CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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1.1 CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	December 2017	December 2016
Operating revenue	4.2	1,272	1,073
Financial revenue	4.2	67	66
Total revenue	4.2	**1,339**	**1,139**
Operating expenses	4.3	(829)	(712)
Depreciation, amortization and provisions	5.6	(73)	(57)
Operating profit before other income and expenses (EBIT)	4.4	**437**	**370**
Share of net profit from equity-accounted companies	5.4	11	8
Other income and expenses	10.1	(7)	(26)
Operating profit including share of net profit from equity-accountec		**441**	**352**
Net financial expense	6.1	(50)	(58)
Profit before tax		**391**	**294**
Income tax expense	7	(108)	(102)
NET PROFIT		**283**	**192**
Net profit attributable to owners of the parent		**247**	**180**
Net profit attributable to non-controlling interests	8.3	36	12
Weighted average number of shares outstanding (in thousands)	8.2	233,064	230,113
Earnings per share attributable to owners of the parent (in €)	**8.2**	**1.06**	**0.78**
Diluted earnings per share (in €)	8.2	1.05	0.77

* See Note 1.7 "Change in the presentation of the consolidated income statement".

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Notes	December 2017	December 2016
Net profit		**283**	**192**
Items that may be subsequently reclassified to profit or loss			
Currency translation adjustment	1.4	(138)	92
Change in fair value adjustments to financial instruments and available-for-sale assets		10	26
Tax on items that may be subsequently reclassified to profit or loss		-	(9)
Items that will not be reclassified to profit or loss			
Actuarial gains and losses on defined-benefit plans		2	(3)
Tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		**(126)**	**106**
TOTAL COMPREHENSIVE INCOME		**157**	**298**
Comprehensive income attributable to owners of the parent		**132**	**280**
Comprehensive income attributable to non-controlling interests		**25**	**18**

1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated assets

(in € millions)	Notes	December 2017	December 2016
Goodwill	5.1	994	904
Intangible assets	5.2	433	313
Property, plant and equipment	5.3	46	38
Investments in equity-accounted companies	5.4	62	151
Non-current financial assets	6.2	41	41
Deferred tax assets	7.2	57	69
TOTAL NON-CURRENT ASSETS		**1,633**	**1,516**
Trade receivables	4.5 / 4.7	1,712	1,415
Inventories, other receivables and accruals	4.5 / 4.7	391	326
Restricted cash	4.6	1,127	942
Current financial assets	6.4 / 6.7	43	49
Other marketable securities	6.4 / 6.7	768	735
Cash and cash equivalents	6.4 / 6.7	629	649
TOTAL CURRENT ASSETS		**4,670**	**4,116**
TOTAL ASSETS		**6,303**	**5,632**

Consolidated equity and liabilities

(in € millions)	Notes	December 2017	December 2016
Issued capital	8.1	471	467
Treasury shares	8.1	(6)	(32)
Consolidated retained earnings		(1,900)	(1,699)
Cumulative compensation costs – share-based payments		98	86
Cumulative fair value adjustments to financial instruments		13	3
Cumulative actuarial gains (losses) on defined-benefit plans		(3)	(5)
Currency translation adjustment		(357)	(230)
Net profit attributable to owners of the parent		247	180
Equity attributable to owners of the parent		**(1,437)**	**(1,230)**
Non-controlling interests	8.3	150	69
Total equity		**(1,287)**	**(1,161)**
Non-current debt	6.5 / 6.6	1,765	1,355
Other non-current financial liabilities	6.5 / 6.6	17	50
Non-current provisions	10.2	42	42
Deferred tax liabilities	7.2	135	129
TOTAL NON-CURRENT LIABILITIES		**1,959**	**1,576**
Current debt	6.5 / 6.6	68	527
Other current financial liabilities	6.5 / 6.6	249	37
Current provisions	10.2	42	35
Funds to be redeemed	4.5	4,749	4,182
Trade payables	4.5	177	142
Current tax liabilities	4.5 / 4.7	8	13
Other payables	4.5 / 4.7	284	229
Bank overdrafts	6.5 / 6.6	54	52
TOTAL CURRENT LIABILITIES		**5,631**	**5,217**
TOTAL EQUITY AND LIABILITIES		**6,303**	**5,632**

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

	(in € millions)	Notes	December 2017	December 2016
+	Net profit attributable to owners of the parent		247	180
+	Non-controlling interests	8.3	36	12
-	Share of net profit from equity-accounted companies	5.4	(11)	(8)
-	Depreciation, amortization and changes in operating provisions		85	66
-	Deferred taxes	7.2	18	(5)
-	Expenses related to share-based payments		12	9
-	Non-cash impact of other income and expenses		1	30
-	Difference between income tax paid and income tax expense		(23)	10
+	Dividends received from equity-accounted companies	5.4	11	8
=	**Funds from operations including non-recurring items**		**376**	**302**
-	Other income and expenses (including restructuring costs)		12	(3)
=	**Funds from operations before other income and expenses (FFO)**		**388**	**299**
+	Decrease (increase) in working capital	4.5	293	215
+	Recurring decrease (increase) in restricted cash	4.6	(204)	(104)
=	**Net cash from operating activities**		**477**	**410**
+	Other income and expenses (including restructuring costs) received/paid		17	3
=	**Net cash from operating activities including other income and expenses (A)**		**494**	**413**
-	Recurring expenditure		(78)	(58)
-	External acquisition expenditure, net of cash acquired		(100)	(196)
+	Proceeds from disposals of assets		2	2
=	**Net cash from investing activities (B)**		**(176)**	**(252)**
+	Capital increase		15	5
-	Dividends paid (1)	3.3	(129)	(156)
+	(Purchases) sales of treasury shares		(24)	2
+	Increase (decrease) in debt		(126)	251
=	**Net cash from financing activities (C)**		**(264)**	**102**
-	**Net foreign exchange differences and fair value adjustments (D)**		**(76)**	**(72)**
=	**Net increase in cash and cash equivalents (E) = (A) + (B) + (C) + (D)**	**6.6**	**(22)**	**191**
+	Cash and cash equivalents at beginning of period		597	406
-	Cash and cash equivalents at end of period		575	597
=	**NET CHANGE IN CASH AND CASH EQUIVALENTS**	**6.6**	**(22)**	**191**

(1) Including cash dividends paid to owners of the parent for €109 million (€0.62 per share), cash dividends paid to non-controlling interests in subsidiaries for €17 million and tax on distributed earnings for €3 million.

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

			December 2017	December 2016
+	Cash and cash equivalents	6.4	629	649
-	Bank overdrafts	6.5	(54)	(52)
=	**CASH AND CASH EQUIVALENTS AT END OF PERIOD**		**575**	**597**

1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Issued capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings (2)	Cumulative compensation costs – share-based payments	Cumulative fair value adjustments to financial instruments and available-for-sale assets	Cumulative actuarial gains (losses) on defined-benefit plans	Currency translation adjustment (1)	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Total non-controlling interests	Total equity
December 31, 2015	**462**	**655**	**(56)**	**(2,436)**	**76**	**(14)**	**(2)**	**(316)**	**177**	**(1,454)**	**12**	**(1,442)**
Appropriation of 2015 net profit	-	-	-	177	-	-	-	-	(177)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
- options exercised	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
- dividends reinvested in new shares	5	38	-	-	-	-	-	-	-	43	-	43
Dividends paid	-	-	-	(192)	-	-	-	-	-	(192)	(4)	(196)
Changes in consolidation scope	-	-	-	74	-	-	-	-	-	74	43	117
Compensation costs – share-based payments	-	-	-	-	10	-	-	-	-	10	-	10
(Acquisitions) disposals of treasury shares	-	-	24	(4)	-	-	-	-	-	20	-	20
Other comprehensive income	-	-	-	-	-	17	(3)	86	-	100	6	106
Net profit for the period	-	-	-	-	-	-	-	-	180	180	12	192
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	17	(3)	86	180	280	18	298
December 31, 2016	**467**	**682**	**(32)**	**(2,381)**	**86**	**3**	**(5)**	**(230)**	**180**	**(1,230)**	**69**	**(1,161)**
Appropriation of 2016 net profit	-	-	-	180	-	-	-	-	(180)	-	-	-
Increase (decrease) in share capital												
- in cash	-	-	-	-	-	-	-	-	-	-	-	-
- cancellation of treasury shares	(2)	(29)	31	-	-	-	-	-	-	-	-	-
- options exercised	2	13	-	(15)	-	-	-	-	-	-	-	-
- dividends reinvested in new shares	4	31	-	-	-	-	-	-	-	35	-	35
Dividends paid (3)	-	-	-	(144)	-	-	-	-	-	(144)	(17)	(161)
Changes in consolidation scope (4)	-	-	-	(237)	-	-	-	-	-	(237)	72	(165)
Compensation costs – share-based payments	-	-	-	-	12	-	-	-	-	12	-	12
(Acquisitions) disposals of treasury shares (5)	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Other comprehensive income	-	-	-	-	-	10	2	(127)	-	(115)	(10)	(125)
Net profit for the period	-	-	-	-	-	-	-	-	247	247	36	283
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	10	2	(127)	247	132	25	157
December 31, 2017	**471**	**697**	**(6)**	**(2,597)**	**98**	**13**	**(3)**	**(357)**	**247**	**(1,437)**	**150**	**(1,287)**

(1) See Note 1.4 “Presentation currency and foreign currencies”, and Note 11.6 “Exchange rates” detailing the main exchange rates used in 2016 and 2017. The €357 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Venezuelan bolivar fuerte for €127 million, the Brazilian real for €148 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) See Note 3.1 “Payment of the 2016 dividend”.

(4) Changes in scope of consolidation correspond mainly to:

Attributable to owners of the parent: the €180 million liability represented by NCI puts granted to holders of 34% of the capital of UTA, the negative €39 million carrying amount of the minority interests in UTA acquired in December 2017 and the €17 million reduction in equity attributable to owners of the parent following the increase of the Group’s interest in ProwebCE from 62% to 71% through the exercise in April 2017 of call options on PWCE Participations shares.

Attributable to minority interests: the first-time consolidation of the minority interests in UTA, including the effect of the acquisition of a 15% stake in December 2017.

(5) The movement in treasury shares reflects share buybacks for €15 million and cancellations for €26 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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INTRODUCTION

This icon indicates an IFRS standard issue.

This icon indicates a definition specific to the Edenred Group.

This icon indicates the use of an estimate or judgment. When the Group uses estimates and assumptions, it applies the method presented in Note 1.6. 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 indicates the Group's figures for the current year as well as the comparative period.

NOTE 1 : PRESENTATION OF THE GROUP

1.1 . BUSINESS OVERVIEW

Edenred is the world leader in transactional solutions for companies, employees and merchants. Whether delivered via card, mobile app, online platform or paper voucher, all of these solutions mean increased purchasing power for employees, optimized expense management for companies and additional business for partner merchants.

Edenred’s offer is built around three business lines:

- Employee benefits (Ticket Restaurant®, Ticket Alimentación, Ticket Plus, Nutrisavings, etc.)
- Fleet and mobility solutions (Ticket Log, Ticket Car, UTA, Ticket Empresarial, etc.)
- Complementary solutions including corporate payments (Edenred Corporate Payment), incentives and rewards (Ticket Compliments, Ticket Kadéos) and public social programs.

The Group brings together a unique network of 44 million employees, 770,000 companies and public institutions, and 1.5 million merchants.

Listed on the Euronext Paris stock exchange and part of the CAC Next 20 index, Edenred operates in 45 countries, with close to 8,000 employees. In 2017, the Group managed more than €26 billion in transactions, of which 78% were carried out via card, mobile device or the web.

1.2 . MANAGEMENT OF THE GROUP'S CAPITAL STRUCTURE

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

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

1.3 . INFORMATION ABOUT THE PARENT COMPANY EDENRED SA

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

Société anonyme à conseil d’administration (French public limited company with a Board of Directors) with share capital of €470,806,480
Registered on the Nanterre Trade and Companies Register under No. 493 322 978
NAF code: 6420Z

These financial statements for the year ended December 31, 2017 were approved for publication by the Board of Directors of Edenred on February 19, 2018. They will be submitted for shareholders' approval during the Annual Shareholders' Meeting on May 3, 2018.

1.4 . PRESENTATION CURRENCY AND FOREIGN CURRENCIES

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

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

Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the 2017 consolidated financial statements are presented in Note 11.6.

The impact on attributable consolidated equity of currency translation adjustments was a negative €127 million between December 31, 2016 and December 31, 2017, as presented in the consolidated statement of changes in equity. This difference was mainly due to the depreciation of the Brazilian real for €102 million, the depreciation of the Mexican peso for €6 million and the depreciation of the Venezuelan bolivar (see Note 3.1) for €6 million against the euro.

1.5 . BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

As required by European Commission Regulation 1606/2002 dated July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2017, have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of that date. They include comparative financial information for the year 2016, prepared in accordance with the same principles and conventions and the same standards.

IFRSs are downloadable from the European Commission's website:

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

At December 31, 2017, the accounting standards and interpretations adopted by the European Union were the same as the International Financial Reporting Standards published by the International Accounting Standards Board (IASB), with the exception of IAS 39, which was only partially adopted.

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

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

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 and 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.

1.7 . CHANGE IN THE PRESENTATION OF THE CONSOLIDATED INCOME STATEMENT

In line with AMF guidelines for the presentation of the 2013 and 2016 financial statements, position paper DOC-2015-12 and French Accounting Standards Board recommendation ANC 2013-03, starting with the 2017 interim consolidated financial statements, other income and expenses are reported above the line "Operating profit including share of net profit (loss) from equity-accounted companies". In prior periods, these income and expense items were reported below "Net financial expense".

