ATALIAN

MANAGEMENT'S DISCUSSION OF THE 2013/2012 RESULTS

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Unaudited

1. Overview

We are a leading independent provider of outsourced building services. We serve a diverse range of over 20,000 customers in the private and public sector in 13 countries, including France, our principal market. Originally established in 1944 as a provider of cleaning services in France, we began transforming ourselves into a multi-disciplinary provider of outsourced building services in 1999. Our comprehensive multi-service and multi-technical offering covers many of the segments of the market for outsourced building services. We provide our services by relying primarily on in-house expertise and resources. Since the creation of our first businesses outside France in 2000, we have also developed our international operations. With a FTE headcount in fiscal year 2013/12 of more than 30,500 employees and over 160 offices across Europe (of which over 100 are in France), we are currently an important provider of various types of outsourced building services in each of the countries in which we operate.

2. Service Offering

We provide our services to our customers through operationally autonomous businesses, each of which generally specializes in one type of service. Our businesses are organized into three reporting segments under IFRS, namely, Cleaning, Facility Management and International.

Cleaning

Through our TFN Propreté brand, we offer cleaning and associated services, which include periodic cleaning of offices and retail outlets and specialized cleaning services in the health, food-processing, transportation, manufacturing and nuclear industries, in France. Our Cleaning segment generated revenue of €626.9 million, or 52.0% of Group revenue, in fiscal year 2013/12.

Facility Management

We offer multi-technical, security, construction, landscaping, painting and transportation services in France, in each case through a separate business. We also offer bundled facility management services as part of our multi-technical business. In addition, reception services in France are provided through certain of our joint venture companies as part of our cooperation with City One.

The aforementioned businesses (other than our reception business which is not consolidated in our results of operations) are included in our Facility Management segment:

- *Engineering services:*

  Multi-technical: Through our MTO-Eurogem brand, we offer technical services relating to the operation of buildings, such as electricity and IT network control, in France. We also offer building maintenance services (for example, carpentry and plumbing), and industrial services (for example, mechanical and electrical engineering services relating to the maintenance of steam, compressed air, waste and water treatment equipment). In addition, we provide bundled facility management services as part of our multi-technical business, which consist in providing two or more of our outsourced building services under one contract, together with on-site management through a single customer relations contact. Our multi-technical business generated €161.1 million of revenue, or 37.7% of Facility Management segment revenue in fiscal year 2013/12.

  Construction: We provide construction services in France relating to heating, ventilation and air conditioning (HVAC) engineering, finishing works, plumbing, electricity and masonry. Our construction business generated revenue of €30.9 million, or 7.2% of Facility Management segment revenue, in fiscal year 2013/12.

  Our Multi-technical and Construction business generated revenue of €192.0 million, or 45.0% of Facility Management segment revenue, in fiscal year 2013/12.

- *Security:* Through our Lancry brand, we provide security services relating to surveillance, access control and safety to our customers in France. Our security business generated revenue of €125.4 million, or 29.4% of Facility Management segment revenue, in fiscal year 2013/12.
- *Painting:* We provide painting, parquet and floor covering services. Our painting business generated revenue of €19.8 million, or 4.6% of Facility Management segment revenue, in fiscal year 2013/12
- *Landscaping:* We provide landscaping services in France, such as the creation and maintenance of natural and urban green spaces. Our landscaping business generated revenue of €61.9 million, or 14.5% of Facility Management segment revenue, in fiscal year 2013/12.
- *Transportation:* We provide transportation services in France, such as transport, freight chartering and logistics. Our transportation business generated revenue of €27.8 million, or 6.5% of Facility Management segment revenue, in fiscal year 2013/12.

Our Facility Management segment generated revenue of €427.1 million, or 35.4% of Group revenue in fiscal year 2013/12.

International

We also operate in countries outside of France (primarily in Europe, but also in North Africa) through our international businesses, which principally provide cleaning, multi-technical, security and bundled facility management services. Our International segment generated revenue of €151.2 million, or 12.5% of Group revenue, in fiscal year 2013/12.

3. Governance

Shareholders

The Julien family shareholders own (i) 100% of the share capital of JPF Développement S.A. with a majority of shares held by Mr. Franck Julien and (ii) 100% of the share capital of Atalian Holding Development and strategy S.A., with a majority of shares held by Mr. Franck Julien and the remaining shares held by Keltron Limited, a holding company wholly-owned by Mr. Jean Pierre Julien.

Atalian Holding Development and Strategy S.A, a *société anonyme* organized under the laws of Luxembourg on January 19, 2007, owns 96.1% of the share capital of the Company and the remaining shares are owned by JPF Développement S.A., a *société anonyme* organized under the laws of Luxembourg on July 30, 2012.

Governance change

In August 2013, The Company, La Financière Atalian has changed its corporate structure from *société anonyme* to *société par actions simplifiées* with a President and, unlike the *société anonyme*, does not have a board. UMS represented byJean Claude Saltiel has been appointed President of La Financière Atalian S.A.S.

