



# 2016 FULL-YEAR RESULTS

Wednesday, March 15<sup>th</sup> 2017



## FORWARD LOOKING STATEMENTS



This presentation may contain some forward-looking statements. These statements are not undertakings as to the future performance of the Company. Although the Company considers that such statements are based on reasonable expectations and assumptions at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual performance to differ from those indicated or implied in such statements.

These risks and uncertainties include without limitation the risk factors that are described in the 2015 Registration Document and its update, both registered in France with the French Autorité des marchés financiers.

Investors and holders of shares of the Company may obtain copy of these documents from the Autorité des marchés financiers' website: [www.amf-france.org](http://www.amf-france.org) or from the Company's website: [www.corporate-elis.com/en/investor-relations](http://www.corporate-elis.com/en/investor-relations)

The Company does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.



## BUSINESS OVERVIEW



# 2016 HIGHLIGHTS



## Solid financial performance

- Revenues of €1,513mn (+7.4% at constant exchange rate)
- EBITDA of €468mn and EBITDA margin of 30.9%
- Headline net result up 48.6%
- Strong improvement in cash generation

## Acceleration of international development with 2 major acquisitions in Spain and in Brazil

## Continued implementation of Group strategy

- Market share gains in all geographies
- Improvement in operational excellence
- Consolidation of our platforms in Europe and Latin America
- Development of the Pest Control activity and launch of new services

## 2016 KEY FIGURES



(EUR million)	2016	Change
Revenues		Reported: +6.9%
	1,512.8	At constant exchange rate: +7.4%
		Organic: +2.7%
EBITDA	467.9	+4.9%
<i>% of revenue</i>	30.9%	-58bps
Headline net result <sup>1</sup>	108.2	+48.6%
Headline free cash-flow	104.5	+83.7%
Net debt / EBITDA <sup>2</sup>	3.2x	3.2x as of 30 June 2016

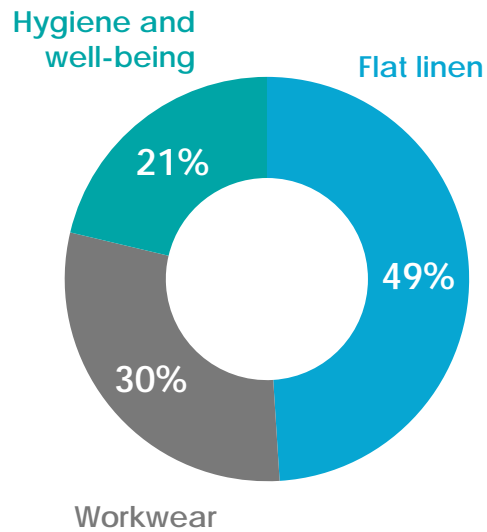
<sup>1</sup> A reconciliation between Net result and Headline net result is presented on page 28

<sup>2</sup> Trailing 12 months EBITDA, proforma for the full-year impact of acquisitions finalized during the year

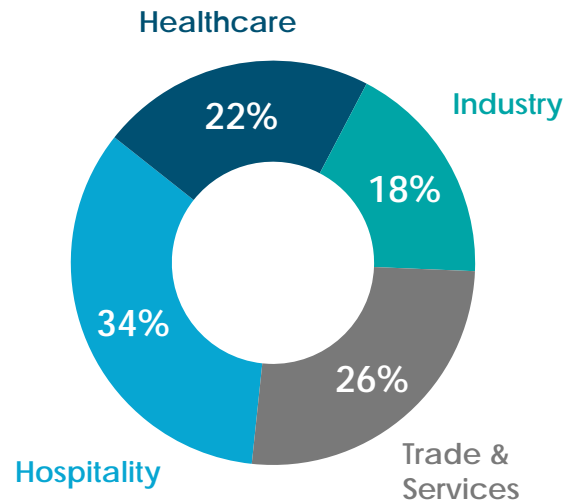
# 2016 REVENUE BREAKDOWN



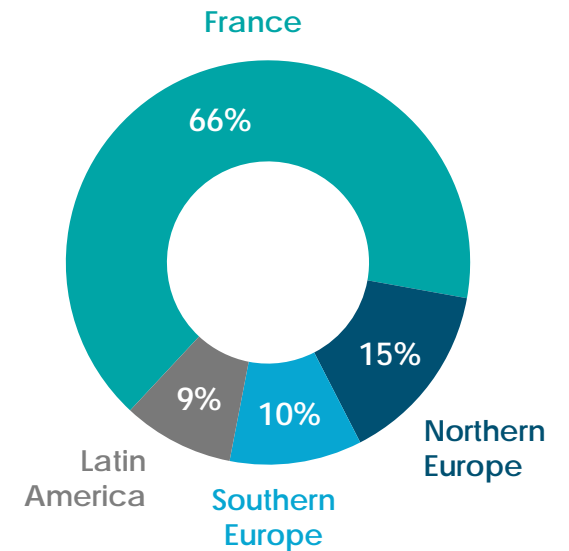
## By activity



## By end-market



## By geography



*Northern Europe includes Switzerland, Germany, Belgium, Luxembourg and Czech Republic  
 Southern Europe includes Spain, Portugal and Italy  
 Latin America includes Brazil and Chile*

## 2016 REVENUE PER QUARTER



(EUR million)	Q1	Q2	Q3	Q4	2016
2016 revenues	350.6	379.7	402.8	379.7	1,512.8
2015 revenues	322.0	360.4	381.2	351.8	1,415.4
Reported growth	+8.9%	+5.4%	+5.7%	+7.9%	+6.9%
Growth at constant exchange rates	+11.0%	+6.7%	+5.5%	+6.7%	+7.4%
Organic growth	+4.1%	+2.2%	+1.5%	+3.2%	+2.7%

