MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading independent provider of outsourced building services. We serve a diverse range of approximately 25,000 customers in the private and public sector in 20 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 headcount of 36,654 full-time equivalent employees and over 150 offices worldwide (over 100 of which are in France), we are an important provider of various types of outsourced building services in each of the countries in which we operate.

We have experienced significant growth in recent years both organically and through the acquisition of companies with services, expertise and geographical scope that are complementary to our own. Since 2003, we have acquired 161 companies. In particular, in France, we significantly expanded our operations through the acquisitions in 2009 of Véolia Propreté Nettoyage et Multiservices, a cleaning services provider with a significant portfolio of large corporate customers, and Eurogem, a multi-service provider of outsourced building services. Our expansion in France continued in 2013 and 2014 with the acquisition of various entities specializing in cleaning services, including subsidiaries of Niwaki (Clean Pub Services) ("Niwaki"), as well as a 51% stake in Ergelis, a company specializing in building management and energy performance consulting. We have also used the business model we developed in France to grow our presence in markets outside France, both in response to and in anticipation of our clients' needs. In 2013 and 2014, we acquired companies in Eastern Europe, Turkey and Morocco and expanded our operations into Southeast Asia with the acquisitions of companies in Thailand, Indonesia, Malaysia and the Philippines. Our expansion has recently continued with acquisitions in Croatia, Poland and Russia in 2015. We believe that the breadth of our service offering, together with our geographic footprint, provide us with a solid foundation for our long-term strategy of becoming a leading global provider of outsourced building services.

In fiscal year 2015/14, we had total revenue of €1,332.4 million, net income of €12.9 million and EBITDA of €89.6 million.

Financial Information

Restatement of consolidated audited financial statements for fiscal year 2014/13

This discussion and analysis of our financial conditions and results of operations has been prepared on the basis of our restated Consolidated Financial Statements for fiscal year 2014/13. As part of the preparation of our Consolidated Financial Statements for fiscal year 2015/14, we restated our Consolidated Financial Statements for the comparative period, fiscal year 2014/13, in order to exclude the effects of discontinued operations on the Company's income and cash flows in accordance with IFRS 5. The operations discontinued over the course of fiscal year 2015/14 include our transportation and logistics business operating under the Logismark brand, our freight business, TFN Affret Logistique, and our public lighting business, Elale. See "*—Factors Affecting our Results of Operations—Acquisitions and Disposals—Disposals*."

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; and provisions and impairment losses, net. 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.

EBITDA is not a specifically prescribed line item under IFRS. EBITDA is not a 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 the inclusion of EBITDA is useful to investors because it provides investors the same information that we use internally for purposes of assessing our operating performance. EBITDA has important limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations. Because not all companies calculate EBITDA identically, this presentation of EBITDA may not be comparable to the similarly titled measure of other companies.

Overview of reporting segments

We have three reporting segments under IFRS, namely, Cleaning, Facility Management and International. The revenue for each of our reporting segments in fiscal year 2015/14 was as follows:

- *Cleaning:* In fiscal year 2015/14, our Cleaning segment generated €700.0 million of revenue, or 52.5% of consolidated revenue.
- *Facility Management:* In fiscal year 2015/14, our Facility Management segment generated €409.1 million of revenue, or 30.7% of consolidated revenue. This segment comprises the activities of the following businesses:
  - Our multi-technical and multi-service business, which generated €184.0 million of revenue, or 44.9% of Facility Management segment revenue, in fiscal year 2015/14.
  - Our safety and security business, which generated €142.6 million of revenue, or 34.8% of Facility Management segment revenue, in fiscal year 2015/14.
  - Our landscaping business, which generated €65.2 million of revenue, or 15.9% of Facility Management segment revenue in fiscal year 2015/14.
  - Our painting business, which generated €17.2 million of revenue, or 4.2% of Facility Management segment revenue, in fiscal year 2015/14.
- *International:* Our International segment generated €238.4 million of revenue, or 17.9% of consolidated revenue, in fiscal year 2015/14.

In our Consolidated Financial Statements, we present in our segment information an additional item labeled “Other,” which includes the activities of our holding companies (consisting of the Issuer and the Guarantors), such as Group-level management of finance, legal, accounting, procurement, human resources, fiscal and customer relations matters. The “Other” item principally consists of the elimination of intragroup transactions in consolidation, the costs incurred by our holding companies, including payroll costs, rental costs incurred on behalf of the Group’s operating companies, overhead and administrative costs, such as consulting and legal fees, advertising costs and other administrative costs such as mailing, reception and maintenance costs.

Management fees of €52.7 million, €33.6 million and €36.6 million were invoiced by our holding companies to our operating companies in fiscal year 2013/12, fiscal year 2014/13 and fiscal year 2015/14, respectively. We discuss EBITDA for each of our three reporting segments after excluding intercompany charges for management fees, which are also eliminated when preparing our Consolidated Financial Statements.

Correction of errors

The financial information presented below for fiscal year 2014/13 was restated to reflect the correction of certain errors that were identified as part of the preparation and audit of our 2015/14 Consolidated Financial Statements in connection with the calculation of the CVAE. An explanation of the nature and impact of these corrections is provided in note 2.2 of the notes to the 2015/14 Consolidated Financial Statements. The correction of these errors resulted in a decrease of €2.7 million in total equity and a corresponding €2.7 million increase in other current liabilities in fiscal year 2014/13.

Factors Affecting Our Results of Operations

Set forth below are certain key factors that have historically affected our results of operations and that may impact our results of operations in the future.

General economic conditions

Demand and prices for our services are affected by economic conditions, including increases or decreases in gross domestic product, in the countries in which we operate. According to the Institute of Statistics and Economic Studies in France ("INSEE"), the real GDP growth rate in terms of volume in France, our principal geographic market, was 0.7% in calendar year 2013 and 0.2% in calendar year 2014, and is expected to be an estimated 1.2% in calendar year 2015 (in each case as compared to the previous calendar year). According to INSEE estimates of December 8, 2015, real GDP growth rate in terms of volume in France in the third quarter of 2015 was 0.3% as compared to the second quarter 2015, and 1.5% as compared to the second quarter of 2014.

The Group is subject to the effects of macroeconomic cyclicality. In particular, periods of recession or deflation may have an adverse impact on demand and prices for our services, which may vary depending on the sector, customer and service offering. Furthermore, during such periods, increased competition for contracts among service providers or a decision by our customers to revert to in-house building services may affect our results.

Our revenue increased from €1,206.2 million in fiscal year 2013/12 to €1,235.2 million in fiscal year 2014/13 and €1,332.4 million in fiscal year 2015/14. The increase was primarily attributable to external growth, primarily in France in fiscal year 2014/13 and internationally in fiscal year 2015/14 (see "*—Acquisitions and Disposals—Acquisitions*"). In France, however, and to a lesser extent in certain of our Central European markets, we continued to face price pressure. This was particularly the case in France from our larger customers in our cleaning business, resulting from the competitive environment for cleaning services in France and our customers' expectations of lower prices due to the positive impact of the CICE (see "*—Employment laws and regulations—CICE tax credit*").

