



Q3 2020 revenue - October 22, 2020

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Q3 2020 revenue and business highlights

Outlook

Q&A

75% of the business is now back to virtually normal levels of activity

Material activity improvement in Q3 with organic growth down -10.6% (-26.7% in Q2)






















- c. 75% of our total business now back to almost normal state of activity:
 - Healthcare revenue up c. +3% in Q3
 - Industry revenue down c. -2% in Q3
 - Trade & Services revenue down c. -2% in Q3
- Hospitality (c. 25% of total 2019 revenue) organic revenue down c. -40% in Q3 with domestic tourism partially offsetting the very limited international tourism during summer
- Regional performance reflects the share of Hospitality in the mix
- Churn rate improvement across the board and several contract wins for hygiene products and workwear

2020 should demonstrate Elis' high resilience throughout the crisis

We now expect 2020 EBITDA margin and 2020 free cash-flow to be slightly better than in 2019 on the back of:

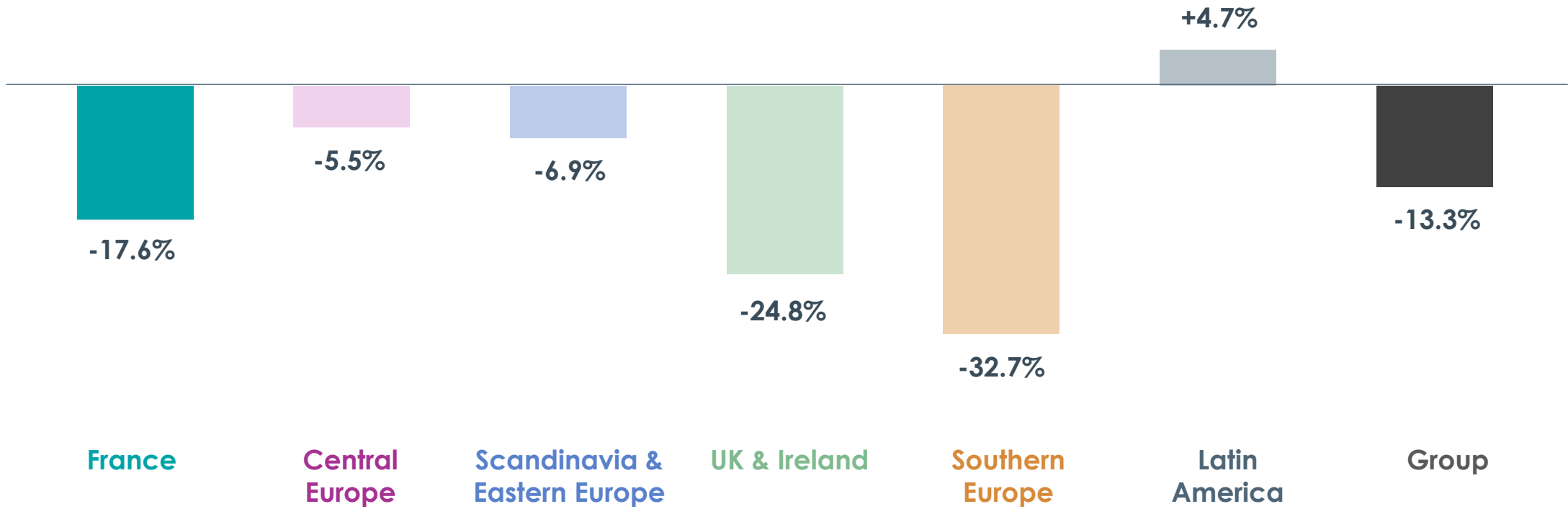
- Production capacity adjustment implemented in a very timely manner to cope with the decrease in client activity
- Structural cost saving plans launched across the Group
- Review of the 2020 industrial capex plan, with the cancellation of all projects to increase capacity
- Strong focus on cash collection

Notable improvement in Industry, Healthcare and Trade & Services; Hospitality still lagging