NOTE 2 : ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

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

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

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

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

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

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

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

Acquisitions, development projects and disposals in 2017

UTA

- **Overview**

On **January 20, 2017**, Edenred exercised the call option enabling it to acquire, from the two founding families, 17% of the capital of Union Tank Eckstein (UTA), the number two Europe-wide player in multi-brand fuel cards, toll solutions and maintenance solutions. Edenred already held a 34% interest in the company, which it had acquired on February 27, 2015. This gave the Group significant influence over UTA, which was accounted for using the equity method in 2015 and 2016.

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

The acquisition of an additional 17% of UTA's capital, for €85 million, gave Edenred control over UTA, and the subgroup has been fully consolidated in Edenred's financial statements as from January 1, 2017.

Following this transaction, UTA's minority shareholders have put options exercisable as from January 21, 2017.

In December 2017, a minority shareholder holding a 15% interest in UTA exercised its put option. The transaction, which was effective on January 15, 2017, lifted Edenred's stake in UTA to 66%.

On December 28, 2017, the Group was notified by Hermes Mineralöl GmbH, co-founder and minority shareholder of UTA, of its intention to exercise its put option on a 17% stake. This transaction is subject to approval from the relevant competition authorities and is expected to be finalized in the first quarter of 2018. This transaction will lead to Edenred holding an 83% interest in UTA.

- **Impact on the 2017 consolidated financial statements**

In accordance with IFRS 3 (revised) – Business Combinations, the Group's initial 34% interest in UTA's net assets was remeasured at fair value, leading to the recognition of a €19 million gain in the consolidated income statement under "Other income and expenses". The Group chose not to remeasure non-controlling interests at fair value and the goodwill recorded in assets in the consolidated statement of financial position therefore corresponds to the difference between the consideration paid and the Group's share of the identifiable net assets acquired (partial goodwill method).

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired was allocated to the customer list for €109 million, investments in equity-accounted companies (primarily Ages and MSC) for €48 million, the brand for €23 million and goodwill for €148 million.

The NCI puts have been recognized in current debt and as a deduction from equity attributable to owners of the parent for an amount of €180 million.

The effects of consolidating the UTA subgroup on the consolidated financial statements for the year ended December 31, 2017 were as follows:

(in € millions)	UTA December 2017
Non-current assets	207
Current assets	373
Total assets	**580**
Equity and non-current liabilities	214
Current liabilities*	366
Total equity and liabilities	**580**

***** Excluding financial liabilities arising on the €180 million in put options.

(in € millions)	UTA 2017 (12 months)
Revenue	72
EBIT	**12**
Net profit (1)	40
Net profit attributable to owners of the parent	**30**

(1) Including the €19 million gain arising from remeasurement at fair value of the Group's initial 34% interest and its €11 million share of net profit from equity-accounted companies.

Vasa Slovensko

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

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

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired has been provisionally allocated to the customer list for €10 million and the residual difference to goodwill for €21 million.

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

The effects of consolidating Vasa Slovensko on the consolidated financial statements at December 31, 2017 were as follows:

(in € millions)	VASA SLOVENSKO December 2017
Non-current assets	10
Current assets	17
Total assets	**27**
Equity and non-current liabilities	11
Current liabilities	16
Total equity and liabilities	**27**

(in € millions)	VASA SLOVENSKO (3 months)
Revenue	2
EBIT	**1**
Net profit attributable to owners of the parent	**1**

ProwebCE

In April 2017, the Group increased its interest in ProwebCE from 62% to 71% by exercising some of its call options on shares in PWCE Participations, ProwebCE's sole shareholder. In the consolidated financial statements, the operation was accounted for in equity as a transaction between owners, in accordance with IFRS 3 (revised). The accretive impact on 2017 attributable profit was not material. If the remaining calls are exercised, this will give Edenred 100% of ProwebCE's capital.

Moneo Resto

In May 2017, the Edenred Group acquired Moneo Resto.

The purchase price allocation had been completed as of December 31, 2017, leading to the recognition of customer lists for €6 million, in accordance with IFRS 3 (revised), and goodwill of €14 million.

Disposal of Edenred Suisse SA

The Swiss subsidiary was sold in May 2017 following the Edenred Group's analysis that it had an insufficient share of this market, which offers limited growth potential. The disposal gain, which is not material, has been recorded in the 2017 consolidated income statement under "Other income and expenses".

Disposal of Edenred South Africa

In line with its Fast Forward strategy, on July 7, 2017, Edenred sold its non-core operations in South Africa. The disposal gain, which is not material, has been recorded in the 2017 consolidated income statement under "Other income and expenses".

Acquisitions, development projects and disposals in 2016

Embratec

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

During the year, the two groups set up the Ticket Log joint venture. Edenred transferred its Ticket Car and Repom assets to Ticket Log in exchange for 65% of the capital and Embratec transferred its fuel card and maintenance businesses operated under the Ecofrotas and Expers brands in exchange for a 35% stake.

In accordance with IFRS 3 (revised) – Business Combinations, in 2016 the Group carried out the provisional allocation of acquisition prices to assets, liabilities and contingent liabilities identifiable as such according to IFRS 3 (revised) and the harmonization of accounting and valuation methods.

The acquisition price for the 65% share of Fleet & Mobility Solutions activities amounted to 1,153 million reais, equivalent to €290 million including 742 million reais in cash (€187 million), translated at the acquisition date exchange rate (EUR 1 = BRL 3.9738).

The total difference between the cost of the business combination and the estimated acquisition date fair value of the net assets acquired was allocated to the customer list for €92 million and to licenses and software for €10 million, the residual difference of €249 million being allocated to goodwill. The purchase price allocation was completed and the final goodwill amount was determined in first-half 2017. The value attributed to goodwill is supported by estimates of future synergies and the business's growth outlook.

NOTE 3 : SIGNIFICANT EVENTS

3.1 . CHANGE OF THE BOLIVAR FUERTE EXCHANGE RATE IN 2016 AND 2017

2016 devaluation of the bolivar fuerte

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

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

2017 devaluation of the bolivar fuerte

On May 19, 2017, the Venezuelan government and central bank modified the exchange control system. The new minimum value for the DICOM was set at 1,800 bolivars fuerte to the US dollar. The central bank suspended the DICOM on September 4, 2017 and it has been set at 3,340 bolivars fuerte to the US dollar ever since.

The political and economic situation in Venezuela continued to deteriorate in the second half of the year.

Edenred's position

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

	December 2017		December 2016	
	Average rate*	Current rate**	Average rate	Current rate
Bolivar fuerte to US dollar exchange rate used by Edenred, translated into euros	2,410	4,007	545	709

(*) Average of SIMADI/DICOM bolivar fuerte to US dollar exchange rates since January 1, 2017, translated to euros.

(**) Latest SIMADI/DICOM bolivar fuerte to US dollar exchange rate as at December 2017, translated to euros.

Bolivar fuerte exchange rate sensitivity analysis

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

	December 31, 2017 +/- 50%**		December 31, 2016 +/- 50%*	
(in € millions)	€m	% Group total	€m	% Group total
Revenue	2	0.1%	7	0.5%
EBIT	0	0.0%	3	0.8%
Net profit	1	0.5%	2	0.9%
Net profit attributable to owners of the parent	1	0.5%	1	0.7%
Net debt	(2)	-0.3%	(9)	-1.5%

* Based on an actual average VEF/EUR exchange rate of 545, the rates used are 1090 (-50%) and 363 (+50%).

** Based on an actual average VEF/EUR exchange rate of 2410, the rates used are 4821 (-50%) and 1607 (+50%).

If it were to remove its Venezuelan subsidiaries from its scope of consolidation, the Group would have to transfer the historical translation differences previously recognized in equity to net profit. Translation differences amounted to a negative €149 million at December 31, 2017.

3.2 . EXCEPTIONAL TAX BENEFIT CORRESPONDING TO THE CLAIMS FOR REFUNDS OF THE 3% TAX PAID ON DISTRIBUTED EARNINGS

From 2015 to 2017, Edenred SA filed claims with the French tax authorities aimed at obtaining a refund of the 3% tax paid in the years 2013 to 2017 on dividends distributed to shareholders, representing a total claim of €21 million before interest.

Following a decision handed down on October 6, 2017 by France's Conseil Constitutionnel (constitutional council) ruling that the 3% tax was unconstitutional.

The Company therefore recognized an exceptional net tax benefit of €21 million in its 2017 financial statements. This amount corresponds to tax claims plus late interest (€24 million) on the one hand and the 3% tax paid for 2017 (€3 million) on the other.

3.3 . PAYMENT OF THE 2016 DIVIDEND

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

The reinvestment period, which ran from May 12, 2017 to June 2, 2017, led to the issue of 1,722,895 new shares of Edenred common stock, representing 0.74% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 15, 2017.

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

The total cash dividend, which was paid on June 15, 2017, amounted to €109 million corresponding to 50% of the dividend automatically paid in cash (€74 million) and the €35 million paid in cash to shareholders opting not to reinvest.

3.4 . €500 MILLION BOND ISSUE

On March 30, 2017, the Group placed a bond issue of €500 million worth of 10-year 1.875% bonds.

The proceeds from the issue contributed mainly to repaying the €510 million 3.625% bond issue due in October 2017.

The bond issue extended the average maturity of the Group's debt to 6.0 years from 4.4 years at December 31, 2016, and reduced its average cost of debt to 1.8% versus 2.5% at December 31, 2016.

Edenred has a well-balanced debt profile, with no major repayment obligations until 2025.

3.5 . SUBSEQUENT EVENTS

Acquisition of Timex Card

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

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.

In addition to similar long-term economic characteristics, IFRS 8 requires that the five following aggregation criteria be fulfilled:

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 decision 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".

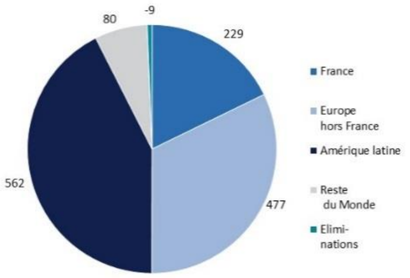
Finally, "Holding Companies & Other" includes the Edenred SA holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.

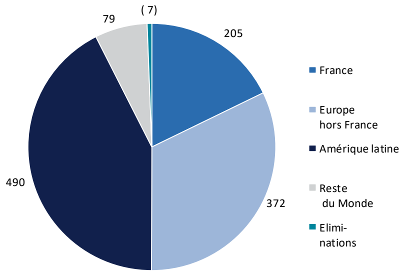
Condensed financial information

Income statement *(in € millions)*

Revenue from operating segments (including inter-segment revenue)

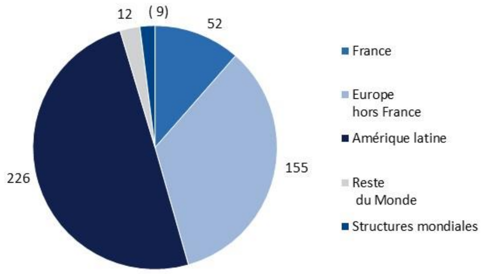


2017
TOTAL: 1,339

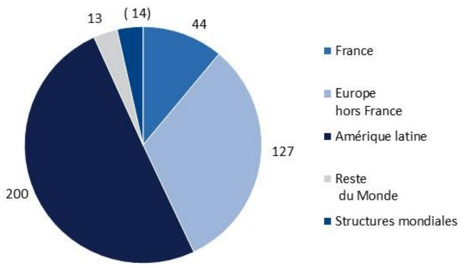


2016
TOTAL: 1,139

EBIT



2017
TOTAL: 437



2016
TOTAL: 370

Statement of financial position

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding Companies & Other	December 2017
Goodwill	156	353	448	37	-	**994**
Intangible assets	68	178	162	10	15	**433**
Property, plant and equipment	4	23	16	2	1	**46**
Non-current financial assets and investments in equity-accounted companies	4	63	6	2	28	**103**
Deferred tax assets	2	16	11	2	26	**57**
Non-current assets	**234**	**633**	**643**	**53**	**70**	**1,633**
Current assets	**1,006**	**1,476**	**1,604**	**192**	**392**	**4,670**
TOTAL ASSETS	**1,240**	**2,109**	**2,247**	**245**	**462**	**6,303**
Equity and non-controlling interests	**248**	**543**	**708**	**60**	**(2,846)**	**(1,287)**
Non-current liabilities	**13**	**101**	**126**	**3**	**1,716**	**1,959**
Current liabilities	**979**	**1,465**	**1,413**	**182**	**1,592**	**5,631**
TOTAL EQUITY AND LIABILITIES	**1,240**	**2,109**	**2,247**	**245**	**462**	**6,303**

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

4.2 . REVENUE

As explained in Note 14.5 "Glossary", like-for-like or organic growth corresponds to comparable data, that is, at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Changes in revenue between 2017 and 2016 break down as follows:

(in € millions)	December 2017	December 2016	Organic growth		Changes in scope of consolidation		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	**In €m**	**As a %**
Operating revenue	1,272	1,073	+97	+9.1%	+102	+9.6%	+0	+0.0%	+199	+18.6%
Financial revenue	67	66	+0	+0.0%	+1	+0.9%	+0	+0.2%	+1	+1.1%
TOTAL EXTERNAL REVENUE	**1,339**	**1,139**	**+97**	**+8.6%**	**+103**	**+9.1%**	**+0**	**+0.0%**	**+200**	**+17.6%**

Segment information by indicator

Change in revenue

Total revenue

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

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

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

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

Operating revenue

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding Companies & Other	TOTAL
Total 2017 revenue	229	468	562	80	-	**1,339**
Total 2016 revenue	205	365	490	79	-	**1,139**
Change	24	103	72	1	-	**200**
Reported change as a %	+11.8%	+28.4%	+15.3%	+1.1%	-	**+17.6%**
LIKE-FOR-LIKE CHANGE	**+24**	**+32**	**+33**	**+8**	**-**	**+97**
LIKE-FOR-LIKE CHANGE AS A %	**11.5%**	**8.9%**	**6.9%**	**9.7%**	**0.0%**	**8.6%**

Operating revenue

Changes in operating revenue between 2017 and 2016 break down as follows:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding Companies & Other	TOTAL
2017 operating revenue	219	454	524	75	-	**1,272**
2016 operating revenue	195	348	456	74	-	**1,073**
Change	24	106	68	1	-	**199**
Reported change as a %	+12.6%	+30.5%	+14.9%	+0.9%	-	**+18.6%**
LIKE-FOR-LIKE CHANGE	**+24**	**+35**	**+31**	**+7**	**-**	**+97**
LIKE-FOR-LIKE CHANGE AS A %	**12.6%**	**11.0%**	**6.8%**	**8.9%**	**0.0%**	**9.1%**

Financial revenue

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

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

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

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding Companies & Other	TOTAL
2017 financial revenue	10	14	38	5	-	**67**
2016 financial revenue	10	17	34	5	-	**66**
Change	-	(3)	+4	-	-	**+1**
Reported change as a %	(9.5)%	(16.2)%	+12.4%	+3.6%	-	**+1.1%**
LIKE-FOR-LIKE CHANGE	**(1)**	**(3)**	**+3**	**+1**	**-**	**-**
LIKE-FOR-LIKE CHANGE AS A %	**+9.5%**	**+15.0%**	**+7.1%**	**+22.7%**	**-**	**+0.0%**

4.3 . OPERATING EXPENSES

(in € millions)	December 2017	December 2016
Employee benefit expense	(397)	(341)
Cost of sales	(157)	(139)
Business taxes	(43)	(38)
Rental expense	(21)	(21)
Other operating expenses	(211)	(173)
TOTAL OPERATING EXPENSES (1)	**(829)**	**(712)**

(1) In 2017, operating expenses were impacted by a positive €4 million currency effect and a negative €76 million scope effect in comparison with 2016.

