2019 half-year results

July 24, 2019

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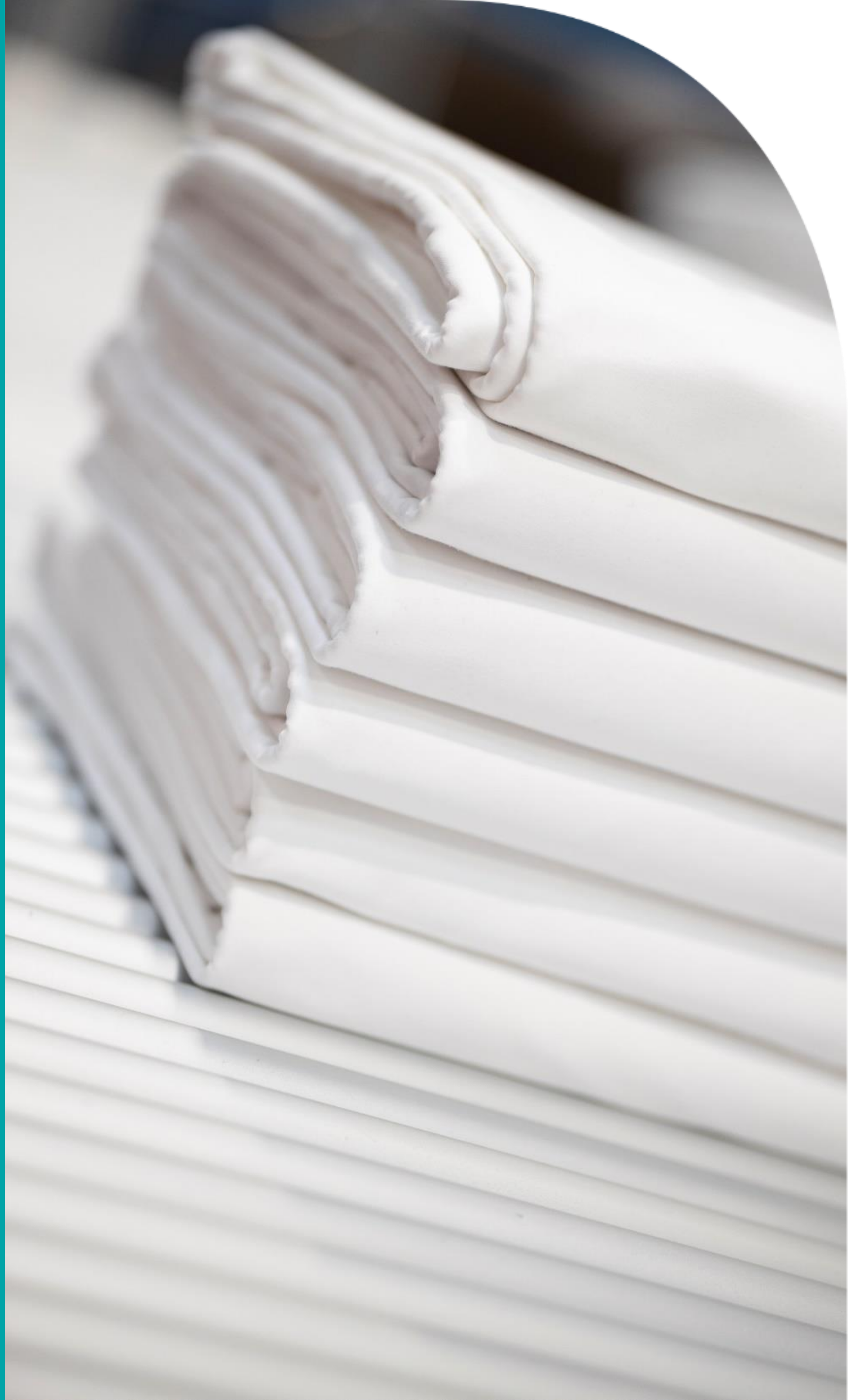


H1 2019 business highlights

H1 2019 highlights:
Very satisfactory results; successful control of cost inflation

Financial performance in line with our budget

- Revenue of €1,603.7mn, +5.1% at constant FX rates
- Organic growth of +3.0% with a strong Q2 (+3.5%)
- EBITDA margin slightly down (-20bps*), in line with phasing
- Headline net result of €103.7mn, up +8.1%*
- Free cash flow lower than H1 2018 due to base effect but improvement expected for the full-year

Strong commercial momentum and positive outcome of price negotiations

- Very good activity in France, Southern Europe, Latin America and Scandinavia & Eastern Europe
- Positive outcome of price negotiations, confirming Elis' ability to pass on inflation
- Further operational improvement in the UK but negative product mix effect in the region

Ongoing finalization of Berendsen's capex plan along with achievement of synergies

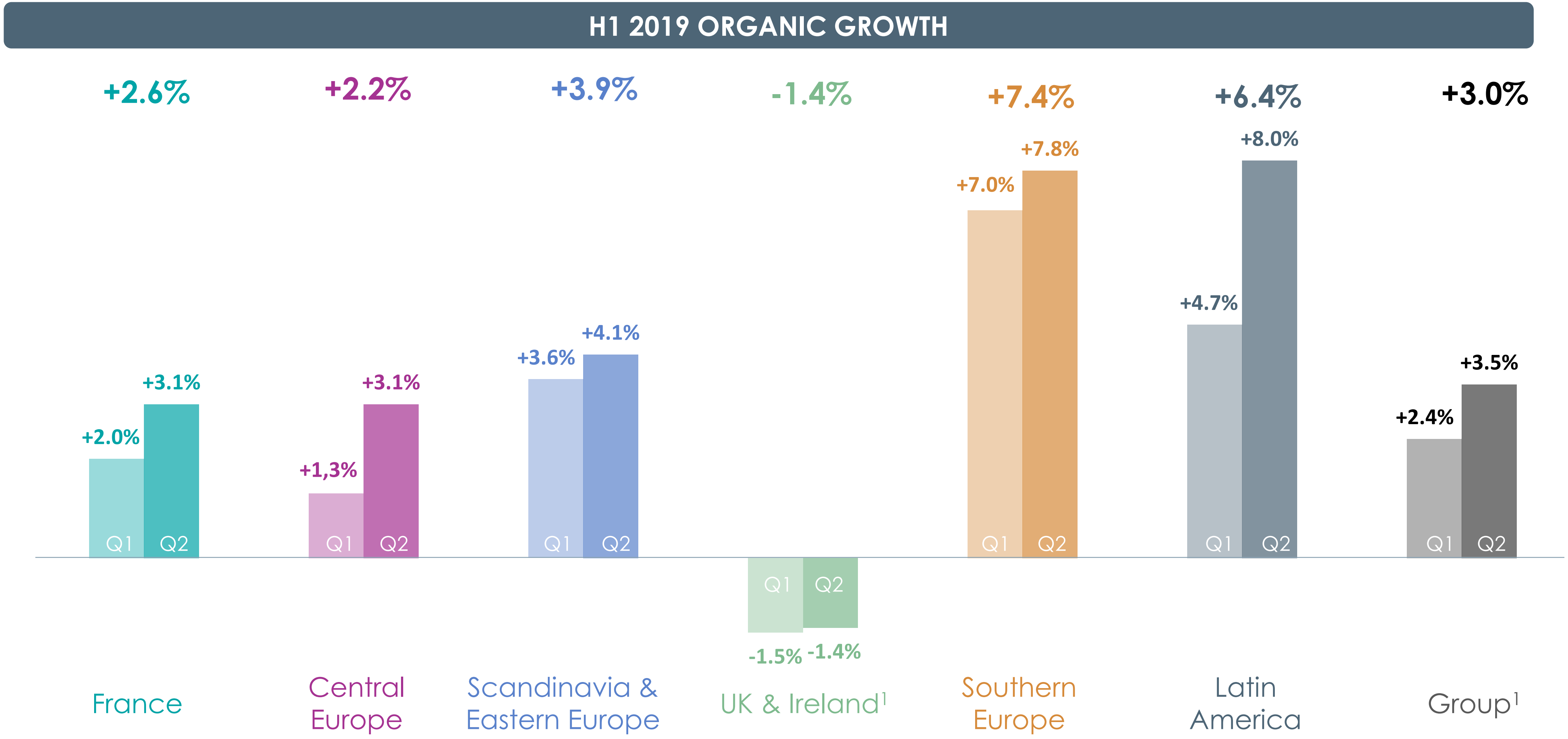
- Roll-out of capex program in line with our schedule
- Integration plan in line with phasing target of €70mn cumulated synergies in FY2019

