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Time savored

PRESS RELEASE

Paris, May 20, 2021

First half results 2020-2021
While pandemic impact persists, Elior Group is squarely focused on the future, controlling costs and bolstering liquidity

Elior Group (Euronext Paris – ISIN: FR 0011950732), one of the world's leading operators in catering and support services, announces its first half results for fiscal 2020-2021, ended March 31, 2021.

First half 2020-2021 figures

- Revenues of €1.869 billion, down 22.3% on an organic basis year-on-year,
- Sustained business development, strong increase in new business pipeline and a stable year-on-year retention rate of 91%,
- Adjusted EBITA loss from continuing activities of €25 million, compared with a profit of €52 million a year earlier,
- The adjusted EBITA impact from lost revenue (drop-through) was 14% at constant exchange rates, substantially better than 22% in the second half of last year;
- Positive first half free cash flow of €31 million,
- Available liquidity at March 31, 2021 of €819 million after obtaining a French State Guaranteed Loan (PGE) for €225 million compared with €630 million at September 30, 2020.

Philippe Guillemot, Elior Group's Chief Executive Officer, said: *"The Covid-19 pandemic has been impacting our businesses since the first lockdowns were imposed in Europe and the US over a year ago. Given that our volume trends currently depend on the public health situation, we continue to focus our efforts on operating costs and available liquidity. Our teams on the ground are poised to adapt to our clients' needs.*
We are squarely focused on the future and continue to accelerate our transformation. For example, we have just acquired Nestor, a start-up that prepares high-quality menus for grouped delivery in urban areas. By anticipating tomorrow's needs, we will be well positioned to benefit fully from the post-crisis rebound.
In the short term, with vaccination numbers rising and public health restrictions easing to different degrees, we expect to see contrasting business trends in the second half of the fiscal year in the various countries where we operate.
In the medium term, once Covid-19 restrictions are lifted, I am confident that our excellent positioning and streamlined operating cost structure will enable us to return to solid growth and generate even better margins than before the crisis."

Business development

During the first half, Elior Group signed or renewed a number of major catering and services contracts, notably:

- in France, additional Amazon site, for a total of 7, the French Alternative Energies and Atomic Energy Commission (CEA) site in Grenoble, the Paris offices of the National Center for Scientific Research (CNRS) and the Ferrandi French School of Culinary Arts and Hotel Management; Elior Services: Auvergne-Rhône-Alpes region, Airbus University and public hospitals in Grenoble and Reims
- in the UK, with all 49 British Telecom group sites, numerous primary and secondary schools and universities (we notably renewed our contract with the London Business School), and the Hammerson House residential care facility in London;
- in the US, with Western Asset Management, the Allegheny County detention center in Pittsburgh, the Greater Springfield Senior Services network in Massachusetts, and the various campuses of the Texas School of Science & Technology;
- in Italy, with the WPP communication group, XPO Logistics (Kering group partner), Balenciaga, and two hotels: Tocq in Milan and Baia Scarlino Resort on the Tuscan coast;
- in Spain, with renewable energy group Siemens Gamesa, 53 public schools in the Murcia region and 12 in Aragon, and the CETI migrant reception center on the island of Tenerife.

The overall retention rate at March 31, 2021, was 91%, stable compared with March 2020[1].

Revenues

Consolidated revenue from continuing operations totaled €1.869 billion for the first half of 2020-2021, compared with €2.459 billion a year earlier. The 24% year-on-year decrease reflects the 22.3% organic decline and a 1.7% currency headwind, notably attributable to the US dollar and the pound sterling. There was no material impact from acquisitions or divestments.

International operations accounted for 52% of revenues in the six months ended March 31, 2021, compared with 56% a year ago.

Revenue trends by geography:

International revenue declined 28.4% to €979 million. This change comprised a 25.3% organic decline compared with a year earlier and a 3.1% currency headwind notably attributable to the US dollar and the pound sterling. There was no material impact from acquisitions or divestments. All the countries where we operate were affected by the stricter public health measures taken since last fall to stem a spike in the global pandemic. The UK was particularly impacted by the strict lockdown imposed on January 4, 2021 and still mostly in place on March 31, although schools were reopened in early March. Italy was also affected but proved more resilient than other countries thanks to a B&I client mix largely skewed towards the industrial sector, thus less exposed to those working-from-home.

Revenue generated in **France** totaled €890 million, an 18.1% organic contraction (no material impact from acquisitions or divestments). Business & Industry held up better than in most other countries. Although working-from-home remains the norm when possible, we have seen service-sector workers desire to return to the office. The Education market stayed relatively well oriented

[1] See definition in Appendix 6 of this press release

in the first half of the current fiscal year as the public authorities kept schools open throughout the period.