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

4.4 . OPERATING PROFIT BEFORE OTHER INCOME AND EXPENSES (EBIT)

Changes in EBIT between 2017 and 2016 break down as follows:

(in € millions)	December 2017	December 2016	Organic growth		Changes in scope of consolidation		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	In €m	As a %
EBIT	437	370	+49	+13.1%	+15	+4.2%	+3	+0.8%	+67	+18.1%

EBIT is analyzed by operating segment in the table below:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	Holding Companies & Other	TOTAL
2017 EBIT	52	155	226	13	(9)	**437**
2016 EBIT	44	127	200	13	(14)	**370**
Change	+8	+28	+26	-	+5	**+67**
Reported change as a %	+18.2%	+22.0%	+12.9%	+3.9%	(33.8)%	**+18.1%**
LIKE-FOR-LIKE CHANGE	**+9**	**+17**	**+10**	**+3**	**+10**	**+49**
LIKE-FOR-LIKE CHANGE AS A %	**+20.7%**	**+13.2%**	**+4.7%**	**+28.3%**	**(70.6)%**	**+13.1%**

4.5 . CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED

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

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

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

Funds to be redeemed are booked in current liabilities.

(in € millions)	December 2017	December 2016	Change
Inventories, net	24	24	-
Trade receivables, net	1,712	1,415	297
Other receivables, net	367	302	65
Working capital – assets	**2,103**	**1,741**	**362**
Trade payables	177	142	35
Other payables	284	229	55
Funds to be redeemed	4,749	4,182	567
Working capital – liabilities	**5,210**	**4,553**	**657**
NEGATIVE WORKING CAPITAL	3,107	2,812	295
Corporate income tax liabilities	8	13	(5)
NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)	3,115	2,825	290

(in € millions)	December 2017	December 2016
Working capital at beginning of period	**2,812**	**2,554**
Change in working capital (1)	293	215
Development expenditure	106	57
Disposals	(9)	-
Impairment losses	5	16
Currency translation adjustment	(94)	(24)
Reclassifications to other balance sheet items	(6)	(6)
Net change in working capital	**295**	**258**
WORKING CAPITAL AT END OF PERIOD	3,107	2,812

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

4.6 . CHANGE IN RESTRICTED CASH

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

Restricted cash corresponds mainly to service voucher reserved funds subject to special regulations in the following countries: France (€691 million), United Kingdom (€301 million), Romania (€62 million), United States (€31 million), Italy (€17 million), Uruguay (€11 million) and Bulgaria (€7 millions).

The Brazilian subsidiaries' accreditation package submitted to the Brazilian Central Bank (BACEN) is currently in the process of approval. As soon as the certification is obtained, which is expected in 2018, BACEN regulations will make it compulsory to reclassify part of the float of the Employee Benefits business to restricted cash. The segregation of the funds will amount to 80% in 2018 and 100% in 2019. This accreditation package has no impact on the consolidated financial statement for the year ended December 31, 2017.

(in € millions)	December 2017	December 2016
Restricted cash at beginning of period	**(942)**	**(858)**
Like-for-like change for the period (1)	(204)	(104)
Other changes	4	(3)
Currency translation adjustment	15	23
Net change in restricted cash	**(185)**	**(84)**
RESTRICTED CASH AT END OF PERIOD	**(1,127)**	**(942)**

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

4.7 . TRADE AND OTHER RECEIVABLES AND PAYABLES

Trade receivables

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

(in € millions)	December 2017	December 2016
Gross value	1,783	1,478
Impairment losses	(71)	(63)
TRADE RECEIVABLES, NET	**1,712**	**1,415**

Inventories, other receivables and accruals

Accounting method used for inventories

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

For Edenred, inventories mainly include cards and paper for printing vouchers.

(in € millions)	December 2017	December 2016
Inventories	24	24
VAT recoverable	85	32
Employee advances and prepaid payroll taxes	4	5
Other prepaid and recoverable taxes	35	12
Other receivables	226	247
Prepaid expenses	18	15
GROSS VALUE	**392**	**335**
Impairment losses	(1)	(9)
INVENTORIES AND OTHER RECEIVABLES AND ACCRUALS, NET	**391**	**326**

Other payables and accruals

(in € millions)	December 2017	December 2016
VAT payable	35	34
Wages and salaries and payroll taxes payable	71	70
Other taxes payable (excl. corporate income tax)	12	15
Deferred income	28	23
Other payables	138	87
Total other payables and accruals	**284**	**229**
Corporate income tax liabilities	8	13
OTHER PAYABLES AND ACCRUALS	**292**	**242**

NOTE 5 : NON-CURRENT ASSETS

5.1 . GOODWILL

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

Positive goodwill

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

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

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

Goodwill arising on the acquisition of subsidiaries is reported separately.

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

Negative goodwill

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

(in € millions)	December 2017	December 2016
Gross value	1,158	1,063
Accumulated impairment losses	(164)	(159)
GOODWILL, NET	**994**	**904**

(in € millions)	December 2017	December 2016
Brazil (including Repom and Embratec)	397	472
UTA*	148	-
France (Ticket Cadeaux)	92	92
France ProwebCE	49	49
Mexico	40	44
Italy	46	46
United Kingdom (including Prepay Technologies)	44	45
Romania	31	32
Slovakia	21	-
Japan	11	20
Finland	19	19
Sweden	18	18
France Moneo Resto	14	-
United States	13	15
Czech Republic	13	12
Dubai	8	9
Portugal	6	6
Other (individually representing less than €5 million)	24	25
GOODWILL, NET	**994**	**904**

* The amount reported for "Investments in equity-accounted companies" at December 31, 2016 includes goodwill of €93 million (see Note 5.4 "Investments in equity-accounted companies").

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

(in € millions)	December 2017	December 2016
NET GOODWILL AT BEGINNING OF PERIOD	**904**	**575**
Goodwill recognized on acquisitions for the period and other increases	**174**	**265**
. Germany (UTA acquisition) (1)	148	-
. Slov akia (VASA acquisition) (1)	21	-
. France (Moneo Resto acquisition) (1)	14	-
. Nicaragua (Nectar Technology consolidation) (2)	3	-
. Brazil (Embratec consolidation) (1)	(13)	261
. France (LCCC consolidation)	-	1
. Other acquisitions	1	3
Goodwill written off on disposals for the period	-	-
Impairment losses (3)	(11)	-
Currency translation adjustment	(73)	64
NET GOODWILL AT END OF PERIOD	**994**	**904**

(1) See Note 2 "Acquisitions, development projects and disposals".
(2) The Group's 51% stake in Nectar Technology was acquired in 2016; however, the company was consolidated only as from January 1, 2017.
(3) See Note 5.5 "Impairment tests" and Note 10.1 "Other income and expenses".

5.2 . INTANGIBLE ASSETS

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

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

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

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

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- its intention to complete the intangible asset and use or sell it;

- its ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

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

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

(in € millions)	December 2017	December 2016
COST		
Kadéos brand	19	19
Other brands	47	25
Customer lists	338	232
Licenses and software	301	258
Other	76	73
TOTAL COST	**781**	**607**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(10)	(10)
Customer lists	(92)	(78)
Licenses and software	(202)	(163)
Other intangible assets	(44)	(43)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	**(348)**	**(294)**
INTANGIBLE ASSETS, CARRYING VALUE	**433**	**313**

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

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

(in € millions)	December 2017	December 2016
CARRYING VALUE OF INTANGIBLE ASSETS AT BEGINNING OF PERIOD	**313**	**182**
Intangible assets of newly consolidated companies (*)	146	118
Internally generated assets	39	29
Additions	26	15
Amortization for the period	(57)	(42)
Impairment losses for the period	(9)	(12)
Disposals	-	-
Currency translation adjustment	(26)	23
Reclassifications	1	-
CARRYING VALUE OF INTANGIBLE ASSETS AT END OF PERIOD	**433**	**313**

(*) Including the customer list (UTA and Vasa) for €120 million and the UTA brands for €23 million (see Note 2 "Acquisitions, development projects and disposals").

The net carrying amount of the main intangible assets considered as having an indefinite useful life is as follows:

(in € millions)	December 2017	December 2016
UTA brand	23	-
Kadéos brand	19	19
Rikskuponger brand	3	3
Prepay brand	2	2

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 accordance with IAS 40 – Investment Property, investment properties are properties held to earn rents or for capital appreciation. Investment properties are measured at cost less cumulated depreciation and impairment losses.

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

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

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

(in € millions)	December 2017	December 2016
Land	2	0
Buildings	14	4
Fixtures	27	27
Equipment and furniture	127	116
Assets under construction	1	1
COST	**171**	**148**

(in € millions)	December 2017	December 2016
Buildings	(6)	(1)
Fixtures	(18)	(17)
Equipment and furniture	(101)	(92)
ACCUMULATED DEPRECIATION	**(125)**	**(110)**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	**(125)**	**(110)**

(in € millions)	December 2017	December 2016
Land	2	-
Buildings	8	3
Fixtures	9	10
Equipment and furniture	26	24
Assets under construction	1	1
PROPERTY, PLANT AND EQUIPMENT, NET	**46**	**38**

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

(in € millions)	December 2017	December 2016
NET PROPERTY, PLANT AND EQUIPMENT AT BEGINNING OF PERIOD	**38**	**37**
Property, plant and equipment of newly consolidated companies	13	7
Additions	17	14
Disposals	(1)	(1)
Amortization for the period	(16)	(14)
Impairment losses for the period	(1)	(1)
Currency translation adjustment	(4)	(4)
Reclassifications	-	-
NET PROPERTY, PLANT AND EQUIPMENT AT END OF PERIOD	**46**	**38**

5.4 . INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

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

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

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

Investments in equity-accounted companies at December 31, 2016 corresponded for the most part to the UTA sub-group. At December 31, 2017, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (MercedesService Card Beteiligungs GmbH and MercedesService Card GmbH & Co KG), which were included in the UTA sub-group at the previous year-end.

Impact on the income statement:

(in € millions)	December 2017	December 2016
Share of net profit from equity-accounted companies	11	9
Total share of net profit from equity-accounted companies	**11**	**9**

Impact on the statement of financial position:

(in € millions)	December 2017	December 2016
Goodwill	-	93
Investments in equity-accounted companies	62	58
Total investments in equity-accounted companies	**62**	**151**

Change in interest in investments in equity-accounted companies:

(in € millions)	December 2017	December 2016
Investments in equity-accounted companies at beginning of period	151	150
Additions to investments in equity-accounted companies	-	-
Impact of full consolidation of UTA	(151)	-
Impact of equity accounting of AGES and MSC (in sub-consolidation of UTA in 2016)	62	-
Share of net profit from equity-accounted companies	11	9
Dividends received from investments in UTA equity-accounted companies	-	(8)
Dividends received from investments in AGES and MSC equity-accounted companies	(11)	-
Investments in equity-accounted companies at end of period	**62**	**151**

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

Actual 2017 data were not available for these companies when the consolidated financial statements were drawn up. Consequently, no balance sheet data are presented for them, and the income statement data correspond to nine actual months and three estimated months.

The data are presented on a 100% basis.

Income statement

(in € millions)	**2017**
Revenue	160
EBIT	47
Profit before tax	42
Net profit	**32**

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

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

The data are presented on a 100% basis.

Income statement

(in € millions)	**2017**
Revenue	9
EBIT	5
Profit before tax	5
Net profit	**5**

5.5 . IMPAIRMENT TESTS

Recoverable amount of assets

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

Reversal of impairment losses

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

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

Cash-generating units

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

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

Indications of impairment are as follows for active CGUs:

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

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

Methods used to determine recoverable amounts

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

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

For Edenred, it includes:

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

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

The method consists firstly in calculating the fair value (as per below), and then comparing it to the carrying amount. The Group considers that a difference of more than 20% between the fair value and the carrying amount means a potential loss in value. When there is a loss in value identified using this method or changes in the economic environment of the country or the local business, a test based on the discounted cash flow method is applied in order to determine the potential loss in value compared with the carrying amount.

