
# 2021 half-year results – July 28, 2021

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# Disclaimer

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 press release. Moreover, the materialization of certain risks, especially those described in chapter 4 "Risk factors, risk control, insurance policy, and vigilance plan" of the Universal Registration Document for the financial year ended December 31, 2020, which is available on Elis's website (www.elis.com), may have an impact on the Group's activities, financial position, results or outlook and therefore lead to a difference between the actual figures and those given or implied by the outlook presented in this document. Elis undertakes no obligation to publicly update or revise the Group's outlook or any of the abovementioned data, assumptions or estimates, except as required by applicable laws and regulations. Reaching the outlook also implies success of the Group's strategy. As a result, the Group makes no representation and gives no warranty regarding the attainment of any outlook set out above.

H1 2021 business highlights

Financials

A responsible business

2021 outlook

# Very good operational and financial achievements in the first half of 2021

## Positive organic growth, EBITDA & EBIT margin improvement, strong free cash flow

- **H1 revenue up +1.3% on an organic basis (+19.4% in Q2)**
- **EBITDA margin up +80bps at 33.3%**
- **EBIT margin up +140bps at 9.5%**
- **Headline net income up +36.2% at €67.1m**
- **Free cash flow after lease payments at €90.7m (up +€34.5m / +61.5% yoy)**
- **Net debt reduced by €78.4m in the first half**

## Rebound in activity driven by increasing need for Hygiene and by a marked pick-up in Hospitality

- **Development of a sustainable demand for Hygiene products** and services
- **Increasing need for clean and traceable workwear** across most industries
- **Good recovery in our Hospitality markets** (Southern Europe, France in the UK)
- **Significant productivity improvement** in several countries

## 2021 full-year guidance revised upwards on the back of strengthened growth profile

- **Organic revenue growth** for the full-year expected between **+5% and +6%**
- **2021 EBITDA margin** should be at **c. 34.5%**
- **2021 free cash flow** (after lease payments) should be **between €200m and €230m**
- **Net debt / EBITDA ratio** expected at **3.3x as of December 31, 2021,** i.e. down -0.4x compared to December 31, 2020

# Hospitality: Marked pickup in volumes since May

**Marked activity pick-up in leisure travel and catering**

- Acceleration since May with a high level of domestic tourism, especially in the UK
- Tourism is expected to be good across the board in July and August

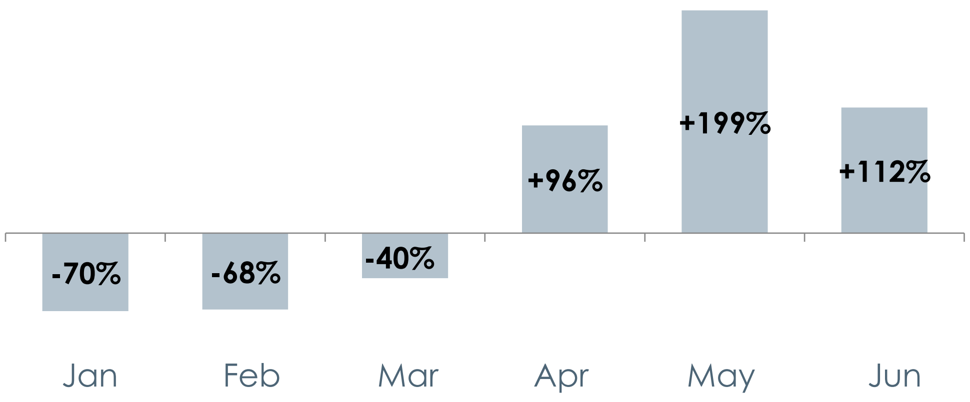
**Business travel remains subdued**

- No sign of improvement yet
- Expected pick-up of seminars, trade shows and conferences in H2 2021 and H1 2022

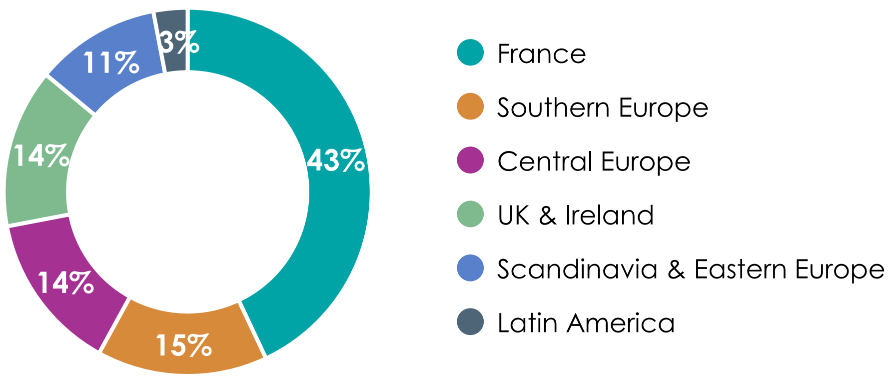
**No pricing issue**

- Very limited pressure on new bids
- No structural change in our clients' consumption habits

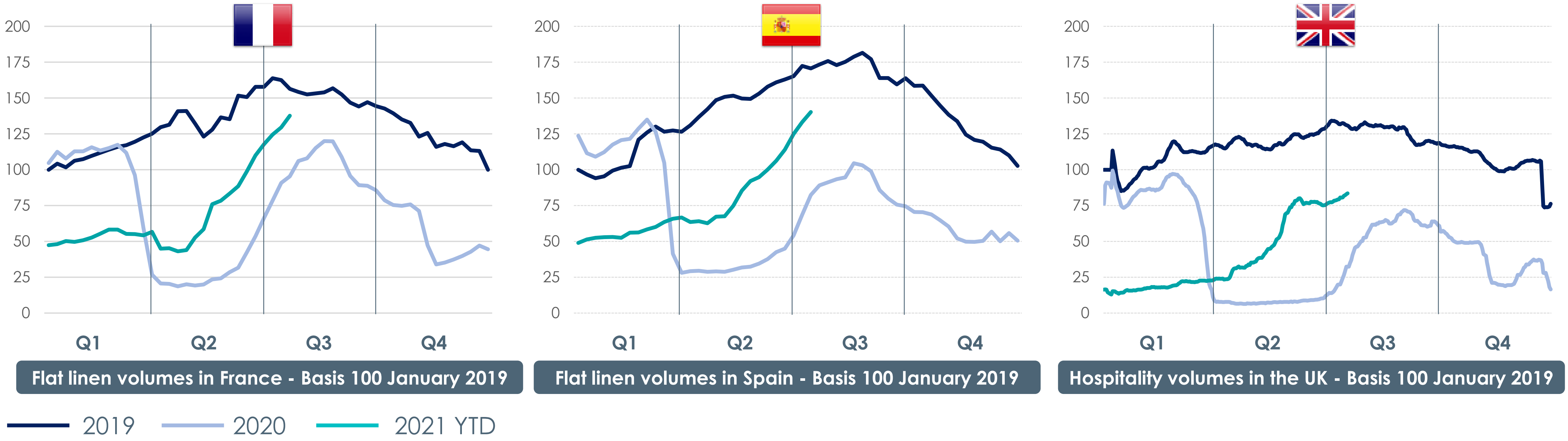
**H1 2021 Hospitality monthly growth excluding M&A**




**H1 2021 Hospitality revenue breakdown by geography**



# Pick up in Hospitality: Focus on France, Spain and the UK




- Marked rebound since the lifting of lockdown measures in May
- Summer expected to be good although the contagion rate has been rising again over the last weeks
- Domestic tourism is the main contributor to the activity rebound
- Activity in Hospitality is expected to be c. -25% below its 2019 level during the summer season

# Healthcare: Textile is back in favor with industry

**Improvement in the level of activity**

- Non-Covid related treatments in hospitals are normalizing in most our countries

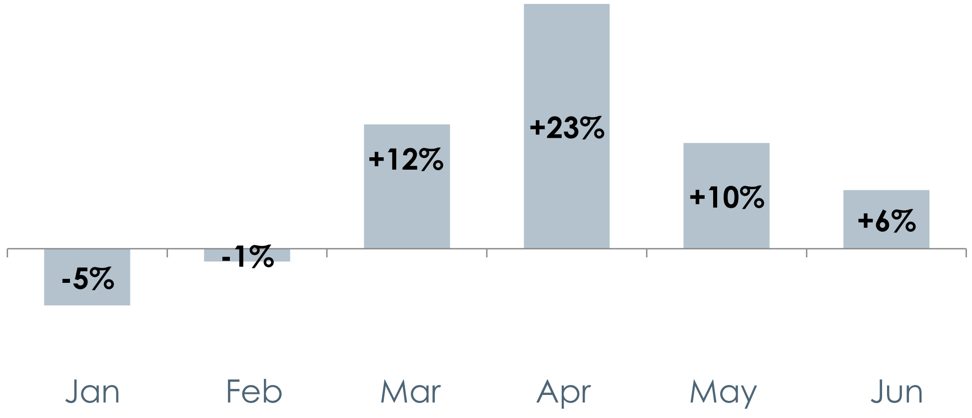
**Elis benefits from structural changes in the industry**

- Healthcare professionals are moving back to textile vs disposable paper (more reliable sourcing, better comfort, lower environmental impact)
- Clients consume more workwear than before (e.g. daily changes vs 3 changes per week)

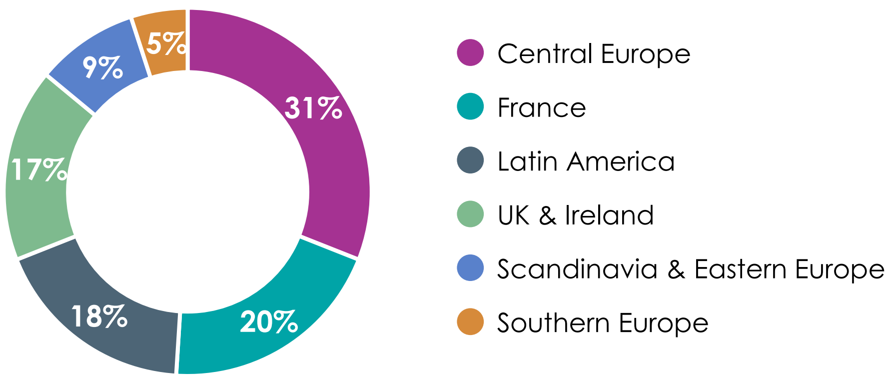
**Temporary contracts for overgowns signed in Brazil in 2020 are still active**