Further debt refinancing, paving the way for 2020 free cash flow improvement

- Issuance of 5-year bond at 1.75% and 10-year USPP at 2.7% in April 2019
- Maturities extended and better spread
- Decrease in average cost of debt

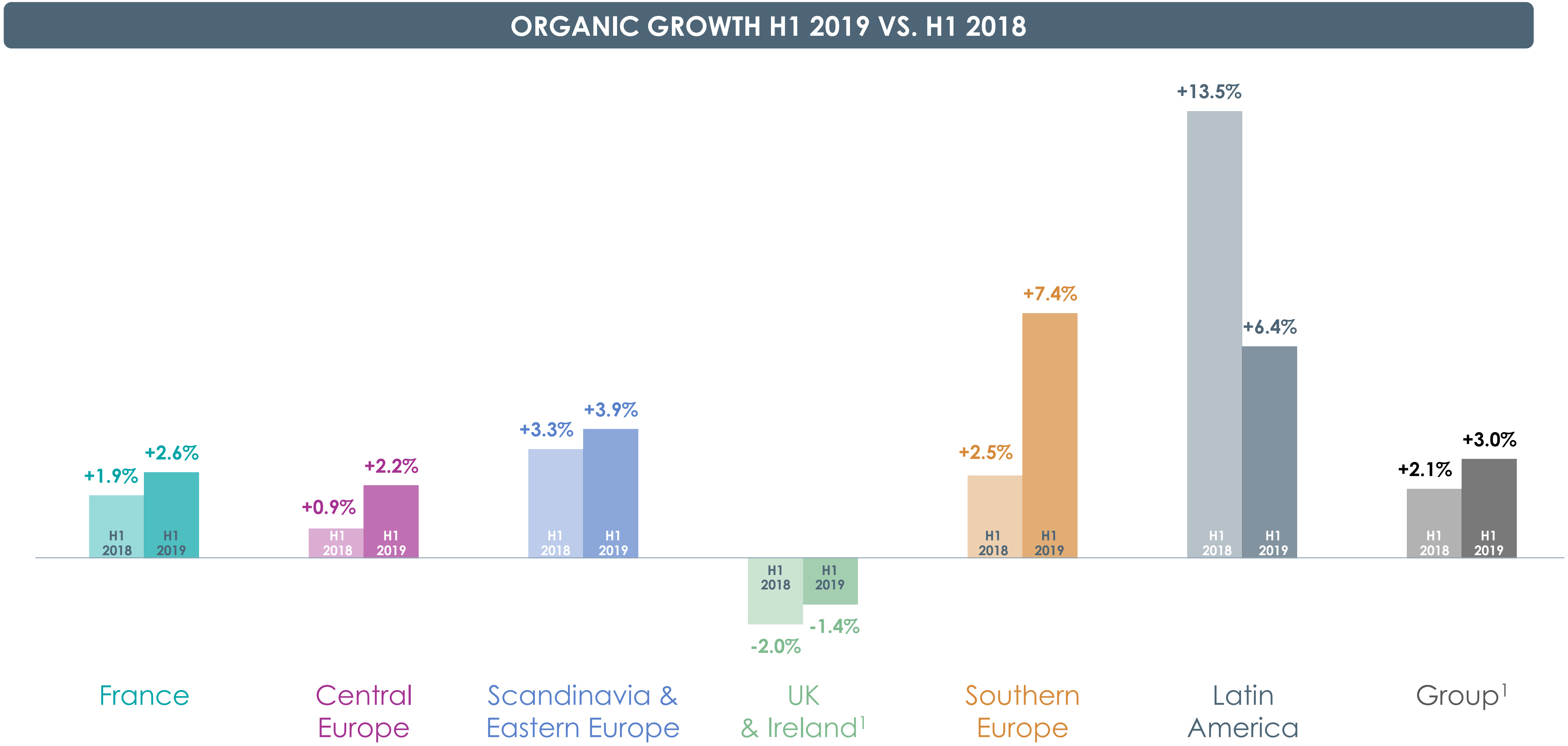
* Frozen GAAP (i.e. excluding IFRS 16 impact)

Strong organic momentum driven by good activity and price increases, with calendar effect impacting the Q1/Q2 sequence