The price pressure on contracts in our cleaning business was partially offset by pro-active management by our customer relations teams of large contracts, including initiatives to diminish the risk of such contracts being subject to a competitive tender process as they near the end of their terms. However, during fiscal year 2015/14, we did not renew contracts with certain larger clients that did not offer us sufficient margins. Our revenue also decreased in our Facility Management services, principally due to a decline in landscaping activities in the northern region of France during this period and a decrease in the revenue generated by our multi-technical business.

Acquisitions and divestments

In recent years, external growth has contributed significantly to the overall growth of our business. We intend to continue to pursue acquisitions in the future in order to diversify our service offering and customer base as well as to expand our geographic footprint further outside of France. Since 2000, we have acquired entities in 19 countries across three continents. We have recently expanded our business into West Africa and Southeast Asia as we believe that these geographic regions generally provide greater prospects for growth and more attractive margins than our domestic market.

Acquisitions

<u>International</u>

In recent fiscal years, we established and developed a significant market presence in Turkey. We entered the Turkish building services market in January 2013 through the acquisition of 51% of the share capital of Artem Tesis Yönetimi ve Hizmetleri AŞ ("Artem"), a cleaning services company based in Ankara, which contributed €8.0 million, €14.3 million and €17.9 million to International segment revenue in fiscal years 2013/12, 2014/13 and 2015/14, respectively. In December 2013, we expanded the range of services we provide in Turkey by acquiring Etkin Services Co. ("Etkin"), a company specializing in technical maintenance. Etkin contributed €8.8 million and €13.3 million to International segment revenue in fiscal years 2014/13 and 2015/14, respectively. The expansion of our services offering in Turkey continued with the acquisition of the Ekol Group ("Ekol") in March 2015, a company which provides cleaning, technical maintenance, security and facility management services. Ekol contributed €17.5 million to International segment revenue in fiscal year 2015/14. This incremental expansion through acquisitions has enabled us to develop a full service offering in Turkey and take advantage of cross-selling opportunities. Turkey was our largest international market in fiscal year 2015/14, accounting for €48.7 million in revenue, or 20.4% of International segment revenue, in that fiscal year.

In 2014, we launched our first operations in Southeast Asia. We acquired a 51% stake in PT Tritunggal Sejahtera Margawi ("Tritunggal"), an Indonesian company specializing in cleaning services, in July 2014. Tritunggal contributed €3.1 million and €7.7 million to International segment revenue in fiscal years 2014/13 and 2015/14, respectively. We also acquired FM Advanced Service Co. Ltd. in Thailand, a technical maintenance services company, in June 2014, as well as Harta Maintenance Sdn. Bhd. (“Harta”), a Malaysian cleaning company, in November 2014. Harta contributed €19.4 million to International segment revenue in fiscal year 2015/14. In 2015, we further increased our Southeast Asian presence through the acquisitions of Consolidated Building Maintenance, Inc. (“CBM”) in the Philippines, a company which contributed €3.0 million to International segment revenue in fiscal year 2015/14, Commercial and Industrial Support Co. Ltd. (“CIS”) and Com Group Co., Ltd. (“COM”) in Thailand, which together contributed €5.9 million to International segment revenue in fiscal year 2015/14. In fiscal year 2015/14, €38.8 million, or 16.3% of International segment revenue, was attributable to our operations in Southeast Asia, of which €20.5 million, or 8.6% of International segment revenue, was attributable to Malaysia alone.

In recent fiscal years, we also expanded our operations into West Africa through acquisitions in Morocco. In Morocco, we initially acquired a relatively small surveillance services company, VIP Group, in July 2011. In May 2015, we acquired a 60% stake in Hercule Holding and its wholly owned subsidiaries in Morocco, Clean Co Services Vigilance, Clean Co Services Environnement, Clean Co Services Century and Experts Environnement (together “Hercule”), which together contributed €3.1 million to International segment revenue in fiscal year 2015/14. Our Moroccan entities accounted for €6.5 million, or 2.7% of International segment revenue, in fiscal year 2015/14. Our foothold in the African market enables us to pursue future expansion opportunities in West Africa.

In recent fiscal years, we also made a number of acquisitions in Central and Eastern Europe. In August 2015, we acquired Aspen sp z.o.o (“Aspen”) in Poland, a group of companies which specializes in cleaning, catering and security activities. We also acquired Metro Property Services sp. z.o.o (“Metro”) in Poland in February 2015, a company which specializes in technical and infrastructure services, as well as environmental management. Metro contributed €10.1 million, or 4.2% of International segment revenue, in fiscal year 2015/14, while Aspen accounted for €2.4 million, or 1.0% of International segment revenue during the same period. Overall, our revenue in Poland accounted for €19.2 million, or 8.1%, of International segment revenue in fiscal year 2015/14. We also expanded our presence in Croatia and Bosnia with the acquisition of four subsidiaries of the International Service Solutions (“ISS”) group in December 2014, which contributed €1.8 million to International segment revenue in fiscal year 2015/14.

Since August 31, 2015, we have entered into agreements to purchase a number of entities internationally, both in countries in which we already operate and in new markets. These acquisitions include controlling stakes in:

- Mopex d.o.o. in Serbia, a business specializing in professional hygiene and building maintenance, which we acquired for €1.0 million in November 2015;

- QuickNet Services in the Ivory Coast, a business specializing in industrial cleaning and green spaces and gardening services based in Abidjan, which we acquired for €0.6 million in October 2015; and

- Ivoire Nettoyage Services in the Ivory Coast, a business specializing in cleaning service in Abidjan, which we acquired for approximately €0.3 million in October 2015.

In addition, we are currently in negotiations to purchase entities in Croatia, Romania and Vietnam in order to expand our presence in Eastern Europe and Southeast Asia.

France

In France, consistent with our strategic objective to reinforce our regional presence and expand our portfolio of domestic smaller to medium-sized clients, we purchased Carrard Services (“Carrard”) in July 2013, a company specializing in the provision of cleaning services and multi-services in the region of Reims in Northern France, which helped us to reinforce our cleaning services offering in that region. Carrard contributed €74.1 million, or 10.6%, of our Cleaning segment revenue in fiscal year 2014/13 and €67.5 million, or 9.6%, of our Cleaning segment revenue in fiscal year 2015/14. In March 2014, the acquisition of Niwaki also enabled us to increase our regional presence in Ile-de-France, contributing €9.8 million, or 1.4%, to our Cleaning segment revenue in fiscal year 2014/13 and €21.2 million, or 3.0%, to our Cleaning segment revenue in fiscal year 2015/14. Domestic acquisitions have additionally enabled us to diversify our service offering. In August 2014, we became a 51% shareholder in Ergelis, a French company specialising in building management systems and energy performance consulting, which provided us the opportunity to develop an energy cost management service offering to complement our existing suite of building management services in France and internationally. In September 2015, we acquired Vitsolnet, a company specializing in cleaning services in the region of Bourg-en-Bresse, which we acquired for €1.0 million.