Following this change in corporate structure, Atalian Holding Development and Strategy S.A established three Committees within the company, La Financière Atalian:

- an Investment Committee responsible of advisory opinion on external growth acquisitions of the company. The members are Mr. Jean Claude Saltiel, Mr. Loïc Evrard, Mr. Matthieu de Baynast de Septfontaines, Mr. Pierre Vacheron, Mr. Antoine Terzikhan and Mr. Richard Tranché,

- a compensation Committee responsible of advisory opinion on Management's compensation of the company. The members are Mr. Jean Claude Saltiel, Mr. Loïc Evrard and Mr. Franck Julien,

- an account closing Committee responsible of advisory opinion on the account closing of the company. The members are Mr. Jean Claude Saltiel, Mr. Loïc Evrard and Atalian Holding Development and Strategy represented by Mr. Franck Julien.

The composition of the Board of Atalian Holding Development and Strategy S.A comprises the following six members:

Name	Date of appointement
Mr. Franck Julien	2007
Ms. Sophie Pécriaux-Julien	2011
Mr. Jean-Pierre Julien	2012
Mr. Loïc Evrard	2013
Mr. David Hudson	2013
Mr. Quentin Vercauteren Drubbel	2013

4. Discussion of the Business

4.1 ***Pan-European Alliance in July***

ATALIAN Global Services provides its expertise to UFS - United Facility Solutions, an alliance formed by the 6 leading European facility service providers from the largest European countries (Spain, Italy, and France, with affiliates in UK, Germany, and Netherlands). UFS is the new Global Outsourcing Specialists alliance. This joint-venture based in Brussels operates with a dedicated team throughout Europe. By pooling our respective expertise, we ensure our customers a continuity of service across Europe through one company: UFS – United Facility Solutions. In a tense and challenging economic context, the European clients can benefit from the appropriate responses to their needs and expectations on a Europe-wide basis.

Our vision relies on European standardized facility solutions via a single international point of contact gathering all the local best players providing standardized costing. The alliance comprises over 230,000 skilled employees across Europe and a turnover of €7 billion. It is one of the most comprehensive clients list, with the largest corporations and public entities on the continent.

4.2 ***Acquisitions and divestments***

Overview

In fiscal year 2013/12, we acquired 4 entities, of which 2 material acquisitions, namely Carrard (France) and Artem (Turkey). They contributed to €22.9 million in the aggregate to our consolidated revenue in fiscal year 2013/12. Through the French acquisition, Atalian reinforces its 2nd largest position on the French market; while Atalian strengthens its development strategy towards international market by acquiring ARTEM in Turkey,

- **Carrard Services** is a 40 year-old company with headquarters in Reims, France. It counts 2 252 employees, with annual revenue of €75 million, over2,500 customers. The acquisition of 100% of the capital was completed on July 4, 2013 and it contributed to €13.2 million in the Atalian consolidated revenue.
- **Artem** was created in 1984. Based in Ankara, Turkey, it is one of the major actor on the Turkish cleaning and facility management market. It counts 1,789 employees, with annual revenue of €10 million, and operates in 20 cities across the country. ATALIAN acquired 51% of the capital on January 25, 2013 and it contributed to €8.0 millionin the Atalian consolidated revenue.
- **The two other acquisitions** are two companies based in the South West of France. Annual revenue was €10.2 million. Atalian acquired100% stake for each acquisition in June 2013. It contributed with €1.7 million to Atalian consolidated revenue.

As part of our overall strategy of focusing on our core outsourced building services, we completed the process of disposing of the Fire Safety business in fiscal year 2013/12. We also continually review our portfolio with a view to disposing of other non-core activities or activities we consider to be less attractive. Thus, in fiscal year 2013/12, we completed the process of disposing of the road freight transport and delivery activities of our transportation business, in order to focus on our logistics services, freight chartering and package handling activities. Similarly, we had decided in October 2012 to exit the Spanish market, which

has been severely hit by the poor general economic conditions over the last two years. The impact of this divestment strategy is estimated at around €18.9 million in fiscal year 2013/12.

In order to assist in the analysis of our results of operations during the period under review, we provide in this offering memorandum certain data relating to the revenue contribution for acquired businesses following their acquisition.

We calculate the revenue contribution for acquired businesses as follows:

- the revenue contribution of a business acquired during any given fiscal year is equal to the revenue of such business from the date such business was included in our consolidated revenue to the end of such fiscal year; and
- the revenue contribution of an acquired business with respect to the fiscal year immediately following the fiscal year during which such business was acquired, which we refer to as the "full-year impact" of such acquisition, is equal to the difference between the revenue generated by such business from the date it was included in our consolidated revenue to the end of that fiscal year and the revenue generated by such business in the full fiscal year following acquisition.

We believe that we have been able to achieve organic growth of the businesses we have acquired, but the methodology we use to calculate the revenue contribution for acquired businesses does not enable us to identify the portion of the acquired business' revenue that constitutes organic growth generated after we acquire it. Accordingly, while we believe this data may be useful to investors, there are limitations inherent to the methodology we use to prepare it.