- Elis is working on converting these short-term contracts into long-term ones

**H1 2021 Healthcare monthly growth excluding M&A**




**H1 2021 Healthcare revenue breakdown by geography**



# Industry and Trade & Services: Customers need more hygiene products and services

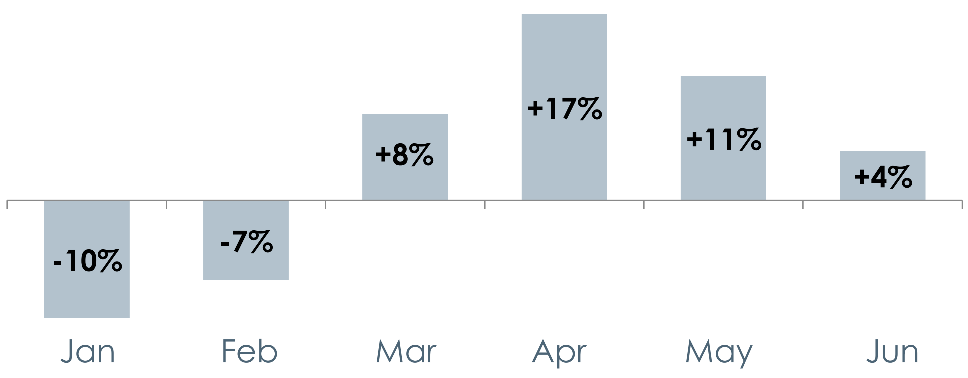
**The sanitary crisis has created some structural client needs**

- **Need for hygiene**: Higher demand for soaps, hand wipes, hydro-alcoholic gels, pest control solutions and higher linen consumption (more changes of workwear)
- **Need for a reliable provider:** Many companies had workwear sourcing issues during the crisis, as some small local players closed their plants; Elis is currently leveraging on its leadership position and network density to gain many new clients
- **Need for traceability:** Tracking of linen washing history is becoming a must have for every company using uniforms ; Elis is gaining many contracts with 1st time outsourcers in Eastern Europe, Southern Europe and Latin America
- **Need for green suppliers:** An increasing number of tender offers come with an ESG component, a field in which Elis is an industry leader

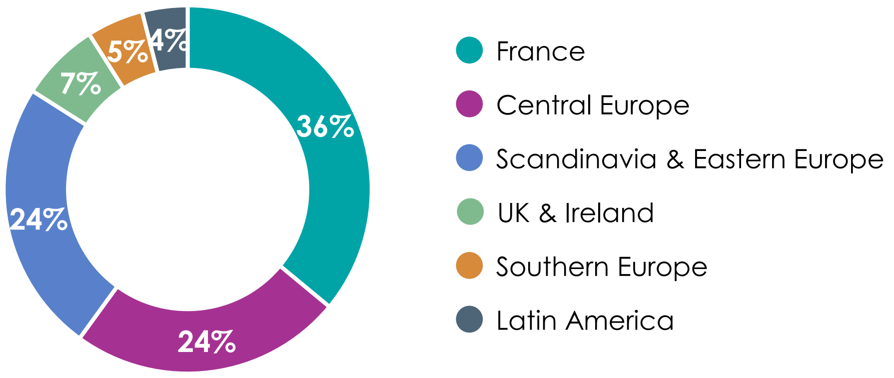
**Part of the activity is still impacted by remote working**

- Lower activity in workplace canteen and lower consumption of hygiene products in corporate offices

## H1 2021 Industry monthly growth excluding M&A




## H1 2021 Industry revenue breakdown by geography



# Elis' quality of service and leadership position drives client retention

**Churn rate reduction**

## Strong reliability

**Delivery regardless of the volumes** and the potential workforce shortfall, **differentiating Elis vs its competitors** that were sometimes totally closed and stopped servicing their customers

## Listening to clients

Elis acted as a **real business partner** during the crisis, adapting the invoicing terms to the reality of our customers (discounts, contracts put on hold, etc.)

## Seamless quality of service

**Quality improvement programs** in place in all our geographies bear fruit during the crisis

# Elis's organic growth profile reinforced in all non-Hospitality markets

**Structural trends are paving the way for organic growth uplift**

**Need for more hygiene:** New hygiene services (including pest control), increase in hygiene product consumption and in linen rotation

**Outsourcing trend** driven by the need for employers to ensure a clean work environment for their employees: Providing clean uniforms to the employees along with a professional washing solution becomes the new standard

**Structural growth of the nursing home business** driven by the ageing of the European population

**The share of Elis' fast-growing markets is growing steadily:** Latin America and Eastern-European countries generally generate double-digit growth and represent an increasing share of Elis' revenue

Suppliers with high CSR standards such as Elis will benefit from the **increase in tenders with a CSR component**

**Additional revenue opportunities ahead**

# Strong operating leverage in H1: EBITDA margin up +80bps

## H2 2020 cost-cutting program has generated some permanent savings

- ✓ Permanent **shutdown of plants** across the Group
- ✓ **Layoffs of full-time employees** at plant level
- ✓ **Cost-cutting plans** in every country head office, especially in France

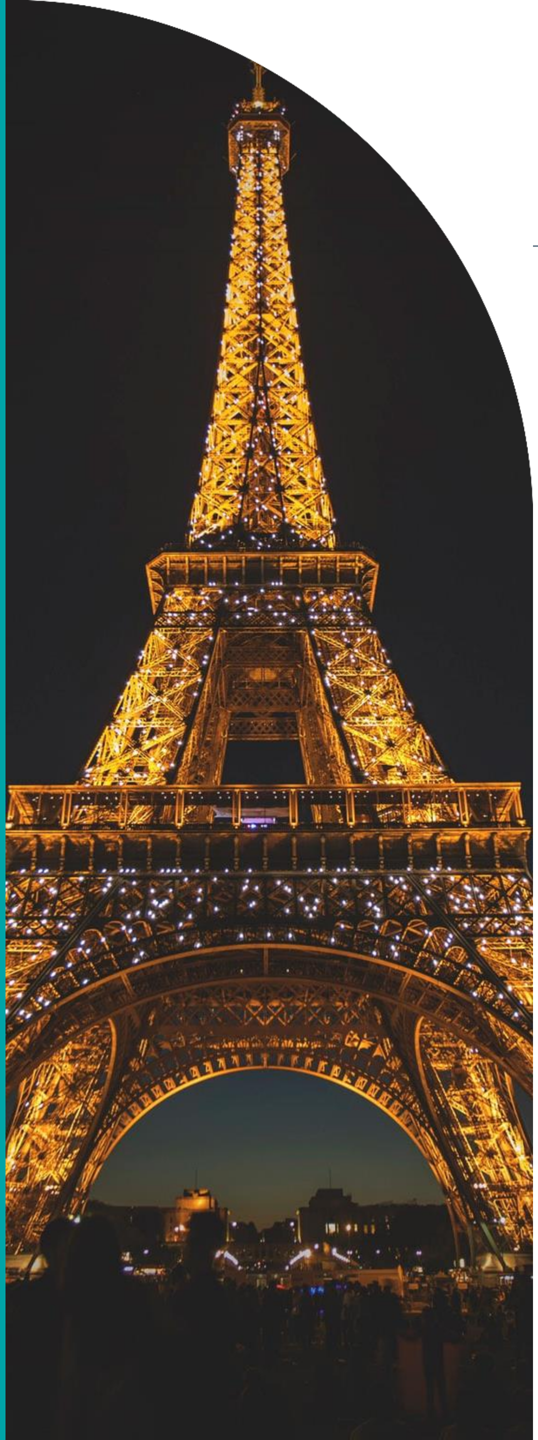
**Lighter cost base**

## Strong operational performance thanks to Elis's know-how

- ✓ Good **pricing discipline** in all countries
- ✓ Further **productivity improvement** across the board

## No material impact from inflation in H1

- ✓ **Inflation level varies** from a country to another
- ✓ **Some labor shortage** driving wages up in some countries, especially the UK



# France: Activity pickup and margin improvement

### Hospitality
- Marked pick-up for seaside resorts
- Activity in Paris remains subdued
- Some hospitality plants are currently running below their normative EBITDA level due to current overcapacity

### Healthcare
- Activity is now close to pre-crisis level

### Industry and Trade & Services
- The fixed-fee contracts (mainly small shops) had a positive effect on EBITDA margin: The fee is charged regardless of their product consumption (workwear rotation, hygiene products, etc.…) and many clients have not yet come back to pre-crisis activity level

**Organic revenue evolution:**

**+1.9% in H1 2021 (+25.2% in Q2)**

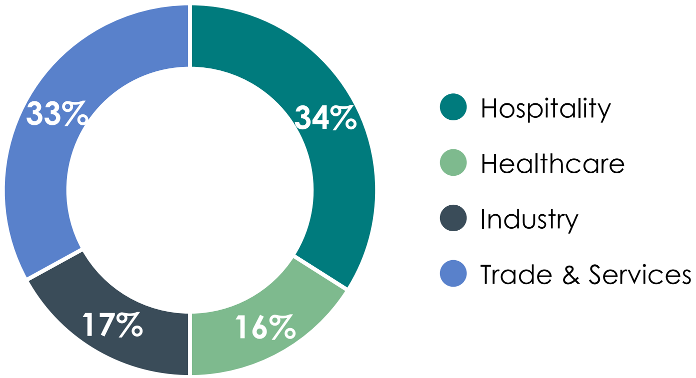
(-20.5% in H1 2020)

**EBITDA margin:**

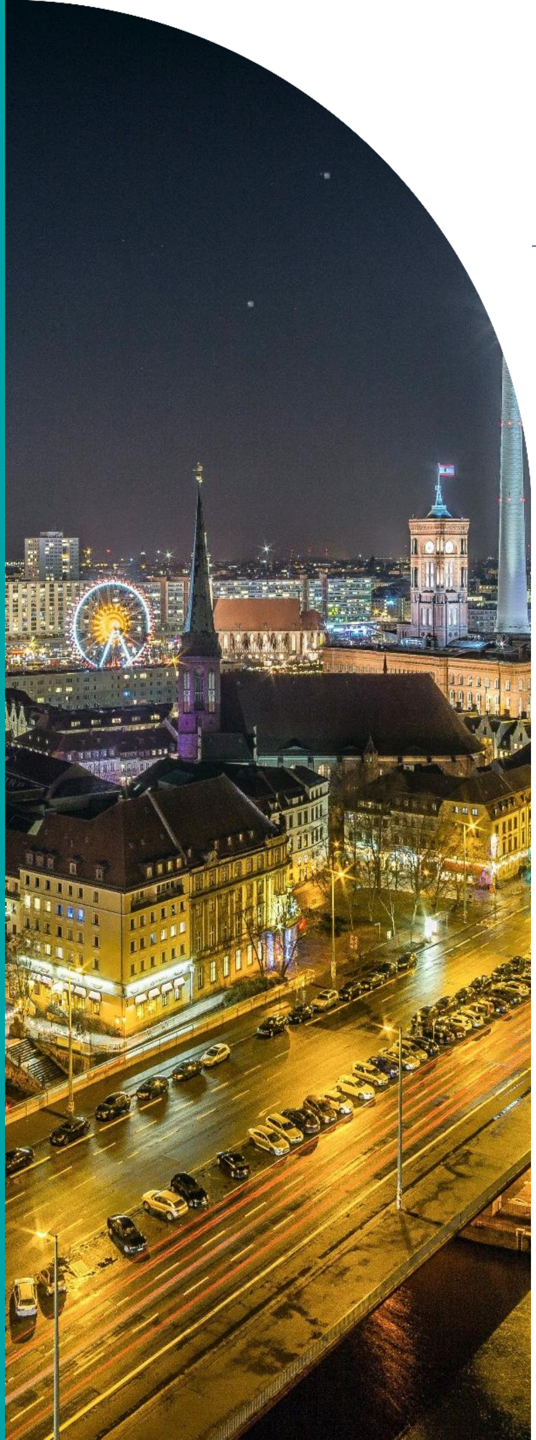
**Up +120bps at 36.3% in H1 2021**

(35.1% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.



