



2019
HALF-YEAR
FINANCIAL REPORT

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HALF-YEAR MANAGEMENT REPORT

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I. First-Half 2019 results

1.1 . INTRODUCTION

First-half 2019 saw **Continued double-digit growth across all business lines, and sharp increase in earnings**

Double-digit growth in first-half earnings, as reported and like-for-like:

- **Total revenue** up 14.6% like-for-like and up 16.8% as reported to €777 million
- **EBITDA¹** up 14.6% like-for-like and up 23.0% as reported to €310 million
- **Net profit, Group share** up 17.9% to €146 million

Like-for-like, Edenred's performance in first-half 2019 exceeded its annual growth targets:

- **Operating revenue:** up 14.4% (annual target: above 7%)
- **Operating EBIT²:** up 14.9% (annual target: above 9%)
- **Funds from operations (FFO)³:** up 22.8% (annual target: above 10%)

Confident about its outlook for the second half of the year, Edenred is expecting **record EBIT of between €520 million and €550 million⁴** for full-year 2019, compared with €461 million in 2018.

Due to the current situation in Venezuela, the like-for-like performance and the currency effect are temporarily calculated excluding the country.

¹ Total revenue less operating expenses (excluding depreciation, amortization and provisions).

² EBIT adjusted for other revenue.

³ Before other income and expenses.

⁴ Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the closing rate on June 30, 2019.

At its meeting on July 22, 2019, the Board of Directors reviewed the Group's consolidated financial statements for the six months ended June 30, 2019.

First-half 2019 key financial metrics:

(in € millions)	First-half 2019	First-half 2018	% change (reported)	% change (like-for-like)
Operating revenue	748	640	+16.8%	+14.4%
Other revenue (A)	29	25	+15.6%	+19.1%
Total revenue	777	665	+16.8%	+14.6%
EBITDA	310	251	+23.0%	+14.6%
Operating EBIT (B)	220	190	+15.6%	+14.9%
EBIT (A + B)	249	215	+15.6%	+15.4%
Net profit, Group share	146	124	+17.9%	

1.2 . ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

1.2.1 Total income

Total revenue for first-half 2019 amounted to **€777 million**, representing a like-for-like increase of 14.6% on the previous year. Reported growth was 16.8% for the period, including a positive 4.4% scope effect linked to the acquisitions made in recent months, an unfavorable 2.1% currency effect, and a slightly negative 0.1% impact relating to Venezuela.

1.2.1.1 Operating revenue

Operating revenue for the first six months of 2019 came in at €748 million, up 14.4% like-for-like. Reported operating revenue growth was 16.8% for the period, including a positive 4.5% scope effect, an unfavorable 2.1% currency effect and a negative 0.1% impact relating to Venezuela.

Following on from the results achieved in 2018, Edenred delivered double-digit organic operating revenue growth in the first half of the year in each of its business lines and in each of the regions in which the Group operates.

This performance illustrates the effectiveness of the growth drivers activated in the area of business excellence, including the roll-out of a multi-channel, multi-product sales strategy, notably focused on SMEs. It also reflects the opportunities created by the Group's recent achievements in digital and product innovation, made possible by the resources allocated to rapidly enhancing its global technology platform. This has enabled Edenred to speed up both the international expansion of its mobile payment programs, which are now available in 16 countries, and the adoption of its app-to-app payment technologies in France and Belgium. Furthermore, the Group has also continued to enhance its product portfolios in all of its business lines, from employee engagement platforms to value-added services related to mobility and corporate expense management.

Lastly, Edenred has significantly strengthened its Corporate Payment Services offering with the acquisition of CSI in the United States.



- **Operating revenue by business line**

(in € millions)	First-half 2019	First-half 2018	% change (reported)	% change (like-for-like)
Employee Benefits	472	420	+12.2%	+14.2%
Fleet & Mobility Solutions	192	161	+19.3%	+15.4%
Complementary Solutions	84	59	+43.1%	+13.2%
Total	748	640	+16.8%	+14.4%

The **Employee Benefits** business line generated **€472 million** in operating revenue in first-half 2019, representing a like-for-like increase of **14.2%** (+12.2% as reported) and accounting for **63%** of the consolidated total. In addition to strong organic growth, the first half was also shaped by the integration of employee engagement platforms Easy Welfare in Italy as well as Merits & Benefits and Ekvita in Belgium. These innovative digital platforms are designed to meet growing demand from companies that want to improve their employees' loyalty, motivation and purchasing power. Via these portals, employees have access to a wide range of flexible, personalized employee benefits, as well as promotional offers from a network of partner merchants. These acquisitions round out the portfolio of solutions offered by Edenred, which already operates in this segment in France, Italy, the United Kingdom and the Czech Republic.

In the **Fleet & Mobility Solutions** business line, which accounts for **26%** of the Group's business, operating revenue rose **15.4%** like-for-like over the period (+19.3% as reported) to **€192 million**. Edenred has deployed a number of effective tools to boost its sales, notably in the SME segment. New contracts were signed during the first half, including with oil and gas company BP in Mexico and retailer Carrefour in France. In Europe, the swift ramp-up of the light fleet offering continued during the period and, in Latin America, the innovative corporate expense management solution Empresarial enjoyed ongoing success. Edenred's revenue for the first half also included, for the first time, contributions from TRFC in the United Kingdom.

The **Complementary Solutions** business line, which includes Corporate Payment Services, Incentive & Rewards and Public Social Programs, generated operating revenue of **€84 million** for the period, versus €59 million for first-half 2018. The sharp 43.1% increase recorded in the first half was above all attributable to the contribution of CSI, a leading provider of automated corporate payment software in North America, which Edenred acquired in early 2019. Organic growth in Complementary Solutions came to **13.2%** and notably reflected the ramp-up of the Corporate Payment Services offering, which now includes virtual payment cards, solutions for the settlement of accounts payable, solutions dedicated to business travel expenses, fund transfer solutions and tailor-made programs such as the one developed for the IATA.

- **Operating revenue by region**

(in € millions)	First-half 2019	First-half 2018	% change (reported)	% change (like-for-like)
Europe	422	362	+16.4%	+13.6%
Latin America	266	243	+9.9%	+14.5%
Rest of the World	60	35	+68.9%	+22.1%
Total	748	640	+16.8%	+14.4%

In **Europe**, operating revenue rose by **13.6%** like-for-like (+16.4% as reported) to **€422 million**. The region represented **56%** of Group operating revenue.

In **France**, operating revenue amounted to **€128 million**, an increase of **8.6%** like-for-like and as reported. In the Employee Benefits business line, strong growth in Ticket Restaurant program was driven by new client wins, notably in the SME segment, and by the migration during the period of 60,000 CM-CIC meal card users to Edenred's digital platform. The various innovations implemented, such as mobile payment and direct payment on meal delivery platforms, have made the Ticket Restaurant program even more attractive, with more than 900,000 holders of the Ticket Restaurant card in France now enjoying access to these digital functions. Edenred France also benefited from the good ramp-up of its ProwebCE employee engagement platform and of white-label fuel card solutions for large retailers such as Carrefour and Intermarché.

Operating revenue in **Europe excluding France** was up **15.9%** like-for-like during the period (+20.1% as reported) to **€294 million**. Edenred's performance was boosted by the ongoing digitization of its solutions and distribution channels, which is driving both easier access to the still under-penetrated SME market and improvements in the marketing mix across all business lines. UTA pursued its pan-European expansion strategy during the period, with an offering strengthened by new toll payment and vehicle maintenance services. Lastly, the first-half revenue figure reflects the recent acquisitions of TRFC in the United Kingdom and Easy Welfare in Italy, as well as Merits & Benefits and Ekivita in Belgium.

Operating revenue amounted to **€266 million** in **Latin America**, up **14.5%** like-for-like (+9.9% as reported). The region represented **36%** of Group operating revenue.

In **Brazil**, operating revenue rose by **12.3%** like-for-like (+7.1% as reported) in the first six months of the year. In Employee Benefits, Edenred succeeded in attracting new clients, in an environment where unemployment remains high. The business line benefited from a favorable basis of comparison in first-half 2019, because its gradual recovery got underway during the second quarter of 2018. In addition, Fleet & Mobility Solutions recorded strong sales growth during the period, in a still relatively untapped market where Edenred is enhancing its business model with new product initiatives, such as toll payment and vehicle maintenance solutions.

In **Hispanic Latin America**, operating revenue climbed **20.4%** like-for-like in first-half 2019 (+17.3% as reported). This sustained growth was achieved by winning over new clients, notably in the SME segment, in both Employee Benefits and Fleet & Mobility Solutions. In the latter business line, the Group strengthened its leadership position in Mexico during the period by signing exclusive contracts, including with BPfleet. It also replicated various successful programs in other countries in the region, such as Ticket Car and Empresarial. Lastly, the region's first-half 2019 performance benefited from a favorable basis of comparison.

In the **Rest of the World**, operating revenue amounted to **€60 million**, up 68.9% as reported. In addition to the integration of CSI in North America early in the period, the region's results also reflected strong organic growth of **22.1%**, driven notably by solid performances in the payroll card market in the United Arab Emirates and by innovative Incentive & Rewards programs in Taiwan.

1.2.1.2 Other revenue

Other revenue came to €29 million, up **19.1% like-for-like** and up 15.6% as reported. The increase was partly due to a further rise in the float⁵, reflecting the good momentum in the Group's various business

⁵ The float corresponds to a portion of the operating working capital from the preloading of funds by corporate clients.

lines. First-half 2019 also saw a slight rise in interest rates in certain European countries outside the eurozone. Lastly, other revenue benefited from a favorable basis of comparison.

1.2.2 EBITDA

EBITDA amounted to **€310 million** in first-half 2019, versus €251 million in the prior-year period, up **14.6% like-for-like** and up 23.0% as reported. EBITDA margin came in at 39.9%, up 2 points year-on-year.

1.2.3 EBIT

EBIT for the first six months of the year rose 15.6% as reported to **€249 million**. Like-for-like, it advanced by €34 million, or 15.4%. The currency effect reduced EBIT by 3.1%, while the scope effect increased it by €7 million during the period, i.e., by 3.3%.

The EBIT figure of €249 million for first-half 2019 comprises operating EBIT of €220 million and other revenue of €29 million.

Operating EBIT rose 15.6% as reported, and **14.9% like-for-like**, to **€220 million**.

- **Operating EBIT by region :**

(in € millions)	First-half 2019	First-half 2018	% change (reported)	% change (like-for-like)
Europe	130	110	+17.5%	+13.2%
Latin America	91	85	+7.9%	+12.8%
Rest of the World	7	2	+225.6%	+102.6%
Holding and others	(8)	(7)	+13.6%	-14.0%
Total	220	190	+15.6%	+14.9%

In Europe, operating EBIT rose 13.2% like-for-like and 17.5% as reported. In Latin America, growth in operating EBIT came to 12.8% like-for-like and 7.9% as reported, notably reflecting an improved performance in Brazil. On a reported basis, the region was impacted by a negative currency effect.

The Group's operating EBIT margin came to 29.4% in first-half 2019. Like-for-like, the 0.1-point improvement in operating margin was the result of good operating leverage, partly offset by the reinvestment of some productivity gains in technology and innovation, which help to drive the Group's growth. As reported, operating EBIT margin decreased by a slight 0.3 of a point, including the accretive impact of the recent acquisitions and the negative impact of the currency effect on the geographic mix.