4.3 Contracts

Overview

As of August 31, 2013, we estimate that we had approximately 20,000 customers operating in the private and public sectors. We operate in 13 countries; in France, 80% of the CAC firms are part of our client portfolio. Our customers range in size from small- to medium-sized companies to large national and multinational companies. We are focused on further developing our relationships with our larger customers, with the goal of becoming their preferred provider of outsourced building services.

Contracts for cleaning services are generally performance-based contracts with one-year terms that are renewable thereafter, but tend to have longer terms where the contract involves larger customer sites. Cleaning contracts typically have fixed monthly fees and are generally terminable by either party upon an agreed notice period. In fiscal year 2013/12, our renewal rate for these contracts was 96%.

Contracts for bundled facility management services are typically performance-based contracts and typically have terms of three years. These contracts typically have fixed monthly fees and are terminable by either party upon an agreed notice period. In fiscal year 2013/12, our renewal rate for these contracts was 88%.

Security services contracts are generally resource-based contracts and typically have terms of three to four years. These contracts usually have fixed monthly fees, and are terminable by either party upon an agreed notice period. In fiscal year 2013/12, our renewal rate for these contracts was 54%.

Contracts in our international business typically have terms of three years and provide for fixed monthly fees.

Focus by business:

Cleaning: Important new contracts were signed in the year 2013/12, and full-year impact of contracts won in the year 2012/11: including ADP, Carrefour, Auchan, Areva, La Poste, Conforama. In the same time, we chose not to renew several large contracts with lower EBITDA margin. Therefore, Organic revenue decreased by €23.4 million, or 3.7%

Facility Management was positively impacted by new contracts won in the year 2013/12, and full-year impact of contracts won during in the year 2012/11: Unibail-Rodamco, Banque Populaire, Beaugrenelle, Pôle Emploi, l'Elysée . Organic revenue increased by €35.1 million, or 8.6%.

In particular, *Security business* was positively impacted by new contracts won in the year 2013/12, and full-year impact of new contracts won during fiscal year 2012/11: SNCF, beIN SPORT, BNP Paribas, PSG football head office, Carrefour. As a result, organic revenue increased by €23.9 million, or 23.6% infiscal year 2013/12.

International: Important new contracts were signed, notably a 3-year contract signed with Atrium (Poland, Czech Republic) representing total revenue of €4.0million, with new growth opportunities in energy saving related services. Atalian also signed new contracts in different areas, mainly Central Europe, Benelux and the Mediterranean area. Organic revenue increased by €15.6 million, or 12.4%.

4.4 Payroll costs

The Group's cost structure mainly consists of variable costs. Our recurring operating costs consist principally of payroll costs, which represented 63.3% and 63.0% of Group revenue in fiscal year 2012/11 and fiscal year 2013/12, respectively.

Our ability to manage our payroll costs is in part attributable to the relatively high employee turnover rate in our Cleaning and Security businesses, which together account for most of our payroll costs. Our high employee turnover rate in these businesses is due to a number of factors, including frequent voluntary departures by our field employees. As a result, our staffing levels (other than in respect of our regional supervisory staff, which remain broadly stable) in these businesses generally increase when a customer contract is gained and decrease when a customer contract is lost, which contributes to our high turnover rate in our cleaning and security businesses.

We also use other means of controlling our headcount costs in line with adjustments to our activity levels, including recourse to fixed-term contracts, subcontractors and temporary workers. Unlike employees on fixed-term contracts, whose salaries are accounted for in payroll costs, payments to subcontractors and temporary workers are accounted for in purchases consumed and external charges, respectively. Because recourse to fixed-term contracts, subcontractors and temporary workers can be more costly than employing staff under indefinite-term contracts, we use such staffing methods sparingly to address short-term peaks in our activity. The substantial majority of our fixed-term employment contracts are in our cleaning business and we typically have the highest number of fixed-term employees during the summer holidays to replace employees on vacation.

The Cleaning business counts around 18,400 employees in fiscal year 2013/12 against 18,600 in fiscal year 2012/11. Payroll costs account for 75.9% of revenue in fiscal year 2013/12 (against 75.8% in fiscal year 2012/11).

The Facility Management business counts around 6,400 full-time employees fiscal year 2013/12 against around 6,100 in fiscal year 2012/11. Payroll costs account for 48.5% of revenue in fiscal year 2013/12 (against 47.0% in fiscal year 2012/11).

In the International business counts around 5,700 full-time employees in fiscal year 2013/12 against around 4,000 in fiscal year 2013/12. Payroll costs account for 41.2% of revenue in fiscal year 2013/12 (against 42.6% in fiscal year 2012/11).

4.5 CICE

Pursuant to the CICE introduced in December 2012, French companies receive a tax credit of 4% of the gross salaries for certain employees for 2013 and 6% of the gross salaries for certain employees for 2014 and 2015. The amount of the CICE is calculated on the basis of gross salaries paid to employees in the course of the calendar year, up to a maximum of 250% of the French statutory minimum wage. Under the CICE, an employee's gross salary is calculated on the basis of such employee's normal working hours plus such employee's overtime hours (but without taking into account the overtime rate payable in respect of such overtime).

