

Elis' 2017 annual results

➤ MARCH 7, 2018

Forward looking statements



This document may contain information related to the Group's outlook. Such outlook is based on data, assumptions and estimates that the Group regarded as reasonable at the date of this press release. Those data and assumptions may change or be adjusted as a result of uncertainties relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date of this presentation. Moreover, the materialization of certain risks described in chapter 2 "Risk factors and insurance policy" of the Registration Document may have an impact on the Group's activities, financial position, results or outlook and therefore threaten this outlook. The attainment of the outlook also assumes that the Group's strategy will be successful. As a result, the Group makes no representation and gives no warranty regarding the attainment of any outlook set out above.



Business overview



Financial highlights



Growth strategy
and outlook

Business Overview



Solid financial performance

- Revenues of €2,215mn (+46% at constant exchange rate)
- EBITDA of €670mn and EBITDA margin of 30.2%
- Headline net result up 51%
- Stable Net Debt to EBITDA ratio at 3.3x



Continued implementation of Group strategy

- Market share gains in all geographies
- Improvement in operational excellence
- Consolidation of our platforms in Europe and Latin America
- Development of the Pest Control activity and launch of new services



Indusal & Lavebras integrations well underway

- Both integrations are ahead of schedule
- 2019 objectives confirmed: 30% EBITDA margin in both countries



Acquisition of Berendsen finalized in September

- Integration is on track
- Expected synergies of minimum €80mn
- Capex plan downsized to €340mn over a 3-year period

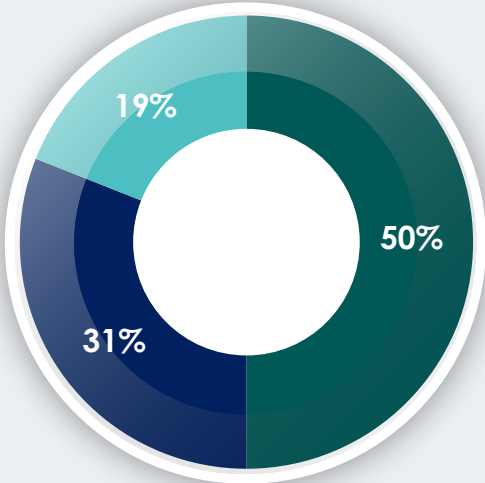
2017 key figures: Strong growth in revenues and profit

(In €mn)	2017	Change
Revenues	2,214.9	Reported: +46.4%
		At constant exchange rates: +46.0%
		Organic: +2.4%
EBITDA	670.0	+43.2%
% of revenues	30.2%	-68bps
Headline net result	163.2	+51.7%
Headline free cash-flow	42.6	-47.1%
Net debt/EBITDA ¹	3.3x	3.3x as of June 30, 2017

¹ Trailing 12 months EBITDA, proforma for the full-year impact of acquisitions finalized during the year and after the impact of synergies
Margin rate calculations and change calculations are based on precise figures.

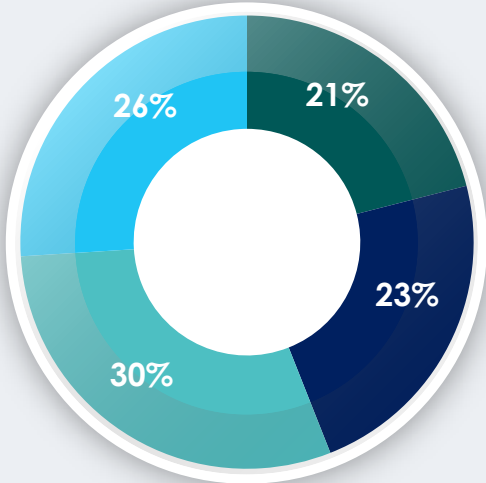
2017 actual revenue breakdown: A well-balanced group

By activity



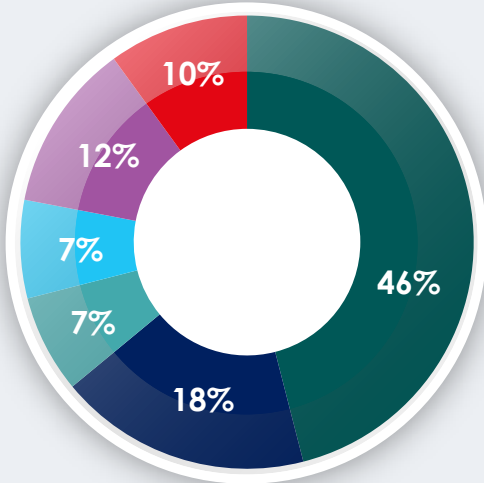
■ Flat Linen
 ■ Workwear
 ■ Hygiene and well-being

By end-market



■ Industry
 ■ Trade & Services
■ Hospitality
 ■ Healthcare

By geography



■ France
 ■ Central Europe
 ■ Scandinavia & Eastern Europe
■ UK & Ireland
 ■ Southern Europe
 ■ Latin America



FY 2017 organic growth

	>7%	Brazil, Portugal, Belgium-Luxembourg
	From 5% to 7%	Spain
	From 2% to 5%	Chile
	From 0% to 2%	France, Germany, Italy
<0%		Switzerland