## 2016 ORGANIC GROWTH BY COUNTRY



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### 2016 organic growth

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> 13%

Brazil, Spain

> 8%

Portugal

From 2% to 4%

Germany, Switzerland, Italy

From 0% to 2%

France

< 0%

Belux

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# 2016 KEY BUSINESS HIGHLIGHTS



## FRANCE



- **No pick-up** in the French economy
- Hospitality impacted by **terrorism**
- Further **productivity improvement**
- Competitive environment now **back to normal**

## NORTHERN EUROPE



- Further **M&A**
- Switzerland and Germany **well-oriented**
- Expansion of Elis offer to:
  - ✓ **small customers** in Western Switzerland including the **Pest Control** offer
  - ✓ **private individuals** (acquisition of On My Way)

## SOUTHERN EUROPE



- Very good **commercial momentum**
- **Double-digit** organic growth in Spain for the 3<sup>rd</sup> consecutive year
- **Productivity gains** in Spain
- Elis becomes **n°1 in Spain** with the acquisition of **Indusal**

## LATIN AMERICA

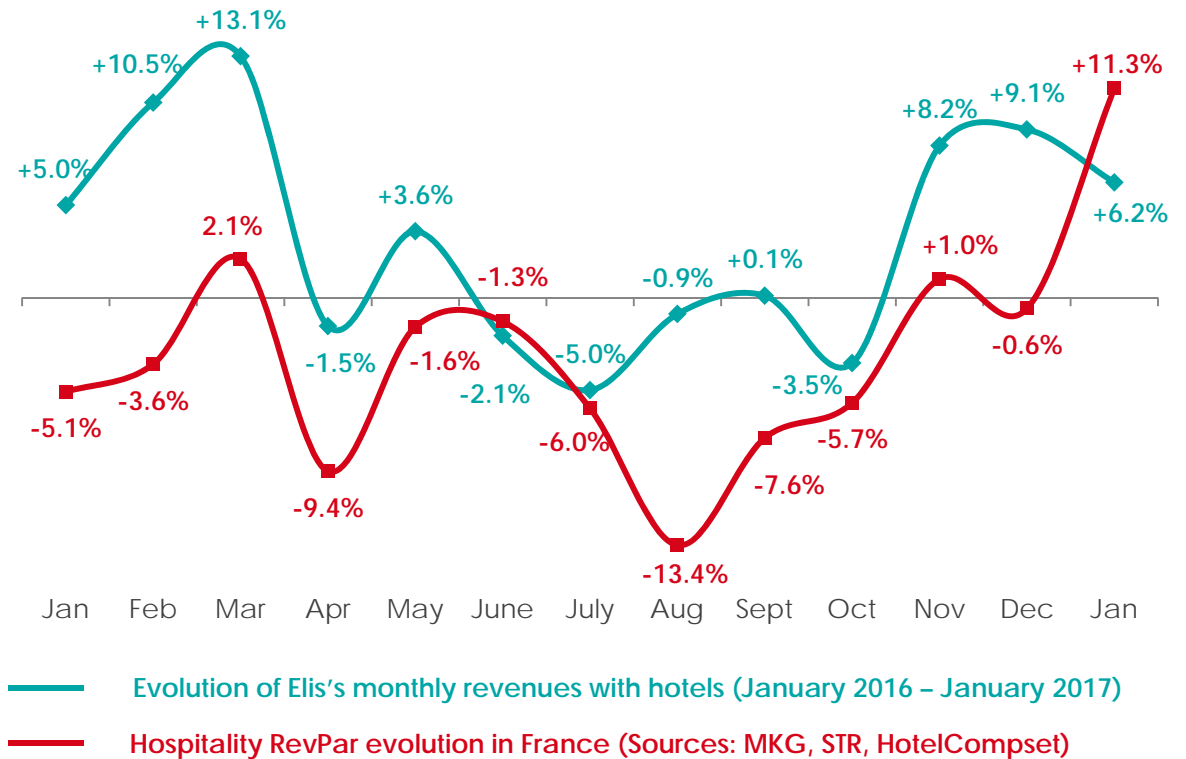


- Macro environment in Brazil still difficult but **very good commercial momentum**
- Elis strengthens its **leadership in Brazil** with the announcement of the acquisition of **Lavebras**
- Group enters **Colombia**

# ELIS OUTPERFORMS THE HOSPITALITY MARKET IN A DIFFICULT ENVIRONMENT IN FRANCE IN 2016



- In France in 2016: Hospitality up +2.1% for Elis vs market down -5.1%
- 3<sup>rd</sup> quarter strongly impacted by the terrorist attack in Nice and its repercussions, especially in Paris
- Improvement seen at the end of the year
- Elis' business model with hotels is **only volume driven** (as it is based on a fixed price per article) and it therefore has a **natural buffer** compared to the Hospitality market