Under the relevant accounting policies, we are able to record the CICE for which we are eligible as other recurring income; and as such the CICE increases our EBITDA. For fiscal year 2013/12, CICE amounted to €13.4 million (previously estimated at €11,6million, as of January 2013 – see *Offering Memorandum*, dated January 10, 2013). For fiscal year 2014/13 and fiscal year 2015/14, we estimate that the CICE will have a

positive impact of respectively €24.6 million and €26,8 million (previous estimate of January 2013 of resp.€23.3 million and € 26.2 million - see *Offering Memorandum*, dated January 10, 2013).

The estimated positive impact of the CICE included herein is a forward-looking statement which is subject to known and unknown risks and uncertainties and is based on potentially inaccurate assumptions that could cause our actual results of operations to differ materially from those expected or implied by the estimated positive impact of the CICE on our EBITDA. The actual impact of the CICE on our results of operations could differ materially for many reasons, including, but not limited to, a change in our headcount, a change in the laws and regulations applicable to the CICE, and a change in the relevant accounting treatment of the CICE.

5. Financial Information

Management Financial Measures

We use EBITDA to analyze our results of operations. We define EBITDA as operating profit, as reported in our Consolidated Financial Statements, adjusted to exclude the following line items, each of which as reported in our Consolidated Financial Statements: depreciation and amortization, net; provisions and impairment losses, net; other operating income; and other operating expenses. EBITDA corresponds to the line item "Recurring operating profit before depreciation, amortization, provisions and impairment losses" in our consolidated income statement included in the Consolidated Financial Statements. For consistency, we refer to this line item as EBITDA throughout this document (excluding the Consolidated Financial Statements).

EBITDA are not specifically prescribed line items under IFRS. EBITDA is not measure of financial condition, liquidity or profitability and should not be considered as an alternative to the profit for the period determined in accordance with IFRS, cash flows generated by operating activities determined in accordance with IFRS or any other measure prescribed by IFRS. EBITDA assists us in comparing our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that do not reflect our core operating performance both on a segment and on a consolidated basis. We believe that inclusion of EBITDA in this offering memorandum is useful to investors because it provides investors the same information that we use internally for purposes of assessing our operating performance. EBITDA have important limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results of operations. Because not all companies calculate EBITDA and identically, this presentation of EBITDA may not be comparable to other similarly titled measures of other companies.

Restatement

The group has amended its accounting policies regarding certain long-term lease contracts of operating material that were accounted for as operating lease contracts and that are considered now as financial lease.

Also, the Group adopted by anticipation the revised version of IAS 19 "Employee Benefits". The changes have been applied retrospectively.

These circumstances have led to changes in the Financial Statements for the comparative year ending 31 August 2012. The changes in the accounting treatment regarding the Long-term lease contracts have been performed in accordance with IAS 8"Accounting Policies, Changes in Accounting Estimates and Errors". The segment information has been adjusted for these effects.

6. Results of Operations for the Fiscal Years Ended August 31, 2012 and August 31, 2013 (Unaudited)

	For the fiscal year ended August 31,		
	Restated 2012	2013	Pro forma 2013(1)
	€ in millions		
Revenue	**1,172.9**	**1,206.2**	**1280.0**
Purchases consumed	(214.5)	(226.5)	
External charges	(131.5)	(128.2)	
Payroll costs	(742.9)	(760.4)	
Taxes other than on income	(18.4)	(20.4)	
Other recurring operating income and expenses	4.6	4.2	
EBITDA	**70.2**	**74.9**	**84.0**
Depreciation and amortization, net	(18.9)	(20.2)	
Provisions and impairment losses, net	(0.9)	3.2	
Recurring operating profit	**50.4**	**57.9**	
Other operating income	3.3	—	
Other operating expenses	—	—	
Operating profit	**53.7**	**57.9**	
Financial income	0.2	0.1	
Finance expenses	(25.2)	(35.7)	
Finance costs, net	**(25.0)**	**(35.6)**	
Other financial income and expenses	(0.7)	(1.5)	
Net financial expense	**(25.7)**	**(37.1)**	
Income tax expense	(15.8)	(13.2)	
Share of profit (loss) of associates	(0.3)	0.4	
Profit for the period	**11.9**	**8.1**	

(1) pro forma is calculated as if the acquisitions realized during the fiscal year 2013/12 (Carrard, Artem and the two other acquisitions - *see section 4.2 of this document)* had occurred on 1 September 2012.

Revenue

The following table sets forth the breakdown of our revenue for the periods indicated by reporting segment:

	For the fiscal year ended August 31,	
	Restated 2012	2013
	€ in millions	
Revenue		
Cleaning	636.2	626.9
Facility Management	407.4	427.1
International	125.8	151.2
Other	3.5	0.9
Total Revenue	**1,172.9**	**1,206.2**

Revenue increased by €33.3 million, or 2.8%, to €1,206.2 million in fiscal year 2013/12, as compared to €1,172.9 million in fiscal year 2012/11. The increase was primarily attributable to net contract gains and growth through acquisitions, partly offset by pricing pressure.

