Q1 2020 revenue

April 28, 2020

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Q1 2020 revenue and business highlights

Debt & liquidity

Outlook considerations

Covid-19 related lockdowns have significantly impacted Q1 organic performance

Q1 2020 organic revenue down -1.8% at €759mn

- Strong impact of the confinement measures implemented in several countries
- Hospitality is the most impacted end-market, with France and Spain most exposed
- Industry and Trade & Services significantly down but showing resilience in the Nordics
- Healthcare stable

Drastic operational measures quickly taken to preserve margins and cash generation

- Temporary shutdown of c. 100 plants at Group level
- Widespread recourse to partial unemployment both at plant and headquarter levels to cope with the decrease in client activity
- Review of the 2020 industrial capex plan, with the cancellation of all projects to increase capacity
- Positive free cash-flow in March and to date in April

Waiver obtained for the June covenant test and liquidity strengthened

- c. €1.1bn of liquidity currently available
- Successful placement of €125mn of Commercial paper (0.58%, maturity April 2021)
- No major debt maturity before 2023
- Cancellation of the dividend for 2019 and M&A temporarily suspended

Non-essential retail was largely shut down in Europe as of mid-March, with a very material overall impact for Elis

Implementation of containment measures and/or closure of non-essential stores across Elis' main countries in Europe

Limited lockdown or no lockdown:

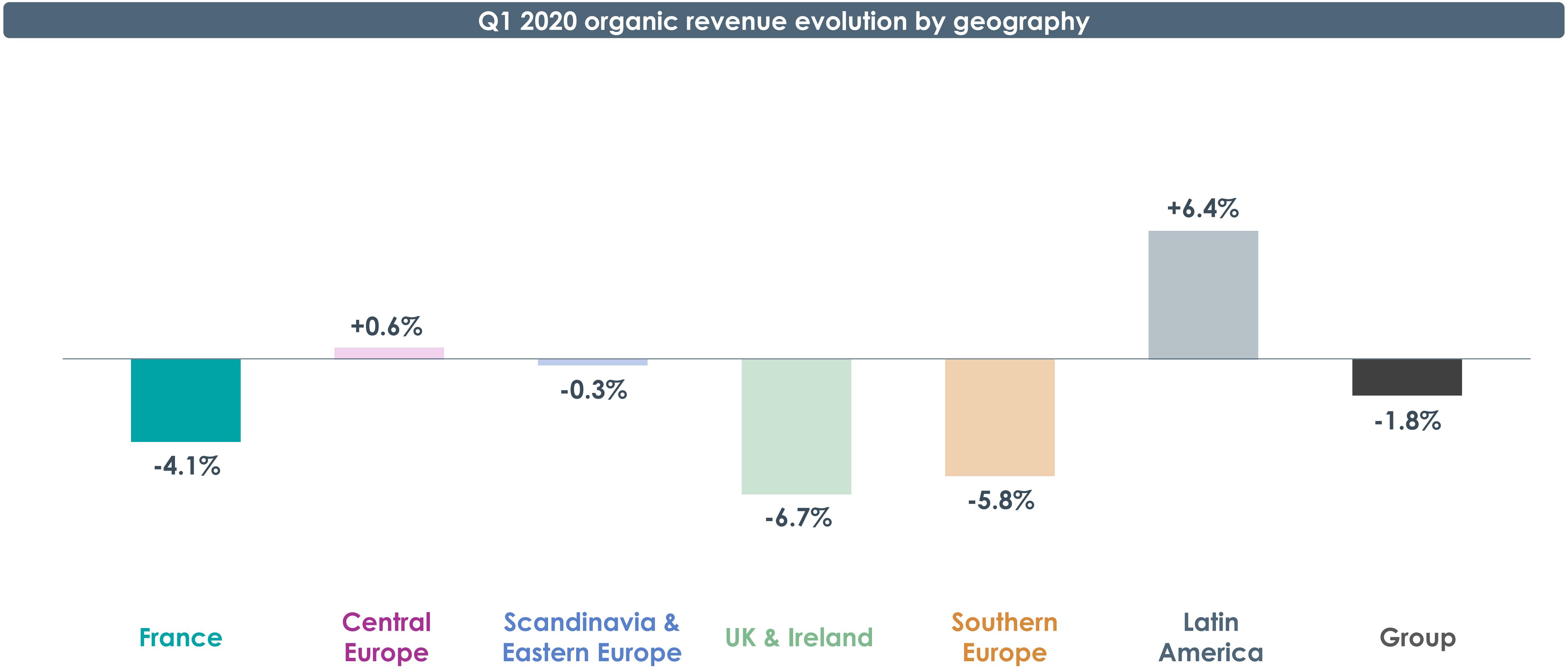
Source: Politico research, Frontex, Oxford Covid-19 Government Response Tracker, Elis analysis

➲ **Elis has reacted quickly, announcing on March 17 its first cost-saving measures within the framework of the various plans to support businesses announced by governments**