# Central Europe: Good topline resilience along with EBITDA margin stability

### Healthcare
- Strong demand for additional hygiene products in hospitals and good activity in Cleanroom
- Subdued linen rotation in hospitals as a result of the new lockdown measures in H1 (fewer non-Covid related medical treatments)
- Decrease in the occupancy rate of nursing homes

### Industry and Trade & Services
- German collective catering was impacted in H1 (schools & universities closed, mandatory tele-working)
- Good activity in Poland and Czech Republic

### Hospitality
- Good commercial dynamism with some small hotels being taken over by big groups that are already clients

### Other comments
- Continued focus on cost rationalization and plant organization
- Further significant productivity improvements in the country

**Organic revenue evolution:**

**-1.9% in H1 2021 (+6.0% in Q2)**

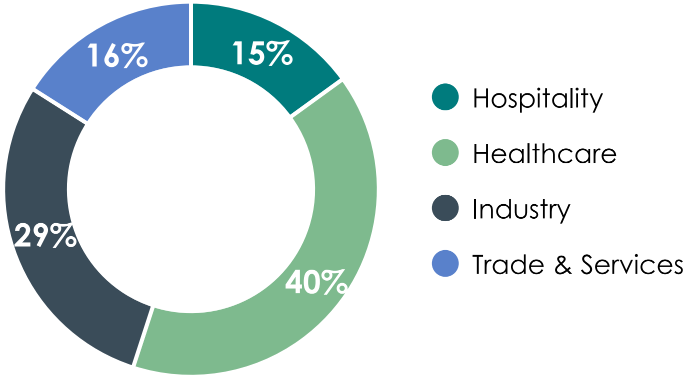
(-6.0% in H1 2020)

**EBITDA margin:**

**Flat at 32.1% in H1 2021**

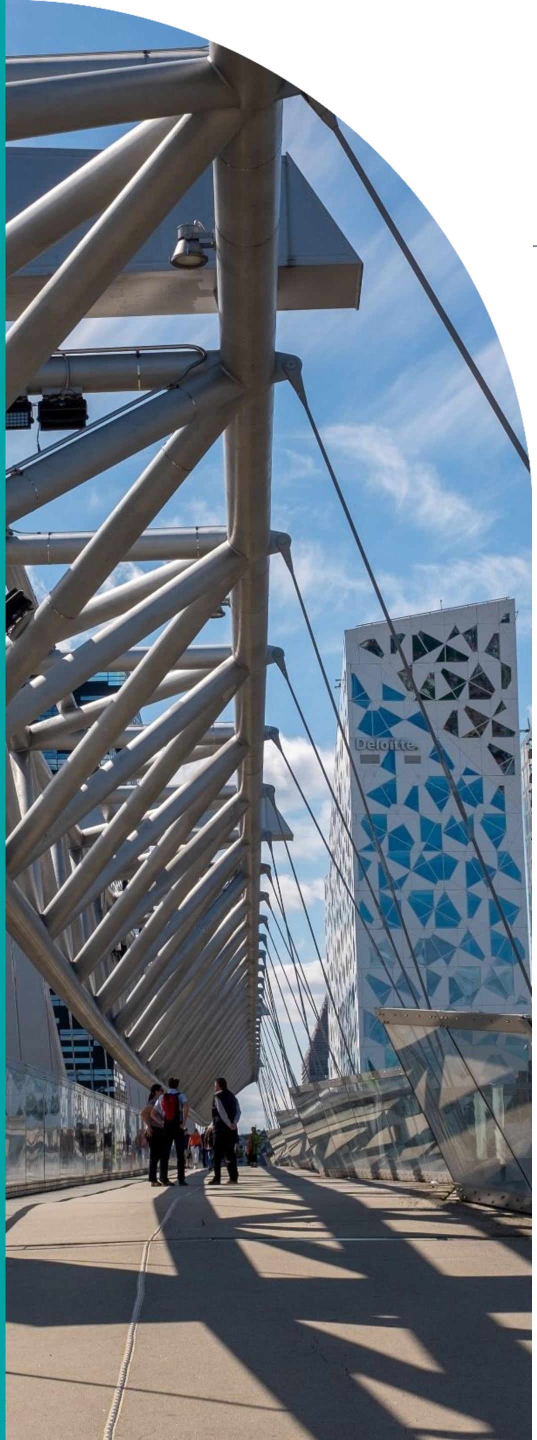
(32.1% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.

# Scandinavia & Eastern Europe: Resilient topline and high margin



### Industry and Trade & Services

- Activity in Sweden somewhat impacted by an economic slowdown (mainly export)
- Strong growth in Eastern Europe for Workwear, on the back of new outsourcing trends

### Hospitality

- Activity remained subdued in H1, which had a positive mix effect on margin

### Other comments

- Projects to optimize logistics are under way
- Roll-out of the multi-service approach has resumed

**Organic revenue evolution:**

**-1.3% in H1 2021 (+8.5% in Q2)**

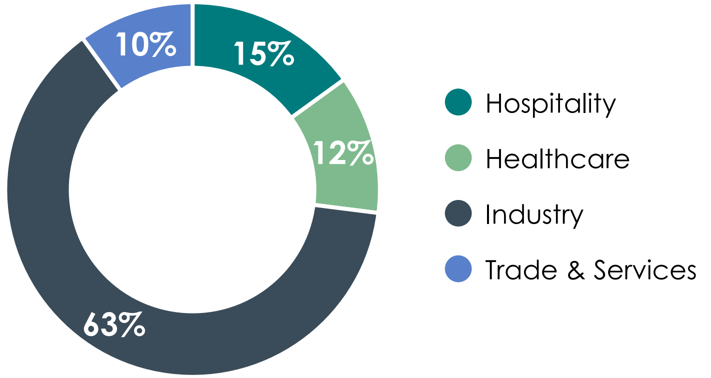
(-7.1% in H1 2020)

**EBITDA margin:**

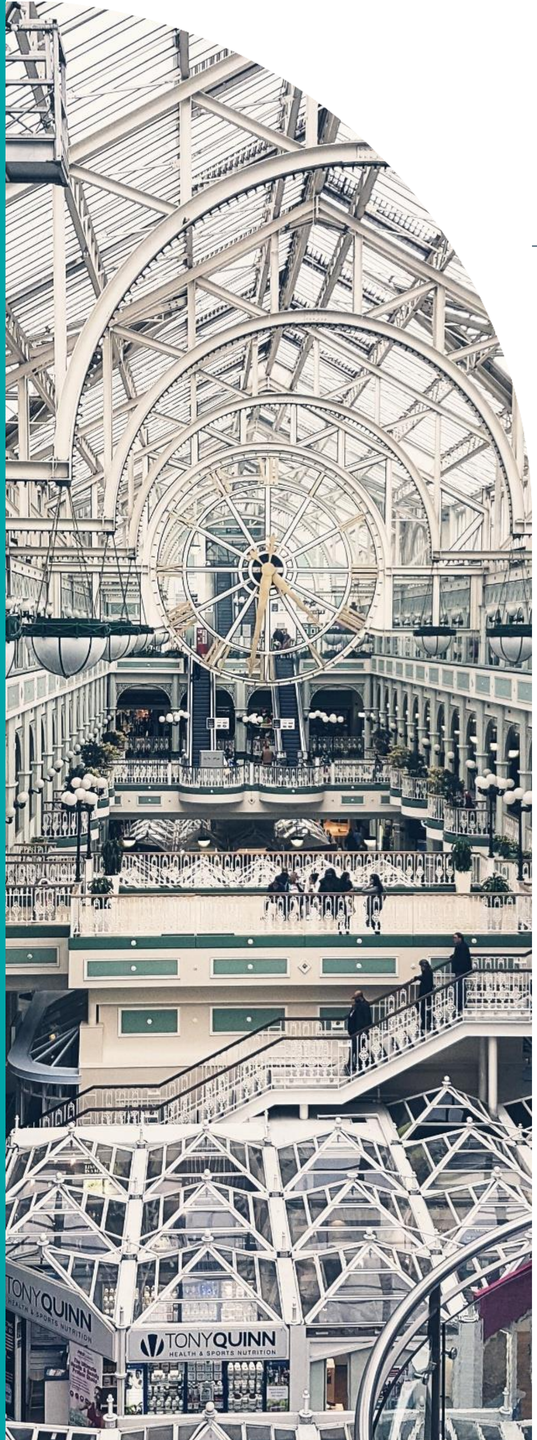
**Down -20bps at 39.0% in H1 2021**

(39.2% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.