France

Positive trends in Hospitality and Trade & Services

Subdued activity in Industry and Healthcare

Pricing situation now fully normalized

Macro environment starting to show some tailwinds



Central Europe

Includes both Elis and Berendsen operations

Acceleration of the consolidation in Germany

Disappointing year in Switzerland



Scandinavia & Eastern Europe

Berendsen geography only

Commercial momentum is good in the region

High and stable margins



UK & Ireland

Berendsen geography only

Lower volumes in Hospitality

Measures launched to offset past client losses following operating and commercial issues

Industrial action plan launched and new capex program implemented



Southern Europe

Revenue up +63.9% (impact of the acquisition of Indusal)

Strong performance in Portugal

Slight slowdown in Spain due to a high comparable base (the summer of 2016 was very good)

Integration of Indusal is on track – synergy target confirmed



Latin America

Revenue up +66.4% (impact of the acquisition of Lavebras and Bardusch Brazil)

Organic growth of +7.0%

Commercial momentum and price increases above inflation

Tough comparable base due to the 2016 uplift from the Rio Olympic Games

Integration of Lavebras is on track – synergy target confirmed

Improved pricing situation in France

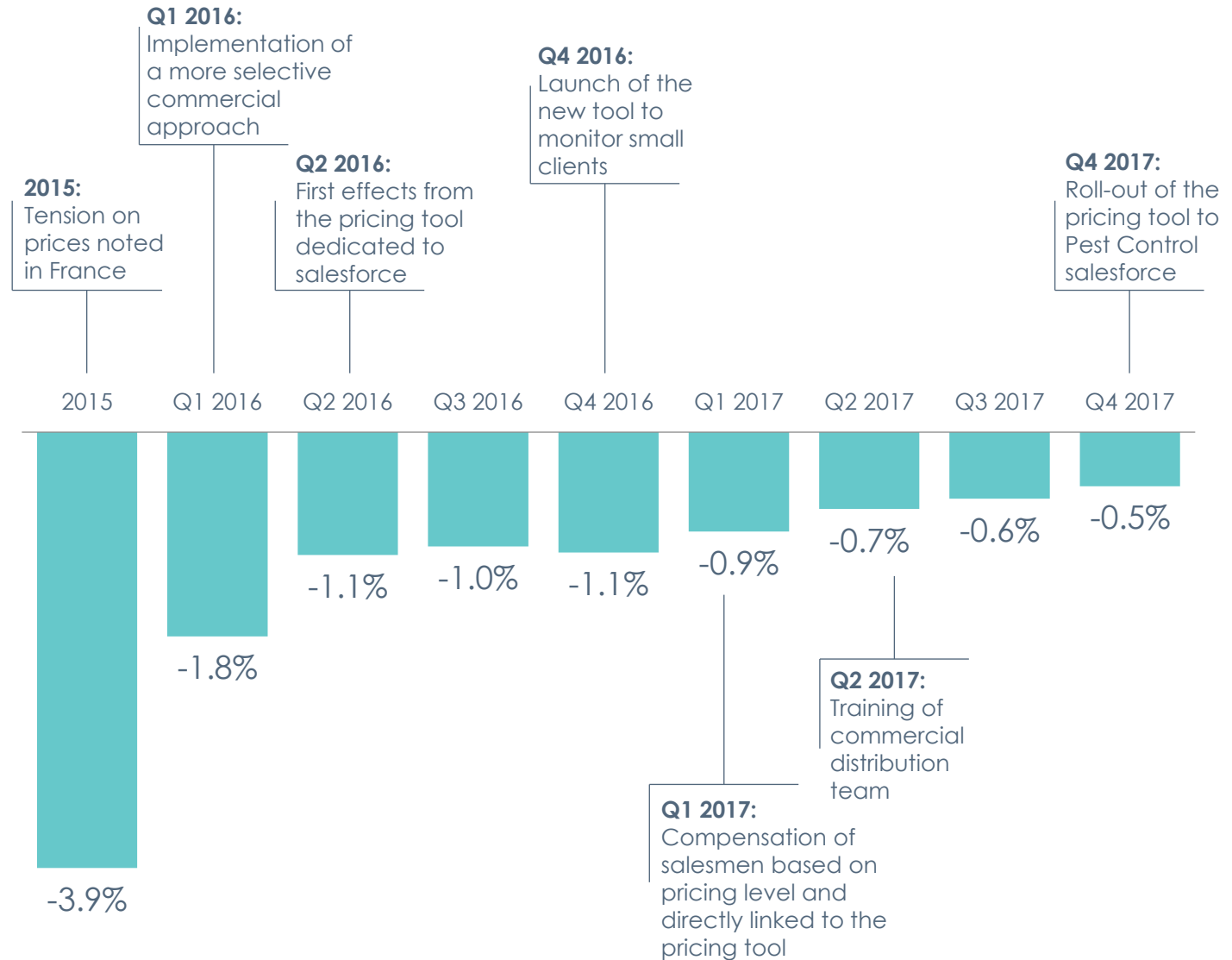
The initiatives taken by Elis following the issues encountered in 2015 are bearing fruit:

Better monitoring of pricing and of the yearly price increase process

More selective commercial approach

Salesforce's bonus directly linked to the level of pricing of new contracts signed

