoverable value increases in following periods.

Bonds and other marketable securities which specificity is to be held to maturity are classified as “Held-to-maturity investments”. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period

Mutual fund units in cash are booked in “**Financial assets at fair value through profit and loss**”. Those assets are booked at fair value in balance sheet and fair value changes are booked in profit and loss account.



Both “Cash and cash equivalents” and “Marketable securities” are taken into account for the calculation of net debt.



	December 2016			December 2015		
	Gross value	Depre- ciation	Net value	Gross value	Depre- ciation	Net value
<i>(in € millions)</i>						
Cash at bank and on hand	162	-	162	174	-	174
Term deposits less than 3 months	460	-	460	272	-	272
Mutual fund units in cash less than 3 months	27	-	27	21	-	21
CASH AND CASH EQUIVALENTS	649	-	649	467	-	467
Term deposits more than 3 months	734	(3)	731	476	(3)	473
Bonds and other negociable debt securities	3	-	3	2	-	2
Mutual fund units in cash more than 3 months	1	-	1	3	-	3
OTHER MARKETABLE SECURITIES	738	(3)	735	481	(3)	478
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	1 387	(3)	1 384	948	(3)	945

Other marketable securities include €17million in investments denominated in Venezuelan bolivar fuerte (at the closing exchange rate of 672.92 bolivar fuerte per US dollar), of which €9 million are balanced in the liability side by the structural working capital of the Venezuelan subsidiaries.

6.4 . DEBT AND OTHER FINANCIAL LIABILITIES



Debt

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

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



	December 2016			December 2015		
	Non-current	Current	Total	Non-current	Current	Total
<i>(in € millions)</i>						
Bonds and private placements	1 207	525	1 732	1 476	-	1 476
Bank borrowings	148	2	150	-	2	2
DEBT	1 355	527	1 882	1 476	2	1 478
BANK OVERDRAFTS	-	52	52	-	61	61
Deposits	8	5	13	9	3	12
Purchase commitments	40	3	43	26	1	27
Derivatives	-	19	19	-	30	30
Other	2	10	12	3	11	14
OTHER FINANCIAL LIABILITIES	50	37	87	38	45	83
DEBT AND OTHER FINANCIAL LIABILITIES	1 405	616	2 021	1 514	108	1 622

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

1) Bonds and private placements

a. Bonds

As of December 31st, 2016 the Group gross outstanding bond position amounts to €1,485 million with the following breakdown:

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	3.750%	10 years 05/23/2022
10/06/2010	510	3.625%	7 years 10/06/2017
Gross outstanding bond position	1 485		

As of December 31, 2015, the gross outstanding bond position amounted to € 1,485 million.

b. Private placement

One **June 29th 2016**, Edenred successfully completed the issue of a Schuldschein loan – a German form of private placement – consisting of 5- and 7-year tranches with fixed- and floating-rate coupons, with an average maturity of 6.1 years and an average financial cost of approximately 1.2%. This operation allows the Group to reduce its average cost of debt and extend the average maturity.

As of December 31, 2016, €250 million private placement as Schuldschein operation presents different tranches for maturity and rates and can be detailed as follow:

Rate		Amount in € million	Maturity in years	Maturity date
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%

2) Bank borrowings



Bank borrowings are mainly composed by a new debt in BRL to finance its general activity which has been put in place for a total amount of BRL 500 million (equivalent €146 million at closing exchange rate) of which 250 million matured in May 2019 and 250 million matured in June 2018.

3) Credit facility

As explained in note 3.3, Edenred signed on **July 21th 2016** with 14 banks an amendment agreement to its €700 million 5-year Revolving Credit Facility.

As of December 31, 2016 Edenred has € 700 million outstanding confirmed credit facilities extended to July 2021. This facility will be used for general corporate purposes and to support group activities.

Ageing analysis



a. At December, 31 2016

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



b. At December, 31 2015

(in € millions)	2016	2017	2018	2019	2020	2021 and beyond	2015
Total debt and other financial liabilities	108	535	15	5	261	698	1 622
Total	108	535	15	5	261	698	1 622

6.5 . NET DEBT AND NET CASH



(in € millions)	December 2016	December 2015
Non-current financial debt	1 355	1 476
Other non-current financial liabilities	50	38
Current financial debt	527	2
Other current financial liabilities	37	45
Bank overdrafts	52	61
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	2 021	1 622
Current financial assets	(49)	(40)
Other marketable securities	(735)	(478)
Cash and cash equivalents	(649)	(467)
TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	(1 433)	(985)
NET DEBT	588	637



(in € millions)	December 2016	December 2015
Net debt at beginning of period	637	268
Increase (decrease) in non-current financial debt	(121)	169
Increase (decrease) in other non-current financial liabilities	12	(8)
Decrease (increase) in other marketable securities	(257)	187
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	(191)	(9)
Increase (decrease) in other financial assets and liabilities	508	30
Increase (decrease) in net debt	(49)	369
NET DEBT AT END OF PERIOD	588	637

Change in “other financial assets and liabilities” in 2016 is explained by the reclassification in “Current financial debt” of the bond issued in 2010 with maturity October 2017.

Net debt excluding net cash increases by €251 million between 2015 and 2016, as presented in 1.4 – Consolidated statement of cash flows. This variation is explained by new non-current borrowings for €384 million and by the increase in current financial debt by €3 million, partially offset by the increase in marketable securities and other current financial assets by €136 million.

6.6 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT



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

In accordance with IAS 39, derivatives are initially recognized at cost. They are subsequently measured at fair value at each period-end. The intended use of the derivatives determines the IFRS designation and therefore the accounting treatment of changes in fair value.

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

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

Financial instruments designated as hedging instruments

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

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

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

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

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


Other derivatives

Derivatives not designated as hedging instruments are classified as “Fair value through profit and loss”. Their fair value variations are booked in financial result.

Rate risk: fixed / variable interest rate analysis

1) Hedging impact Before hedging

Debt without hedging breaks down as follows:




(in € millions)	December 2016			December 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt (1)	1 708	3,48%	91%	1 476	2,73%	100%
Variable rate debt	174	1,24%	9%	2	9,08%	0%
TOTAL DEBT	1 882	3,27%	100%	1 478	2,74%	100%

(1) The rates mentioned for the fixed rate debt correspond to the contractual rates (that are 3.625%, 3.75%, 2.625% and 1.375%) applied among exact days of the year divided by 360

After hedging

Debt after interest rate hedging breaks down as follows:



(in € millions)	December 2016			December 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Fixed rate debt	309	4,56%	16%	442	1,95%	30%
Variable rate debt	1 573	2,12%	84%	1 037	1,96%	70%
TOTAL DEBT	1 882	2,52%	100%	1 478	1,96%	100%

2) Hedging of interest rate risk

Interest rate risk is hedged with swaps receiving fixed rate and paying floating rate to transform fixed rate into floating rate over a debt initially issued at fixed rate:

- swaps to hedge the bond debt in Euro: notional amount of €1 432 million relating to an underlying debt of €1 485 million and for a fair value of €27.9 million representing a financial asset;
- swaps to hedge the bank debt in BRL : notional amount of €73 million relating to an underlying debt of 250 million Brazilian Real and for a fair value of €2.1 million representing a financial asset;
- swaps to hedge marketable securities in BRL : notional amount of €367 million relating to an underlying debt of 1 260 million Brazilian Real and for a fair value of €6.0 million representing a financial asset.