# FURTHER CONSOLIDATION IN GERMANY

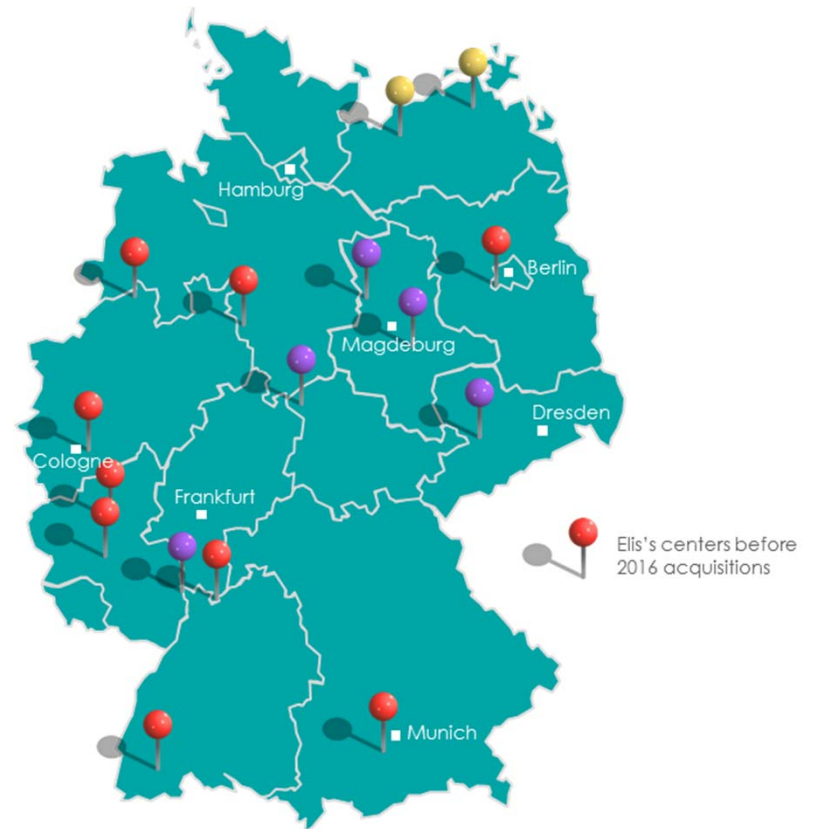
## January 2016:

- Acquisition of **2 laundries** serving mainly Hospitality and Healthcare clients in the Northern part of the country
- Revenues of c. **€15m** on a full-year basis
- Multiple paid: **1x revenues**

## December 2016:

- Acquisition of **Puschendorf**
  - **5 laundries** serving mainly healthcare clients in the Eastern part of the country
  - Revenues of c. **€40m** on a full-year basis
  - Multiple paid: **1x revenues**
- Elis becomes n°6 player in Germany with revenues of c. €120m on a full-year basis<sup>1</sup>
- The German market is the largest European market and remains very fragmented. Elis plans on continuing its development in the country

<sup>1</sup> Calculated based on 2016 revenues, proforma of the full-year effect of the acquisition of Puschendorf



# ACQUISITION OF INDUSAL: ELIS BECOMES NUMBER 1 IN SPAIN

## December 2016:

- Acquisition of **Indusal**, a family-owned business founded in 1981
  - **24 laundries** providing mainly **Hospitality** and **Healthcare** clients with flat linen and workwear
  - Revenues of c. **€90mn** in 2016, EBITDA margin of c. **27%**
  - c. **€10mn** synergies by 2019 (€3mn/€8mn in 2017/2018)
  - EV / EBITDA 2016 multiple paid:
    - ✓ **7x** before synergies
    - ✓ **5x** after synergies
- **Elis doubles its size in Spain with revenues of c. €180mn on a full-year basis<sup>1</sup> and becomes market leader with more than 25% market share**
- **Spain remains a fragmented market with no other international player**
- **Market with high growth potential, estimated at only €600mn vs €2bn in France**

<sup>1</sup> Calculated based on 2016 revenues, proforma of the full-year effect of the acquisition of Indusal



## THE INTEGRATION OF INDUSAL IS ONGOING AND ON SCHEDULE



- Dedicated team combining:
  - ✓ **Consultants specialized** in integration subjects
  - ✓ **Local Elis managers** fully dedicated to coordinating Indusal integration process
- **7 work streams** identified: marketing, purchasing, production, investments, logistics, clients & pricing, organization (HR, finance, ...)
- Work progress **in line with initial timeline**
- **Confirmation of the €3mn synergies target for 2017** (savings on washing products purchases, productivity gains, Management reorganization, industrial rationalization)

# ACQUISITION OF LAVEBRAS: ELIS REINFORCES ITS LEADERSHIP POSITION IN BRAZIL

December 2016:

- Elis announces the acquisition of **Lavebras**, a family-owned business founded in 1997
  - The laundry network with **greatest density** in Brazil, serving clients in **Healthcare, Industry** and **Hospitality**
  - Revenues of c. **€103mn** in 2016, EBITDA margin **>30%**
  - c. **€17mn** synergies by 2019 (€3mn/€11mn in 2017/2018)
  - EV / EBIT 2016 multiple paid:
    - ✓ **18x** before synergies
    - ✓ **8x** after synergies
- Elis consolidates its leadership position in Brazil with a market share above 25% and revenues of c. €220mn on a full-year basis<sup>1</sup>
- The Brazilian market remains fragmented
- Market with high growth potential, estimated at only €900mn vs €2bn in France

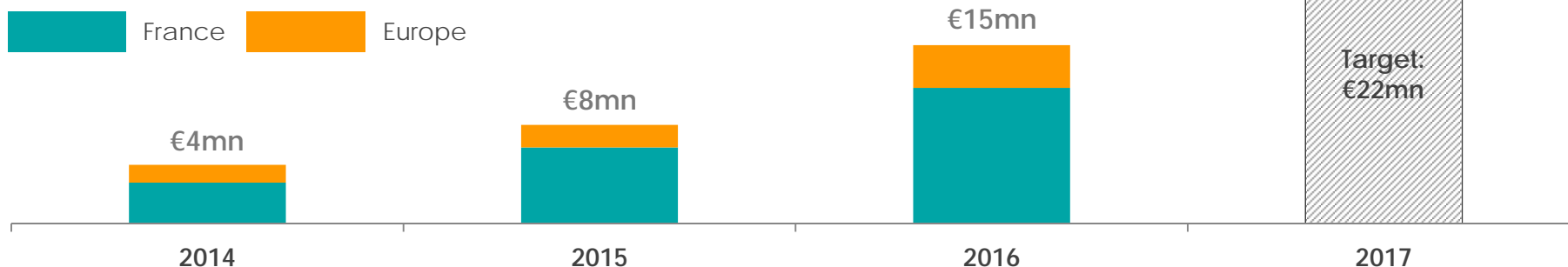
<sup>1</sup> Calculated based on 2016 revenues, proforma of the full-year effect of the acquisition of Lavebras