Implementation of a tool providing information to better address renegotiation and/or renewal phases



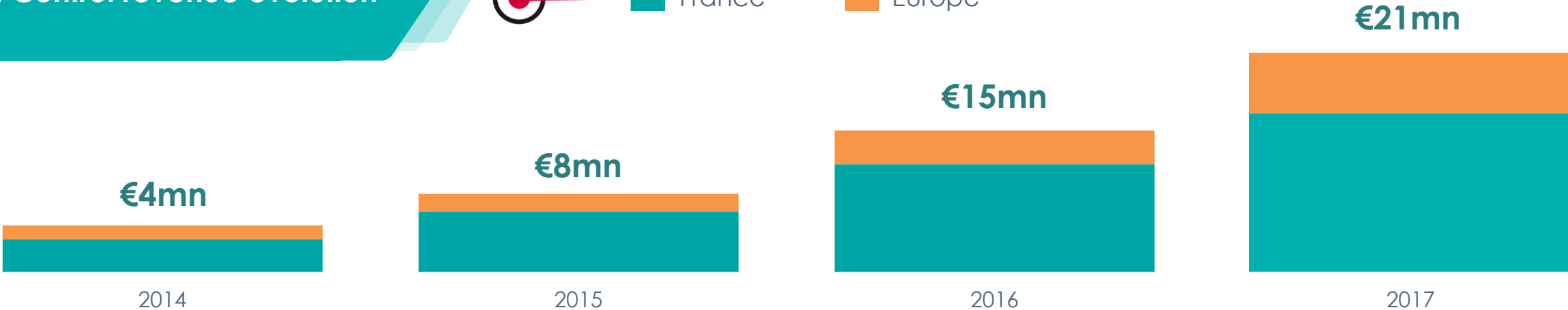
Steady growth of pest control activity, in line with expectations

Pest Control revenue evolution



France

Europe



Launch of the 3D offer	Improvement in customer satisfaction	Salesforce development: 30 dedicated salesmen	Consolidation of logistics organization and know-how
Implementation of dedicated commercial teams	Implementation of a dedicated central team	Completion of several small acquisitions technical expertise	Further development of salesforce
Creation of 11 Regional Technical Centers	19 Regional Technical Centers	35 Regional Technical Centers	Some bolt-ons
3 countries	5 countries	7 countries	

Indusal and Lavebras integration are on track – 2019 synergy targets confirmed

Indusal



Transaction closed on December 21, 2016

Implementation of the new central organization
(Finance, HR, commercial)

New operational organization with 3 regional directors
reporting to Spain CEO

Closure of 5 sites + Indusal headquarters

€8.2mn impact on EBITDA on an annualized basis as of 2017

Lavebras



Transaction closed on May 24, 2017

Implementation of Elis' financial KPIs

Implementation of a new organization with
5 regional directors

Closure of 3 sites

BRL11.8mn impact on EBITDA on an annualized basis as of 2017



Confirmation of:

The €10mn EBITDA synergy target for 2019

**The 30% EBITDA margin target for Spain
by the end of 2019**



Confirmation of:

The BRL60mn EBITDA synergy target for 2019

**The 30% EBITDA margin target for Brazil by
the end of 2019**

Since September 12, 2017

01

More than 100 site visits including c. 40 by Xavier Martiré

02

Top 150 managers of Berendsen interviewed by Xavier Martiré and/or by Elis' HR Director

03

Integration work streams (Operations, Purchasing, Finance & Legal, IT, etc.) put in place in a timely manner

04

New organization announced internally on November, 13 – switch from Berendsen's organization by Business Unit to Elis' organization by geography



UK

UK market has good fundamentals

A quite consolidated market, with decent price levels and further potential for outsourcing

Berendsen's UK business impacted in the past by a lack of investments and misguided decisions

Elis action plan consists in applying Elis standards and methodology to the UK business

