Press release

H1 2016 results

Solid +7.0% revenue growth, EBITDA margin in line with full year targets and 2016 outlook confirmed

- **Revenue growth and EBITDA margin in line with expectations despite a difficult environment in France and Brazil**
  - Revenue: €730.2mn (+7.0% of which +3.1% organic growth)
  - EBITDA: €216.1mn (29.6% of revenue)
  - Slight decrease in EBITDA margin in France (-27bps), in line with expectations
  - EBITDA margin improvement of +71bps in Europe (excluding France) and +176bps in Latin America
- **Further M&A activity**
  - Two significant acquisitions in the first half, in Germany and in Brazil
  - Another significant acquisition in July in Switzerland
  - Successful integration of the Chilean subsidiary
- **2016 outlook confirmed**
  - Revenue: €1.5bn with +3% organic and +4% M&A
  - EBITDA margin: -30 bps in France and further improvement in Europe and Latin America

(EUR million)	H1 2016	H1 2015	Change
Revenue	730.2	682.4	+7.0%
EBITDA	216.1	204.6	+5.6%
EBIT	92.5	87.7	+5.5%
Net result	23.1	(80.6)	n/a
Headline net result*	38.9	15.7	+148.5%
Headline free cash-flow**	6.7	(22.9)	n/a
Adjusted net debt (as of end of period)***	1,506.4	1,440.7	

Percentage change calculations are based on actual figures
* After elimination PPA depreciation and 2015 IPO and refinancing expenses (net of tax)
** After elimination of 2015 IPO and refinancing expenses (net of tax)
*** The basis of comparison is as of 31 December 2015
The definitions of organic revenue growth, EBITDA, EBITDA margin, EBIT, headline free cash-flow and adjusted net debt are in the "Financial definitions" section of this release.

Puteaux, July 26, 2016 – Elis, the leading multi-services group in Europe and Latin America, specializing in the rental and maintenance of flat linen, professional clothing, hygiene and well-being appliances, today announces its first half 2016 financial results.
The accounts have been approved by the Management Board and examined by the Supervisory Board on July 25, 2016. They have been the subject of a limited review by the company's auditors.

Commenting on the first half 2016 results, **Xavier Martiré, CEO of Elis**, said:

« We are pleased to announce today results for the first half in line with full-year targets. Despite an environment that remains sluggish, especially in France and Brazil, Group organic revenue growth was +3.1% and EBITDA margin was in line with our expectations.

In France, organic revenue growth in the first half was +1.3%. In a market already impacted by the November 2015 terrorist attacks, several protests and strikes in the second quarter had a further negative effect on our activity, especially in Hospitality. The initiatives we put in place partially offset the persisting tough condition of the French market and we contained the EBITDA margin decrease to less than 30 basis points, in line with our full-year expectations.

In Europe, acquisitions and organic growth of almost 6% helped strengthen our market share. EBITDA margin improved 70 basis points, thanks notably to the achievement of synergies.

In Latin America, despite a difficult environment in Brazil, our commercial momentum allowed us to post organic growth of above +10%, which confirms the market's strong potential. In addition, the transfer of Elis' know-how led to a 180 basis point improvement in margin.

In the first half, the Group continued its strategy and consolidated its positions in Europe and Latin America with acquisitions in Switzerland and Brazil. These acquisitions will contribute to further accelerate Elis' development.

On the back of the first-half results, we confirm our full-year objectives: we target revenues of €1.5bn driven by 3% organic growth and external growth of 4%. As far as margins are concerned, we expect a decrease of 30 basis points in France but aim to achieve further margin improvement in Europe and in Latin America.»