# DEVELOPMENT OF THE PEST CONTROL ACTIVITY IN LINE WITH EXPECTATIONS



## Pest Control revenue evolution



- Launch of the **3D offer**
- Implementation of **dedicated commercial teams**
- Creation of **11 Regional Technical Centers**
- **3 countries**
- Improvement in **customer satisfaction**
- Implementation of a **dedicated central team**
- **19 Regional Technical Centers**
- **5 countries**
- **Salesforce development: 30 dedicated salesmen**
- Completion of several **small acquisitions** → better technical expertise
- **35 Regional Technical Centers**
- **7 countries**
- **Consolidate** logistics organization and know-how
- Further develop **salesforce**
- Other **bolt-ons** under study

# ELIS EXPANDS ITS SERVICE OFFER TO PRIVATE INDIVIDUALS



Acquisition of the Swiss startup **On My Way**, which provides private individuals with a linen-cleaning service by gathering their linen in pickup points located on their everyday route (gas stations, supermarkets) as well as at their offices



1  
register your garments to be cleaned on [on-my-way.ch](http://on-my-way.ch)



2  
put them in your ON MY WAY Carry Bag



3  
drop off your Carry Bag at one of the Drop-off/ Pick-up Points



4  
get a message when your Carry Bag is ready



5  
pick up your Carry Bag with your clean laundry





# CHANGE OF SHAREHOLDING STRUCTURE AND SUCCESSFUL SHARE CAPITAL INCREASE



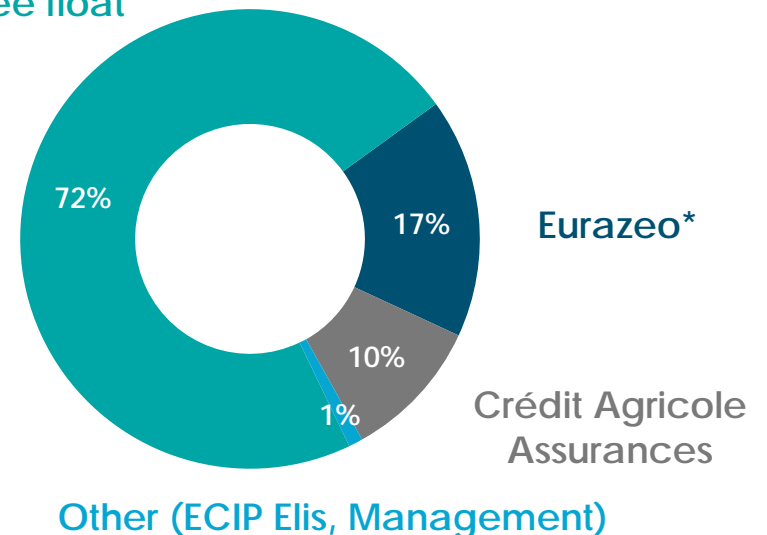
## Partial exit of Eurazeo:

- 15% block placed on the market in April
- 10% sold to **Crédit Agricole Assurances** in May
- One of Eurazeo's 4 seats on the Supervisory Board was taken up by Crédit Agricole Assurances

## Share capital increase successfully achieved in February 2017:

- Share capital increase with preferential subscription rights for c. **€325mn**
- Subscription rate of **262%**
- Issuance of **25.9mn new shares**
- Eurazeo and Crédit Agricole Assurances fully exercised their subscription rights

Free float



\* of which 16.1% of total share capital through Legendre Holding 27 SAS

## OTHER 2016 HIGHLIGHTS



### December 2016: Elis enters the Colombian market

- Acquisition of **SIL**, which has operations in Bogota and in Cali (revenue of c. **€3mn** in 2016)
- Addressable market offers strong growth opportunities thanks to its **very low outsourcing rate**
- **Hospitality industry** is undergoing transformation
- Very dense network of **public and private hospitals**
- A quite **unstructured** market that Elis wants to consolidate

### Improvement in customer satisfaction

- An **internalized**, Lyon-based call center is **dedicated** to gathering client feedback
- **38,000** surveys are performed every year by **20** employees
- As of December, 31<sup>st</sup>, our customer satisfaction rate was **87.1%** (+1.3pts vs 2015)

### Better pricing discipline

- The peer-pricing tool dedicated to salesmen focused on small clients has now been **fully deployed** in France with very positive first results (**+8%** on average for new contracts signed). This tool will be deployed in **5 European countries in 2017**
- Other management tools are currently being deployed (existing clients, ...)

