H1 2015 results

29 July 2015

Elis at a glance
Xavier Martiré - CEO

H1 2015 results

In million Euros	H1 2015	H1 2014	Change
▪ Revenues	682.4	644.3	+5.9%
▪ EBITDA	204.6	204.8	-0.1%
% of revenues	*30.0%*	*31.8%*	
▪ Adjusted net debt at end of period	1,404.5	1,996.0	
▪ Adjusted Net debt / EBITDA*	3.2x	4.2x	

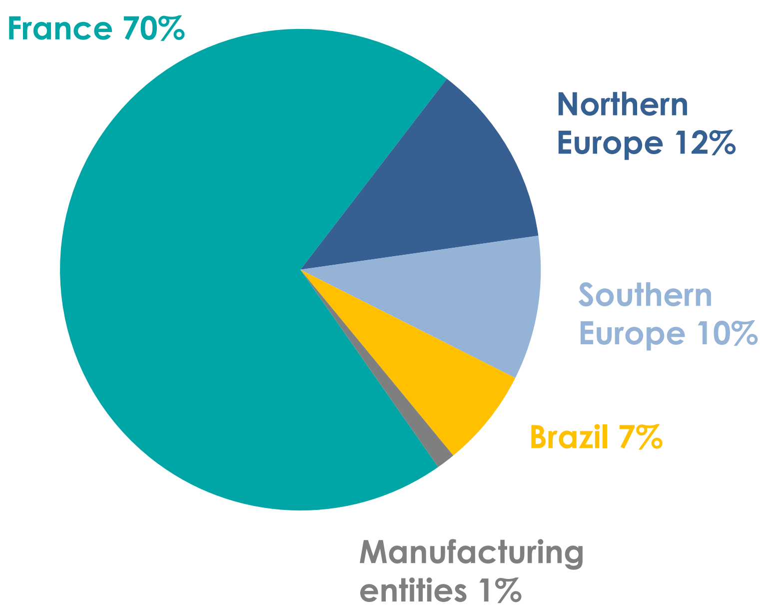
**: Trailing 12 months EBITDA, proforma for the full year impact of acquisitions*

- **Solid topline growth despite a continuing tough macro environment**
- **Profitability impacted by pricing pressure in France, an unfavorable geographic mix in Europe and phasing from H1 2014**
- **FY15 revenue guidance raised to +7% / EBITDA expected to increase by €15m-€20m to reach €445m-€450m.**

Elis today

- European and Brazilian leader in:
  - linen & workwear rental,
  - laundry services,
  - hygiene and well-being services
- c. 240,000 customers
- More than 21,000 employees, including c. 2,500 Field Agents
- 107 processing centers, 173 dispatching centers and 13 clean rooms in 12 countries
- FY 2014 revenues of €1,331m and Adjusted EBITDA of €429m

H1 2015 revenue breakdown



Northern Europe includes Switzerland, Germany, Belgium, Luxembourg and Czech Republic
Southern Europe includes Spain, Portugal and Italy

The Elis business

3 main activities

Flat linen

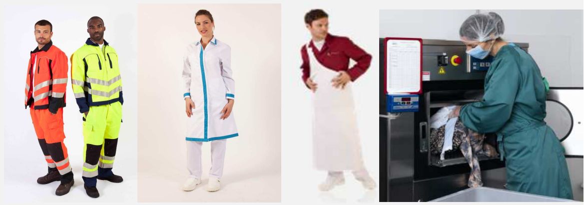
44% of revenues

- Flat linen rental, pick up, cleaning and delivery
- Complying with the most stringent hygiene standards

Workwear

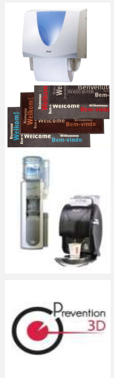
31% of revenues

- Uniform rental and maintenance services (cleaning, repairs...)
- Strong focus on health and safety



Hygiene and well-being

24% of revenues



- Washroom: Rental, maintenance and recharge
- Mats: Rental and industrial washing of carpets
- Water Coolers and Espresso: Rental, maintenance and recharge
- Pest control: Removal, prevention and deterrence of insects, rodents and bacteria