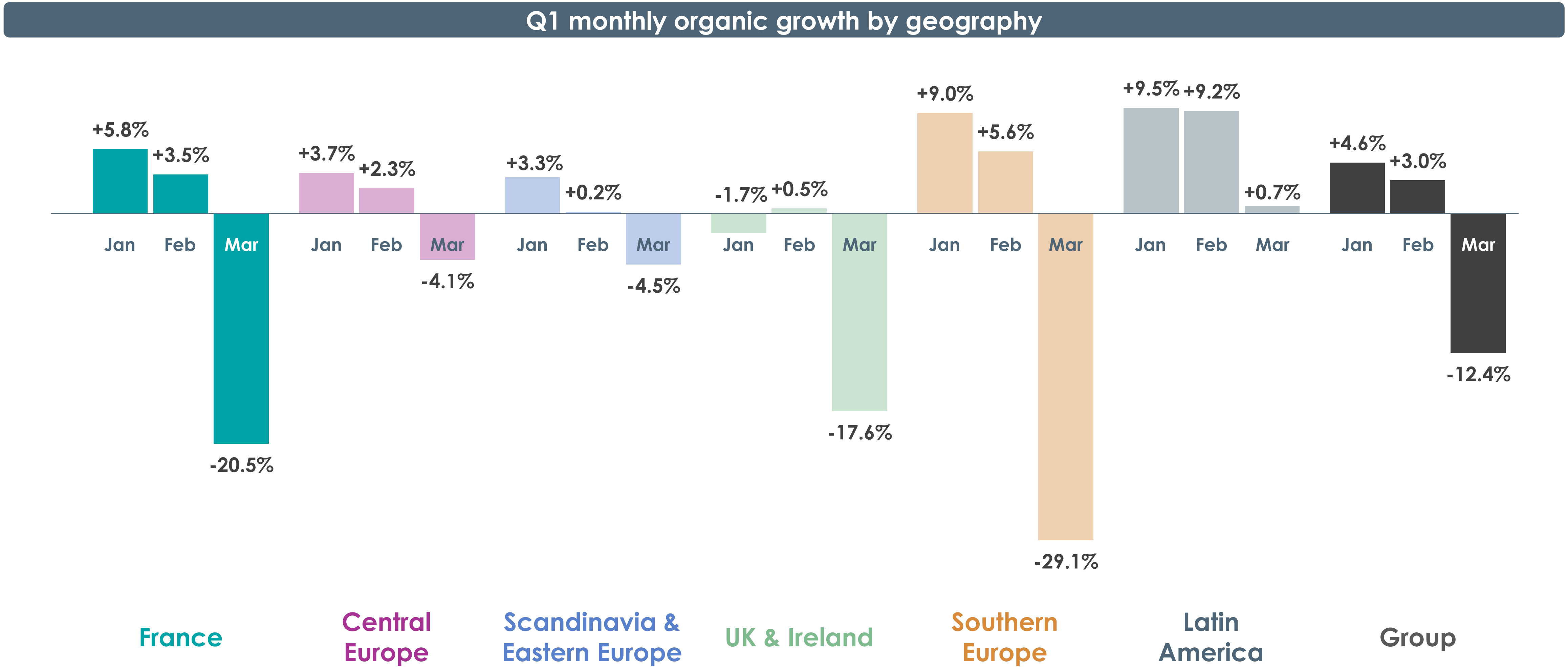
Our end-markets are all impacted, at different levels

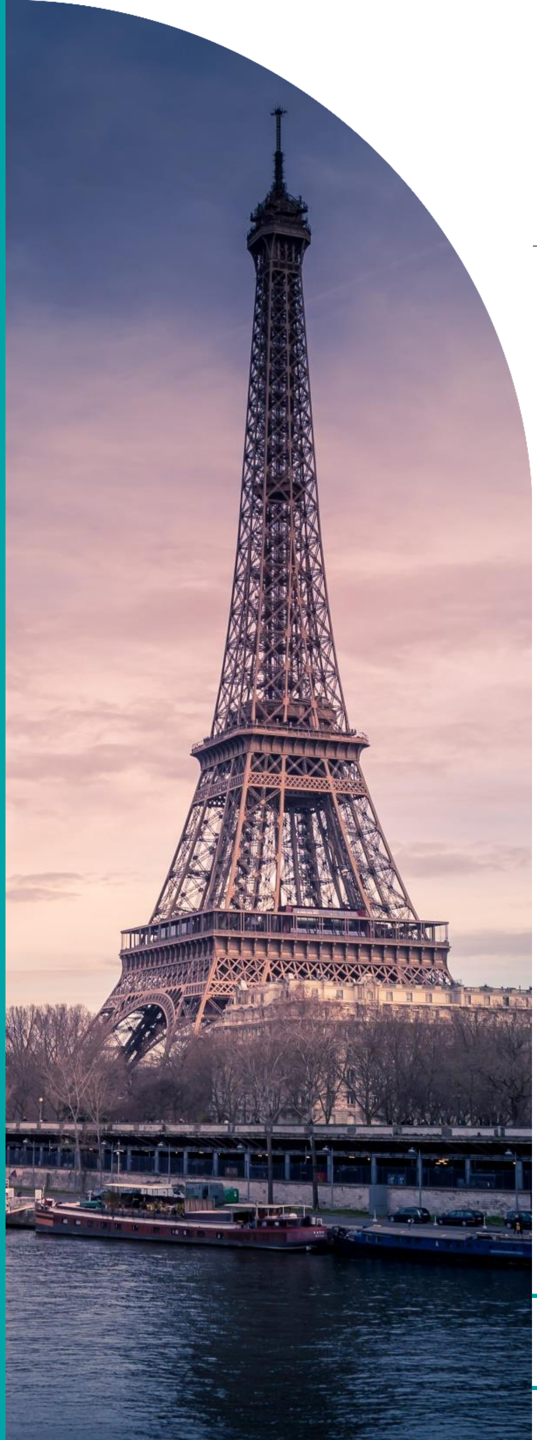
2019 revenue	Revenue evolution in March, after lockdown implementation in Europe	Main revenue contributors	Comment
Industry 29% of total	c. -40%		Significant impact in the automotive industry Good resilience of pharmaceuticals, food-processing, energy, services for local communities, water treatment and food retail
Hospitality 27% of total	c. -95%		Most clients in hotels and restaurants closed, with some rare exceptions
Healthcare 26% of total	Stable		Some gain of new business offset by the rescheduling of non-urgent medical treatments in hospitals to free up room for Covid-19 patients
Trade & Services 18% of total	c. -40%		All non-essential stores are closed in most countries, but food retail and pharmacies remain open

