Circular services at work

Press release

6 mai 2024

Good start to 2024
Q1 2024 revenue up +7.8% at €1,092.4m
Success of our numerous commercial initiatives, especially in workwear
Confirmation of Elis' strengthened growth profile

Q1 2024 organic revenue up +6.4%

- The numerous commercial initiatives launched in our countries, especially for small clients, continue to be a resounding success and contribute significantly to the quarter's organic performance
- The outsourcing trend continues in both standard workwear and cleanroom: Elis signed many new contracts on these markets
- The calendar effect (additional day in February and the positioning of Easter in March this year vs in April in 2023) had a very positive impact on Q1 growth
- Pricing dynamic is favorable in all our end-markets, driven by the adjustments implemented since 2023 to offset inflation
- Customer satisfaction indicators are very positive in Q1 2024, reflecting the strong reliability of our service and the quality of our commercial relations; this suggests a better attrition rate going forward
- All geographies were well-oriented, especially Central Europe, Southern Europe and Latin America
- The acquisition of Moderna in the Netherlands (consolidated since March 1, 2024) broadens the Group offer in the country, notably in flat linen for Hospitality

Confirmation of 2024 outlook communicated on March 7, 2024

- 2024 full-year organic revenue growth expected c. +5%
- Adjusted EBITDA margin expected close to 35%
- Adjusted EBIT margin expected stable yoy at c. 16%
- Headline net income per share expected above 1.75€ on a fully diluted basis
- Free cash-flow expected at c. €340m
- Financial leverage ratio as of December 31, 2024 expected down 0.2x compared to December 31, 2023

Saint-Cloud, 6 May 2024 – Elis, the global leader in circular services at work, today announces its revenue for the 3 months ended March 31, 2024. These figures are unaudited.

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

"2024 has gotten off to a good start for Elis. Q1 2024 revenue was up +7.8%, with organic growth up +6.4%, driven by our many initiatives to capture the benefits of the outsourcing trend in many sectors. The pricing adjustments implemented over 2023 and as of the beginning of 2024 to offset cost inflation also contributed significantly to the good Q1 performance.

Our offers, which address the increasing needs of our clients for hygiene, traceability and for a more secure supply chain, continue to be a resounding success, and we achieved a high level of new contract signings in the 1st quarter, notably in workwear, across all our geographies.

The daily commitment of our teams all over the world led to significant improvement in our service and customer satisfaction indicators in Q1. This contributed to the stabilization of the attrition rate and makes us optimistic for its future evolution.

In Q1 2024, we also announced the acquisition of Moderna in the Netherlands. This acquisition complements Elis' existing offer in the high profitable workwear and industrial wipers markets. It also enables the Group to enter the very fragmented and high-growth flat linen market.

Our Q1 2024 revenue performance allows us to fully confirm the 2024 outlook we communicated on March 7.

The great resilience shown by Elis through the various recent crises, its operational know-how, its strengthened organic growth profile and its circular economy model are major assets that will enable the company to assert its leadership in all the countries in which it is present."

I. Q1 2024 revenue

Q1 2024 reported growth breakdown

In millions of euros	2024	2023	Organic growth	External growth	FX	Reported growth
France	316.6	303.5	+4.3%	-	-	+4.3%
Central Europe	275.2	245.6	+9.0%	+2.0%	+1.1%	+12.1%
Scandinavia & East. Eur.	157.0	153.3	+4.2%	-	-1.8%	+2.4%
UK & Ireland	132.5	121.9	+6.1%	-	+2.6%	+8.7%
Latin America	114.5	102.4	+7.5%	-	+4.4%	+11.8%
Southern Europe	90.2	81.3	+8.9%	+2.1%	-	+11.0%
Others	6.4	5.5	+15.4%	-	+2.3%	+17.7%
Total	**1,092.4**	**1,013.4**	**+6.4%**	**+0.6%**	**+0.8%**	**+7.8%**

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

France

In Q1 2024, revenue was up +4.3% (entirely organic), driven by growth in workwear (Industry, trade & services) and flat linen (Hospitality and Healthcare). Pricing dynamic was good, driven by adjustments implemented to offset inflation of our cost base.

Central Europe

In Q1 2024, revenue was up +12.1% (+9.0% on an organic basis). The acquisition of Moderna in the Netherlands, consolidated since March 1, 2024, contributed for +2.0% to the region's quarterly growth. Germany, which represents more than 50% of the region's quarterly growth, delivered organic growth above +9%, driven by a good pricing dynamic and further development in workwear (standard, cleanroom and resident linen). Organic growth is also sustained in all the other countries in the region, notably Poland and the Netherlands.

Scandinavia & Eastern Europe

In Q1 2024, revenue was +2.4% (+4.2% on an organic basis), with an FX impact of -1.8%. Organic growth was driven by the good performance of Sweden, where all markets are growing strongly, and the Baltics, with further outsourcing in workwear. Activity was more mixed in Denmark.