Disposals

As part of our overall strategy of focusing on our core outsourced building services, we discontinued and disposed of various businesses and operations in recent fiscal years.

In fiscal year 2015/14, we discontinued certain businesses experiencing a decreased activity, namely our construction and logistics businesses. These divestments included our logistics and transportation services operating under the Logismark brand, TFN Affret Logistique, our freight business, and Elale, our public lighting business. These businesses cumulatively accounted for €31.5 million of consolidated revenue in fiscal year 2014/13. We recorded a net loss of €10.6 million from discontinued operations in fiscal year 2015/14, consisting of a €9.9 million capital loss from the disposal and €0.7 million net loss after tax from the divested operations.

Analysis of the impact of our acquisitions on our results of operations

In order to assist in the analysis of our results of operations during the period under review, we provide 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 also 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.

Payroll costs

The Group's cost structure mainly consists of variable costs. Our recurring operating costs consist principally of payroll costs, which represented 66.2%, 67.5% and 67.0% of recurring operating costs (defined as the sum of purchases consumed, external charges, payroll costs, taxes other than on income, other recurring operating income and expenses, depreciation and amortization, net, and provisions and impairment losses, net) in fiscal year 2013/12, fiscal year 2014/13 and fiscal year 2015/14, respectively. We regard our payroll costs as mostly variable costs because they typically fluctuate depending on our activity levels on a local and Group level. We closely monitor our labor utilization using labor planning tools, and we are generally able to adjust the working hours of our workforce and reduce idle time of our field employees in particular, which enables us to maximize the labor productivity of our workforce.

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. In fiscal year 2015/14, 56.9% of our total headcount in France comprised part-time employees. In addition, pursuant to the terms of the relevant collective bargaining agreements in France, and subject to the satisfaction of certain conditions, when contracts for cleaning or security services are lost to a competitor, the new provider must take over the employment contracts of the workforce assigned to the site. 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. In fiscal year 2015/14, the turnover rate was 20.3% in our cleaning business (excluding fixed-term employees and internal transfers) and 38.1% in our security business (including fixed-term employees, who comprise a small number of employees in our security business), in each case after taking into account employee turnover due to the applicable collective bargaining agreements.

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. See "—*Description of Key Line Items in Our Income Statements*". 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. For example, as of August 31, 2015, 15.8% of all our employment contracts in France, that is 6,126 contracts, were fixed-term contracts (excluding a small number of fixed-term employment contracts in certain of our cleaning subsidiaries specializing in providing services to railway and subway operators). 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.

Operating performance

We endeavor to maintain or improve our operating performance by simultaneously achieving growth in the volume of our sales and cost efficiencies. We seek to secure new contracts and develop add-on sales to existing customers, which in the past typically generated higher margins than the underlying customer contract. We also implement cost saving initiatives, such as headcount reduction, and restructuring plans and limit our recourse to temporary workers and subcontractors, which tend to be more costly over time. However, our cost saving initiatives also result in restructuring costs, employee severance costs and litigation, which may negatively affect our operating margins. Although not individually material to the Group, we recorded a provision for employee litigation (including severance costs and costs relating to mutual termination of employment contracts) of €8.7 million as of August 31, 2015.

However, our ability to control our operating costs generally varies depending on the type of contract. Certain of our contracts, such as those we typically have in our cleaning business, are priced on the basis of certain specified tasks and their frequency. We refer to this type of contract as a "performance-based contract." Other contracts require us to dedicate an agreed minimum amount of human and other resources to perform services, which we refer to as a "resource-based contract." "Resource-based contracts," which we use principally in our security business, by nature afford us less opportunity to reduce operating costs in a decreasing price environment than performance-based contracts.

We also closely monitor contracts in our cleaning and facility management businesses in order to maximize total revenue and margin growth. Each business tracks and reports to Group management on operating cost efficiency on a site-by-site basis as well as a contract-by-contract basis. This allows us to identify high growth and/or margin potential services and allocate business development resources accordingly. Through this system, we also seek to identify operating cost savings to offset decreases in price that we may agree upon with our customers.

Active contract portfolio management

Our relationships with our larger customers are typically subject to multiple, separately negotiated contracts that are spread across our customers' different businesses and facilities and have different expiration dates. This tends to help us mitigate the effects of negative business cycles in any single industry. However, given the volume of contracts in our contract portfolio, and in particular, contracts with larger customer accounts, as well as the rate of customer turnover, new or lost contracts can have a significant impact on our results of operations from period to period. For example, in fiscal year 2015/14, 86% of cleaning contracts (in terms of revenue) were renewed. We also elected not to renew contracts with certain large clients in each of fiscal years 2015/14 and 2014/13 which offered low margins.

In analyzing changes in our results of operations from period to period, the magnitude of the impact of new or lost contracts is an important factor which we assess in part by aggregating gains and losses of contracts in terms of revenue contribution. We refer to this factor in the discussion below as "net contract gains (or losses)". In addition, the loss of certain material contracts could have a material adverse impact on our results of operations.

Moreover, the timing of a new cleaning service contract can significantly impact our results of operations and cash flows in any given period. During the first month of execution of a new cleaning services contract, we typically incur start-up costs related to equipment and employees' garments that result in operating losses. The larger the contract, the greater the start-up costs, and the greater the potential negative impact on the contract's margin and our cash flows. There is a progressive reduction in this negative impact in each successive month of the performance of the contract as we generate more revenue from the performance of services thereunder that offset those costs. The magnitude of the effect of such start-up costs on the profitability and cash flows of the Cleaning segment, and potentially the Group, depends on the aggregate impact of a variety of factors, namely, the number of new contracts, the size of such new contracts and the performance timing for such contracts. The execution and performance timing of new contracts can therefore cause significant fluctuations in our results of operations and cash flows from period to period.

Employment laws and regulations

We are subject to various employment laws and regulations. Given the labor intensive nature of our business, the continued importance of our core French market to our operations and the significance of our payroll costs, changes in such laws and regulations in France have had a significant impact on our results of operations in the period under review.

Specifically, the following legal and regulatory changes materially impacted our results of operations and cash flows and/or may materially impact them in the future:

- *Fillon Law:* Pursuant to the Fillon law of 2009 (the "Fillon Law"), employer social security contributions in France were reduced for gross salaries that are less than 160% of the statutory minimum wage. The maximum coefficient for the calculation of this reduction depends on the workforce (whether fewer than 20 employees or 20 or more employees) and ranged between 0.2795 and 0.2835 in 2015. The reduction cannot exceed the total amount of employer social security contributions due by the employer, and it increases in inverse proportion to the amount of the gross salary (*i.e.*, the reduction in employer social security contributions is the lowest for a gross salary that is just under 160% of the statutory minimum wage, but highest for a gross salary that is equal to the statutory minimum wage). In 2014, the Fillon law was amended so that any remuneration for breaks, dressing and undressing time and shower time had to be included in the calculation of gross salary from January 1, 2015. Due to our remuneration structure, this French statutory amendment did not have an adverse effect on our payroll costs. Overall, changes to the Fillon Law did not have a material impact on our results of operations in fiscal year 2014/13. The increase to the maximum coefficient used for calculating the Fillon reduction from 0.2600 in 2014 to 0.2835 in 2015, though, resulted in a €4.8 million saving in social security contributions in fiscal year 2015/14.

