Circular services at work

# Press release

30 October 2024

## Q3 2024 revenue up +5.5%

## +4.9% organic growth, driven by the Group's many commercial initiatives

## Disappointing performance in Hospitality in the quarter

## Full-year 2024 objectives confirmed

**Q3 2024 organic revenue growth at +4.9% (+5.3% over the first nine months of the year)**

- New contract signings continue, driven by the commercial initiatives implemented in each country to benefit from local growth opportunities
- Confirmation of the return to normalized client retention rate, reflecting Elis' quality of service and the Group's good commercial relationships with its clients
- No sign of economic slowdown in our geographies, including in Germany where organic growth is c. +8% in Q3
- Disappointing activity in Hospitality, with a decrease in occupancy rate in the quarter, notably in France and in the UK
- Pricing dynamics remains favorable in all our geographies

**Continuation of the M&A strategy and opening of a first country in Asia**

- On July 1, Elis announced its first operation in Asia with the acquisition of Wonway, a player operating in the buoyant Cleanroom market in Malaysia
- As part of its strategy to regularly enter new countries, the Group held exploratory conversations with two US market players during the third quarter; both discussions were terminated at the beginning of October, as neither would have allowed Elis to complete a transaction that would have been in line with its strict financial discipline
- Many opportunities of small-sized acquisitions (revenue below c. €30m) are currently under study in our existing geographies

**Full-year 2024 objectives confirmed**

- Full-year organic growth between +5.2% and +5.5%
- Adjusted EBITDA margin between 35.2% and 35.5%
- Adjusted EBIT margin stable yoy at c. 16%
- Headline net income per share above €1.75 on a fully-diluted basis
- Free cash flow at c. €340m
- Financial leverage ratio as of December 31, 2024 down 0.2x compared to December 31, 2023

**Significant improvement of Elis' CSR ratings with many agencies: Ecovadis, ISS ESG and S&P Global**

**Saint-Cloud, 30 October 2024** – Elis, the global leader in circular services at work, today announces its revenue for the 9 months ended 30 September 2024. These figures are unaudited.

Commenting on the announcement, **Xavier Martiré, Chairman of the Management Board of Elis,** said:

*"In Q3 2024, Elis delivered further growth, with revenue up +5.5%, of which +4.9% on an organic basis.*

*Commercial momentum remained solid, driven by the many initiatives launched by the Group in each country, aiming at benefitting from the organic opportunities identified locally.*

*Q3 revenue continued to benefit from the pricing adjustments implemented to offset cost base inflation. Furthermore, we are pleased to confirm the return to a normalized retention rate, which reflects the improvement of our quality of service and the Group's good client relationships.*

*In Hospitality, Q3 performance was disappointing: the Olympic and Paralympic Games penalized tourist activity with, notably, the cancellation, or the postponement of many professional events scheduled in Paris during the summer. In addition, hospitality operators seem to be focused on maintaining high prices to the detriment of occupancy rates, with a negative effect on activity, notably in France and in the UK.*

*Our Q3 operational performance enables us to confirm all our 2024 objectives with, notably, full-year organic revenue growth expected between +5.2% and +5.5%, 2024 EBITDA margin expected between 35.2% and 35.5%, and financial leverage ratio expected at c. 1.8x as of 31 December 2024.*

*The Group's operational know-how, its growth profile and its model based on the principles of the circular economy will enable Elis to continue to assert its leadership in all the countries in which it operates, while exploring all profitable growth opportunities in new geographies."*