**Right-sized investment plan in industrial assets
to put the business back on track**



Nordics, Holland, Poland

Berendsen is a strong leader in these stable, resilient economies

High margins Potential to grow multi-services

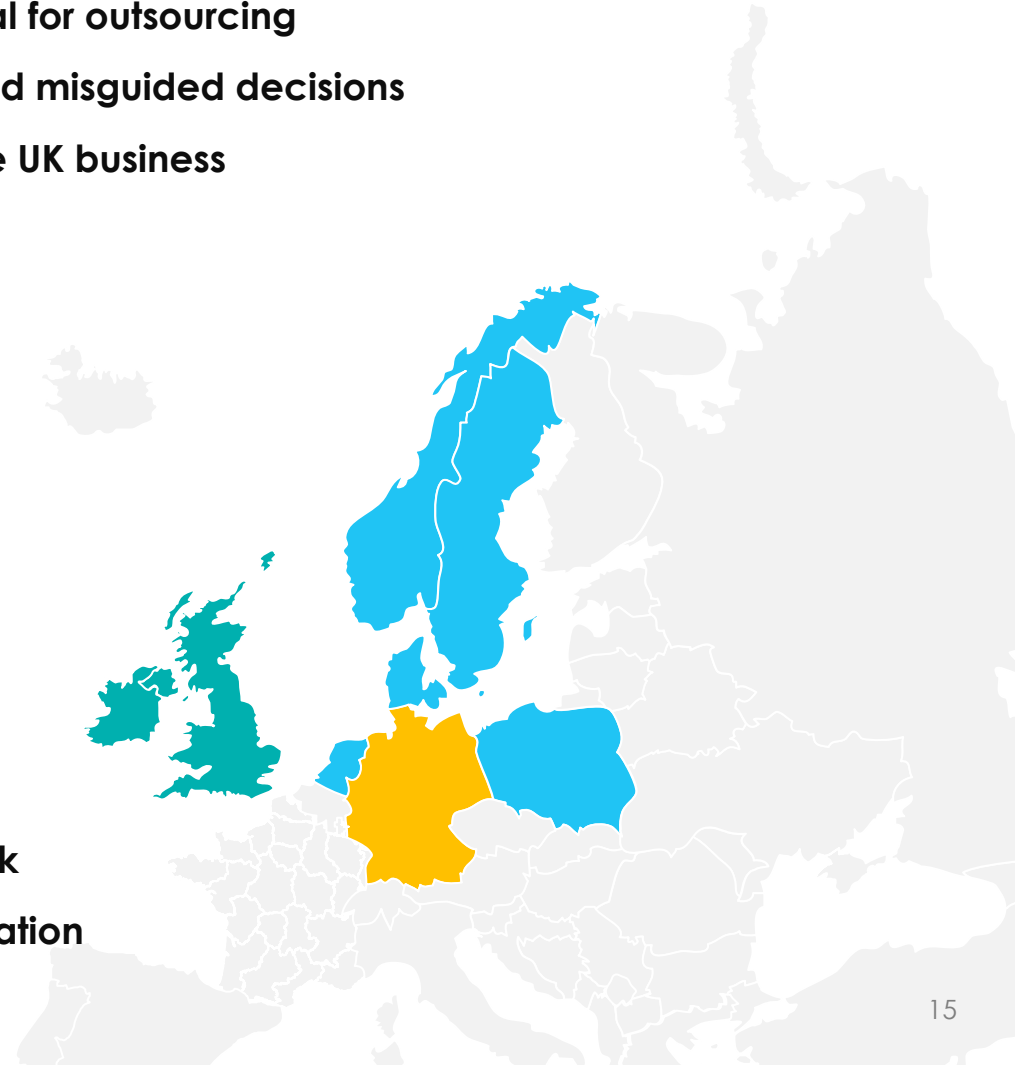


Germany

Good underlying market

Dynamic Workwear market in which Berendsen has a high-quality network

Healthcare and Hospitality markets less profitable due to lack of consolidation





A 3-year capex plan of £300mn (€340mn) that fits the needs of Berendsen scope, equally spread between the UK and Europe

€80mn cash synergies to be achieved by the end of 2020, up from initial estimate of €40mn; quick ramp-up: €50mn will be generated as early as 2018

Some revenue synergies - not yet quantified - to come on top of the €80mn from 2019 onwards

Financial Highlights

Strong 2017 results driven by acquisitions

(In €mn)	2017	2016	Change
Revenues	2,214.9	1,512.8	+46.4%
EBITDA	670.0	467.9	+43.2%
% of Revenues	30.2%	30.9%	-68bps
EBIT	298.6	214.1	+39.5%
% of Revenues	13.5%	14.2%	-67bps
Headline net result	163.2	107.6	+51.7%
Headline free cash-flow	42.6	80.5	-47.1%
Adjusted net debt at end of period	3,296.6	1,800.9	
Adjusted net debt / EBITDA ¹	3.3x	3.3x	

¹ Trailing 12 months EBITDA, proforma for the full-year impact of acquisitions finalized during the year and after the impact of synergies
Margin rate calculations and change calculations are based on precise figures.

New breakdown of revenue by geography

Central Europe is the only geography with overlap between Elis's and Berendsen's operations (in Germany, Belgium and Czech Republic)



BERENDSEN

BERENDSEN

Part of Elis's historical scope

Limited overlap

Part of Berendsen's historical scope



Countries where there is overlap are underlined



2017 revenue by geography

(In €mn)	2017	2016	Reported growth	Organic growth
France	1,009.0	984.2	+2.5%	+1.4%
Central Europe	388.8	218.6	+77.8%	+1.0%
Scandinavia & Eastern Europe	164.2	-	n/a	n/a
UK & Ireland	152.5	-	n/a	n/a
Southern Europe	259.1	158.1	+63.9%	+5.6%
Latin America	221.2	132.9	+66.4%	+7.0%
Other	20.0	18.9	+6.3%	+2.7%
Total	2,214.9	1,512.8	+46.4%	+2.4%

Change calculations are based on precise figures.

2017 revenue per quarter

(In €mn)	Q1	Q2	Q3	Q4	2017
2017 revenues	400.6	445.2	589.8	779.4	2,214.9
2016 revenues	350.6	379.7	402.8	379.7	1,512.8
Reported growth	+14.3%	+17.3%	+46.4%	+105.3%	+46.4%
Growth at constant exchange rates	+11.9%	+16.2%	+46.8%	+106.4%	+46.0%
Organic growth	+2.3%	+2.8%	+2.3%	+2.2%	+2.4%

Change calculations are based on precise figures.