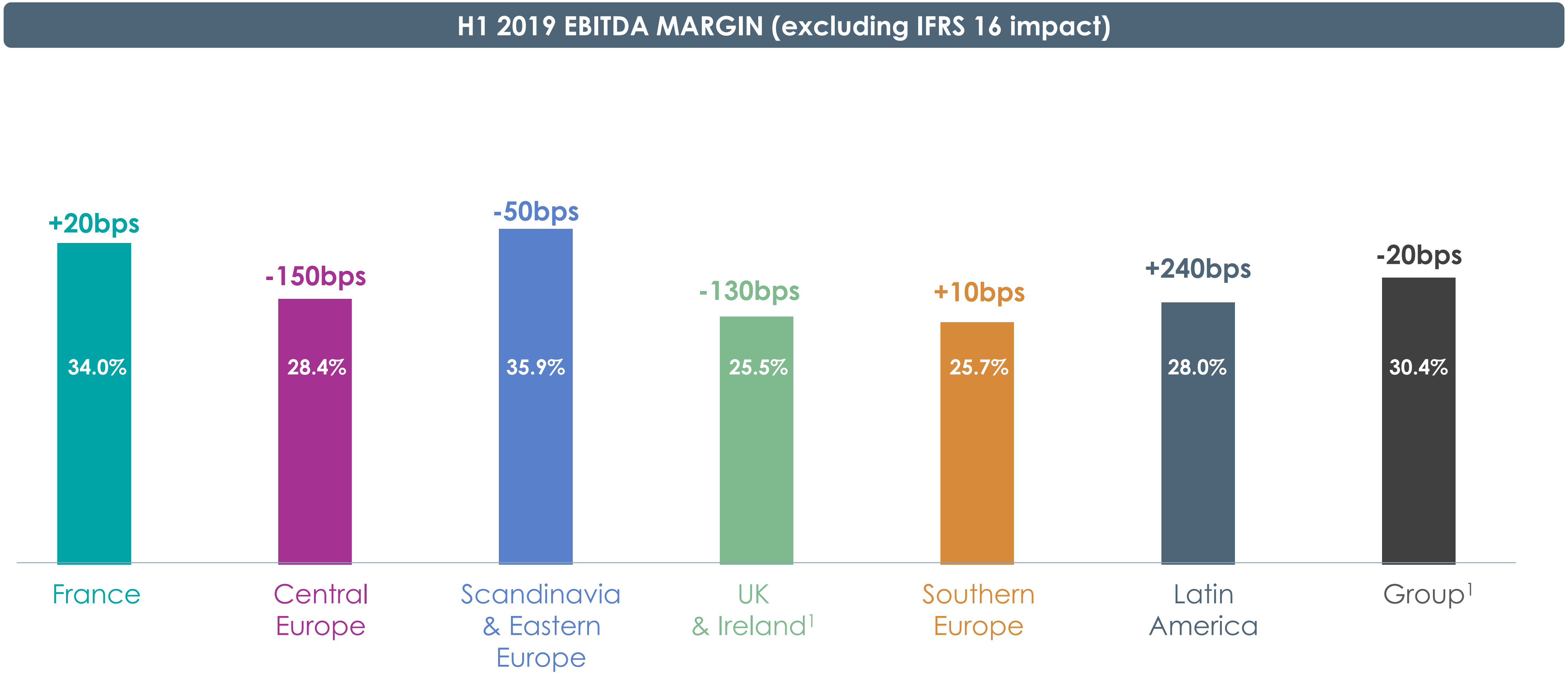
[1] Excluding the Clinical Solutions activity for 2019 and 2018 (UK & Ireland only)

Price increases drive year-on-year organic acceleration in most geographies



[1] *Excluding the Clinical Solutions activity for 2019 and 2018 (UK & Ireland only)*

H1 2019 margins under control despite inflation headwinds



[1] *Excluding the Clinical Solutions activity for 2018 and 2017 (UK & Ireland only)*

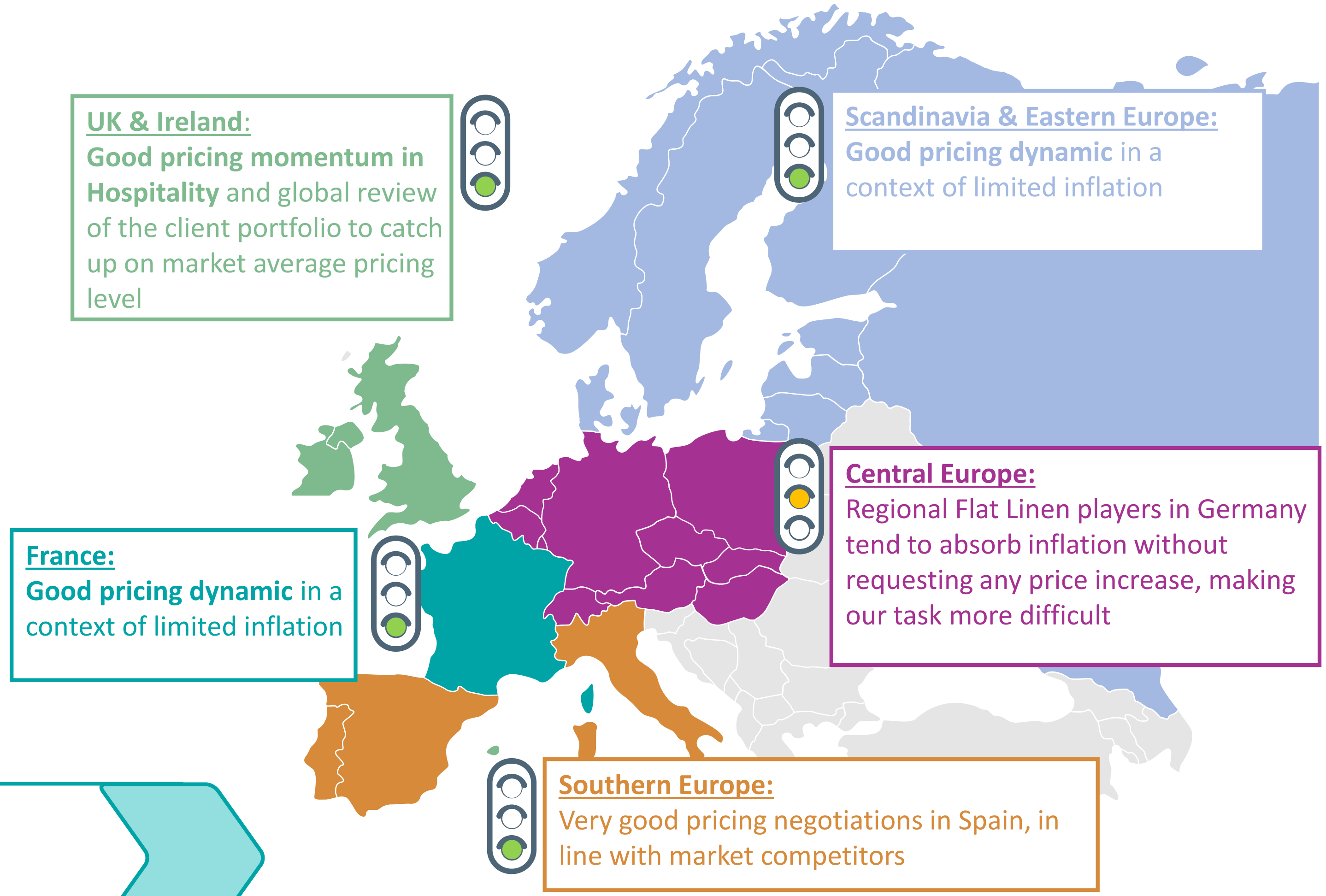
Elis confirms its ability to pass on inflation