## I. Q3 2024 revenue

### Reported revenue

| In millions of euros | 2024 | | | 2023 | | | Var. | | |
|---|---|---|---|---|---|---|---|---|---|
| | H1 | Q3 | 9M | H1 | Q3 | 9M | H1 | Q3 | 9M |
| France | 663.2 | 357.9 | 1,021.1 | 640.3 | 347.2 | 987.5 | +3.6% | +3.1% | +3.4% |
| Central Europe | 556.8 | 291.3 | 848.1 | 497.3 | 257.3 | 754.6 | +12.0% | +13.2% | +12.4% |
| Scandinavia. & East. Eur | 309.4 | 150.8 | 460.2 | 300.1 | 143.8 | 444.0 | +3.1% | +4.8% | +3.6% |
| UK & Ireland | 275.9 | 150.7 | 426.6 | 257.3 | 143.4 | 400.7 | +7.2% | +5.1% | +6.5% |
| Latin America | 232.3 | 113.0 | 345.3 | 213.7 | 117.0 | 330.7 | +8.7% | -3.4% | +4.4% |
| Southern Europe | 195.5 | 113.4 | 308.9 | 179.9 | 108.1 | 288.0 | +8.7% | +4.9% | +7.2% |
| Others | 13.5 | 7.9 | 21.4 | 12.6 | 6.6 | 19.1 | +7.6% | +20.1% | +11.9% |
| **Total** | **2,246.7** | **1,184.9** | **3,431.6** | **2,101.3** | **1,123.3** | **3,224.7** | **+6.9%** | **+5.5%** | **+6.4%** |

« Others » includes Manufacturing Entities, Holdings and Malaysia.
Percentage change calculations are based on actual figures.

### Q3 2024 reported growth breakdown

| In millions of euros | Q3 2024 | Q3 2023 | Organic growth | External growth | FX | Reported growth |
|---|---|---|---|---|---|---|
| France | 357.9 | 347.2 | +3.1% | - | - | +3.1% |
| Central Europe | 291.3 | 257.3 | +7.6% | +5.1% | +0.5% | +13.2% |
| Scandinavia. & East. Eur | 150.8 | 143.8 | +3.8% | - | +1.0% | +4.8% |
| UK & Ireland | 150.7 | 143.4 | +3.6% | - | +1.5% | +5.1% |
| Latin America | 113.0 | 117.0 | +8.9% | - | -12.3% | -3.4% |
| Southern Europe | 113.4 | 108.1 | +3.7% | +1.2% | - | +4.9% |
| Others | 7.9 | 6.6 | -3.4% | +22.4% | +1.1% | +20.1% |
| **Total** | **1,184.9** | **1,123.3** | **+4.9%** | **+1.4%** | **-0.8%** | **+5.5%** |

« Others » includes Manufacturing Entities, Holdings and Malaysia.
Percentage change calculations are based on actual figures.

### 9-month 2024 organic revenue growth

| | Q1 2024 | Q2 2024 | Q3 2024 | 9-months 2024 |
|---|---|---|---|---|
| France | +4.3% | +2.9% | +3.1% | +3.4% |
| Central Europe | +9.0% | +6.4% | +7.6% | +7.6% |
| Scandinavia. & East. Eur | +4.2% | +4.1% | +3.8% | +4.0% |
| UK & Ireland | +6.1% | +4.1% | +3.6% | +4.6% |
| Latin America | +7.5% | +7.6% | +8.9% | +8.0% |
| Southern Europe | +8.9% | +4.8% | +3.7% | +5.5% |
| Others | +15.4% | -1.4% | -3.4% | +2.7% |
| **Total** | **+6.4%** | **+4.6%** | **+4.9%** | **+5.3%** |

« Others » includes Manufacturing Entities, Holdings and Malaysia.
Percentage change calculations are based on actual figures.

### France

Q3 revenue was up +3.1% (entirely organic). As expected, activity in Hospitality was penalized by the organization of the Paris Olympic and Paralympic Games, with the postponement or cancellation of many professional events and a decrease in occupancy rates over the period. However, commercial dynamism remains solid in all our markets, and we continued to record many new contract wins. Pricing momentum is also still well-oriented.

### Central Europe

Q3 revenue was up +13.2% in the region (+7.6% on an organic basis). Germany and the Netherlands, the region's two main contributors, delivered quarterly organic revenue growth of above +8% and above +9%

respectively, driven by further outsourcing in workwear and good pricing dynamics. The acquisition of Moderna in the Netherlands, consolidated since the beginning of March 2024, contributed +5.1% to the quarterly growth of the region.

