Press release

H1 2015 results – Revenues up nearly 6%
2015 outlook: revenues expected to grow +7%; EBITDA between €445m and €450m

- **Revenue growth of c. 6%**
  - Revenue: €682.4m (+5.9%)
  - EBITDA: €204.6m (30.0% of revenues)
  - Pricing pressure in France
  - IPO success and debt fully refinanced
- **Dynamic M&A strategy**
  - 6 acquisitions completed in H1 in France and Europe
  - 2 further acquisitions completed during July in Switzerland and Brazil
  - Agreement reached on the provisional sale of the Puteaux site for €54m
- **FY15 outlook updated**
  - FY15 revenue growth target increased to +7.0%
  - FY2015 EBITDA expected to be between €445m and €450m (+€15m/€20m vs 2014)

In m€	H1 2015	H1 2014*	Change
Revenues	**682.4**	**644.3**	**+5.9%**
EBITDA	**204.6**	**204.8**	**-0.1%**
EBIT	**87.7**	**99.7**	**-12.0%**
Net result	**(80.6)****	**(20.2)**	
Adjusted net financial debt (end of period)	**1,404.5**	**1,996.0**	

Percentage change calculations are based on actual figures
*H1 2014 figures are restated from the first application of the IFRIC 21 interpretation
**: of which €123m are non-recurring costs related to the IPO and subsequent refinancing

Puteaux, July 29 2015 – Elis, the leading multi-services group in Europe and Brazil, specializing in the rental and maintenance of professional clothing, textile articles, hygiene and well-being appliances, today announces its 2015 half year financial results.

Commenting on the 2015 first half results, **Xavier Martiré, CEO of Elis**, said:

"Elis' revenues grew +5.9% in H1 2015 to €682m on the back of +2.4% organic growth. This good performance was achieved despite a sluggish macro environment in Europe and Brazil. Revenue growth was driven by a sharp rebound in Southern Europe and recently completed acquisitions. However, pricing pressure in the French market had a dilutive impact on our first half margins.

Looking to the full year, we remain confident in our growth prospects and raise our FY15 revenue guidance to +7%. We expect EBITDA to increase by €15m to €20m and land between €445m and €450m.

Finally, the first half was marked by the IPO of Elis and the successful full refinancing of its debt. Elis now has a new financial status with an interest charge that is now a third of that paid previously and hence has larger access to financial resources. As such, the Group is able to accelerate the deployment of its 4 strategic pillars: 1) To consolidate our positions in all our geographies, 2) To continue the development of our Brazilian platform 3) To pursue the improvement of our operational excellence and 4) The launch of new products and services."

Revenues

Revenue growth

In m€	2015 Q1	2015 Q2	2015 H1	2014 Q1	2014 Q2	2014 H1	Change Q1	Change Q2	Change H1
Hospitality	62.2	83.3	145.5	59.1	77.3	136.5	+5.2%	+7.7%	+6.6%
Industry	46.7	47.2	94.0	45.8	47.5	93.3	+2.0%	-0.6%	+0.7%
Trade & Services	83.1	85.5	168.6	83.7	86.5	170.2	-0.7%	-1.2%	-1.0%
Healthcare	39.4	39.9	79.3	38.0	38.2	76.1	+3.7%	+4.6%	+4.2%
France[a]	**228.2**	**250.5**	**478.6**	**222.5**	**245.5**	**468.0**	**+2.5%**	**+2.0%**	**+2.3%**
Northern Europe	38.2	46.1	84.2	35.0	37.5	72.5	+8.9%	+22.8%	+16.1%
Southern Europe	28.9	37.1	66.0	26.7	32.6	59.3	+7.9%	+13.9%	+11.2%
Europe	**67.0**	**83.2**	**150.2**	**61.8**	**70.1**	**131.9**	**+8.5%**	**+18.7%**	**+13.9%**
Brazil	**22.3**	**22.8**	**45.1**	**13.8**	**22.4**	**36.2**	**+61.6%**	**+1.8%**	**+24.6%**
Manufacturing Entities	**4.5**	**3.9**	**8.5**	**4.3**	**3.9**	**8.2**	**+5.5%**	**+0.7%**	**+3.2%**
Total	**322.0**	**360.4**	**682.4**	**302.4**	**341.9**	**644.3**	**+6.5%**	**+5.4%**	**+5.9%**