# UK & Ireland: Strong topline recovery driven by a rebound in Hospitality, along with margin improvement

### Hospitality

- Lockdown measures have been lifted since mid-April
- Volumes have since been coming back very significantly on the back of strong domestic tourism

### Industry and Trade & Services

- Penalized by the significant share of take-away food clients and catering clients in the mix
- Churn rate stabilized at c. -5%
- Increasing number of contract gains on the back of reinforcement of the commercial team

### Healthcare

- Market share gains driven by contract wins and good pricing
- Productivity improvement in healthcare plants

### Other comments

- No Brexit effect identified so far as most of the country/economy was locked down
- Some staff shortage driving wage inflation
- Strong pricing discipline

**Organic revenue evolution:**

**+3.7% in H1 2021 (+45.8% in Q2)**

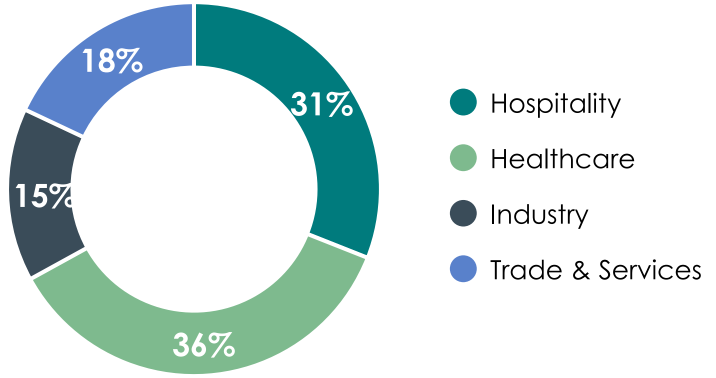
(-26.5% in H1 2020)

**EBITDA margin:**

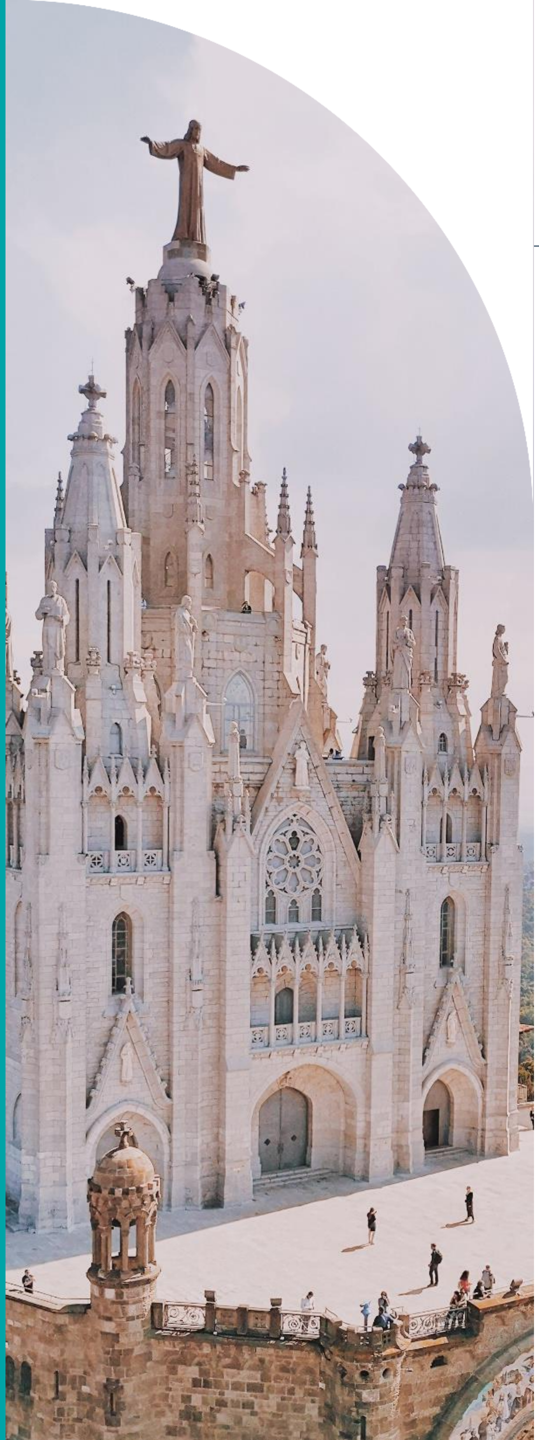
**Up +450bps at 30.1% in H1 2021**

(25.6% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.



# Southern Europe: Significant activity rebound in Q2 driving margin recovery

## Hospitality

- Activity in Spain and Portugal is largely driven by international tourism
- Modest pick up in activity in H1: Both countries were on the UK's amber list and international travel was subdued
- Nevertheless, most hotels have reopened, and our clients expect a good summer season
- All 7 plants temporarily shut down in 2020 have now reopened
- Limited inflation offset by price increases
- Strong discipline on pricing

## Industry

- Workwear up c. +16% in H1 in Spain vs last year, driven by our food-processing and pharma clients
- Strong demand for ultra-clean garments

**Organic revenue evolution:**

**-2.1% in H1 2021 (+43.3% in Q2)**

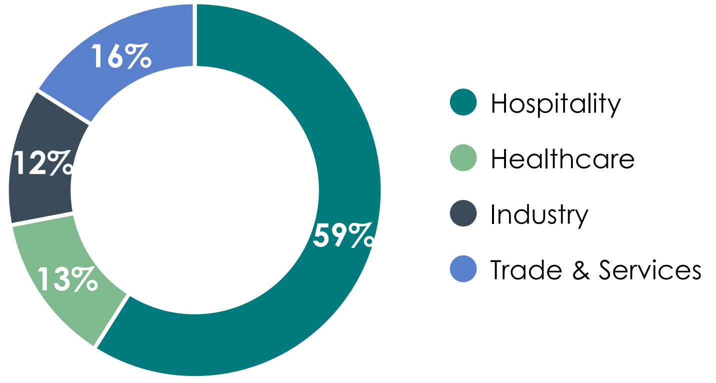
(-31.6% in H1 2020)

**EBITDA margin:**

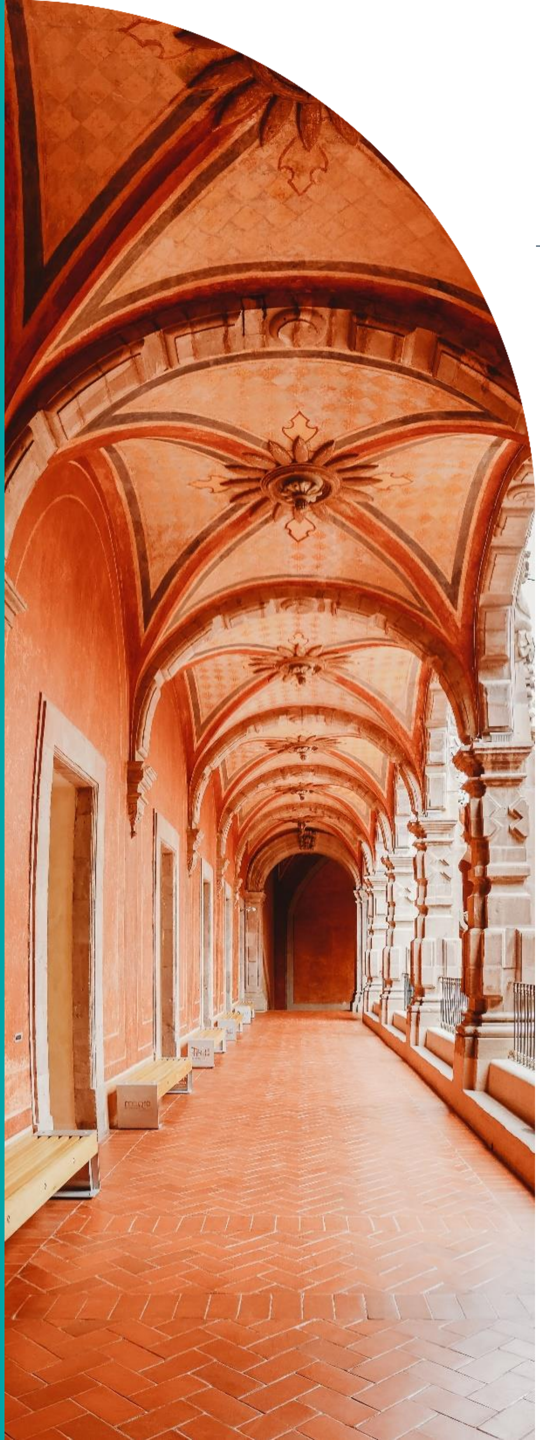
**Up +240bps at 25.4% in H1 2021**

(23.0% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.



# Latin America: Continued topline momentum and EBITDA margin in line with Group standards

### Healthcare

- Activity remains very good
- The very profitable short-term contracts for overgowns signed with some Brazilian hospitals last year (c. €10m revenue in 2020) are still running and negotiations are ongoing to convert these contracts into long-term ones
- Further productivity improvements achieved in Brazil

### Industry

- Our Industry business is predominantly with food processing clients and has been picking up in H1

### Other comments

- Significant inflation in Brazil (water, gas, electricity) in a context of weak local currency

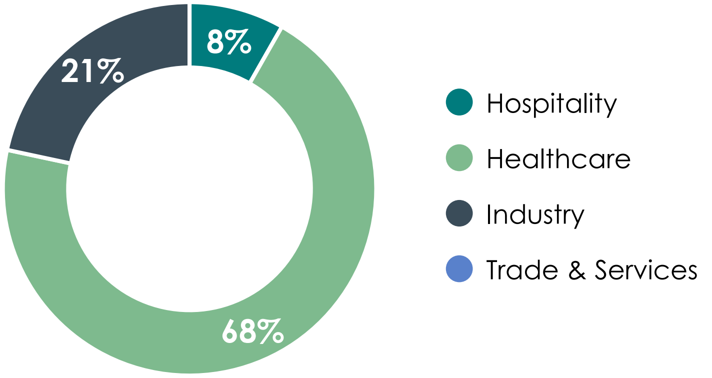
**Organic revenue evolution:**

**+16.3% in H1 2021 (+21.2% in Q2)**
(+3.6% in H1 2020)

**EBITDA margin:**

**Down -150bps at 33.5% in H1 2021**
(34.9% in H1 2020)

**Pre-Covid revenue breakdown by end-market**




Pre-Covid revenue breakdown corresponds to 2019 numbers.