## NEW HEADQUARTERS IN SAINT-CLOUD



- Houses **400** employees
- **Brings together several of the Group's central and operational divisions**, which were previously disseminated among several sites in the Ile-de-France region.
- A new working environment, modern and more pleasant, certified « **HQE-BBC renovation** »
- Disposal of the old headquarters site in Puteaux on December, 30<sup>th</sup>, 2016 for **€50.4mn**



NOTES



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## FINANCIAL HIGHLIGHTS



## VERY SOLID 2016 RESULTS



(EUR million)	2016	2015	Change
Revenues	1,512.8	1,415.4	+6.9%
EBITDA	467.9	446.1	+4.9%
% of revenues	30.9%	31.5%	
EBIT	214.7	208.0	+3.2%
% of revenues	14.2%	14.7%	
Headline net result <sup>1</sup>	108.2	72.8	+48.6%
Headline free cash-flow <sup>2</sup>	104.5	56.9	+83.7%
Adjusted net debt at end of period	1,595.8	1,506.4	
Adjusted net debt / EBITDA <sup>3</sup>	3.2x	3.2x	

<sup>1</sup> A reconciliation between Net result and Headline net result is presented on page 28

<sup>2</sup> After elimination of 2015 IPO and refinancing expenses and of the impact of the Puteaux site disposal in 2016

<sup>3</sup> Trailing 12 months EBITDA, proforma for the full-year impact of acquisitions. Basis of comparison is as of June, 30<sup>th</sup>, 2016

# 2016 KEY FINANCIAL HIGHLIGHTS



## FRANCE



- Organic growth of **0.6%**
- **Impact of the terrorist attacks** on Hospitality
- **42bps** decrease in EBITDA margin, in line with our expectations

## EUROPE



- Revenue up **15.0%**
- Organic growth of **5.0%** with **double-digit** organic growth in **Spain**
- Strong **M&A** activity
- Productivity gains: EBITDA margin up **34bps**

## LATIN AMERICA



- Organic growth in Brazil up **more than 10%** despite a persistently tough economic and political environment
- Good commercial momentum, price increase and contracts linked to the Olympics
- **130bps** increase in EBITDA margin

## GROUP



- Organic growth of **2.7%**
- **Controlled decrease** of EBITDA margin (-58bps) linked to the evolution of geographical mix and to the decrease in French margin

## 2016 REVENUE BY GEOGRAPHY



(EUR million)	2016	2015	Reported growth	Organic growth
Trade & Services	343.5	340.0	+1.0%	+1.0%
Hospitality	313.6	309.5	+1.3%	+1.3%
Industry	187.8	189.6	-0.9%	-0.9%
Healthcare	164.9	159.7	+3.3%	+3.3%
<b>France<sup>1</sup></b>	<b>984.2</b>	<b>978.1</b>	<b>+0.6%</b>	<b>+0.6%</b>
Northern Europe	218.6	185.2	+18.1%	+1.1%
Southern Europe	158.1	142.5	+10.9%	+9.9%
<b>Europe</b>	<b>376.8</b>	<b>327.7</b>	<b>+15.0%</b>	<b>+5.0%</b>
Latin America	132.9	92.2	+44.2%	+15.0%
Manufacturing entities	18.9	17.5	+7.9%	+13.2%
<b>Total</b>	<b>1,512.8</b>	<b>1,415.4</b>	<b>+6.9%</b>	<b>+2.7%</b>

<sup>1</sup> After other items including Rebates



## 2016 REVENUE GROWTH PER QUARTER AND PER GEOGRAPHY



(EUR million)	Q1	Q2	Q3	Q4
Trade & Services	+2.1%	+0.4%	+0.5%	+1.3%
Hospitality	+7.4%	-0.5%	-1.8%	+2.2%
Industry	+0.9%	-0.6%	-2.2%	-1.8%
Healthcare	+4.8%	+3.3%	+1.6%	+3.4%
<b>France<sup>1</sup></b>	<b>+2.6%</b>	<b>+0.1%</b>	<b>-1.2%</b>	<b>+1.4%</b>
Northern Europe	+2.6%	+2.6%	-0.7%	+0.5%
Southern Europe	+11.0%	+8.7%	+10.9%	+9.1%
<b>Europe</b>	<b>+6.2%</b>	<b>+5.3%</b>	<b>+4.5%</b>	<b>+4.0%</b>
<b>Latin America</b>	<b>+13.9%</b>	<b>+10.0%</b>	<b>+18.5%</b>	<b>+17.4%</b>
<b>Manufacturing entities</b>	<b>+5.6%</b>	<b>+25.4%</b>	<b>+14.7%</b>	<b>+9.0%</b>
<b>Total</b>	<b>+4.1%</b>	<b>+2.2%</b>	<b>+1.5%</b>	<b>+3.2%</b>

<sup>1</sup> After other items including Rebates

## 2016 EBITDA MARGIN EVOLUTION



(EUR million)	2016			2015			Change		
	H1	H2	2016	H1	H2	2015	H1	H2	16/15
France	33.7%	36.3%	34.9%	33.9%	36.8%	35.4%	-27bps	-55bps	-42bps
Europe	23.1%	26.7%	25.0%	22.3%	26.6%	24.6%	+71bps	+9bps	+34bps
Latin America	20.8%	24.3%	22.7%	19.1%	23.7%	21.4%	+176bps	+59bps	+130bps
Group	29.6%	32.2%	30.9%	30.0%	32.9%	31.5%	-39bps	-76bps	-58bps

## FROM EBITDA TO NET RESULT



(EUR million)	2016	2015	Change
<b>EBITDA</b>	<b>467.9</b>	<b>446.1</b>	<b>+4.9%</b>
Depreciation and amortization	(253.2)	(238.1)	
<b>EBIT</b>	<b>214.7</b>	<b>208.0</b>	<b>+3.2%</b>
Bank charges	(2.3)	(1.5)	
IFRS 2 expense of free share plans	(3.8)	-	
Amortization of customer relationships	(45.6)	(46.2)	
Goodwill impairment	-	(14.6)	
Other operating income and expenses <sup>1</sup>	24.5	(12.3)	
<b>Operating result<sup>1</sup></b>	<b>187.4</b>	<b>133.4</b>	<b>+40.5%</b>
Financial result <sup>1</sup>	(55.7)	(68.7)	
IPO & refinancing expenses	-	(123.3)	
<b>Net result before tax</b>	<b>131.7</b>	<b>(58.6)</b>	<b>n/a</b>
Tax	(38.1)	0.9	
<b>Net result</b>	<b>93.7</b>	<b>(57.7)</b>	<b>n/a</b>
<b>Headline net result<sup>2</sup></b>	<b>108.2</b>	<b>72.8</b>	<b>+48.6%</b>