Those swaps are classified as Fair Value Hedge according to IAS 39. These hedging operations have no material impact on the P&L as the efficiency ratio reaches almost 100%.

(in € millions)	Notional amount	Fair value	2017	2018	2019	2020	2021 and beyond
BRL : Receiving fixed-rate sw aps (1)	367	6	117	73	71	106	-
EUR : Paying fixed-rate sw aps	50	(2)	-	-	-	-	50
EUR : Paying variable-rate sw aps	1 382	30	500	-	-	125	757
BRL : Paying variable-rate sw aps (2)	73	2	-	-	73	-	-
TOTAL	1 872	36	617	73	144	231	807

(1) 1 260 million of Brazilian real (BRL) equivalent of €367 million.

(2) 250 million of Brazilian real (BRL) equivalent of €73 million.

3) Interest rate risk sensitivity analysis

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



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

However, changes in the effective value portion of derivatives eligible for cash flow hedge accounting are recognized directly in equity and have no effect on profit or loss.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2016 remains constant over one year.

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

	Result		Equity	
	decrease in interest rates of 100 bp *	increase in interest rates of 100 bp	decrease in interest rates of 100 bp *	increase in interest rates of 100 bp
<i>(in € millions)</i>				
Debt at variable rate after hedge accounting	11	(12)	-	-
Derivatives	(0)	(0)	-	-
TOTAL	11	(12)	-	-

* 100-bps fall in interest rates in positive rates and in negative rates

Foreign exchange risk: Currency analysis

1) Hedging impact Before hedging

Debt without hedging breaks down as follows:

	December 2016			December 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
<i>(in € millions)</i>						
EUR	1 732	2,51%	92%	1 476	2,73%	100%
Other currencies	150	12,08%	8%	2	9,21%	0%
TOTAL DEBT	1 882	3,27%	100%	1 478	2,74%	100%

After hedging

Debt after interest rate hedging breaks down as follows:

	December 2016			December 2015		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
<i>(in € millions)</i>						
EUR	1 723	1,60%	92%	1 470	1,93%	99%
Other currencies	159	12,49%	8%	8	6,91%	1%
TOTAL DEBT	1 882	2,52%	100%	1 478	1,96%	100%

2) Currency hedges



For each currency, the “Notional amount” corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

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

At December 31, 2016, currency derivatives had an aggregate negative fair value of €-10 million, as:



(in € millions)	Notional amount	Fair value	2017	2018	2019	2020	2021	2022 and beyond
GBP	206	(9)	(9)	-	-	-	-	-
MXN	41	(1)	(1)	-	-	-	-	-
CZK	39	(0)	(0)	-	-	-	-	-
JPY	21	0	0	-	-	-	-	-
RON	10	(0)	(0)	-	-	-	-	-
HUF	4	0	0	-	-	-	-	-
SEK	4	(0)	(0)	-	-	-	-	-
CHF	3	0	0	-	-	-	-	-
USD	2	0	0	-	-	-	-	-
FORWARD PURCHASES AND CURRENCY SWAPS	330	(10)	(10)	-	-	-	-	-
RUB	4	(0)	(0)	-	-	-	-	-
ZAR	3	(0)	(0)	-	-	-	-	-
HKD	2	(0)	(0)	-	-	-	-	-
USD	0	(0)	(0)	-	-	-	-	-
FORWARD SALES AND CURRENCY SWAPS	9	(0)	(0)	-	-	-	-	-
TOTAL	339	(10)	(10)	-	-	-	-	-

3) Foreign exchange risk sensitivity analysis

A change of 10% in currency exchange rates of the major currencies would have the following impact on the EBIT: Brazil (BRL) €15 million, Mexico (MXN) €3 million and Venezuela (VEF) €1 million.

Liquidity risk

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



Future cash flows relating to interest rates are calculated using market interest rates at December 31, 2016. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

At December, 31 2016



<i>(in € millions)</i>	Dec 2016 Carrying amount	Contractu al flows	2017	2018	2019	2020	2021	2022 and beyond
Non-banking debt	1 732	1 732	525	-	-	256	113	838
Bank borrowings	150	150	2	73	75	-	-	-
Future interests	N/A	(192)	(55)	(36)	(28)	(25)	(18)	(30)
DEBT	1 882	1 690	472	37	47	231	95	808
Bank overdrafts	52	52	52	-	-	-	-	-
Other financial liabilities	87	88	37	10	22	10	0	9
Future interests	N/A	26	13	8	7	6	2	(10)
Bank overdrafts and other financial liabilities	139	166	102	18	29	16	2	(1)
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	2 021	1 856	574	55	76	247	97	807

At December, 31 2015



<i>(in € millions)</i>	Dec 2015 Carrying amount	Contractu al flows	2016	2017	2018	2019	2020	2021 and beyond
Non-banking debt	1 476	1 476	-	522	-	-	261	693
Bank borrowings	2	2	2	-	-	-	-	-
Future interests	N/A	182	40	36	22	22	21	41
DEBT	1 478	1 660	43	558	22	22	282	733
Bank overdrafts	61	61	61	-	-	-	-	-
Other financial liabilities	83	82	45	12	15	5	-	5
Future interests	N/A	(26)	(12)	(11)	(5)	(4)	(2)	8
Bank overdrafts and other financial liabilities	144	117	94	2	9	1	(2)	13
TOTAL DEBT AND OTHER FINANCIAL LIABILITIES	1 622	1 777	137	560	31	23	280	746

Credit and counterparty risk



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

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


With several tens of thousands of corporate and public authority customers at December 31, 2016, the Group has a highly diversified customer base. Moreover, they include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

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

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

Financial instruments

Market value of financial instruments



(in € millions)	Carrying value December 2016	Fair value	Financial assets at fair value through profit and loss	Available-for-sale financial assets	Financial assets carried	Financial liabilities at amortized cost	Loans and receivables	Derivative instruments
ASSETS								
Non-current financial assets	41	41	-	-	-	-	41	-
Trade receivables, net	1 415	1 415	-	-	-	-	1 415	-
Employee advances and prepaid payroll taxes	5	5	-	-	-	-	5	-
Other receivables, net	238	238	-	-	-	-	238	-
Restricted cash	942	942	-	-	-	-	942	-
Current financial assets	49	49	-	-	-	-	4	45
Other marketable securities	735	735	1	-	-	-	734	-
Cash and cash equivalents	649	649	27	-	460	-	162	-
TOTAL	4 074	4 074	28	-	460	-	3 541	45
LIABILITIES								
Non-current debt	1 355	1 373	-	-	-	1 373	-	-
Other non-current financial liabilities	50	50	-	-	-	50	-	-
Current debt	527	525	-	-	-	525	-	-
Bank overdrafts	52	52	-	-	-	52	-	-
Other current financial liabilities	37	37	-	-	-	18	-	19
Vouchers in circulation	4 182	4 182	-	-	-	-	4 182	-
Trade payables	142	142	-	-	-	-	142	-
Wages and salaries and payroll taxes payable	70	70	-	-	-	-	70	-
Other payables	87	87	-	-	-	-	87	-
TOTAL	6 502	6 518	-	-	-	2 018	4 481	19

Fair value analysis of financial assets and liabilities



The fair value hierarchy comprises the following levels:

Level 1: fair value assessed by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: fair value assessed by reference to inputs related to the asset or liability that is not based on market data (unobservable inputs).