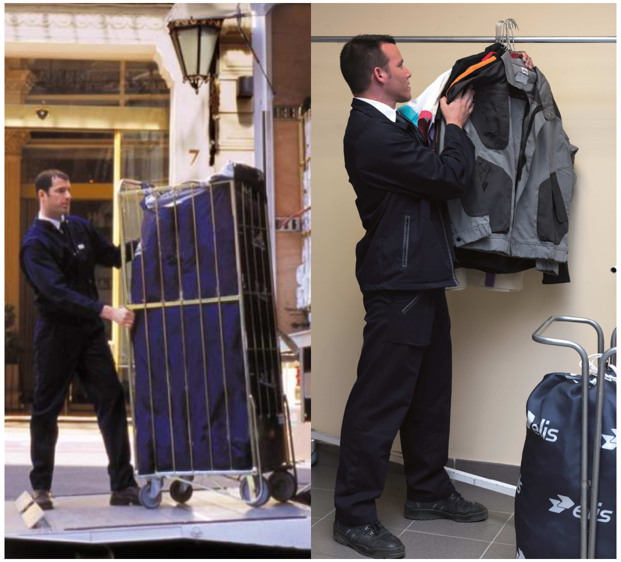
4 end-markets

Hospitality	Healthcare	Industry	Trade & Services
30% of revenues	*16% of revenues*	*20% of revenues*	*36% of revenues*

A unique multi-service model

Field Agents

- Frontline touchpoint with clients
- Clients visited by the same Field Agent who can provide the full Elis offer
- Incentivized to cross-sell
- Strong client satisfaction



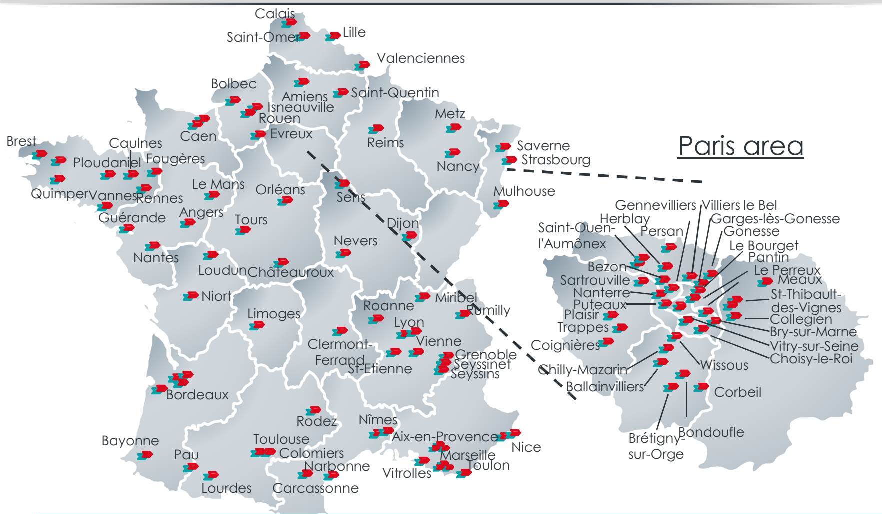
Strong logistics capability

- Fleet of c. 3 000 trucks
- 50 stops per day
- Elis' quality of service is largely recognized

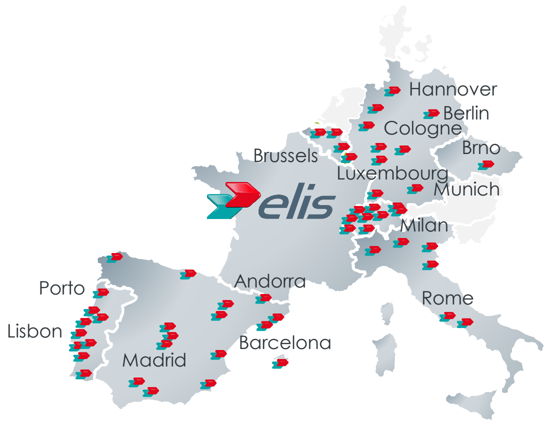
Unrivalled network density

107 processing centres and 173 dispatching centres provide good proximity to clients

France



Europe



Brazil

High barriers to entry

- ✓ Fragmented client base requires a large sales force
- ✓ Upfront investment in linen for every new contract: between 6-8 months of billings
- ✓ Processing plants require strong and regular investment (building a new plant costs between €5m and €20m)