1.2.4 Financial result

Net financial expense amounted to **€14 million** in first-half 2019 compared with €15 million in the year-earlier period.

Finance costs for the period totaled €29 million in first-half 2019, while the effects of hedging instruments and interest income from the investment of available cash and from marketable securities came to €22 million, leading to net finance costs of €7 million.

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

1.2.5 Operating Profit before tax

Profit before tax stands at **229 million** versus €203 million at June 30, 2018.

1.2.6 Income tax expense

Income tax expense stood at **€69 million** for the period, versus €61 million in first-half 2018. The calculation is available hereafter chapter 2, Note 7 to the consolidated financial statements.

The effective tax rate declined from 30.4% in first-half 2018 to 30.1% in the six months to June 30, 2019.

1.2.7 Net profit

Net profit, Group share stood at €146 million for first-half 2019, up 17.9% from the prior-year period.

Other income and expenses amounted to a net expense of €12 million, versus a net expense of €3 million in first-half 2018, and notably included €4 million in non-recurring expenses, corresponding to acquisition-related costs.

Net profit also takes into account a net financial expense of €14 million, a net income tax expense of €69 million and non-controlling interests, which represented an expense of €14 million in the first half of 2019.

1.3 . LIQUIDITY AND FINANCIAL RESOURCES

1.3.1 Cash flows⁶

<i>(in € millions)</i>	June 2019	June 2018
Net profit Group share	146	124
Non-controlling interests	14	18
Share from associates investments	(6)	(6)
Depreciation, amortization and provision expenses	67	34
Deferred taxes	8	7
Expenses related to share-based payments	7	7
Non cash impact of other income and expenses	(14)	(1)
Difference between income tax and income tax expense	6	-
Dividends received from tax paid and income tax expense	9	12
(Gains)/losses on disposals of assets, net	1	1
Other income and expenses (including restructuring costs)	27	4
Funds from operations before other income and expenses (FFO)	264	200
Change in float	(256)	(270)
Change in restricted cash	(132)	(121)
Change in working capital (excl. float)	148	83
Recurring capex	(37)	(37)
Free cash flow	(13)	(145)
External acquisitions	(751)	(149)
Dividends paid (1)	(80)	(127)
Capital increase	4	7
Purchase of treasury shares	0	(30)
Currency effects and Other non-recurring items	(40)	(50)
(Increase)/decrease in net debt – before IFRS 16	(880)	(494)
Impact of IFRS 16	(91)	0
(Increase)/decrease in net debt	(971)	(494)

(1) Including cash dividends paid to owners of the parent for €62 million (€0.86 per share) and cash dividends paid to non-controlling interests in subsidiaries for €18 million.

The Edenred business model generates significant cash flows. In first-half 2019, **funds from operations before other income and expenses (FFO) totaled €264 million**, versus €200 million in the prior-year period. Growth in FFO came to 32.6% as reported and 22.8% like-for-like.

⁶ Consolidated statement of cash flows are available chapter 2, page 29.

1.3.2 Working capital requirement

Negative working capital requirement at June 30, 2019 increased by €550 million compared with June 30, 2018.

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

1.3.3 Net Debt

The Group had net debt of €1.63 billion at June 30, 2019, versus €1.19 billion at end-June 2018. Thanks to strong free cash flow generation of €567 million over the past 12 months, Edenred was able to carry out several significant acquisitions during this period, representing a total of €798 million. This amount primarily reflects the acquisitions of CSI and TRFC, which were both completed in January 2019. The change in net debt also includes €91 million in shareholder returns, a €91 million accounting impact relating to the application of IFRS 16 and €27 million in currency effects and non-recurring items.

Bonds

At June 30, 2019, the Group's gross outstanding bond position amounted to €1,975 million. At December 31, 2018, the gross outstanding bond position amounted to €1,975 million. Details are presented part 6.4 chapter 2.

Other non-bank debt

At June 30, 2019, the €250 million Schuldschein private placement represented different tranches of maturity and rates. Details are presented part 6.4 chapter 2.

Bank borrowings

Outstanding bank borrowings at June 30, 2019 amounted to €41 million.

NEU CP program

In April 2019, Edenred raised the cap on its Negotiable European Commercial Paper (NEU CP) program to €750 million, compared with the €500 million authorization in place since March 2018. At June 30, 2019, non-current debt outstanding under the program stood at €544 million.

1.3.4 Equity

Equity represented a negative amount of **€1,338 million** at June 30, 2019 and €1,451 million at December 31, 2018. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend paying ability.

Further information about changes in consolidated equity is presented in the condensed half-year consolidated financial statements for the six months ended June 30, 2019, chapter 2, section 1.3.

1.4 . SIGNIFICANT EVENTS OF FIRST-HALF 2019

- **Edenred completes the acquisition of CSI and that of TRFC**

In early January, Edenred completed its acquisition of Corporate Spending Innovations ("CSI"), one of the leading providers of automated corporate payment software in North America. The Group also announced that it had finalized the same month the acquisition of 80% of the share capital of The Right Fuelcard Company ("TRFC") group, the number four fuel card program manager in the United Kingdom.



The two companies have been fully consolidated in Edenred's financial statements since January 1, 2019.

- **Edenred acquires employee engagement platforms in Italy and Belgium**

In May 2019, Edenred acquired Easy Welfare, the number one operator of employee engagement platforms in Italy. The deal follows on from the dual acquisition in January of Belgium-based Merits & Benefits and Ekivita, the local market leaders in employee engagement platforms. With these transactions, Edenred is addressing the increasing demand from companies that want to improve employees' loyalty, motivation and purchasing power.

Edenred is already operating in this segment in France, the United Kingdom, Italy and the Czech Republic. These acquisitions multiply opportunities for cross-selling and enhance the Group's portfolio of Employee Benefits.

The acquisition of these three companies will be accretive to Edenred's EBIT as of 2019.

- **Exclusive partnership with Itaú Unibanco in Brazil approved by anti-trust authorities**

The relevant authorities in Brazil, namely the Brazilian Central Bank (BACEN) and the national anti-trust authority (CADE), have approved the exclusive partnership agreement signed in September 2018 with Itaú Unibanco, the largest privately owned bank in Brazil. The agreement relates to the distribution of Edenred's Employee Benefits in Brazil.

The objective of the partnership is to combine Edenred's unique industry know-how with Itaú Unibanco's outstanding reach and strong corporate customer relationships, with the aim of accelerating Edenred's growth in the highly attractive Brazilian employee benefits market.

In addition, Itaú Unibanco will become a minority shareholder holding an 11% stake in Ticket Serviços to further cement the business partnership.

The deal will be accretive to Edenred's EBITDA from the first year after closing, which is expected to take place during summer 2019.

II. Outlook

Backed by a sustained first-half performance, Edenred reiterates its confidence in the full year and confirms the Fast Forward strategy's medium-term targets for 2019, namely:

- like-for-like growth in operating revenue of more than 7%;
- like-for-like growth in operating EBIT of more than 9%;
- like-for-like growth in funds from operations before other income and expenses (FFO) of more than 10%.

In the second half of the year, the Group expects to see sustained business growth in all regions and all business lines.

Edenred will also reap rewards from the integration and ramp-up of recent acquisitions and partnerships, with employee engagement platforms and indirect distribution channels to accelerate growth in Employee Benefits, an expansion of the multi-brand offering in Fleet & Mobility Solutions in Europe, and entry into the North American Corporate Payment market, which is undergoing a digital transition.

Edenred will confirm its ambition of being a digital leader in its industry by pursuing its innovation and acquisitions strategy, with the aim of offering new products and services that meet growing needs in the



working world. The Group is on track to improve efficiency and offer the best possible customer and user experience, thereby generating profitable and sustainable growth.

In light of this, Edenred is targeting record EBIT of between €520 million and €550 million⁷ for full-year 2019, versus €461 million in 2018.

III. Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the "Risk Factors" section of the 2018 Registration Document filed with French securities regulator AMF on March 28, 2019. The amounts relating to market and financial risks at 30 June 2019 are described in the note 6.6 in section "Notes to financial statements" of this Half-year Report. Furthermore, claims and litigation are presented in the note 10.3 in section "Notes to financial statements" of this Half-year Report.

IV. Main related party transactions

There were no material changes in related party transactions during the half year of 2019.

V. Subsequent events

Appointment to the Executive Committee

On July 15, 2019, Marie-Laurence Bouchon was appointed Vice President, Communications of Edenred and became a member of the Group Executive Committee. She is responsible for internal and external Group communications.

VI. GLOSSARY

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

a) Main terms

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

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

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

⁷ Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the closing rate on June 30, 2019.

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

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

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

- **Business volume:**

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

- **Issue volume:**

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

- **Transaction volume:**

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

b) Alternative performance measurement indicators included in the June 30, 2019 interim Financial Report

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

Indicator	Reference note in Edenred's 2019 condensed interim consolidated financial statements
Operating revenue	<p>Operating revenue corresponds to:</p> <ul style="list-style-type: none"> • operating revenue generated by prepaid vouchers managed by Edenred, • and operating revenue from value-added services such as incentive programs, human services and event-related services. It corresponds to the amount billed to the client company and is recognized on delivery of the solutions.
Other revenue	<p>Other revenue is interest generated by investing cash over the period between:</p> <ul style="list-style-type: none"> • the issue date and the reimbursement date for vouchers, • and the loading date and the redeeming date for cards. <p>The interest represents a component of operating revenue and as such is included in the determination of total revenue.</p>
EBITDA	<p>This aggregate corresponds to total revenue (operating revenue and other revenue) less operating expenses.</p>



EBIT

This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating revenue and other revenue) less operating expenses, depreciation, amortization (mainly intangible assets, internally generated or acquired assets) and non-operating provisions. It is used as the benchmark for determining senior management and other executive compensation as it reflects the economic performance of the business.

EBIT excludes the net profit from equity-accounted companies and excludes the other income and expenses booked in the "Operating profit including share of net profit from equity-accounted companies".

Other income and expenses

See Note 10.1 of consolidated financial statements

Funds from operations (FFO)

See consolidated statement of cash flows (Part 1.4)

c) Alternative performance measurement indicators not included in the June 30, 2019 interim Financial Report**Indicator****Definitions and reconciliations with Edenred's 2019 condensed interim consolidated financial statements****Operating EBIT**

Corresponds to EBIT adjusted for other revenue.