Q1 revenue significantly impacted by Covid-19, with France and Southern Europe the most exposed



Good start of the year; revenue starts showing significant impact of Covid-19 as of March





France: Organic performance impacted by the weight of Hospitality and Trade & Services in the mix

Q1 revenue at €237mn

Strong impact of confinement measures on Hospitality

- Hospitality normally represents 1/3 of Group revenue in France
- Hotel activity dropped to virtually zero after mid-Mach lockdown

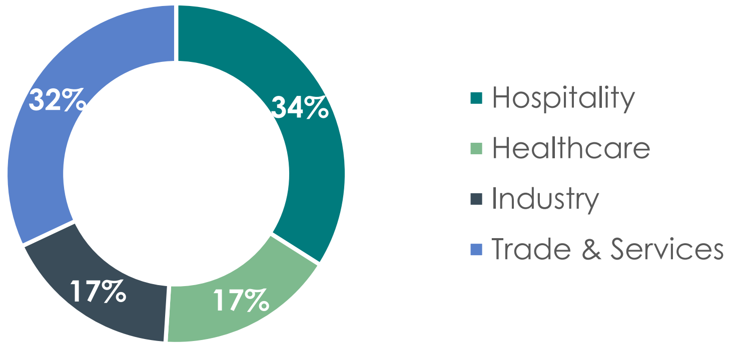
Industry and Trade & Services also impacted

- c. -15% in March with a strong impact following the implementation of the confinement measures

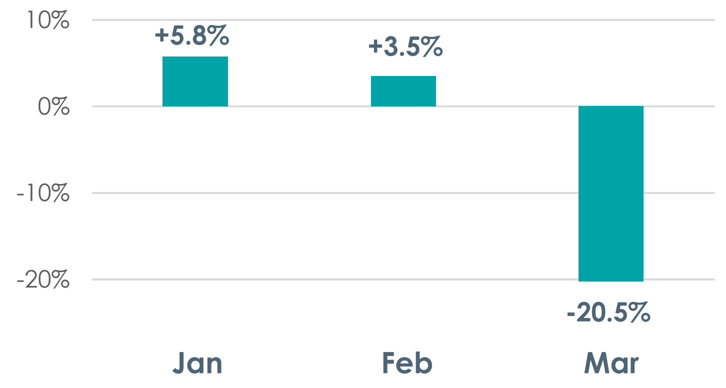
Healthcare flat in March

- New business gains offset by the negative impact seen at the end of the month due to the postponement of non-Covid-related treatments in hospitals

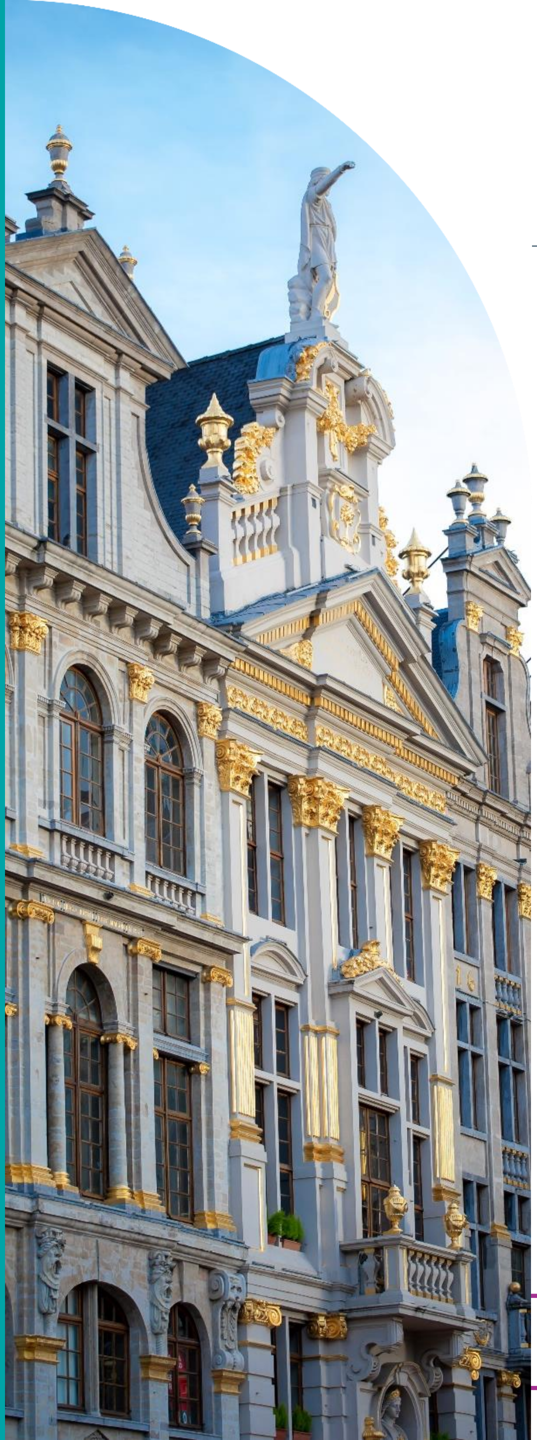
FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue down **-4.1%** in Q1 2020