End market	Q3 2020 organic revenue	Low point during lockdown	Main revenue contributors	Main contributors to 2019 revenue
 <p>Industry 29% of total 2019 revenue</p>	c. -2%	c. -15%	     	Food processing: 25% Pharma: 20% Water / waste management: 20% Automotive: 10%
 <p>Hospitality 27% of total 2019 revenue</p>	c. -40%	c. -90%	  	Hotels: 85% Restaurants: 15%
 <p>Healthcare 26% of total 2019 revenue</p>	c. +3%	c. -10%	   	Hospitals and clinics: 80% Nursing homes: 20%
 <p>Trade & Services 18% of total 2019 revenue</p>	c. -2%	c. -25%	   	Small retailers: 20% Major retailers: 20% Facility management: 20% Collective catering: 15%

The impact from Covid-19 is stronger in geographies with a high exposure to Hospitality

9-month 2020 organic revenue evolution by geography



France continues to recover despite significant share of Hospitality in the mix

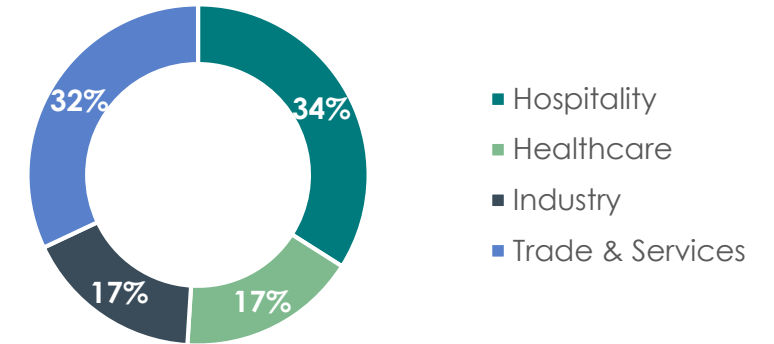
2/3 of our French business is now back to normal

- Industry, Trade & Services and Healthcare continued to recover in Q3 and are now either stable or slightly up
- Good commercial activity, especially in Healthcare with contract wins in workwear and higher consumables consumption

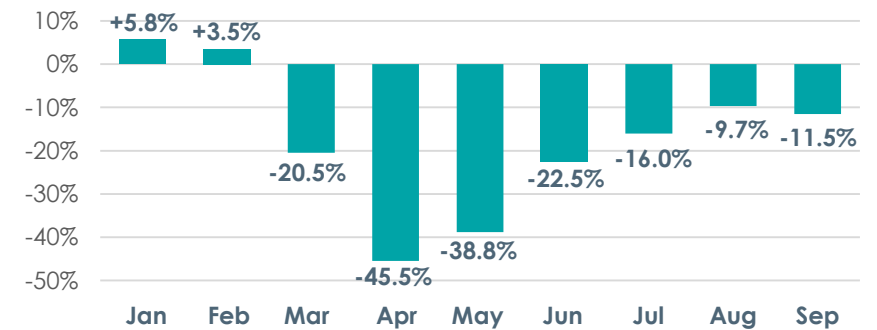
Marked recovery in Hospitality in Q3

- Hospitality normally represents 1/3 of Group revenue in France
- Good activity from mid-range hotels during the summer
- Domestic tourism partly offset the interruption of international tourism
- Q4 expected to be tougher given the higher share of business/international tourism in the mix and the recent implementation of new sanitary measures in some big cities

FY 2019 revenue breakdown by end-market



YTD 2020 monthly organic revenue evolution



Organic revenue down **-12.4%** in Q3 2020

Activity in Central Europe almost back to normal

Well diversified client base with limited Hospitality exposure

Further improvement in Germany

- Organic revenue in Q3 down c. -4%, notably thanks to the share of Healthcare in the country revenue mix
- Good commercial activity in Workwear
- Further productivity improvement