Revenue by segment

Cleaning. Revenue of the Cleaning segment decreased by €9.3 million, or 1.5%, to €626.9 million in fiscal year 2013/12, as compared to €636.2 million in fiscal year 2012/11. The decrease in revenue was primarily attributable to non renewal of existing contracts and pricing pressure. This decrease is partially offset by

– contract gains in 2013/12 and the full-year impact of net contract gains in fiscal year 2012/11, including significant new contracts with Roissy Charles de Gaulle airport (ADP), Carrefour, Auchan,

– the acquisition of Carrard on July 2, 2013, which contributed €13.2 million to the Cleaning segment's revenue in fiscal year 2013/12.

The Cleaning segment represented 52.0% of Group revenue in fiscal year 2013/12, as compared to 54.2% in fiscal year 2012/11, mainly as a result of the higher revenue growth in the International.

Facility Management. Revenue of the Facility Management segment increased by €19.7 million, or 4.8%, to €427.1 million in fiscal year 2013/12, as compared to €407.3 million in fiscal year 2012/11. The increase was principally due to the following:

– an increase of €23.9 million, or 23.6%, in revenue generated by our Security business, which was mainly attributable to net contract gains, including new contracts with SNCF, beIN SPORT, BNP Paribas and the full-year impact of Carrefour in fiscal year 2012/11;

– an increase of €7.3 million, or 13.4%, in revenue generated by our landscaping business net contract gains

– an increase of €10.6 million, or 7.0% in revenue generated by our multi-technical business.

This increase was partially offset by a decrease due to the disposal of non-core businesses:

– a decrease of €7.8 million, or 97.9%, in revenue generated by our fire safety business

– a decrease of €7.5 million, or 21.2%, in revenue generated by our transportation business, due to the current process of disposing of the road freight transport and delivery activities.

Revenue from the Facility Management segment represented 35.4% of Group revenue in fiscal year 2013/12, as compared to 34.7% in fiscal year 2012/11.

International. Revenue from the International segment increased by €25.4 million, or 20.2%, to €151.2 million in fiscal year 2013/12, as compared to €125.8 million in fiscal year 2012/11. This significant growth was mainly due to the following:

– the acquisition in Turkey on January 25, 2013, which contributed €8.0 million to the International segment's revenue in fiscal year 2013/12,

– the organic growth of 12.4% growth mainly driven by our businesses in Poland, Czech, Republic and Slovakia.

This increase was partially offset by a decrease of €3.6 million in Spanish revenue, due to the disposal of this non-core business.

Purchases consumed

Purchases consumed increased by €12.0 million, or 5.6%, from € 214.5 million in fiscal year 2012/11 to €226.5 million in fiscal year 2013/12. This increase was mainly related to the increase in revenue, but also reflected an increase in the Group's recourse to subcontracting in particular to facilitate the execution of add-on sales in Facility Management business. This increase in subcontracting costs corresponded to a decrease of our payroll costs as a percentage of revenue in fiscal year 2013/12 compared to fiscal year 2012/11.

In addition, there was an increase of long-term leases from €1.6 million fiscal year 2012/11 to €2.8 million in fiscal year 2013/12.

As a percentage of revenue, purchases consumed represented 18.8% of revenue in fiscal year 2013/12, as compared to 18.3% of Group revenue in fiscal year 2012/11.

External charges

External charges decreased by €2.2 million, or 1.7% from € 130.3 million in fiscal year 2012/11 to €128.2 million in fiscal year 2013/12. External charges represented 10.6% of Group revenue in fiscal year 2013/12, as compared to 11.1% of Group revenue in fiscal year 2012/11. The decrease in our external charges as a percentage of Group revenue was mainly the result of lower recourse to temporary workers.

Payroll costs

Payroll costs increased by €17.5 million, or 2.4%, from €742.9 million in fiscal year 2012/11 to €760.4 million in fiscal year 2013/12. This increase of payroll costs was in line with the increase in revenue in fiscal year 2013/12. Payroll costs represented 63.0% of Group revenue in fiscal year 2013/12, as compared to 63.3% of Group revenue in fiscal year 2012/11. The decrease in our Payroll costs as a percentage of Group revenue was mainly the result of CICE impact amounting €13.4 million in fiscal year 2013/12.

Taxes other than on income

Taxes other than on income increased by €2.0 million, or 10.9%, from €18.4 million in fiscal year 2012/11 to €20.4 million in fiscal year 2013/12. The 2013/12 level corresponds to a normalized amount after a negative base effect in 2012/11

Other recurring operating income and expenses

Other recurring operating income and expenses decreased by 9.4%, from a net income of €4.6 million in fiscal year 2012/11 to net income of €4.1 million in fiscal year 2013/12.

EBITDA

The following table sets forth the breakdown of our EBITDA for the periods indicated by reporting segment:

	For the fiscal year ended August 31,	
	Restated 2012	2013
	€in millions	
Cleaning	63.1	63.4
Facility Management	24.2	26.3
International	8.4	8.6
Other	(25.5)	(23.4)
EBITDA	**70.2**	**74.9**

Cleaning. EBITDA for the Cleaning segment increased by €0.3 million, or 3.1%, to €63.4 million in fiscal year 2013/12, as compared to €63.1 million in fiscal year 2012/11, in spite of a decrease in revenue. Payroll cost decreased by €6.3 million, or 1.3% from €482.2 million in fiscal year 2012/11 to €475.9 million in fiscal year 2013/12, thanks to the CICE impact of €9.6 million. In addition, the correction of the long-term lease contracts restatement resulted in an increase of €1.6 million in fiscal year 2012/11.