(in € millions)	Fair value December 2016	Level 1	Level 2	Level 3
ASSETS				
Current financial assets	45	-	45	-
Other marketable securities	1	1	-	-
Cash and cash equivalents	27	27	-	-
TOTAL	73	28	45	-
LIABILITIES				
Non-current debt	-	-	-	-
Other non-current financial liabilities	-	-	-	-
Current debt	-	-	-	-
Bank overdrafts	-	-	-	-
Other current financial liabilities	19	-	19	-
TOTAL	19	-	19	-

Derivative financial instruments



(in € millions)	IFRS classification	December 2016			December 2015		
		Fair value	Notional amount	Face value	Fair value	Notional amount	Face value
Derivative financial instruments - asset position							
Interest rate instruments	Cash-Flow Hedge	6	367	-	-	-	-
Interest rate instruments	Fair Value Hedge	33	1 103	-	29	800	-
Interest rate instruments	Trading	4	50	-	4	50	-
Currency instruments	Fair Value Hedge	2	-	81	4	-	105
Currency instruments	Cash-Flow Hedge	-	-	2	-	-	-
Derivative financial instruments - liability position							
Interest rate instruments	Cash-Flow Hedge	-	-	-	(19)	235	-
Interest rate instruments	Fair Value Hedge	(5)	302	-	(6)	230	-
Interest rate instruments	Trading	(2)	50	-	(1)	50	-
Currency instruments	Fair Value Hedge	(12)	-	257	(5)	-	241
NET DERIVATIVE FINANCIAL INSTRUMENTS		26	1 872	340	6	1 365	346



Derivative instruments were measured at December 31, 2016 by applying a Credit Valuation Adjustment (CVA) in accordance with IFRS 13.

The CVA for a given counterparty is calculated by calculating the result of: (i) Exposure (i.e. the market value of the derivative instruments purchased from the counterparty, if positive), (ii) Probability of Default and (iii) Loss Given Default. Credit Valuation Adjustments at December 31, 2016 were not material.

Cumulative fair value of financial instruments

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



(in € millions)	December 2015	New operations	Change in Fair Value change	P&L recycling result	December 2016
Financial instruments in					
Cash-Flow Hedge (after tax)	(14)	2	14	1	3

NOTE 7 : TAXES

7.1 . INCOME TAX



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

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



Edenred 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 for the period



(in € millions)

	December 2016	December 2015
Current taxes	(107)	(112)
Provisions for tax risks	-	4
SUB-TOTAL: CURRENT TAXES	(107)	(108)
Deferred taxes on temporary differences arising or reversing during the period	5	7
Deferred taxes arising from changes in tax rates or rules	-	3
SUB-TOTAL: DEFERRED TAXES	5	10
TOTAL INCOME TAX ENPENSE	(102)	(98)

In 2016:

- Income tax expense includes the 3% surtax on distributed earnings, for € (5) million;
- Income tax expense includes € (2) million related to French C.V.A.E.

Tax proof



(in € millions)

	December 2016	December 2015
Operating profit before tax	294	280
Share of associate net profit	8	9
Operating profit before tax without Share of associate Net profit (a)	286	271
Non-deductible impairment losses	-	2
Elimination of intercompany capital gains	-	-
Other	7	11
TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (b)	7	13
Untaxed profit and profit taxed at a reduced rate (c)	9	10
Profit taxable at the standard rate (d) = (a) + (b) + (c)	302	294
Standard tax rate in France (e)	34.43%	34.43%
Theoretical tax at standard rate (f) = (d) x (e)	(104)	(101)
Adjustments for:		
. Differences in foreign tax rates	14	14
. Unrecognized tax losses for the period	(1)	(2)
. Utilisation of previously unrecognised tax losses	-	3
. Effect of changes in future tax rates	(3)	3
. Net change in provision for tax risks	-	4
. Other items	(6)	(17)
TOTAL ADJUSTMENTS (g)	4	5
Actual tax at standard rate (h) = (f) + (g)	(100)	(96)
Tax at reduced rate (i)	(2)	(2)
INCOME TAX EXPENSE (j) = (h) + (i)	(102)	(98)
EFFECTIVE TAX RATE (k) = (j) / (d)	33,9%	33,4%



(in € millions)

	December 2016	December 2015
Operating profit before tax	286	271
Adjustment related to the other income and expenses	26	23
Operating profit before tax and other income and expenses	312	294
Income tax expense	(102)	(98)
Tax adjustment related to the other income and expenses	(8)	(5)
Adjustment of other unusual items	6	7
Standard Group Income tax expense	(104)	(96)
STANDARD INCOME TAX	33,3%	32,8%

7.2 . DEFERRED TAXES



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

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

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

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future.

Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity.

Since January 1, 2010, adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

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

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

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

Details of recognized deferred tax assets and liabilities



(in € millions)

	December 2016	December 2015
Temporary differences between taxable and book profit of the individual entities	22	20
Temporary differences arising from consolidation adjustments	14	11
Recognized deferred tax assets on tax losses	33	36
SUB-TOTAL: DEFERRED TAX ASSETS	69	67
Temporary differences between taxable and book profit of the individual entities	17	14
Temporary differences arising from consolidation adjustments	112	71
SUB-TOTAL: DEFERRED TAX LIABILITIES	129	84
NET DEFERRED TAX ASSET (LIABILITY)	(60)	(17)

Unrecognized deferred tax assets at December 31, 2016 amounted to € 23million, in which €11 million related to Worldwide structures (Edenred S.A), €2 million related to UK and € 2 million related to Singapore.

In December 31, 2016, unrecognized deferred tax assets corresponded to tax losses in the amount of €23 million, including €3 million expiring between N+1 and N+4, €3 million expiring N+5 and beyond and €17 million without temporal limit.

In December 31, 2015, unrecognized deferred tax assets amounted to €23 million.

NOTE 8 : SHAREHOLDERS' EQUITY

Preamble regarding negative value of group retained earnings



As of December 31, 2016, total equity – Group share amounts to € (1.230) million, this negative value is mainly due to the inheritance of accounts established for the demerger on July 2010.

In these financial statements, equity represented a negative amount of €1,137 million at December 31, 2008, €1,187 million at December 31, 2009 and €1,044 million at December 31, 2010. This was due to the recognition of assets contributed or sold by Accor in Contribution-Demerger transactions at their historical cost.

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

8.1 . SHAREHOLDER'S EQUITY

Share capital

At December 31, 2016, the Company's capital was made up of 233 679 845 shares with a par value of €2 (two) each, all fully paid.

The 233 679 845 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

Change in capital in number of shares:

	December 2016	December 2015
At January, 1st	230 816 848	228 811 546
Capital increase linked to the dividends payments	2 862 997	2 005 302
Shares issued on conversion of performance share rights	501 513	602 422
Shares issued on exercise of stock options (*)	309 017	1 010 261
Shares cancelled during the period	(810 530)	(1 612 683)
At December, 31st	233 679 845	230 816 848

(*) before the exercise of 8,500 options between December 15 and December 31, 2016, validated by the Board of Directors after the closing

Treasury stock

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



(in shares number)	December 2016	December 2015
Detentions at the opening	3 008 056	2 187 913
Shares purchases		
Repurchase agreements	-	2 600 542
Liquidity contracts*	(180 712)	91 000
Shares Sales		
Disposals	-	-
Purchase option exercise, bonus shares and capital allocations	(211 440)	(258 716)
Shares cancellation	(810 530)	(1 612 683)
DETENTIONS AT THE CLOSING	1 805 374	3 008 056

* cf. Detail of numbers bought and sold below

Edenred S.A. shares held by the Company are measured at cost and recorded as a deduction from equity under "Treasury stock". As of December 31, 2016, a total of 1 805 374 shares were held in treasury: no share has been purchased under the liquidity contract. At December 31, 2015, a total of 3 008 056 shares were held in treasury, including 250 000 shares purchased under the liquidity contract.