[a] : After other items including rebates
Percentage change calculations are based on actual figures

Organic revenue growth

In m€	Q1 organic growth[1]	Q2 organic growth[1]	H1 organic growth[1]
Hospitality	+5.2%	+7.7%	+6.6%
Industry	+2.0%	-0.6%	+0.7%
Trade & Services	-0.7%	-1.2%	-1.0%
Healthcare	+3.7%	+4.6%	+4.2%
France[a]	**+2.5%**	**+2.0%**	**+2.3%**
Northern Europe	-0.8%	-0.9%	-0.9%
Southern Europe	+7.9%	+7.1%	+7.5%
Europe	**+3.0%**	**+2.8%**	**+2.9%**
Brazil	**+2.0%**	**+5.0%**	**+3.8%**
Manufacturing Entities	**+1.7%**	**-4.3%**	**-1.2%**
Total	**+2.6%**	**+2.1%**	**+2.4%**

[a] : After other items including rebates
Percentage change calculations are based on actual figures

Revenues for the six months ending 30th June 2015 increased 5.9% to €682.4m million.

This €38.1m increase was driven by organic growth in France, Southern Europe and Brazil along with the impact of recent acquisitions.

France

During the first half, revenue growth in France was driven entirely by organic growth of +2.3%. The ramp-up of large contracts was partially offset by pricing pressure.

- Revenues for the Hospitality segment increased 6.6% despite the negative impact from the terrorist attacks in Paris during January. The roll-out of large contracts was in line with our expectations.
- Revenues for the Healthcare segment grew by 4.2%, helped by market share gains for both short-stay and long-stay clients, with a sequential improvement in Q2.
- Revenues for the Industry segment rose by 0.7% helped by new contracts during the first quarter. However, the second quarter suffered from lower client activity.
- The persistently difficult macro environment (particularly for car retailer networks) led to a slight decline in Trade & Services revenues (-1.0%).

Europe

Revenue growth in Northern Europe (+16.1%) was driven by acquisitions in Germany and Switzerland. However, hospitality in Switzerland suffered from the rise of the Swiss franc which had an adverse impact on tourist traffic.
Revenues in Southern Europe (+11.2%) continued to rebound helped by an improving macro environment and impressive commercial momentum in all segments including Hospitality and Industry. The Spanish acquisitions also contributed to strong growth in Q2.

Brazil

Revenues in Brazil (+24.6%) benefited from the impact of acquisitions. Despite the persistently difficult macro environment in the country, commercial momentum was good underscoring our view that the market has strong potential. Organic revenue growth sequentially increased to +5.0% in Q2.

EBITDA[2]

In m€	H1 2015	H1 2014	Change
France*	**162.7**	**164.9**	**-1.4%**
As a % of revenues	*33.9%*	*35.1%*	*-120bps*
Europe*	**33.6**	**31.7**	**+5.8%**
As a % of revenues	*22.3%*	*24.0%*	*-170 bps*
Brazil	**8.6**	**7.0**	**+22.1%**
As a % of revenues	*19.1%*	*19.5%*	*-40bps*
Manufacturing entities	**1.4**	**1.6**	**-9.1%**
As a % of revenues	*10.1%*	*12.7%*	*-260 bps*
Holdings	**(1.6)**	**(0.5)**	**n/a**
Total	**204.6**	**204.8**	**-0.1%**
As a % of revenues	*30.0%*	*31.8%*	*-180bps*

Percentage change calculations are based on actual figures
*H1 2014 figures are restated from the first application of the IFRIC 21 interpretation

H1 EBITDA was flat compared to the same period last year. However, EBITDA margin decreased 180bps yoy largely due to:
- Phasing from a base effect in H1 2014 due to some non-recurring items,
- Pricing pressure in France due to an increasingly competitive environment in a sagging market,
- An unfavorable mix effect in Europe, with stronger growth from lower margin geographies.