The method used is as follows:

Step 1: Fair value less cost to sell	Step 2*: Value in use
EBITDA multiple method: This method can be used to measure fair value less cost to sell, and provides the best estimate of the price at which a CGU could be sold on the market on the valuation date. The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk. The multiples applied correspond to the average of transactions occurring on the market and within a range comparable to the valuation multiples of the Edenred Group. If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flow method (Step 2).	**Discounted cash flow method:** The projections used are consistent with the internally-approved business plans. In 2017, the rate used to discount cash flows was the Group weighted average cost of capital (WACC), broken down by country and by business type. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.

** Used in two situations:*

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

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

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

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

The following CGUs were tested using the value-in-use method in 2016:

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

Potential risks linked to Brexit and the economic and political crisis in Brazil were taken into account when testing fair value and value in use in 2017.

Impairment losses

Accumulated impairment losses on property, plant and equipment and intangible assets amounted to €215 million in 2017, versus €202 million in 2016. An €11 million goodwill impairment loss was recorded in 2017, including €7 million on Japanese goodwill and €4 million on Indian goodwill (see Note 10.1).

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

	December 2017				December 2016			
(in € millions)	Gross value	Depreciation/ amortization	Accumulated impairment losses	**Net value**	Gross value	Depreciation/ amortization	Accumulated impairment losses	**Net value**
Goodwill	1,158	-	(164)	**994**	1,063	-	(159)	**904**
Brands	66	-	(10)	**56**	44	-	(10)	**34**
Customer lists	338	(71)	(21)	**246**	232	(57)	(21)	**154**
Other intangible assets	377	(222)	(24)	**131**	331	(189)	(17)	**125**
Property, plant and equipment	171	(125)	-	**46**	148	(110)	-	**38**
TOTAL	**2,110**	**(418)**	**(219)**	**1,473**	1,818	(356)	(207)	**1,255**

Key assumptions

In 2017, the discount rate applied was based on the Group weighted average cost of capital (WACC) and averaged 9.2% (9.3% in 2016).

	Discount rates		Perpetuity growth rates	
	2017	**2016**	**2017***	**2016**
Europe (excl. France)	7.9%-14.3%	7.1%-10.1%	1.8%-4.0%	1.8%-4.0%
Latin America	12.6%-14.6%	13%-18.1%	3.0%-4.5%	3.0%-4.5%
Rest of the World	6.7%-13.6%	10.5%-14.9%	1.6%-5.0%	1.2%-4.9%

(*) Source: IMF inflation forecast for 2022.

Sensitivity analysis

Rate sensitivity

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

(in € millions)	December 2016							
	WACC sensitivity				Perpetuity growth rate sensitivity			
	+100 bps	+50 bps	-50 bps	-100 bps	-100 bps	-50 bps	+50 bps	+100 bps
France	-	-	-	-	-	-	-	-
Europe (excl. France)	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(1)	(0)	-	-	(0)	-	-	-

In 2017, changes in the weighted average cost of capital (WACC) and the perpetuity growth rate would have the following impacts on the Europe (excluding France) and Rest of the World regions:

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

- a 50 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €2 million for the Rest of the World region;
- a 100 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €4 million for the Rest of the World region.

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

- a 50 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €2 million for the Rest of the World region;
- a 100 basis point increase in the discount rate would have had the effect of increasing the recognized loss by less than €1 million for the Europe (excluding France) region and approximately €3 million for the Rest of the World region.

Growth assumption sensitivity

(in € millions)	December 2017							
	Business growth sensitivity				Margin rate sensitivity			
	-10%		+10%		-100 bps		+100 bps	
France	-	-	-	-	-	-	-	-
Europe (excl. France)	(0)	-	-	-	(0)	-	-	-
Latin America	-	-	-	-	-	-	-	-
Rest of the World	(2)	-	2	-	(2)	-	2	-

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

At December 31, 2017, a 10% fall in business volume would have had the effect of increasing the recognized impairment loss by around €2 million.

At December 31, 2017, a 100 basis point fall in the margin rate would have increased the recognized impairment loss by around €2 million.

5.6 . DEPRECIATION, AMORTIZATION AND PROVISIONS

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

(in € millions)	December 2017	December 2016
Depreciation and amortization	(73)	(57)
Provisions for non-current assets	-	-
TOTAL	**(73)**	**(57)**

Changes in depreciation and amortization between 2016 and 2017 primarily concerned the first-time consolidation of UTA (see Note 2 "Acquisitions, development projects and disposals"). Amortization of fair value adjustments to assets primarily includes €6 million for UTA and €8 million for Embratec.

NOTE 6 : FINANCIAL ITEMS

6.1 . NET FINANCIAL EXPENSE

Net financial expense includes:

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

(in € millions)	December 2017	December 2016
Gross borrowing cost	(65)	(53)
Hedging instruments	20	13
Income from cash and cash equivalents and marketable secu	8	-
Net borrowing cost	**(37)**	**(40)**
Net foreign exchange gains (losses)	2	(2)
Other financial income	1	3
Other financial expenses	(16)	(19)
NET FINANCIAL EXPENSE	**(50)**	**(58)**

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

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

6.2 . NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are classified as "Available-for-sale financial assets" and are therefore measured at fair value. If their fair value can be reliably estimated, they are measured at fair value through equity.

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

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

	December 2017			December 2016		
(in € millions)	Gross value	Impair-ment	Net value	Gross value	Impair-ment	Net value
Equity interests	34	(5)	29	30	(1)	29
Deposits and guarantees	10	-	10	9	-	9
Other	2	-	2	3	-	3
NON-CURRENT FINANCIAL ASSETS	**46**	**(5)**	**41**	**42**	**(1)**	**41**

6.3 . CURRENT FINANCIAL ASSETS

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

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

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

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

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

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

(in € millions)	December 2017 Gross value	Impair-ment	Net value	December 2016 Gross value	Impair-ment	Net value
Other current financial assets	3	(1)	2	4	-	4
Receivables on disposals of assets	-	-	-	-	-	-
Derivatives	41	-	41	45	-	45
CURRENT FINANCIAL ASSETS	**44**	**(1)**	**43**	**49**	**-**	**49**

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

Derivatives are recognized according to IAS 39 – Financial Instruments: Recognition and Measurement. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management".

6.4 . CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES

Cash and cash equivalents

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

Other marketable securities

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

Accounting method

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

Term deposits and loans to non-consolidated companies are presented in "Loans and receivables". These assets are initially recognized at fair value. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.

Bonds and other marketable securities whose specificity is that they are held to maturity are classified as "**Held-to-maturity investments**". They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods.

Mutual fund units in cash are booked in "**Financial assets at fair value through profit and loss**". These assets are booked at fair value in the balance sheet and fair value changes are booked in the income statement.

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

(in € millions)	December 2017 Gross value	December 2017 Impair-ment	December 2017 Net value	December 2016 Gross value	December 2016 Impair-ment	December 2016 Net value
Cash at bank and on hand	306	-	306	162	-	162
Term deposits and equivalent – less than 3 months	297	-	297	460	-	460
Mutual fund units in cash – less than 3 months	26	-	26	27	-	27
CASH AND CASH EQUIVALENTS	**629**	**-**	**629**	**649**	**-**	**649**
Term deposits and equivalent – more than 3 month	750	(3)	747	734	(3)	731
Bonds and other negotiable debt securities	20	-	20	3	-	3
Mutual fund units in cash – more than 3 months	1	-	1	1	-	1
OTHER MARKETABLE SECURITIES	**771**	**(3)**	**768**	**738**	**(3)**	**735**
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	**1,400**	**(3)**	**1,397**	**1,387**	**(3)**	**1,384**

6.5 . DEBT AND OTHER FINANCIAL LIABILITIES

Debt

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

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

(in € millions)	December 2017 Non-current	December 2017 Current	December 2017 Total	December 2016 Non-current	December 2016 Current	December 2016 Total
Non-banking debt	1,698	-	1,698	1,207	525	1,732
Bank borrowings	67	68	135	148	2	150
DEBT	**1,765**	**68**	**1,833**	**1,355**	**527**	**1,882**
BANK OVERDRAFTS	**-**	**54**	**54**	**-**	**52**	**52**
Deposits	1	13	14	8	5	13
Purchase commitments	14	209	223	40	3	43
Derivatives	-	23	23	-	19	19
Other	2	4	6	2	10	12
OTHER FINANCIAL LIABILITIES	**17**	**249**	**266**	**50**	**37**	**87**
DEBT AND OTHER FINANCIAL LIABILITIES	**1,782**	**371**	**2,153**	**1,405**	**616**	**2,021**

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

Debt

Debt securities

Bonds

Edenred announced a €500 million 10-year 1.875% bond issue on March 22, 2017. The new bond issue will provide financing for general corporate purposes and, more particularly, for the Group's growth projects. It also contributed to repaying the €510 million worth of 3.625% bonds due in October 2017.

At December 31, 2017, the Group's gross outstanding bond position amounted to €1,475 million, which breaks down as follows:

Issue date	Amount in €m	Coupon	Maturity
Mar. 30, 2017	500	1.875%	10 years Mar. 30, 2027
Mar. 10, 2015	500	1.375%	10 years Mar. 10, 2025
Oct. 30, 2013	250	2.625%	7 years Oct. 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
Gross outstanding bond position	**1.475**		

At December 31, 2016, the gross outstanding bond position amounted to €1,485 million.

Issue date	Amount in €m	Coupon	Maturity
Mar. 10, 2015	500	1.375%	10 years Mar. 10, 2025
Oct. 30, 2013	250	2.625%	7 years Oct. 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
Oct. 6, 2010	510	3.625%	7 years Oct. 6, 2017
Gross outstanding bond position	**1.485**		

Other debt securities

At December 31, 2017, the €250 million Schuldschein private placement represented different tranches of maturity and rates and can be detailed as follows:

Rate		Amount in €m	Coupon	Maturity
Fixed	1,05%	45	5	Jun. 29, 2021
Variable	Euribor 6 months * +105 bps	68	5	Jun. 29, 2021
Fixed	1,47%	32	7	Jun. 29, 2023
Variable	Euribor 6 months * +130 bps	105	7	Jun. 29, 2023
Total Schuldschein loan		**250**		

* 6-month Euribor with a 0% floor.

Bank borrowings

Bank borrowings mainly comprise a 500 million reais loan for general corporate purposes obtained in the first half of 2016 (€130 million at the December 31, 2017 BRL/EUR exchange rate). The loan is repayable in two 250 million reais installments in June 2018 and May 2019.

Bank borrowings at December 31, 2017 totaled €135 million, of which €130 million corresponding to the 500 million reais loan.

Credit facility

At December 31, 2017, Edenred had €700 million in undrawn confirmed lines of credit, expiring at the end of July 2022. This facility will be used for general corporate purposes.

On July 6, 2017, the maturity of the €700 million syndicated credit facility expiring on July 21, 2021 was extended by one year, in line with the option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until July 2022.

Maturity analysis – carrying amounts

At December 31, 2017

(in € millions)	2018	2019	2020	2021	2022	2023 and beyond	December 2017
Debt and other financial liabilities	371	84	254	112	239	1,093	2,153
Total	**371**	**84**	**254**	**112**	**239**	**1,093**	**2,153**

At December 31, 2016

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

6.6 . NET DEBT AND NET CASH

(in € millions)	December 2017	December 2016
Non-current debt	1,765	1,355
Other non-current financial liabilities	17	50
Current debt	68	527
Other current financial liabilities	249	37
Bank overdrafts	54	52
DEBT AND OTHER FINANCIAL LIABILITIES	**2,153**	**2,021**
Current financial assets	(43)	(49)
Other marketable securities	(768)	(735)
Cash and cash equivalents	(629)	(649)
CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	**(1,440)**	**(1,433)**
NET DEBT	**713**	**588**

(in € millions)	December 2017	December 2016
Net debt at beginning of period	**588**	**637**
Increase (decrease) in non-current financial debt	410	(121)
Increase (decrease) in other non-current financial liabilities	(33)	12
Decrease (increase) in other marketable securities	(33)	(257)
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	22	(191)
Increase (decrease) in other financial assets and liabilities	(241)	508
Increase (decrease) in net debt	**125**	**(49)**
NET DEBT AT END OF PERIOD	**713**	**588**

6.7 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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

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

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

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

Financial instruments designated as hedging instruments

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

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

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

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

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

Other derivatives

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

Interest rate risk: fixed/variable interest rate analysis

1) Hedging impact

Before hedging

Debt before interest rate hedging breaks down as follows:

	December 2017			December 2016		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt (1)	1,658	2.89%	90%	1,708	3.48%	91%
Variable-rate debt	175	1.31%	10%	174	1.24%	9%
TOTAL DEBT	**1,833**	**2.74%**	**100%**	**1,882**	**3.27%**	**100%**

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

After hedging

Debt after interest rate hedging breaks down as follows:

	December 2017			December 2016		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	290	4.42%	16%	309	4.56%	16%
Variable-rate debt	1,543	1.28%	84%	1,573	2.12%	84%
TOTAL DEBT	**1,833**	**1.78%**	**100%**	**1,882**	**2.52%**	**100%**

2) Hedging of interest rate risk

Interest rate risk is hedged with swaps to transform a fixed rate into a variable rate over debt initially issued at a fixed rate:

- swaps to hedge the bond debt in euros: notional amount of €1,432 million relating to an underlying debt of €1,507 million and for a fair value of €6 million representing a financial asset;
- swaps to hedge the bank debt in Brazilian reais: notional amount of €63 million relating to an underlying debt of 250 million reais and for a fair value of €4 million representing a financial asset;
- swaps to hedge marketable securities in reais: notional amount of €305 million relating to an underlying debt of 1,210 million reais and for a fair value of €13 million representing a financial asset.