Central Europe: Good resilience overall, driven by Healthcare and Industry

Q1 revenue at €180mn

Germany is slightly up in Q1

- Good resilience with March organic revenue down by only c. 3%
- Business expected to remain quite resilient, notably thanks to Healthcare activity

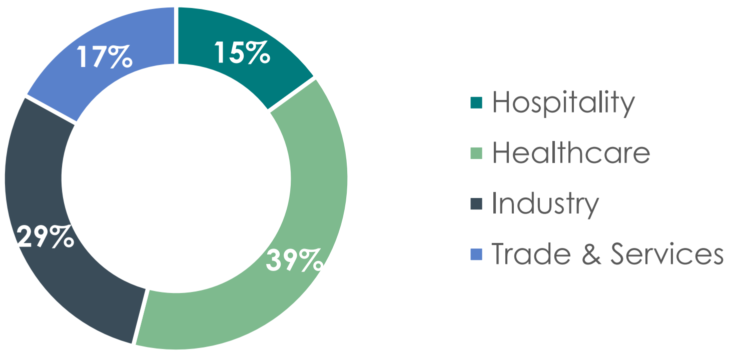
No impact seen in Netherlands & Poland

- Mid-single to double-digit organic revenue growth in Q1, including in March
- High % of Industry clients are almost not impacted by the crisis

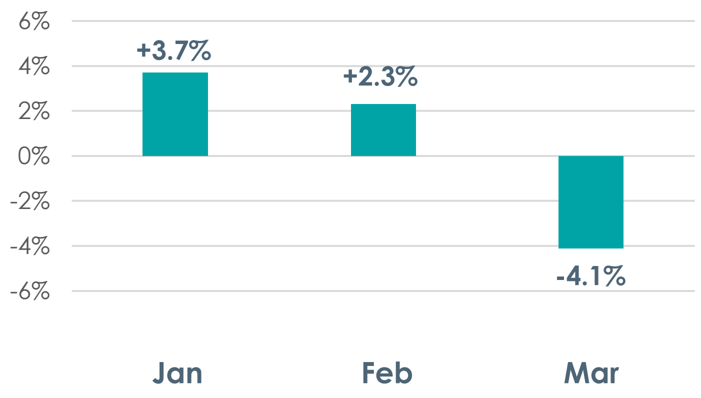
Switzerland is more impacted

- Higher % of Hospitality in the country revenue mix

FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue up **+0.6%** in Q1 2020

Scandinavia & Eastern Europe: Moderate slowdown thanks to resilience of significant share of clients

Q1 revenue at €127mn

Sweden is resilient

- Slightly up in Q1, with March showing low-single-digit organic revenue decline in a context of limited restrictions in the country

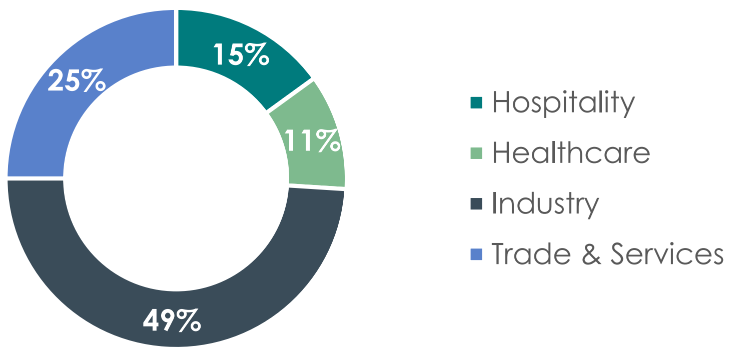
Denmark and Finland are more impacted

- Q1 organic revenue down mid-single-digit, with March showing double-digit and high-single-digit declines respectively

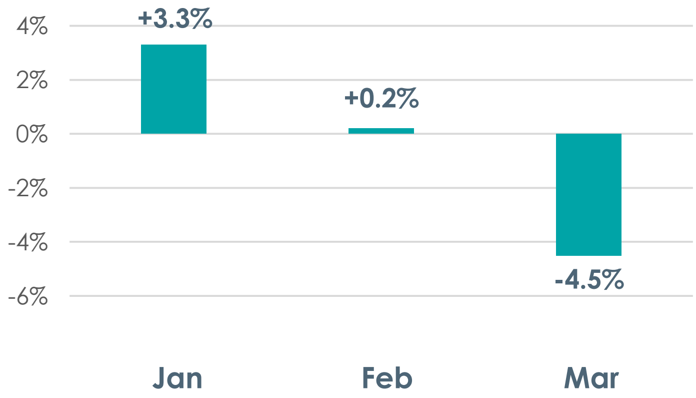
Very good trends in Norway, Baltics and Russia

- Very limited to no impact at all: High-single to double-digit organic revenue growth rates in these countries

FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue down **-0.3%** in Q1 2020