<sup>1</sup> 2015 number excludes IPO and refinancing expenses

<sup>2</sup> A reconciliation between Net result and Headline net result is presented on page 27

## FROM NET RESULT TO HEADLINE NET RESULT



(EUR million)	2016	2015
<b>Net result</b>	<b>93.7</b>	<b>(57.7)</b>
Goodwill impairment	-	14.6
Amortization of customer relationships (net of tax effect)	32.8	33.3
IPO & refinancing expenses (net of tax effect)	-	80.8
IFRS 2 expense (net of tax effect)	5.1	1.8
Puteaux disposal (net of profit sharing and net of tax effect)	(23.4)	-
<b>Headline net result</b>	<b>108.2</b>	<b>72.8</b>

# CASH FLOW STATEMENT



(EUR million)	2016	2015
<b>EBITDA</b>	<b>467.9</b>	<b>446.1</b>
Provisions & proceeds from sales of property	(2.8)	(0.9)
Change in operating working capital requirement	10.7	(33.3)
Income tax expense	(47.1)	(17.3)
Cost of net financial indebtedness	(49.0)	(71.4)
<b>Net cash flow from operating activities</b>	<b>379.7</b>	<b>323.2</b>
Linen capital expenditures	(153.3)	(167.8)
Industrial capital expenditures	(110.2)	(100.1)
Capital gains <sup>1</sup>	2.7	9.1
Others	(14.4)	(7.5)
<b>Headline free cash flow<sup>1</sup></b>	<b>104.5</b>	<b>56.9</b>
Dividends paid during the year	(39.9)	(39.9)
Puteaux disposal	60.5	-
Equity increase	0.5	701.4
IPO & refinancing expenses	(1.8)	(134.8)
Financial investments (net)	(220.9)	(115.9)
Other change in debt	(58.5)	110.4
<b>Change in adjusted net debt</b>	<b>(155.6)</b>	<b>578.1</b>
<b>Adjusted net debt as of end of period</b>	<b>1,595.8</b>	<b>1,440.2</b>

<sup>1</sup> After elimination of 2015 IPO and refinancing expenses and of the impact of the Puteaux site disposal in 2016

# OPTIMISATION OF THE FINANCIAL STRUCTURE



Net indebtedness as of December, 31<sup>st</sup>, 2016: €1,595.8mn (net debt / EBITDA ratio at 3.2x)



As part of the **acquisitions of Indusal and Lavebras**, Elis refinanced its senior loan:  
**Nominal:** from €850mn to €1,150mn, **maturity:** from 2020 to 2022, **margin grid:** c. -50bps  
 → Since January 2017, **Group cost of debt** is c. 2.5% (-40bps)  
 → **Covenant** (net debt / EBITDA): 4x and 3.75x from June, 30<sup>th</sup>, 2017 onwards

Gross debt structure as of January, 31<sup>st</sup>, 2017: €280mn available



## KEY 2016 FINANCIAL TAKEAWAYS



- Solid revenue growth
- Controlled decrease in EBITDA margin in France
- Margin improvement in Europe and in Latin America
- Net result and Headline net result showing strong improvement due to better financing conditions
- Strong improvement in cash generation

NOTES



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GROWTH STRATEGY AND OUTLOOK



# A STRATEGY TO DELIVER PROFITABLE GROWTH



Consolidate our  
position through  
organic and  
external growth

Expand our  
Latin American  
platform



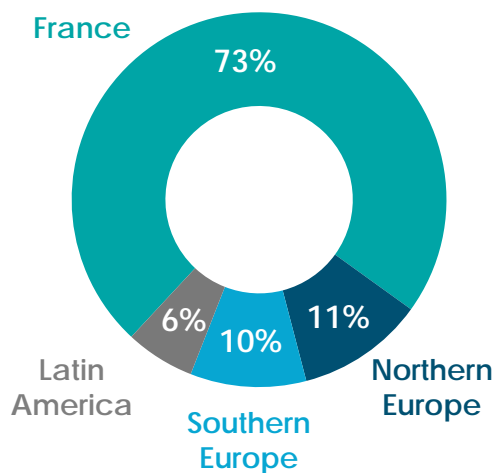
Launch  
new services

Improvement in  
operational  
excellence

# INCREASE IN THE SHARE OF REVENUE ACHIEVED OUTSIDE FRANCE



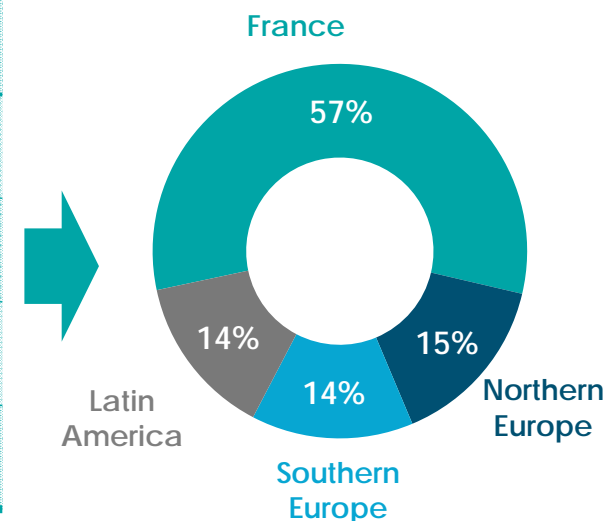
## Elis at IPO (2015)