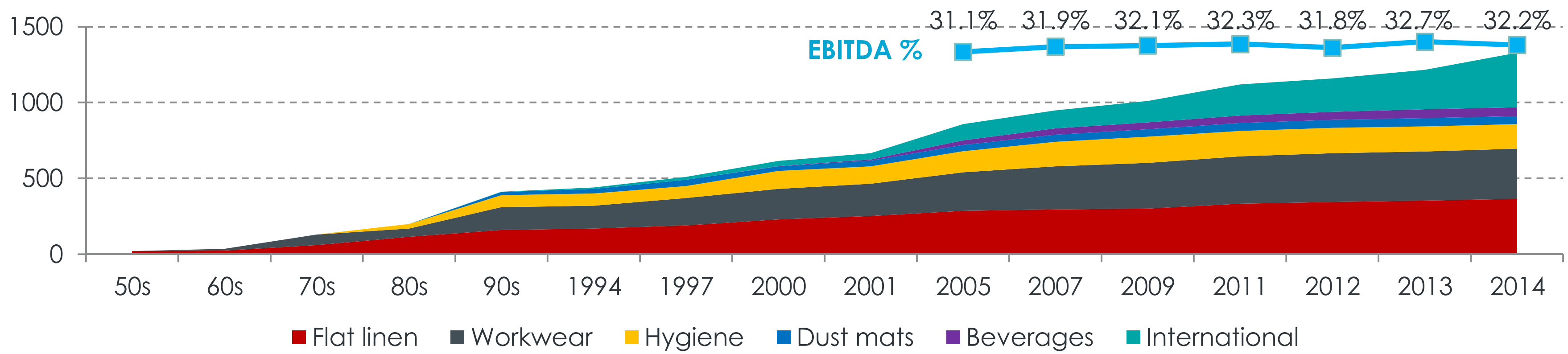
Elis has a number of key competitive advantages

- ✓ Geographical proximity:
  - Sole player with national coverage in France
  - 85% of clients within 50km of Elis touch-point
- ✓ Flexible infrastructure:
  - Capacity to transfer linen tonnage to other processing centres (for optimization, in case of emergencies, etc).

Over 60 years of uninterrupted growth

Continuous expansion of new services and international footprint

Historical net sales evolution (in €m)



Products / Services	**1968** Creation of **Elis** "brand"	**1978** Launch of **Dust Mat** service	**1999-2002** Launch of **Water Cooler** and **Espresso** services	**2003** Launch of **Resident Linen** service	**2013** Launch of **Pest Control** service

Countries	**1973** Belgium & Spain	**1987-90** Portugal & Germany	**1994** Luxembourg	**1999** Italy	**2001** Switzerland	**2010** Start of expansion in Switzerland	**2012** Brazil	**2014** Further expansion in Brazil with **Atmosfera**

Business highlights
Xavier Martiré - CEO

Key business highlights

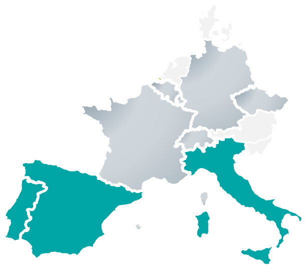
France

- Market share gains
- Pricing pressure
- Persisting difficult macro environment

Northern Europe

- Rise of the Swiss Franc:
  - ✓ Positive effect on reported revenues
  - ✓ Negative effect on tourist traffic

Southern Europe

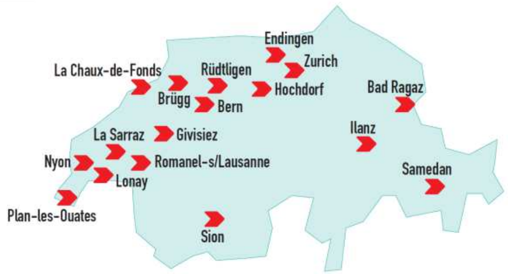


- Strong organic growth
- Double digit organic growth in Spain
- Margins increase

Brazil

- Difficult macro environment
- Good business performance
- Sequential organic growth acceleration throughout the first half

M&A momentum continued in H1



- 3 laundries in the Canton of Graubünden (Grisons) and the Canton of St. Gallen
- 1 laundry near Zürich airport
- All mainly serving hotels

⇒ Unrivalled network of 15 laundries in the country, serving Hospitality, Healthcare and Industry clients

- Acquisition of the 4th largest player in the industry
- 1 laundry in Alicante & 1 in the Balearic Islands
- All mainly serving hotels

⇒ Better footprint in the Costa Blanca region (key tourist area where Elis already has clients that were either subcontracted or handled by the Saragossa laundry)

⇒ Substantial market share gain in the Balearic Islands

M&A momentum continued in H1

- Acquisition of 1 laundry near Munich and 2 laundries in the Frankfurt region

⇒ 9 laundries spread across Germany, with a focus across the Stuttgart-Essen axis

- 1 laundry in Fortaleza (Ceara State) - North East coast of the country.
- Linen rental and maintenance solutions to the main hospitals of the region.