Entity whom the custody of the liquidity contract has been assigned	Period	2016				2015			
		Sold		Purchased		Sold		Purchased	
		Nb	Total €M	Nb	Total €M	Nb	Total €M	Nb	Total €M
Odoo Corporate Finance	11/2014 - 09/23/2016	2 722 165	48	2 472 165	43	6 074 561	139	6 165 561	142
Exane BNP Paribas	Since 10/03/2016	1 020 186	20	1 089 474	22	-	-	-	-

1) In accordance with the code of ethics published by the Association Française des Marchés Financiers (AMAFI) on March 8, 2011 and is recognized by France's securities regulator, Autorité des Marchés Financiers on March 21, 2011

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

Dividends

2016 dividends

At the Edenred Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2016, the Board of Directors recommended paying a dividend of €0.62 per share, representing a total payout of €144 million.

Subject to approval by the Shareholders' Meeting, this dividend will be granted during the first half of 2017. The dividend was not recognized under liabilities in the financial statements at December 31, 2016 as these financial statements are presented before appropriation of profit

8.2 . EARNINGS PER SHARE



Net earnings per share

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

Diluted earnings per share

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

Diluted earnings per share are based on the average number of outstanding shares that is adjusted with the effect of the potential ordinary shares.

Net earnings per share

At December 31, 2016, the Company's share capital was made up of 233 679 845 ordinary shares.

At December 31, 2016, the average number of ordinary shares outstanding breaks down as follows:



	December 2016	December 2015
EDENRED'S SHARE CAPITAL AT CLOSING (*)	233 679 845	230 816 848
Outstanding shares at beginning of period	227 808 792	226 623 633
Number of shares issued for dividend paid	2 862 997	2 005 302
Number of shares issued from performance plans	501 513	602 422
Number of shares from exercised of stock-options plans (**)	309 017	1 010 261
Number of shares cancelled	(810 530)	(1 612 683)
Issued shares at period-end excluding treasury shares	2 862 997	2 005 302
Treasury shares not related to the liquidity contract	1 021 970	(729 143)
Treasury shares under the liquidity contract	180 712	(91 000)
Treasury shares	1 202 682	(820 143)
OUTSTANDING SHARES AT PERIOD-END	231 874 471	227 808 792
Adjustment to calculate weighted average number of issued shares	(1 290 695)	(873 543)
Adjustment to calculate weighted average number of treasury shares	(470 720)	837 286
Total weighted average adjustment	(1 761 415)	(36 257)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	230 113 056	227 772 535

(*) on December 15, 2016 for the purposes of financial flows statement related to capital at 2016 closing

(**) before the exercise of 8,500 options between December 15 and December 31, 2016

In addition, stock options representing 1 830 251 ordinary shares (number at closing date after the exercise of 8 500 options between December 15 and December 31, 2016) and 3 805 065 performance shares were granted to employees between 2010 and 2016. Conversion of all of these potential shares would increase the number of shares outstanding to 237 509 787.

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

- from January 1, 2016 to December 31, 2016 for Plans 1, 2, 3, 4, 5, 6 and 7 (€18.31), and
- from May 4, 2016 to December 31, 2016 for Plan 8 (€19.17).

The diluted weighted average number of shares outstanding at December 31, 2016 was 230 113 056.

	December 2016	December 2015
Net Profit - Group share (in € millions)	180	177
Weighted average number of issued shares (in thousands)	232 389	229 944
Weighted average number of shares held in treasury (in thousands)	(2 276)	(2 171)
Number of shares used to calculate basis earnings per share (in thousands)	230 113	227 773
BASIC EARNINGS PER SHARE (in €)	0,78	0,78
Number of shares resulting from the exercise of stock options (in thousands)	301	1 284
Number of shares resulting from performance shares grants (in thousands)	2 327	2 549
Number of shares used to calculate diluted earnings per share (in thousands)	232 741	231 606
Diluted earnings per share (in €)	0,77	0,76

Recurring profit after tax – Group share



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:



	December 2015
Net profit, Group share (in € millions)	182
Other income and expenses adjustment, net (in € millions)	22
Net Profit, Non-controlling interests adjustment (in € millions)	(5)
Recurring profit after tax, Group share (in € millions)	199
Number of shares used to calculate basic earnings per share (in thousands)	227 773
NET PROFIT AFTER TAX. GROUP SHARE PER SHARE (IN €)	0,87

Net result – Group share

Since 2016, the Group has changed the calculation method of Result per share, now based on Net result – Group share, as presented below:

	December 2016
Net profit, Group share (in € millions)	180
Number of shares used to calculate basic earnings per share (in thousands)	230 113
NET PROFIT GROUP SHARE PER SHARE (IN €)	0,78

8.3 . NON-CONTROLLING INTERESTS

(in € millions)

At December 31, 2014	23
Non-controlling interests in profit for the period	5
Dividends paid to non-controlling interests	(3)
Capital increase by issued shares	0
Currency translation adjustment	(3)
Changes in consolidation scope	(10)
At December 31, 2015	12
Non-controlling interests in profit for the period	12
Dividends paid to non-controlling interests	(4)
Capital increase by issued shares	0
Currency translation adjustment	6
Changes in consolidation scope	43
At December 31, 2016	69

As separate items, non-controlling interests are not material for consolidating entity.

Changes in consolidation scope between 2015 and 2016 are linked to the combination of Edenred's Expense Management assets in Brazil with those of Embratec in a 65%-owned by Edenred and 35%-owned by Embratec's founding shareholders entity (see Note 2.1 – Main acquisitions and developments 2016).

NOTE 9 : SOCIAL BENEFITS

9.1 . SHARE BASED PAYMENTS

Stock option plans



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



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

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



The main characteristics of the current stock option plan at December 31, 2016 are summarized in the table below:

	Plan 1	Plan 2	Plan 3
Date of shareholders' meeting authorization	May 10, 2010	May 10, 2010	May 10, 2010
Grant date by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Duration of the plan	8 years	8 years	8 years
Starting date of the exercise period	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date of the exercise period	August 6, 2018	March 11, 2019	February 27, 2020
Expected life of the options	2.7 years	3.3 years	4.3 years
Exercise price	€13.69	€18.81	€19.03
Number of grantees at the grant date	455	58	18
Number of options at the grant date	4,235,500	611,700	382,800
Number of options at closing date (*)	1,024,001	456,450	349,800

(*) after the exercise of 8,500 options between December 15 and December 31, 2016 validated by Board of Directors after the closing



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

	Plan 1	Plan 2	Plan 3
Grant date by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Data at the grant date			
Number of options	4,235,500	611,700	382,800
Edenred share price	€13.45	€20.04	€20.36
Exercise price	€13.69	€18.81	€19.03
Duration of the plan	8 years	8 years	8 years
Expected volatility	27.20%	28.8%	26.5%
Risk-free interest rate	1.79%	2.73%	1.72%
Expected dividend yield	2.55%	2.43%	2.81%
OPTION FAIR VALUE	€2.62	€5.07	€4.25
PLAN FAIR VALUE	€11.1M	€3.1M	€1.6M