Full-year EBITDA margin decline in France should not exceed 1 percentage point compared to 2014. European EBITDA margin should remain flat in 2015.
As far as Brazil is concerned, operational indicators allow us to be confident for the full-year outlook and we expect EBITDA margin to increase.

EBITDA to net result

In m€	H1 2015	H1 2014*	Change
EBITDA	**204.6**	**204.8**	**-0.1%**
As a % of revenues	*30.0%*	*31.8%*	*-180bps*
Depreciation & amortization	(116.9)	(105.1)	
EBIT	**87.7**	**99.7**	**-12.0%**
As a % of revenues	*12.9%*	*15.5%*	*-260bps*
Banking charges	(0.8)	(0.5)	
Operating result before other operating income and expenses	**86.9**	**99.2**	**-12.4%**
As a % of revenues	*12.7%*	*15.4%*	*-270bps*
PPA depreciation	(21.8)	(20.5)	
Goodwill impairment	(0.0)	(0.0)	
Other operating income and expenses	(26.0)	(16.1)	
Operating result	**39.2**	**62.6**	**-37.4%**
As a % of revenues	*5.7%*	*9.7%*	*-400bps*
Financial result	(144.6)	(79.2)	
Pre-tax result	**(105.4)**	**(16.5)**	**n/a**
Tax	24.8	(3.7)	
Equity affiliates	0.0	0.0	
Net result	**(80.6)**	**(20.2)**	**n/a**

Percentage change calculations are based on actual figures
*H1 2014 figures are restated from the first application of the IFRIC 21 interpretation

EBIT[3]

Purchase of linen linked with the implementation of large contracts leads to higher depreciation, impacting EBIT greater than EBITDA. We anticipate EBIT margin for 2015 should fall c. 1 percentage point compared to 2014.

Operating result[4]

PPA depreciation was virtually flat in 2014. These intangible assets were accounted for in 2007 and their amortization period will end in 2018.
Other operating income and expenses were impacted by c. €21m, corresponding to non-recurring costs related to the IPO.

Financial result

Elis completely refinanced its debt in 2015 in 2 stages: (i) as part of the IPO in February, then (ii) on April 22 with the issuance of €800 million of 2022 Notes priced at 3.0%.
This new financial structure is totally unsecured, without any major maturity before 2020. This leads to a full year interest charge which should be a third of that paid in the prior year.
In the first half, the breakup fees and expenses of old debt and the issuance of the new notes impacted the Financial result by €102m.

Net result

Net result amounted to -€80.6m. It was impacted by c. €123m non-recurring expenses related to the IPO and various debt refinancing charges.

<u>Other financial items</u>

Investments

Group net investments encompass industrial investments and linen investments which were offset by disposals (including the sale & lease of real estate in 2014).
Capex for the first six months of 2015 amounted to €141.5m. The group undertook some exceptional linen purchases in the context of the implementation of large contracts signed at the end of 2014.

Operating cash-flow[5]

Operating cash-flow was €36.8m in H1 2015 compared to €176.2m in the same period last year. This significant decrease is due to (i) the negative base effect from the sale & lease operation in 2014 (c. €93m), (ii) higher investments over the period and (iii) the unfavorable evolution of working capital requirement in 2015.

Company free cash-flow[6]

Company free cash-flow amounted to -€117.5m in H1 2105. This was impacted by the evolution of Operating cash flow and refinancing costs of €97.8m.

Adjusted net financial debt[7]

Group adjusted net financial debt as of 30th June 2015 was €1,404.5m

Cash payment for the 2014 financial year

The Annual General Meeting convened on 24 June 2015 approved the cash payment of €0.35 per share for the 2014 financial year. This payment was implemented on 2 July 2015.