**Scandinavia & Eastern Europe**

The region's revenue was up +4.8% in Q3 2024 (+3.8% on an organic basis). Commercial momentum remained good in Sweden, Norway and in the Baltics. In Denmark, the limited client losses recorded in the first half, notably in Hygiene and well-being, continued to weigh on growth.

**UK & Ireland**

The region's revenue was up +5.1% in Q3 2024 (+3.6% on an organic basis), driven by a favorable pricing effect in relation to the marked inflation in the region. Commercial momentum remains good in Healthcare and in workwear (standard and cleanroom), but activity was disappointing in Hospitality in August and September.

**Latin America**

The region delivered organic revenue growth of +8.9% in Q3, still driven by good commercial dynamism and further outsourcing. Reported revenue decreased -3.4%, resulting from the evolution of local currencies over the period (negative FX impact of -12.3% in Q3).

**Southern Europe**

The region's revenue was up +4.9% in Q3 2024 (+3.7% on an organic basis), with a negative calendar effect, linked to the weekly billing method in place in Portugal. Our commercial initiatives enabled us to record many new contract wins, driven by further outsourcing. In Hospitality, activity was globally disappointing in the quarter, especially in July. Finally, the acquisition of Compania de Tratamientos Levante S.L in November 2023 in the Pest Control market in Spain contributed +1.2% to the quarterly growth.

## II. <u>CSR</u>

**The circular economy at the heart of Elis' business model**

Elis offers its clients products that are maintained, repaired, reused, and reemployed to optimize their usage and lifespan. The Group therefore selects its textile products based on sustainability criteria, to ensure frequent washing, and also operates repair workshops. Elis' conviction is that the circular economy model, which notably aims at reducing consumption of natural resources by optimizing the lifespan of products, is a sustainable solution to address today's environmental challenges.

The services offered by Elis represent a sustainable alternative to the simple purchase or use of products or to single-use disposable, products.

Moreover, these alternatives to a linear approach to consumption allow our clients to avoid CO2 emissions and thus contribute to the reduction of their own emissions.

The Ellen MacArthur Foundation states that the circular economy can significantly contribute to reaching Net Zero and that nearly 9 billion tons of CO2eq (i.e. 20% of world emissions) could be reduced thanks to the transition of just some key industries from the current model towards a circular economy.

**Synthesis of non-financial rating**

| Rating agencies | MSCI | ISS ESG | S&P Global | Ecovadis | CDP | Sustainalytics | Ethifinance ESG Rating | Moody's Analytics |
|---|---|---|---|---|---|---|---|---|
| **Scores** | *A* | *55.81/100 Prime* | *53/100* | *84/100 Platinum* | *A- Climate change* | *Low risk* | *75/100 Gold* | *61/100* |

In Q3 2024, many agencies revised upward the Group's CSR rating:

- Ecovadis rewarded Elis with a "Platinium" medal, with a score improvement of +9 points, to 84/100. This rewards Elis' commitment to its clients, partners and employees, and places the Group within the top 1% of c. 100,00 companies tested. Ecovadis' criteria are based on international standards and on four CSR themes (Environment, Social & Human Rights, Ethics and Sustainable Purchasing).
- ISS ESG agency upgraded the Elis' score by +7.44 points, to 55.87/100. This rewards the Group's CSR commitments and places it in the "Prime" category.
- Finally, S&P Global upgraded Elis' score by +5 points, at 53/100.

**Our climate commitment: ambitious 2030 climate targets**

On September 4, 2023, Elis unveiled its climate roadmap and related 2030 targets, underscoring its commitment to contributing to a low-carbon society.

Elis' ambition is to achieve the following targets by 2030:

- Reduce absolute scopes 1 and 2 GHG emissions by -47.5% by 2030 from a 2019 base year[1];
- Reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, employee commuting, and end-of-life treatment of sold products by -28% within the same timeframe.

These targets have been approved by the Science Based Targets initiative (SBTi), an international reference and a partnership between the United Nations Global Compact, the World Resources Institute (WRI), the Carbon Disclosure Project (CDP) and the World Wildlife Fund for Nature (WWF). They are fully in line with the objectives of the 2015 Paris Climate Agreements to contribute to restrict global warming to less than 1.5°C compared to pre-industrial levels on scopes 1 and 2, and well below 2°C on scope 3.