Elis market position led to positive pricing negotiations in H1

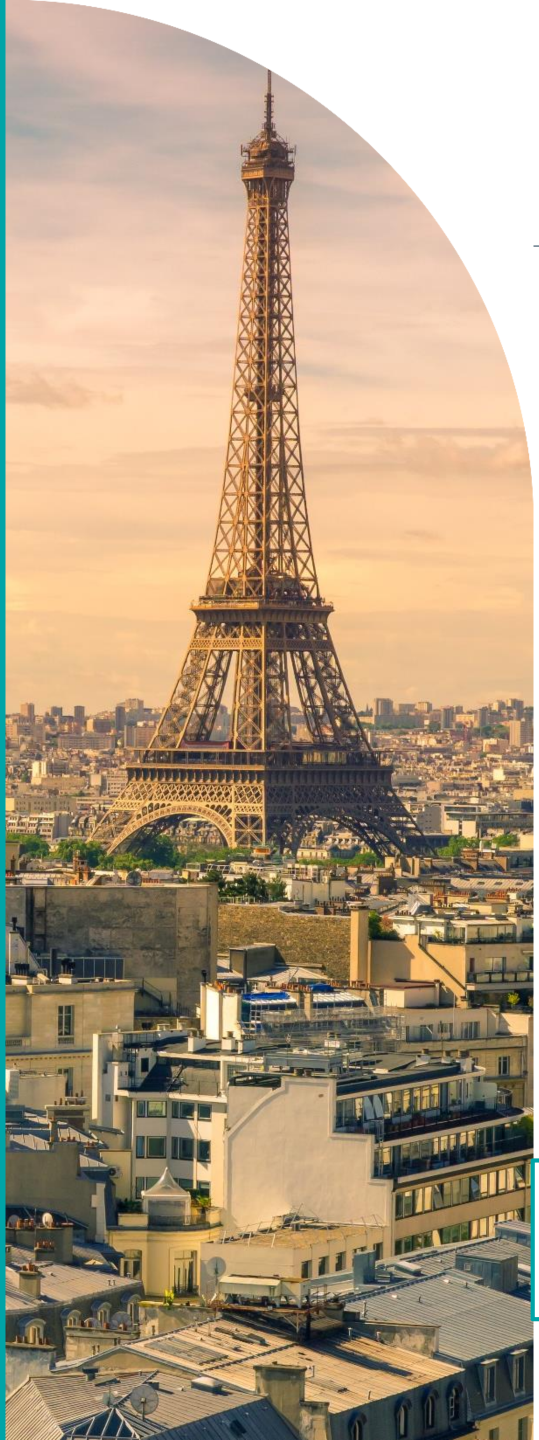
- **Strong market share** and good **commercial relationships** with customers have been key factors for **successful pricing negotiations**
- **Positive outcome** in the vast majority of countries, with the exception of Germany

Mechanical lag effect, as expected

- **Inflation of our cost base materialized at the very beginning of 2019** in most countries
- Our **commercial negotiations** took place throughout Q1 with immediate or delayed implementation, resulting in a **lag effect impacting H1 margins**



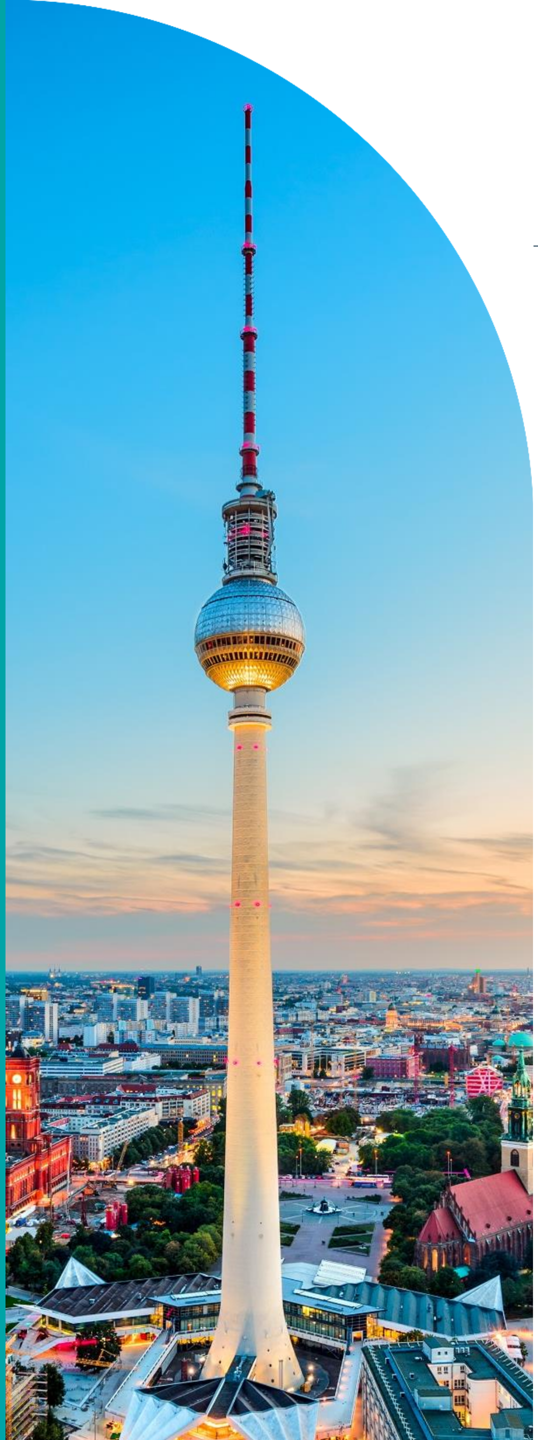
Overall, satisfactory ramp-up of price increases, in line with our budget



France: Strong commercial and operational performance

- Good performance in all end-markets
- Very limited impact from the Yellow Vest movement
- Minor cost inflation
- Rational competitive landscape
- Continued productivity gains

⇒ Continued topline dynamism driven by both organic developments and pricing improvement
⇒ Margins slightly up on the back of productivity improvements



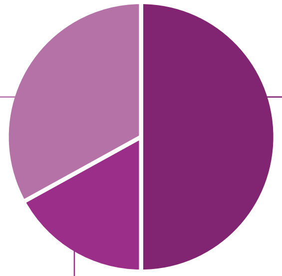
Central Europe: Germany remains difficult with wage inflation being an issue

Workwear

- **Big market, quite consolidated**
- **Good commercial momentum for Elis** which reinforced its sales team to boost growth
- **High** and **stable margins**
- Strong upside in the **clean room activity**

Hospitality

- **Fragmented market** with **low prices**
- **No specific commercial focus** on this activity



Healthcare

- **Growing nursing home market** due to population ageing
- Elis is market n°1 and gradually consolidating this highly fragmented market
- Portfolio cleaning with **strong focus on price**

MANY CHALLENGES REMAIN

- Low unemployment rate in the country leading to significant **wage inflation**
- **Shortage of management & mid-management skills**
- **The numerous recent acquisitions in the country require a strong integration focus**
- **Small competitors with lighter overhead structure** generally absorb inflation, making it difficult for Elis to seek price increases

ELIS ANSWER

- Launch of a **major HR plan**
- **Reinforcement of central teams** in Germany
- **Consolidation of the market**

Scandinavia and Eastern Europe: Good operational performance

VERY GOOD OVERALL TOPLINE PERFORMANCE

- **Excellent organic momentum in most countries**: Sweden (c. +5%), Norway (c. +18%), Baltic States (c. +16%), Finland (c. +6%)
- **Denmark flat** due to one contract loss