Revenues

Reported revenue growth

(EUR million)		**2016**			**2015**			**Change**	
	Q1	**Q2**	**H1**	**Q1**	**Q2**	**H1**	**Q1**	**Q2**	**H1**
Trade & Services	84.8	85.8	170.6	83.1	85.5	168.6	+2.1%	+0.4%	+1.2%
Hospitality	66.9	82.9	149.7	62.2	83.3	145.5	+7.4%	-0.5%	+2.9%
Industry	47.1	46.9	94.1	46.7	47.2	94.0	+0.9%	-0.6%	+0.1%
Healthcare	41.3	41.2	82.5	39.4	39.9	79.3	+4.8%	+3.3%	+4.0%
France*	**234.0**	**250.7**	**484.7**	**228.2**	**250.5**	**478.6**	**+2.6%**	**+0.1%**	**+1.3%**
Northern Europe	50.3	52.2	102.5	38.2	46.1	84.2	+31.7%	+13.3%	+21.6%
Southern Europe	33.5	40.3	73.8	28.9	37.1	66.0	+16.0%	+8.7%	+11.9%
Europe**	**83.8**	**92.5**	**176.3**	**67.0**	**83.2**	**150.2**	**+25.0%**	**+11.3%**	**+17.4%**
Latin America	**28.1**	**31.7**	**59.8**	**22.3**	**22.8**	**45.1**	**+26.1%**	**+38.9%**	**+32.6%**
Manufacturing entities	**4.7**	**4.8**	**9.5**	**4.5**	**3.9**	**8.5**	**+4.2%**	**+20.9%**	**+12.0%**
Total	**350.6**	**379.7**	**730.2**	**322.0**	**360.4**	**682.4**	**+8.9%**	**+5.4%**	**+7.0%**

Percentage change calculations are based on actual figures
* After other items including Rebates
** Europe excluding France

Organic revenue growth

(EUR million)	**Q1 organic growth**	**Q2 organic growth**	**H1 2016 organic growth**
Trade & Services	+2.1%	+0.4%	+1.2%
Hospitality	+7.4%	-0.5%	+2.9%
Industry	+0.9%	-0.6%	+0.1%
Healthcare	+4.8%	+3.3%	+4.0%
France*	**+2.6%**	**+0.1%**	**+1.3%**
Northern Europe	+2.6%	+2.6%	+2.6%
Southern Europe	+11.0%	+8.7%	+9.7%
Europe**	**+6.2%**	**+5.3%**	**+5.7%**
Latin America	**+13.9%**	**+10.0%**	**+11.9%**
Manufacturing entities	**+5.6%**	**+25.4%**	**+14.8%**
Total	**+4.1%**	**+2.2%**	**+3.1%**

Percentage change calculations are based on actual figures
* After other items including Rebates
** Europe excluding France

In the first half of 2016, Group revenues increased by 7.0% to €730.2mn. Organic growth of +3.1% and the impact of acquisitions of +5.6% were partially offset by a 1.7% negative impact from exchange rates.

France

In the first half of 2016, the +1.3% organic revenue growth in France was entirely organic. The very favorable, non-recurring calendar effects in Q1 (Easter week in March vs April in 2015 and the impact of an additional day in February as 2016 is a leap year) led to a mechanical growth slowdown in Q2 (+0.1% vs +2.6% in Q1). Additionally:
- Revenues for the Trade & Services segment increased by +1.2%. The economic environment remained difficult, leading to soft growth despite good commercial dynamism in the services segment during the first quarter.
- Revenue growth for the Hospitality was at +2.9%. On the top of the above-mentioned calendar effects, the second quarter was negatively impacted by bad weather and by several strikes and

protests in the country. However, the roll-out of large contracts with hotels is in line with our expectations.
- Revenues for the Industry segment were virtually flat. The activity with existing clients was generally weak and the tough environment negatively impacted the second quarter.
- Revenues for the Healthcare segment grew by 4.0%, helped by the roll-out of large contracts for both short-stay and long-stay.

Europe (excluding France)

In the first half, revenue growth in Northern Europe (+21.6%) was largely driven by the acquisitions completed in April 2015, July 2015 and January 2016. Organic revenue growth was up +2.6% with Switzerland and Germany, our main markets in the region, being well oriented.

Revenue in Southern Europe continued to be dynamic (+11.9%) in a favorable economic environment with an organic growth at almost +10%. This performance was again driven by Spain ; the intrinsic growth of the market and our very good commercial momentum in all segments confirm the strong potential of the country, where we continue to gain market share.

Latin America

Revenue growth in Latin America (+8.0%) was driven by acquisitions, which accounted for about half our growth.

Revenue growth in Latin America increased +32.6%, largely due to acquisitions we completed in Brazil in July 2015 and in January 2016, and the acquisition of Albia in Chile (consolidated since October 1st 2015). Organic growth was +11.9% in the first half and was achieved entirely in Brazil. This was due to three main effects: (i) price increases, (ii) strong activity from hospitals, laboratories and medical centers as a consequence of epidemics that impacted Brazil during its summer in Q1 and (iii) gains of new contracts with large clients which chose the rental and maintenance model for the first time. In a difficult environment in Brazil, this good organic performance confirms the market's strong potential. The depreciation of the Brazilian Real strongly impacted our reported revenue growth with a -22.4% impact on revenues in the region. That said, the FX effect should reverse in the second half.