- *Employer contribution to family allowances*: On January 1, 2015, the rate of employer contribution to family allowances in France decreased by 1.8% to 3.45% for all employees whose salaries were equal to or lower than 160% of French statutory minimum wage. In fiscal year 2015/14, this reduction had a positive impact of €5.3 million on our payroll costs. On January 1, 2016, the application of this lower rate of employer contribution was extended to all salaries equal to or lower than 350% of the French statutory minimum wage.

- *Minimum wage:* We generally increase the salaries of our employees in France before expected increases to the statutory minimum wage and/or increases in the minimum wage under the relevant collective bargaining agreements, which typically provide for minimum wages that are higher than the statutory minimum wage. The statutory minimum wage in France increases every year to take into account at a minimum inflation and living costs. The minimum wage under the collective bargaining agreements may be increased from time to time. The French statutory minimum wage was increased by 2.27% in fiscal year 2013/12, 1% in fiscal year 2014/13 and 0.83% in fiscal year 2015/14. We are often able to incorporate these wage increases into our prices before such increases come into effect, and accordingly, to limit their negative impact on our results.

- *Complementary health and welfare benefits*: Pursuant to the Law of June 14, 2013 regarding the extension of the scope of complementary health and welfare benefits to all employees, the employer must offer to maintain such benefits freely after the termination of their employment contracts (except in case of wrongful misconduct ("*faute lourde*")) for a maximum duration of twelve months. These changes will become effective for us on January 1, 2016, and we estimate that they will have an adverse impact on our payroll costs of up to €3 million per year.

CICE tax credit

In December 2012, the CICE was adopted as part of an overall stated French government policy to improve the competitive position of companies in France. Pursuant to the CICE, French companies have been entitled since 2013 to a tax credit in respect of the gross salaries paid to certain employees. The amount of the CICE is calculated on the basis of gross salaries paid to employees in the course of the calendar year, provided such gross salaries do not exceed 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). The amount of the CICE was 6% of such gross salaries in 2015 and 2014, compared to 4% in 2013.

The CICE is set off against employer social security contributions (*cotisations sociales*) and corporate income tax due for the year in which eligible salaries are paid. Any receivables due from the French State corresponding to amounts that cannot be set off against income tax due for the year can be used as payment for tax due for the three years following the year in which the CICE tax credit is recognized. Beyond this three-year period any excess amount not set off against corporate income tax is repaid to the Company. The Group recognizes the CICE as a deduction from payroll costs within recurring operating profit in the consolidated income statement and a corresponding accrued tax receivable is recognized in "Other receivables." This accounting treatment resulted in an increase of our EBITDA (in an amount of €13.4 million, €27.1 million and €29.3 million, with respect to the CICE recorded in fiscal years 2013/12, 2014/13 and 2015/14, respectively).

The Group pre-finances its future CICE tax credit receivables through the Banque Public d'Investissement ("BPI"). Through financing contracts the Group sells to BPI 95% of its estimated future receivables for the calendar year as a guarantee for financing received from BPI at an annual interest rate of 1.2%, which is recorded as part of our net financial expense. At the end of the financial year, the Group recognizes a liability under "Other Current Liabilities" in an amount corresponding to the cash received from BPI through this pre-financing mechanism. For fiscal years 2013/12, 2014/13 and 2015/14, financing received in this way amounted to €16.5 million, €46.0 million and €74.7 million, respectively. The increase in the amount of these financings during the period under review principally reflected the external growth in our business in the cleaning segment in France, as well as increases in the amount of the CICE rate.

The CICE was originally intended to last until December 31, 2015 but its operation was extended until December 31, 2016 in its present form as a non-taxable tax credit. From 2017, we anticipate that the French government will extend the CICE's existence but comments from public officials have suggested that while the credit will similarly operate to reduce employer social security contributions and thus payroll costs, it will no longer constitute a credit against corporate income tax (which, as at the date of this publication, is set at 34% in France). These proposed changes would not impact the positive effects of the CICE on our reported results of operations or EBITDA, but would affect our cash flows since the corporate income tax that we have to pay would increase, though that negative effect would be mitigated by the use of our tax losses carried forward.

Fluctuations in Foreign Currency Exchange Rates

The international expansion of our operations outside the Eurozone increases our exposure to various currency risks. Accordingly, our results of operations are, and may further be, subject to currency effects, primarily currency translation risk. The results of our operations of our subsidiaries operating outside the Eurozone are translated into euro, our functional and reporting currency, at the applicable exchange rates for inclusion in our Consolidated Financial Statements. A decline in the value of foreign currencies against the euro will therefore have a negative effect on our revenue and EBITDA as reported in euro. We are particularly exposed to such risk as a result of our operations in Turkey, Malaysia and Indonesia, as the currencies in these countries have recently tended to decrease in value against the euro. We may also be exposed to currency exchange rate risk in connection with any profits from our international operations that are paid as dividends or otherwise to our holding companies in France. We expect our exposure to transaction risk at our subsidiaries to be relatively limited because their revenues are generated and operating costs incurred generally in their respective operating and functional currencies. We incur currency transaction risk whenever one of our subsidiaries generates revenue or operating costs in a different currency from the currency in which it operates. In recent fiscal years, fluctuations in foreign currency exchange rates have had a limited impact on our results of operations. We recorded €3.2 million of International segment revenue attributable to the changes in foreign currency exchange rates in fiscal year 2015/14 compared to fiscal year 2014/13, and we experienced a negative foreign exchange impact of €2.6 million in fiscal year 2014/13 due to a sharp fall in the value of the Czech koruna. We expect, however, that the fluctuations in our reported results of operations from period to period caused by changes in foreign currency exchange rates will likely become more significant in the future as the proportion of our operations outside the Eurozone, and particularly in Turkey, Malaysia and Indonesia, increases.

Seasonality

Revenue from some of our businesses is subject to seasonal fluctuations, principally in France. During the summer and winter school holidays, we typically experience an increase in revenue from our cleaning services contracts with our customers in the transportation sector in France (namely, the RATP, the state-owned public transportation system in Paris and its surrounding region and the SNCF, the state-owned national railway company). In addition, revenue from our security services contracts with our mass market retail customers, such as Carrefour and Galeries Lafayette, usually increase during

November and December. In contrast, we generally experience a lower level of activity in our landscaping business in the winter months due to weather conditions.

Our net working capital is also subject to seasonal variations, principally in connection with our French activities. Our net working capital requirements are generally significant in most of the first half of the calendar year, during which time we are opening new accounts with larger customers and existing large accounts are in the process of allocating their annual budget for outsourced services. Our net working capital requirements are also negatively impacted during this period by a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Our net working capital requirements therefore generally tend to be the highest between March and April of every year. Our net working capital requirements are typically the lowest in August, when public and private sector customer accounts are settled in respect of services rendered since the beginning of the calendar year, and in December, when we focus on cash collection at calendar year end.