FOCUS ON SALES & MARKETING TO GROW FURTHER

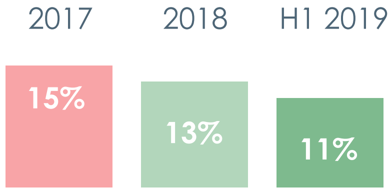
- **Reinforcement of the marketing and commercial teams** to push long-term growth in high-margin countries
- **Successful implementation of Elis' multiservice approach** in Norway

⇒ **Continued topline dynamism mostly driven by commercial development**
⇒ **Focus on growth in this very profitable region**
⇒ **Slightly negative mix effect with lower-margin countries growing faster**

UK: Further improvement in commercial KPIs in both Workwear and Hospitality

WORKWEAR

SEQUENTIAL REDUCTION IN CHURN RATE



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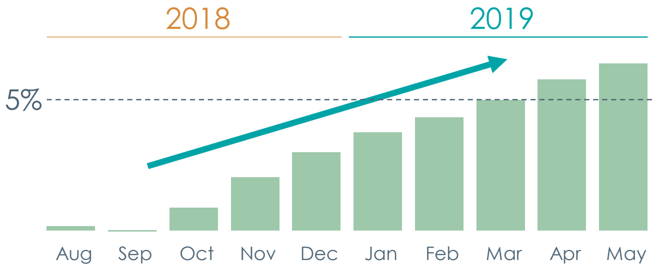
Carry-over effect of 2018 contract losses with an impact on organic growth

Loss of a material retail contract due to the closing of this client's activity

HOSPITALITY

GOOD PRICE INCREASE RAMP-UP



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Lag effect between cost inflation and implementation of price increases

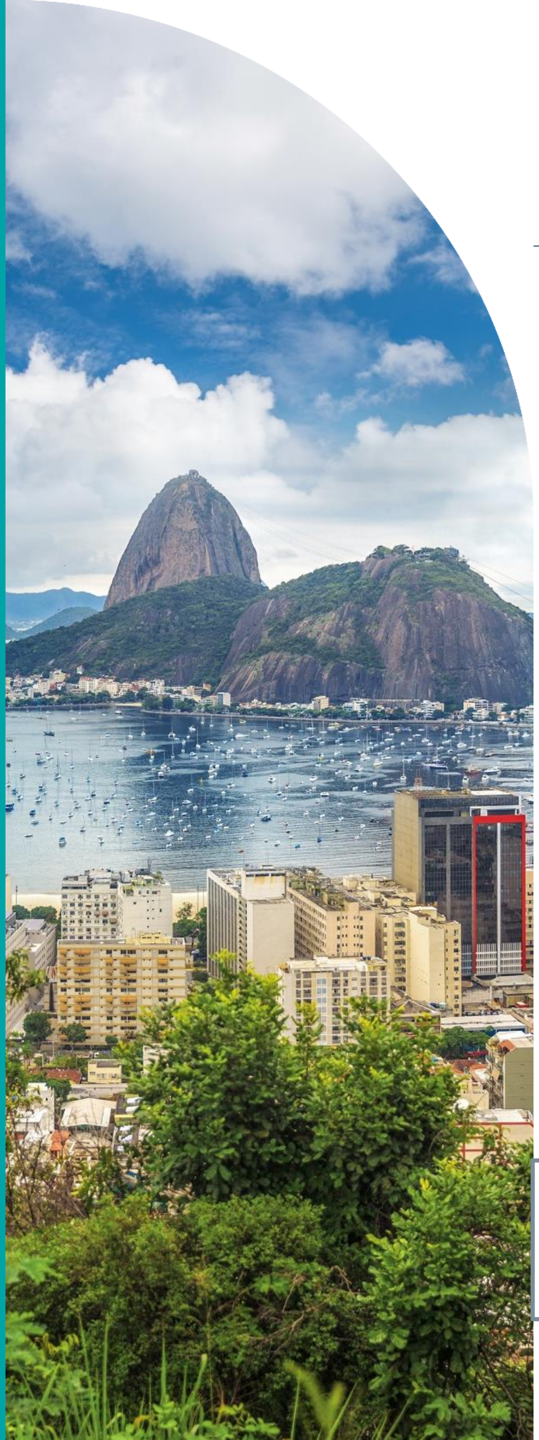
Some client losses due to pricing discipline

In H1, pricing improvement in Hospitality could not entirely offset contract losses in Workwear
⇒ Slight organic decline with negative mix effect, impacting H1 2019 margins

Southern Europe: Successful pricing negotiations and commercial dynamism

- Successful pricing negotiations in Spain in an unusually high wage inflation environment
- Elis leveraged its strong market positioning to clinch good negotiation outcomes
- Rebound of the Hospitality business in Catalonia after subdued activity in 2018
- Indusal integration in now finalized
- Marked outsourcing trend in Workwear in Spain with double-digit organic growth in H1
- Portugal continues to deliver double-digit organic growth along with profitability improvement

⇒ Continued topline dynamism driven by both organic developments and pricing improvement
⇒ Strong margin improvement on the back of productivity improvements



Latin America: Very good operational momentum with strong growth prospects

- Commercial momentum remains very good in Brazil with strong growth in outsourcing
- Political and economical environment somewhat stabilized in Brazil after several years of instability
- Some tests on small clients successfully run in Sao Paulo
- Lavebras integration now finalized and further productivity gains across the board
- Brazil EBITDA margin to reach 30% by the end of the year
- Chile and Colombia remain small contributors but are well-oriented
- No major inflation issue in the region

⇒ Continued topline dynamism driven by outsourcing
⇒ Strong margin improvement on the back of productivity gains

Elis continued its targeted acquisition strategy with 5 bolt-on acquisitions closed in H1 2019

2018 DEALS ANNOUNCEMENTS UPDATE

KINGS LAUNDRY — **July 2018** — Hospitality

- 2017 revenue: €31mn
- Irish anti-trust cleared the acquisition with a condition for Elis to divest some healthcare contracts
- Closing expected by the end of 2019

Clinical Solutions — **July 2018** — Healthcare

- Divestment of the Single Use/Medical Consumables activity announced in July 2019 (closing date estimated in Q3 2019)
- The Decontamination and Sterilization Services division still remains to be divested
- Rationale: No synergies were identified with Elis core business