EBITDA

(EUR million)	**H1 2016**	**H1 2015**	**Change**
France	**163.3**	**162.7**	**+0.4%**
As a % of revenues	*33.7%*	*33.9%*	*-27bps*
Europe*	**40.7**	**33.6**	**+21.2%**
As a % of revenues	*23.1%*	*22.3%*	*+71bps*
Latin America	**12.5**	**8.6**	**+44.8%**
As a % of revenues	*20.8%*	*19.1%*	*+176bps*
Manufacturing entities	**1.7**	**1.4**	**+21.0%**
As a % of revenues	*12.1%*	*10.1%*	*+196bps*
Holdings	**(2.1)**	**(1.6)**	**n/a**
Total	**216.1**	**204.6**	**+5.6%**
As a % of revenues	*29.6%*	*30.0%*	*-39bps*

Percentage change calculations are based on actual figures
*Europe excluding France

In H1 2016, Group EBITDA increased +5.6% to €216.1mn. EBITDA as a percentage of revenues fell 39bps due to the decrease in French EBITDA margin (-27bps) and to a negative mix effect as Europe and Latin America, which have lower margins, have higher revenue growth rates.

In France, EBITDA as a percentage of revenues fell nearly 30bps as expected, mainly due to market conditions which remain tough but which were partially compensated for by the productivity initiatives we put in place.
In Europe (excluding France), the consolidation of our footprint and the transfer of know-how continued to bear fruit with EBITDA margin up 71bps.
In Latin America, transfer of know-how and the successful integration of the Chilean subsidiary led to a +176bps EBITDA margin improvement.

From EBITDA to Net result

(EUR million)	H1 2016	H1 2015
EBITDA	**216.1**	**204.6**
As a % of revenues	*29.6%*	*30.0%*
Depreciation & amortization	(123.6)	(116.9)
EBIT	**92.5**	**87.7**
As a % of revenues	*12.7%*	*12.9%*
Banking charges	(0.7)	(0.8)
PPA depreciation	(22.0)	(21.8)
Goodwill impairment	-	-
Other operating income and expenses	(2.5)	(4.8)
Operating result	**67.3**	**60.4**
As a % of revenues	*9.2%*	*8.8%*
Financial result	(27.0)	(42.5)
IPO & refinancing expenses	-	(123.3)
Result before tax	**40.2**	**(105.4)**
Tax	(17.1)	24.8
Reported net result	**23.1**	**(80.6)**
Headline net result*	**38.9**	**15.7**

Percentage change calculations are based on actual figures
* After elimination of PPA depreciation and 2015 IPO and refinancing expenses

EBIT

As a percentage of revenues, EBIT was down 19bps in the first half. The decrease in EBITDA margin in partially offset by a lower amount of Depreciation & amortization as a percentage of revenues than in H1 2015. This highlights the better discipline with regard to purchase of linen.

Operating result

Operating result increased both in value and as a percentage of revenues.
PPA depreciation was mainly accounted for in 2007 and the amortization period will end in 2018.

Financial result

Financial result shows strong improvement. As a reminder, Elis completely refinanced its debt in February 2015 and then in April 2015. The H1 2015 Financial result was therefore not normative. It is in H1 2016.

Net result

Net result amounted to €23.1mn. In the first half of 2015, it included €123.3mn of non-recurring expenses related to the IPO and various debt refinancing charges.

Headline net result

After the elimination of PPA depreciation (net of tax), Headline net result amounted to €38.9m in H1 2016, significantly up relative to H1 2015.

Other financial items

Investments

Group net investments amounted to €134.1mn in H1 2016 (18.4% of revenues), compared to €141.1mn in H1 2015 (20.7% of revenues). As a reminder, H1 2015 was impacted by linen purchase and by some industrial investments in order to absorb additional volumes linked to large contracts signed at the end of 2014.

Headline free cash-flow

Headline free cash-flow amounted to €6.7mn, compared to -€22.9mn in H1 2015. This improvement is due to the increase of operating cash-flow and to the decline in interest expenses. For the record, due to the seasonality of the business, almost all full-year Headline Free cash is generated during the second half of the year.

Adjusted net financial debt

Group adjusted net financial debt as of 30th June 2016 was €1,506.4mn or 3.2x trailing 12 month EBITDA (proforma for the full year impact of acquisitions).
In addition to the elements mentioned above, the net financial debt is impacted by the acquisitions completed at the beginning of the year and by the payment made to shareholders of €39.9mn for the 2015 financial year.