Description of Key Line Items in Our Income Statements

Revenue. Revenue comprises the value of services provided during the fiscal year less VAT and duties as well as price and quantity discounts. Contract work in progress is recognized using the percentage-of-completion method based on the value of work completed at the balance sheet date.

Purchases consumed. Purchases consumed refers primarily to cleaning and maintenance products, material and site equipment (including security and plumbing equipment), and payments to subcontractors. In fiscal years 2015/14 and 2014/13, purchases consumed also includes costs related to temporary workers, which in fiscal year 2013/12 were accounted for in external charges. Purchases consumed also includes fuel and gas, work clothes, plants (for our landscaping business), and market studies. In addition, certain rebates granted by our suppliers are reflected in our purchases consumed.

External charges. External charges mainly comprise vehicle and equipment rental costs, external fees (including audit fees), maintenance costs (*i.e.*, expenses incurred that do not comply with IFRS capitalization criteria), and administrative expenses (*e.g.*, insurance costs, travelling expenses, mailing and telecommunication costs).

Payroll costs. Payroll costs comprise salaries and wages, pensions, social security expenses and other employee-related expenses such as contractual profit sharing.

Taxes other than on income. Taxes other than on income includes taxes on salaries (mainly training taxes), social construction tax (*taxe effort construction*), social solidarity contribution (*contribution sociale de solidarité*), which is a tax based on a percentage of net sales, and real property tax.

Taxes other than on income excludes the *Cotisation sur la Valeur Ajoutée des Entreprises* (“CVAE”) starting on January 1, 2010 pursuant to the French Budget Act of 2010, which replaced the business tax (*taxe professionnelle*) that was previously payable by French entities with two new taxes, one of which, the CVAE, is based on the “added value” generated by French entities. In accordance with IAS 12, the Group has elected to classify the CVAE contribution as an income tax, and therefore to recognize it under the “Income tax expense” line item in the income statement.

Other recurring operating income and expense. This line item mainly includes net gain or loss on asset sales; subsidies granted to the Group by the French government in respect of disabled employees; recurring costs relating to our office equipment, supplies and IT systems; and the positive effect of the capitalization of payroll costs that principally related to ongoing Group information technology projects.

Depreciation and amortization. Depreciation and amortization relates to depreciation and amortization of intangible and tangible assets.

Provisions and impairment losses. Provisions primarily relate to restructuring costs occurring in the normal ordinary course of business, pension provisions, and provisions for claims and litigation with employees, customers, suppliers and other parties. They also include the impairment of receivables and inventories.

Net financial expenses. Net financial expenses reflects the impact of the Group’s financing transactions and comprises net finance costs, which include interest paid on the Group’s borrowings, the amortization of issuing costs and interest received on available cash, as well as other financial income and expenses. Other financial income and expenses consists of dividends received from non-consolidated entities, net financial provisions, disposals of shares and other financial assets, write-offs and other gains and losses.

Share of profit (loss) of associates. Share of profit (loss) of associate comprises the share of result after tax of associates. Associates include the joint venture subsidiaries with City One and one operating entity in Slovakia.

Income tax expense. Income taxes consist of (i) income tax, including CVAE, and (ii) changes in deferred tax assets.

Results of Operations

Results of Operations for Fiscal Years 2014/13 and 2015/14

	For the fiscal year ended August 31,	
	2014 restated[2]	2015
	€ in millions	
Revenue	**1,235.2**	**1,332.4**
Purchases consumed	(255.0)	(290.3)
External charges	(76.1)	(81.9)
Payroll costs	(794.0)	(850.9)
Taxes other than on income	(21.6)	(23.0)
Other recurring operating income and expenses	(2.1)	3.4
EBITDA	**86.4**	**89.6**
Depreciation and amortization, net	(22.0)	(23.8)
Provisions and impairment losses, net	(4.6)	(2.6)
Recurring operating profit	**59.8**	**63.2**
Financial income	0.3	0.7
Finance expenses	(26.9)	(26.8)
Finance costs, net	**(26.6)**	**(26.2)**
Other financial income and expenses	(1.4)	0.2
Net financial expense	**(28.0)**	**(25.9)**
Income tax expense	(15.5)	(13.9)
Share of profit (loss) of associates	(0.1)	0.1
Net profit from recurring operations	**16.3**	**23.5**
Net profit from discontinued operations	(1.3)	(10.6)
Profit for the period	**15.0**	**12.9**

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,	
	2014 restated [2]	2015
	€ in millions	
Revenue		
Cleaning[1]	697.2	700.0
Facility Management[1]	404.4	409.1
International[1]	157.5	238.3
Other	(23.9)	(15.0)
Total Revenue	**1,235.2**	**1,332.4**

(1) Excluding intra-segment transactions.

(2) Restated to reflect the treatment of our logistics and transportation services operating under the Logismark brand, TFN Affret Logistique, our freight business, and Elale, our public lighting business, as discontinued operations pursuant to IFRS 5 during fiscal year 2015/14.

Revenue increased by €97.2 million, or 7.9%, to €1,332.4 million in fiscal year 2015/14, as compared to €1,235.2 million in fiscal year 2014/13. The increase was primarily attributable to our international growth in fiscal year 2015/14, reflecting in particular the expansion of our cleaning and certain facility management operations in Southeast Asia, Turkey, Africa and a number of Central and Eastern European countries. See "*—Factors Affecting our Results of Operations—Acquisitions and Disposals—Acquisitions*." This increase was partially offset by a decrease in facility management services revenue following a decline in landscaping activities in northern France and decreased levels of revenue from our multi-technical business.

Revenue by segment

Cleaning. Revenue for the Cleaning segment increased by €2.8 million, or 0.4%, to €700.0 million in fiscal year 2015/14, compared to €697.2 million in fiscal year 2014/13. This increase in Cleaning revenue was primarily attributable to the full-year impact of the acquisition of Niwaki in March 2014, which contributed €21.1 million to Cleaning segment revenue in fiscal year 2015/14. This increase was partly offset by intensified pricing pressure over the period, as a result of the competitive business environment in France in cleaning services and a degree of expectation among our larger French customers that the savings generated by the CICE tax credit would result in lower pricing.

The Cleaning segment represented 52.5% of consolidated revenue in fiscal year 2015/14, as compared to 56.4% in fiscal year 2014/13, mainly as a result of the significant increase in International segment revenue in fiscal year 2015/14.

Facility Management. Revenue of the Facility Management segment increased by €4.7 million, or 1.2%, to €409.1 million in fiscal year 2015/14, as compared to €404.4 million in fiscal year 2014/13. The increase was principally due to the following:

– an increase of €8.4 million, or 6.2%, in revenue generated by our security business, due to the gain of new contracts with clients such as Crédit Agricole and Versalis and the development of our activity in airport security services, which gained a "full facility management" contract with Aéroports de Paris; and

– a contribution of €2.7 million by our newly acquired subsidiary, Ergelis.