Carpeting ENTRÉMATTOR — **March 2019** — Mats

2018 revenue: €3.5mn

January 2019 — Hospitality / Public sector

2017 revenue: €8mn

Lloguer textil — **January 2019** — Hospitality

2018 revenue: €3mn

Curantex TEXTILE SERVICE-SYSTEME AUS ERKELENZ — **January 2019** — Healthcare

2017 revenue: €14mn

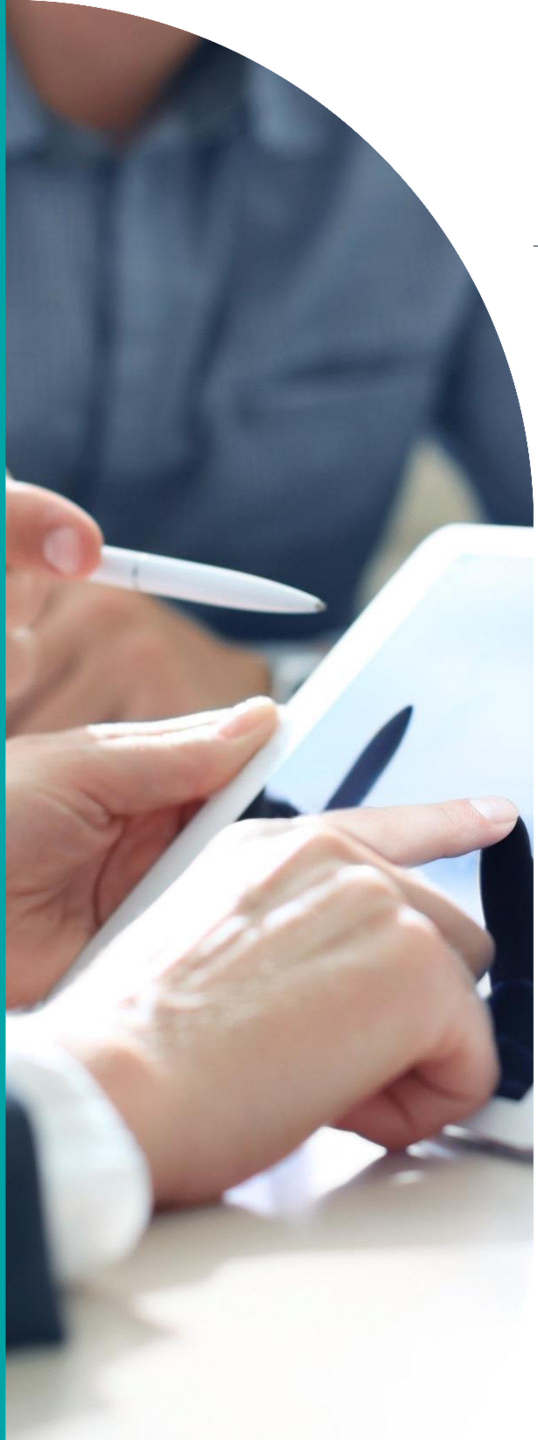
Metropolitana Lavandería Metropolitana — **January 2019** — Hospitality / Healthcare / Industry

2017 revenue: €4mn

H1 2019 M&A impact: +2.1%

Embedded M&A impact of +1.7% for the full-year 2019 (taking into account all the closed deals as of 24th July)

H1 2019 financial performance



Preliminary comments (1/2)

IFRS 3: Restatement of 2018 figures

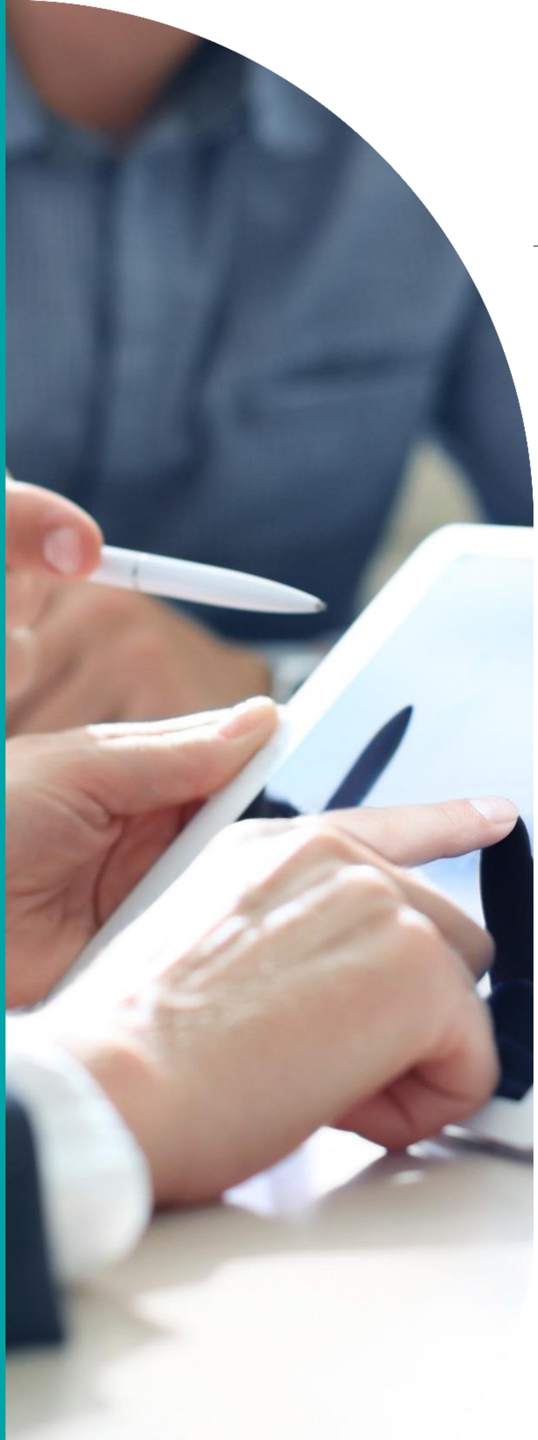
- The table below presents the adjustments linked to previous business combinations (mainly Berendsen) compared to the previously-published income statement as of 30 June 2018:

	H1 2018 REPORTED	IFRS 3	H1 2018 RESTATED
Revenue	**1,533.9**	-	**1,533.9**
EBITDA	**469.1**	-	**469.1**
EBIT	**192.9**	(1.3)	**191.6**
Current operating income	**182.5**	(1.3)	**181.2**
Amortization of intangible assets recognized in a business combination	(30.9)	(29.9)	(60.9)
Non current operating income and expenses	(41.6)	-	(41.6)
Operating income	**110.0**	(31.2)	**78.8**
Financial result	(58.2)	-	(58.2)
Tax	(23.4)	6.8	(16.6)
Net result continuing operations	**28.4**	(24.4)	**4.0**
Consolidated net result	**27.5**	(24.4)	**3.1**

- There is no cash flow impact

2018 & 2019 figures exclude Clinical Solutions

- In H1 2018, the Group initiated a divestment process for its Clinical Solutions activity (based in the UK only) of which one the two divisions was sold in July 2019
- The figures presented in this presentation exclude the entire activity of Clinical Solutions in 2019 and 2018, which has been reclassified as discontinuing



Preliminary comments (2/2)

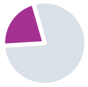
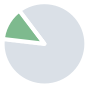
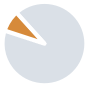
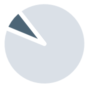
IFRS 16: Leases (effective 1st January 2019)

- Principle: Lease expense is now considered as amortization and financial expense (previously above EBITDA)
- The application of IFRS 16 standards has an impact on several Group aggregates, as shown in the table below:

(in €mn)	H1 2019
EBIT	**1.9**
Depreciation and amortization including portion of grants transferred to income	(30.4)
EBITDA	**32.2**
Financial result	**(4.6)**
Net result	**(2.0)**