2017 EBITDA margin by geography

(In €mn)	2017	2016	Change
France	35.0%	34.9%	+4bps
Central Europe	26.6%	24.5%	+210bps
Scandinavia & Eastern Europe	33.8%	-	n/a
UK & Ireland	22.9%	-	n/a
Southern Europe	26.2%	25.5%	+64bps
Latin America	24.3%	22.7%	+157pbs
Group	30.2%	30.9%	-68bps

Change calculations are based on precise figures.

From EBITDA to net result

(In €mn)	2017	2016	Change
EBITDA	670.0	467.9	+43.2
As a % of revenue	30.2%	30.9%	-68bps
Depreciation and amortization	(371.3)	(253.8)	
EBIT	298.6	214.1	+39.5%
As a % of revenue	13.5%	14.2%	-67bps
Bank charges	(1.5)	(2.3)	
IFRS 2 expense of free share plans	(8.7)	(3.8)	
Operating income before other income/expense and amortization of customer relationships	288.5	207.9	+38.7%
Amortization of customer relationships	(54.2)	(45.8)	
Other operating income and expenses	(89.9)	24.5	
Financial result	(59.8)	(55.7)	
Net result before tax	84.6	130.9	-35.4%
Tax	(17.9)	(38.0)	
Net result	66.8	93.0	-28.2%
Headline net result	163.2	107.6	+51.7%

Margin rate calculations and change calculations are based on precise figures.

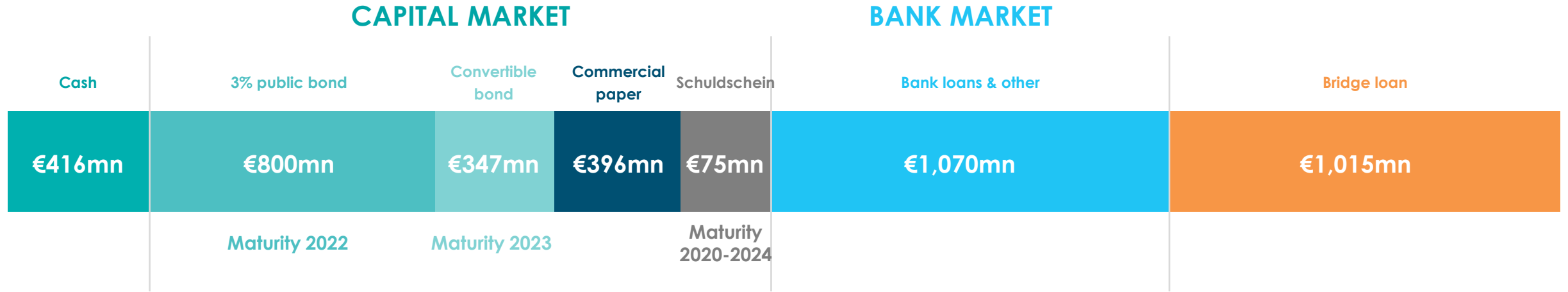
From net result to headline net result

(In €mn)	2017	2016
Net Result	66.8	93.0
Amortization of customer relationships (net of tax effect)	37.1	32.9
IFRS 2 expense (net of tax effect)	8.1	5.1
Puteaux disposal (net of profit sharing and net of tax effect)	-	(23.4)
Berendsen restructuring costs (net of tax effect)	23.3	-
Indusal restructuring costs (net of tax effect)	3.0	-
Lavebras restructuring costs (net of tax effect)	3.8	-
Exceptional costs in connection with Berendsen, Indusal and Lavebras acquisitions (net of tax effect)	21.1	-
Headline net result	163.2	107.6

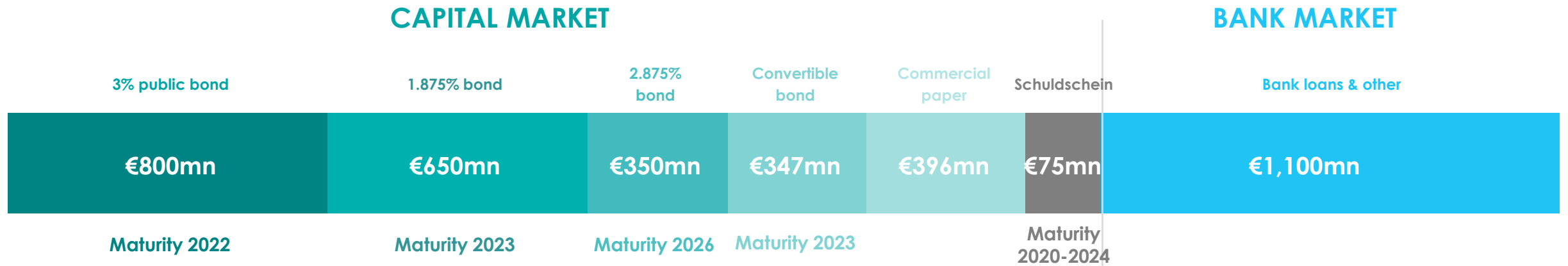
Headline free cash-flow impacted by 2017 capex of Berendsen