As per the consolidated financial statements, operating EBIT as of June 30, 2019 amounted to €220 million, comprising:

- €249 million in EBIT
 - minus €29 million in other revenue.
-

VII. APPENDICES

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

Operating revenue

In € millions	Q1		Q2		FY	
	2019	2018	2019	2018	2019	2018
Europe	213	183	209	179	422	362
<i>France</i>	69	63	59	55	128	118
<i>Rest of Europe</i>	144	120	150	124	294	244
Latin America	128	119	138	124	266	243
Rest of the world	28	17	32	18	60	35
Total	369	319	379	321	748	640

In %	Q1		Q2		FY	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+16.4%	+13.8%	+16.4%	+13.4%	+16.4%	+13.6%
<i>France</i>	+9.0%	+9.0%	+8.2%	+8.2%	+8.6%	+8.6%
<i>Rest of Europe</i>	+20.3%	+16.3%	+20.0%	+15.6%	+20.1%	+15.9%
Latin America	+7.3%	+13.9%	+12.5%	+15.1%	+9.9%	+14.5%
Rest of the world	+64.1%	+20.9%	+73.5%	+23.1%	+68.9%	+22.1%
Total	+15.6%	+14.2%	+18.1%	+14.6%	+16.8%	+14.4%

Other revenue, formerly financial revenue

In € millions	Q1		Q2		FY	
	2019	2018	2019	2018	2019	2018
Europe	4	4	4	3	8	7
<i>France</i>	2	2	1	1	3	3
<i>Rest of Europe</i>	2	2	3	2	5	4
Latin America	9	8	9	8	18	16
Rest of the world	1	1	2	1	3	2
Total	14	13	15	12	29	25

In %	Q1		Q2		FY	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+11.9%	+12.0%	+28.5%	+28.8%	+20.0%	+20.2%
<i>France</i>	-1.3%	-1.3%	-1.4%	-1.4%	-1.4%	-1.4%
<i>Rest of Europe</i>	+24.0%	+24.1%	+56.2%	+56.7%	+39.6%	+39.9%
Latin America	+1.9%	+5.4%	+17.2%	+17.2%	+9.3%	+11.1%
Rest of the world	+42.5%	+66.0%	+59.3%	+90.0%	+50.9%	+78.0%
Total	+7.9%	+12.0%	+23.9%	+26.7%	+15.6%	+19.1%

Total revenue

In € millions	Q1		Q2		FY	
	2019	2018	2019	2018	2019	2018
Europe	217	187	213	182	430	369
<i>France</i>	71	65	60	56	131	121
<i>Rest of Europe</i>	146	122	153	126	299	248
Latin America	137	127	147	132	284	259
Rest of the world	29	18	34	19	63	37
Total	383	332	394	333	777	665

In %	Q1		Q2		FY	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+16.3%	+13.7%	+16.6%	+13.6%	+16.5%	+13.7%
<i>France</i>	+8.7%	+8.7%	+7.9%	+7.9%	+8.4%	+8.4%
<i>Rest of Europe</i>	+20.3%	+16.4%	+20.5%	+16.2%	+20.4%	+16.3%
Latin America	+6.9%	+13.3%	+12.8%	+15.3%	+9.9%	+14.3%
Rest of the world	+62.9%	+23.5%	+72.8%	+26.8%	+67.9%	+25.2%
Total	+15.3%	+14.1%	+18.3%	+15.0%	+16.8%	+14.6%

EBITDA, EBIT and Operating EBIT

In € millions	H1 2019	H1 2018	Change reported	Change L/L
Europe	168	135	+24.8%	+13.3%
<i>France</i>	42	36	+17.0%	+5.5%
<i>Rest of Europe</i>	126	99	+27.5%	+16.1%
Latin America	129	116	+11.1%	+11.8%
Rest of the world	18	6	+215.7%	+66.7%
Holding and others	(5)	(6)	+12.5%	-27.6%
EBITDA	310	251	+23.0%	+14.6%

In € millions	H1 2019	H1 2018	Change reported	Change L/L
Europe	138	117	+17.6%	+13.6%
<i>France</i>	31	30	+4.5%	+4.5%
<i>Rest of Europe</i>	107	87	+22.2%	+16.7%
Latin America	109	101	+8.1%	+12.5%
Rest of the world	10	4	+137.4%	+90.2%
Holding and others	(8)	(7)	+13.6%	-14.0%
EBIT	249	215	+15.6%	+15.4%

In € millions	H1 2019	H1 2018	Change reported	Change L/L
Europe	130	110	+17.5%	+13.2%
<i>France</i>	28	27	+5.2%	+5.2%
<i>Rest of Europe</i>	102	83	+21.4%	+15.7%
Latin America	91	85	+7.9%	+12.8%
Rest of the world	7	2	+225.6%	+102.6%
Holding and others	(8)	(7)	+13.6%	-14.0%
Operating EBIT	220	190	+15.6%	+14.9%

Summarized balance sheet

In € millions			
ASSETS	June 2019	Dec. 2018	June 2018
Goodwill	1,604	976	965
Intangible assets	606	432	427
Property, plant & equipment	139	52	48
Investments in associates	64	66	55
Other non-current assets	144	123	124
Float	2,158	1,949	1,783
Working capital excl. float (assets)	277	233	228
Restricted cash	1,574	1,402	1,248
Cash & other financial current assets	1,607	2,037	1,342
TOTAL ASSETS	8,173	7,270	6,220

In € millions			
LIABILITIES	June 2019	Dec. 2018	June 2018
Total equity	(1,338)	(1,451)	(1,569)
Gross debt and other financial liabilities	3,237	2,696	2,532
Provisions and deferred tax	244	215	201
Vouchers in circulation (Float)	4,908	4,959	4,355
Working capital excl. float (liabilities)	1,122	851	701
TOTAL LIABILITIES	8,173	7,270	6,220

	June 2019	Dec. 2018	June 2018
Total working capital	3,595	3,628	3,045
Of which float:	2,750	3,010	2,572





CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

I. CONSOLIDATED FINANCIAL STATEMENT

1.1 . CONSOLIDATED INCOME STATEMENT

1.2 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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1.3.1. CONSOLIDATED ASSETS

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1.4 . CONSOLIDATED STATEMENT OF CASH FLOWS

1.5 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

II. NOTES ANNEXES AUX COMPTES CONSOLIDES

I. CONSOLIDATED FINANCIAL STATEMENT

1.1 . CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	First-half 2019	First-half 2018
Operating revenue	4.2	748	640
Other revenue	4.2	29	25
Total revenue	4.2	777	665
Operating expenses	4.3	(467)	(414)
Depreciation, amortization and impairment losses	5.5	(61)	(36)
Operating profit before other income and expenses (EBIT)	4.1	249	215
Share of net profit from equity-accounted companies	5.4	6	6
Other income and expenses	10.1	(12)	(3)
Operating profit including share of net profit from equity-accounted companies		243	218
Net financial expense	6.1	(14)	(15)
Profit before tax		229	203
Income tax expense	7	(69)	(61)
NET PROFIT		160	142
Net profit attributable to owners of the parent		146	124
Net profit attributable to non-controlling interests		14	18
Weighted average number of shares outstanding (in thousands)	8	240,133	234,602
Earnings per share attributable to owners of the parent (in €)	8	0.61	0.53
Diluted earnings per share (in €)	8	0.60	0.52

1.2 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Notes	First-half 2019	First-half 2018
Net profit		160	142
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.5	21	(76)
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income		12	(6)
Tax on items that may be subsequently reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined-benefit plans		-	-
Tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		33	(82)
TOTAL COMPREHENSIVE INCOME		193	60
Comprehensive income attributable to owners of the parent		178	46
Comprehensive income attributable to non-controlling interests		14	14

1.3 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated assets

<i>(in € millions)</i>	Notes	June 30, 2019	Dec. 31, 2018
Goodwill	5.1	1,604	976
Intangible assets	5.2	606	432
Property, plant and equipment	5.3	139	52
Investments in equity-accounted companies	5.4	64	66
Non-current financial assets	6.2	78	48
Deferred tax assets		66	75
TOTAL NON-CURRENT ASSETS		2,557	1,649
Trade receivables	4.4	2,082	1,875
Inventories, other receivables and accruals	4.4	353	307
Restricted cash	4.5	1,574	1,402
Current financial assets	6.2/6.5	120	46
Other marketable securities	6.3/6.5	644	654
Cash and cash equivalents	6.3/6.5	843	1,337
TOTAL CURRENT ASSETS		5,616	5,621
TOTAL ASSETS		8,173	7,270

Consolidated equity and liabilities

<i>(in € millions)</i>	Notes	June 30, 2019	Dec. 31, 2018
Issued capital		487	479
Treasury shares		(1)	(22)
Consolidated retained earnings (accumulated losses)		(1,821)	(1,973)
Cumulative compensation costs – share-based payments		119	111
Cumulative fair value adjustments to financial instruments		29	17
Cumulative actuarial gains (losses) on defined-benefit plans		(4)	(3)
Currency translation adjustment		(403)	(424)
Net profit attributable to owners of the parent		146	254
Equity attributable to owners of the parent		(1,448)	(1,561)
Non-controlling interests		110	110
Total equity		(1,338)	(1,451)
Non-current debt	6.4/6.5	2,293	2,213
Other non-current financial liabilities	6.4/6.5	142	61
Non-current provisions	10.2	44	39
Deferred tax liabilities		184	136
TOTAL NON-CURRENT LIABILITIES		2,663	2,449
Current debt	6.4/6.5	557	276
Other current financial liabilities	6.4/6.5	168	125
Current provisions	10.2	16	40
Funds to be redeemed	4.4	4,908	4,959
Trade payables	4.4	266	224
Current tax liabilities	4.4	24	13
Other payables	4.4	832	614
Bank overdrafts	6.4/6.5	77	21
TOTAL CURRENT LIABILITIES		6,848	6,272
TOTAL EQUITY AND LIABILITIES		8,173	7,270

1.4 . CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	First-half 2019	First-half 2018
+ Net profit attributable to owners of the parent		146	124
+ Non-controlling interests		14	18
- Share of net profit from equity-accounted companies	5.4	(6)	(6)
- Depreciation, amortization and changes in operating provisions		67	34
- Deferred taxes		6	7
- Expenses related to share-based payments		8	7
- Non-cash impact of other income and expenses		(14)	(1)
- Difference between income tax paid and income tax expense		6	-
+ Dividends received from equity-accounted companies	5.4	9	12
= Funds from operations including other income and expenses		236	195
- (Gains) losses on disposals of assets, net		1	1
- Other income and expenses (including restructuring costs)		27	4
= Funds from operations before other income and expenses (FFO)		264	200
+ Decrease (increase) in working capital	4.4	(108)	(187)
+ Recurring decrease (increase) in restricted cash	4.5	(132)	(121)
= Net cash from (used in) operating activities		24	(108)
+ Other income and expenses (including restructuring costs) received/paid		(27)	20
= Net cash from (used in) operating activities including other income and expenses (A)		(3)	(88)
- Recurring expenditure		(37)	(37)
- External acquisition expenditure, net of cash acquired		(721)	(224)
+ Proceeds from (disbursements relating to) disposals of assets		(7)	-
= Net cash from (used in) investing activities (B)		(765)	(261)
+ Capital increase		4	7
- Dividends paid ⁽¹⁾	3.1	(80)	(127)
+ (Purchases) sales of treasury shares		-	(30)
+ Increase (decrease) in debt		312	511
+ Acquisition of shares in equity interests		(14)	(7)
= Net cash from (used in) financing activities (C)		222	354
- Net foreign exchange differences and fair value adjustments (D)		(4)	(38)
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	6.5	(550)	(33)
+ Cash and cash equivalents at beginning of period		1 316	575
- Cash and cash equivalents at end of period		766	542
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6.5	(550)	(33)

(1) Including cash dividends paid to owners of the parent for €62 million (€0.86 per share) and cash dividends paid to non-controlling interests in subsidiaries for €18 million.