# 1 acquisition closed in H1 2021 plus 1 in July - deal pipeline is strong

**PESTGUARD** — Pest Control

July 2021

- 2020 revenue: c. €3m

**SCALDIS** — Cleanroom

March 2021

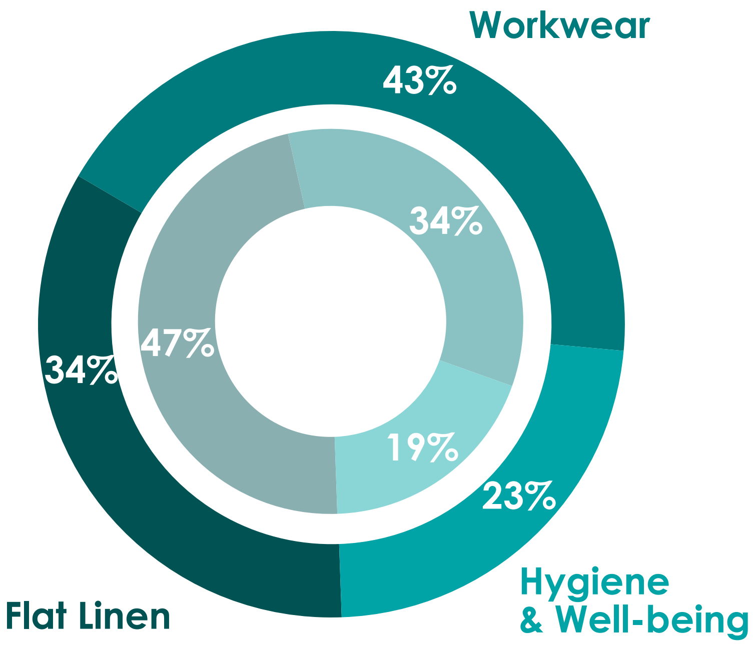
- 2020 revenue: c. €10m

**H1 2021 M&A impact on revenue: +1.4%**

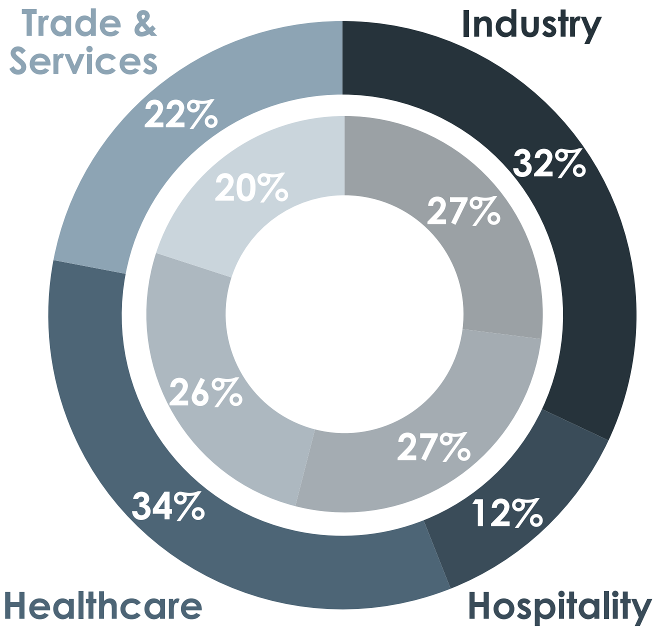
# Elis offers a highly diversified and well-balanced profile

**H1 2021 revenue breakdown**

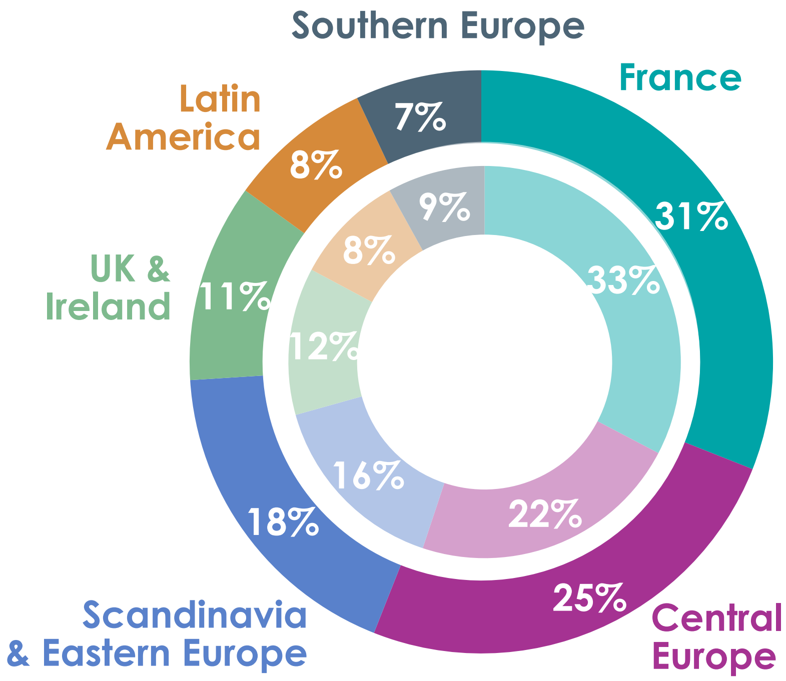
**By activity**




**By end-market**



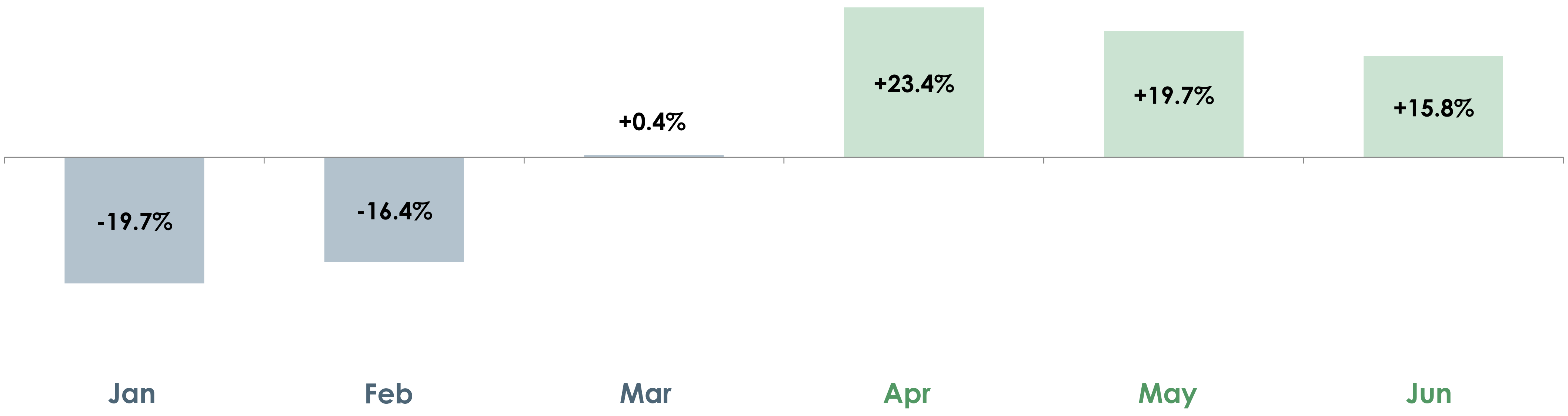

**By geography**




H1 2021 numbers are in the outer circle, 2019 numbers are in the inner circle.

# Strong organic growth acceleration in Q2: Easier comps and activity improvement across the board

H1 2021 monthly organic revenue evolution

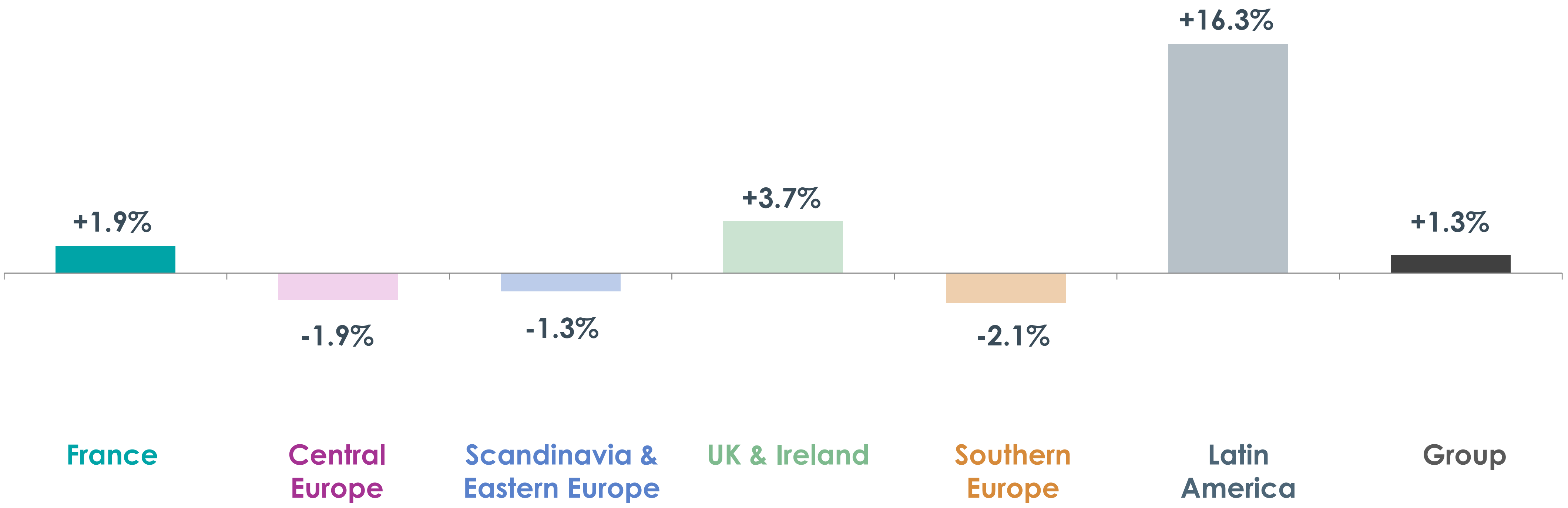



Q1: -12.8%

Q2: +19.7%

# +1.3% Group organic growth in H1, Latin America continues to outperform

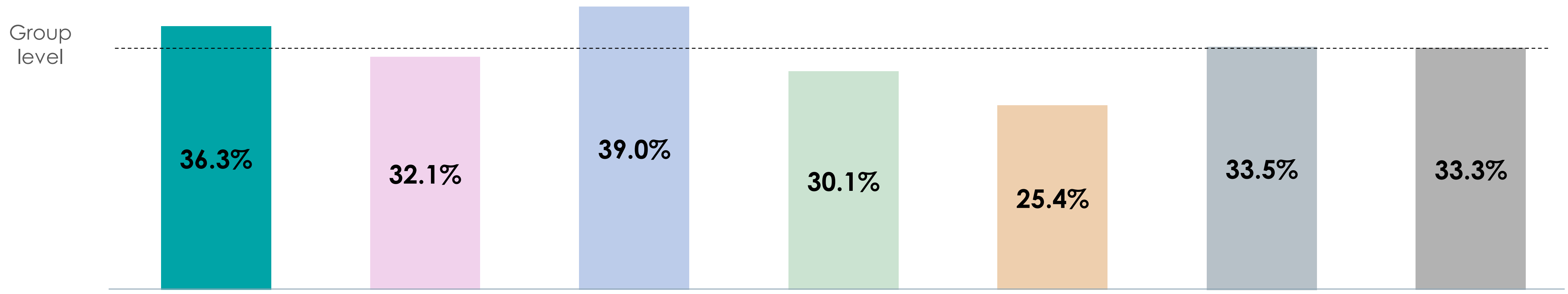
H1 2021 organic revenue evolution by geography