- Other impacts:
  - On Financial debt: €(22.9)mn reclassified to « Lease liabilities » in a separate line of the balance sheet.
  - Cash impact: Lease payments are now included in financing activities and no longer in free cash flow
  - Covenant: No impact (frozen GAAP)

Very dynamic group organic growth in H1 2019 at +3.0% EBITDA margin slightly down -20bps (excluding IFRS 16 impact)

	Revenue %			
France	33%		• Good activity in all segments and positive pricing dynamics; Limited impact from the Yellow Vests movement • Productivity gains	**Organic growth: +2.6%** **EBITDA margin: 34.0% (+20bps)***
Central Europe	22%		• Good momentum in the Netherlands and in Poland, some signs of activity contraction in Germany and some weakness in Switzerland • Wage inflation and difficulties to implement price increase in a highly fragmented German market	**Organic growth: +2.2%** **EBITDA margin: 28.4% (-150bps)***
Scandinavia & Eastern Europe	16%		• Very good commercial momentum with some countries delivering double-digit organic growth • Product mix evolution and country mix have a slightly dilutive impact on margin • Reinforcement of certain local sales & marketing teams to sustain the growth of these very profitable markets	**Organic growth: +3.9%** **EBITDA margin: 35.9% (-50bps)***
UK & Ireland	12%		• Material commercial improvements in Hospitality (higher pricing) and Workwear (lower churn) more than offset by carry-over impact of 2018 Workwear contract losses • Negative product mix evolution (Workwear being more profitable than Hospitality) and lag effect of price increase in Hospitality	**Organic growth: -1.4%** **EBITDA margin: 25.5% (-130bps)***
Southern Europe	9%		• Successful price negotiations in Spain, rebound in Hospitality in Catalonia and marked outsourcing trend in Workwear; Double-digit organic revenue growth in Portugal • Productivity improvements	**Organic growth: +7.4%** **EBITDA margin: 25.7% (+10bps)***
Latin America	8%		• Very good commercial momentum with strong growth in outsourcing • Strong profitability improvement mainly attributable to operational enhancement	**Organic growth: +6.4%** **EBITDA margin: 28.0% (+240bps)***

** Frozen GAAP (i.e. excluding IFRS 16 impact)*

Headline net result up +8.1% (excluding IFRS 16 impact)

(In €mn)	H1 2019	OF WHICH IFRS 16	H1 2018 RESTATED	% change
Revenue	**1,603.7**	**-**	**1,533.9**	**+4.5%**
EBITDA	**519.0**	**+32.2**	**469.1**	**+10.6%**
As a % of revenue	*32.4%*	*+200bps*	*30.6%*	*+180bps*
EBIT	**205.5**	**+1.9**	**191.6**	**+7.3%**
As a % of revenue	*12.8%*	*+10bps*	*12.5%*	*+30bps*
Current operating income	**200.1**	-	**181.2**	**+10.4%**
Amortization of intangible assets recognized in a business combination	(42.1)	-	(60.9)	
Non current operating income and expenses	0.3	-	(41.6)	
Operating income	**158.3**	-	**78.8**	**+100.9%**
Financial result	(73.4)	(4.6)	(58.2)	
Tax	(24.7)	+0.8	(16.6)	
Net result continuing operations	**60.3**	**(2.0)**	**4.0**	**n/a**
Consolidated net result	**61.3**	**(2.0)**	**3.1**	**n/a**
Headline net result	**101.7**	**(2.0)**	**95.9**	**+6.1%**
Headline net result excluding IFRS 16	**103.7**	**-**	**95.9**	**+8.1%**

- Mainly acquisition-related costs (c. €3mn) and restructuring costs (c. €7mn) offset by the reversal of litigation provisions (mainly in the UK) for a total of c. €11mn

- Increase due to:
  - **c. €9mn related to non-recurring EMTN refinancing costs** (break-up fees and accelerated amortization of issuance cost)
  - **c. €5mn** of **Interests expenses on leases** due to IFRS 16
  - **c. €7mn** due to **change in fair value of interest rate swaps** due to the decrease of interest rates

H1 2019 headline net result calculation

(In €mn)	H1 2019	H1 2018 RESTATED
Net result continuing operations	**60.3**	**4.0**
Amortization of intangible assets recognized in a business combination*	***33.9***	***44.4***
IFRS 2 expense*	***4.4***	***8.4***
Accelerated amortization of loan costs*	***1.3***	***2.6***
Breakup costs (refinancing)*	***4.7***	**-**
Non current operating income and expenses*	***(2.9)***	***36.5***
o/w litigation provisions reversal	*(10.8)*	-
*o/w Berendsen restructuring costs**	3.3	8.6
*o/w other restructuring costs**	2.0	3.3
*o/w acquisition-related costs**	2.2	22.5
*o/w other**	0.3	2.1
Headline net result	**101.7**	**95.9**
IFRS 16 impact on H1 2019 net result	2.0	-
Headline net result excluding IFRS 16	**103.7**	**95.9**

** Net of tax effect*

H1 2019 financial charges (cash & non-cash)

(In €mn)	P&L
Financial debt interests	**(46.4)**
Leasing debt interests	(4.6)
Break-up fees	(6.0)
Notional interests (OCEANE)	(4.4)
Amortization of issuing costs	(9.3)
Recurring fees	(2.4)
Other	(0.2)
P&L charge	**(73.4)**

(In €mn)	Cash-flow
Financial debt interests (cash)	**(46.4)**
Leasing debt interests	(4.6)
Break-up fees	(6.0)
Interest rate swaps & other	(6.3)
Cash outflow	**(63.4)**

- Average cost of debt slightly below 2%

H1 2019 cash-flow statement

(In €mn)	H1 2019	H1 2018
EBITDA	**519.0**	**469.1**
Exceptional items	(9.1)	(23.2)
Acquisition-related costs	(2.7)	(2.0)
Variance of provisions	1.4	(3.7)
Cash-flow before net financial costs and tax	**508.6**	**440.2**
Net capex (linen + industrial)	(329.5)	(294.1)
Change in working capital	(53.2)	(57.1)
Cost of debt	(63.4)	(30.3)
Tax paid	(46.5)	(26.1)
Free cash-flow	**16.0**	**32.6**
Lease payments (IFRS 16)	(35.5)	-
Acquisitions of subsidiaries and other related items	(77.3)	(93.0)
Dividends, equity increase and treasury shares	(80.9)	(80.5)
Other items	6.0	12.1
Net debt variance	**(171.7)**	**(128.8)**

- **Exceptional items** mostly correspond to the implementation costs of Berendsen synergies
- **Capex to sales ratio of 20.1%** (taking into account Clinical Solutions revenue)
- EMTN coupon paid from H2 2018; H1 2019 number also include break-up fees for €6mn and new leases for c. 6mn
- In line with the full-year target of c. €90mn
- Previously accounted for in operational cash flow

Recent refinancing has lowered average cost of debt and further extended maturities