## 2015-2016

	Average organic growth	Number of acquisitions achieved	Annual acquired turnover
France	1.6%	2	<€5mn
Northern Europe	1.3%	7	c. €95mn
Southern Europe	9.0%	2	c. €95mn
Latin America	9.1%	5	c. €150mn









## Elis today<sup>1</sup>



<sup>1</sup> Calculated based on 2016 revenue, proforma of the full-year effect of Indusal and Lavebras acquisitions

# MARKET SHARE GAINS IN ALL OUR GEOGRAPHIES

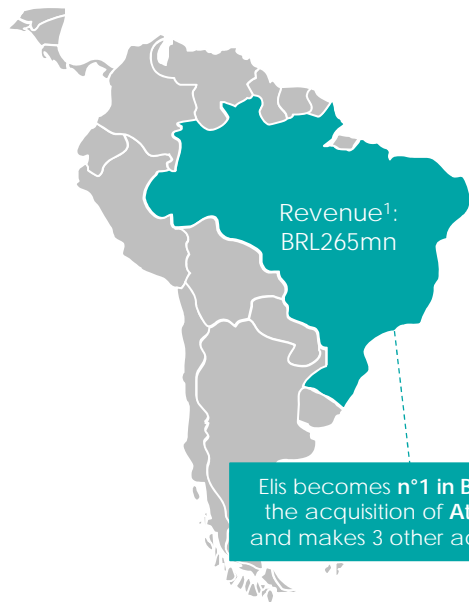


Country	Elis positioning				Market size	Elis' 2016 market share
	2010	2014	2015	2016		
 France	1	1	1	1	€2.0bn	c. 40-50%
 Brazil	Not present	1	1	1	€900mn	c. 25-30%
 Spain	3	3	2	1	€600mn	c. 25-30%
 Germany	Present in 4 regions	Present in 5 regions	Present in 7 regions	Present in 10 regions / 6	€3.0bn	<10%
 Switzerland	Niche player	2	1	1	€400mn	c. 30-40%
 Portugal	1	1	1	1	€80mn	c. 35-45%
 Belux	4	4	4	3	€400mn	<10%
 Chile	Not present	Not present	1	1	€80mn	c. 25-35%

# RAPID EXPANSION OF OUR LATAM PLATFORM

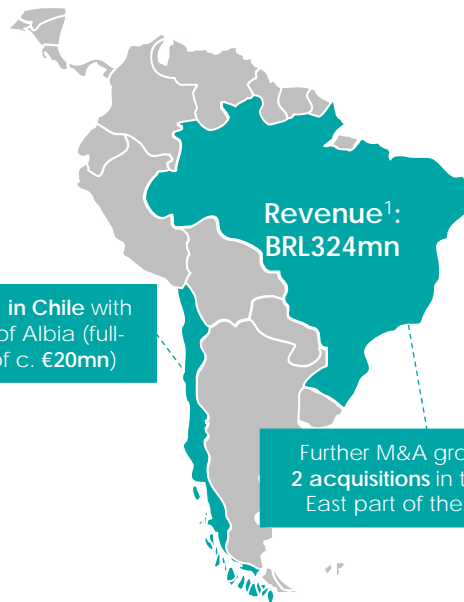


2014



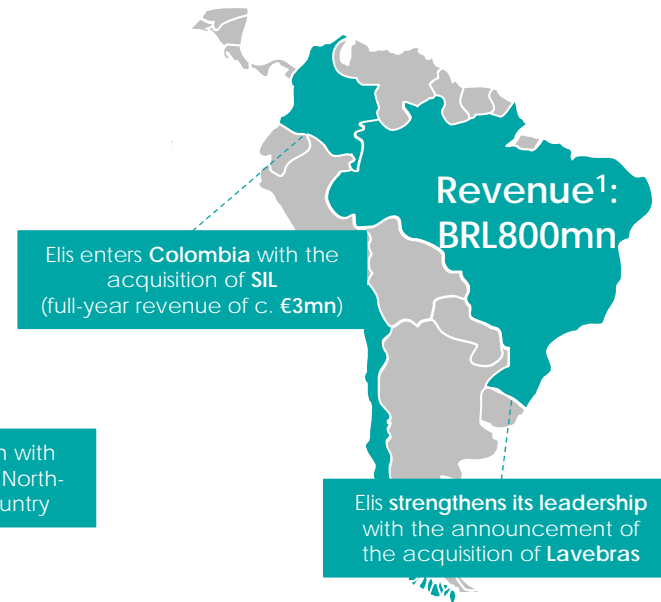
10 production centers<sup>2</sup>  
c. 3,500 employees