	(In €mn)	2017	2016
	EBITDA	670.0	467.9
	Provisions & proceeds from sales of property	0.7	(2.8)
	Normalized change in operating working capital requirement	(23.6)	(12.3)
	Income tax expense	(53.3)	(47.1)
	Cost of net financial indebtedness	(60.5)	(50.0)
	Net cash-flow from operating activities	533.4	355.7
	Linen capital expenditures	(264.6)	(153.3)
	Industrial capital expenditures	(215.0)	(110.2)
	Capital gains	1.4	2.7
	Others	(12.6)	(14.4)
	Headline free cash-flow	42.6	80.5
	Dividends paid during the year	(51.8)	(39.9)
	Cash impact of the Puteaux site disposal	(10.3)	60.5
	Equity increase	506.0	0.5
	Exceptional cash-out in connection with Berendsen, Indusal and Lavebras acquisitions	(42.1)	-
	Exceptional change in operating working capital requirement	(85.1)	23.0
	Acquisitions of subsidiaries (net of cash acquired) and transaction costs (net)	(1,391.9)	(220.9)
	Debt of acquired subsidiaries	(665.0)	(58.1)
	Other change in debt	(0.3)	(1.2)
	Change in adjusted net debt	(1,697.9)	(155.6)
	Adjusted net debt as of end of period	3,296.6	1,598.7

NET INDEBTEDNESS AS OF DECEMBER 31, 2017: €3,286.6MN (NET DEBT/EBITDA RATIO AT 3.3X)



GROSS DEBT STRUCTURE AS OF FEBRUARY 28, 2018



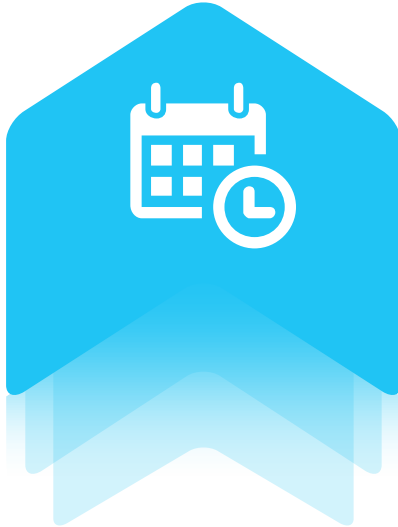
Strong revenue and EBITDA growth driven by acquisitions



EBITDA margin improvement in all Elis' historical geographies



New 3-year capex plan for Berendsen, significantly downsized



Stable net debt to EBITDA ratio



A series of horizontal dashed lines for taking notes.

Growth Strategy and Outlook

A strategy to deliver profitable growth

Consolidate our position through organic and external growth



Expand our platforms






Launch new services



Enhance operational excellence

Market share gains in all our geographies

Elis positioning in countries where the Group has more than €100mn revenue (annualized) in 2017

	2010	2015	2016	2017	Elis' 2017 estimated market share	Estimated market size
 France	1	1	1	1	40% - 50%	€2.1bn
 UK	Not present	Not present	Not present	1	15% - 20%	€2.1bn
 Germany	Limited presence	Limited presence	6	3*	<10%	€4.2bn
 Brazil	Not present	1	1	1	25% - 30%	€1.2bn
 Sweden	Not present	Not present	Not present	1	40% - 50%	€475mn
 Denmark	Not present	Not present	Not present	1	> 50%	€300mn
 Spain	3	2	1	1	25% - 30%	€650mn
 Holland	Not present	Not present	Not present	3**	<10%	€1.2bn
 Switzerland	Limited presence	1	1	1	25% - 30%	€400mn

* Elis is market leader in Healthcare

** Elis is not present in Flat Linen but is market leader in Workwear

Successful track record in acquiring and integrating businesses

Strategic acquisitions or bolt-ons to consolidate positions, enter new geographies or offer new services