Maturity of stock options



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

- 35% of options exercised after 4 years
- 20% of options exercised after 5 years
- 35% of options exercised after 6 years
- 5% of options exercised after 7 years
- 5% of options exercised after 8 years

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

Share price volatility

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

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

Risk-free interest rate

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



Movements in 2016 of stock option subscription plans as of December 31, 2016 are detailed below:

	December 2016		December 2015	
	Number of options	Weighted Average exercise price	Number of options	Weighted Average exercise price
OPTIONS OUTSTANDING AT THE BEGINNING OF PERIOD	2 144 618	15,79 €	3 155 279	15.30 €
Options granted	-	-	-	-
Options cancelled or expired	-	-	-	-
Options exercised (*)	(315 117)	14,67 €	(1 010 261)	14.23 €
Correction from last year	750	-	(400)	-
OPTIONS OUTSTANDING AT THE BEGINNING OF PERIOD	1 830 251	15,98 €	2 144 618	15.79 €
OPTIONS EXERCISABLE AT THE END OF PERIOD	1 830 251	15,98 €	1 773 818	15.11 €

(*) after the exercise of 8,500 options between December 15 and December 31, 2016



Weighted average exercise price is €15.98 in 2016 and was €15.79 in 2015.

(in € millions)	2010	2011	2012	2013	2014	2015	2016
The total cost accounted* for share-based payments granted to the Edenred employees	2,80	3,30	3,70	1,10	1,20	0,50	0,10

* With balancing entry in equity

Performance share plans



IFRS 2 "Share-based Payment" also applies to the performance share plans set up by the Board of Directors on August 6, 2010, March 11, 2011, February 27, 2012, February 18, 2013, February 17, 2014, February 20, 2015, December 9, 2015 and May 4, 2016.

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

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

Main characteristics

Edenred's Boards Directors of August 6, 2010, March 11, 2011, February 27, 2012, February 18, 2013 and February 17, 2014 and February 20, 2015, December 9, 2015 and May 4, 2016 carried to the conditional attribution of performance shares.

The duration of 2010 to 2015 plans is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be disposed.

Performance share are granted definitively after the vesting period on a pro rata temporis basis even in the event of a departure within the vesting period. Those shares definitively acquired can't exceed 100% of the initial amount granted.

Depending on the actual percentage of fulfilment of each of the plan's three performance conditions, this proportion will be reduced or increased, by up to 1.25 times the initial grant for the objective concerned.

The performance objectives are as follows:

Plan 1		Plan 2		Plan 3		Plan 4	
August 6, 2010 plan		March 11, 2011 plan		February 27, 2012 plan		February 18, 2013 plan	
912 875 Shares		805 025 Shares		867 575 shares		845 900 shares	
Weight	Conditions	Weight	Conditions	Weight	Conditions	Weight	Conditions
50% of the shares granted	Like-for-like growth in issue volume for the years 2010, 2011 and 2012	50% of the shares granted for 2011 & 2012 plan	Like-for-like growth in issue volume for the years 2011, 2012 and 2013.	50% of the shares granted for 2011 & 2012 plan	Like-for-like growth in issue volume for the years 2012, 2013 and 2014.	80% of the shares granted	Two internal performance targets, they concern Like-for-like growth in Issue volume and Funds From Operations before non-recurring items (FFO).
33% of the shares granted	Like-for-like growth in Funds From Operations for the years 2011 and 2012						
17% of the shares granted	The 2010 consolidated EBIT target	50% of the shares granted for 2011 & 2012 plan	Like-for-like growth in Funds From Operations for the years 2011, 2012 and 2013.	50% of the shares granted for 2011 & 2012 plan	Like-for-like growth in Funds From Operations for the years 2012, 2013 and 2014.	20% of the shares granted	One market performance target, which concerns Edenred's total shareholder return (TSR) compared with the average TSR of the companies included in the SBF 120 index.
Performance objectives were met for Plan 1.		Performance objectives were met for Plan 2.		Performance objectives were met for Plan 3.		Performance objectives were partially met for Plan 4.	
Plan 5		Plan 6		Plan 7		Plan 8	
February 17, 2014 plan		February 20, 2015 plan		December 9, 2015 plan		May 4, 2016 plan	
824 000 shares		800 000 shares		137 363 shares		990 080 shares	
Weight	Conditions	Weight	Conditions	Weight	Conditions	Weight	Conditions
80% of the shares granted	Two internal performance targets, they concern Like-for-like growth in Issue volume and Funds From Operations before non-recurring items (FFO).	80% of the shares granted	Two internal performance targets, they concern Like-for-like growth in Issue volume and Funds From Operations before non-recurring items (FFO).	75% of the shares granted	Two internal performance targets, they concern Like-for-like growth in Issue volume and Funds From Operations before non-recurring items (FFO).	75% of the shares granted	Two internal performance targets, they concern Like-for-like growth in Issue volume and Funds From Operations before non-recurring items (FFO).
20% of the shares granted	One market performance target, which concerns Edenred's total shareholder return (TSR) compared with the average TSR of the companies included in the SBF 120 index.	20% of the shares granted	One market performance target, which concerns Edenred's total shareholder return (TSR) compared with the average TSR of the companies included in the SBF 120 index.	25% of the shares granted	One market performance target, which concerns Edenred's total shareholder return (TSR) compared with the average TSR of the companies included in the SBF 120 index.	25% of the shares granted	One market performance target, which concerns Edenred's total shareholder return (TSR) compared with the average TSR of the companies included in the SBF 120 index.
Performance objectives were met for year 2015 and partially for year 2016 for Plan 5.		Performance objectives were partially met for year 2016 for Plan 6.		Performance objectives were partially met for year 2016 for Plan 7.		Performance objectives were partially met for year 2016 for Plan 8.	

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. To be noticed that for plans 1 to 7 and for French tax residents, the two-year lock-up period lead to a valuation of an illiquidity risk based on a loan to employee interest rate. The latest is equal to the interest rate applied by a credit institution to a private client with average financial capacities.

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



	2011	2012	2013	2014	2015	2016
Fair value of benefits for french residents	18.65	18.69	19.72	14.12	16.08	16.995
Fair value of benefits for non residents	17.78	17.61	19.18	14.58	15.91	16.995
Costs* in € millions related to performance share plans recognized	4,30	9,10	9,80	13,40	11,20	8,92

* With balancing entry in equity

9.2. PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS



IAS 19R:

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

The fair value of the plan asset intended to hedge retirement obligation and other long-term employee benefits is used in order to evaluate the amount of the liability related to them.

Pension and other retirement benefit obligation recognized in the balance sheet correspond to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent future economic benefits available for the Group, for instance in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined benefit obligation is recognized in the balance sheet under « Long-term provisions ».

For defined benefit plans, current and past service costs are recognized in « Operating expenses ».

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

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



Group employees receive 3 kinds of advantages:

- 1) **Short-term benefits:** paid vacation, paid sick leave and profit-shares;
- 2) **Long-term benefits:** long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses;
- 3) **Post-employment benefits**
 - a. Provided under defined contribution: Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans

include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.

- b. Defined benefit plans (end-of-career compensation, pension funds). For defined benefits plans, the group evaluates its obligation following IAS 19R "Employee Benefits" standards". These plans are characterized by the employer obligation toward the employees. If there are not entirely pre-funded, they must be provided for.

