



Elis announces the launch of its share capital increase

Elis announces today the launch and the terms of its share capital increase with preferential subscription rights for approximately €325m in connection with the refinancing of the acquisitions of Indusal in Spain and Lavebras in Brazil

- **Subscription ratio:** 5 new shares per 22 existing shares
- **Subscription price:** €12.55 per new share
- **Rights trading period:** from January 23rd, 2017 to February 1st, 2017 inclusive
- **Subscription period:** from January 25th, 2017 to February 3rd, 2017 inclusive

Saint-Cloud, January 19th, 2017 – Elis, the leading multi-services group in Europe and Latin America, specializing in the rental and maintenance of professional clothing, textile articles, hygiene and wellbeing appliances, announces the launch of a share capital increase with preferential subscription rights to existing shareholders, for a gross amount of approximately 325 million euros.

The proceeds of the rights issue will enable Elis to refinance a portion of the 550 million euros bridge loan signed in November 2016 in connection with the strategic acquisitions of Indusal and Lavebras, two major players in Spain and in Brazil respectively, announced on December 21st 2016, for a total investment amount of around 510 million euros¹.

With these acquisitions, Elis continues the implementation of its strategy in two key markets with high growth potential and increases the share of international business to over 40% of its revenues. These transactions are expected to generate significant synergies, for a total amount estimated between €25m and €30m for 2019 (excluding tax credit) and a target EBITDA margin of 30% by 2019 in both countries² and are expected to result in an accretive impact on adjusted earnings per share post refinancing of around 7% for the financial year 2017³.

Elis has entered into a new syndicated loan for an amount of 1,150 million euros on January 17th, 2017 for purposes of refinancing its current senior syndicated loan along with the bridge-to-debt tranche of its bridge loan, thereby extending the maturity by approximately 2 years (January 2022 vs. February 2020 for the existing senior syndicated loan), increasing the principal amount (1,150 million euros vs. 850 million euros for the existing senior syndicated loan) and reducing the margin grid by c.50 basis points.

Eurazeo and Crédit Agricole Assurances⁴, Elis's two main shareholders with ownership of 16.9%⁵ and 10% of Elis's share capital respectively, have committed to fully take-up their rights, representing a combined subscription amount of around €87m.

Commenting on this announcement, **Xavier Martiré, Elis's CEO**, said: *"The €325m rights issue that we are launching today meets two critical strategic objectives of Elis: allowing us to complete two crucial acquisitions in two of our key markets while maintaining a solid financial structure. With the acquisitions of Indusal in Spain and Lavebras in Brazil, we are accelerating our international expansion and expect to secure a strong leadership position in both markets. By maintaining shareholders' preferential subscription rights, we are offering them the opportunity to benefit from the accretive impact of these two strategic acquisitions, and the commitments of our two main shareholders – Eurazeo and Crédit*

¹ Based on a reference exchange rate of BRL3.6 for EUR1.0 for the purchase price for Lavebras

² The Group's EBITDA margin rate in 2015 was at 31.5%

³ Adjusted earnings per share in FY2015 was at 0.67 euro

⁴ Which holds 10% of Elis's share capital via its subsidiary Predica

⁵ Of which 16.1% held via Legendre Holding 27, a company controlled by Eurazeo

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Agricole Assurances – to fully subscribe to the rights issue pro rata their stakes demonstrate again their confidence in the strategy pursued by Elis.”

Main terms of the rights issue

The rights issue will result in the issuance of 25,910,490 new shares.

Holders of existing shares held (based on trading records) as of the close of trading on January 20th, 2017 will be allotted preferential subscription rights which will be detached on January 23rd, 2017. Existing shares will therefore trade ex-right from January 23rd, 2017.

22 rights will entitle holders to subscribe for 5 new shares on an irreducible basis (*à titre irréductible*).

Subscriptions on a reducible basis (*à titre réductible*) will be accepted but will be subject to reduction in the event of oversubscription. Any new shares not subscribed for on an irreducible basis (*à titre irréductible*) will be distributed and allocated to the holders of rights having submitted additional subscription orders on a reducible basis (*à titre réductible*).

Based on the closing price of Elis stock on the regulated market of Euronext Paris on January 17th, 2017, i.e. €17.125, the theoretical value of 1 right is €0.85 (noting, however, that this value may fluctuate during the rights trading period, in particular depending on the fluctuations in the price of Elis stock) and the theoretical value of the ex-right share price is €16.28.

The subscription price for the new shares – set at €12.55 per share (nominal value of €10 and issue premium of €2.55) – represents a discount of 22.9% to the theoretical value of the ex-right share price (TERP) and of 26.7% to the closing price (€17.125) on January 17th, 2017.

The rights issue will be open to the public in France only.

Elis has agreed to a lock-up period of 180 calendar days after the settlement-delivery date of the rights issue, subject to certain exceptions.

Eurazeo, Legendre Holding 27 and Crédit Agricole Assurances (via its subsidiary Predica) have each agreed to a lock-up period of 90 calendar days after the settlement-delivery of the rights issue, subject to certain exceptions.

The rights issue (subject to the above-mentioned subscription commitments) is underwritten pursuant to an underwriting agreement signed on January 18th, 2017 with a syndicate of banks including BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC and Société Générale, acting as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Timetable of the rights issue

The rights will be listed and traded on Euronext Paris under the ISIN code FR0013228152 from January 23rd, 2017 until February 1st, 2017 inclusive. It will not be possible to buy or sell the rights after the close of trading on February 1st, 2017. The subscription period for the new shares will run from January 25th, 2017 to February 3rd, 2017 inclusive. The rights not exercised before the end of the subscription period, i.e. the close of trading on February 3rd, 2017, shall automatically become null and void.