More than 50 acquisitions since 2010

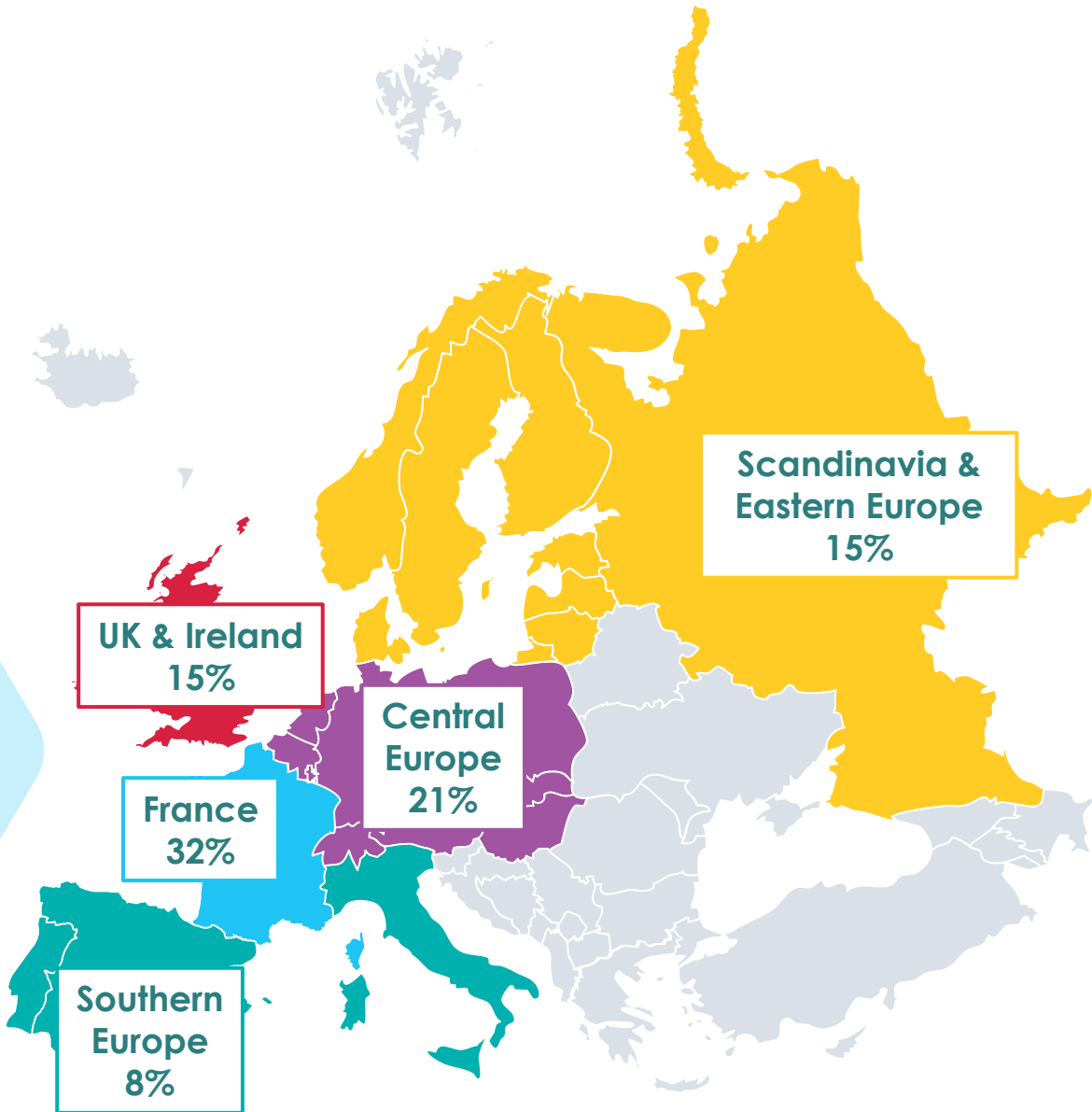
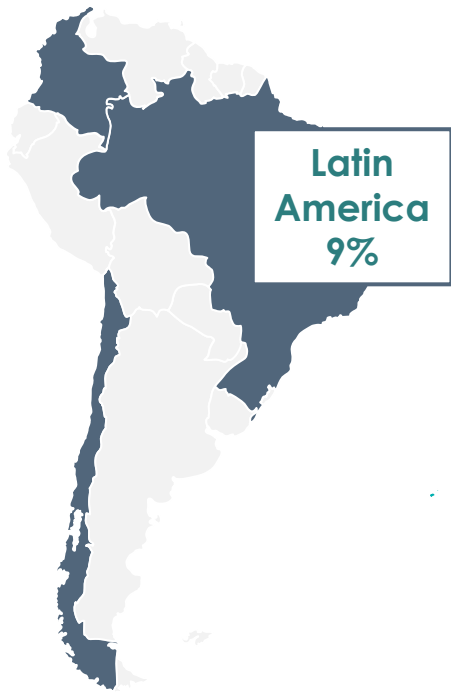
	2010	2011	2012	2013	2014	2015	2016	2017	
Number of acquisitions	7	7	4	8	7	9	6	5	
Additional annualized revenue (in €mn)	52	22	11	47	~100	~70	~240	~1,470	
Countries									
Strategic acquisitions					Atmosfera		Indusal	Lavebras Berendsen	

Greater geographical diversification

France now represents 32% of Group revenue compared to c. 60% before the Berendsen transaction

Balanced European presence

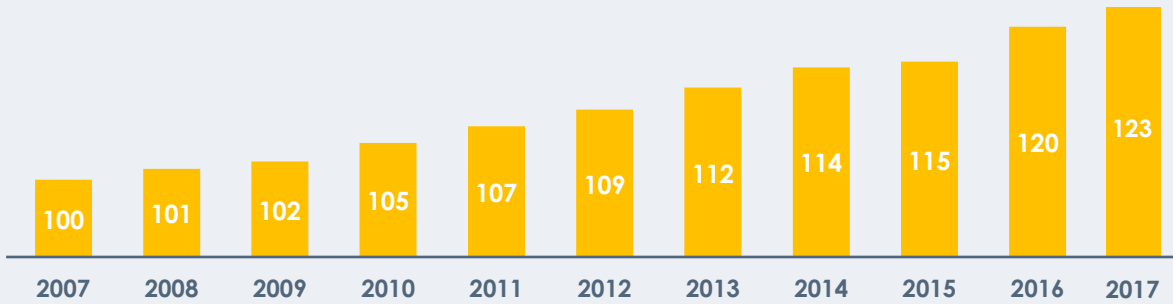
Fast-growing platform in Latin America



FY 2017 revenue breakdown by geography, proforma of the full-year impact of the acquisitions finalized during the year