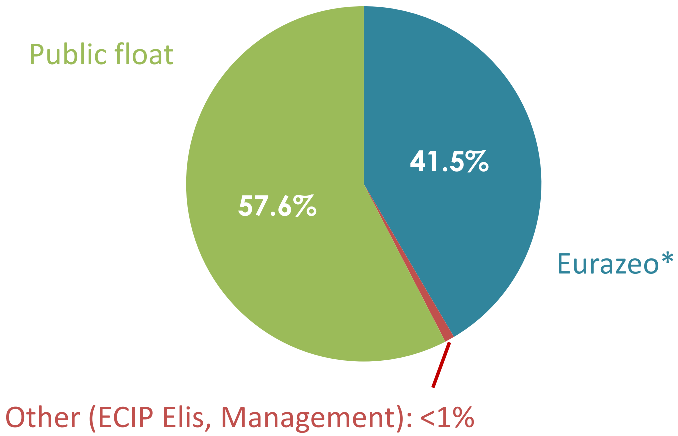
⇒ Elis enters a new region of the country, which is very promising

✓ **8 acquisitions closed so far in 2015**
✓ **Combined revenues of c. €50m on a full-year basis**

IPO & refinancing

Successful IPO on February 11, 2015

- Total offering size: c. **€854m** (post greenshoe)
- Public float: c. **58%** of share capital



*: of which 38.5% of total share capital through Legendre Holding 27 SAS

Refinancing completed on April 22,2015 under favorable conditions

- Debt is now fully refinanced
- 2 sources of financing : banking & bond debt
- No significant maturity before 2020
- Average cost of debt now below 3%

H1 2015 Financial highlights

Louis Guyot – CFO

H1 2015 results

In million Euros	H1 2015	H1 2014	Change
▪ **Revenues**	**682.4**	**644.3**	**+5.9%**
▪ **EBITDA**	**204.6**	**204.8**	**-0.1%**
% of revenues	*30.0%*	*31.8%*	
▪ **EBIT**	**87.7**	**99.7**	**-12.0%**
% of revenues	*12.9%*	*15.5%*	
▪ **Net result***	**(80.6)**	**(20.2)**	
▪ **Operating cash flow**	**36.8**	**176.2**	
▪ **Adjusted net debt at end of period**	**1,404.5**	**1,996.0**	

*: of which €123m non-recurring costs related to the IPO and to the refinancing

Solid topline growth momentum

✓ +5.9% revenue increase driven by:
- organic growth in France, Southern Europe and Brazil
- acquisitions