Payment for the 2015 financial year

The Annual General Meeting held on May 27, 2016 approved the cash payment of €0.35 per share for the 2015 financial year. This payment was made on June 7, 2016. In 2015, a similar payment was made on July 2, 2015.

Investor and analyst conference call (in English)

The **H1 2016 results presentation** will be available from 8:30am CET on July, 26 in the "Other press releases and documents" section of our website: http://www.corporate-elis.com/en/investor-relations

Speakers:
Xavier Martiré, CEO
Louis Guyot, CFO

Date :
Tuesday, July 26, 2016
2:00 pm Paris time – 1:00 pm London time - 8:00 am New York time

Webcast link (live and replay):
http://edge.media-server.com/m/p/fd5kb74d
Webcast replay will be available for 1 year following the event.

Dial-in numbers:
France: +33 1 76 77 22 26
France (toll-free): 0805 631 580
United Kingdom: +44 203 427 1917
United Kingdom (toll-free): 0800 279 5004
United States of America: +1646 254 3360
United States of America (toll-free): 1877 280 2296
Code: 2038457

Replay numbers:
France: +33 1 74 20 28 00
United Kingdom: +44 203 427 0598
United States of America: +1 347 366 9565
Code for replay: 2038457
The audio replay will be available for one week following the event.

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France (toll-free): 0805 631 579
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United Kingdom (toll-free): 0800 279 5736
United States of America: +1646 254 3364

United States of America (toll-free): 1877 280 2342
Code: 7244285

Replay numbers:
France: +33 1 74 20 28 00
United Kingdom: +44 203 427 0598
United States of America: +1 347 366 9565
Code for replay: 7244285
The audio replay will be available for one week 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" 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 grants transferred to income.
- EBITDA margin is defined as EBITDA divided by revenues.
- EBIT is defined as net income (loss) before net financial expense, income tax, share in income of equity-accounted companies, amortization of customer relationships, goodwill impairment, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments).
- Headline free cash-flow is defined as cash EBITDA minus non cash-items items and after (i) business-related changes in working capital, (ii) linen purchases and (iii) manufacturing capital expenditures, net of proceeds, minus interests payments and minus tax paid.
- The concept of Adjusted net debt used by the Group consists of the sum of non-current financial liabilities, current financial liabilities and cash and cash equivalents adjusted by capitalized debt arrangement costs, the impact of applying the effective interest rate method, and the loan from employee profit-sharing fund.

Forward looking statements

Next information

Q3 2016 revenues: October 27, 2016 (after market)

About Elis

Elis is a specialized multi-services group, leader in Europe and Latin America for the rental and maintenance of flat linen, professional clothing, as well as hygiene appliance and well-being services. With more than 21,000 employees spread across 13 countries, Elis consolidated turnover in 2015 was €1,415 million and consolidated EBITDA reached €446 million. Benefiting from more than a century of experience, Elis today services more than 240 000 businesses of all sizes in the hotel, catering, healthcare, industry, retail and services sectors, thanks to its network of more than 300 production and distribution centers and 13 clean rooms, which guarantees it an unrivalled proximity to its clients.

Contact

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Appendices

Consolidated income statement for the period

In thousands of euros	H1 2016	H1 2015
Revenue	730,233	682,396
Cost of linen, equipment and other consumables	(121,083)	(114,700)
Processing costs	(276,906)	(255,210)
Distribution costs	(116,482)	(110,830)
Gross margin	215,762	201,656
Selling, general and administrative expenses	(123,919)	(114,752)
Operating income before other income and expense and amortization of customer relationships	91,843	86,904
Amortization of customer relationships	(22,017)	(21,769)
Goodwill impairment	0	0
Other income and expense	(2,550)	(25,970)
Operating income	67,275	39,165
Net financial expense	(27,003)	(144,556)
Income (loss) before tax	40,272	(105,391)
Income tax benefit (expense)	(17,145)	24,751
Share of net income of equity-accounted companies	0	0
Net income (loss)	23,127	(80,640)
Attributable to:		
owners of the parent	23,119	(80,638)
non-controlling interests	8	(2)
Earnings (loss) per share (EPS):		
basic, attributable to owners of the parent	0.20€	-0.82€
diluted, attributable to owners of the parent	0.20€	-0.82€