A WELL-DIVERSIFIED FINANCING as of June 30, 2019

USPP: €335mn	Coupon: 2.70% Maturity 2029
BOND: €650mn	Coupon: 1.875% Maturity 2023
BOND: €500mn	Coupon: 1.75% Maturity 2024
BOND: €350mn	Coupon: 2.875% Maturity 2026
CONVERTIBLE BOND: €360mn	Coupon: 0% Maturity 2023
COMMERCIAL PAPERS: €453mn	Maturity < 1year
SCHULDSCHEIN: €75mn	Maturity 2020 - 2024
TERM LOAN: €850mn	Maturity 2022
REVOLVING: €20mn + undrawn €880mn	Maturity 2022 (€500mn) Maturity 2023 (€400mn)
OTHER: €68mn	N/A

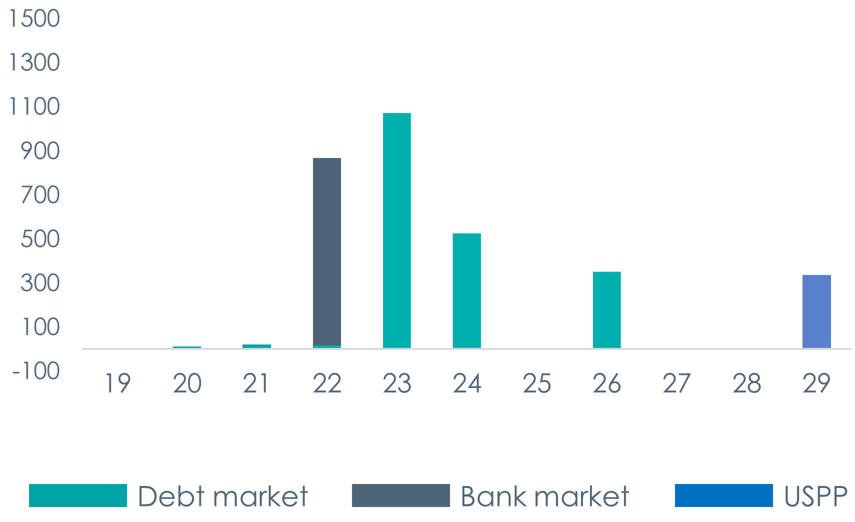
As of 30 June 2019:

- Adjusted net debt to EBITDA ratio of **3.48x**
- Average cost of debt c. **1.8%** before hedging cost
- Average maturity of debt c. **4 years**

Latest ratings:

- Fitch's: **BB, stable**
- Moody's: **Ba2, positive**
- S&P: **BB+, stable**
- DBRS: **BBB low, stable**

EXTENDED MATURITIES



OUR DEBT POLICY

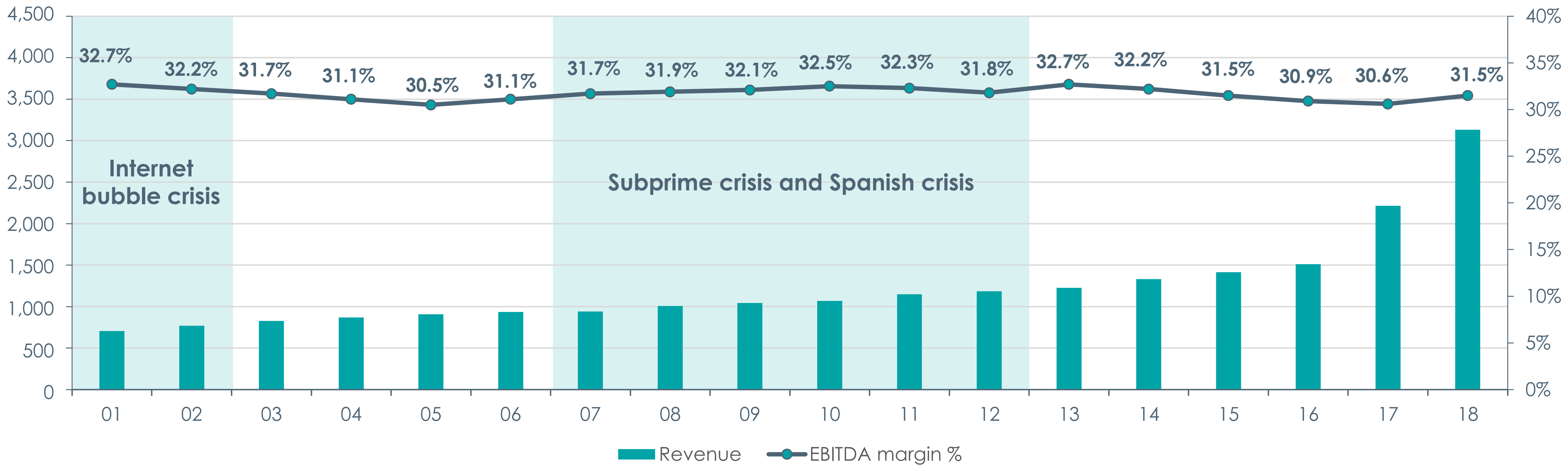
- **A well-diversified debt structure policy**
- **Balance sheet efficiency**
- **Continuous search for refinancing opportunities**

Key financial takeaways

1. Good topline momentum, underpinning Elis' ability to negotiate price increases in a high-inflation environment
2. Good control of EBITDA margin and EBIT margin improvement
3. Headline net result up +8%
4. Improved debt profile: Extended maturities and average cost slightly below 2%

Strategy & Outlook

Elis: Proven business resilience over the years



- Over the last 18 years, Group revenue has posted **continuous organic growth** and **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**

- Diversified **client base**: Top 10 clients < 10% of revenue
- Diversified **end-markets**: Healthcare and Hospitality account for more than 50% of Group revenue and are highly resilient
- Diversified **geographical mix**: Balanced presence across Western Europe, Scandinavia and Latin America

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

EBITDA margin below 25%	Revenue (in €mn)
Italy	30
Chile	20
Colombia	10

EBITDA margin 25%-30%	Revenue (in €mn)
Germany / Austria	370
UK	350
Brazil	220
Spain	190
Switzerland	100
Ireland	50
Belux	40
Baltics & Russia	20

EBITDA margin 30%-35%	Revenue (in €mn)
Norway	60
Portugal	50

EBITDA margin >35%	Revenue (in €mn)
France	1,030
Sweden / Finland	220
Denmark	190
The Netherlands	120
Poland	50
Czech Republic / Slovakia / Hungary	10

Note:
2018 revenue actual figures (rounded)
UK excluding Clinical Solutions activity
Frozen GAAP (i.e. excluding IFRS 16 impact)

Market share gains, transfer of best practices and footprint enhancement are the main drivers for margin improvement

2019 outlook confirmed

1. Full-year Group organic growth of c. +3%
2. 2019 EBITDA margin between 31.2% and 31.6%
3. Capex to sales ratio of c. 20% in 2019 (last year of Berendsen capex plan), back to c. 18% in 2020
4. Net debt / EBITDA ratio at 3.3x as of 31 December 2019

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