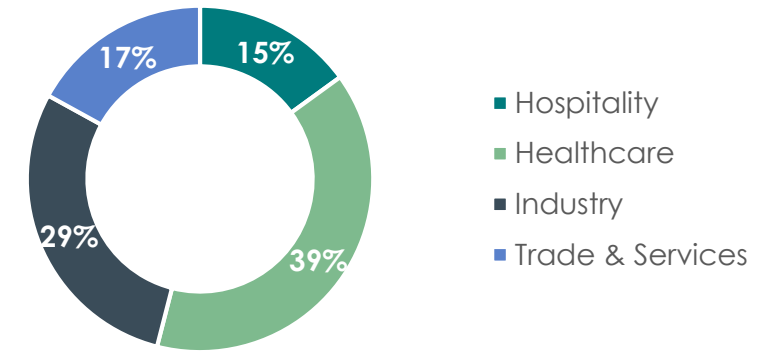
Netherlands, Poland, Czech Republic, Slovakia and Hungary all up in Q3

- High % of Industry clients with limited impact from the crisis

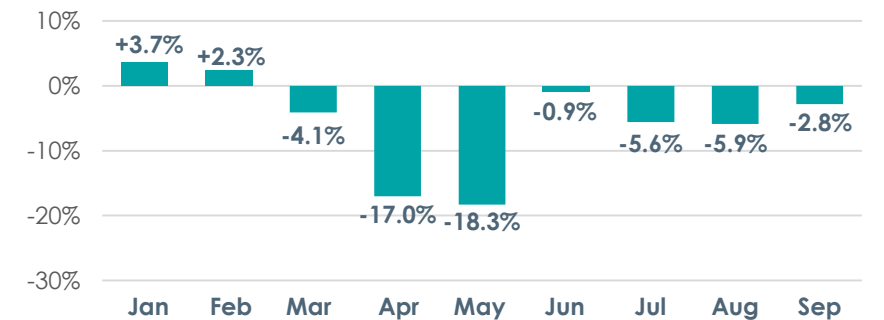
Switzerland down double-digit

- Higher % of Hospitality in the country mix

FY 2019 revenue breakdown by end-market



YTD 2020 monthly organic revenue evolution



Organic revenue down **-4.8%** in Q3 2020

Scandinavia & Eastern Europe: Favorable business mix and limited revenue decline

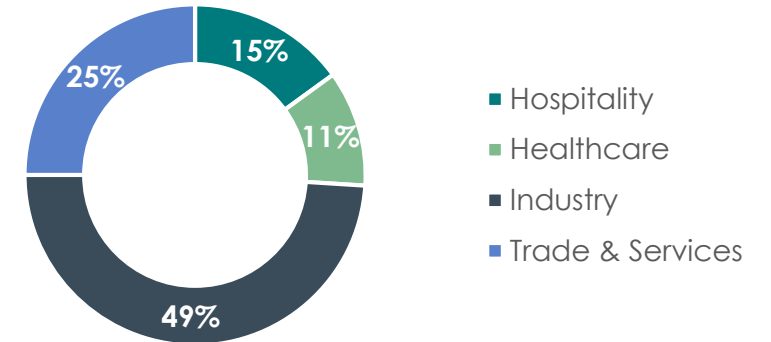
Contained revenue decrease in Denmark, Sweden and Finland

- Sweden revenue down c. -10% organically with lower activity of some clients with international activities
- Organic revenue down c. -8% in Denmark, and c. -5% in Finland

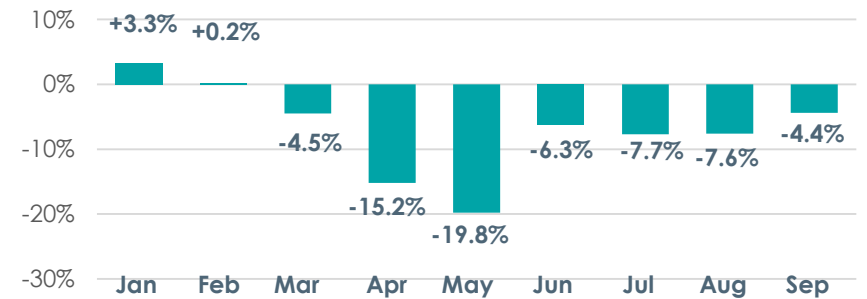
Norway and Baltics up c. +9% and c. +6% respectively