The Cleaning segment EBITDA margin represented 10.1% in fiscal year 2013/12, as compared to 9.9% in fiscal year 2012/11. CICE represented 1.5 percentage point of this EBITDA. Holding costs negatively impacted 0.8 percentage point of this EBITDA.

Facility Management. EBITDA for the Facility Management segment increased by €2.1 million, or 8.7%, to €26.3 million in fiscal year 2013/12, as compared to €24.2 million in fiscal year 2012/11, which is faster than the increase in revenue. This increase is the primarily the result of a decrease in external charges due to lower recourse to subcontracting in administrative work.

Payroll cost increased by €15.8 million, or 8.2% from €191.6 million in fiscal year 2012/11 to €207.3 million in fiscal year 2013/12 This increase was primarily due to higher employee compensation and employer social security contribution as a result of growth of our full-time equivalent headcount.

The Facility Management segment EBITDA margin represented 6.2% in fiscal year 2013/12, as compared to 5.9% in fiscal year 2012/11. CICE represented 0.9% of this segment revenue.

International. EBITDA for the International segment increased by €0.2 million, or 2.4%, to €8.6 million in fiscal year 2013/12, as compared to €8.4 million in fiscal year 2012/11. EBITDA growth is slower than revenue because of an increase in add-on sales with lower margin. Payroll cost increased by €8.7 million, or 16.2% from €53 million in fiscal year 2012/11 to €62.2 million in fiscal year 2013/12, slightly slower than the revenue

The International segment EBITDA margin represented 6.7% in fiscal year 2012/11, as compared to 5.7% in fiscal year 2013/11.

Other. The information presented under "Other" primarily consists of the costs incurred by our holding companies. These holding companies incurred costs of €23.4 million in fiscal year 2013/12, as compared to costs of €25.5 million in fiscal year 2012/11. This decrease in costs is mainly attributable to a part of holding costs transferred to the Businesses, especially Cleaning Business.

Depreciation and amortization, net

Depreciation and amortization increased by €1.3 million, or 6.9%, from € 18.9 million in fiscal year 2012/11 to €20.2 million in fiscal year 2013/12, principally as a result of the increase of long-term leases.

Provisions and impairment losses, net

Provision and impairment losses decreased by €4.1 million, from a loss of €0.9 million in fiscal year 2012/11 to a gain of €3.2 million in fiscal year 2013/12. This increase in provisions and impairment losses was primarily due to a reversal of provision, which related to two large contracts.

Other operating income and expenses

We did not record any operating income or expense in fiscal year 2013/12. Other operating income and expenses amounted to €3.3 million in fiscal year 2012/11 resulting from the non-recurring impact of the sale of the business goodwill (*fonds de commerce*) of our hygiene and fire safety businesses.

Operating profit

Operating profit increased by €4.2 million, or 7.8%, from €53.7 million in fiscal year 2012/11 to €57.9 million in fiscal year 2013/12, for the reasons explained above.

Net financial expense

Net financial expense increased by €11.4 million, or 44.4%, from €25.7 million in fiscal year 2012/11 to €37.1 million in fiscal year 2013/12. This increase was mainly attributable to write-off in full of €81 million of issuance costs incurred following the refinancing of the debts, and €2.4 million related the swap settlement.

Income tax expense

Income tax expense decreased by €2.6 million, or 16.5%, from €15.8 million in fiscal year 2012/11 to €13.2 million in fiscal year 2013/12. Fiscal year 2013/12 income tax expense comprised CVAE of €13.4 million (compared to €14.9 million in fiscal year 2012/11), current income tax expense of €1.6 million (compared to €2.3 million in fiscal year 2012/11) and deferred tax income of €1.8 million (compared to deferred tax expense of €0.9 million in fiscal year 2012/11).

Share of profit (loss) of associates

Share of profit of associates amounted to a gain of €0.4 million in fiscal year 2013/12 (compared to a loss of €0.3 million in fiscal year 2012/11). The share of profit of associates is mainly attributable to our joint venture companies with City One, the results of operations of which improved in fiscal year 2013/12.

Profit for the period

Profit for the period decreased by €3.8 million, or 31.9%, from €11.9 million in fiscal year 2012/11 to €8.1 million in fiscal year 2013/12, for the reasons stated above.

Liquidity and Capital Resources

Capital Resources

The Refinancing

Factoring

On January 3, 2013, the maximum amount available under the Factoring Facility was increased from €80.0 million to €130.0 million. On July 26, 2013, this Factoring facility was increased from €130 million to €140 million.

As of August 31, 2013, the amount of receivables financed under the Factoring Facility amounted to €114.4 million (€67.8 million as of August 31, 2012).