2015



24 production centers<sup>2</sup>  
c. 4,900 employees

2016



+100 production centers<sup>2</sup>  
c. 8,700 employees

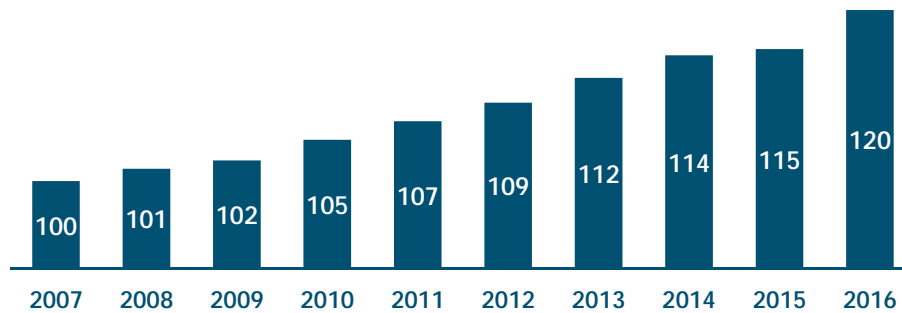
<sup>1</sup> Revenue proforma of the full-year impact of the acquisitions achieved during the year; <sup>2</sup> Production centers, distribution centers and ultra-clean centers



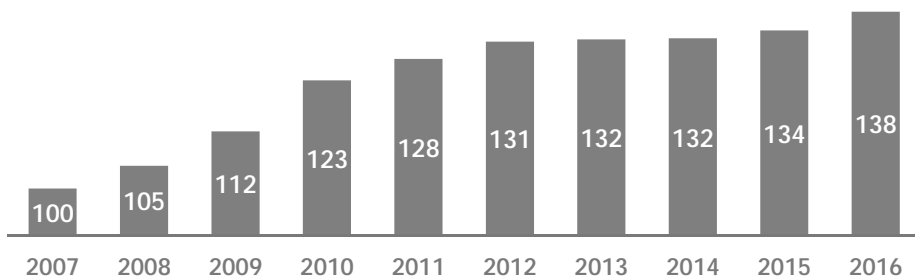
# CONTINUOUS IMPROVEMENT IN PRODUCTIVITY



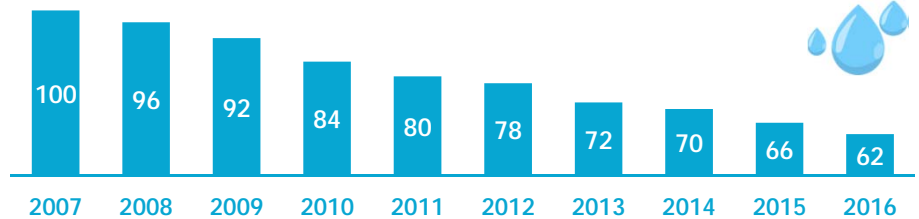
Flat linen productivity in kg per hour  
(100 base in 2007)



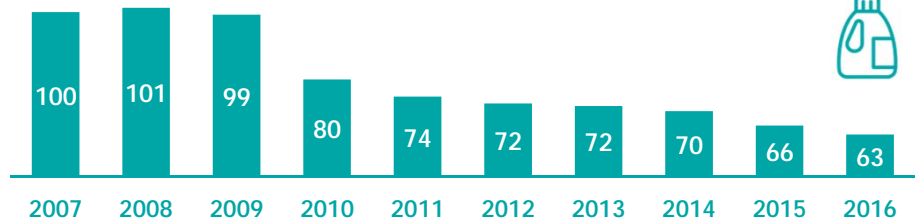
Workwear productivity in units per hour  
(100 base in 2007)



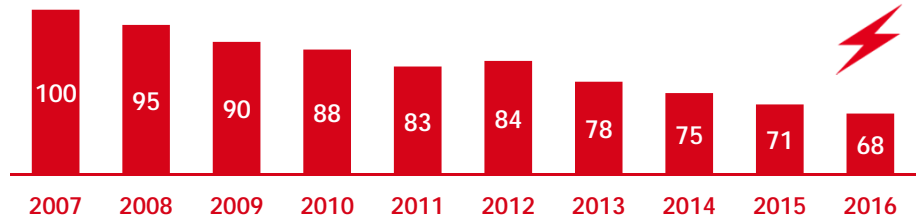
Water consumption in l per kg (100 base in 2007)



Cost of washing products in €ct per kg (100 base in 2007)



Energy consumption in kWh per kg (100 base in 2007)



# THE RISE OF THE AIRBNB ECOSYSTEM: AN OPPORTUNITY FOR ELIS



## Private individuals' linen is at the center of attention

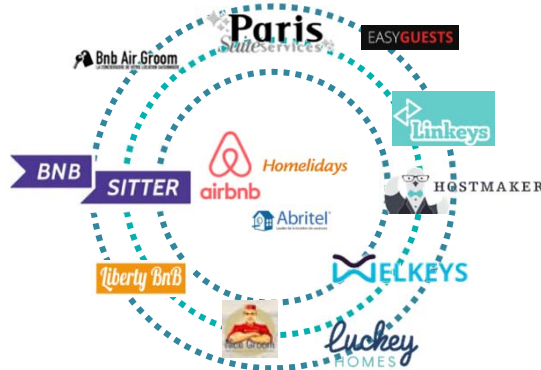
The development of housing platforms triggers the rise of many service offers, **which all include a linen management service for private individuals**

## For Elis, it is a return to its roots

- From 1883 to 1960: Elis serves **private individuals**
- 1960: the washing machine becomes accessible to the public, **Elis refocuses on BtoB**
- Since 2000: Elis has developed a network of small **laundries dedicated to private individuals**
- 2016: acquisition of the startup **On My Way**

## 2 development areas for Elis

Flat linen rental (bedroom and bathroom)  
for "new hoteliers"



Home delivery with on app order



## 2017 OUTLOOK



### Revenue:

- Above €1.7bn (excluding Lavebras contribution)
- Group organic growth comparable to 2016 level
- Working assumptions do not factor any activity pick-up in France

### EBITDA margin:

- Stable in France
- New improvement in Europe and in Latin America



NOTES



A series of horizontal dashed lines for writing notes, spanning the width of the page below the header.