UK & Ireland

In Q1 2024, revenue was up +8.7% (+6.1% on an organic basis), with an FX impact of +2.6%. UK was up sharply in all its end-markets, driven by a favorable pricing dynamic and new commercial successes, notably in Healthcare and workwear (standard and cleanroom).

Latin America

In Q1 2024, revenue was up +11.8% (+7.5% on an organic basis). Mexico continued its excellent momentum with organic growth close to +11% over the quarter, driven by further outsourcing. The other countries in the region are also well-oriented, with organic growth ranging from +6% to +9%, driven by good commercial momentum and limited churn.

Southern Europe

In Q1 2024, revenue was up +11.0% (+8.9% on an organic basis). The acquisitions in Italy and Spain in 2023 contributed for +2.1% to quarterly growth. The 3 countries in the region (Spain, Portugal and Italy) are well-oriented: pricing momentum is good, further outsourcing continues and the activity of our clients increased yoy, both in Hospitality and Industry.

II. CSR

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 Ellen MacArthur Foundation states that the circular economy can significantly contribute to reaching Net Zero and that nearly 9 billion tons of CO_2eq (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.

Non-financial rating

Rating agencies	MSCI	Ecovadis	CDP	Sustainalytics	Ethifinance ESG Rating
Scores	*A*	*75/100* *Gold*	*A-* *Climate change*	*Low risk*	*75/100* *Gold*

The Group's CSR performance has been recognized by non-financial rating agencies:

- In 2023, the MSCI rating agency improved Elis' ESG rating to A from BBB. It rewards the Group commitment regarding CSR and its continuous improvements,
- In 2023, Elis obtained a Gold medal for the EcoVadis questionnaire, maintaining its score of 75/100. This award confirms Elis' commitment to its clients, partners and employees, and places the Group within the best-assessed companies in its sector. Elis' CSR strategy fulfills EcoVadis' assessment criteria, which are based on international standards and 4 CSR themes (Environment, Social & Human Rights, Ethics and Sustainable Purchasing). This medal places Elis within the top 5% of the c. 100,000 companies assessed by EcoVadis,
- In its last assessment, the Group was also rated A by the CDP (Carbon Disclosure Project), a non-profit organization which performs independent assessments on the basis of information provided by companies on their strategy, performance and commitment of stakeholders on climate goals. This assessment places the Group in the "Leadership" category and underlines its commitment and action in the area of climate change,
- Sustainalytics maintained the Group rating as "low risk" concerning CSR,
- Finally, Elis improved its score with rating agency Ethifinance ESG Rating (ex-Gaia), to 75 from 73 previously, maintaining its "Gold" level.

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 CO_2eq emissions.

At end-2023, the Group reported a 14.6% decrease of CO_2eq emissions on scopes 1 & 2 and a 3.6% decrease on scope 3 compared to 2019.

In December 2023, these 2030 targets have been integrated to the calculation of the margin of the Group's 900-million-euro Sustainability-Linked Revolving Credit Facility.

Group performance towards its 2025 commitments

The Group is making progress on all its objectives in 2023, underlining the daily commitment of its teams.

In addition, in the last Group satisfaction survey, 84% of employees questioned considered that Elis is committed on CSR topics.

[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.

Strategic pillars	Our 2025 commitments and objectives	2023 checkpoint
Circularity and Exemplarity to reduce our impact on the planet	Improve thermal energy efficiency of its European plants by 35% between 2010 and 2025	-28%
	Accelerate the transition of its logistics fleet and target 650 alternative logistics vehicles by 2025	355 alternative logistics vehicles (vs. 134 in 2020)
	Reduce water consumption per kg of linen delivered by 50% between 2010 and 2025 in its European laundries	-46%
	Reuse or recycle 80% of end-of-life textiles within the Group in 2025	77% (Mexico excluded)
	Propose at least one collection with sustainable materials for each product family	58%
Empower our employees and offer them a brighter future	Reduce by 50% the frequency rate of accidents for Group employees between 2019 and 2025	-11.4%
	Reach 40% of women in executive or managerial positions by 2025 (42% by 2030)	35%
	Extend the "Chevrons" program within the Group	352 "Chevrons" (+52% vs. 2018)
Make a positive impact on society	Triple the impact of the Elis Foundation by 2025	5th class in September
	Have 95% of purchasing expenses with direct providers surveyed through a CSR inquiry in the past 3 years	94.8%

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

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 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, 2022, which is available on Elis's website (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.

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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

- AGM: Thursday 23 May 2024 at 3:00 pm CET - Maison des Travaux Publics - 3, rue de Berri - 75008 Paris
- H1 2024 results: Wednesday 24 July 2024 (after market)

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