Profitability impacted in H1

✓ Pressure on prices in France

✓ Dilutive margin impact from a negative mix effect in Europe

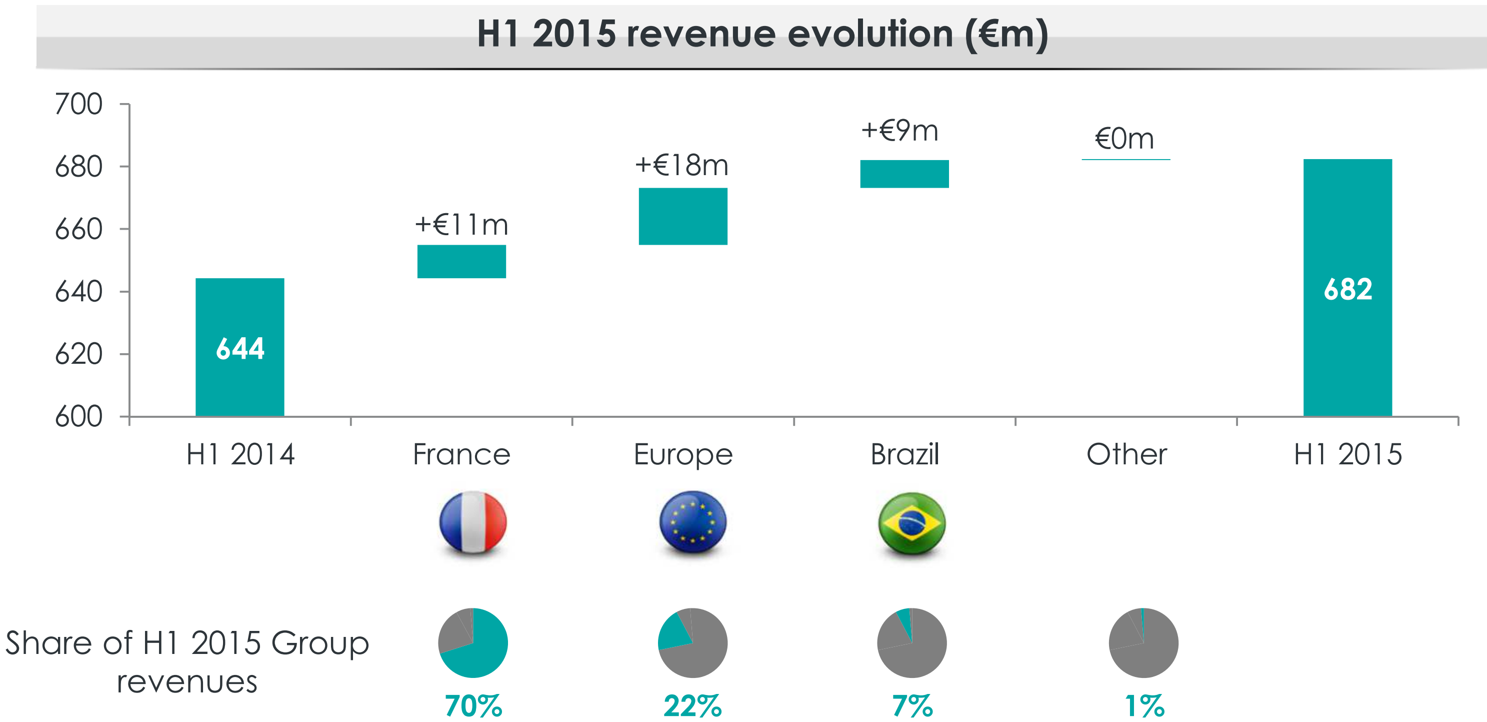
✓ H1 2014 base effect

Impact of the IPO & refinancing

✓ c. €123m impact on P&L (below EBIT)

✓ c. €134m impact on total cash-flow

Solid revenue growth in H1 2015



International activity represented 30% of turnover and contributed to 70% of the growth in H1

Solid revenue growth in H1 2015

In million Euros	H1 2015	H1 2014	Reported growth	Organic growth
Hospitality	145.5	136.5	+6.6%	+6.6%
Industry	94.0	93.3	+0.7%	+0.7%
Trade & Services	168.6	170.2	-1.0%	-1.0%
Healthcare	79.3	76.1	+4.2%	+4.2%
France [(1)]	**478.6**	**468.0**	**+2.3%**	**+2.3%**
Northern Europe	84.2	72.5	+16.1%	-0.9%
Southern Europe	66.0	59.3	+11.2%	+7.5%
Europe	**150.2**	**131.9**	**+13.9%**	**+2.9%**
Brazil	**45.1**	**36.2**	**+24.6%**	**+3.8%**
Manufacturing entities	**8.5**	**8.2**	**+3.2%**	**-1.2%**
Total	**682.4**	**644.3**	**+5.9%**	**+2.4%**