UK & Ireland: Material impact in Hospitality and in Industry

Q1 revenue at €89mn

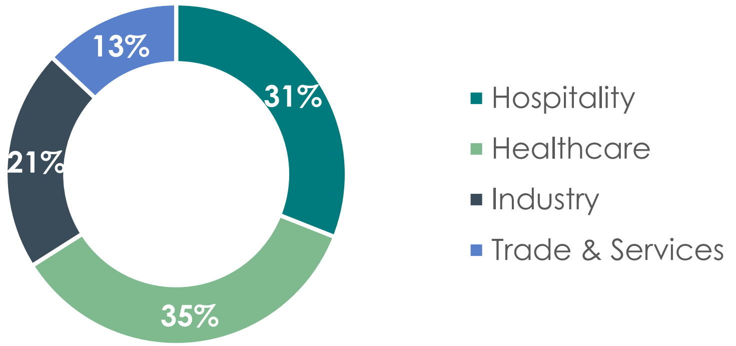
United Kingdom

- Hospitality, Industry and Trade & Services combined represent 2/3 of the region's activity and have been significantly impacted by the lockdown
- Healthcare flat in the first quarter but NHS measures to make space in hospitals had a negative impact in March
- High single-digit organic revenue decline in Q1, with March down c. -20%

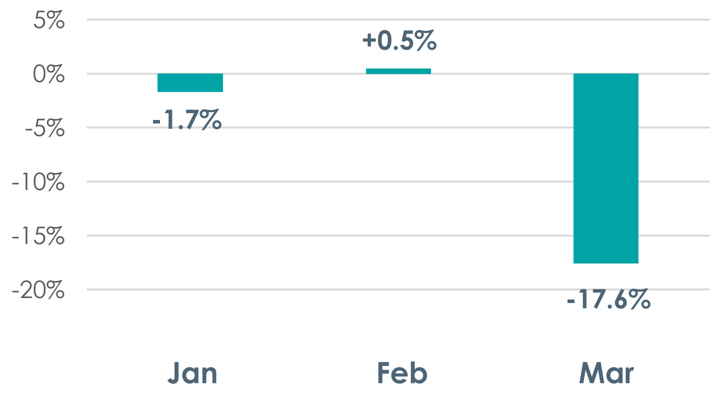
Ireland

- Virtually flat in Q1

FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue down **-6.7%** in Q1 2020

Southern Europe: Significantly impacted by Hospitality in Spain and Portugal

Q1 revenue at €61mn

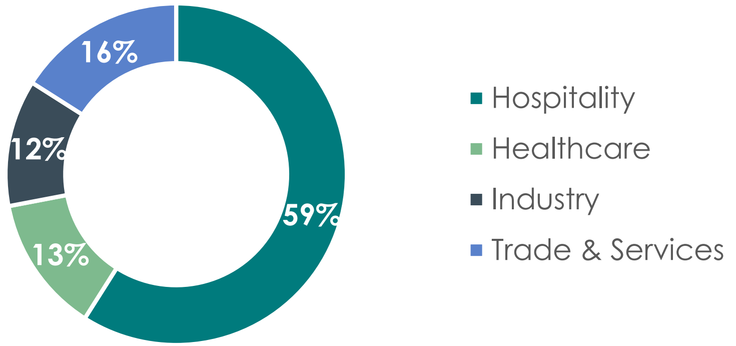
After a very good start of the year, Spain and Portugal were very impacted due to their exposure to Hospitality

- Double-digit organic decline in March in both countries, leading to high single-digit decline in Spain and low single-digit decline in Portugal for the quarter

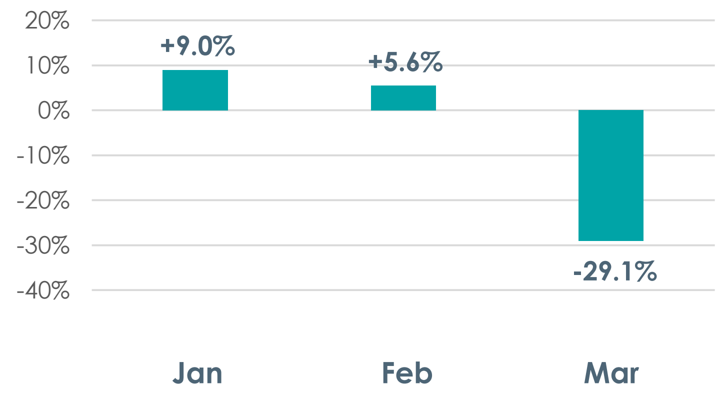
Very limited impact in Italy

- Q1 up c. +6% with March up too
- Revenue is essentially with very resilient industrial clients
- Some commercial success with disinfection services

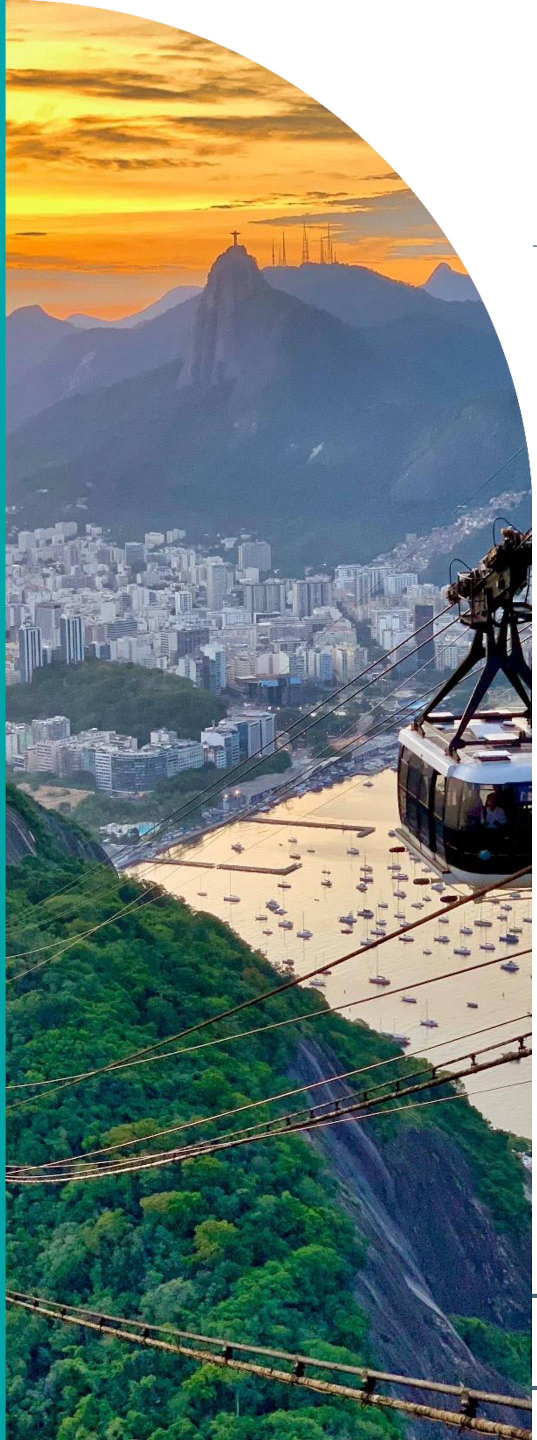
FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue down **-5.8%** in Q1 2020