<u>Investor and Analyst conference call</u>

Speakers:
Xavier Martiré, CEO
Louis Guyot, CFO

Date: Wednesday, July 29
6:30 pm Paris time – 5:30 pm London time – 12:30 pm New York time

Webcast link (live and replay):
http://edge.media-server.com/m/p/rkskai92

Webcast replay will be available for 1 year following the event.

Financial definitions

1. *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.

2. *EBITDA* is defined as *EBIT* before depreciation and amortization net of the portion of grants transferred to income.

3. *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 income and expense and miscellaneous financial items (bank fees and recurring dividends recognized in operating income).

4. *Operating result* is defined as net income (loss) before net financial expense, income tax, share in income of equity-accounted companies.

5. *Operating cash-flow* is defined as EBITDA minus non cash-items and after (i) business-related changes in working capital, (ii) linen purchases and (iii) manufacturing capital expenditures, net of proceeds.

6. *Company free cash-flow* is defined as Operating cash flow minus interests payments, minus tax paid and minus debt issuance expenses.

7. 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

This release 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 on 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 Document de Base registered in France with the French Autorité des Marchés Financiers.
Investors and holders of shares of the Company may obtain copy of such annual report by contacting the Autorité des Marchés Financiers on its website www.amf-france.org or directly on the Company website www.corporate-elis.com
The Company does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.

Next information

Q3 2015 revenues: November 9, 2015 (after market)

About Elis

Elis is a leading multi-services group in Europe and Brazil, specialized in the rental and maintenance of professional clothing and textile articles, as well as hygiene appliance and well-being services. With more than 19,000 employees spread across 12 countries, Elis' consolidated turnover in 2014 was €1.331 billion with consolidated EBITDA of €429 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 280 production and distribution centers and 13 clean rooms, which guarantees it an unrivalled proximity to its clients.

Contact

Investor Relations:
Nicolas Buron, Investor Relations Director – Phone: +33 1 41 25 46 77 - nicolas.buron@elis.com

Appendices

Consolidated income statement for the period*

In thousands of euros	H1 2015	H1 2014
Revenue	682,396	644,278
Cost of linen, equipment and other consumables	(114,700)	(107,514)
Processing costs	(255,210)	(226,899)
Distribution costs	(110,830)	(103,861)
Gross margin	201,656	206,004
Selling, general and administrative expenses	(114,752)	(106,803)
Operating income before other income and expense and amortization of customer relationships	86,904	99,201
Amortization of customer relationships	(21,769)	(20,482)
Goodwill impairment	0	0
Other income and expense	(25,970)	(16,078)
Operating income	39,165	62,641
Net financial expense	(144,556)	(79,181)
Income (loss) before tax	(105,391)	(16,540)
Income tax benefit (expense)	24,751	(3,655)
Share of net income of equity-accounted companies	0	0
Net income (loss)	(80,640)	(20,194)
Attributable to:		
owners of the parent	(80,638)	(20,378)
non-controlling interests	(2)	184
Earnings (loss) per share (EPS):		
basic, attributable to owners of the parent	-0.82 €	-0.41 €
diluted, attributable to owners of the parent	-0.82 €	-0.41 €

*H1 2014 figures are restated from the first application of the IFRIC 21 interpretation

Consolidated balance sheet

Assets

In thousands of euros	30 June 2015	31 December 2014
Goodwill	1,564,422	1,536,098
Intangible assets	393,866	404,383
Property, plant and equipment	766,865	707,086
Equity-accounted companies	0	0
Available-for-sale financial assets	126	168
Other non-current assets	5,745	6,890
Deferred tax assets	13,461	12,450
TOTAL NON-CURRENT ASSETS	2,744,485	2,667,074
Inventories	57,911	58,641
Trade and other receivables	351,117	327,863
Current tax assets	7,272	2,842
Other assets	12,381	13,461
Cash and cash equivalents	102,769	59,255
TOTAL CURRENT ASSETS	531,451	462,062
Assets held for sale	0	0
TOTAL ASSETS	3,275,935	3,129,136