Those swaps are classified as fair value hedges according to IAS 39, with the exception of fixed-rate receiver swaps. These hedging operations have no material impact on the income statement as the efficiency ratio is almost 100%.

(in € millions)	Notional amount	Fair value	2018	2019	2020	2021	2020 and beyond
BRL: fixed-rate receiv er swaps (1)	305	14	63	62	-	-	180
BRL: v ariable-rate payer swaps (2)	63	4	-	63	-	-	-
EUR: fixed-rate payer swaps	50	(1)	-	-	-	-	50
EUR: v ariable-rate payer swaps	1,382	7	-	-	125	-	1,257
TOTAL	**1,800**	**24**	**63**	**125**	**125**	**-**	**1,487**

(1) 1,210 million Brazilian reais (BRL), equivalent to €305 million.
(2) 250 million Brazilian reais (BRL), equivalent to €63 million.

3) Interest rate risk sensitivity

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

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

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2017 remains constant over one year.

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

	Income		Equity	
(in € millions)	100 bp decrease in interest rates*	100 bp increase in interest rates	100 bp decrease in interest rates*	100 bp increase in interest rates
Debt at v ariable rate after hedge accour	11	(12)	-	-
Deriv ativ es eligible for cash flow hedge accounting	(0)	(0)	-	-
TOTAL	**11**	**(12)**	**-**	**-**

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

Foreign exchange risk: currency analysis

1) Hedging impact

Before hedging

Debt before currency hedging breaks down as follows:

	December 2017			December 2016		
(in € millions)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	1,698	1.99%	93%	1,732	2.51%	92%
Other currencies	135	12.07%	7%	150	12.08%	8%
DEBT	**1,833**	**2.74%**	**100%**	**1,882**	**3.27%**	**100%**

After hedging

Debt after currency hedging breaks down as follows:

(in € millions)	December 2017 Amount	December 2017 Interest rate	December 2017 % of total debt	December 2016 Amount	December 2016 Interest rate	December 2016 % of total debt
EUR	1,689	1.16%	92%	1,723	1.60%	92%
Other currencies	144	8.99%	8%	159	12.49%	8%
DEBT	**1,833**	**1.78%**	**100%**	**1,882**	**2.52%**	**100%**

2) Currency hedges

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

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

At December 31, 2017, currency derivatives had an aggregate negative fair value of €6 million.

This figure breaks down as follows:

(in € millions)	Notional amount	Fair value	2018	2019	2020	2021	2022	2023 and beyond
GBP	198	(1)	(1)	-	-	-	-	-
MXN	70	(3)	(3)	-	-	-	-	-
CZK	50	1	1	-	-	-	-	-
JPY	19	(2)	(2)	-	-	-	-	-
HUF	15	0	0	-	-	-	-	-
RON	9	(0)	(0)	-	-	-	-	-
SEK	6	(0)	(0)	-	-	-	-	-
USD	2	(0)	(0)	-	-	-	-	-
FORWARD PURCHASES AND CURRENCY SWAPS	**369**	**(6)**	**(6)**	**-**	**-**	**-**	**-**	**-**
SGD	3	0	0	-	-	-	-	-
RUB	3	0	0	-	-	-	-	-
HKD	2	0	0	-	-	-	-	-
USD	1	0	0	-	-	-	-	-
FORWARD SALES AND CURRENCY SWAPS	**9**	**0**	**0**	**-**	**-**	**-**	**-**	**-**
TOTAL	**378**	**(6)**	**(6)**	**-**	**-**	**-**	**-**	**-**

3) Sensitivity to exchange rates

A change of 10% in currency exchange rates of the major currencies would have the following impact on EBIT: Brazil (BRL) €16 million, Mexico (MXN) €4 million and Venezuela (VEF) €3 million.

Liquidity risk

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

Future cash flows relating to interest rates are calculated using market interest rates at December 31, 2017. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

At December, 31 2017

(in € millions)	Dec. 2017 Carrying amount	Contractual flows	2018	2019	2020	2021	2022	2023 and beyond
Bonds	1,698	1,698	-	-	254	112	239	1,093
Bank borrowings	135	135	68	67	-	-	-	-
Future interest	n.a	223	45	37	34	28	23	56
DEBT	**1,833**	**2,056**	**113**	**104**	**288**	**140**	**262**	**1,149**
Bank ov erdrafts	54	54	54	-	-	-	-	-
Other financial liabilities	266	266	249	17	-	-	-	-
Future interest	n.a	(9)	(17)	(12)	(6)	(1)	3	24
BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES	**320**	**311**	**286**	**5**	**(6)**	**(1)**	**3**	**24**
DEBT AND OTHER FINANCIAL LIABILITIES	**2,153**	**2,367**	**399**	**109**	**282**	**139**	**265**	**1,173**

At December, 31 2016

(in € millions)	Dec. 2016 Carrying amount	Contractual flows	2017	2018	2019	2020	2021	2022 and beyond
Bonds	1,732	1,732	525	-	-	256	113	838
Bank borrowings	150	150	2	73	75	-	-	-
Future interest	N/A	192	55	36	28	25	18	30
DEBT	**1,882**	**2,074**	**582**	**109**	**103**	**281**	**131**	**868**
Bank ov erdrafts	52	52	52	-	-	-	-	-
Other financial liabilities	87	88	37	10	22	10	0	9
Future interest	N/A	(26)	(13)	(8)	(7)	(6)	(2)	10
BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES	**139**	**114**	**76**	**2**	**16**	**4**	**(2)**	**19**
DEBT AND OTHER FINANCIAL LIABILITIES	**2,021**	**2,187**	**658**	**111**	**119**	**285**	**129**	**887**

Credit and counterparty risk

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

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

With several tens of thousands of corporate and public authority clients at December 31, 2017, the Group has a highly diversified customer base. Moreover, its clients include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

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

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

Financial instruments

Market value of financial instruments

(in € millions)	Carrying amount December 2017	Fair value	Financial assets at fair value through profit and loss	Available-for-sale financial assets	Held-to-maturity financial assets	Financial liabilities at amortized cost	Loans and receiv-ables	Deriv-atives
ASSETS								
Non-current financial assets	41	41	-	18	-	-	23	-
Trade receiv ables, net	1,712	1,712	-	-	-	-	1,712	-
Employee adv ances and prepaid payroll taxes	4	4	-	-	-	-	4	-
Other receiv ables, net	226	226	-	-	-	-	226	-
Prepaid expenses	18	18	-	-	-	-	18	-
Restricted cash	1,127	1,140	-	-	-	-	1,140	-
Current financial assets	43	43	-	-	-	-	2	41
Other marketable securities	768	770	1	-	-	-	769	-
Cash and cash equiv alents	629	629	26	-	297	-	306	-
TOTAL	**4,568**	**4,583**	**27**	**18**	**297**	**-**	**4,200**	**41**
LIABILITIES								
Non-current debt	1,765	1,875	-	-	-	1,875	-	-
Other non-current financial liabilities	17	17	-	-	-	17	-	-
Current debt	68	68	-	-	-	68	-	-
Bank ov erdrafts	54	54	-	-	-	54	-	-
Other current financial liabilities	249	249	-	-	-	226	-	23
Vouchers in circulation	4,753	4,753	-	-	-	4,753	-	-
Trade payables	177	177	-	-	-	177	-	-
Wages and salaries and payroll taxes payable	71	71	-	-	-	71	-	-
Other payables	138	138	-	-	-	138	-	-
Deferred income	28	28	-	-	-	28	-	-
TOTAL	**7,320**	**7,430**	**-**	**-**	**-**	**7,407**	**-**	**23**

Fair value analysis of financial assets and liabilities

The fair value hierarchy comprises the following levels:

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

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

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

(in € millions)	Fair value December 2017	Level 1	Level 2	Level 3
ASSETS				
Non-current financial assets	18	-	-	18
Current financial assets	41	-	41	-
Other marketable securities	-	-	-	-
Cash and cash equivalents	26	26	-	-
TOTAL	**85**	**26**	**41**	**18**
LIABILITIES				
Non-current debt	-	-	-	-
Other non-current financial liabilities	-	-	-	-
Current debt	-	-	-	-
Bank overdrafts	-	-	-	-
Other current financial liabilities	23	-	23	-
TOTAL	**23**	**-**	**23**	**-**

Derivative financial instruments

(in € millions)	IFRS classification	December 2017 Fair value	December 2017 Notional amount	December 2017 Face value	December 2016 Fair value	December 2016 Notional amount	December 2016 Face value
Derivative financial instruments – asset position							
Interest-rate instruments	Cash-flow hedge	14	217	-	6	367	-
Interest-rate instruments	Fair-value hedge	22	393	-	33	1,103	-
Interest-rate instruments	Trading	3	50	-	4	50	-
Currency instruments	Fair-value hedge	2	-	147	2	-	81
Currency instruments	Cash-flow hedge	-	-	-	-	-	2
Derivative financial instruments – liability position							
Interest-rate instruments	Cash-flow hedge	(1)	88	-	-	-	-
Interest-rate instruments	Fair-value hedge	(13)	1,002	-	(5)	302	-
Interest-rate instruments	Trading	(1)	50	-	(2)	50	-
Currency instruments	Fair-value hedge	(8)	-	231	(12)	-	257
NET DERIVATIVE FINANCIAL INSTRUMENTS		**18**	**1,800**	**378**	**26**	**1,872**	**340**

Derivative instruments were measured at December 31, 2017 by applying a credit valuation adjustment (CVA) in accordance with IFRS 13.

The CVA for a given counterparty is determined by calculating the result of: (i) exposure (i.e., the market value of the derivative instruments purchased from the counterparty, if positive), (ii) probability of default, and (iii) loss given default. CVAs at December 31, 2017 were not material.

Cumulative fair value of financial instruments

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

(in € millions)	December 2016	New transactions	Change in fair value	P&L recycling	December 2017
Cash-flow hedge financial instruments (after tax)	3	(1)	7	-	**9**
Available-for-sale securities	-	-	4	-	**4**
Total	**3**	**(1)**	**11**	**-**	**13**

NOTE 7 : TAXES

7.1 . INCOME TAX

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

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

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

Income tax expense and benefit

(in € millions)	**December 2017**	**December 2016**
Current taxes	(111)	(102)
Tax on dividends*	21	(5)
Provisions for tax risks	-	-
SUB-TOTAL: CURRENT TAXES	**(90)**	**(107)**
Deferred taxes arising on temporary differences during the period	(23)	5
Deferred taxes arising on changes in tax rates or rules	5	-
SUB-TOTAL: DEFERRED TAXES	**(18)**	**5**
TOTAL INCOME TAX EXPENSE	**(108)**	**(102)**

* : cf Note 3.2 – "Exceptional tax benefit corresponding to the claims for refunds of the 3% tax paid on distributed earnings"

In 2017, Income tax expense includes € (3) million to French CVAE.

Tax proof

(in € millions)	December 2017	December 2016
Operating profit before tax	**391**	**294**
Share of net profit from equity-accounted companies	11	8
Operating profit before tax before share of net profit of equity-accounted companies (a)	**380**	**286**
Non-deductible impairment losses	15	-
Elimination of intercompany capital gains	(21)	-
Other	(2)	7
TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLES EXPENSES) (b)	**(8)**	**7**
Untaxed profit and profit taxed at a reduced rate (c)	**24**	**9**
Profit taxable at the standard rate (d) = (a) + (b) + (c)	**396**	**302**
Standard tax rate in France (e)	**34.43%**	**34,43%**
Theoretical tax at standard rate in France (f) = (d) x (e)	**(136)**	**(104)**
Adjustments for:	-	-
. differences in foreign tax rates	21	14
. unrecognized tax losses for the period	(2)	(1)
. utilization of previously unrecognized tax losses	2	-
. changes in deferred tax assets	(5)	-
. effect of changes in future tax rates	(1)	(3)
. net change in provisions for tax risks	-	-
. reimbursement/payment of tax on dividends (l)*	21	(5)
. other items	(6)	(1)
TOTAL ADJUSTMENTS (g)	**30**	**4**
Actual tax at standard rate (h) = (f) + (g)	**(106)**	**(100)**
Tax at reduced rate (i)	**(2)**	**(2)**
INCOME TAX EXPENSE (j) = (h) + (i)	**(108)**	**(102)**
EFFECTIVE TAX RATE (k) = (j) / (d)	**27.3%**	**33,9%**

INCOME TAX EXPENSE without tax on dividends (j)' = (h)' + (i)	**(129)**	**(97)**
EFFECTIVE TAX RATE without tax on dividends (k)' = (j)' / (d)	**32.6%**	**32.1%**

* Excluding the impact of the tax on dividends (see Note 3 "Significant events"), income tax expense amounted to €129 million, bringing the effective tax rate to 32.6%.

7.2 . DEFERRED TAXES

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

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

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

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future. Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity. Since January 1, 2010, adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

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

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

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

Details of recognized deferred tax assets and liabilities

(in € millions)	December 2017	December 2016
Temporary differences	29	36
Recognized deferred tax assets on tax losses	28	33
SUB-TOTAL: DEFERRED TAX ASSETS	**57**	**69**
Temporary differences	135	129
SUB-TOTAL: DEFERRED TAX LIABILITIES	**135**	**129**
NET DEFERRED TAX ASSET (LIABILITY)	**(78)**	**(60)**

Unrecognized deferred tax assets at December 31, 2017 amounted to €21 million, of which €10 million related to Holding Companies & Other (Edenred SA), €2 million related to Singapore and €1 million related to the United Kingdom.

At December 31, 2017, unrecognized deferred tax assets corresponded to tax losses in an amount of €22 million, including €4 million expiring between Y+1 and Y+4, €3 million expiring Y+5 and beyond and €15 million without a time limit.

At December 31, 2016, unrecognized deferred tax assets amounted to €23 million.