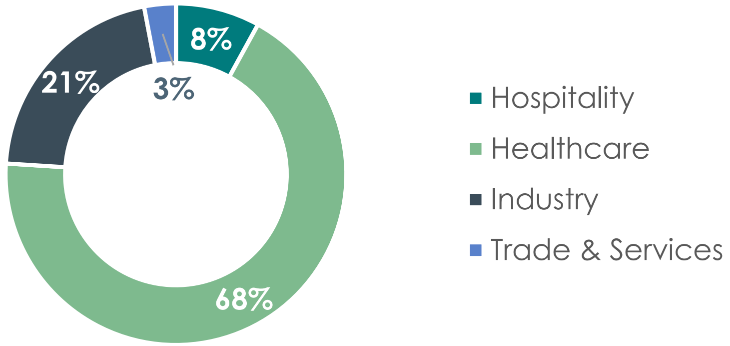
Latin America: Slowdown in March but business should remain resilient

Q1 revenue at €59mn

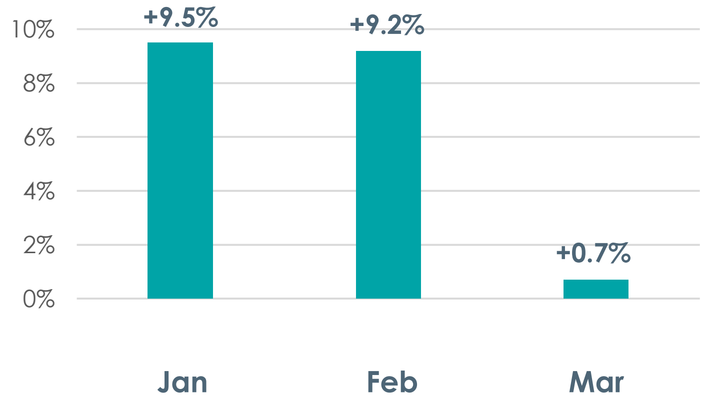
First signs of impact in the region in March

- Healthcare has been slowing down: Hospitals have been taking large-scale space-making measures in preparation for the pandemic
- Our Industry business, predominantly with agricultural and food processing clients, is holding up quite well

FY 2019 revenue breakdown by end-market



Q1 2020 monthly organic growth



Organic revenue up **+6.4%** in Q1 2020

Elis has taken immediate operational actions to preserve margins and cash generation

Shutdown of plants

- ✓ **c. 100 plants shut down at Group level** to reflect the decrease in our client activity