Consolidated balance sheet

Assets

In thousands of euros	30 June 2016	31 December 2015
Goodwill	1,616,759	1,586,889
Intangible assets	354,681	370,965
Property, plant and equipment	800,876	775,214
Equity-accounted companies	0	0
Available-for-sale financial assets	180	146
Other non-current assets	4,811	6,270
Deferred tax assets	14,131	12,444
TOTAL NON-CURRENT ASSETS	2,791,437	2,751,927
Inventories	55,779	52,464
Trade and other receivables	395,957	358,339
Current tax assets	3,280	4,099
Other assets	14,868	12,780
Cash and cash equivalents	136,302	56,594
Assets held for sale	8,364	0
TOTAL CURRENT ASSETS	614,550	484,276
TOTAL ASSETS	3,405,987	3,236,203

Equity and liabilities

In thousands of euros	30 June 2016	31 December 2015
Share capital	1,140,062	1,140,062
Additional paid-in capital	280,874	320,777
Other reserves	724	724
Retained earnings (accumulated deficit)	(341,753)	(361,531)
Other components of equity	(21,712)	(45,610)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1,058,195	1,054,420
NON-CONTROLLING INTERESTS	603	(338)
TOTAL EQUITY	1,058,798	1,054,083
Non-current provisions	23,514	23,820
Employee benefit liabilities	62,642	58,259
Non-current borrowings	1,267,226	1,267,386
Deferred tax liabilities	187,322	181,770
Other non-current liabilities	44,088	39,810
TOTAL NON-CURRENT LIABILITIES	1,584,792	1,571,045
Current provisions	5,576	5,766
Current tax liabilities	1,190	1,787
Trade and other payables	128,768	135,034
Other liabilities	244,853	232,546
Bank overdrafts and current borrowings	379,408	235,942
Liabilities directly associated with assets held for sale	2,603	0
TOTAL CURRENT LIABILITIES	762,398	611,076
TOTAL EQUITY AND LIABILITIES	3,405,987	3,236,203

Consolidated cash flow statement

In thousands of euros	H1 2016	H1 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CONSOLIDATED NET INCOME (LOSS)	23,127	(80,640)
Depreciation, amortization and provisions	144,060	137,613
Portion of grants transferred to income	(58)	(59)
Goodwill impairment	0	0
Share-based payments	654	345
Discounting adjustment on provisions and retirement benefits	502	466
Net gains and losses on disposal of assets	903	274
Share of net income of equity-accounted companies	0	0
Other	(817)	(1,141)
Dividends received (from non-consolidated entities)	(12)	(12)
CASH FLOWS AFTER FINANCE COSTS AND TAX	168,359	56,846
Net finance costs	26,787	75,206
Income tax expense	17,145	(24,751)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	212,292	107,301
Income tax paid	(7,120)	(11,563)
Change in inventories	(2,636)	1,090
Change in trade receivables	(31,383)	(17,565)
Change in other assets	(2,702)	1,239
Change in trade and other payables	(7,339)	(14,126)
Change in other liabilities	7,856	3,037
Other changes	(103)	(37)
Employee benefits	204	289
NET CASH FROM OPERATING ACTIVITIES	169,070	69,665
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(4,879)	(3,143)
Proceeds from sale of intangible assets	0	0
Acquisition of property, plant and equipment	(129,239)	(138,334)
Proceeds from sale of property, plant and equipment	185	386
Acquisition of subsidiaries, net of cash acquired	(32,122)	(52,377)
Proceeds from disposal of subsidiaries, net of cash transferred	1,000	1,000
Changes in loans and advances	461	300
Dividends from equity-accounted companies	12	12
Investment grants	54	11
NET CASH USED IN INVESTING ACTIVITIES	(164,528)	(192,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	457	689,418
Treasury shares	449	(1,002)
Dividends paid		
- to owners of the parent	(39,871)	0
- to non-controlling interests	0	0
Change in borrowings**	136,210	(472,059)
- Proceeds from new borrowings	866,865	2,088,639
- Repayment of borrowings	(730,655)	(2,560,698)
Net interest paid	(22,790)	(52,466)
Other flows related to financing activities	(331)	1,231
NET CASH USED IN FINANCING ACTIVITIES	74,125	165,122
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,666	42,642
Cash and cash equivalents at beginning of period	55,697	58,523
Effect of changes in foreign exchange rates on cash and cash equivalents	1,123	309
CASH AND CASH EQUIVALENTS AT END OF PERIOD	135,486	101,475

* Net change in credit lines