- Good commercial activity with contract wins in workwear and mats

FY 2019 revenue breakdown by end-market



YTD 2020 monthly organic revenue evolution



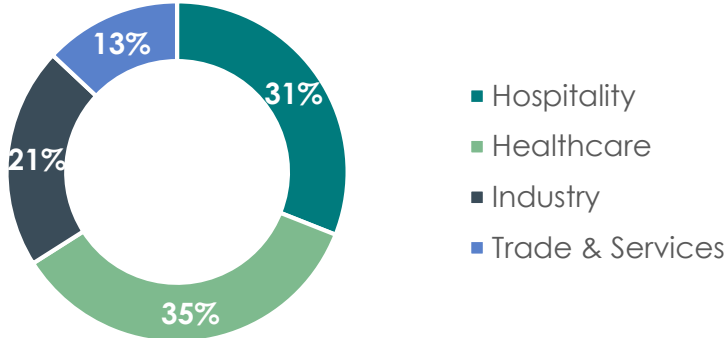
Organic revenue down **-6.5%** in Q3 2020

UK & Ireland remain very tough, but some improvement in Q3

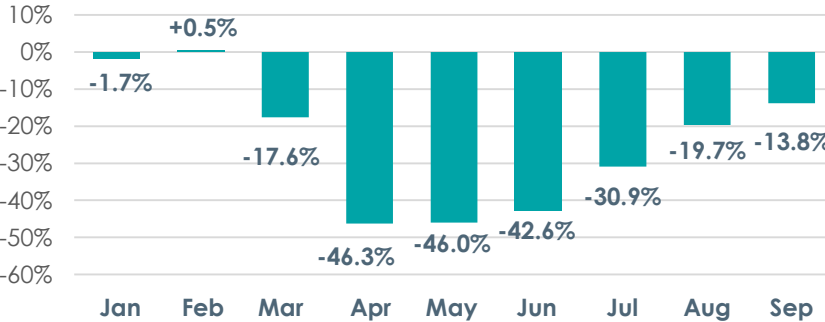
The mix in the region is well balanced between Hospitality, Healthcare and Industry/Trade & Services

- Hospitality down c. -50%/-55% with no material pickup noted
- Industry and Trade & Services down c. -15%/-20% with the significant share of catering clients in the mix weighing on performance
- Many clients are implementing restructuring plans, which means less wearers of Elis workwear
- Healthcare still down c. -5% with virtually no nursing home clients in our UK portfolio to offset the negative trend

FY 2019 revenue breakdown by end-market



YTD 2020 monthly organic revenue evolution



Organic revenue down **-21.6%** in Q3 2020



Southern Europe continues to suffer from its large exposure to Hospitality

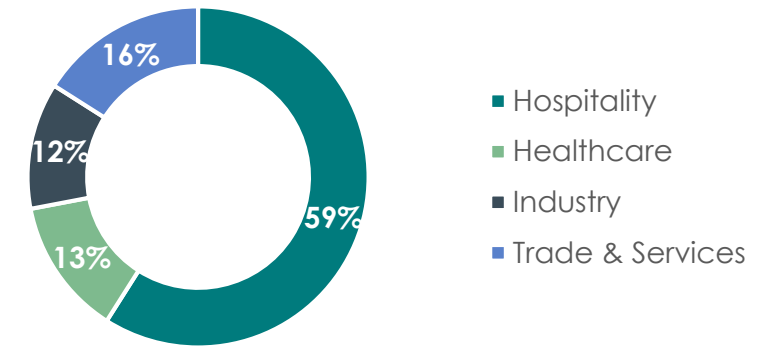
Spain and Portugal were strongly impacted during the summer due to their exposure to Hospitality