Headcount adjustment across the board

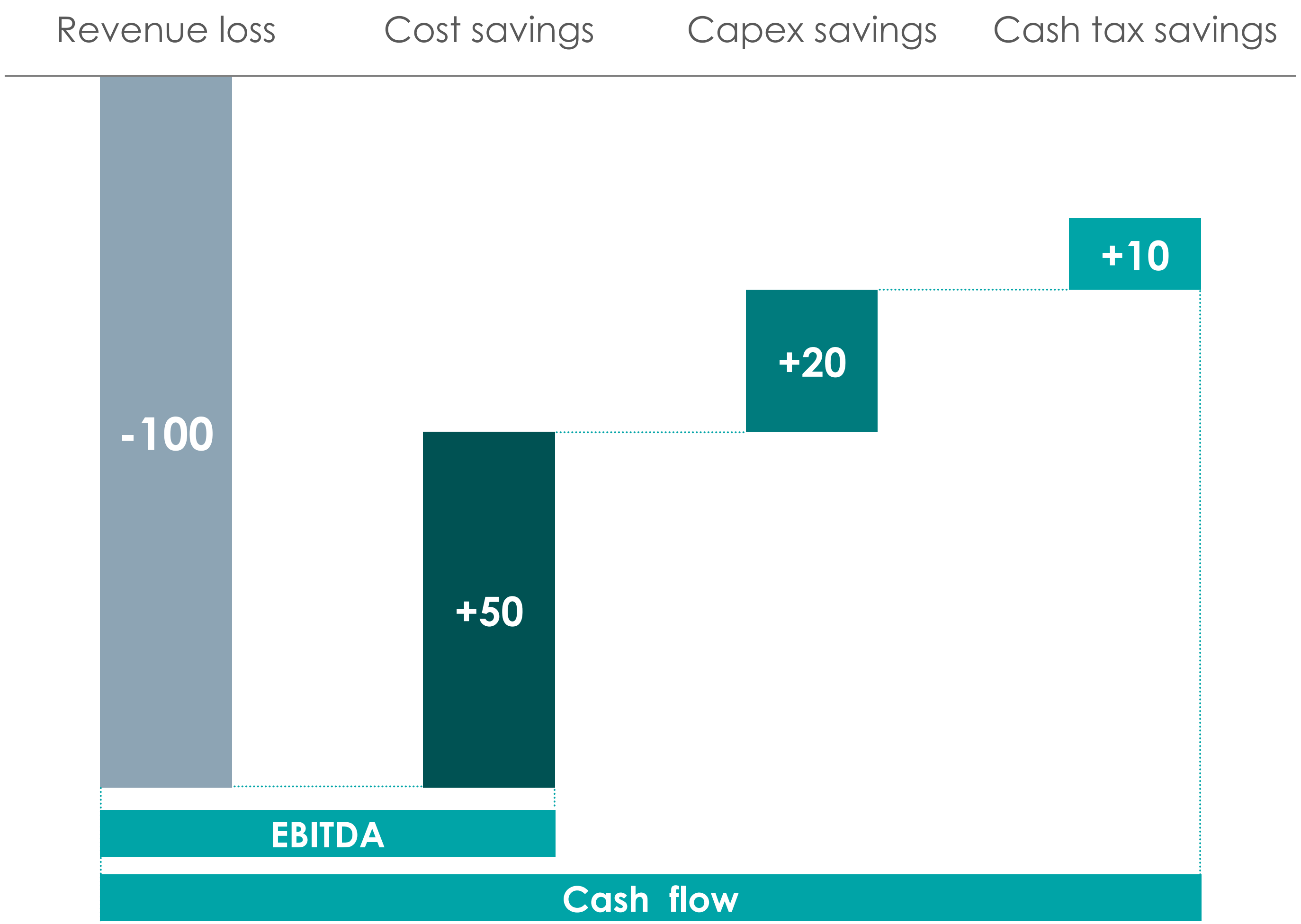
- ✓ **At plant level**, to adjust production capacity to volumes treated
- ✓ **At every country headquarter level**, to reflect the slowdown of the economy (commercial and marketing teams mostly)

Elis has used the various measures to support businesses announced by governments, notably in France and Spain

Cut in 2020 capex plan

- ✓ **Cancellation of all industrial projects to increase capacity,** with **no carry-forward effect for the next years**
- ✓ **Significant decrease in linen capex for the year** (lower activity means **lower linen rotation** and leads to **less linen replacement**)

Limited impact on EBITDA and cash generation



Basis 100

- The Group expects, for each euro of lost revenue, to lose about 50 cents on EBITDA and to save about 20 cents on investments and 10 cents on corporate income tax
- These metrics are in line with what we observed in March

Additional revenue opportunities captured, more expected going forward

- **Increase in our Pest Control activity** (especially disinfection), notably in Italy for now, with more opportunities ahead in other countries
- **New Healthcare & Hospitality business signed in a number of countries** as a consequence of the opening of additional hospital and requisition of hotel beds, notably in France and the UK
- **Short-term contract signed in Spain with a major retirement home player in Europe**, which was previously insourcing linen washing
- **Increasing demand for nurses/doctors' uniforms across the board** as well as surgical gowns as a consequence of a shortage of similar disposable products
- **Implementation of a "Restart package" commercial offer:** Clients who reopen their business will need more hydroalcoholic gel, disinfection solutions and higher linen rotation for hygiene purposes, implying additional deliveries from Elis and hence more business for the Group
- **Elis is working on the conception of washable masks** that could be added to our product portfolio in the short term

Q1 2020 revenue and business highlights

Debt & liquidity

Outlook considerations

Obtainment of a waiver regarding the bank covenant test as of 30 June 2020 and several measures taken to improve liquidity

Waiver obtained for the bank covenant test as of 30 June 2020

This bank covenant concerns:

(i) The two revolving lines of credit underwritten by a pool of French and European relationship banks

(ii) The USPP type private placement underwritten by a pool of American investors led by Barings

Elis was dispensed from paying fees for this waiver, underscoring the excellent relationship between the Group and its lenders

- Elis will likely start negotiating in the near future a **similar waiver for the covenant test as of 31 Dec. 2020**

Other measures taken by the Group to further strengthen its liquidity

- **Withdrawal of the proposed payment of €0.39 per share for 2019** from the resolutions to be adopted by the next shareholders' meeting
- **Suspension, until further notice, of any M&A activity**. However, the Group has already identified some new acquisition opportunities and the current suspension will be reassessed on a regular basis according to the evolution of the crisis
- **Strong focus on cash collection in all countries**