During the period, there was a repayment of a part of the factoring facility, which amounted to €46.4 million, which was combined with a deconsolidating factoring process for €93.0 million. As of August 31, 2013, net factoring financing increased by €46.6 million in the fiscal year 2013/12.

Revolving Credit Facility Agreement

On January 3, 2013, a new four year Revolving Credit Facility was negotiated for an amount of €36.0 million. On July 26, 2013, this Revolving Credit Facility was renegotiated to €18 million. As august 31, 2013, this Revolving Credit Facility remained undrawn

Distribution to JPF Développement

We distributed to JPF Développement €11.0 million for the purpose of the repayment by it of the principal amount and related interest of the Loan with Marceau Finance

Cash flows

The following table summarizes our consolidated cash flow statements for fiscal year 2013/12 and fiscal year 2012/11:

	For the fiscal year ended	
	Restated 2012	**2013**
	€ in millions	
Net cash generated by operating activities	64.6	138.8
Net cash used in investing activities	(15.6)	(14.8)
Net cash used in financing activities	(32.5)	(99.2)
Exchange gains (losses) on cash and cash equivalents	0.0	0.0
Net increase (decrease) in cash and cash equivalents	**16.4**	**24.7**

Net cash generated by operating activities

The following table sets out the net cash flows generated by operating activities in fiscal year 2013/12 and fiscal year 2012/11:

	For the fiscal year ended August 31,	
	Restated 2012	**2013**
	€ in millions	
Profit from continuing operations	11.9	8.1
Adjustment for and elimination of non-cash items	15.1	14.0
Elimination of net finance costs	25.2	35.6
Elimination of income tax expense	15.8	13.2
Cash generated from operations before financial expenses and income tax	**65.9**	**70.9**
Decrease/(increase) in inventories	0.2	0.5
Decrease/(increase) in receivables	0.8	7.4
Deconsolidating of factoring of receivables	—	87.8
Increase/(decrease) in payables	10.2	(9.8)
Change in working capital	**11.2**	**85.9**
Change in working capital excluding deconsolidating of factoring of receivables	*11.2*	*(1.9)*
Income tax paid	(12.6)	(18.0)
Net cash generated by operating activities	**66.6**	**138.8**

Cash generated from operations before financial expenses and income tax has increased by €5.0 million, from €65.9 million in fiscal year 2012/11 to € 70.9 million in fiscal year 2013/12, mainly due to the increase of EBITDA

We generated a net working capital surplus of €91.1 million in fiscal year 2013/12, which was the result of the deconsolidating of €87.8 million of factoring of receivables (net of deposit guarantee of this deconsolidating factoring).

Excluding factoring impact, change in net working capital was maintained stable with a negative impact of €1.9 million, which primarily reflected a decrease in receivables of €7.4 million and a decrease in payables of €9.8 million. This slight negative impact is mainly due to a negative impact of working capital of Security business.

We improved our ''days sales outstanding'' (''DSO'') from 75 days in fiscal year 2012/12 to 73 days in fiscal year 2013/12 and our ''days purchase outstanding'' (''DPO'') decreased from 89 days in fiscal year 2012/11 to 95 days in fiscal years 2013/12.

Income tax paid amounted to €18.0 million in fiscal year 2013/12.

Net cash generated by operating activities amounted to €138.8 million in fiscal year 2013/12.

Net cash provided by investing activities

The following table sets out the principal components of our net cash flow provided by investing activities in fiscal year 2013/12 and fiscal year 2012/11:

	For the fiscal year ended August	
	Restated 2012	**2013**
	€in millions	
Purchase of fixed assets[1]	(14.3)	(12.2)
Proceeds from sales of fixed assets	6.2	1.3
Purchase of consolidated companies less cash held by subsidiaries acquired or sold	(6.8)	(4.3)

Other cash flows from investing activities	(0.7)	0.4
Net cash used in investing activities	**(15.6)**	**(14.8)**

(1) Including change in net payables due on fixed assets

Net cash used in investing activities amounted to €20.0 million in fiscal year 2013/12, and mainly related to the purchases of fixed assets slightly decrease as a result of a rigorous control of maintenance capex for €12.2 million, the acquisition of companies for €4.3 million, net of cash held by such companies (Carrard, Artem and the 2 other acquisitions), and the other cash flows from investing activities .

Net cash used in financing activities

The following table sets out the principal components of our net cash flow used in financing activities in fiscal year 2013/12 and fiscal year 2012/11:

	For the fiscal year ended August 31,	
	Restated 2012	**2013**
	€ in millions	
Proceeds from new borrowings	**32.9**	**241.3**
Repayment of borrowings	**(46.8)**	**(260.6)**
Repayment of factoring facility	—	(46.4)
Repayment of borrowings	(46.8)	(214.3)
Finance costs, net	**(14.4)**	**(46.7)**
Capitalized interest of the Mezzanine Debt and swap settlement	—	(25.1)
Interest paid on refinanced borrowings	—	(6.4)
Interest paid on ongoing borrowings	(14.4)	(15.2)
Other	**(3.0)**	**(33.2)**
Dividends	(3.0)	(3.0)
Repurchase of ordinary shares	—	(11.0)
Equity Warrant buy-back	—	(19.2)
Net cash used in financing activities	**(31.3)**	**(99.2)**