# EBITDA margin up +80bps: Significant profitability improvement in France, UK & Ireland and Southern Europe

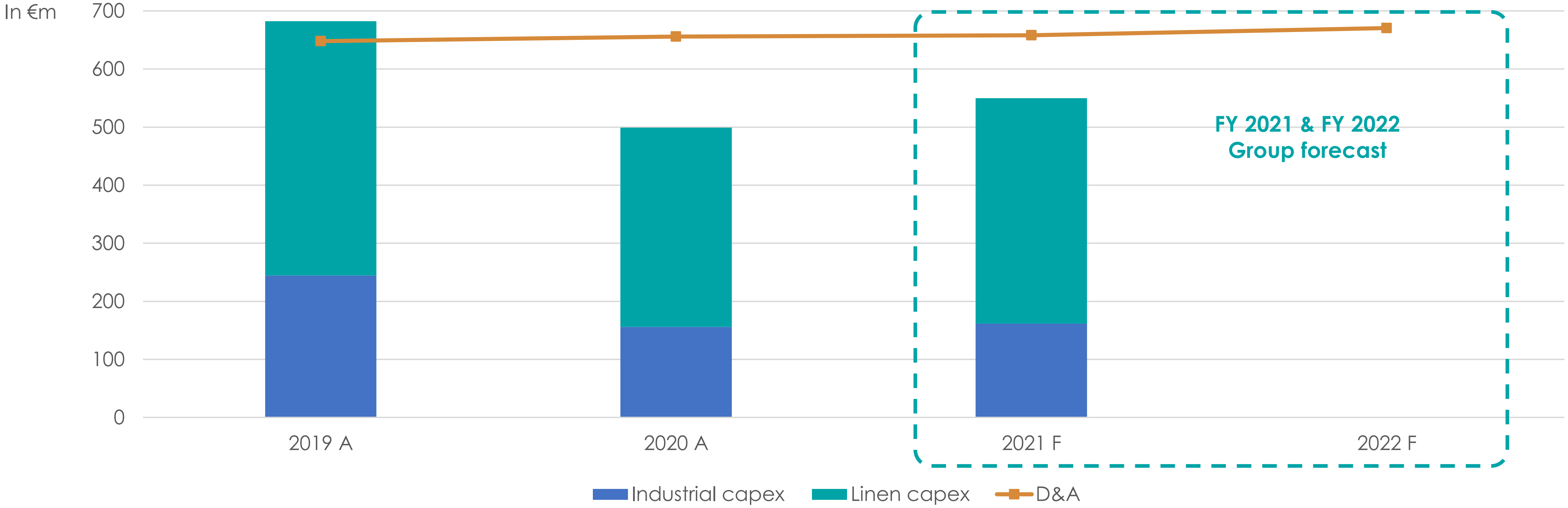
## EBITDA margin (H1 2021 vs H1 2020)

| | France | Central Europe | Scandinavia & Eastern Europe | UK & Ireland | Southern Europe | Latin America | Group |
|---|---|---|---|---|---|---|---|
| vs H1 2020 | +120bps | = | -20bps | +450bps | +240bps | -150bps | +80bps |




Percentage change calculations are based on actual figures.

# D&A stability triggers strong EBIT margin improvement for 2021 and 2022




- ✓ **2019:** Last year of the Berendsen capex program
- ✓ **2020:** Capex decrease in the context of the pandemic
- ✓ **2021:** Capex as a percentage of revenue back to the normative level of c. 18%
- ✓ **2022:** Modest D&A increase expected

# Improvement of all profitability metrics and Headline net income up +36.2%

| (In €m) | H1 2021 | H1 2020[1] | % change |
|---|---|---|---|
| **Revenue** | **1,375.5** | **1,351.7** | **+1.8%** |
| **EBITDA** | **458.7** | **439.9** | **+4.3%** |
| *As a % of revenue* | *33.3%* | *32.5%* | *+80bps* |
| D&A | (327.6) | (329.6) | |
| **EBIT** | **131.1** | **110.3** | **+18.8%** |
| *As a % of revenue* | *9.5%* | *8.2%* | *+140bps* |
| **Current operating income** | **114.7** | **103.6** | **+10.7%** |
| Amortization of intangible assets recognized in a business combination | (39.7) | (46.5) | |
| Non-current operating income and expenses | (3.9) | (37.2) | |
| **Operating income** | **71.1** | **19.9** | **+257.6%** |
| Net financial result | (42.0) | (45.6) | |
| Tax | (12.1) | 4.3 | |
| **Income from continuing operations** | **17.1** | **(21.4)** | **n/a** |
| **Net income** | **17.1** | **(21.4)** | **n/a** |
| **Headline net income** | **67.1** | **49.3** | **+36.2%** |

- The decrease in 2020 linen capex led to a **stabilization of the D&A level**
- Decrease in PPA amortization due to **the end of the Berendsen trademark amortization scheme**
- **H1 2020** number was c. €22mn **of Covid-19 incremental costs** and restructuring costs for c. €12mn
- Group average tax rate benefits from the **French tax reforms** (CVAE & corporate income tax)

Percentage change calculations are based on actual figures.

[1] Previously communicated H1 2020 numbers have been retrospectively restated from the impact of IFRS 3.

# H1 2021 Headline net income calculation

| (In €m) | H1 2021 | H1 2020[1] |
|---|---|---|
| **Net income** | **17.1** | **(21.4)** |
| **Amortization of intangible assets recognized in a business combination[2]** | **31.9** | **36.5** |
| **IFRS 2 expense[2]** | **15.2** | **6.2** |
| **Accelerated amortization of loans issuing costs[2]** | **-** | **0.1** |
| **Breakup costs (refinancing) [2]** | **-** | **0.0** |
| **Non-current operating income and expenses** | **2.9** | **27.9** |
| *o/w litigation provision allowance / (reversal) [2]* | *0.1* | *0.4* |
| *o/w exceptional expense relating to the sanitary crisis[2]* | *-* | *17.1* |
| *o/w restructuring costs[2]* | *2.7* | *8.5* |
| *o/w acquisition-related costs[2]* | *0.5* | *1.6* |
| *o/w other[2]* | *(0.3)* | *0.4* |
| **Headline net income** | **67.1** | **49.3** |

[1] Previously communicated H1 2020 numbers have been retrospectively restated from the impact of IFRS 3.
[2] Net of tax effect.

# Free cash flow after lease payments up +€34.5m yoy

| (In €m) | H1 2021 | H1 2020 |
|---|---|---|
| **EBITDA** | **458.7** | **439.9** |
| Exceptional items and variance of provisions | (7.4) | (32.4) |
| Acquisition and divestment transaction costs | (0.5) | (1.3) |
| Other | (0.7) | (0.6) |
| **Cash flows before net financial costs and tax** | **450.0** | **405.6** |
| Net capex (linen + industrial) | (255.7) | (232.7) |
| Change in working capital | 34.1 | 0.9 |
| Net interest paid (including interest on lease liabilities) | (54.9) | (50.6) |
| Tax paid | (37.7) | (34.0) |
| Lease liability payments - principal | (45.1) | (33.1) |
| **Free cash flow (after lease payments)** | **90.7** | **56.1** |
| Acquisitions of subsidiaries, net of cash acquired | (42.3) | (33.6) |
| Changes arising from obtaining or losing control of subsidiaries or other entities | (3.6) | (3.2) |
| Other cash flows related to financing activities | 3.4 | (5.1) |
| Proceeds from disposal of subsidiaries, net of cash transferred | 0.0 | 0.0 |
| Dividends and distributions paid | - | - |
| Capital increase, treasury shares | 17.5 | (1.5) |
| Other | 12.7 | (2.2) |
| **Net financial debt variance** | **78.4** | **10.5** |
| | **June 30th, 2021** | **December 31st, 2020** |
| **Net financial debt** | **3,202.6** | **3,281.0** |

- **Linen capex up c. €25m** reflecting the implementation of **new Workwear contracts** and the preparation of the **summer season** for flat linen
- **Positive change in WCR** due to very strong focus on cash-ins from clients and tight inventory management
- **Low H1 2020 base** due to deferred rent payments
- **Reserved capital increase for employees** (c. €11m)
- **Net debt reduced by c. €160m over the last 12 months**

# Net debt / EBITDA ratio below expected at c. 3.3x at the end of 2021 and below 3.0x at the end of 2022

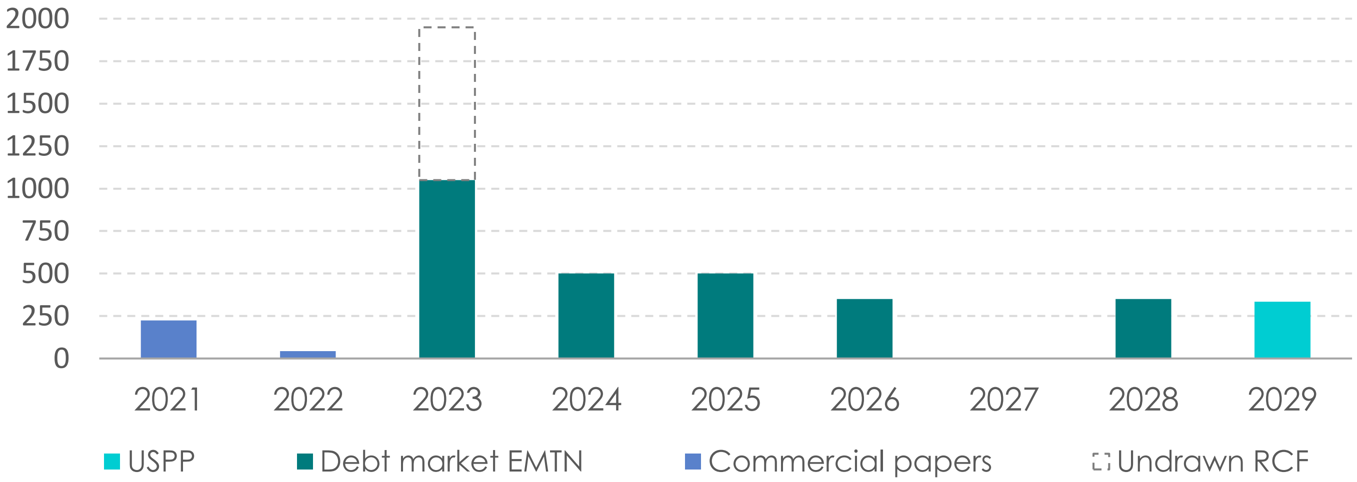
## A well-diversified financing

| *As of June 30, 2021* | |
|---|---|
| **Bond (issued Oct 2019) €500m** | Coupon 1.0%<br>Maturity 2025 |
| **Bond (issued Oct 2019) €350m** | Coupon 1.625%<br>Maturity 2028 |
| **Bond (issued Apr 2019) €500m** | Coupon 1.75%<br>Maturity 2024 |
| **USPP (signed Apr 2019) €334m** | Coupon 2.70%<br>Maturity 2029 |
| **Bond €650m** | Coupon 1.875%<br>Maturity 2023 |
| **Bond €350m** | Coupon 2.875%<br>Maturity 2026 |
| **Convertible bond €378m** | Coupon 0%<br>Maturity 2023 |
| **Commercial paper €267m** | < 1 year |
| **Revolving credit facilities Undrawn €900m** | Maturity 2023 |