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

(in € millions)	Notes	First-half 2019	First-half 2018
+ Cash and cash equivalents	6.3	843	733
- Bank overdrafts	6.5	(77)	(191)
= CASH AND CASH EQUIVALENTS AT END OF PERIOD		766	542

1.5 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Issued capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings ⁽²⁾	Cumulative compensation costs – share-based payments	Cumulative fair value adjustments to financial instruments	Cumulative actuarial gains (losses) on defined-benefit plans	Cumulative currency translation adjustment ⁽¹⁾	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Total non-controlling interests	Total equity
Dec. 31, 2017 reported	471	697	(6)	(2 597)	98	13	(3)	(357)	247	(1 437)	150	(1 287)
Impact of IFRS 15 ⁽⁵⁾	-	-	-	(55)	-	-	-	(11)	(6)	(62)	(1)	(63)
Dec. 31, 2017 restated (IFRS 15)⁽⁵⁾	471	697	(6)	(2 652)	98	13	(3)	(358)	241	(1 499)	149	(1 350)
Impact of IFRS 9 ⁽⁶⁾	-	-	-	(8)	-	-	-	-	-	(8)	(4)	(12)
Dec. 31, 2017 restated (IFRS 15 & 9)⁽⁵⁾⁽⁶⁾	471	697	(6)	(2 660)	98	13	(3)	(358)	241	(1 507)	145	(1 362)
Appropriation of 2017 net profit	-	-	-	241	-	-	-	-	(241)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	(1)	(7)	-	-	-	-	-	-	-	(8)	-	(8)
- options exercised	1	6	-	-	-	-	-	-	-	7	-	7
- dividends reinvested in new shares	8	88	-	-	-	-	-	-	-	96	-	96
Dividends paid ⁽³⁾	-	-	-	(200)	-	-	-	-	-	(200)	(23)	(223)
Changes in consolidation scope ⁽⁴⁾	-	-	-	(92)	-	-	-	-	-	(92)	(32)	(124)
Compensation costs – share-based payments	-	-	-	-	7	-	-	-	-	7	-	7
(Acquisitions) disposals of treasury shares	-	-	(22)	-	-	-	-	-	-	(22)	-	(22)
Other comprehensive income	-	-	-	-	-	(6)	-	(72)	-	(78)	(4)	(82)
Net profit for the period	-	-	-	-	-	-	-	-	124	124	18	142
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	(6)	-	(72)	124	46	14	60
June 30, 2018	479	784	(28)	(2 711)	105	7	(3)	(430)	124	(1 673)	104	(1 549)
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	3	3
- cancellation of treasury shares	(1)	(17)	-	-	-	-	-	-	-	(18)	-	(18)
- options exercised	1	3	-	-	-	-	-	-	-	4	-	4
- dividends reinvested in new shares	(0)	0	-	-	-	-	-	-	-	0	-	0
Dividends paid ⁽³⁾	-	-	-	(0)	-	-	-	-	-	(0)	(9)	(9)
Changes in consolidation scope ⁽⁴⁾	-	-	-	(35)	-	-	-	-	-	(35)	(2)	(37)
Compensation costs – share-based payments	-	-	-	-	6	-	-	-	-	6	-	6
(Acquisitions) disposals of treasury shares	-	-	6	-	-	-	-	-	-	6	-	6
Other ⁽⁵⁾	-	-	-	3	-	-	-	-	-	3	-	3
Other comprehensive income	-	-	-	-	-	10	(0)	6	-	16	2	17
Net profit for the period	-	-	-	-	-	-	-	-	130	130	13	143
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	10	(0)	6	130	146	15	160
Dec. 31, 2018	479	770	(22)	(2 743)	111	17	(3)	(424)	254	(1 561)	110	(1 451)
Appropriation of 2018 net profit	-	-	-	254	-	-	-	-	(254)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	2	-	-	-	-	-	-	-	2	2	4
- cancellation of treasury shares	(2)	(23)	-	-	-	-	-	-	-	(25)	-	(25)
- options exercised	2	-	-	-	-	-	-	-	-	2	-	2
- dividends reinvested in new shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid ⁽³⁾	8	136	-	(206)	-	-	-	-	-	(62)	(18)	(80)
Changes in consolidation scope ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	1	1
Compensation costs – share-based payments	-	-	-	-	8	-	-	-	-	8	-	8
(Acquisitions) disposals of treasury shares	-	-	21	-	-	-	-	-	-	21	-	21
Other ⁽⁵⁾	-	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Other comprehensive income	-	-	-	-	-	12	(1)	21	-	32	1	33
Net profit for the period	-	-	-	-	-	-	-	-	146	146	14	160
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	12	(1)	21	146	178	14	192
June 30, 2019	487	885	(1)	(2 704)	119	29	(4)	(403)	146	(1 448)	110	(1 338)

(1) See Note 1.5 “Presentation currency and foreign currencies”, and Note 11 “Exchange rates” detailing the main exchange rates used in 2018 and 2019. The €403 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Brazilian real for €201 million, the Venezuelan bolivar soberano for €129 million and the pound sterling for €23 million.

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

(3) Corresponding to the distribution of €206 million paid to Group shareholders (of which €62 million in cash and €144 million in shares – see Note 3.1 “Payment of the 2018 dividend”) and €18 million paid to minority shareholders.

(4) In 2018, the main impact on the attributable scope of consolidation was the acquisition of non-controlling interests in UTA.

(5) Changes in equity have been restated in accordance with IFRS 15 and IFRS 9.

(6) This item mainly includes the remeasurement of other financial liabilities arising from put options for €11 million.

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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INTRODUCTION



This icon highlights an IFRS standard issue.



This icon highlights a definition specific to the Edenred Group.



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



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

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1.1 APPROVAL OF THE FINANCIAL STATEMENTS

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

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS



Pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002, Edenred consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 – Interim Financial Reporting. Since they are condensed financial statements, they do not include all the disclosures required under IFRS for the preparation of complete financial statements and must therefore be read in conjunction with the 2018 consolidated financial statements.

The accounting principles used to prepare the condensed consolidated financial statements are in line with IFRS standards and interpretations, as adopted by the European Union at June 30, 2019, which can be viewed at the following address:

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

The accounting policies used by the Group to prepare the condensed interim consolidated financial statements are the same as those applied to prepare the 2018 consolidated financial statements, with the exception of:

- (1) the standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2019 (see Note 1.3);
- (2) the specific items relating to the preparation of interim financial statements (see Note 1.4).

1.3 CHANGES OF ACCOUNTING METHODS: APPLICATION OF IFRS 16 AND IFRIC 23

1.3.1 IFRS 16 – LEASES

IFRS 16 – Leases is applicable for annual reporting periods beginning on or after January 1, 2019. It replaces IAS 17 – Leases and three related interpretations (IFRIC 4 – Determining Whether an Arrangement Contains a Lease, SIC 15 – Operating Leases: Incentives and SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease).

IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability for all leases that fall within its scope, without differentiating between operating leases and finance leases. The lease liability is

measured at the discounted present value of the future minimum lease payments due to the lessor over the life of the lease.

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

- exclusion from the requirements of IFRS 16 of leases with a term of less than 12 months and leases for which the underlying asset is of low value;
- for leases previously accounted for as finance leases under IAS 17, use of the carrying amount of the lease asset and lease liability immediately before the date of initial application of IFRS 16 as the carrying amount of the right-of-use asset and the lease liability at that date.

The term of each lease has been determined separately, taking into account periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Lease liabilities have been measured at the discounted present value of future minimum lease payments due over the life of the lease, using a discount rate based on the lessee's incremental borrowing rate at January 1, 2019. This rate is calculated as the sum of the following three rates for the maturity concerned: the risk-free rate in the lease currency, Edenred Group's credit spread and the risk premium applied to borrowings by the subsidiary that is the lessee. The weighted average discount rate at January 1, 2019 was 3.4%.

The effects of applying IFRS 16 are as follows:

- recognition of a lease liability equal to the future minimum payments due to the lessor at January 1, 2019 over the remaining life of the lease, measured using a discount rate based on the Group's incremental borrowing rate, and presented under "Other financial liabilities" for €91 million;
- recognition in the opening statement of financial position at January 1, 2019 of right-of-use assets under "Property, plant and equipment" in an amount equal to the lease liability;
- no impact on opening equity at January 1, 2019;
- €15 million impact on EBITDA for the first half of 2019 (corresponding to lease payments no longer classified as a component of EBITDA);
- inclusion in EBIT of right-of-use asset depreciation charges; however, the effect on EBIT of applying IFRS 16 is not material (non-material discounting adjustment);
- inclusion in net financial expense of interest on lease liabilities for €2 million in first-half 2019.

Leases included in the scope of IFRS 16 mainly concern real estate and vehicles leased by Edenred Group entities as lessees.

The difference between the lease liabilities of €91 million recognized at January 1, 2019 in accordance with IFRS 16 and the off-balance sheet commitments of €118 million disclosed in Note 11.5 to the consolidated financial statements for the year ended December 31, 2018 can be explained as follows:

- Leases taken into account for the calculation of the off-balance sheet commitments include short-term leases and leases of low-value assets, which are excluded from the calculation of lease liabilities under IFRS 16.
- Off-balance sheet commitments include not only lease payments but also related expenses such as maintenance fees and insurance premiums, which are excluded from lease liabilities.
- Lease liabilities under IFRS 16 also reflect discounting adjustments.
- Lastly, the off-balance sheet commitments correspond to the payments due to the lessors over the non-cancellable lease term, whereas lease liabilities are calculated over the lease term including any periods covered by options to extend or terminate the lease in accordance with IFRS 16.

Impact on the consolidated financial statements:

<i>(in € millions)</i>	Dec. 31, 2018 Reported	Impact of IFRS 16	Jan. 1, 2019 Restated
Goodwill	976	-	976
Intangible assets	432	-	432
Property, plant and equipment	52	91	143
Investments in equity-accounted companies	66	-	66
Non-current financial assets	48	-	48
Deferred tax assets	75	-	75
TOTAL NON-CURRENT ASSETS	1,649	91	1,740
Trade receivables	1,875	-	1,875
Inventories, other receivables and accruals	307	-	307
Restricted cash	1,402	-	1,402
Current financial assets	46	-	46
Other marketable securities	654	-	654
Cash and cash equivalents	1,337	-	1,337
TOTAL CURRENT ASSETS	5,621	-	5,621
TOTAL ASSETS	7,270	91	7,361

<i>(in € millions)</i>	Dec. 31, 2018 Reported	Impact of IFRS 16	Jan. 1, 2019 Restated
Issued capital	479	-	479
Treasury shares	(22)	-	(22)
Consolidated retained earnings (accumulated losses)	(1,973)	-	(1,973)
Cumulative compensation costs – share-based payments	111	-	111
Cumulative fair value adjustments to financial instruments	17	-	17
Cumulative actuarial gains (losses) on defined-benefit plans	(3)	-	(3)
Currency translation adjustment	(424)	-	(424)
Net profit attributable to owners of the parent	254	-	254
Equity attributable to owners of the parent	(1,561)	-	(1,561)
Non-controlling interests	110	-	110
Total equity	(1,451)	-	(1,451)
Non-current debt	2,213	-	2,213
Other non-current financial liabilities	61	67	128
Non-current provisions	39	-	39
Deferred tax liabilities	136	-	136
TOTAL NON-CURRENT LIABILITIES	2,449	67	2,516
Current debt	276	-	276
Other current financial liabilities	125	24	149
Current provisions	40	-	40
Funds to be redeemed	4,959	-	4,959
Trade payables	224	-	224
Current tax liabilities	13	-	13
Other payables	614	-	614
Bank overdrafts	21	-	21
TOTAL CURRENT LIABILITIES	6,272	24	6,296
TOTAL EQUITY AND LIABILITIES	7,270	91	7,361

1.3.2 IFRIC 23 – UNCERTAINTY OVER INCOME TAX TREATMENTS

IFRIC 23 – Uncertainty over Income Tax Treatments provides guidance on the application of IAS 12 – Income Taxes. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments that affect the determination of taxable profit (or deductible tax losses), tax bases, unused tax losses, unused tax credits or tax rates.