These climate targets mark a new step in Elis' sustainability strategy and climate actions. The Group has worked for many years to reduce its energy consumption and CO2eq emissions.

## III. Other information

**Financial definitions**

- 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" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization net of the portion of grants transferred to income.
- Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.
- Adjusted EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expense, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments).
- Adjusted EBIT margin is defined as adjusted EBIT divided by revenue.
- Headline net result corresponds to net income or loss excluding extraordinary items which, due to their type and unusual nature, cannot be considered as intrinsic to the Group's current performance.
- Free cash flow is defined as adjusted EBITDA less non-cash-items and changes in working capital. purchases of linen, capital expenditures (net of disposals), tax paid, financial interest paid and lease liabilities payments.
- The financial leverage ratio is the leverage ratio calculated for the purpose of the financial covenant included in the banking agreement signed in 2021: Leverage ratio is equal to Net financial debt / adjusted EBITDA, pro forma of acquisitions finalized during the last 12 months, and after synergies.

**Geographical breakdown**

- France
- Central Europe: Germany, Austria, Belgium, Hungary, Luxembourg, Netherlands, Poland, Czech Republic, Slovakia, Switzerland
- Scandinavia & Eastern Europe: Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden
- UK & Ireland
- Latin America: Brazil, Chile, Colombia, Mexico
- Southern Europe: Spain & Andorra, Italy, Portugal
- Others: Manufacturing Entities, Holdings and Malaysia

**Disclaimer**

This press release may include data information and statements relating to estimates, future events, trends, plans, expectations, objectives, outlook and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance and strategy as they relate to climate objectives, financial targets and other goals set forth therein. Forward-looking statements are not

[1] The target boundary includes land-related emissions and removals from bioenergy. Scope 2 emissions targets are market-based.
Scope 1 (direct emissions) is mainly associated with consumption of gas, fuel, etc.
Scope 2 (indirect emissions) is associated with consumption of electrical energy or steam;
Scope 3 (other indirect emissions) is associated with emission from other areas: purchases, upstream transport, employee travel, etc.

statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates" or words of similar meaning. In addition, the term "ambition" expresses an outcome desired by the Group, it being specified that the means to be deployed do not depend solely on the Group. Such forward-looking information and statements have not been audited by the statutory auditors. They are based on data, assumptions and estimates that the Group considers as reasonable as of the date of this press release and, by nature, involve known and unknown risks and uncertainties. These data, assumptions and estimates may change or be adjusted as a result of uncertainties, many of which are outside the control of the Group, relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group is not aware on the date of this press release. In addition, the materialization of certain risks, especially those described in chapter 4 "Risk management and internal control" of the Universal Registration Document for the financial year ended December 31, 2023, which is available on Elis's website (http://www.elis.com), may have an impact on the Group's business, financial condition, results of operations, performance, and strategy, notably with respect to these climate-related objectives, financial objectives or other objectives included in this press release. Therefore, the actual achievement of climate-related objectives, financial targets and other goals set forth in this press release may prove to be inaccurate in the future or may differ materially from those expressed or implied in such forward-looking statements. The Group makes no representation and gives no warranty regarding the achievement of any climate objectives, targets and other goals set forth in this press release. Therefore, undue reliance should not be placed on such information and statements.

This press release and the information included therein were prepared on the basis of data made available to the Group as of the date of this press release. Unless stated otherwise in this press release, this press release and the information included therein are accurate only as of such date. The Group assumes no obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

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The climate-related data and the climate-related objectives included in this press release were neither audited nor subject to a limited review by the statutory auditors of the Group.

**Next information**

- 2024 annual revenue: 30 January 2025 (after marker)
- Full-year 2024 results: 6 March 2025 (before market)

## IV. Contacts

**Nicolas Buron**
Director of Investor Relations, Financing & Treasury
Phone: + 33 (0)1 75 49 98 30 - nicolas.buron@elis.com

**Charline Lefaucheux**
Investor Relations
Phone: + 33 (0)1 75 49 98 15 - charline.lefaucheux@elis.com