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

- Length-of-service awards in the Worldwide Structures (28% of the obligation at December 31, 2016) and in France (8% of the obligation at December 31, 2016):
 - These are lump-sum payments made to employees on retirement they are determined by reference to the employee's years of service and final salary.
 - The calculation is based on parameters defined by Corporate Finance and Human Resources of each year.
 - the related obligation is covered by a provision in the balance sheet;
- Length-of-service awards in Italy (5% of the obligation in 2016):
 - These are lump-sum payments made to employees when they retire, resign or are laid off. They are determined by reference to the employee's years of service and final salary.
 - the related obligation is covered by a provision in the balance sheet.
- Pensions: the main defined benefit pension plans are for employees in the United Kingdom (51% of the obligation in 2016), in the Worldwide Structures (17% of the obligation in 2016) and in Belgium (14% of the obligation in 2016). Pension benefit obligations are determined by reference to employees' years of service and final salary. They are funded by payments to external organizations that are legally separate from Edenred.
- The Edenred Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly in the classes of assets held in insurers' general portfolios managed according to conservative investment strategies.

Actuarial assumptions

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



2016	Rest of Europe					
	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries
Rate of futur salary increase	2.8%	5.0%	2.8%	2.0%	2.8%	2% - 6%
Discount rate	1.3%	2.8%	1.3%	1.3%	1.3%	2% - 7.2%



2015	Rest of Europe					
	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries
Rate of futur salary increase	3.0%	5,0%	3.0%	2.0%	3.0%	2% - 3.6%
Discount rate	2.0%	3.9%	2.0%	2.0%	2.0%	2% - 7%

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

In order to make the reading of the tables easier, Edenred decided to present only the non-zero and/or significant aggregates.

At December, 31 2016



(in € millions)	Pension plans	Other defined benefit plans (*)	Total
Present value of funded obligation	24	-	24
Fair value of plan assets	(17)	-	(17)
(Surplus) / Deficit	7	-	7
Present value of unfunded obligation	-	20	20
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	7	20	27

(*) Including length-of-service awards and loyalty bonuses

At December, 31 2015



(in € millions)	Pension plans	Other defined benefit plans (*)	Total
Present value of funded obligation	22	-	22
Fair value of plan assets	(17)	-	(17)
(Surplus) / Deficit	5	-	5
Present value of unfunded obligation	-	17	17
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	5	17	22

(*) Including length-of-service awards and loyalty bonuses

Funded status of post-employment defined benefit plans by region



(in € millions)	Pension plans								2016	2015	Total
	2016										
	France	United Kingdom	Belgium	Italy	Worldwide Structures*	Other countries	Total	Other plans	Total		
Projected benefit obligation at beginning of period	3	15	5	2	11	2	39	3	42	47	
Service costs	0	-	1	-	1	0	2	0	2	1	
Interest costs	0	1	0	0	0	0	1	0	1	1	
Past service costs	-	-	-	-	-	-	-	(1)	(1)	-	
Acquisitions/(Disposals)	-	-	-	-	-	-	-	-	-	1	
Benefits paid	(0)	(1)	(0)	-	-	0	(1)	(0)	(1)	(2)	
Actuarial (gains) losses	(0)	4	0	0	(1)	0	3	(0)	3	(8)	
Currency translation adjustment	-	(2)	-	-	-	(0)	(2)	0	(2)	-	
Total other	-	(0)	-	0	-	0	(0)	-	(0)	1	
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD	3	17	6	2	11	2	42	2	44	42	

*Impact on actuarial gains and losses mainly due to experience effect due to change in governance and financial impacts driven by discount rate decrease



Rest of Europe

(in € millions)	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2016	Total 2015
Fair value of plan assets at beginning of period	-	11	5	1	-	1	18	-	18	13
Financial income	-	1	0	-	-	(0)	1	-	1	1
Actual return on plan assets	-	-	-	-	-	-	-	-	-	1
Employer contributions	-	0	0	-	-	-	0	-	0	2
Benefits paid	-	(0)	(0)	-	-	-	(0)	-	(0)	1
Currency translation adjustment	-	(2)	-	-	-	(0)	(2)	-	(2)	1
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	-	10	5	1	-	1	17	-	17	18



Rest of Europe

(in € millions)	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2016	Total 2015
Plan deficit at beginning of period *	3	4	1	2	11	1	22	2	24	32
Provision at end of period	3	6	1	2	11	2	25	2	27	24
PLAN DEFICIT AT END OF PERIOD	3	6	1	2	11	2	25	2	27	24

(*) Including retirement benefits and loyalties bonus



Rest of Europe

(in € millions)	France	United Kingdom	Belgium	Italy	Worldwide Structures	Other countries	Total	Other plans	Total 2016	Total 2015
Service costs	1	-	0	-	1	0	2	1	3	1
Net interest income	0	0	0	(0)	1	(0)	1	(2)	(1)	1
COST OF THE PERIOD	1	0	0	(0)	2	0	3	(1)	2	2
Actuarial gains and losses recognized in equity	(0)	4	(0)	0	(1)	0	3	(0)	3	(8)

Charges in pension liabilities (including loyalty) between January 1, 2015 and December 31, 2016



<i>(in € millions)</i>	Amount
Liability at January 1, 2015	32
Cost for the year	2
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	(8)
Effect of changes in consolidation scope	-
Currency translation adjustment	(0)
Liability at December 31, 2015	24
Cost for the year	2
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	3
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
LIABILITY AT December 31, 2016	27

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

<i>(in € millions)</i>	December 2016	December 2015
Actuarial (gains) and losses - experience adjustments	(2)	(8)
Actuarial (gains) and losses - changes in demographical assumptions	0	(0)
Actuarial (gains) and losses - changes in financial assumptions	5	0
Fair value of plan assets	3	(8)

Sensitivity analysis

At December 31, 2016, a 0.5-point increase (decrease) in the discount rate would lead to a € 3 million decrease (increase) in the projected benefit obligation.

NOTE 10 : OTHER PROVISIONS AND OBLIGATIONS

10.1 . OTHER INCOME AND EXPENSES



The transactions concerned are not directly related to the management of continuing operations. Other income and expenses can be analysed as follows:

 (in € millions)	December 2016	December 2015
Movements on restructuring provisions	(5)	4
Restructuring costs and reorganization	(14)	(11)
Restructuring expenses	(19)	(7)
Impairment of goodwill	-	(2)
Impairment of assets	(15)	-
Total impairment losses	(15)	(2)
Others capital gains and losses	(0)	3
Provisions movements	(10)	(2)
Non-recurring gains and (losses), net	18	(15)
Other non-recurring income and expenses, net	8	(14)
TOTAL OTHER INCOME AND EXPENSES	(26)	(23)

Restructuring costs

Restructuring costs correspond to all the costs incurred in connection with Group restructuring operations as part of the implementation of “Fast Forward” strategy presented by the Group on October 19th, 2016.

Restructuring costs in 2016 correspond mainly to reorganization costs in several subsidiaries.

Impairment losses

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

In 2016, impairment of assets corresponds for € (7) million to impairment of an internally-developed IT platform and write-off of assets for € (8) million.

Other non-recurring income and expenses

Other non-recurring income and expenses were as follows:

- in 2016, mainly development fees related to acquisitions of the year for € (6) million, estimated impact of arbitration of ICSID dispute for €22 million (see Note 10.3), consulting fees for €(3) million and other non-recurring costs in subsidiaries;
- in 2015, mainly development fees for € (5) million, write-off of intangible assets for € (2) million and other non-recurring costs in subsidiaries.