The Group has adopted IFRIC 23 – Uncertainty over Income Tax Treatments with effect from January 1, 2019, after discussing the most significant potential uncertainties with its main subsidiaries. These discussions did not reveal any previously unrecognized items that would need to be recorded in the consolidated statement of financial position.

1.4 SPECIFIC ITEMS RELATING TO THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

Income tax

For the interim consolidated financial statements, current and deferred income tax expense is calculated by applying the estimated annual average tax rate for the current fiscal year for each entity or tax group to profit before tax for the period. Income tax on any material non-recurring items for the period is measured at the actual income tax rate applicable to the items concerned.

Post-employment benefits and other long-term employee benefits

The expense for the period relating to post-employment benefits and other long-term employee benefits corresponds to half of the projected annual expense, determined based on the data and actuarial assumptions used at the 2018 year-end.

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

1.5 PRESENTATION CURRENCY AND FOREIGN CURRENCIES



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

Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the consolidated financial statements for the period ended June 30, 2019 are presented in Note 11.

The impact on equity attributable to the owners of the parent of currency translation adjustments was a positive €21 million between December 31, 2018 and June 30, 2019, as presented in the consolidated

statement of changes in equity. The difference mainly reflected the appreciation of the Brazilian real (for €11 million), the Mexican peso (for €5 million) and the US dollar (for €4 million) against the euro.

Devaluation of the bolivar fuerte in first-half 2019

Edenred's position



For first-half 2019, the Group decided to use DICOM bolivar soberano to US dollar exchange rates, as presented in the table below:

	First-half 2019	
	Average rate*	Closing rate**
Bolivar soberano to US dollar exchange rate used by Edenred, translated into euros	4,393	7,463

* Average of DICOM VES/USD exchange rates since January 1, 2019, translated into EUR.

** Closing DICOM VES/USD exchange rate at June 30, 2019, translated to EUR.

The consolidated financial statements are no longer sensitive to changes in the bolivar soberano exchange rate (see the 2018 Registration Document).

Hyperinflation in Argentina

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

In line with this standard, a EUR/ARS exchange rate of 48.34 has been used (see Note 11 "Exchange Rates"). Non-monetary items have been adjusted using the consumer price index published by Argentina's national statistics institute, INDEC.

The effect of applying IAS 29 on the first-half 2019 interim financial statements is not material.

1.6 USE OF JUDGMENTS AND ESTIMATES

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

NOTE 2 : ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

Acquisitions, development projects and disposals in 2019

The Right Fuelcard Company (TRFC)

On January 4, 2019, Edenred finalized the acquisition of 80% of the share capital of The Right Fuelcard Company (TRFC) group, the number four fuel card program manager in the United Kingdom. By expanding into the UK market, one of the largest in Europe, Edenred is consolidating its position as a global provider of fleet and mobility solutions in line with its strategic plan.

The transaction led to the recognition of a customer list for a provisional amount of 35 million pounds sterling and goodwill of 88 million pounds sterling.

TRFC's contribution to the Group's consolidated financial statements can be analyzed as follows:

(in € millions)	TRFC First-half 2019
Total revenue	10
Net profit attributable to owners of the parent	3

Corporate Spending Innovations (CSI)

On January 9, 2019, Edenred acquired all outstanding shares in Corporate Spending Innovations (CSI), one of the leading providers of automated corporate payment software in North America. The acquisition follows on from a European partnership formed close to two years ago between the two companies.

The transaction led to the recognition of a customer list for a provisional amount of 137 million US dollars and goodwill of 507 million US dollars.

CSI's contribution to the Group's consolidated financial statements can be analyzed as follows:

(in € millions)	CSI First-half 2019
Total revenue	18
Net profit attributable to owners of the parent	3

Road Account

On January 11, 2019, Edenred acquired the client portfolio of Road Account from AirPlus, a member of the Lufthansa Group, via its subsidiary UTA KG. AirPlus markets corporate toll payment solutions under the Road Account brand. The acquisition will enable UTA to expand its client base on the buoyant European toll market and creates new outlets for additional services.

The provisional purchase price allocation led to the recognition primarily of a customer list for €12 million and goodwill for €19 million.

Merits & Benefits and Ekvita

On January 30, 2019, Edenred acquired all outstanding shares in Merits & Benefits and Ekvita. Both leading players in Belgium's employee engagement platform market, the two companies supply several hundred corporate clients with customized e-commerce platforms that offer access to exclusive promotional deals across a network of more than 500 partner brick-and-mortar stores and e-retailers.

The provisional purchase price allocation led to the recognition of a customer list for €6 million and goodwill for €7 million.

Easy Welfare

On May 28, 2019, Edenred Group acquired all outstanding shares in Italy's Easy Welfare, the number one operator of employee engagement platforms in the country. Edenred is leveraging its leading position in the Italian employee benefits market to step up the development of this fast-growing offering.

Easy Welfare's contribution to first-half 2019 consolidated revenue and profit was not material.

The transaction led to the recognition of provisional goodwill of €50 million.

NOTE 3 : SIGNIFICANT EVENTS

3.1 . PAYMENT OF THE 2018 DIVIDEND

At the Annual Shareholders Meeting on May 14, 2019, Edenred shareholders approved the payment of a 2018 dividend of €0.86 per share, with the option of reinvesting 100% of the dividend paid in new shares.

The reinvestment period, which ran from May 22 to June 5, 2019, led to the issue of 3,938,507 new shares of Edenred common stock, representing 1.65% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 11, 2019.

The new shares carry dividend rights from January 1, 2019 and rank *pari passu* with existing shares of Edenred common stock. Following the issue, the Company's share capital comprised 243,204,857 shares.

The total dividend amounted to €206 million and included cash dividends of €62 million paid to Group shareholders on June 11, 2019.

3.2 . SUBSEQUENT EVENTS

None.



NOTE 4 : OPERATING ACTIVITY

4.1 . OPERATING SEGMENTS



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

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

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

Chief operating decision maker



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

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

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

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

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

Aggregation



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

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

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

Transactions between segments are not material.



4.1.1. CONDENSED FINANCIAL INFORMATION

FIRST-HALF 2019



Income statement

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2019
Operating revenue	128	294	266	60	-	748
Other revenue	3	5	18	3	-	29
Total external revenue	131	299	284	63	-	777
Inter-segment revenue	-	6	-	-	(6)	-
TOTAL REVENUE FROM OPERATING SEGMENTS	131	305	284	63	(6)	777
OPERATING EXPENSES	(89)	(173)	(155)	(45)	(5)	(467)
EBITDA*	42	126	129	18	(5)	310
EBIT	31	107	109	10	(8)	249

* The impact of IFRS 16 on EBITDA is of €15 million.

FIRST-HALF 2018



Income statement

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2018
Operating revenue	118	244	243	35	-	640
Other revenue	3	4	16	2	-	25
Total external revenue	121	248	259	37	-	665
Inter-segment revenue	-	5	-	-	(5)	-
TOTAL REVENUE FROM OPERATING SEGMENTS	121	253	259	37	(5)	665
OPERATING EXPENSES	(85)	(149)	(143)	(31)	(6)	(414)
EBITDA	36	99	116	6	(6)	251
EBIT	30	87	101	4	(7)	215

Changes in total revenue and EBIT



Changes in total revenue and EBIT between first-half 2019 and first-half 2018 break down as follows:

(in € millions)	Δ First-half 2019/First-half 2018									
	First-half 2019	First-half 2018	Organic growth		Changes in consolidation scope and impact of IFRS 16		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	In €m	As a %
Operating revenue	748	640	92	+14.4%	29	+4.5%	(13)	-2.1%	108	+16.8%
Other revenue	29	25	5	+19.1%	0	+0.1%	(1)	-3.6%	4	+15.6%
Total external revenue	777	665	97	+14.6%	29	+4.4%	(14)	-2.1%	112	+16.8%
OPERATING EXPENSES	(467)	(414)	(60)	+14.6%	(1)	+0.2%	8	-1.8%	(53)	+13.0%
EBITDA*	310	251	37	+14.6%	28	+11.2%	(6)	-2.8%	59	+23.0%
EBIT	249	215	34	+15.4%	7	+3.3%	(7)	-3.1%	34	+15.6%

* The impact of IFRS 16 on EBITDA is of €15 million.

4.1.2. SEGMENT INFORMATION BY INDICATOR



Total revenue by region

Total revenue is made up of operating revenue and other revenue.

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Total revenue – first-half 2019	131	299	284	63	-	777
Total revenue – first-half 2018	121	248	259	37	-	665
Change	10	51	25	26	-	112
% change	+8.4%	+20.4%	+9.9%	+67.9%	-	+16.8%
LIKE-FOR-LIKE CHANGE	10	40	37	10	-	97
LIKE-FOR-LIKE CHANGE AS A %	+8.4%	+16.3%	+14.3%	+25.2%	-	+14.6%



Operating revenue by region

Changes in operating revenue between June 30, 2018 and June 30, 2019 break down as follows:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	TOTAL
Operating revenue – first-half 2019	128	294	266	60	748
Operating revenue – first-half 2018	118	244	243	35	640
Change	10	50	23	25	108
% change	+8.6%	+20.1%	+9.9%	+68.9%	+16.8%
LIKE-FOR-LIKE CHANGE	10	39	35	8	92
LIKE-FOR-LIKE CHANGE AS A %	+8.6%	+15.9%	+14.5%	+22.1%	+14.4%



Other revenue

Other revenue is the interest generated by investing cash over the period between:

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

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



(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
Other revenue – first-half 2019	3	5	18	3	-	29
Other revenue – first-half 2018	3	4	16	2	-	25
Change	(0)	1	2	1	-	4
% change	-1.4%	+39.6%	+9.3%	+50.9%	-	+15.6%
LIKE-FOR-LIKE CHANGE	(0)	1	2	2	-	5
LIKE-FOR-LIKE CHANGE AS A %	-1.4%	+39.9%	+11.1%	+78.0%	-	+19.1%



(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBITDA – first-half 2019	42	126	129	18	(5)	310
EBITDA – first-half 2018	36	99	116	6	(6)	251
Change	6	27	13	12	1	59
% change	+17.0%	+27.5%	+11.1%	+215.7%	+12.5%	+23.0%
LIKE-FOR-LIKE CHANGE	2	16	14	4	1	37
LIKE-FOR-LIKE CHANGE AS A %	+5.5%	+16.1%	+11.8%	+66.7%	-27.6%	+14.6%

EBITDA corresponds to total revenue less operating expenses.