This increase was partially offset by:

– a decrease of €2.6 million, or 3.8%, in revenue generated by our landscaping business in fiscal year 2015/14 compared to fiscal year 2014/13, principally reflecting the fact that certain local authorities deferred the renewal of landscaping contracts in fiscal year 2015/14 for budgetary reasons;

– a decrease of €2.4 million, or 1.3%, in revenue from our multi-technical business for the period principally due to the loss of a significant multi-service contract in fiscal year 2015/14; and

– a decrease of €0.8 million, or 4.2%, in revenue from our painting business for the period, principally due to weak market conditions prevailing in the French real estate market.

Revenue from the Facility Management segment represented 30.7% of consolidated revenue in fiscal year 2015/14, as compared to 32.8% in fiscal year 2014/13, similarly reflecting our increased emphasis on international operations.

International. Revenue from the International segment increased by €80.9 million, or 51.3%, to €238.4 million in fiscal year 2015/14, as compared to €157.5 million in fiscal year 2014/13. This growth was mainly due to our international expansion in Turkey, Southeast Asia, Africa and Central Europe during this period. Our acquisitions of Harta in Malaysia, Ekol in Turkey, Aspen and Metro in Poland, CIS and COM in Thailand, Etkin in Turkey, Tritunggal in Indonesia, CBM in the Philippines, Hercule in Morocco and certain subsidiaries of ISS in Croatia and Bosnia cumulatively contributed €73.6 million in revenue in fiscal year 2015/14. See "*—Factors Affecting our Results of Operations—Acquisitions and Disposals—Acquisitions*." A further €3.2 million in International segment revenue in fiscal year 2015/14 was attributable to the positive impact of foreign exchange rates, mainly due to the fluctuations of the Indonesian Rupiah, the Czech Koruna, the Turkish Lira and the Croatian Kuna over the period.

Our existing operations in countries such as Turkey, Luxembourg and Hungary also demonstrated growth in fiscal year 2015/14 through net contract gains. This growth was partly offset, however, by a decrease in add-on sales in Poland principally and to a lesser extent in the Czech Republic in fiscal year 2015/14 compared to fiscal year 2014/13.

The International segment represented 17.9% of consolidated revenue in fiscal year 2015/14, as compared to 12.8% in fiscal year 2014/13.

Purchases consumed

Purchases consumed increased by €35.3 million, or 13.8%, from €255.0 million in fiscal year 2014/13 to €290.3 million in fiscal year 2015/14, principally reflecting the increase in the proportion of our revenue generated by our International segment, where recourse to subcontractors and temporary workers (recorded as part of purchases consumed, in contrast to the salaries and compensation of our employees recorded as payroll costs) tends to be higher than in our French operations. This increase was partly offset by the growth in the proportion of our international revenue generated in international markets that experience lower levels of recourse to subcontractors and temporary workers, such as Turkey and Southeast Asia. Accordingly, purchases consumed in the International segment as a percentage of that segment's revenue decreased in fiscal year 2015/14, from 42.2% in fiscal year 2014/13 to 35.2% in fiscal year 2015/14.

As a percentage of consolidated revenue, purchases consumed represented 21.8% of consolidated revenue in fiscal year 2015/14, as compared to 20.6% of consolidated revenue in fiscal year 2014/13.

External charges

External charges increased by €5.8 million, or 7.6%, from €76.1 million in fiscal year 2014/13 to €81.9 million in fiscal year 2015/14, principally reflecting the increase in consolidated revenue during the period. As a percentage of revenue, external charges were stable, representing 6.1% of consolidated revenue in fiscal year 2015/14, as compared to 6.2% of consolidated revenue in fiscal year 2014/13.

Payroll costs

Payroll costs increased by €56.9 million, or 7.2%, from €794.0 million in fiscal year 2014/13 to €850.9 million in fiscal year 2015/14, but decreased as a percentage of consolidated revenue from 64.3% of consolidated revenue in fiscal year 2014/13 to 63.9% of consolidated revenue in fiscal year 2015/14. The increase in the euro amount of payroll costs reflected our general increase in full-time equivalent employee headcount from fiscal year 2014/13 to fiscal year 2015/14. In fiscal year 2015/14 compared to fiscal year 2014/13, our full-time equivalent employee headcount increased 8.1% from 33,814 to 36,564 across business segments. The decrease in payroll costs as a proportion of revenue during the period in question principally reflected the increased proportion of our business generated by our international operations, where labor costs are lower than in France. Payroll costs as a proportion of International segment revenue increased, however, from 46.4% in fiscal year 2014/13 to 52.2% in fiscal year 2015/14, principally due the creation of regional managerial structures in fiscal year 2015/14 to manage our international growth. Furthermore, we experienced significant growth in fiscal year 2015/14 in markets such as Turkey and Southeast Asia where recourse to subcontractors and temporary workers is generally more limited. The full-time equivalent employee headcount in the International segment on average over the year increased 20.3%, from 8,192 to 9,853.

The CICE also had a positive impact of €2.2 million in fiscal year 2015/14 compared to fiscal year 2014/13, amounting to €29.3 million in fiscal year 2015/14, as compared to €27.1 million in fiscal year 2014/13.

Taxes other than on income

Taxes other than on income increased by €1.4 million, or 6.4%, from €21.6 million in fiscal year 2014/13 to €23.0 million in fiscal year 2015/14. Taxes other than on income mainly include taxes on salaries. As a percentage of payroll costs, Taxes other than on income remained stable at 2.7% in fiscal year 2015/14 and fiscal year 2014/13.

Other recurring operating income and expenses

Other recurring operating income and expenses increased by €5.5 million, from a net expense of €2.1 million in fiscal year 2014/13 to a net income of €3.4 million in fiscal year 2015/14, mainly due to non-recurring charges, tax payments and miscellaneous other payments in fiscal year 2014/13. In addition, in fiscal year 2015/14, other recurring operating income and expenses included income related to adjustments on provisions for taxes other than on income.

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,	
	2014 restated	**2015**
	€ in millions	
Cleaning	72.9	73.0
Facility Management	27.2	26.4
International	8.9	12.3
Other	(22.6)	(22.1)
EBITDA	**86.4**	**89.6**

EBITDA increased by €3.2 million, or 3.7%, to €89.6 million in fiscal year 2015/14, as compared to €86.4 million in fiscal year 2014/13.

Cleaning. EBITDA for the Cleaning segment increased slightly by €0.1 million, or 0.2%, to €73.0 million in fiscal year 2015/14, as compared to €72.9 million in fiscal year 2014/13. The EBITDA margin for the Cleaning segment also remained stable at 10.4% in fiscal year 2015/14, as compared to 10.5% in fiscal year 2014/13. Our EBITDA and EBITDA margins in fiscal year 2015/14 were favorably impacted by a €2.2 million increase in the CICE in fiscal year 2015/14 compared to fiscal year 2014/13 and a decrease in the rate of employer contribution to family allowances which reduced payroll costs by €5.3 million in fiscal year 2015/14. Price pressure during the period, including downward pressure on our prices from larger clients, partially offset these positive trends.