Elis has a flexible balance sheet with c. €1.1bn of available liquidity

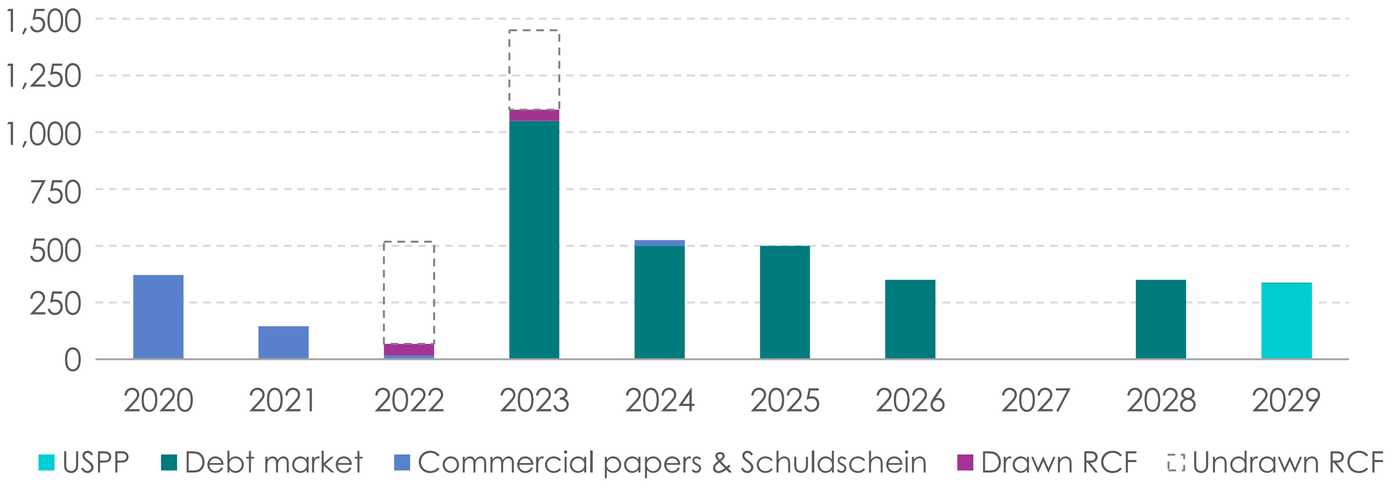
A well-diversified financing

As of 24 April 2020	
Bond (issued 10/2019) €500mn	Coupon 1.0% Maturity 2025
Bond (issued 10/2019) €350mn	Coupon 1.625% Maturity 2028
Bond (issued 04/2019) €500mn	Coupon 1.75% Maturity 2024
USPP (signed 04/2019) €335mn	Coupon 2.70% Maturity 2029
BOND €650mn	Coupon 1.875% Maturity 2023
BOND €350mn	Coupon 2.875% Maturity 2026
Convertible bond €365mn	Coupon 0% Maturity 2023
Commercial paper €484mn	< 1 year
Schuldschein €75mn	Maturity 2020 – 2024
Revolving credit facilities Drawn €100mn	Maturity 2022 (€450mn undrawn) Maturity 2023 (€350mn undrawn)

Latest debt news flow

- **March 24: €200mn drawn from the RCF** to secure Commercial paper refinancing
- **April 15: Placement of c. €125mn of Commercial paper at 0.58% (1-year maturity),** which covers all Commercial paper maturating until mid-June
- **April 24: Repayment of €100mn out of the €200mn drawn from the RCF**; €100mn remain drawn for liquidity purposes
- **As of April 24: c. €1.1bn of liquidity made up of c. €300mn cash on the balance sheet and €800mn undrawn cash**

Maturity schedule (as of 24 April 2020)



Weekly free cash flow is currently positive

Elis' business model offers a natural buffer on cash

- **Variable nature** of many costs
- **Reduction** of both **linen and industrial capex**

No short-term impact expected on change in working capital requirement

- The **positive effect on change in working capital** from lower revenues on Trade Receivables more than offsets slightly longer than usual customer payments
- Even with many European countries under strict containment measures, **Elis' weekly free cash flow is currently positive in March and to date in April**

Limited risk regarding cash collection

- Strong emphasis has been put on **cash collection**, with local Management carefully monitoring clients at risk
- **Elis is currently being paid normally** by its clients that remain open, with **no payment delay noted**
- Overdues are with some clients that are currently closed
- **Small clients' bankruptcy risk remains limited** given the amounts at stake (Elis quickly stops providing the service when payments are overdue)

Q1 2020 revenue and business highlights

Debt & liquidity

Outlook considerations

April current trading: Improvement in Industry and Trade & Services; Some slowdown in Healthcare; Hospitality still stopped

Industry

Rev. down -20% in April vs -40% in March

- A very large part of our Industry business is concentrated in countries with light – or already lifted - containment measures (Sweden, the Netherlands, Denmark, Germany)
- Slight pick-up noted over the last weeks with some reopening of industries

Hospitality

Rev. down -95% in April, in line with March

- Some potential uplift in domestic and intra-European tourism during summer
- Elis has a well diversified hotel client base, reaching every customer category (rich tourists, middle-class families, businessmen, etc.)

Healthcare

Rev. down -15% in April vs flat in March

- Decrease in activity resulting from the rescheduling of non-urgent medical treatments in hospitals to make more room for Covid-19 patients, implying a lower rotation of linen
- This should reverse as Covid-19 epidemic recedes and shorter-stay patients return. Germany is already moving towards a short-term reopening of hospitals for non-Covid treatments

Trade & Services

Rev. down -30% in April vs -40% in March

- Slight pick-up noted over the last days; the reopening of business premises should help our collective catering clients and facility-management clients

Outlook

The progressive lifting of confinement measures in Europe should pave the way for a pick-up in activity

✓ Restrictions have already been partially or entirely removed in a number of countries (Germany, Poland, the Netherlands, Austria, Switzerland, etc.)

Yet, the current lack of visibility at this stage still does not allow us to provide a new set of objectives for 2020

However:

i. Sharper decrease in activity expected in Q2 compared to Q1

ii. c. –40% organic revenue evolution expected in April, marking a low point

iii. For each euro of lost revenue, the impact on EBITDA would be about 50 cents, 20 cents would be saved on investments and 10 cents on corporate income tax

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