10.2 . PROVISIONS



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

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



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

Movements in non-current provisions between January 1, 2016 and December 31, 2016 can be analysed as follows:



(in € millions)	December 2015	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	December 2016
- Provisions for pensions and loyalty bonuses	24	3	3	(1)	(1)	(0)	(0)	27
- Provisions for claims and litigation and other contingencies*	10	-	3	(1)	(0)	2	0	15
TOTAL NON-CURRENT PROVISIONS	34	3	6	(2)	(1)	2	0	42

*Including provision for non-current fiscal litigations

(in € millions)	December 2014	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	December 2015
- Provisions for pensions and loyalty bonuses	32	(8)	3	(2)	(1)	-	(0)	24
- Provisions for claims and litigation and other contingencies*	-	-	3	(0)	(1)	(3)	9	10
TOTAL NON-CURRENT PROVISIONS	32	(8)	6	(2)	(2)	(3)	9	34

*Including provision for non-current fiscal litigations

Movements in current provisions between January 1, 2016 and December 31, 2016 can be analysed as follows:




(in € millions)	December 2015	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	December 2016
- Provisions for tax litigations	1	-	0	-	-	0	0	1
- Restructuring provisions	1	-	7	(0)	(0)	0	-	7
- Provisions for claims and litigation and other contingencies	20	-	13	(4)	(1)	0	(1)	27
TOTAL CURRENT PROVISIONS	22	-	20	(4)	(1)	0	(1)	35

(in € millions)	December 2014	Impact on equity	Additions	Utilizations	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	December 2015
- Provisions for tax litigations	15	-	0	(8)	(0)	(0)	(6)	1
- Restructuring provisions	5	-	1	(4)	(0)	-	-	1
- Provisions for claims and litigation and other contingencies	20	-	6	(3)	(1)	0	(3)	20
TOTAL CURRENT PROVISIONS	40	-	7	(15)	(1)	(0)	(10)	22

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)	December 2016	December 2015
EBIT	(7)	(0)
Net financial expense	(1)	(1)
Restructuring costs and impairment losses	(10)	5
Income tax provisions	-	4
TOTAL	(18)	7

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 31 December 2008.

On 10 December 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 2 December 2010.

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

On 6 March 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 31 December 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 1 December 2010, and then from the Court of Cassation on 15 November 2011, requiring Fnac to stop distributing its single-brand card immediately. A similar order was issued against Conforama on 3 December 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 28 January 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 22 June 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 12 February 2014.

At the same time, based on the Paris Commercial Court's decision of 22 June 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 12 February 2014, the arbitral tribunal ruled on 15 April 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 14 March 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. Kering 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 claims are without merit, no provision has been set up in the Group's financial statements.

Antitrust disputes (France)

On 9 October 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 5 April 2016 and on 7 July 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 prejudices 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 13 December 2016, the tribunal sentenced Hungarian Government to pay to Edenred benefit approx. €23 million, excluding interests (5% per year starting 1 January 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 31 December 2016.

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 (€2.2 million), plus Brazilian reais 62.9 million (€18.4 million) in penalties and interest at 31 December 2016.

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, plus Brazilian reais 226.2 million in penalties and interest at 31 December 2016. 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 32.7 million.

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

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

On 10 November 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 12 November 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 at the end of 2017 or at the latest at the beginning of 2018.

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 (€15.6 millions), plus Brazilian reais 128.5 million (€37.5 million) in penalties and interest at 31 December 2016.

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, plus Brazilian reais 271.7 million in penalties and interest at 31 December 2016.

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, plus Brazilian reais 54.2million in penalties and interest at 31 December 2016.
- For 2012: The reassessment was Brazilian reais 16.3 million, plus Brazilian reais 34 million in penalties and interest at 31 December 2016.

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 14 August 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 in August 2014 of Slovakia's five vouchers' issuers by that country's competition authorities, the Slovak Competition Authority notified Edenred of an €850,000 fine. All the other issuers were notified of similar decisions. According to the procedure under Slovak competition law, Edenred appealed the decision before the administrative courts and the Supreme Court, contesting the lawfulness of the competition authorities' investigation procedure. An initial decision is expected in the first half of 2017. The amount of the fine was recognized in the Slovak entity's financial statements.

NOTE 11 : ADDITIONAL INFORMATION

11.1 . ADDITIONAL INFORMATION ABOUT JOINTLY CONTROLLED ENTITIES

Nothing

11.2 . RELATED PARTIES TRANSACTIONS

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

- All members of the Executive Committee and the members of their direct families;
- All companies in which a member of the Executive Committee holds material voting rights;
- Accor S.A.

All accounted for by the equity method

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

Members of the Executive Committee

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

Members of the Board of directors

The only wages paid to the members of the Board of Directors as compensation are the attendance fees. The total amount of attendance fees paid to the members of the Board of Directors for 2016 period amounts to €0.5 million. Chief Executive Officer does not receive any attendance fees, their wages being disclosed in Note 11.3.

Accor S.A.

Transactions with Accor S.A. during each of the two periods presented were not material.


11.3 . COMPENSATION PAID TO CORPORATE OFFICERS



<i>(in € millions)</i>	December 2016	December 2015
Short-term benefits	11	13
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	3	-
Share-based payments	6	4
TOTAL COMPENSATION	20	18

11.4 . AUDITOR'S FEES

The table below shows the total fees billed by the Auditors that were recognized in the income statement for the periods presented:




(In € millions)	Deloitte & Associés				Ernst & Young				Didier Kling & Associés			
	Amount		%		Amount		%		Amount		%	
	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015
Audit Fees related to accounts certification												
- Issuer	(0.5)	(0.6)	26%	16%	(0.3)	N/A	23%	N/A	N/A	(0.2)	N/A	100%
- Fully consolidated subsidiaries	(1.4)	(2.1)	71%	61%	(0.8)	N/A	65%	N/A	N/A	-	N/A	-
SUB-TOTAL	(1.9)	(2.7)	97%	77%	(1.1)	N/A	88%	N/A	N/A	(0.2)	N/A	100%
Fees related to other services provided												
- Issuer	(0.1)	(0.3)	3%	9%	-	N/A	0%	N/A	N/A	-	N/A	-
- Fully consolidated subsidiaries	(0.0)	(0.5)	0%	14%	(0.1)	N/A	12%	N/A	N/A	-	N/A	-
SUB-TOTAL	(0.1)	(0.8)	3%	23%	(0.1)	N/A	12%	N/A	N/A	-	N/A	-
TOTAL	(2.0)	(3.5)	100%	100%	(1.2)	N/A	100%	N/A	N/A	(0.2)	N/A	100%

11.5 . OFF BALANCE-SHEET COMMITMENTS

Granted off balance-sheet commitments

Off-balance sheet commitments granted to third parties amount to €187 million as of December 31, 2016 and to €161 million as of December 31, 2015.

December 31, 2016 amount breaks down as follows:



	December 2016				December 2015
	< 1 year	> 1 year <5 years	> 5 years	Total	
Voucher sale guarantees given to public sector	23	21	6	50	42
Bank bonds issued in Brazil	7	2	6	15	19
Bail bond issued within tax litigation on municipal tax in Brasil (ISS)	-	89	-	89	71
Capital commitments given to the Partech VI investment fund	4	7	-	11	9
Buying commitment	-	-	-	-	10
Bid bond issued in Venezuela	-	-	-	-	1
SUB-TOTAL	34	119	12	165	152
Others*	14	5	3	22	10
Total commitment given	48	124	15	187	161

*Mainly including rental commitment and deposits

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

Off balance-sheet commitments received

Off-balance sheet commitments received from third parties as of December 31, 2016 amounted to €5 million. They consisted mainly in guarantees received from clients in Brazil in exchange for post-payment facilities granted by Repom for the same amount.