Equity and liabilities

In thousands of euros	30 June 2015	31 December 2014
Share capital	1,140,062	497,610
Additional paid-in capital	320,789	175,853
Other reserves	724	7,224
Retained earnings (accumulated deficit)	(384,334)	(302,299)
Other components of equity	(2,236)	(10,111)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1,075,004	368,277
NON-CONTROLLING INTERESTS	(224)	(125)
TOTAL EQUITY	1,074,780	368,152
Non-current provisions	26,937	28,997
Employee benefit liabilities	50,977	48,337
Non-current borrowings	1,264,656	1,947,291
Deferred tax liabilities	171,491	197,777
Other non-current liabilities	20,339	34,373
TOTAL NON-CURRENT LIABILITIES	1,534,400	2,256,775
Current provisions	4,172	4,078
Current tax liabilities	735	892
Trade and other payables	135,424	139,718
Other liabilities	279,912	234,836
Bank overdrafts and current borrowings	246,512	124,684
TOTAL CURRENT LIABILITIES	666,755	504,208
Liabilities directly associated with assets held for sale	0	0
TOTAL EQUITY AND LIABILITIES	3,275,935	3,129,136

Consolidated cash flow statement*

In thousands of euros	H1 2015	H1 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
CONSOLIDATED NET INCOME (LOSS)	(80,640)	(20,194)
Depreciation, amortization and provisions	137,613	123,817
Portion of grants transferred to income	(59)	(66)
Share-based payments	345	0
Discounting adjustment on provisions and retirement benefits	466	629
Net gains and losses on disposal of assets	274	(3,966)
Share of net income of equity-accounted companies	0	0
Other	(1,141)	0
Dividends received (from non-consolidated entities)	(12)	(13)
CASH FLOWS AFTER FINANCE COSTS AND TAX	56,846	100,207
Net finance costs	75,206	77,881
Income tax expense	(24,751)	3,655
CASH FLOWS BEFORE FINANCE COSTS AND TAX	107,301	181,742
Income tax paid	(11,563)	(3,097)
Change in inventories	1,090	(7,211)
Change in trade receivables	(15,616)	(19,575)
Change in trade and other payables (excluding borrowings)	(17,923)	19,660
Other changes	6,088	3,501
Employee benefits	289	(231)
NET CASH FROM OPERATING ACTIVITIES	69,666	174,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(3,143)	(1,844)
Proceeds from sale of intangible assets	0	0
Acquisition of property, plant and equipment	(138,334)	(113,585)
Proceeds from sale of property, plant and equipment	386	92,329
Acquisition of subsidiaries, net of cash acquired	(52,377)	(90,527)
Proceeds from disposal of subsidiaries, net of cash transferred	1,000	1,000
Changes in loans and advances	300	116
Dividends from equity-accounted companies	12	13
Investment grants	11	0
NET CASH USED IN INVESTING ACTIVITIES	(192,145)	(112,498)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	689,418	43,000,
Treasury shares	(1,002)	0
Dividends paid		
- to owners of the parent	0	0
- to non-controlling interests	0	0
Change in borrowings	(472,059)	(34,637)
- Proceeds from new borrowings	2,088,639	682,787
- Repayment of borrowings	(2,560,698)	(717,424)
Net interest paid	(52,466)	(58,378)
Other flows related to financing activities	1,231	0
NET CASH USED IN FINANCING ACTIVITIES	165,122,	(50,015)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,643	12,276
Cash and cash equivalents at beginning of period	58,523	48,598
Effect of changes in foreign exchange rates on cash and cash equivalents	309	743
CASH AND CASH EQUIVALENTS AT END OF PERIOD	101,475	61,617

*H1 2014 figures are restated from the first application of the IFRIC 21 interpretation