Facility Management. EBITDA for the Facility Management segment decreased slightly, by €0.8 million, or 2.9%, to €26.4 million in fiscal year 2015/14, as compared to €27.2 million in fiscal year 2014/13. The Facility Management segment EBITDA margin represented 6.4% in fiscal year 2015/14, as compared to 6.7% in fiscal year 2014/13. This slight decrease in EBITDA and EBITDA margin in this segment principally reflected the lower profitability of our landscaping and painting businesses during the period.

International. EBITDA for the International segment increased by €3.5 million, or 38.2%, to €12.4 million in fiscal year 2015/14, as compared to €8.9 million in fiscal year 2014/13, principally reflecting the growth in our international business. The EBITDA margin of the International segment, however, decreased to 5.2% in fiscal year 2015/14 from 5.7% in fiscal year 2014/13. This decrease was mainly due to an increase in the costs incurred in pursuing our strategy of external growth, such as audit, consultancy and legal services costs, as well as the costs related to the creation of regional managerial structures for our international operations.

Depreciation and amortization, net

Depreciation and amortization increased by €1.8 million, or 8.1%, from €22.0 million in fiscal year 2014/13 to €23.8 million in fiscal year 2015/14, due to the increase of the total amount of intangible and tangible assets following several acquisitions made over the period.

Provisions and impairment losses, net

Provision and impairment losses decreased by €2.0 million, from €4.6 million in fiscal year 2014/3 to €2.6 million in fiscal year 2015/14. This decrease was mainly due to exceptional provisions adjustments in fiscal year 2014/13, mostly relating to disposals of assets over several previous years as part of our refocusing on our core services.

Recurring operating profit

Recurring operating profit increased by €3.4 million, or 5.7%, from €59.8 million in fiscal year 2014/13 to €63.2 million in fiscal year 2015/14, for the reasons explained above.

Net financial expense

Net financial expense decreased by €2.0 million, or 7.2%, from €28.0 million in fiscal year 2014/13 to €25.9 million in fiscal year 2015/14. This decrease was mainly due to net foreign exchange gains of €2.4 million over the period. Financial expense related to financial debt remained stable, including €18.1 million relating to the Existing Notes and around €7.7 million relating to financial expense on other debt, including the Factoring Facility and the finance leases.

Income tax expense

Income tax expense decreased by €1.6 million, or 10.3%, from €15.5 million in fiscal year 2014/13 to €13.9 million in fiscal year 2015/14. Fiscal year 2015/14 income tax expense comprised CVAE of €14.0 million (compared to €14.5 million in fiscal year 2014/13), current income tax expense of €1.9 million (compared to €1.3 million in fiscal year 2014/13) and deferred tax income of €2.3 million related to tax losses carried forward from the our security business, principally related to airport security services (compared to deferred tax income of nil in fiscal year 2014/13) and tax on dividend distribution of €0.3 million (as compared to nil in fiscal year 2014/13). We were able to recognize deferred tax income of €2.3 million in fiscal year 2015/14 because we anticipate being able in future periods to use tax losses carried forward to offset increased corporate income tax on the taxable income of our security business, particularly in relation to new contracts in our airport security business.

Share of profit (loss) of associates

Share of profit of associates amounted to a gain of €0.1 million in fiscal year 2015/14, compared to a loss of €0.1 million in fiscal year 2014/13. The share of profit of associates is mainly attributable to our joint venture companies with City One.

Discontinued operations

We recorded losses from discontinued operations of €1.3 million in fiscal year 2014/13 and net loss of €10.6 million in fiscal year 2015/14. Discontinued operations during the period principally included our logistics and transportation services operating under the Logismark brand, TFN Affret Logistique, our freight business, and Elale, our public lighting business.

Profit for the period

Profit for the period decreased by €2.1 million from €15.0 million in fiscal year 2014/13 to €12.9 million in fiscal year 2015/14, for the reasons stated above.

Liquidity and Capital Resources

Capital Resources

Our cash requirements consist mainly of the following:

- operating activities, including our net working capital requirements;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- funding acquisitions;
- funding capital expenditures; and
- paying taxes.

Our sources of liquidity have historically consisted mainly of the following:

- cash generated from our operating activities;
- issuances of debt securities; and

- borrowings under our existing credit facilities

As at August 31, 2015, we had net financial debt of €266.1 million compared to €240.1 million as at August 31, 2014 and €241.9 million as at August 31, 2013. 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.

Several of the Group's subsidiaries sell their trade receivables on a monthly basis under factoring contracts. Some of these contracts involve the transfer of substantially all the risks and rewards of ownership of the receivables concerned to the factoring companies, enabling the sold receivables to be de-recognized, that is, no liability is recorded for them in the Company's balance sheet any longer. Factored receivables for which the Group has not transferred substantially all the risks and rewards of ownership are not derecognized and remain recorded in the balance sheet under "Trade receivables", with the recognition of a corresponding financial liability. Adjusted to take account of the deconsolidating of factoring of receivables, we had net financial debt of €327.2 million as of August 31, 2015, as compared to €318.6 million as of August 31, 2014.

As of August 31, 2015, we had cash and cash equivalents of €54.3 million compared to €65.6 million as of August 31, 2014.

Cash flows

The following table summarizes our consolidated cash flow statements for fiscal year 2014/13 and fiscal year 2015/14:

	For the fiscal year ended August 31,	
	2014 restated[(1)]	**2015**
	€ in millions	
Net cash generated by operating activities	75.9	75.9
Excluding deconsolidating of factoring of receivables	*90.6*	*89.4*
Net cash used in investing activities	(32.7)	(49.8)
Net cash used in financing activities	(28.3)	(34.5)
Exchange gains (losses) on cash and cash equivalents	0.3	(2.8)
Net increase (decrease) in cash and cash equivalents	**14.6**	**(11.2)**

(1) Cash flow statements for the fiscal year ended August 31, 2014 have been restated to reflect the treatment of our logistics and transportation services operating under the Logismark brand, TFN Affret Logistique, our freight business, and Elale, our public lighting business, as discontinued operations pursuant to IFRS 5 in fiscal year 2015/14.

Net cash generated by operating activities

The following table sets out the net cash flows generated by operating activities in fiscal year 2014/13 and fiscal year 2015/14:

	For the fiscal year ended August 31,	
	2014 restated[(1)]	**2015**
	€ in millions	
Profit from continuing operations	16.3	13.5
Adjustment for and elimination of non-cash items	27.8	38.5
Elimination of net finance costs	26.6	26.2
Elimination of income tax expense	15.5	13.9
Cash generated from operations before financial expenses and income tax	**86.1**	**92.1**
Decrease/(increase) in inventories	(1.8)	(0.5)
Decrease/(increase) in receivables	33.4	(16.8)
Increase/(decrease) in deconsolidating of factoring of receivables	(14.7)	(17.8)
Increase/(decrease) in payables	(12.0)	30.8

Change in working capital	**4.9**	**(4.3)**
Change in working capital excluding derecognition of factoring *of receivables* [(2)]	*19.6*	*13.5*
Income tax paid	(14.9)	(12.1)
Cash from discontinued operations generated (used) by operating activities	(205)	262
Net cash generated by operating activities	**75.9**	**75.9**
Net cash generated by operating activities excluding deconsolidating of factoring of receivables	*90.6*	*89.4*

(1) Cash flow statements for the fiscal year ended August 31, 2014 have been restated to reflect the treatment of our logistics and transportation services operating under the Logismark brand, TFN Affret Logistique, our freight business, and Elale, our public lighting business, as discontinued operations pursuant to IFRS 5 in fiscal year 2015/14.