## H1 2021 debt highlights

- **Strong cash generation has allowed to decrease the outstanding amount of Commercial paper by €50m**
- **Flexible balance sheet: c. €1.05bn of available liquidity as of June 30, 2021 (c. €150m in cash on the B/S and of €900m undrawn cash)**
- **Net debt / EBITDA ratio of 3.6x as of June 30, 2021 (below both initial covenant level of 3.75x and reset covenant level of 4.50x)**

## Maturity schedule (as of June 30, 2021)



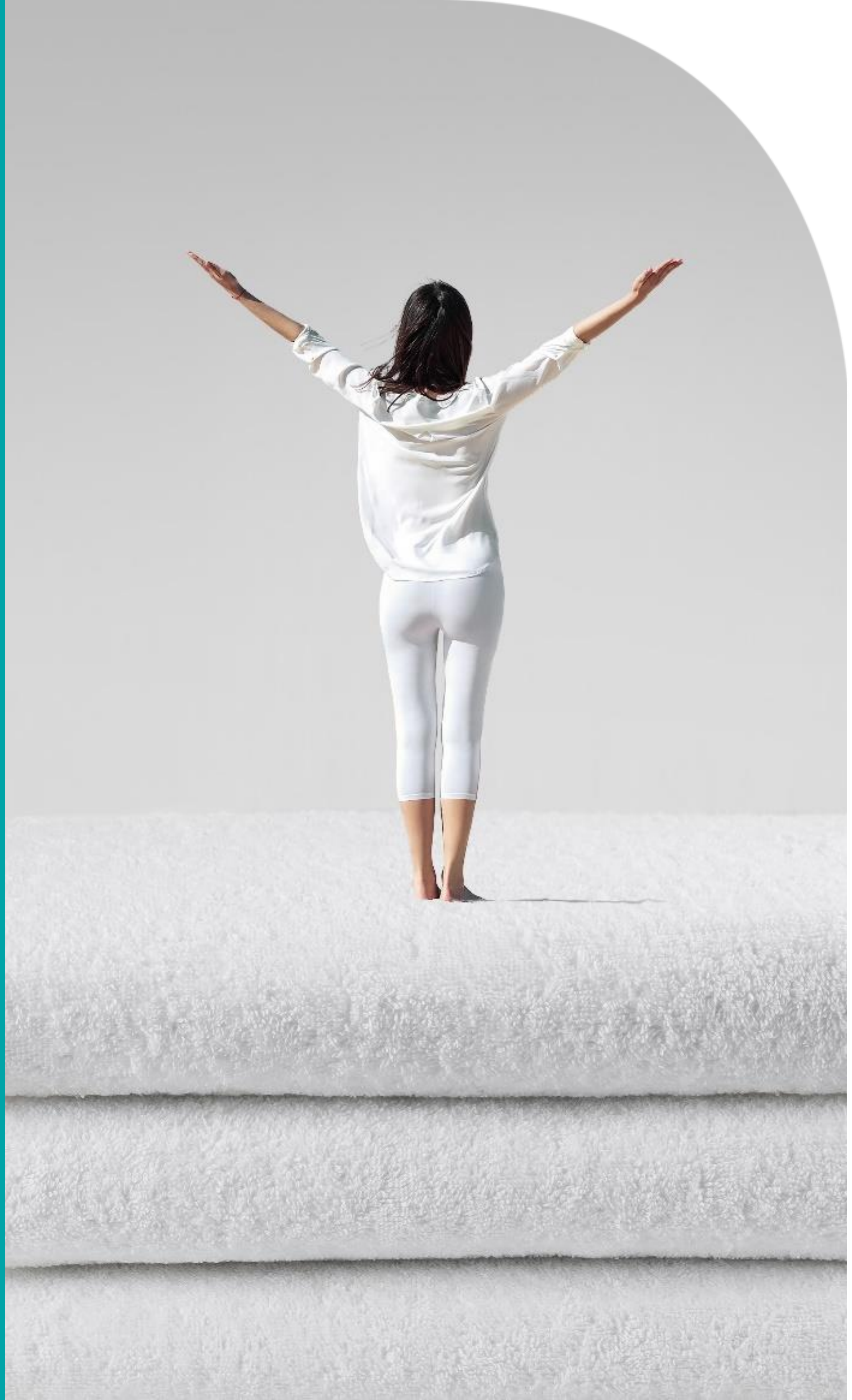
# H1 2021 key financial takeaways

1 Positive organic revenue growth with sharp activity improvement in Q2

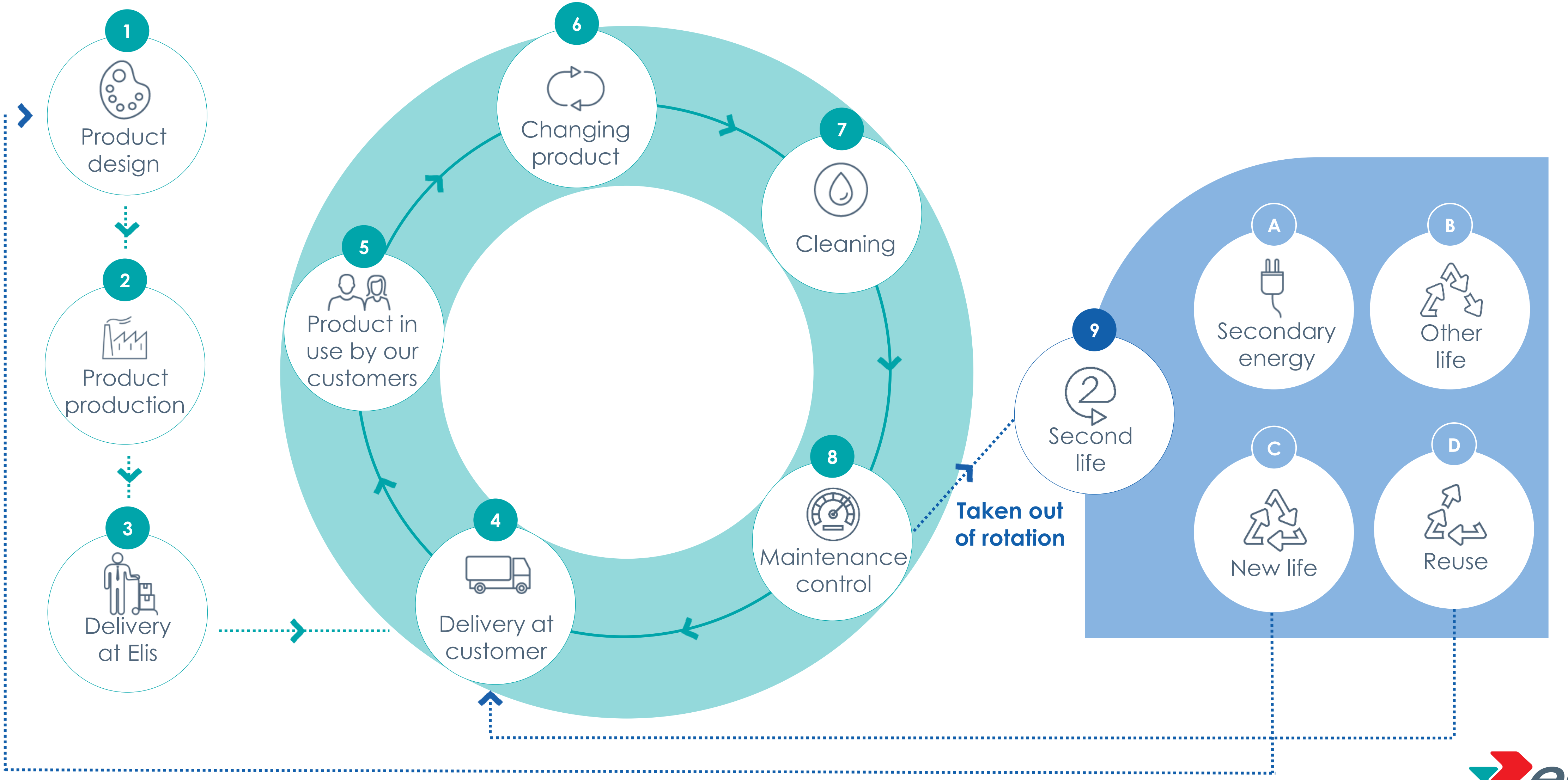
2 EBITDA margin and EBIT margin up +80bps and +140bps respectively, on the back of a lighter cost base, speedy operational adjustments and D&A normalization

3 Improvement of free cash flow generation at €90.7m (+61.5% yoy)

4 €78.4m reduction in net financial debt



# Elis's growth model is a virtuous circle



# Elis's CSR highlights in H1 2021

## First CSR committee

- ✓ CSR Director appointed in March 2021
- ✓ First CSR committee took place in July and first actions have been identified

## Towards carbon neutrality in the UK and in Sweden

- ✓ Both committed to achieve carbon neutrality: By 2045 for Elis UK and by 2035 for Elis Sweden

## Recruitment of the 3rd promotion is ongoing

New deserving students, selected for their exemplary journeys, will receive grants from the Foundation in September 2021

