

## Update concerning the impact of the Covid-19 sanitary crisis on Elis' activities

**Saint-Cloud, March 17, 2020**

The spread of the Covid-19 epidemic in Europe and the various confinement measures that have been enforced are increasingly impacting Elis' business in most its countries.

In France and in Spain, the activity of our hospitality clients has nearly stopped. Furthermore, Government announcements made over the last few days in these countries that "non-essential" retail activities, such as restaurants and cafés, should close implies additional volume decrease to come.

In all other European countries, volumes are also significantly down in Hospitality, notably in the UK and in Germany.

In Industry, our activity is more resilient for now, and we have recorded a good level of activity from our pharmaceutical and food-processing clients. However, we observe an increasing number of plant shutdowns by clients in other sub-sectors.

In Healthcare, client activity is solid.

Finally, in Brazil, activity has not been impacted, and the significant share of clients in the Healthcare sector should contribute to 2020 being a normal year.

It is worth noting that no Elis plant has been ordered to shut down and the Group can continue its activity normally in all its countries.

In this uncertain environment, the Group has very good liquidity and has no major debt maturity before 2023. Elis has two confirmed and fully undrawn revolving lines of credit, for a total amount of €900mn.

This context of an unprecedented sanitary crisis will have an impact on H1 2020 financial results and the 2020 full-year objectives that were provided on March 4 will be reviewed and communicated to the market as soon as the situation offers sufficient visibility.

Elis has immediately implemented drastic measures in order to preserve its margins and cash generation:

- A temporary shutdown of c. 30 plants, including 16 in France and 10 in Spain, most of the time by transferring volumes between plants of the same region, in order to optimize capacity and control costs;
- A workforce adjustment in all the Group's plants that are impacted by a decrease in our clients' activity;
- Recourse to partial unemployment for more than 80% of head office employees, in France and in all our European countries, within the framework of the various measures to support businesses announced by governments, notably in France and in Spain;
- A review of the 2020 industrial capex plan, with the cancellation of all non-urgent projects, and a significant decrease in linen capex for the year.

With these measures, while it is too early to give a new set of precise objectives for 2020, the Group has the strong conviction that it can limit the impact on EBITDA and reduce investments. For each euro of lost revenue, the impact on EBITDA would be about 50 cents, and 20 cents would be saved on investments.

Moreover, constructive discussions have been initiated with the Group's different lenders in order to obtain, as a precautionary step, a waiver on the bank covenant 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 and (ii) the USPP type private placement underwritten by a pool of American investors led by Barings. Obtaining this waiver will allow to adjust upwards the level of the June 30, 2020 covenant in order to take into account the exceptional nature of the current environment.

During this sanitary and financial crisis, Elis will continue to put at the heart of its concerns:

- The health of its employees;
- The quality and reliability of service for its clients;
- Regular and transparent communication with investors.

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