[(1)] After other items including rebates

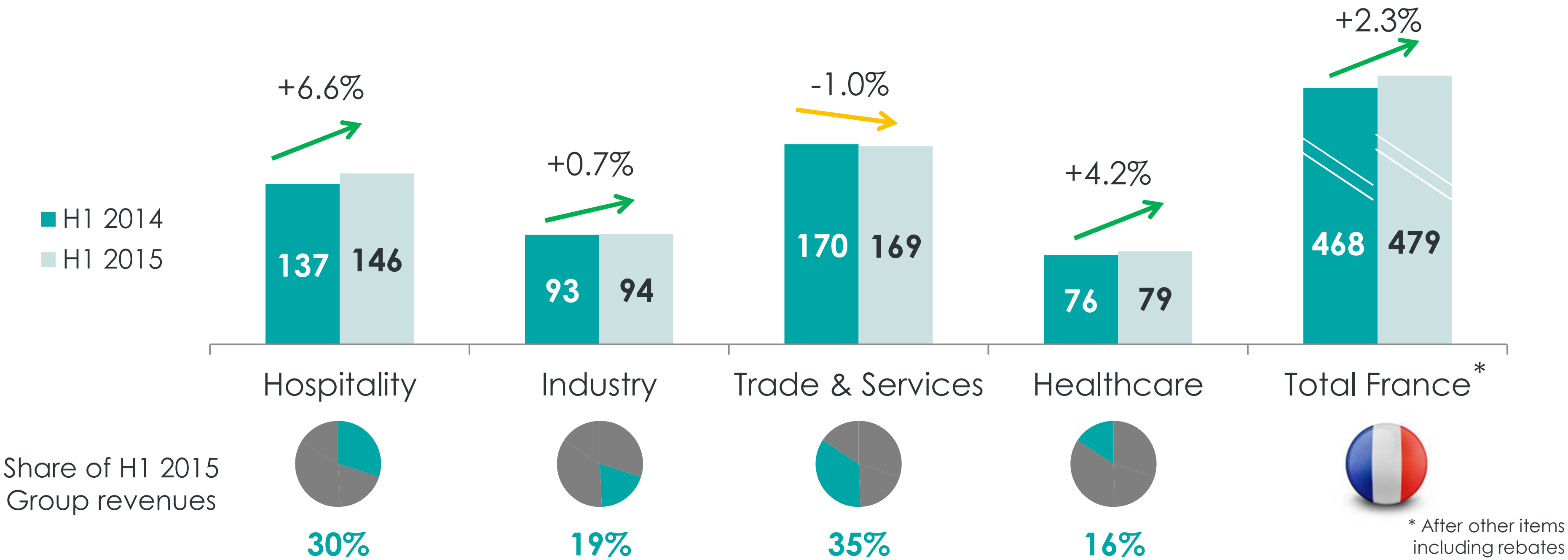
Solid topline growth momentum

✓ +5.9% revenue increase driven by:

- organic growth in France, Southern Europe and Brazil
- acquisitions

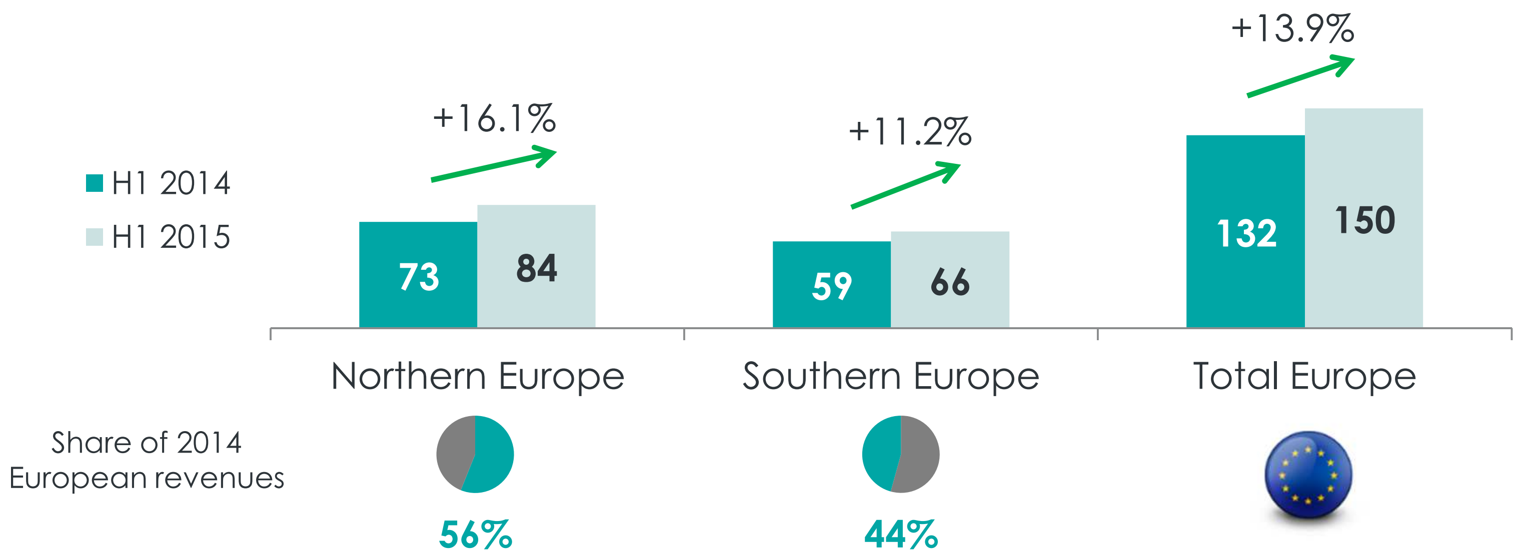
Activity in France

- Hospitality: strong commercial activity with hotels despite Paris attacks in January
- Industry: new contract wins in Q1 but weaker activity in Q2
- Tough macro environment weighed on Trade & Services
- Healthcare: strong market share gains with short stay and long stay clients