NOTE 8 : EQUITY

Note on the negative value of Group retained earnings

At December 31, 2017, total equity attributable to owners of the parent amounted to a negative €1,437 million. This negative value is mainly due to the legacy of the financial statements established for Edenred's demerger from the Accor group in July 2010.

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

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

8.1 . EQUITY

Issued capital

At December 31, 2017, the Company's capital was made up of 235,403,240 shares with a par value of €2 (two) each, all fully paid up.

These 235,403,240 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

Change in capital in number of shares:

	December 2017	December 2016
At January 1	**233,679,845**	**230,816,848**
Capital increase linked to dividend payments	1,722,895	2,862,997
Shares issued on conversion of performance share rights	526,798	501,513
Shares issued on exercise of stock options	963,836	309,017
Share cancellation	(1,490,134)	(810,530)
At December 31	**235,403,240**	**233,679,845**

Treasury shares

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

(in number of shares)	December 2017	December 2016
Shares at beginning of period	**1,805,374**	**3,008,056**
Purchases of shares		
Share buy-back agreements	1,099,268	-
Liquidity contracts*	(46,116)	(180,712)
Sales of shares		
Disposals	-	-
Purchase option exercise, bonus shares and capital allocat	(171,135)	(211,440)
Share cancellation	(1,490,134)	(810,530)
SHARES AT END OF PERIOD	**1,197,257**	**1,805,374**

** See below for details on amounts purchased and sold.*

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

At December 31, 2017, a total of 1,197,257 shares were held in treasury: no shares were purchased during the period under the liquidity contract. At December 31, 2016, a total of 1,805,374 shares were held in treasury.

Entity to whom the custody of the liquidity contract* has been assigned	Period	2017				2016			
		Sold		Purchased		Sold		Purchased	
		No.	Total €m	No.	Total €m	No.	Total €m	No.	Total €m
Oddo Corporate Finance	Nov. 2014-Sept. 23, 2016	-	-	-	-	2,722,165	48	2,472,165	43
Exane BNP Paribas	Since Oct. 3, 2016	2,475,252	55	2,429,136	54	1,020,186	20	1,089,474	22

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

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

Dividends

2017 dividend

At the Edenred Shareholders Meeting called to approve the financial statements for the year ended December 31, 2017, the Board of Directors recommended paying a dividend of €0.85 per share, representing a total pay-out of €199 million.

Subject to approval by the Shareholders Meeting, this dividend will be granted during the first half of 2018. The dividend was not recognized under liabilities in the financial statements for the year ended December 31, 2017 as these financial statements were presented before appropriation of profit.

8.2 . EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

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

Earnings per share attributable to owners of the parent

At December 31, 2017, the Company's share capital was made up of 235,403,240 ordinary shares.
At December 31, 2017, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

(in shares)	December 2017	December 2016
SHARE CAPITAL AT END OF PERIOD	**235,403,240**	**233,679,845**
Number of outstanding shares at beginning of period	**231,874,471**	**227,808,792**
Number of shares issued for dividend payments	1,722,895	2,862,997
Number of shares issued on conversion of performance share plans	526,798	501,513
Number of shares issued on conversion of stock-option plans	963,836	309,017
Number of shares canceled	(1,490,134)	(810,530)
Issued shares at period-end excluding treasury shares	**1,723,395**	**2,862,997**
Treasury shares not related to the liquidity contract	562,001	1,021,970
Treasury shares under the liquidity contract	46,116	180,712
Treasury shares	**608,117**	**1,202,682**
NUMBER OF OUTSTANDING SHARES AT END OF PERIOD	**234,205,983**	**231,874,471**
Adjustment to calculate weighted average number of issued shares	(774,621)	(1,290,695)
Adjustment to calculate weighted average number of treasury shares	(367,614)	(470,720)
Total weighted average adjustment	**(1,142,235)**	**(1,761,415)**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD	**233,063,748**	**230,113,056**

In addition, 875,665 stock options (number outstanding at December 31, 2017) and 3,928,276 performance shares were granted to employees between 2012 and 2016. Conversion of all of these potential shares would increase the number of shares outstanding to 236,678,412.

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 and 8 (€22.04); and
- from March 8, 2017 to December 31, 2017 for Plan 9 (€23.22).

The diluted weighted average number of shares outstanding at December 31, 2017 was 235,791,869.

	December 2017	December 2016
Net profit attributable to owners of the parent *(in € millions)*	**247**	**180**
Weighted average number of issued shares *(in thousands)*	234,629	232,389
Weighted average number of treasury shares *(in thousands)*	(1,565)	(2,276)
Number of shares used to calculate basic earnings per share *(in thousands)*	**233,064**	**230,113**
BASIC EARNINGS PER SHARE *(in €)*	**1.06**	**0.78**
Number of shares resulting from the exercise of stock options *(in thousands)*	387	301
Number of shares resulting from performance share grants *(in thousands)*	2,341	2,327
Number of shares used to calculate diluted earnings per share *(in thousands)*	**235,792**	**232,741**
DILUTED EARNINGS PER SHARE *(in €)*	**1.05**	**0.77**

8.3 . NON-CONTROLLING INTERESTS

(in € millions)	
At December 31, 2015	**12**
Net profit from non-controlling interests for the period	12
Dividends paid to non-controlling interests	(4)
Capital increase	-
Currency translation adjustment	6
Changes in consolidation scope	43
At December 31, 2016	**69**
Net profit from non-controlling interests for the period	36
Dividends paid to non-controlling interests	(17)
Capital increase	-
Currency translation adjustment	(10)
Changes in consolidation scope	72
At December 31, 2017	**150**

Changes in consolidation scope between 2016 and 2017 primarily concerned the acquisition of UTA (see Note 2 "Acquisitions, development projects and disposals in 2017").

NOTE 9 : EMPLOYEE BENEFITS

9.1 . SHARE-BASED PAYMENTS

Stock option plans

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

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

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

The main characteristics of the current stock option plans at December 31, 2017 are summarized in the table below:

	Plan 1	Plan 2	Plan 3
Date of Shareholders' Meeting authorization	May 10, 2010	May 10, 2010	May 10, 2010
Date granted by the Board of Directors	August 6, 2010	March 11, 2011	February 27, 2012
Duration of the plan	8 years	8 years	8 years
Start date of the exercise period	August 7, 2014	March 12, 2015	February 28, 2016
Expiry date of the exercise period	August 6, 2018	March 11, 2019	February 27, 2020
Expected life of the options	0.6 years	1.2 years	2.2 years
Exercise price	€13.69	€18.81	€19.03
Number of grantees at the grant date	455	58	18
Number of options at the plan launch	4,235,500	611,700	382,800
Number of options remaining at December 31, 2017	**446,115**	**232,350**	**197,200**

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

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

Maturity of stock options

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

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

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

Share price volatility

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

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

Risk-free interest rate

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

Movements in 2017 of stock option subscription plans in effect on December 31, 2017 are detailed below:

	December 2017		December 2016	
	Number of options	Weighted average	Number of options	Weighted average
OPTIONS OUTSTANDING AT BEGINNING OF PERIOD	**1,830,251**	**15.98 €**	**2,144,618**	**€15.79**
Options granted	-	-	-	-
Options canceled or expired	-	-	-	-
Options exercised	(963,836)	15.73 €	(315,117)	€14.67
Correction from prev ious year	9,250	-	750	-
OPTIONS OUTSTANDING AT END OF PERIOD	**875,665**	**16.25 €**	**1,830,251**	**€15.98**
OPTIONS EXERCISABLE AT END OF PERIOD	**875,665**	**16.25 €**	**1,830,251**	**€15.98**

The weighted average exercise price was €16.25 in 2017 and €15.98 in 2016.

(in € millions)	2012	2013	2014	2015	2016	2017
Expense recognized* in respect of share-based payments granted to the Edenred employees	3.70	1.10	1.20	0.50	0.10	-

* With a corresponding adjustment to equity.

Performance share plans

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

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

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

Main characteristics

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

The duration of the 2012-to-2015 plans is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be sold. The duration of the 2016 and 2017 plans is three years for all beneficiaries.

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

Depending on the actual percentage of fulfillment of each of the plan's three performance conditions, this proportion will be reduced or increased, by up to 1.25 times the initial grant for the objective concerned, without the total amount exceeding 100% of the initial amount granted.

The performance objectives are as follows:

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

Plan 7		Plan 8		Plan 9	
Plan of December 9, 2015		Plan of May 4, 2016		Plan of March 08, 2017	
137,363 shares		990,080 shares		794,985 shares	
Weight	Conditions	Weight	Conditions	Weight	Conditions
75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)	75% of the shares granted	Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO)
25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the	25% of the shares granted	One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the
The performance objectives were partially met for Plan 7.		The performance objectives are still being assessed for Plan 8.		The performance objectives are still being assessed for Plan 9.	

Fair value of performance share plans

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

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

	2013	2014	2015	2016	2017
Fair value of benefits for French tax residents	19.72	14.12	16.08	17.00	18.38
Fair value of benefits for non-residents	19.18	14.58	15.91	17.00	18.38
Expense recognized* (in € millions)	9.80	13.40	11.20	8.92	12.36

* With a corresponding adjustment to equity.

9.2 . PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

IAS 19 (revised):

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

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

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

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

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

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

Group employees receive three kinds of benefits:

1) **Short-term benefits**: paid vacation, paid sick leave and profit-shares.

2) **Long-term benefits**: long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses.

3) **Post-employment benefits:**

   a. Defined-contribution plans: Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. Contributions to these plans are recognized immediately as an expense. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined-contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined-contribution pension schemes in other countries.

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

   b. Defined-benefit plans (end-of-career compensation, pension funds): For defined-benefits plans, the Group assesses its obligation in accordance with IAS 19 (revised) –

Employee Benefits. These plans are characterized by the employer's obligation toward employees. If they are not entirely pre-funded, a provision must be set aside.

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

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

These plans mainly concern:

- Holding Companies & Other (55.6% of the total projected benefit obligation in 2017 versus 45.2% in 2016);
- United Kingdom (14.2% of the total projected benefit obligation in 2017 versus 24.9% in 2016, after deducting plan assets);
- France (12.4% of the total projected benefit obligation in 2017 versus 13.1% in 2016);
- Belgium (1.8% of the total projected benefit obligation in 2017 versus 2.9% in 2016, after deducting plan assets).

- Length-of-service awards in Italy (7.6% of the obligation at December 31, 2017):
    - lump-sum payments made to employees on retirement, resignation or dismissal, determined by reference to the employee's years of service and final salary;
    - related obligation covered by a provision in the balance sheet.

- The Edenred Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly in the classes of assets held in insurers' general portfolios managed according to conservative investment strategies.

Actuarial assumptions

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

		Europe (excl. France)			
2017	**France**	**United Kingdom**	**Belgium**	**Italy**	**Holding Companies & Other**
Rate of future salary increases	2.8%	N/A	2.8%	1.5%	3% - 4%
Discount rate	1.5%	2.6%	1.5%	1.5%	1.5%

2016	France	Europe (excl. France) United Kingdom	Belgium	Italy	Holding Companies & Other
Rate of future salary increases	2.8%	N/A	2.8%	2.0%	2.8%
Discount rate	1.3%	2.8%	1.3%	1.3%	1.3%

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

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

At December, 31 2017

(in € millions)	Defined-benefit pension plans	Other defined-benefit plans(*)	Total
Present value of funded obligation	22	-	22
Fair value of plan assets	(18)	-	(18)
Surplus (Deficit)	**4**	**-**	**4**
Present value of unfunded obligation	-	22	22
LIABILITIES RECOGNIZED IN THE BALANCE SHEET	**4**	**-**	**26**

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

At December, 31 2016

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

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

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

(in € millions)	France	United Kingdom	Belgium	Italy	Holding Companies & Others*	Rest of the World	Total	Other benefits	Total 2017	Total 2016
	Pension plans 2017	Europe (excl. France)								
Projected benefit obligation at beginning of perio	**3**	**17**	**6**	**2**	**11**	**2**	**42**	**2**	**44**	**42**
Service costs	0	-	0	-	1	0	2	0	2	2
Interest costs	0	0	0	0	0	0	1	0	1	1
Past service costs (plan amendments)	0	-	-	-	-	(0)	0	(0)	0	(1)
Acquisitions (disposals)	-	-	-	-	-	-	-	-	-	-
Benefits paid	(0)	(0)	(0)	-	-	(0)	(0)	(0)	(0)	(1)
Actuarial (gains) losses	(0)	(2)	(0)	(0)	1	0	(1)	(0)	(1)	3
Currency translation adjustment	-	(1)	-	-	-	(0)	(1)	(0)	(1)	(2)
Total other	-	-	-	-	-	0	0	-	0	-
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD	**3**	**15**	**6**	**2**	**14**	**2**	**42**	**2**	**44**	**44**

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

(in € millions)	France	United Kingdom	Belgium	Italy	Holding Companies & Other	Rest of the World	Total	Other benefits	Total 2017	Total 2016
		Europe (excl. France)								
Fair value of plan assets at beginning of period	**-**	**10**	**5**	**-**	**-**	**1**	**17**	**-**	**17**	**18**
Financial income	-	1	0	-	-	0	1	-	1	1
Actual return on plan assets	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	0	0	-	-	-	1	-	1	0
Benefits paid	-	(0)	(0)	-	-	-	(0)	-	(0)	-
Currency translation adjustment	-	(0)	-	-	-	(0)	(0)	-	(0)	(2)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**-**	**11**	**6**	**-**	**-**	**1**	**18**	**-**	**18**	**17**

(in € millions)	France	United Kingdom	Belgium	Italy	Holding Companies & Other	Rest of the World	Total	Other benefits	Total 2017	Total 2016
		Europe (excl. France)								
Plan deficit at beginning of period*	**3**	**6**	**1**	**2**	**11**	**2**	**25**	**2**	**27**	**24**
Provision at end of period	3	4	-	2	14	1	24	2	26	27
PLAN DEFICIT AT END OF PERIOD	**3**	**4**	**-**	**2**	**14**	**1**	**24**	**2**	**26**	**27**

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

(in € millions)	France	United Kingdom	Belgium	Italy	Holding Companies & Other	Rest of the World	Total	Other benefits	Total 2017	Total 2016
		Europe (excl. France)								
Service costs	**0**	**-**	**0**	**-**	**1**	**0**	**2**	**0**	**2**	**3**
Past service costs on acquired rights										
Net interest income	0	0	0	(0)	0	(0)	1	0	1	(1)
Amortization of actuarial gains and losses	-	-	-	-	-	-	-	-	-	-
COST FOR THE PERIOD	**0**	**0**	**0**	**(0)**	**1**	**0**	**3**	**0**	**3**	**2**
Actuarial gains and losses recognized in equity	**(0)**	**(2)**	**(0)**	**(0)**	**1**	**(0)**	**(2)**	**(0)**	**(2)**	**3**

Charges in pension liabilities (including loyalty bonuses) between January 1, 2016 and December 31, 2017

(in € millions)	**Amount**
Liability at January 1, 2016	**24**
Cost for the year	2
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	3
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
Liability at December 31, 2016	**27**
Cost for the year	3
Benefits paid	(1)
Actuarial gains and losses for the period recognized in equity	(2)
Effect of changes in consolidation scope	0
Currency translation adjustment	(1)
LIABILITY AT December 31, 2017	**26**

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

(in € millions)	**December 2017**	**December 2016**
Actuarial (gains) and losses – experience adjustments	1	(2)
Actuarial (gains) and losses – changes in demographical assumptions	(0)	-
Actuarial (gains) and losses – changes in financial assumptions	(3)	5
Actuarial (gains) losses	**(2)**	**3**

Sensitivity analysis

At December 31, 2017, a 0.5 point increase (decrease) in the discount rate would lead to a roughly €3 million decrease (increase) in the projected benefit obligation.