Operating profit before other income and expenses (EBIT)

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBIT – first-half 2019	31	107	109	10	(8)	249
EBIT – first-half 2018	30	87	101	4	(7)	215
Change	1	20	8	6	(1)	34
% change	+4.5%	+22.2%	+8.1%	+137.4%	+13.6%	+15.6%
LIKE-FOR-LIKE CHANGE	1	15	13	4	1	34
LIKE-FOR-LIKE CHANGE AS A %	+4.5%	+16.7%	+12.5%	+90.2%	-14%	+15.4%

4.2 . OPERATING REVENUE BY BUSINESS LINE



In accordance with IFRS 15 – Revenue from Contracts with Customers, revenue is recognized upon the transfer of control to the customer.

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

All revenue generated through principal/agent arrangements in which the Group acts as the principal is recognized in full. Where the Group acts as the agent, only the agency commission is recognized.

- Complementary Solutions business line: the revenue corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions.

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

Information on the business lines and associated revenue types is provided in the 2018 Registration Document.

<i>(in € millions)</i>	Employee Benefits	Fleet & Mobility Solutions	Complementary Solutions	TOTAL
Operating revenue – first-half 2019	472	192	84	748
Operating revenue – first-half 2018	420	161	59	640
Change	52	31	25	108
% change	+12.2%	+19.3%	+43.1%	+16.8%
LIKE-FOR-LIKE CHANGE	60	25	7	92
LIKE-FOR-LIKE CHANGE AS A %	+14.2%	+15.4%	+13.2%	+14.4%

4.3 . OPERATING EXPENSES



<i>(in € millions)</i>	First-half 2019	First-half 2018
Employee benefit expense	(235)	(209)
Cost of sales	(74)	(70)
Business taxes	(22)	(21)
Rental expense ⁽¹⁾	(1)	(10)
Other operating expenses	(135)	(104)
TOTAL OPERATING EXPENSES	(467)	(414)

(1) Operating expenses for first-half 2019 reflect the €15 million effect of restating rental expenses following the application of IFRS 16.

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

4.4 . CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED



<i>(in € millions)</i>	June 30, 2019	Dec. 31, 2018	June 30, 2018	Change June 30, 2019/ 2018/ Dec. 31, 2018
Inventories, net	26	27	26	(1)
Trade receivables, net	2,082	1,875	1,719	207
Other receivables, net	327	280	266	47
Working capital – assets	2,435	2,182	2,011	253
Trade payables	266	224	212	42
Other payables	832	614	482	218
Funds to be redeemed	4,908	4,959	4,355	(51)
Working capital – liabilities	6,006	5,797	5,049	209
NEGATIVE WORKING CAPITAL	3,571	3,615	3,038	(44)
Current tax liabilities	24	13	7	11
NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)	3,595	3,628	3,045	(33)

Other receivables and payables are presented in the notes to the consolidated financial statements for the year ended December 31, 2018. They correspond mainly to prepaid and recoverable taxes and payroll costs, other prepaid expenses, accrued taxes and payroll costs and deferred revenue. They also include funds received but not yet loaded.



<i>(in € millions)</i>	First-half 2019	First-half 2018
Working capital at beginning of period	3,615	3,230
Change in working capital ⁽¹⁾	(108)	(187)
Acquisitions	51	11
Disposals	1	-
Impairment losses	8	1
Currency translation adjustment	1	(39)
Reclassifications to other balance sheet items	3	22
Net change in working capital	(44)	(192)
WORKING CAPITAL AT END OF PERIOD	3,571	3,038

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

4.5 . CHANGE IN RESTRICTED CASH



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

Restricted cash corresponds mainly to voucher reserve funds subject to special regulations in the following countries: France (€710 million), the United Kingdom (€625 million), the United States (€96 million), Romania (€79 million), Italy (€19 million), the United Arab Emirates (€16 million), Bulgaria (€15 million) and Uruguay (€8 million).



<i>(in € millions)</i>	First-half 2019	First-half 2018
Restricted cash at beginning of period	(1 402)	(1 127)
Like-for-like change for the period ⁽¹⁾	(132)	(121)
Acquisitions	(35)	-
Other changes	(10)	-
Currency translation adjustment	5	0
Net change in restricted cash	(172)	(121)
RESTRICTED CASH AT END OF PERIOD	(1 574)	(1 248)

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

NOTE 5 : NON-CURRENT ASSETS

5.1 . GOODWILL

<i>(in € millions)</i>	June 30, 2019	Dec. 31, 2018
Goodwill, gross	1,774	1,147
Accumulated impairment losses	(170)	(171)
GOODWILL, NET	1,604	976



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

<i>(in € millions)</i>	June 30, 2019	Dec. 31, 2018
United States (including CSI)	459	14
Brazil (including Repom and Embratec)	366	359
UTA (including Road Account)	168	149
United Kingdom (including Prepay Technologies and TRFC)	142	43
Italy (including Easy Welfare)	96	46
France (Ticket Cadeaux)	92	92
France (primarily ProwebCE)	52	52
Mexico	44	42
Romania	31	31
Finland	19	19
Slovakia	18	18
Poland (Timex)*	18	18
Sweden	17	17
France (Moneo Resto)	14	14
Japan	13	12
Czech Republic	13	13
Belgium (including Merits & Benefits and Ekivita)	11	4
Dubai	9	9
Portugal	6	6
Other (individually representing less than €5 million)	16	17
GOODWILL, NET	1,604	976

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



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

<i>(in € millions)</i>	First-half 2019	Full-year 2018
NET GOODWILL AT BEGINNING OF PERIOD	976	994
Increase in gross goodwill and impact of scope changes	617	27
. United States (CSI acquisition) ⁽¹⁾	443	-
. United Kingdom (TRFC acquisition) ⁽¹⁾	99	-
. Germany (Road Account acquisition) ⁽¹⁾	19	-
. Belgium (Merits and Ekvita acquisition) ⁽¹⁾	6	-
. Italy (Easy Welfare acquisition) ⁽¹⁾	50	-
. Germany (UTA acquisition)	-	1
. Slovakia (VASA acquisition)	-	(3)
. Brazil (Good Card consolidation)	-	4
. Poland (Timex acquisition)	-	18
. Peru (Effectibono acquisition)	-	4
. Other acquisitions	-	3
Goodwill written off on disposals for the period	(2)	-
Impairment losses	2	(5)
Currency translation adjustment	11	(40)
NET GOODWILL AT END OF PERIOD	1,604	976

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

5.2 . INTANGIBLE ASSETS

<i>(in € millions)</i>	June 30, 2019	Dec. 31, 2018
GROSS CARRYING AMOUNT		
Brands	65	66
Customer lists	514	335
Licenses and software	361	330
Other intangible assets	87	85
TOTAL GROSS CARRYING AMOUNT	1,027	817
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(11)	(10)
Customer lists	(126)	(111)
Licenses and software	(238)	(220)
Other intangible assets	(46)	(45)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(421)	(385)
NET CARRYING AMOUNT	606	432



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

<i>(in € millions)</i>	First-half 2019	Full-year 2018
CARRYING AMOUNT AT BEGINNING OF PERIOD	432	433
Intangible assets of newly consolidated companies*	183	8
Internally generated assets	28	47
Additions	-	20
Depreciation for the period	(39)	(61)
Impairment losses for the period	(2)	(0)
Disposals	(1)	(0)
Currency translation adjustment	5	(17)
Reclassifications	-	2
CARRYING AMOUNT AT END OF PERIOD	606	432

* See Note 2 "Acquisitions, development projects and disposals".

5.3 . PROPERTY, PLANT AND EQUIPMENT



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



(in € millions)	June 30, 2019			Dec. 31, 2018		
	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT
Land	2	-	2	2	-	2
Buildings	14	(6)	8	13	(6)	7
Fixtures	31	(18)	13	30	(18)	12
Equipment and furniture	120	(92)	28	124	(95)	29
Right of use	99	(14)	85	-	-	-
Assets under construction	3	-	3	2	-	2
Total	269	(130)	139	171	(119)	52



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

(in € millions)	First-half 2019	Full-year 2018
CARRYING AMOUNT AT BEGINNING OF PERIOD	52	46
Property, plant and equipment of newly consolidated companies	1	1
Additions	9	22
Disposals	-	(1)
Depreciation for the period	(8)	(15)
Impairment losses for the period	-	-
Currency translation adjustment	-	(2)
Reclassifications	-	1
CARRYING AMOUNT AT END OF PERIOD – BEFORE IFRS 16	54	52
Impact of IFRS 16 at end of period*	85	-
CARRYING AMOUNT AT END OF PERIOD	139	52

* The impact of IFRS 16 on the opening carrying amount came to €91 million.

5.4 . INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

At June 30, 2019, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG).

Impact on the income statement:

(in € millions)	First-half 2019	First-half 2018
Share of net profit from equity-accounted companies	6	6
Total share of net profit from equity-accounted companies	6	6

Impact on the statement of financial position:

(in € millions)	June 30, 2019	Dec. 31, 2018
Goodwill	-	-
Investments in equity-accounted companies	64	66
Total investments in equity-accounted companies	64	66

Change in investments in equity-accounted companies:

(in € millions)	First-half 2019	Full-year 2018
Investments in equity-accounted companies at beginning of period	66	62
Share of net profit from equity-accounted companies	6	11
Acquisition of 35% stake in Goodcard	-	7
Impact of full consolidation of UTA Polska	-	(2)
Dividends received from investments in AGES and MSC equity-accounted companies	(9)	(12)
Investments in equity-accounted companies at end of period	64	66

5.5 . DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT

(in € millions)	First-half 2019	First-half 2018
Amortization of fair value adjustments to assets acquired in business combinations	(18)	(11)
Other depreciation and amortization	(29)	(25)
Depreciation of right-of-use assets (effect of applying IFRS 16)	(14)	-
Impairment losses on non-current assets	(0)	-
TOTAL	(61)	(36)

NOTE 6 : FINANCIAL ITEMS

6.1 . NET FINANCIAL EXPENSE

<i>(in € millions)</i>	First-half 2019	First-half 2018
Gross borrowing cost	(29)	(25)
Hedging instruments	10	9
Income from cash and cash equivalents and other marketable securities	12	6
Net borrowing cost	(7)	(10)
Net foreign exchange gains (losses)	1	3
Other financial income	4	1
Other financial expenses*	(12)	(9)
NET FINANCIAL EXPENSE	(14)	(15)

* In line with IFRS 16, other financial expenses in first-half 2019 included interest on lease liabilities for € million.

Gross borrowing costs for first-half 2019 include amortization of bond issue costs for €4 million.

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

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

6.2 . FINANCIAL ASSETS



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

6.2.1. NON-CURRENT FINANCIAL ASSETS

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

<i>(in € millions)</i>	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Equity interests*	57	(8)	49	35	(1)	34	38	(5)	33
Deposits and guarantees	27	-	27	12	-	12	11	-	11
Other	2	-	2	2	-	2	3	-	3
NON-CURRENT FINANCIAL ASSETS	86	(8)	78	49	(1)	48	52	(5)	47

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



6.2.2. CURRENT FINANCIAL ASSETS



	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
<i>(in € millions)</i>									
Other current financial assets	1	-	1	2	-	2	3	(1)	2
Receivables on disposals of assets	-	-	-	-	-	-	-	-	-
Derivatives	119	-	119	44	-	44	31	-	31
CURRENT FINANCIAL ASSETS	120	-	120	46	-	46	34	(1)	33

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

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management" to the consolidated financial statements in the 2018 Registration Document.