(2) Trade receivables sold under factoring contracts involving the full transfer of the risks and rewards of ownership to the factoring companies resulted in a derecognized liability of €78.5 million in fiscal year 2014/13 and €61.1 million in fiscal year 2015/14.

We experienced variations in our net working capital during the period under review, from a net working capital surplus of €4.9 million in fiscal year 2014/13 and to a net working capital requirement of €4.3 million in fiscal year 2015/14.

Our net working capital requirement of €4.3 million in fiscal year 2015/14 was primarily attributable to €34.6 million of use of cash in operating activities resulting from the combined effect of an increase of €16.8 million in receivables and a decrease in the deconsolidating of factoring of receivables of €17.8 million. The €17.8 million decrease in the de-consolidating of factoring of receivables was itself due to the fact that a lesser proportion of our receivables qualified for de-consolidation in fiscal year 2015/14 compared to fiscal year 2014/13. The €34.6 million increase in cash used in operating activities more than offset an increase of €30.8 million in payables. Excluding the effect of deconsolidating of factoring of receivables, however, we generated a working capital surplus of €13.5 million in fiscal year 2015/14.

Several factors contributed to our net working capital, excluding the effect of de-consolidating of factoring of receivables, in fiscal year 2015/14. At an international level, we continued our expansion into markets such as Turkey, Malaysia, Indonesia and Hungary, that generally experience longer settlement cycles than in some of our other international markets, resulting in increases in both accounts payable and accounts receivable. In addition, the increase in the number of full-time equivalent employees in our International segment also contributed to the increase in accounts payable in relation to social security contributions and related charges. As a result, our international expansion strategy had an impact on our net working capital requirement in fiscal year 2015/14. See "*—Factors Affecting Our Results of Operations—Acquisitions and divestments*." In France, our working capital requirement decreased in fiscal year 2015/14, principally due to an increase in our periods for paying suppliers. However, we also experienced a decrease in accounts receivable in France, due to shorter payment terms and the improved management of our cash collection processes through the reinforcement of our cash collection team, the increased use of information technology and the use of our Mauritius call center to follow up on late payments.

In fiscal year 2015/14, our net cash generated by operating activities amounted to €75.9 million and €89.4 million without excluding deconsolidating of factoring of receivables. Our cash flows from operations before financial expenses and income tax amounted to €92.1 million in fiscal year 2015/14.

Our "days payable outstanding" ("DPO") were 93 days in fiscal years 2014/13 and 118 days in fiscal year 2015/14, while our "days sales outstanding" ("DSO") were 67 days in fiscal year 2014/13 and 63 days in fiscal year 2015/14.In fiscal year 2015/14, our net cash generated by operating activities amounted to €75.9 million and €89.4 million without excluding deconsolidating of factoring of receivables. Our cash flows from operations before financial expenses and income tax amounted to €92.1 million in fiscal year 2015/14.

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 2014/13 and fiscal year 2015/14:

	For the fiscal year ended August 31,	
	2014 restated	**2015**
	€ in millions	

Purchase of fixed assets[1]	(14.3)	(18.1)
Proceeds from sales of fixed assets	0.8	0.7
Purchase of consolidated companies less cash held by subsidiaries acquired or sold	(15.4)	(32.1)
Other cash flows from investing activities	(3.7)	0.7
Cash from discontinued operations used in investing activities	(0.2)	(1.1)
Net cash used in investing activities	**(32.7)**	**(49.8)**

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

Net cash used in investing activities amounted to €49.8 million in fiscal year 2015/14, and mainly related to a significant increase in our purchases of consolidated companies, which included entities in Croatia, Turkey, Europe and Southeast Asia. This figure was partly offset by the sales of our logistics and transportation business operating under the Logismark brand and our public lighting business. See "*—Factors Affecting Our Results of Operations—Acquisitions and divestments—Divestments*." Net of cash held by such entities acquired or sold, our acquisitions accounted for €32.1 million of our net cash used in investing activities. Our increase in net cash used in investing activities by 52.2% from €32.7 million in fiscal year 2014/13 is also attributable to an increase in our purchases of fixed assets (such as machinery and equipment for our cleaning and security businesses as well as software for information technology projects) for €18.1 million.

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 2014/13 and fiscal year 2015/14:

	For the fiscal year ended August 31,	
	2014	**2015**
	€ in millions	
Proceeds from new borrowings	21.8	10.7
Repayments of borrowings	(12.9)	(13.3)
Finance costs, net[1]	(25.0)	(24.5)
Other	(11.9)	(7.4)
Dividends	(2.7)	(4.3)
Operations in share capital	(8.8)	(3.0)
Equity warrant buy-back	—	—
Other	(2.4)	(0.4)
Cash from discontinued operations generated by financing activities	1.6	0.2
Net cash used in financing activities	**(28.3)**	**(34.5)**

(1) Amount net of capitalized interests and other non-cash interest expenses.

Net cash used in financing activities amounted to €34.6 million in fiscal year 2015/14. Our financing activities consisted of:

- €10.7 million in proceeds from new borrowings, mainly comprising of €6.8 million from the utilization of our factoring facility line.

- €13.3 million in repayments of borrowings, principally comprising €9.4 million under finance leases.

- €24.5 million of interest paid on ongoing borrowings: €18.1 million of interest paid on our Existing Notes and €3.8 million of commission fees paid on our factoring facility.

- €4.3 million of dividends paid to our shareholders; and

- €3.0 million of cash in connection with the redemption of stock options.

Off-Balance Sheet Arrangements

As of August 31, 2015, our off-balance sheet arrangements primarily related to collateral securing our senior debt and the issue of Existing Notes by the Guarantors. This consists of the pledge of 89.9% of the share capital of TFN Val S.A.S and 100% of the shares of Atalian Propreté.

Contractual commitments

The following table sets forth the aggregate maturities of our financial debt as of August 31, 2015:

		Payment due by period		
€ in millions	**As of August 31, 2015**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
Debt financing	244,737	861	5,659	249,528
Loans and other borrowings from credit institutions	3,467	2,252	1,178	37
Liabilities from finance leases	18,704	6,281	12,423	—
Other loans and financial debts	1,524	472	1,052	—
Profit sharing liabilities	2,625	525	2,100	—
Borrowings under factoring facilities	48,032	48,032	—	—
Total	319,088	58,429	11,094	249,565

As of August 31, 2015, the Group's total obligations in respect of pension liabilities amounted to €9.4 million. Pension liabilities and other post-employment benefits as of August 31, 2015 are described in Note 6 to the Group's 2015/14 Consolidated Financial Statements.