NOTE 10 : OTHER PROVISIONS AND OBLIGATIONS

10.1 . OTHER INCOME AND EXPENSES

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

Other income and expenses can be analyzed as follows:

(in € millions)	**December 2017**	**December 2016**
Movements in restructuring provisions	3	(5)
Restructuring and reorganization costs	(7)	(14)
Restructuring costs	**(4)**	**(19)**
Impairment of goodwill	(11)	-
Impairment of intangible assets	(8)	(15)
Total impairment losses	**(19)**	**(15)**
Capital gains and losses	19	(0)
Provision movements	-	(10)
Non-recurring gains (losses)	(3)	18
Other	**16**	**8**
TOTAL OTHER INCOME AND EXPENSES	**(7)**	**(26)**

Restructuring costs

Restructuring costs in 2017 correspond mainly to costs relating to the reorganization of several subsidiaries.

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

Impairment of assets

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

In 2017, impairment losses mainly concerned:

- impairment of goodwill relating to Edenred Japan for €7 million and India for €4 million;

- impairment of an internally developed IT platform for €7 million.

In 2016, impairment losses mainly concerned the impairment of an internally developed IT platform for €7 million and retirements of intangible assets for €8 million.

Other

Other items break down as follows:

- in 2017, mainly the €19 million gain on remeasurement at fair value of Edenred's initial investment in UTA, following the acquisition of an additional interest in the sub-group;
- in 2016, mainly the €6 million expense for development fees related to acquisitions during, the estimated €22 million gain from arbitration of the ICSID dispute (see Note 10.3), the €3 million expense for consulting fees and other non-recurring costs in subsidiaries.

10.2 . PROVISIONS

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

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

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

Movements in non-current provisions between January 1, 2017 and December 31, 2017 can be analyzed as follows:

(in € millions)	Décembre 2016	Impact on equity	Additions	Reversals of used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi-fications and changes in scope	December 2017
- Provisions for pensions and loyalty bonuses	27	(2)	3	(1)	(0)	(1)	0	26
- Provisions for claims and litigation and other contingencies*	15	-	1	(4)	(0)	(2)	6	16
TOTAL NON-CURRENT PROVISIONS	**42**	**(2)**	**4**	**(5)**	**(0)**	**(3)**	**6**	**42**

* Including provision for non-current tax litigation.

Between 2016 and 2015, movements were as follows:

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

* Including provision for non-current tax litigation.

Movements in current provisions between January 1, 2017 and December 31, 2017 can be analyzed as follows:

(in € millions)	December 2016	Impact on equity	Additions	Reversals of used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassi-fications and changes in scope	December 2017
- Provisions for tax litigation	1	-	0	-	-	(0)	-	1
- Restructuring provisions	7	-	0	(4)	(1)	(0)	(0)	2
- Provisions for claims and litigation and other contingencies	27	-	5	(3)	0	(0)	10	39
TOTAL CURRENT PROVISIONS	**35**	**-**	**5**	**(7)**	**(1)**	**(0)**	**10**	**42**

Between 2016 and 2015, movements were as follows:

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

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

10.3 . CLAIMS AND LITIGATION

Tax litigation in France

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

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

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

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

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

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

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

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

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

This marks the end of the proceedings.

However, the decision has no impact on the Company's financial statements because the fine had been provided for and paid in a prior year.

Edenred SA tax audit

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

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

The amounts involved for 2014 represent approximately €9 million, including a royalty uplift, late interest for the period to December 31, 2017 and penalties.

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

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

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

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

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

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

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

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

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

Competition disputes (France)

On October 9, 2015, the French company Octoplus filed a complaint with the French Competition Authority against several French companies in the paperless meal voucher sector, including Edenred France. The Competition Authority's board met on April 5, 2016 and on July 7, 2016 to hear all the parties concerned as well as the investigation departments. On October 6, 2016, the Competition Authority decided to pursue its investigations without passing provisional measures against Edenred France. This decision in no way prejudges the Authority's final decision on the merits of the case. The Competition Authority's review is still in progress. Therefore, the Company has not set aside a related provision.

Futureo dispute

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

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

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

ICSID dispute

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

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

This amount was received in March 2017. On April 11, 2017, the Hungarian government filed an action for annulment of the Arbitral Court's decision, claiming that the Court had clearly exceeded its powers and the decision was groundless. The procedure related to this action is expected to last until the end of 2018 but this does not affect the Group's assessment of the risk at December 31, 2017.

Tax litigation in Brazil

Municipal tax – Ticket Serviços

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

For this period, the principal amount of the reassessment was 7.7 million reais (€1.9 million), plus 69.1 million reais (€17.4 million) in penalties and interest at December 31, 2017.

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

For this second period, the principal amount of the reassessment was 28.1 million reais (€7.1 million), plus 250.4 million reais (€63.0 million) in penalties and interest at December 31, 2017. The company's motion before the Brazilian courts was denied in the first trial and an appeal was filed.

In addition to the reassessments mentioned above, the company may be required to pay for the government's legal fees and the court fees for a total of 35.7 million reais (€9.0 million).

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

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

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

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

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

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

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

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

Municipal tax – Accentiv

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

The administrative court found in favor of the company.

The matter is now closed.

No provision had been recorded for this tax risk and the court's decision therefore had no impact on the financial statements.

Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was 81.7 million reais (€20.6 million), plus 193.6 million reais (€48.7 million) in penalties and interest at December 31, 2017.

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

- for 2011, the principal amount of the reassessment was 24.5 million reais (€6.2 million), plus 60.1 million reais (€15.1 million) in penalties and interest at December 31, 2017;
- for 2012, the reassessment was 16.3 million reais (€4.1 million), plus 37.9 million reais (€9.5 million) in penalties and interest at December 31, 2017.

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

The request was rejected by the courts of first instance.

The company now plans to file a request with the Court of Justice to have the reassessments canceled and an application will also be made for a stay of payment of the contested amount.

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

Slovak competition litigation

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

Turkish competition litigation

In February 2010, the Turkish competition authorities conducted an investigation into Edenred Turkey and Sodexo Turkey to examine the behavior of these two entities on their market between 2007 and 2010. In July of the same year, this investigation resulted in a decision to close the case without further action by the competition authorities. After examining the application of another market participant seeking the annulment of that decision, the High Court of Justice ruled that the competition authorities had to conduct a full investigation of six market participants in Turkey, including Edenred, on the basis of their respective behavior on the service voucher market between 2007 and 2010. The procedure is expected to last between 12 and 18 months. No contingency provision was booked in the Group's financial statements in 2017.

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

NOTE 11 : ADDITIONAL INFORMATION

11.1 . ADDITIONAL INFORMATION ABOUT JOINTLY CONTROLLED ENTITIES

Not applicable.

11.2 . RELATED-PARTY TRANSACTIONS

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

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

Companies accounted for by the equity method

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

Members of the Executive Committee

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

Members of the Board of Directors

The only compensation paid to the members of the Board of Directors are the attendance fees. The amount of attendance fees paid to the members of the Board of Directors in respect of 2017 totaled €0.6 million. The Chief Executive Officer does not receive any attendance fees; his compensation is disclosed in Note 11.3.

11.3. COMPENSATION PAID TO KEY MANAGEMENT STAFF

(in € millions)	December 2017	December 2016
Short-term benefits	11	11
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	3
Share-based payments	5	6
TOTAL COMPENSATION	**16**	**20**

11.4. STATUTORY AUDITORS' FEES

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

	Deloitte & Associés				Ernst & Young			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
(in € millions)	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Fees paid to the Statutory Auditors for certifying the financial statements								
- Issuer	(1)	(0.5)	0	25%	(0)	(0.3)	0	21%
- Fully consolidated subsidiaries	(1.3)	(1.5)	0.5	72%	(1.1)	(0.9)	0.6	68%
SUB-TOTAL	**(1.8)**	**(2.0)**	**0.8**	**97%**	**(1.5)**	**(1.2)**	**0.8**	**89%**
Fees paid to the Statutory Auditors for other services*								
- Issuer	(0.1)	(0.1)	0.0	0.0	(0.1)	-	0.1	-
- Fully consolidated subsidiaries	(0.5)	(0.0)	0.2	0.0	(0.2)	(0.1)	0.1	0.1
SUB-TOTAL	**(0.6)**	**(0.1)**	**0.2**	**0.0**	**(0.3)**	**(0.1)**	**0.2**	**0.1**
TOTAL	**(2.4)**	**(2.1)**	**1.0**	**1.0**	**(1.8)**	**(1.3)**	**1.0**	**1.0**

(*) In 2017, these fees mainly concern tax and payroll compliance engagements, as well as buy-side due diligence.

11.5 . OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments given

Off-balance sheet commitments amounted to €252 million at December 31, 2017, versus €187 million a year earlier.

At December 31, 2017, off-balance sheet commitments broke down as follows:

(in € millions)	December 2017				December 2016
	<1 year	>1 year <5 years	>5 years	Total	
Voucher sale guarantees giv en to the public sector	25	47	6	78	50
Bank bonds issued in Brazil	8	0	6	14	15
Bail bond issued within the framework of tax litigation on municipal tax in Brazil (ISS)	0	0	92	92	89
Capital commitments giv en to the Partech VI inv estment fund	5	5	0	10	11
Purchase commitments	0	0	0	0	0
Bid bond issued in Venezuela	0	0	0	0	0
SUB-TOTAL	**38**	**52**	**103**	**193**	**165**
Other*	22	33	4	59	22
Total off-balance sheet commitments given	**60**	**85**	**107**	**252**	**187**

* Mainly comprising rental commitments and deposits.

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

Off-balance sheet commitments received

Off-balance sheet commitments received from third parties at December 31, 2017 amounted to €5 million. They consisted mainly in guarantees received from clients in Brazil in exchange for post-payment facilities granted by Repom for the same amount.

11.6 . EXCHANGE RATES

ISO code	Currency	Country	2017 Closing rate Dec. 31, 2017 EUR 1 =	2017 Average rate EUR 1 =	2016 Closing rate Dec. 31, 2016 EUR 1 =	2016 Average rate EUR 1 =
ARS	Peso	ARGENTINA	22.33	18.74	16.74	16.33
BRL	Real	BRAZIL	3.97	3.60	3.43	3.86
USD	Dollar	UNITED STATES	1.20	1.13	1.05	1.11
MXN	Peso	Mexico	23.66	21.33	21.77	20.65
RON	Leu	ROMANIA	4.66	4.57	4.54	4.49
GBP	Pound Sterling	UNITED KINGDOM	0.89	0.88	0.86	0.82
SEK	Krona	SWEDEN	9.84	9.64	9.55	9.47
CZK	Krona	CZECH REPUBLIC	25.54	26.33	27.02	27.03
TRY	Lira	TURKEY	4.55	4.12	3.71	3.34
VEF*	Boliv ar	VENEZUELA	4 006.64	2 410.43	709.32	545.09

* See Note 3.1 "Change of the boliv ar fuerte exchange rate in 2016 and 2017"