## Ambition 4 climate

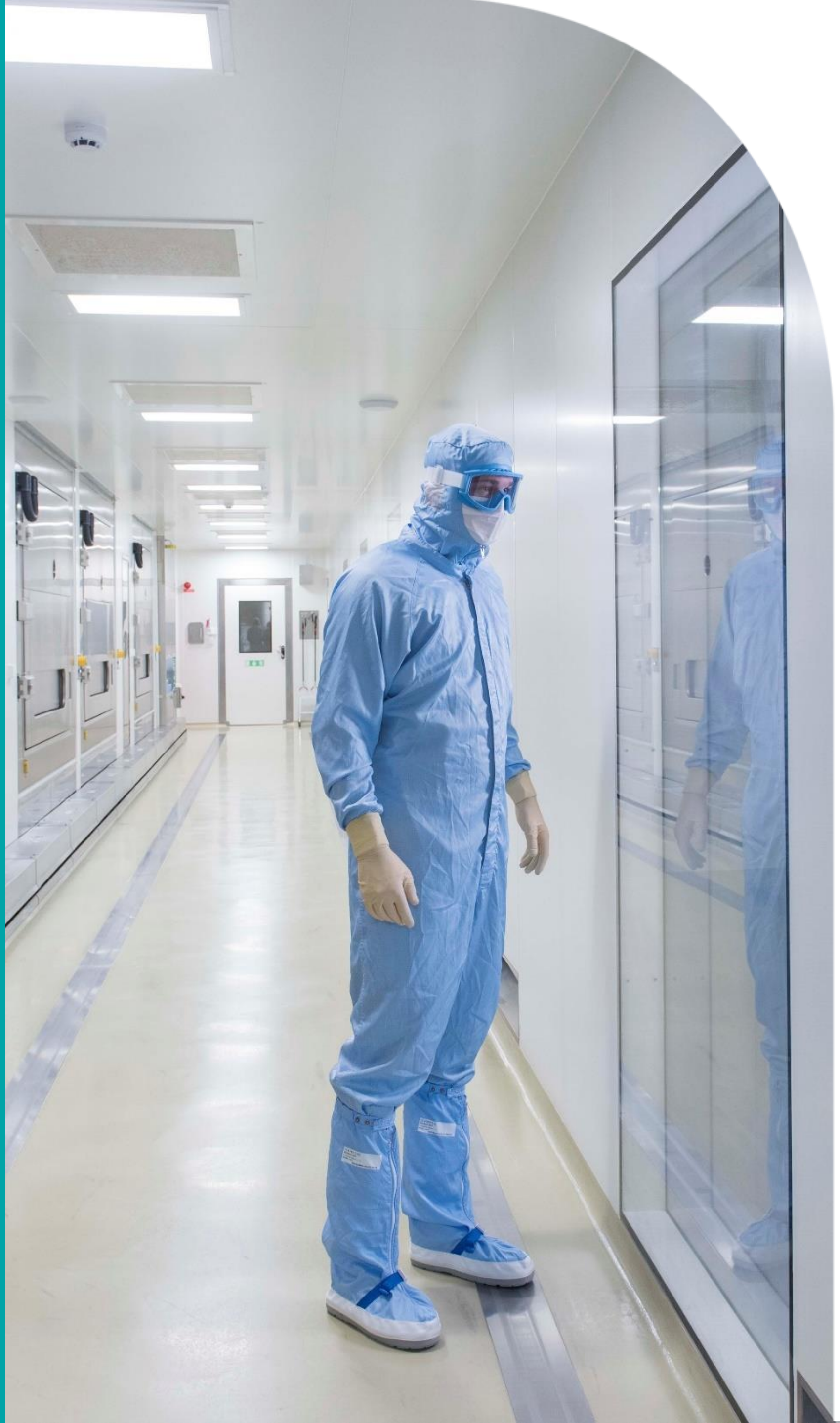
- ✓ Elis joined the *Ambition 4 climate* initiatives in July 2021
- ✓ Movement led by Afep (French Association of Private Enterprises) in view of the COP26

## Acceleration of the transition to alternative vehicles in France

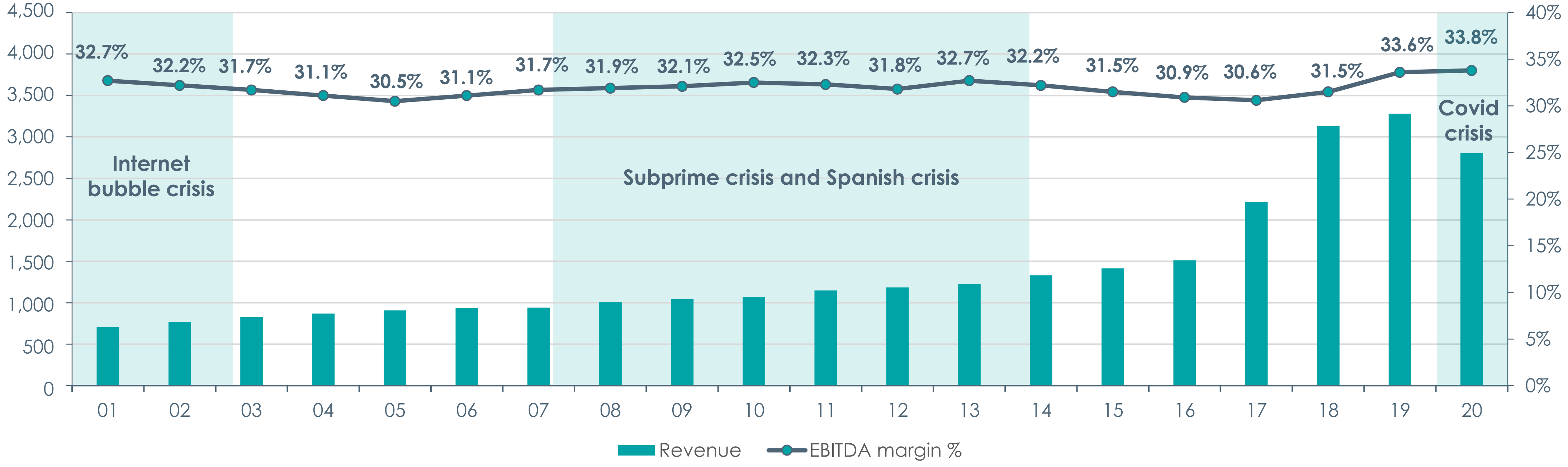
- ✓ Elis will have 70 electric vehicles by the end of 2021 for its commercial
- ✓ Ambitious targets have been set for 2022 and 2023 (200 and 400 respectively)

## Deployment of Elis golden rules

- ✓ Elis' 10 safety golden rules aim at preventing work-related accidents and developing a safety culture
- ✓ 80% of our plants have been sensitized to those rules



# The Group has proven business resilience over the years




- Over the last **20** years, **EBITDA margin** has evolved within a **narrow range**
- Our business offers a **silver lining**: When there is lower revenue growth, **linen capex is lower**, resulting in **higher cash generation**
- **Elis' free cash flow has been steadily improving over the last years:** €154min 2018, €174m in 2019 and €217m in 2020



EBITDA margin numbers from 2019 onwards include the IFRS 16 impact (+210bps impact in 2019).

# FY 2021 organic revenue growth

We now expect full-year 2021 organic growth to be between +5% and +6% (compared to c. +3% as previously communicated)

This assumes that activity in Hospitality will be c. -25% below 2019 level during the 2021 summer season and c. -30% until the end of 2021

Our other underlying assumptions are unchanged and still incorporate the many uncertainties that remain (efficiency of the vaccination campaigns, emergence of new virus variants, rebound in international travel)

# FY 2021 EBITDA and free cash flow

## EBITDA margin

**2021 EBITDA margin should be at c. 34.5%**

thanks to the major efforts to decrease the cost base in H2 2020, the good pricing discipline shown in H1 2021, and Elis' operational excellence in 2021

## Free cash flow generation

**2021 free cash flow after lease payments should be between €200m and €230m**

the main variable being the change in working capital (impact of year-end activity on trade receivables)

## Leverage ratio

**Net debt / EBITDA ratio expected at 3.3x as of Dec. 31, 2021, and below 3.0x as of Dec. 31, 2022**

# Appendix: Restatement of H1 2020 figures

## IFRS 3 “Business combinations”

- IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

| (in €m) | H1 2020 reported | IFRS 3 | H1 2020 restated |
|---|---|---|---|
| **Revenue** | **1,351.7** | **-** | **1,351.7** |
| **EBITDA** | **439.9** | **(0.0)** | **439.9** |
| **EBIT** | **110.3** | **(0.0)** | **110.3** |
| **Current operating income** | **103.6** | **(0.0)** | **103.6** |
| Amortization of intangible assets recognized in a business combination | (46.0) | (0.5) | (46.5) |
| Non-current operating income and expenses | (37.2) | | (37.2) |
| **Operating income** | **20.4** | **(0.5)** | **19.9** |
| Financial result | (45.5) | (0.1) | (45.6) |
| Tax | 4.1 | 0.1 | 4.3 |
| **Income from continuing operations** | **(21.0)** | **(0.4)** | **(21.4)** |
| **Net income** | **(21.0)** | **(0.4)** | **(21.4)** |

# Appendix: Financial definitions

- **Organic growth** in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.

- **EBITDA** is defined as EBIT before depreciation and amortization net of the portion of subsidies transferred to income.

- **EBITDA margin** is defined as EBITDA divided by revenues.

- **EBIT** is defined as net income (or net loss) before financial expense, income tax, share in income of equity-accounted companies, amortization of customer relationships, goodwill impairment, non-current operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments).

- **Free cash flow** is defined as cash EBITDA minus non-cash-items items, minus change in working capital, minus linen purchases and manufacturing capital expenditures, net of proceeds, minus tax paid, minus financial interests' payments and minus lease liabilities payments.

- **The leverage ratio** is a leverage ratio calculated for bank loan covenants: Total net leverage is equal to [Net financial debt, less current accounts held for employee profit-sharing and accrued interest not yet due, plus unamortized debt issuance costs and finance lease liabilities as measured under IAS 17 had the standard had continued to apply] divided by [Pro forma EBITDA of acquisitions finalized during the last 12 months after synergies and excluding the impact of IFRS 16].

These alternative performance measures are meant to facilitate the analysis of Elis' operating trends, financial performance and financial position and allow the provision to investors of additional information that the Managing Board believes to be useful and relevant regarding Elis' results. These alternative performance measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these alternative performance measures should be considered in isolation from, or as a substitute for, the Group's consolidated financial statements and related notes prepared in accordance with IFRS.

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