- Q3 organic revenue down c. -40% and c. -30% in Spain and Portugal respectively
- Economy is impacted in both Spain and Portugal, with softer activity across the board

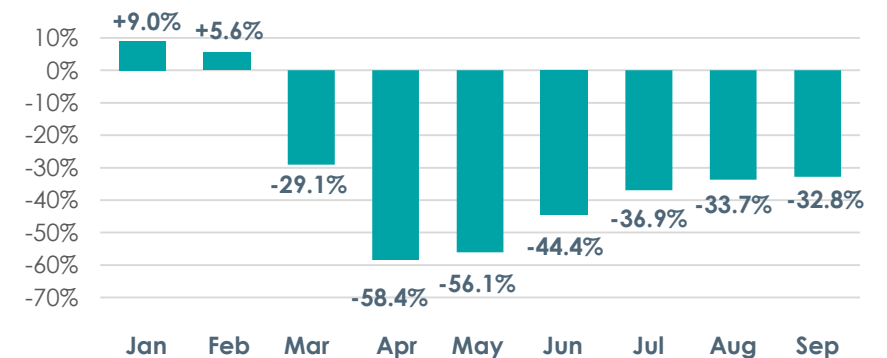
Italy virtually stable in Q3

- Revenue is essentially stable with very resilient industrial clients
- Some commercial success with disinfection services

FY 2019 revenue breakdown by end-market



YTD 2020 monthly organic revenue evolution



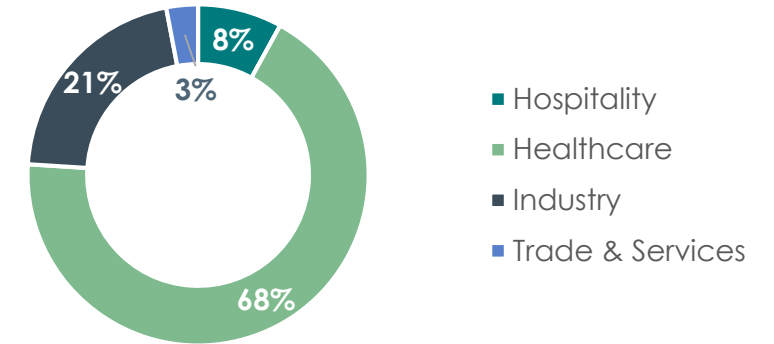
Organic revenue down **-34.5%** in Q3 2020

Latin America: Strong resilience and revenue uplift from commercial initiatives

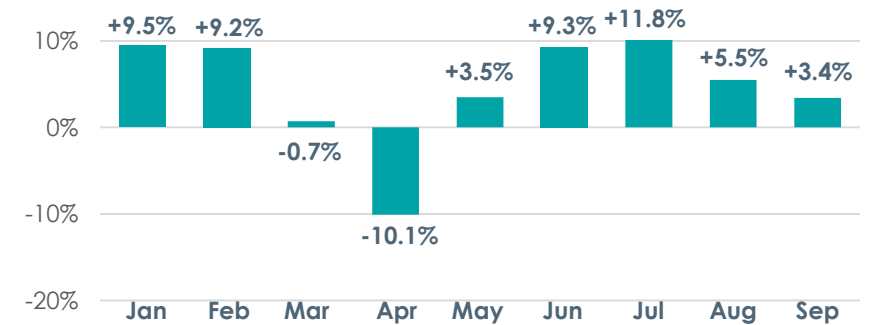
The region benefits from its strong exposure to Healthcare

- Our Industry business, predominantly with food processing clients, is holding up quite well
- Healthcare is back in positive territory since May
- Significant revenue peak in June and July on the back of short-term contracts signed with some Brazilian hospitals (c. €3mn in Q3, mostly in July)
- Activity has normalized since mid-August