6.3. CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES



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



	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
<i>(in € millions)</i>									
Cash at bank and on hand	437	-	437	865	-	865	326	-	326
Term deposits and equivalent – less than 3 months	384	-	384	423	-	423	374	-	374
Bonds and other negotiable debt securities	1	-	1	32	-	32	10	-	10
Interest-bearing bank accounts	-	-	-	-	-	-	-	-	-
Mutual fund units in cash – less than 3 months	21	-	21	17	-	17	23	-	23
CASH AND CASH EQUIVALENTS	843	-	843	1,337	-	1,337	733	-	733
Term deposits and equivalent – more than 3 months	463	(1)	462	491	(1)	490	437	(3)	434
Bonds and other negotiable debt securities	181	-	181	163	-	163	141	-	141
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1	1	-	1
OTHER MARKETABLE SECURITIES	645	(1)	644	655	(1)	654	579	(3)	576
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	1,488	(1)	1,487	1,992	(1)	1,991	1,312	(3)	1,309

6.4 . DEBT AND OTHER FINANCIAL LIABILITIES

(in € millions)	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Non-bank debt	2,265	-	2,265	2,197	-	2,197	1,688	-	1,688
Bank borrowings	28	13	41	16	66	82	14	67	81
NEU CP	-	544	544	-	210	210	-	400	400
DEBT	2,293	557	2,850	2,213	276	2,489	1,702	467	2,169
BANK OVERDRAFTS	-	77	77	-	21	21	-	191	191
Deposits and guarantees	8	20	28	1	13	14	1	15	16
Purchase commitments for non-controlling interests	67	119	186	57	102	159	42	94	137
Derivatives	-	2	2	-	6	6	-	11	11
Other	4	4	8	3	4	7	4	5	9
Lease liabilities	63	23	86	-	-	-	-	-	-
OTHER FINANCIAL LIABILITIES	142	168	310	61	125	186	47	125	172
DEBT AND OTHER FINANCIAL LIABILITIES	2,435	802	3,237	2,274	422	2,696	1,749	783	2,532

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

Lease liabilities include the effect of applying IFRS 16.

Debt

Bonds

At June 30, 2019, the Group's gross outstanding bond position amounted to €1,975 million, which breaks down as follows:

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

At December 31, 2018, the gross outstanding bond position amounted to €1,975 million.

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

Other non-bank debt

At June 30, 2019, the €250 million Schuldschein private placement represented different tranches of maturity and rates and can be detailed as follows:

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

* 6-month Euribor with a 0% floor.

Bank borrowings

Outstanding bank borrowings at June 30, 2019 amounted to €41 million.

NEU CP program

In April 2019, Edenred raised the cap on its Negotiable European Commercial Paper (NEU CP) program to €750 million, compared with the €500 million authorization in place since March 2018. At June 30, 2019, non-current debt outstanding under the program stood at €544 million.

Maturity analysis – carrying amounts

At June 30, 2019



(in € millions)	First-half 2020	First-half 2021	First-half 2022	First-half 2023	First-half 2024	First-half 2025 and beyond	June 30, 2019
Debt and other financial liabilities	802	447	281	151	14	1,542	3,237
Total	802	447	281	151	14	1,542	3,237

At December 31, 2018



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

At June 30, 2018



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

6.5 . NET DEBT AND NET CASH



<i>(in € millions)</i>	June 30, 2019	Dec. 31, 2018	June 30, 2018
Non-current debt	2,293	2,213	1,702
Other non-current financial liabilities	142	61	47
Current debt	557	276	467
Other current financial liabilities	168	125	125
Bank overdrafts	77	21	191
DEBT AND OTHER FINANCIAL LIABILITIES	3,237	2,696	2,532
Current financial assets	(120)	(46)	(33)
Other marketable securities	(644)	(654)	(576)
Cash and cash equivalents	(843)	(1,337)	(733)
CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	(1,607)	(2,037)	(1,342)
NET DEBT	1,630	659	1,190

Other non-current and current financial liabilities include lease liabilities recognized in application of IFRS 16.




<i>(in € millions)</i>	First-half 2019	Full-year 2018	First-half 2018
Net debt at beginning of period	659	697	697
Increase (decrease) in non-current debt	80	464	(46)
Increase (decrease) in other non-current financial liabilities	18	44	30
Decrease (increase) in other marketable securities	10	114	192
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	550	(741)	33
Increase (decrease) in other financial assets and liabilities	227	81	284
Increase (decrease) in net debt – before IFRS 16	885	(38)	493
Impact of IFRS 16	86	-	-
NET DEBT AT END OF PERIOD	1,630	659	1,190

6.6 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

Interest rate risk: fixed/variable interest rate analysis

Before hedging


Debt before interest rate hedging breaks down as follows:

 (in € millions)	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt ⁽¹⁾	2,674	1.6%	94%	2,313	2.1%	93%	1,993	1.9%	92%
Variable-rate debt	176	1.4%	6%	176	1.4%	7%	176	1.4%	8%
DEBT	2,850	1.5%	100%	2,489	2.0%	100%	2,169	1.9%	100%

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

After hedging


Debt after interest rate hedging breaks down as follows:

 (in € millions)	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	806	0.6%	28%	455	1.1%	18%	644	0.7%	30%
Variable-rate debt	2,044	1.0%	72%	2,034	1.2%	82%	1,525	1.2%	70%
DEBT	2,850	0.9%	100%	2,489	1.2%	100%	2,169	1.1%	100%

Foreign exchange risk: currency analysis


Before hedging

Debt before currency hedging breaks down as follows:

 (in € millions)	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2,842	1.5%	100%	2,423	1.8%	97%	2,106	1.6%	97%
Other currencies	8	7.1%	0%	66	12.1%	3%	63	12.4%	3%
DEBT	2,850	1.5%	100%	2,489	2.0%	100%	2,169	1.9%	100%

After hedging

Debt after currency hedging breaks down as follows:

 (in € millions)	June 30, 2019			Dec. 31, 2018			June 30, 2018		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	2,842	0.9%	100%	2,420	1.0%	97%	2,101	0.9%	97%
Other currencies	8	6.7%	0%	69	6.6%	3%	68	6.6%	3%
DEBT	2,850	0.9%	100%	2,489	1.2%	100%	2,169	1.1%	100%

Interest rate hedges mainly include derivatives in the form of swaps that transform a fixed rate into a variable rate over a euro-denominated debt initially issued at a fixed rate. The derivatives are therefore variable-for-fixed swaps and classified as fair value hedges under IFRS 9.

These interest rate swaps represent a total notional amount of €1,932 million relating to an underlying debt of €2,007 million. At June 30, 2019, the derivatives had a fair value of €82 million, recorded in assets.

The hedging operations have no material impact on the income statement because they qualify for hedge accounting under IFRS.

NOTE 7 : INCOME TAX – EFFECTIVE TAX RATE



The effective tax rate is calculated based on:

- profit before tax;
- income tax expense adjusted for the tax on dividends, withholding tax, utilization of tax loss carryforwards and non-recurring items.

Based on these calculations, the effective tax rate declined from 30.4% in first-half 2018 to 30.1% in the six months to June 30, 2019.

NOTE 8 : EARNINGS PER SHARE



At June 30, 2019, the Company's share capital was made up of 243,328,507 ordinary shares.

At June 30, 2019, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

<i>(in shares)</i>	First-half 2019	First-half 2018
SHARE CAPITAL AT END OF PERIOD	243,328,507	239,713,415
Number of shares outstanding at beginning of period	237,899,138	234,205,983
Number of shares issued for dividend payments	3,938,507	3,863,610
Number of shares issued on conversion of performance share plans	894,357	558,390
Number of shares issued on conversion of stock-option plans*	123,650	446,565
Number of shares canceled	(894,357)	(381,970)
Issued shares at period-end excluding treasury shares	4,062,157	4,486,595
Treasury shares not related to the liquidity contract	1,309,227	(1,100,064)
Treasury shares under the liquidity contract	20,384	10,000
Treasury shares	1,329,611	(1,090,064)
NUMBER OF SHARES OUTSTANDING AT END OF PERIOD	243,290,906	237,602,514
Adjustment to calculate weighted average number of issued shares	(3,597,116)	(3,697,776)
Adjustment to calculate weighted average number of treasury shares	439,511	697,398
Total weighted average adjustment	(3,157,604)	(3,000,378)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	240,133,302	234,602,136

* Excluding the 3,200 shares issued on exercise of stock options between June 3 and June 30, 2019.

In addition, 33,350 stock options (number outstanding at June 30, 2019) and 2,474,726 performance shares were granted to employees between 2012 and 2019. Conversion of all of these potential shares would increase the number of shares outstanding to 245,798,982.

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

- from January 1, 2017 to December 31, 2017 for Plans 3, 4, 5, 6, 7, 8, 9 and 10 (€39.09);
- from February 18, 2019 to June 30, 2019 for Plan 11 (€40.58);

the diluted weighted average number of shares outstanding at June 30, 2019 was 241,966,927.



	First-half 2019	First-half 2018
Net profit attributable to owners of the parent <i>(in € millions)</i>	146	124
Weighted average number of issued shares <i>(in thousands)</i>	239,731	236,016
Weighted average number of treasury shares <i>(in thousands)</i>	402	(1,414)
Number of shares used to calculate basic earnings per share <i>(in thousands)</i>	240,133	234,602
BASIC EARNINGS PER SHARE <i>(in €)</i>	0.61	0.53
Number of shares resulting from the exercise of stock options <i>(in thousands)</i>	34	234
Number of shares resulting from performance share grants <i>(in thousands)</i>	1,800	2,918
Number of shares used to calculate diluted earnings per share <i>(in thousands)</i>	241,967	237,754
DILUTED EARNINGS PER SHARE <i>(in €)</i>	0.60	0.52

NOTE 9 : EMPLOYEE BENEFITS

9.1 . SHARE-BASED PAYMENTS

Main characteristics

On February 20, 2019, the Board of Directors authorized the Chief Executive Officer to grant 597,220 performance share rights on February 27, 2019.

The 597,220 shares originally granted under the three-year plan will vest on February 27, 2022 provided that several performance conditions are met.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2019 to December 31, 2021, based on the degree to which the following objectives have been met:

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

- ✓ operating EBIT,
- ✓ funds from operations before other income and expenses (FFO);

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

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

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

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

Fair value of performance share plans



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



The current fair value of performance shares is €33.54 per share, compared with a share price of €38.07 on February 27, 2019, at grant date.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost recognized in respect of the 2019 plan amounted to €2 million in first-half 2019.

NOTE 10 : OTHER PROVISIONS AND OBLIGATIONS

10.1 . OTHER INCOME AND EXPENSES



To make the consolidated financial statements easier to read, certain specific items of income and expense are reported under "Other income and expenses". This item is used only for income and expenses:

- related to a major event that occurred during the reporting period; and
- whose impact, if it were not presented separately from that of other transactions, would distort the understanding of the Group's underlying performance by users of the financial statements.