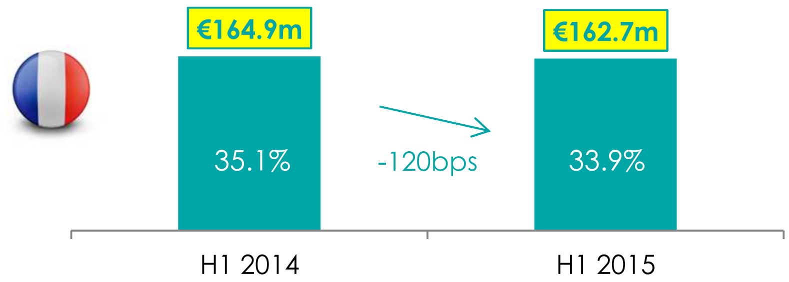


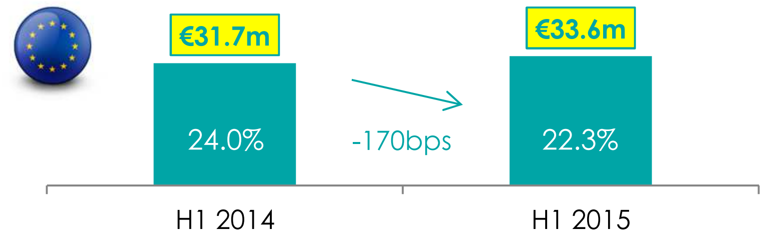
Activity in Europe

- Northern Europe:
  - Growth driven by M&A and FX in Switzerland
  - Decline in hotel occupancy rates due to the rise in the CHF (adverse impact on tourist traffic)
- Southern Europe:
  - Improving macro environment and impressive commercial momentum
  - Additional positive impact from M&A

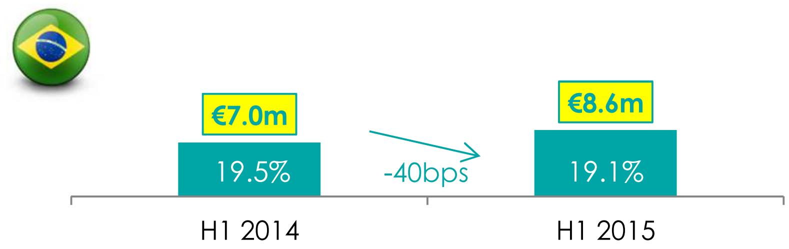


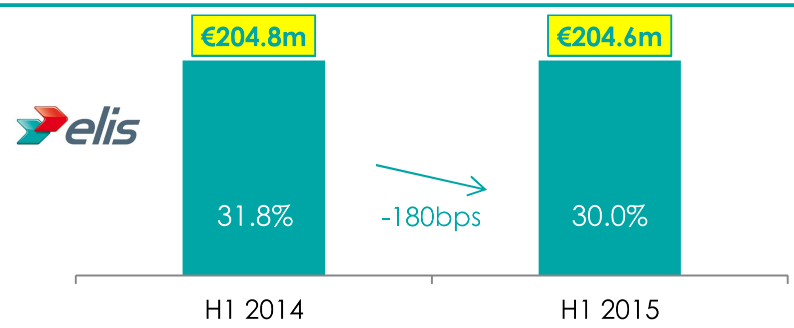
H1 2015 EBITDA margin





France: pressure on pricing and negative base effect
Europe: unfavorable mix effect in Europe (with stronger growth from lower margin geographies) and non-recurring items





Brazil: lower EBITDA margin due to reinforcement of structure; profitability expected to increase in 2015 vs 2014

Income statement after EBITDA

In million Euros	H1 2015	H1 2014	Change
EBITDA	**204.6**	**204.8**	**-0.1%**
Depreciation and amortization	(116.9)	(105.1)	
EBIT	**87.7**	**99.7**	**-12.0%**
Bank charges	(0.8)	(0.5)	
PPA depreciation	(21.8)	(20.5)	
Goodwill impairment	(0.0)	(0.0)	
Other operating income and expenses	(26.0)	(16.1)	
Operating result	**39.2**	**62.6**	**-37.4%**
Financial income / (expenses)	(144.6)	(79.2)	
Tax	24.8	(3.7)	
Equity affiliates	0.0	0.0	
Net result*	**(80.6)**	**(20.2)**	**n/a**