FY 2019 revenue breakdown by end-market

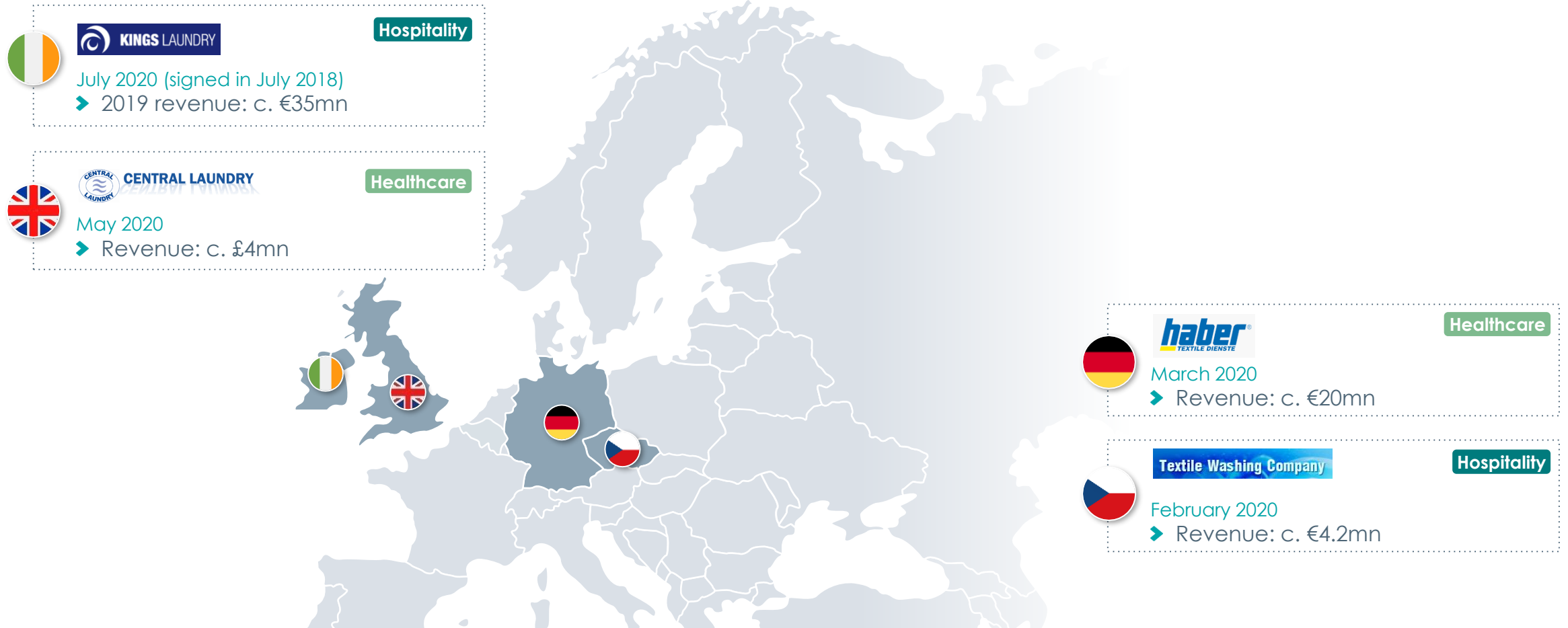


YTD 2020 monthly organic revenue evolution



Organic revenue up **+6.9%** in Q3 2020

4 acquisitions closed to date, including Kings Laundry in Ireland



Q3 2020 M&A impact: +1.2%

9-month 2020 M&A impact: +0.9%

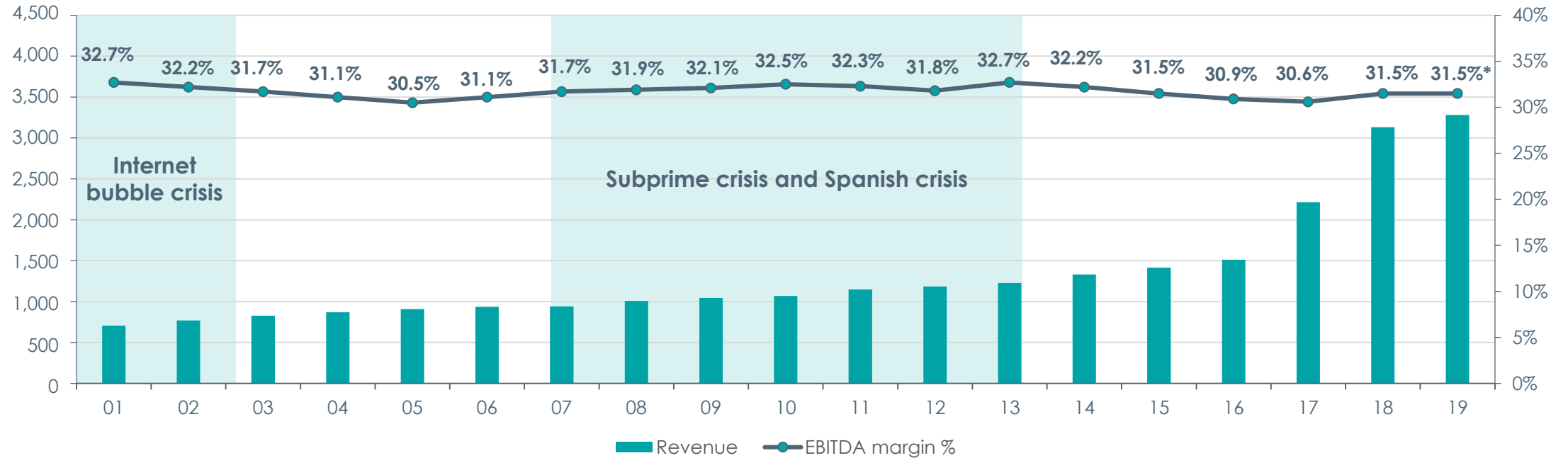


Q3 2020 revenue and business highlights

Outlook

Q&A

The Group continues to demonstrate business resilience



- Over the last **19** years, Group revenue has posted **continuous organic growth** and **EBITDA margin** has evolved within a **narrow range**
- Our business offers a **silver lining**: When there is lower revenue growth, **linen capex is lower**, resulting in **higher cash generation**

* Excluding IFRS 16 (33.6% including IFRS 16)

Elis took immediate operational actions to preserve revenue, margins and cash generation



Plant shutdowns

- ✓ **Up to c. 100 plants shut down at Group level during lockdown** to reflect the decrease in our client activity
- ✓ **c. 14 plants still closed** as of today, 5 plants permanently shut down



Headcount reduction across the board

- ✓ **Adjustment of production capacity** to volumes treated (blue collars)
- ✓ **Adjustment of plants' operational structure** (production supervisors, commercial teams, maintenance teams, etc...)
- ✓ **Cost-cutting plans in every country head office**, especially in France



Cut in 2020 capex plan

- ✓ **Cancellation of all industrial projects to increase capacity**, with **no carry-forward effect for the next years**
- ✓ **Significant decrease in linen capex for the year** (lower activity leads to **less linen replacement**)



Commercial initiatives to capture additional revenue opportunities

- ✓ **Higher demand for hygiene products and disinfection solutions** (soaps, hydroalcoholic gels, etc.)
- ✓ Many **workwear contracts** won in **Healthcare**, in the context of a **switch to the outsourcing model** following the sanitary crisis

2020 outlook

Revenue

- ✓ The general economic environment remains very uncertain
- ✓ The new sanitary measures recently implemented in some countries should weigh on hospitality in Q4
- ➔ **We estimate today that full-year 2020 organic revenue growth should be in line with the 9-month number, implying a slowdown in Q4 compared to Q3**

EBITDA margin & free cash flow generation

Thanks to the significant efforts to decrease the cost base in H1 and the action plans that have been defined to help both profitability and cash generation:

- ➔ **2020 EBITDA margin and 2020 free cash-flow should be slightly better than in 2019**



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