

Elis Investor Day: New outlook following the acquisition of Berendsen

Upward revision of the synergies expected in connection with the acquisition of Berendsen, reaffirmed confidence in Spain and in Brazil and new rightsized capex plan for the Berendsen scope

Saint Cloud, January 30, 2018 – Elis, the leading multi-services group, specializing in the rental and maintenance of flat linen, professional clothing, hygiene and well-being appliances in Europe and Latin America, is holding today an investor day in London.

During the investor day, Elis will give an update on the main acquisitions carried out in the last 13 months (Berendsen plc in the United Kingdom (UK), Indusal in Spain and Lavebras in Brazil) and provide its first estimates for its 2017 full-year profit margins as well as its financial outlook for 2018.

Commenting on this event, **Xavier Martiré, Chairman of the Management Board of Elis**, said:

"The investor day we are organizing today is an opportunity to make a first assessment of Elis' recent acquisitions and to confirm that they have strong value-creation potential.

The integration of Indusal in Spain and Lavebras in Brazil – acquisitions that we finalized 13 months and 8 months ago respectively – are both proceeding as planned. We reiterate our 2019 synergy targets of 10 million euros for Indusal and 60 million Brazilian reais for Lavebras, as well as the 30% EBITDA margin target for the two countries by 2019.

As far as Berendsen is concerned, the integration began in mid-September. A new organization, aiming at increasing the efficiency of the combined Group, was announced in November and was very well received. On the operational side, our first conclusions are generally in line with our expectations and we believe our integration know-how will make this acquisition a success. The company has a strong and very profitable footprint in several markets, including Scandinavia, the Netherlands and Poland. In Germany, the combination of the two networks and our higher market share should contribute to profitability gains. In the UK, some necessary operational, industrial and logistics adjustments are currently underway. We have appointed a solid team in charge of addressing with determination the operational and commercial issues that we had previously identified in order to turn around the flat linen business. At the same time, we will significantly reduce the capex plan announced by Berendsen prior to the transaction. All these measures should lead to profitability improvement in the country as soon as 2018.

The structural measures that we implemented promptly now allow us to expect cost synergies of at least 80 million euros by 2020, double the amount we announced in June 2017. On top of this, potential revenue synergies will kick in from 2019.

An important part of the 80 million euros synergies corresponds to overhead savings that have already been – or will soon be – achieved, and we estimate that synergies of 50 million euros will be generated in 2018.

With these acquisitions, Elis is better positioned to continue its profitable growth, whilst pursuing its targeted M&A strategy in the countries in which the Group is present.

The Group announced this morning 2017 revenue of 2,215 million euros, up 46% year-on-year, with organic growth of 2.4%. The 2017 full-year results will be released on March 7. We expect the Group's EBITDA margin to be around 30.0%, with all regions of the former Elis scope showing some margin improvement, which is in line with our expectations. The Group's EBIT margin should be around 13.5%.

In 2018, taking into account the impact of the abovementioned synergies, the Group expects revenue to be above 3.2 billion euros, with EBITDA margin improving by c. 150bps and EBIT margin up c. 100bps compared to 2017."

During the investor day, Elis will notably address the following topics:

Elis has quickly put in place an action plan to improve the profitability of the combined group:

- Implementation of an organization by geography for the combined group in line with Elis' historical organization. This marks an important change for Berendsen, whose countries were previously organized by business line, which generated a significant amount of superfluous costs.
- Critical review of the £450mn capex plan that was communicated by Berendsen in March 2017: in light of the more than 100 site visits made by the Elis management team since September, this plan has been significantly downsized. Elis will invest c. £300mn (c. €340mn) between 2017 and 2019, equally spread between the UK and Europe.
In 2018 and 2019, the Group expects investments to represent c. 20% of total revenue. In 2020, this percentage should go back to a level of between 17% and 18% of total revenue.
- In the UK, a reorganization of operations and logistics is under way, and a dedicated team has been appointed to turn around the Flat Linen business, which has significant room for improvement. These measures, combined with some necessary industrial investments, will contribute to improve profitability of the country from 2018 onwards.
- In Germany, the combination of the two networks and our higher market share should contribute to profitability gains from 2018 onwards.

Elis increases synergy expectations and presents its initial 2017 estimates as well as its outlook for 2018:

- The Group expects to generate a total amount of at least €80mn of cost synergies by 2020 from the acquisition of Berendsen, including €50mn as early as 2018, mainly corresponding to overhead savings.
- On top of this, potential revenue synergies will kick in from 2019. The estimated amount will be provided at a later stage, as analysis and marketing plans are not finalized yet.
- The Group published 2017 revenue of €2,215mn (cf. separate press release).
- Initial 2017 estimates:
 - EBITDA margin expected around 30.0%
 - EBIT margin expected around 13.5%
- 2018 outlook:
 - Revenue above €3.2bn
 - EBITDA margin improvement of c. 150bps compared to 2017
 - EBIT margin improvement of c. 100bps compared to 2017

Investor Day

Date:

Tuesday, January 30th, 2018
9:00am CET / 8:00am GMT

Investor presentation:

An investor presentation will be available at 7:45am GMT on Elis' corporate website :
<http://www.corporate-elis.com/en/investor-relations> and on the website dedicated to the event:
<https://www.elisinvestorday2018.com/downloads/>

Webcast link (live and replay):

<http://cache.merchantcantos.com/webcast/webcaster/4000/7464/16532/98564/Lobby/default.htm>
Webcast replay will be available for 1 year following the event.

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.

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 press release. 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.

Next information

FY 2017 results: March 7, 2018 (before market)

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