NOTE 12 : LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2017

Companies	Countries		Method	Interests held *(in%)*
France				
Conecs	France		EQ	25
Edenred Corporate Paiement France	France		Glob.	100
Edenred France	France		Glob.	100
Edenred Paiement	France		Glob.	100
Fair Fuel	France	New In Scope	EQ	23.53
Fleet Pro	France		Glob.	67.6
Fuel Card A	France	New In Scope	Glob.	100
La Compagnie des Cartes Carburants	France		Glob.	69.2
Proweb CE	France		Glob.	71.38
PW CE Participations	France		Glob.	71.38
Servicarte	France		Glob.	100
UTA France S.a.r.l.	France	New In Scope (Subgroup UTA)	Glob.	66
Europe excluding France				
Edenred Austria	Austria		Glob.	100
UTA Austria	Austria	New In Scope (Subgroup UTA)	Glob.	66
Edenred Belgium	Belgium		Glob.	100
Luncheck	Belgium		Glob.	99.99
Award Services	Belgium		Glob.	100
Edenred Bulgaria	Bulgarie		Glob.	50
UTA Czech	Czech Republic	New In Scope (Subgroup UTA)	Glob.	66
Edenred CZ	Czech Republic		Glob.	100
Edenred Production Center	Czech Republic	New In Scope	Glob.	100
Nikosax A/S	Denmark	New In Scope (Subgroup UTA)	Glob.	66
Edenred Finland	Finland		Glob.	100
Ages Maut System Gmbh&Co KG	Germany	New In Scope (Subgroup UTA)	EQ	10.96
Ages International Gmbh & Co KG	Germany	New In Scope (Subgroup UTA)	EQ	10.96
Edenred Deutschland	Germany		Glob.	100
Edenred Incentive & Rewards	Germany		Glob.	100
Edenred Vouchers	Germany		Glob.	100
Edenred Tankkarten (*)	Germany		Glob.	100
Union Tank Eckstein Gmbh & Co. KG	Germany	New In Scope (Subgroup UTA)	Glob.	66
Itemion KG	Germany	New In Scope (Subgroup UTA)	Glob.	66
UTA GmbH	Germany	New In Scope (Subgroup UTA)	Glob.	66
Itemion Verwaltungs GmbH	Germany	New In Scope (Subgroup UTA)	Glob.	66
Mercedes Service Card GmbH & Co KG	Germany	New In Scope (Subgroup UTA)	EQ	32.34
Mercedes Service Card Beteiligungs GmbH	Germany	New In Scope (Subgroup UTA)	EQ	32.34
Vouchers Services	Greece		Glob.	51
UTA Magyarország Kft.	Hungary	New In Scope (Subgroup UTA)	Glob.	66
Nikosax HU	Hungary	New In Scope (Subgroup UTA)	Glob.	66
Edenred Magyarország	Hungary		Glob.	100
UTA Italia	Italy	New In Scope (Subgroup UTA)	Glob.	66
Edenred Italia	Italy		Glob.	100
Edenred Italia Financiera S.r.l	Italy		Glob.	100
Edenred Luxembourg	Luxembourg		Glob.	100
Cube RE	Luxembourg		Glob.	100
Daripod Holding S.a.r.l (*)	Luxembourg		Glob.	50
Edenred MD S.r.l	Moldova	New In Scope	Glob.	100
UTA Nederland B.V.	Netherlands	New In Scope (Subgroup UTA)	Glob.	66
Edenred Nederland	Netherlands		Glob.	100
Nikosax PL	Poland	New In Scope (Subgroup UTA)	Glob.	66
UTA Polska	Poland	New In Scope (Subgroup UTA)	EQ	33
Edenred Polska	Poland		Glob.	99.995
Edenred Portugal	Portugal		Glob.	50
One Card	Portugal	New In Scope	Glob.	48.44
UTA Romania Services	Romania	New In Scope (Subgroup UTA)	Glob.	66
Edenred Romania	Romania		Glob.	94.83
Daripodarki	Russia		Glob.	50
Edenred Slovakia	Slovakia		Glob.	100
Vaša Slovenko	Slovakia	New In Scope	Glob.	100
UTA España	Spain	New In Scope (Subgroup UTA)	Glob.	66
Nikosax España	Spain	New In Scope	Glob.	66
Edenred España	Spain		Glob.	100
Edenred Sweden	Sweden		Glob.	100
Delicard Group AB	Sweden		Glob.	100
UTA Tank AG	Switzerland	New In Scope (Subgroup UTA)	Glob.	66
UTA Freight UK Ltd	United Kingdom	New In Scope (Subgroup UTA)	Glob.	66
Edenred UK	United Kingdom		Glob.	100
Edenred Incentives & Motivation	United Kingdom		Glob.	100
Edenred Travel	United Kingdom		Glob.	100
Edenred Employee Benefits	United Kingdom		Glob.	100
Cleanway	United Kingdom		Glob.	100
Luncheon Vouchers Catering Education Trust	United Kingdom		Glob.	100
ChildCare Vouchers	United Kingdom		Glob.	100
Prepay Technologies Cleanway	United Kingdom		Glob.	70.45
Edenred Corporate Payment UK	United Kingdom	New In Scope	Glob.	100

Latin America				
Edenred Argentina	Argentina		Glob.	100
Soporte Servicios (*)	Argentina		Glob.	100
GLOG Servicos De Gestao de distribuicao	Brazil		Glob.	99.99
Ticket Serviços	Brazil		Glob.	100
Ticketseg	Brazil		Glob.	100
Edenred Brasil Participações (*)	Brazil		Glob.	100
Accentiv' Serviços Tecnologica Da informaçao	Brazil		Glob.	100
Ticket Serviços Participações (*)	Brazil		Glob.	100
Ticket Log	Brazil		Glob.	65
B2B Comercio Electronico de Paces	Brazil		Glob.	36
Repom S.A	Brazil		Glob.	40.3
Topazio Cartoes	Brazil	New In Scope	Glob.	48.47
Edenred Chile	Chile		Glob.	74.35
Servicios Empresariales de Colombia S.A.	Colombia		Glob.	100
Big Pass	Colombia		Glob.	100
Nectar Holdings	Costa Rica	New In Scope	EQ	30
Operadora de Programas de Abasto Multiple SA de CV	Mexico		Glob.	100
Edenred Mexico	Mexico		Glob.	100
Sinergel	Mexico		Glob.	100
Vales y Monederos Electronicos Puntoclave	Mexico		Glob.	100
Merchant Services de Mexico S.A. de C.V.	Mexico		Glob.	100
Servicios Y Soluciones Empresariales Ticket Edenred	Mexico		Glob.	100
Servicios Edenred	Mexico		Glob.	100
Sedesa	Mexico		EQ	20
Nectar Technology	Nicaragua	New In Scope	Glob.	51
Edenred Panama	Panama		Glob.	100
Edenred Peru	Peru		Glob.	67
Westwell Group (*)	Uruguay		Glob.	100
Luncheon Tickets	Uruguay		Glob.	100
Uniticket	Uruguay		Glob.	100
Cestaticket Services	Venezuela		Glob.	57
Inversiones Quattro Venezuela	Venezuela		Glob.	100
Inversiones Cinq Venezuela	Venezuela		Glob.	100
Inversiones Huit Venezuela	Venezuela		Glob.	100
Inversiones Neuf Venezuela	Venezuela		Glob.	100
Inversiones Dix Venezuela	Venezuela		Glob.	100
Inversiones Onze 2040	Venezuela		Glob.	100
Inversiones Douze Venezuela	Venezuela		Glob.	100
Inversiones Quatorze	Venezuela		Glob.	100
Inversiones Quinze 1090	Venezuela		Glob.	100
Inversiones Seize 30	Venezuela		Glob.	100
Cestaticket Services	Venezuela		Glob.	57
Rest of the World				
Beijing Surfgold Technology	China		Glob.	100
Accentiv' Shangai Company	China		Glob.	100
Edenred India	India		Glob.	100
Surfgold.com India	India		Glob.	100
SRI Ganesh Hospitality Services Private Ltd (*)	India		Glob.	100
Edenred Japan	Japan		Glob.	100
Edenred SAL	Lebanon		Glob.	80
Cardtrend System Sdn Bhd	Malaisya		Glob.	100
Edenred Morocco	Morocco		Glob.	83.67
Edenred PTE	Singapore		Glob.	100
Edenred PTE Ltd. Taïwan Branch	Taïwan		Glob.	100
Edenred Kurumsal Cozumler	Turkey		Glob.	100
Network Servisleri	Turkey		Glob.	50
Accentiv Hediye Ve Danismanlik Hizmetleri	Turkey		Glob.	100
Edenred Ödeme Hizmetleri	Turkey		Glob.	100
C3 Card International	United Arab Emirates		Glob.	50
C3 Card FZ LLC	United Arab Emirates		Glob.	50
C3 Edenred LLC	United Arab Emirates		Glob.	24.5
Edenred North America	United States		Glob.	100
Edenred Commuter Benefits Solution	United States		Glob.	100
NutriSavings LLC	United States		Glob.	100
Edenred Vietnam	Vietnam		Glob.	95
World Structures				
ASM (*)	France		Glob.	100
Saminvest (*)	France		Glob.	100
GABC (*)	France		Glob.	100
Veninvest Quattro (*)	France		Glob.	100
Veninvest Cinq (*)	France		Glob.	100
Veninvest Huit (*)	France		Glob.	100
Veninvest Neuf (*)	France		Glob.	100
Veninvest Onze (*)	France		Glob.	100
Veninvest Douze (*)	France		Glob.	100
Veninvest Quatorze (*)	France		Glob.	100
Veninvest Quinze (*)	France		Glob.	100
Veninvest Seize (*)	France		Glob.	100

Glob : Full Consolidation Method
EQ : Equity Method
*(*) Holding*

NOTE 13 : UPDATE ON ACCOUNTING STANDARDS

13.1 . MAIN EXPECTED IMPACTS OF APPLYING IFRS 15 (REVENUE FROM CONTRACTS WITH CUSTOMERS)

IFRS 15 will be applicable from January 1, 2018. The Group has chosen to adopt the full retrospective approach to applying the new standard. This approach consists of restating the 2017 comparative information presented in the 2018 financial statements in accordance with IFRS 15 and recognizing the transition impact in opening equity at January 1, 2017. The restatement will permit direct comparisons between 2018 and 2017 data.

The main expected impact of applying IFRS 15 will be to defer the recognition date for a portion of revenue from Employee Benefits and Incentive & Rewards business due to the new standard's definition of performance obligations and the point at which revenue is recognized.

As the delay will give rise to a recurring temporary difference, the Group does not expect the application of IFRS 15 to have a material impact on opening equity at January 1, 2017 (less than 6% of total equity) or on 2017 revenue and operating profit (less than 1% of annual revenue and 2% of operating profit).

The impact on revenue for each quarter of 2017 may be proportionately greater than the full-year impact (although still not material) due to the seasonal nature of the business.

Details of the restated amounts will be provided in the first-quarter 2018 revenue release.

13.2 . MAIN EXPECTED IMPACTS OF APPLYING IFRS 9 (FINANCIAL INSTRUMENTS)

IFRS 9 will be applicable from January 1, 2018. The Group has chosen to apply the new standard retrospectively from January 1, 2018, without restating 2017 comparative information. The transition impact will therefore be recognized in opening equity at January 1, 2018. The Group has decided to apply the hedge accounting provisions of IFRS 9.

The main expected impacts of applying the new standard concern:

- provisions for impairment of financial assets (especially commercial receivables);
- the March 2015 debt swap.

Concerning provisions for impairment of financial assets, application of IFRS 9 will lead to provisions for impairment being recognized as soon as the instruments are originated.

The analyses in the process of being finalized have not revealed any material impact of applying IFRS 9 on the classification and measurement of financial assets or on the hedge accounting method currently applied.

13.3 . STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2017

Standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2017 came into effect on that date.

Standard	Name	Summary	Potential impact on Edenred's financial statements
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	The amendment clarifies how to determine taxable profits of future periods	No material impact
IAS 7	Disclosure Initiative	The amendments state that changes in liabilities arising on financing activities must be disclosed separately from changes in other assets and liabilities, whether they are linked to cash flows or not	Edenred's statement of cash flows contains a section on financing activities
IFRS 12	Annual Improvements 2014-2016 Cycle	The amendment relates to whether the disclosure requirements in IFRS 12 apply to an entity's interests in other entities when those interests are classified as held for sale or discontinued operations in accordance with IFRS 5 – Non-Current Assets Held for Sale or Discontinued Operations.	Not applicable

The application of these standards had no material impact on the periods presented.

13.4 . STANDARDS, AMENDMENTS AND INTERPRETATIONS OPTIONAL FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2017

Edenred has not chosen to early adopt the following standards, amendments and interpretations, which were adopted by the European Union as of December 31, 2017 and are applicable for annual periods beginning on or after January 1, 2017:

Standard	Type	Name	EU application date	Summary	Potential impact on Edenred's financial statements
IFRS 9	New standard	Financial Instruments	See below	IFRS 9 finalizes the first of three steps in the IASB project on financial instruments, replacing IAS 39 – Financial Instruments: Recognition and Measurement	No material impact expected
IFRS 14	New standard	Regulatory Deferral Accounts	Not applicable**	IFRS 14 aims to improve the comparability of financial information for entities who provide rate-regulated goods or services	Since the Group already applies IFRS standards, it is not in the scope of IFRS 14
IFRS 15	New standard	Revenue From Contracts With Customers	January 1, 2018	IFRS 15 introduces a single model for recognizing revenue from contracts with customers	The Group has started analyzing the standard in order to define an action plan to address the requirements and challenges (see below for more details)
IFRS 16	New standard	Leases	January 1, 2019	IFRS 16 specifies how an IFRS issuer should recognize, measure, present and disclose leases	The standard and potential impacts are under analysis
IFRS 2	Amendment	Classification and Measurement of Share-based Payment Transactions	January 1, 2018	The aim of the amendment is to clarify the classification of share-based payment transactions with a net settlement feature for withholding tax obligations	No material impact expected
IFRS Annual Improvements	Amendment	2014-2016 Cycle	January 1, 2018	Two standards are within the scope: 1) IFRS 1 – First-Time Adoption of International Financial Reporting Standards: Deletion of Short-Term Exemptions for First-Time Adopters 2) IAS 28 – Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value	The potential impacts are under analysis

NOTE 14 : GLOSSARY

14.1 . OPERATING REVENUE

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

14.2 . FINANCIAL REVENUE

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

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

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

14.3 . EBIT

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

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

14.4 . CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Cash flows from operating activities include:

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

Cash flows from investing activities include:

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

Cash flows from financing activities include:

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

14.5 . LIKE-FOR-LIKE GROWTH

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

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

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

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

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