Net cash used in financing activities amounted to €99.2 million in fiscal year 2013/12. Our financing activities consisted primarily of:

- €241.3 million of proceeds from new borrowings, mainly comprising the issuance of €250.0 million of the Bonds, partly offset by the commissions, fees and expenses relating to the issuance of the Bonds (€9.1 million),
- €46.4 million of repayment of a part of the factoring facility,
- €214.3 million of repayments of borrowings, primarily composed of
  - repayment of €90.0 million of the full Mezzanine Debt,
  - repayment of €93.5 million of the full Senior Credit Agreement,
  - repayment of €20.0 million of the Revolving Credit Facility used,
  - repayment of €10.8 million of the finance lease;
- €25.1 million of capitalized interest of the refinanced Mezzanine debt and interest paid related to swap settlement,
- €6.4 million of interest paid on the Mezzanine Debt, the Senior Debt and the Revolving Credit, from January to the refinancing date,

- €15.2 million of interest paid on ongoing borrowings: (i) €11.4 million of interest paid, from Januaryto August 2013, on our Bonds, and €3.8 million of commissions, fees paid on our Factoring Facility,
- €3.0 million of dividends paid to our shareholders,
- €11.0 million of distribution to JPF Développement for the purpose of the repayment by it of the principal amount and related interest of the Loan with Marceau Finance,
- the repurchase of the totality of the Warrants, for a total amount of €19.2 million,

Net Debt

As of August 31, 2013, we had net financial debt of €241.9 million compared to €284.8 million as of August 31, 2012. We define net financial debt as bank loans and borrowings, liabilities under finance leases, and other financial debt (including short-term bank loans and overdrafts but excluding the fair value of financial instruments), less cash and cash equivalents. Adjusted of the deconsolidating factoring of receivables, we had a net financial debt of €335 milion as of August 31, 2013.

As of August 31, 2013, we had cash and cash equivalents of €50.9 million compared to €26.2 million as of August 31, 2012.

	Published Pro Forma 11/30/2012	08/31/2013	Adjusted 08/31/2013
Cash and cash equivalents	**26**	**51**	**51**
Loans and Borrowings			
High Yield Bonds	250	250	250
Revolving Credit Facility	20.0	-	-
Factoring	82	21	114
Finance lease liabilities	12	16	16
Other debt	2[(1)]	6[(1)]	6[(1)]
Total Indebtedness[(2)]	**346**	**292.8**	**386**
Total net debt[(2)]	**321**	**241.9**	**335**

(1) including issuance cost incurred in connection with the High Yield Bond.

(2) excluding the fair value of financial instruments

Covenants

	As of and For the period ended	
	November 30 2012 Pro Forma[(1)]	August 31, 2013 Pro Forma[(1)]
Net Debt/EBITDA[(2)]	**4.6**	**4.0**
EBITDA/interest expense[(3)]	**2.8**	**3.5**

(1) *Pro forma EBITDA 2013/12 is calculated as if the acquisitions realized during the fiscal year 2013/12 (Carrard, Artem and the two other acquisitions –see section 4.2. of this document) had occurred on Sept 1st, 2012.*
EBITDA Q1 2013/12 used in this ratio calculation is proforma as published in for the Q1 2013/12 results.

(2) *Excluding the fair value of financial instruments and adjusted for the integration of the deconsolidating factoring*

(3) *Interest expense is defined as cash finance costs, which corresponds to the sum of Finance costs, net and Non cash interest expense as reported in our consolidated statement of cash flow .*

7. POST CLOSING EVENTS

The extraordinary shareholders' meeting dated September 17, 2013 adopted a share capital reduction of the company of €1,738,290, from €117 362 871 to €115 624 581.

8. TRENDS

Revenue	**As of and For the fiscal year ended August 31,**	
	2013	**2014E(1)**
TOTAL	**1206**	**1300**
Cleaning	**627**	**682**
International	**151**	**158**
Facility Management	**427**	**457**
Engineering services	*192*	209
Safety	*125*	144
Landscaping	*62*	61
Painting	*19*	20

EBITDA	**As of and For the fiscal year ended August 31,**	
	2013	**2014E(1)**
TOTAL	**75**	**97**
Cleaning	**63**	**75**
International	**8**	**9**
Facility Management	**26**	**35**
Engineering services	*10*	*13*
Safety	*10*	*13*
Landscaping	*4*	*5*
Painting	*2*	*3*

(1) The following estimates do not take into account future potential acquisitions

9. RISKS

Market Risk

The risk factors relating to our Market risk, primarily from Currency and Interest-rate risk are described in the Note 2.2.2 "*Financial risks and hedging instruments*" of the consolidated financial statements for the year ended 31 August 2013

Business and Industry Risk

The risk factors relating to Our Business and Industry are identical to those identified in Chapter "*Risk Factors*"p.16 to 31 of the *Offering Memorandum*, dated January 10, 2013.