

Closing of the acquisition of a leading player in Mexico

Saint-Cloud, July 5, 2022 - Elis, an international multi-service provider, offering textile, hygiene and facility services solutions, which is present in Europe and Latin America, today announces the closing of the acquisition of a century-old business that is a leader in the Mexican market.

Following the initial announcement made on 9 March 2022, the Mexican competition authority have approved the transaction and the acquisition will be consolidated from 1 July 2022.

The acquired company mainly provides flat linen and workwear to clients in the Healthcare market. It operates 11 production sites, 12 distribution centers and a manufacturing workshop. The company employs more than 2,600 employees. In 2021, the revenue was MXN\$1,780m (€85m using June 2022 €/MXN\$ exchange rate) with EBITDA margin of c. 38% and EBIT margin of c. 18%. The business delivers strong organic revenue growth, driven by the rapid development of the Mexican market. The annual organic revenue growth should be close to 10% in the coming years.

With this acquisition, Elis further develops in Latin America, a geography in which the Group posts strong organic growth.

- Elis is acquiring one of the main Mexican players and the only one with a nationwide network
- Elis enters its 4th country in the region after Brazil, Colombia, and Chile
- Elis has delivered average annual organic revenue growth of +9.4% in the geography since it first entered the region in 2014
- Elis has an excellent track record in integrating assets in Latin America with c. 10 acquisitions since 2014

Furthermore, the Mexican economy is solid and stable:

- Relatively low inflation (4% per year before the health crisis), and low unemployment (3.5%)
- c. 4% annual GDP growth before the pandemic and 2022/2023 forecasts of 2.7% and 2.4% respectively
- Strong organic growth potential as outsourcing is currently limited
- External growth potential: additional bolt-on opportunities in a fragmented market
- Mexican economy strongly correlated with US activity

The total invested amount for the acquisition of 100% of the share capital (which exchange rate has been set in March at 23,6MXN\$/€) corresponds to a multiple of 5.0 times 2021 EBITDA and 10.7 times 2021 EBIT. The highly experienced management team will remain to contribute to driving future growth; the transaction includes some potential earn-outs over the 2023-2025 period at lower multiples.

Commenting on the announcement, **Xavier Martiré, CEO of Elis**, said:

"With this acquisition in Mexico, Elis enters its 4th country in Latin America, a region that is one of the Group's main growth engines.

In Mexico, Elis becomes the undisputed leader in a high growth market, where competition is particularly fragmented. The acquired company is the only player with national coverage and delivers good profitability, supported by a high-quality asset base.

The acquisition multiples are very attractive and the company acquired will contribute to strengthen Elis' growth profile in a post-crisis environment where clients need more hygiene, more traceability and a more secure supply chain."

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