Continuous improvement in productivity

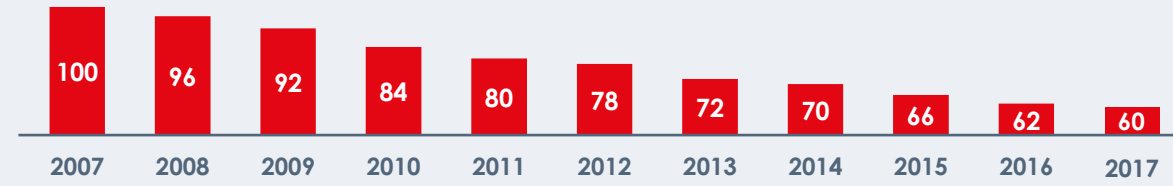
Flat linen productivity in kg per hour (100 base in 2007)



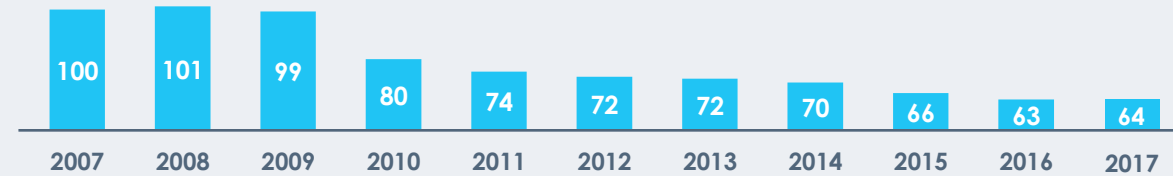
Workwear productivity in kg per hour (100 base in 2007)



Water consumption in l per kg (100 base in 2007)



Cost of washing products in €ct per kg (100 base in 2007)



Energy consumption in kWh per kg (100 base in 2007)



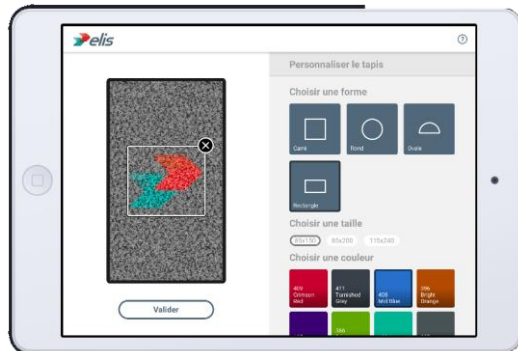
Figures on this slide are for France only

Innovation is part of Elis' DNA

Innovation for our clients

Connected devices: Help facility management clients to better monitor their inventory and avoid on-site shortages

Leverage new technologies: Virtual visits of the plants
Augmented reality to preview mats/uniforms size & design



Development of new services

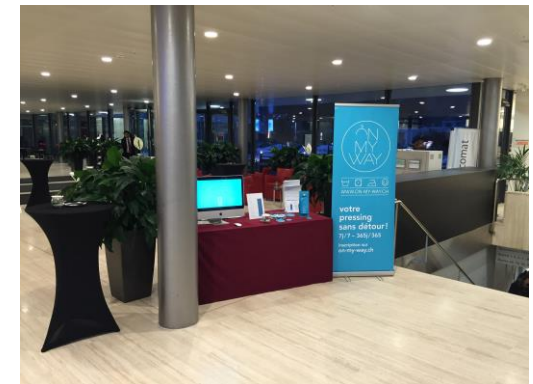
Increasing demand of flat linen rental (bedroom and bathroom) from Airbnb type activities



⇒ Elis offers linen services to companies serving these « new hoteliers »

Increasing development of in-office *conciergerie* services for employees

⇒ Elis has started to provide pressing services for Parisian region office employees in January 2018



Our target: Raise all the countries up to the level of the Group's top performers

EBITDA margin below 25%	Revenue (in €mn)	EBITDA margin 25%-30%	Revenue (in €mn)	EBITDA margin 30%-35%	Revenue (in €mn)	EBITDA margin >35%	Revenue (in €mn)
UK	420	Germany / Austria	340	Norway	60	France	1,010
Italy	30	Brazil	230	Portugal	50	Sweden / Finland	220
Chile	20	Spain	180			Denmark	190
Baltics & Russia	10	Switzerland	110			The Netherlands	120
Colombia	10	Ireland	50			Poland	40
		Belux	30			Czech Republic / Slovakia/Hungary	10

Note:

Elis: 2017 revenue actual figures (rounded) - Colombia and Brazil are pro forma for the full-year impact of the 2017 acquisitions

Berendsen: Full-year 2017 proforma revenue figures

Market share gains, transfer of best-practices and footprint enhancement will contribute to margin improvement

Revenue

Above €3.2bn (excluding potential M&A)

Group organic growth between +2.5% and +3.0%

EBITDA margin

Improvement to c. 31.5%

Key takeaways

1

Strong increase in revenue, EBITDA and headline net result driven by the acquisition of Berendsen

2

A year marked by major acquisitions that accelerated Elis' international expansion and strengthened its footprint

3

Implementation of a 3-year capex plan of €340mn that fits the needs of Berendsen scope

4

€80mn cash synergies to be achieved by the end of 2020 with a quick ramp-up: €50mn will be generated as early as 2018

5

Sound financial structure allows further M&A

A series of horizontal dashed yellow lines spanning the width of the page, intended for taking notes.

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