NOTE 12 : UPDATE ON ACCOUNTING STANDARDS

12.1 . STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE EUROPEAN UNION AND MANDATORY FROM JANUARY 1, 2016

Standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2016 came into effect on January 1, 2016 and were adopted for use in the European Union as of that date.

Standard	Name of amendement	Summary	Edenred Impact
IAS 1	IAS 1 - Amendment by "Disclosure initiative"	The amendment is intended to clarify the note provisions regarding the concept of materiality and the application of professional judgment.	Edenred started a process of improvement.
IAS 16 & IAS 38	Clarification of acceptable methods of depreciation and amortisation	The amendment precises that a depreciation method that is based on revenue is not appropriate.	Non applicable to Edenred.
IAS 16 & IAS 41	"Bearer plants "	Those amendments modify financial information for bearer plants such as vines, rubbers and palm oil plantations.	Non applicable to Edenred.
IFRS 11	Accounting for acquisition of interests in a joint operations	This amendment defines how to account for an interest acquisition in a joint operation in which activity constitutes a business, as defined in IFRS 3 "Buisness combinations".	No material impact identified.
IAS 27	Application of equity method in separate financial statements	This amendment allows an entity to use equity method as described in IAS 28 to account for investments in subsidiaries, jointly controlled entities, and associates in separate financial statements.	No material impact identified.
IFRS 10, IFRS 12 and IAS 28	Amendment - Investment Entities: Applying the Consolidation Exception	The amendment clarify some points that have arisen in the context of applying the consolidation exception for investment entities.	Non applicable to Edenred.
Annual IFRS Improvements	2012-2014 Cycle	Four standards are concerned : 1) IFRS 5 "Non-current assets held for sale" 2) IFRS 7 "Financial instruments: disclosure" 3) IAS 19 "Employee benefits" 4) IAS 34 "Interim financial reporting"	No material impact identified.

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

12.2 . STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE EUROPEAN UNION THAT ARE APPLICABLE IN FUTURE PERIODS

Edenred has not chosen to early adopt the following standards, amendments and interpretations that had been adopted by the European Union as of December 31st, 2016 and are applicable for annual periods beginning after January 1st, 2016.

Standard	Substance	Name of amendment	European application expected on	Summary	Edenred Impact
IFRS 9	New standard	Financial instruments – classification and measurement	01/01/2018	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 provides good or services to customers at a price or rate that is subject to rate regulation.	Since the group already apply IFRS standards it is not in the scope of IFRS 14.
IFRS 15	New standard and clarification	Revenue from ordinary activities from contracts with customers	01/01/2018	IFRS 15 introduces a single model of revenue recognition from customer's contracts.	The Group has started the analysis of the standard in order to define an action plan able to reach requirements and challenges. For now, potential impacts are not identified.
IFRS 16	New standard	Lease	01/01/2019	IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases.	The standard and potential impacts are under analysis.
IFRS 10 & IAS 28	Amendment	Sale or contribution of assets between an investor and its associate or Joint venture	Reported	The amendment narrows the discrepancy between the two standards and clarifies that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business as defined in IFRS 3R.	Non applicable to Edenred.
IAS 7***	Amendment	Disclosure initiative	01/01/2017	The amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities, whether it is link to cash-flow statement or not.	Edenred's cash-flow statement disclose a separate category named "financing activity".
IAS 12***	Amendment	"Recognition of deferred tax assets for unrealised losses "	01/01/2017	The amendment clarifies how to evaluate if a deferred tax asset should be recognised for unrealised losses.	The standard and potential impacts are under analysis.
IFRS 2	Amendment	Classification and Measurement of Share-based Payment Transactions	01/01/2018	The amendment adds a guidance about: 1) Effects of vesting conditions on the measurement of a cash-settled share-based payment 2) Accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled 3) Classification of share-based payment transactions with net settlement features	As settled Edenred's plan are not impacted by the scope of the amendment.
IFRS 4	Amendment	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01/01/2018	The amendment provides two options for entities that issue insurance contracts within the scope of IFRS 4 : "Overlay approach" and "Deferral approach".	Edenred does not issue insurance contract, thus this amendment does not apply to Edenred.
IAS 40	Amendment	Transfert of investment property	01/01/2018*	The amendment provides a guidance for applying the paragraph 57 regarding transfert of real estate good "to" or "from" investment properties.	No material impacts identified.
Annual IFRS Improve-ments	Amendment	2014-2016 Cycle	01/01/2017*	Only one standard is in the scope, IFRS 12 " Disclosure of interests in other entities".	No material impacts identified.
Annual IFRS Improve-ments	Amendment	2014-2016 Cycle	01/01/2018*	Two standards are in the scope : 1) IFRS 1 " First-time adoption of IFRS" 2) IAS 28 " Investments in associates and Joint Venture"	No material impacts identified.
IFRIC 22	Interpretation	Foreign currency transaction and Advance consideration	01/01/2018*	The interpretation clarifies which exchange rate should be applied for accounting transactions that include the receipt or payment of advance consideration in a foreign currency.	Group standards of Edenred follow the interpretation.

* Not yet approved by EU

** EU consider this standard as transitory, thus it has been decided to not enter into an approbation process

*** Applicable by anticipation

Focus IFRS 15

The Group applied a project methodology to analyze differences between the new standard IFRS 15 - “Revenue from ordinary activities from contracts with customers” and the existing standard IAS 18 – “Revenue”. The project had 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 two is under completion.

NOTE 13 : GLOSSARY

13.1 . OPERATING PROFIT BEFORE TAX



Operating profit before tax corresponds to profit after income and expenses that are unusual in terms of their amount and frequency that do not relate directly to the Group's ordinary activities.

13.2 . OPERATING PROFIT BEFORE TAX AND NON RECURRING ITEMS



Operating profit before tax and non-recurring items corresponds to the results of operations of the Group's businesses less the related financing cost. Net financial expense represents an integral part of operating profit before tax and non-recurring items, as it contributes to the performance indicator used by Edenred in its investor communications.

13.3 . STATEMENT OF CASH FLOWS



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

Cash flows from operating activities include:

- Funds from ordinary activities, before non-recurring items;
- Cash received and paid on non-recurring transactions;
- Changes in working capital;
- Changes in restricted cash.

Cash flows from investing activities comprise:

- Recurring expenditure to maintain in a good state of repair operating assets held at January 1 of each year;
- Development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- Proceeds from disposals of assets.

Cash flows from financing activities include:

- Changes in equity;
- Changes in debt;
- Dividend payments;
- Purchases/sales of treasury shares;
- Acquisition of non-controlling interests.

13.4 . OTHER NON-CURRENT FINANCIAL ASSETS



Investments in non-consolidated companies are classified as "Available-for-sale financial assets" and are therefore measured at fair value. If their fair value can be reliably estimated, they are measured at fair value through equity.

If no reliable estimate can be made, they are measured at historical cost, corresponding to the acquisition price plus transaction costs.

When there is objective evidence that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized in the income statement. If the recoverable amount subsequently represents more than the carrying amount, the impairment loss may be reversed.

13.5 . LIKE-FOR-LIKE GROWTH



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 et 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.