Settlement and delivery of the new shares and beginning of trading on Euronext Paris (Segment A) are expected to take place on February 13th, 2017. The new shares, which will carry dividend rights and will entitle their holders to any dividends declared by Elis from the date of issuance, will be, as from their issuance date, fully fungible with Elis's existing shares and will be traded under the same ISIN code as the Elis's existing shares (ISIN code FR0012435121).

Financial outlook

Elis estimates that its consolidated revenue for the year ended December 31st, 2016 will be equal to approximately €1,510 million, representing an increase of 6.7% compared to the previous financial year, including 2.5% from organic growth.

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During the fourth quarter of 2016, the hospitality industry remained subdued, despite a slight improvement in late December. However, Southern Europe and Brazil carried on with their very good dynamics.

The estimated EBITDA for the financial year ended December 31, 2016 is approximately of €465 million, which represents an increase of 4.2% compared to the EBITDA generated in the previous financial year and which amounted to €446.1 million. The EBITDA margin rate for France is expected to decrease by an estimated 45 basis points.

As at the date of the Prospectus, the Group expects for 2017 similar dynamics in each of its markets to the ones observed in 2016. Therefore, the organic growth in revenue for the year 2017 in each geographic area is expected to be more or less equivalent to the one observed in 2016.

With the impact of the acquisitions finalized in 2016, the Group's total revenue growth is expected to exceed 10% in 2017, excluding Lavebras's contribution. The completion date of the acquisition of Lavebras will be determined based on the date of the approval of the Brazilian competition authority. Furthermore, the Group aims for 2017 to maintain its EBITDA margin rate in France and to improve its gross margin in the other geographic areas.

Elis expects to announce its 2016 full year financial results on March 15th, 2017.

Information available to the public

A French language prospectus including (i) the registration document (*document de référence*) of Elis registered with the French Market Authority (*Autorité des marchés financiers* (AMF)) on April 13th, 2016 under number R.16-019, (ii) the update of the registration document registered with the AMF on January 18th, 2017 under number D.16-0083-A01, and (iii) a securities note (*note d'opération*) (including the summary of the prospectus) which was filed with the AMF and received visa number 17-022 dated January 18th, 2017 is available free of charge from the Company (5, boulevard Louis Loucheur - 92210 Saint-Cloud - France) as well as from the websites of the AMF (www.amf-france.org) and the Company (www.corporate-elis.com).

The public's attention is drawn to the risk factors included in chapter 2 of the registration document, in chapter 2 of the update to the registration document and in chapter 2 of the securities note.

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Disclaimer

The English version of this press release may differ from the French version for regulatory reasons.

The public's attention is drawn to the risk factors described in chapter 2 of the registration document, in chapter 2 of the update to the registration document and in chapter 2 of the securities note, which should be carefully considered before making any investment decision. The materialization of all or any of these risks may have an adverse effect on the Group's operations, financial conditions, results or objectives, or the market price of Elis shares.

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Any public offering of Elis securities may be made only in France and only pursuant to a prospectus having received the visa of the AMF.

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2003, as amended, in particular by Directive 2010/73/UE in the case where such directive was implemented into law in the member States of the European Economic Area (together, the "Prospectus Directive"). This press release is not a prospectus within the meaning of the Prospectus Directive.

With respect to the member States of the European Economic Area other than France (the "Member States") having implemented the Prospectus Directive into law, no action has been or will be taken in order to permit a public offer of the securities which would require the publication of a prospectus in one of such Member States. As a result, the securities of Elis may only be offered in Member States other than France (i) to qualified investors, as defined by the Prospectus Directive; or (ii) in any other circumstances, not requiring Elis to publish a prospectus as provided under Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, "securities offered to the public" in a given Member State means any communication, in any form and by any means, of sufficient information about the terms and conditions of the offer and the securities so as to enable an investor to decide to buy or subscribe for the securities, as the same may be varied in that Member State. This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.

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Each of the Joint Global Coordinators is acting exclusively for Elis in connection with the offering and no other person in relation to the offering and will not regard any person other than Elis (whether or not a recipient of this press release) as its client in relation to the offering and will not be responsible to anyone other than Elis for providing the protections afforded to its clients or for giving advice in relation to the offering or any transaction, arrangement or other matter referred to in this press release.

This press release includes certain statements of outlook and trends, particularly taking into account the acquisitions of Indusal in Spain and Lavebras in Brazil, that are based on current data, assumptions and expectations that may evolve or be revised due to uncertainty related, among other factors, to known and unknown business risks and the economic, financial, competitive, regulatory and climatic environment in which Elis operates, as well as the outcome of Elis's strategy and its ability to integrate

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Indusal and Lavebras successfully and achieve related synergies. Elis expressly declines any obligation or undertaking to update or revise any objectives, outlook or other forward-looking statements made in this press release, except as required by applicable law or regulation. Elis cannot guarantee that any of the objectives described in this press release will be achieved.

This press release includes market and competition data relating to the Group. Some of these data were obtained from external market research. Such publicly available information, which Elis deems reliable, has not been independently verified and Elis cannot guarantee that a third-party using different fact-gathering, analytical or calculation methods to compute market data would obtain the same results. Unless otherwise stated, information included in this press release relating to market shares and market size in Elis's core markets are based on Elis's management's estimates. All such data and outlook are included herein for information purposes only.

Estimated data related to Indusal and Lavebras are based on information made available to Elis by Indusal and Lavebras, respectively, as adjusted based on current estimates and assumptions deemed reasonable by Elis's management. All data related to Indusal and Lavebras, as well as estimated financial data related to the Group, have been neither audited nor reviewed by Elis's auditors.