*: of which €123m are non-recurring costs related to the IPO and subsequent refinancing

Depreciation and amortization:
Higher D&A due to the purchase of linen linked with the implementation of large contracts

PPA depreciation: largely consists of the depreciation of intangible assets linked to the Eurazeo acquisition in 2007. This is expected to significantly fall after 2018

Operating income and charges:
€21m linked to the IPO

Financial expenses:
€102m linked to the IPO and to subsequent refinancing

H1 2015 cash generation

In million Euros	H1 2015	H1 2014
Gross cash flow	**204.0**	**203.2**
Change in WCR	(26.1)	(3.9)
Capex	(141.5)	(115.4)
% of revenues	*-20.7%*	*-17.9%*
Divestments	0.4	92.3
Operating cash flow	**36.8**	**176.2**
% of revenues	*5.4%*	*27.3%*
Interests payments*	(142.7)	(69.6)
Tax	(11.6)	(3.1)
Company free cash flow	**(117.5)**	**103.5**
Other income and expense**	(26.4)	(19.5)
Capital increase***	689.4	43.0
Financial investments / disposals	(51.1)	(89.4)
Total cash flow	**494.4**	**37.6**

Adjusted net debt	**1,404.5**	**1,996.0**

*: of which €(97.8)m non-recurring costs related to the refinancing in H1 2015
**: of which €(21.2)m non-recurring costs related to the IPO in H1 2015
***: of which €(15.2)m non-recurring costs related to the IPO in H1 2015

WCR: normalization of the working capital

Capex: the Group undertook some exceptional linen purchases in the context of the implementation of large contracts signed at the end of 2014

Divestments: H1 2014 benefitted from the impact of the Sale & lease program

c. €134m impact from the IPO / refinancing on total cash flow

Debt fully refinanced

- Debt fully refinanced, corporate unsecured
- Average rate below 3% with a duration of 6 years
- In addition: €400m RCF & €300m non committed line on Senior debt

Pro forma capitalisation

In € million	31 December 2014	x Adjusted EBITDA Dec-14	30 June 2015	x LTM EBITDA[b]	Terms	Maturity
(Cash)	(59)		(103)		1.875% if debt/EBITDA below 2.75x	-
Other[a]	43		27			-
Senior debt due 2017	1,013		-			-
Senior Term Loan	-		680		Euribor 3m + 2.125%	Feb-20
SSN due 2018	450		-			-
Senior Notes	-		800		3.000%	Apr-22
Adjusted Net Senior Debt	**1,446**	**3.4x**	**1,405**	**3.2x**		
Senior Subordinated Notes due 2018	380		-			-
Senior PIK Notes	193		-			-
Adjusted Net Debt	**2,019**	**4.7x**	**1,405**	**3.2x**		
Undrawn RCF	30		170/400			Feb-20

(a) Including amortized loan cost and accrued interests and excluding loan from employee profit-sharing fund ("compte-courant bloqué de participation")
(b) Proforma for the full year impact of acquisitions

H1 financial highlights

Good topline momentum

- Revenues up 5.9% in H1
- Rebound from Southern Europe, acceleration in Brazil, French resilience partially offset by difficult Northern Europe

Pressure on margins

- Pressure on prices in France
- Unfavorable mix effect in Europe
- Significant base effect impacted H1 2015 vs H1 2014

Enhancement of Elis' financial structure

- Successful IPO in February
- Refinancing with an average cost of below 3% causing the interest charge to be a third of that previously

Conclusion and outlook
Xavier Martiré - CEO

Conclusion: Confirmation of Elis' growth momentum

- Elis to deliver c. +7% revenue growth in 2015 after +8.6% in 2014
- Organic growth driven by market share gains & outsourcing
- Dynamic M&A activity, with a strong pipeline
- Brazilian outlook positive despite the sluggish macro environment
- Operational indicators are positive
- 2015 EBITDA expected to increase by €15m-€20m to reach €445m-€450m

Update on 2015 outlook

« Looking to the full year, we remain confident in our growth prospects and raise our FY15 revenue guidance to +7%. We expect EBITDA to increase by €15m to €20m and land between €445m and €450m. »

Q&A

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