Other income and expenses can be analyzed as follows:



<i>(in € millions)</i>	First-half 2019	First-half 2018
Movements in restructuring provisions	1	0
Restructuring and reorganization costs	(1)	(0)
Restructuring expenses	-	0
Impairment of property, plant and equipment	(1)	-
Impairment of intangible assets	-	-
Impairment of assets	(1)	-
Capital gains and losses	(5)	1
Provisions	16	1
Non-recurring gains (losses)	(22)	(5)
Other	(11)	(3)
TOTAL OTHER INCOME AND EXPENSES	(12)	(3)

Other income and expenses in first-half 2019 were primarily as follows:

- €4 million in fees related to acquisitions in 2019 (Cf. Note 2 "Acquisitions, development projects and disposals");
- €3 million in additional impairment of Russian assets;
- reversal of a provision relating to the dispute with Kering (formerly PPR) and Conforama for €19 million and recognition of the corresponding cash-out in non-recurring expenses.

Other income and expenses in first-half 2018 were primarily as follows:

- fees related to acquisitions paid in 2018.

10.2 . PROVISIONS



Movements in non-current provisions between January 1, 2019 and June 30, 2019 can be analyzed as follows:



<i>(in € millions)</i>	Dec. 31, 2018	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2019
- Provisions for pensions and loyalty bonuses	28	-	1	-	-	-	1	30
- Provisions for claims and litigation and other contingencies	11	-	2	(1)	-	-	2	14
TOTAL NON-CURRENT PROVISIONS	39	-	3	(1)	-	-	3	44

Movements in current provisions between January 1, 2019 and June 30, 2019 can be analyzed as follows:



<i>(in € millions)</i>	Dec. 31, 2018	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2019
- Restructuring provisions	2	-	-	(1)	-	-	-	1
- Provisions for claims and litigation and other contingencies	38	-	1	(21)	(1)	-	(2)	15
TOTAL CURRENT PROVISIONS	40	-	1	(22)	(1)	-	(2)	16

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

The €21 million in used amounts mainly comprised the utilization of a €19 million provision relating to the dispute with Kering (formerly PPR) and Conforama.

10.3 . CLAIMS AND LITIGATION

In the normal course of its business, the Group is involved in a certain number of disputes with third parties or with judicial or administrative authorities (including tax authorities).

Information on these disputes can be found in Note 10.3 to the consolidated financial statements for the year ended December 31, 2018. Developments in first-half 2019 are presented below.

Tax litigation in France

Edenred SA tax audit

In 2017 and 2018, a tax audit was carried out at Edenred SA, covering the period 2014 to 2016.

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

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

The total tax, late interest and penalties claimed for the three years amount to €17 million. The Company has contested the reassessments and took up the matter with the national tax board in early 2019. It is currently waiting for the board to set a hearing date.

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

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

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

In the summary procedure, Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeal on December 1, 2010, and then from the Court of Cassation on November 15, 2011, requiring Fnac to stop distributing its single-brand card. A similar order was issued against Conforama on December 3, 2010. The total amount of the penalties was €12 million.

In a decision on the merits of the case handed down on March 14, 2016, the Paris Commercial Court ordered Kering and Conforama to pay Edenred France an additional €7 million for damages sustained as well as hundred thousand euros as compensation for the lawsuit brought by Kering and Conforama, which was considered to represent an abuse of process.

In a ruling handed down on December 12, 2018, the Paris Court of Appeal ordered Edenred France to return the above amounts that it had received in penalties and damages. Edenred France opposes the Court of Appeal's ruling and has brought the matter before the Court of Cassation. Proceedings are still ongoing. In the meantime, the penalties and damages totaling €19 million were repaid by Edenred France on January 24, 2019. This amount had been fully provisioned at December 31, 2018.

Competition dispute in France

On October 9, 2015, the French company Octoplus filed a complaint with the French Competition Authority against several French companies in the meal voucher sector, including Edenred France. The Competition Authority's board met on April 5, 2016 and on July 7, 2016 to hear all the parties concerned



as well as the investigation departments. On October 6, 2016, the Competition Authority decided to pursue its investigations without passing provisional measures against Edenred France.

On February 27, 2019, the investigation departments provided Edenred France with their final report, which contained two complaints dating from the early 2000s. Edenred contested both the merits and the duration of the alleged acts in its comments submitted to the Competition Authority on April 29, 2019. The Authority's board is expected to hand down its decision before the end of 2019.

Tax litigation in Italy

In 2018 and 2019, a tax audit was carried out at Edenred Italy, covering the period from 2014 to 2016.

In June 2019, the Italian tax authorities informed the company that the tax audit had been completed. In their notification, the tax authorities contested the tax treatment of brand royalties billed to Edenred Italy by Edenred SA. The total tax, late interest and penalties claimed for the three years amount to around €5 million.

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

Turkish competition litigation

In February 2010, the Turkish competition authorities conducted an investigation into Edenred Turkey and Sodexo Turkey to examine the behavior of these two entities on their market between 2007 and 2010. In July 2010, this investigation resulted in a decision to close the case without further action. After examining the application of another market participant seeking the annulment of that decision, the High Court of Justice ruled that the competition authorities had to conduct a full investigation of six market participants in Turkey, including Edenred, on the basis of their respective behavior on the service voucher market between 2007 and 2010.

On November 15, 2018, the Turkish competition authorities imposed a fine of approximately €1 million on Edenred in its capacity as a shareholder of Netser, the subsidiary set up 17 years ago with Sodexo to offer restaurant operators an efficient, low-cost technical electronic payments solution. Edenred paid the fine in the first half of 2019. The Company appealed the decision before the Ankara Administrative Court on May 31, 2019.

Novalto dispute

On February 16, 2017, ProwebCE acquired a 12.6% interest in Novalto, a company specialized in supplying employee incentive solutions to companies without a works council. Under the agreement, ProwebCE had the option to acquire all outstanding shares in Novalto in two stages until 2019. The initial investment was accompanied by an operating agreement between Novalto, on the one hand, and ProwebCE and Edenred France, on the other, whereby Novalto, ProwebCE and Edenred France would provide services to each other.

Novalto's shareholders, notably Wiismile, brought suit against Edenred France and ProwebCE before the Lyon Commercial Court on March 20, 2019, alleging that they had not upheld their commitments under the operating agreement in order to artificially limit the value of the company's shares, on which Edenred France held a call option. Consequently, Novalto's shareholders sought damages of approximately €11 million from the two parties.

Edenred France and ProwebCE firmly deny these allegations and have solid legal and operational arguments in their defense. Therefore, the Company has not set aside a related provision.

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



NOTE 11 : EXCHANGE RATES

ISO code	Currency	Country	2019		2018	
			Closing rate at June 30, 2019	Average rate	Closing rate at Dec. 31, 2018	Average rate
			EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS*	Peso	ARGENTINA	48.34	48.34	43.13	43.13
BRL	Real	BRAZIL	4.35	4.34	4.44	4.31
USD	US dollar	UNITED STATES	1.14	1.13	1.15	1.18
MXN	Peso	MEXICO	21.82	21.65	22.49	22.71
RON	Leu	ROMANIA	4.73	4.74	4.66	4.65
GBP	Pound sterling	UNITED KINGDOM	0.90	0.87	0.89	0.88
SEK	Krona	SWEDEN	10.56	10.52	10.25	10.26
CZK	Koruna	CZECH REPUBLIC	25.45	25.68	25.72	25.64
TRY	Lira	TURKEY	6.57	6.36	6.06	5.70
VES*	Boliv ar	VENEZUELA	7,463.30	4,392.69	644.95	54.52

* See Notes 1.5 "Presentation currency and foreign currencies".

NOTE 12 : UPDATE ON ACCOUNTING STANDARDS

12.1 . STANDARDS, AMENDMENTS AND INTERPRETATIONS MANDATORY FROM JANUARY 1, 2019

The following standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2019 came into effect on that date:

Standard	Name	Summary	Potential impact on Edenred's financial statements
IFRS 16	Leases	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases.	See Note 1.3.1
IFRIC 23	Uncertainty over Income Tax Treatments	The interpretation recommends that entities determine whether each uncertain tax treatment should be considered independently or whether some uncertain tax treatments should be considered together for the purposes of determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.	The Group has examined the potential uncertainties over tax treatments addressed in IFRIC 23. This examination did not lead to any changes in its assessment of existing tax risks at January 1, 2019
Annual Improvements to IFRSs	2015-2017 Cycle	<p>1) IFRS 3 – Business Combinations: amendment stipulating that when an entity acquires control of a joint operation, the previously held interest in that operation should be revalued.</p> <p>2) IFRS 11 – Joint Arrangements: amendment stipulating that when an entity acquires joint control of a joint operation, the previously held interest in that operation should not be revalued.</p> <p>3) IAS 12 – Income Taxes: amendment clarifying that the requirements in former paragraph 52B of IAS 12 apply to all income tax consequences of dividends.</p> <p>4) IAS 23 – Borrowing Costs: amendments stipulating that where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, any balance outstanding when the asset is ready for its intended use or sale should be reclassified as part of the general pool for the calculation of the capitalization rate applicable to the general pool.</p>	No material impact
Amendments to IFRS 9	Prepayment features with negative compensation	Amendments to deal with common types of instruments whose contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount is less than unpaid amounts of principal and interest.	No material impact
Amendments to IAS 19	Plan amendments, curtailments, and settlements	These narrow-scope amendments clarify that if a defined benefit plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.	No material impact
Amendments to IAS 28	Long-term interests in associates and joint ventures	Addition of a paragraph clarifying that IFRS 9, including its impairment requirements, applies to long-term interests in an associate or joint venture. For the application of IFRS 9, no account is taken of the losses of the associate or joint venture or any impairment loss recognized on the net investment in application of IAS 28.	No material impact

Other than IFRS 16, the application and impacts of which are detailed in Note 1.3, the application of these standards, amendments and interpretations did not have a material impact on the periods presented.

12.2 . STANDARDS, AMENDMENTS AND INTERPRETATIONS OPTIONAL FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2019

Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union:

The following standards and amendments published by the IASB have not yet been adopted by the European Union:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 3 – Business Combinations
- IFRS 17 – Insurance Contracts.

The Group chose not to early adopt these standards and amendments at January 1, 2019.





AUDITORS' review report on the half year consolidated financial statements

DELOITTE & ASSOCIES

6, place de la Pyramide
92 908 Paris – La Défense cedex
S.A. au capital de € 1.723.040

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit

Tour First
TSA 14444
92 037 Paris – La Défense cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

EDENRED S. A.

Société Anonyme

166-180 Boulevard Gabriel Péri
92240 Malakoff



Statutory Auditor's Review Report on the Interim Financial Information

For the period from January 1 to June 30, 2019

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

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Edenred, for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

Without qualifying the conclusion expressed above, we draw your attention to paragraph 1.3 of the notes to the condensed interim consolidated financial statements which describes the change in accounting method relating to the mandatory application, as of January 1st, 2019, of IFRS 16 "Leases".

2. Specific verification

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



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

Paris-La-Défense, July 23, 2019

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Patrick E. Suissa

Philippe Diu



DECLARATION BY PERSONS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

Statement by the person responsible for the 2019 half-year financial report

I declare that, to the best of my knowledge, (i) the condensed financial statements for the first half of 2019 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all of the companies included in the scope of consolidation, and (ii) the half-year management report on page 3 includes a fair review of material events of the first six months of the financial year, of their impact on the half-year financial statements and of the main related-party transactions as well as an overview of the main risks and uncertainties in the second half of the year.

Malakoff – July 23, 2019

Bertrand Dumazy

Chairman and Chief Executive Officer