The **Corporate & Other** segment, which includes the Group's remaining concession catering activities not sold with Areas, generated very weak first half revenue due to state-enforced business closures.

Revenue by market:

Business & Industry generated revenue of €618 million, a 41.5% year-on-year decline. This market remains particularly impacted by public health measures that recommend, or even require, working-from-home. The 36.9% organic decline in the second quarter was smaller than in the first (-43.5%), mainly reflecting a more favorable year-on-year comparison in the second quarter as we lapped the one-year anniversary of the first lockdown measures.

The **Education** market generated revenue of €679 million, down 13.8% on the first half 2019-2020. This market is more resilient than Business & Industry yet has still been impacted by stricter public health measures in all the countries where we operate.

The **Health & Welfare** market generated revenue of €572 million, down 7.0% year-on-year. Contract catering continues to suffer from the closure of areas usually open to the public, such as hospital cafeterias. On the other hand, Elior Services remains resilient, thanks to solutions specifically adapted to the Covid-19 pandemic.

Adjusted EBITA and operating income from continuing operations

Consolidated adjusted EBITA from continuing operations for first half 2020-2021 was a loss of €25 million compared with a €52 million profit a year earlier. Adjusted EBITA margin was -1.3% compared with +2.1% in first half 2019-2020, reflecting the ongoing impact of the pandemic.

Adjusted EBITA drop-through was 14% (at constant exchange rates), a significant improvement compared to 22% in the second half of 2019-2020, attributable to our rigorous focus and agility in controlling operating costs.

In the **International** segment, adjusted EBITA was a loss of €12 million compared with a €26 million profit in first half 2019-2020. The adjusted EBITA margin was -1.2%, compared with +1.9% a year earlier.

In **France**, adjusted EBITA was a loss of €4 million compared with a €37 million profit a year earlier. The Education and Health & Welfare markets proved more resilient to the pandemic than the Business & Industry market.

The **Corporate & Other** segment's adjusted EBITA was a loss of €9 million, an improvement on the €11 million loss in the first half of last year.

Recurring operating result from continuing operations (including the share of net result of equity-accounted investees), came to a loss of €34 million for first half 2020-2021 compared with a profit of €40 million a year ago.

Net financial result represents a loss of €20 million compared with €17 million a year earlier, due to a higher average level of debt in the first half of 2021 than in the first half of the previous year and the cost related to the covenant holiday obtained in November 2020.

Income tax produced a net gain of €4 million compared with a charge of €15 million in first half 2019-2020. This is mostly due to a €74 million decline in pretax profit year-on-year and to a decrease in the CVAE from €9 million to €7 million.

As a result of the above factors, the **net loss from continuing operations** amounted to €53 million compared with a €2 million profit a year earlier.

The **net result Group share** was a €53 million loss in first half 2020-2021 compared with a €17 million loss a year ago.

Cash flow, debt, and liquidity

Free cash flow for the first half of 2020-2021 was €31 million compared with €42 million a year ago. The decline in EBITDA was partly offset by lower investment expenses as well as a positive change in working capital requirement.

Net financial debt before IFRS 16 stood at €796 million at March 31, 2021, compared with €767 million at the end of September 2020. Including the impact from IFRS 16, Elior Group's net debt was €1.038 billion compared with €995 million at September 30, 2020. The next test of the covenants governing the Group's senior debt and the French State Guaranteed Loan will take place at end-2022 based on the financial results at September 30, 2022.

At end-March 2021, Elior's available liquidity amounted to €819 million after obtaining a French State Guaranteed Loan (PGE) for €225 million, compared with €630 million at September 30, 2020. This includes €30 million in cash and all available undrawn revolving credit facilities of €450 million and US$250 million (€213 million). Remaining available credit lines amount to €126 million.

Outlook

Elior Group's business trends remain contingent upon public health conditions and governments' efforts to stem the spread of the Covid-19 pandemic. Uneven vaccination rollouts since late 2020, mean public health restrictions are being eased at varying speeds in the countries where we operate. For example, we foresee more favorable conditions in the US and the UK, where first-dose vaccination levels are well ahead of France, Italy, and Spain.

Based on what we know to date, we have used the following assumptions for the current fiscal year to plan and make decisions:

- **Business and Industry:** vaccination campaigns will dictate when public health restrictions are relaxed and thus determine the extent to which our volumes rebound. We already know that any easing will be very gradual. This is a seasonal market, so we are unlikely to see a material recovery before September. Last year, rules were not very strict in September, so operating performances were relatively satisfactory.

- **Education:** in France, the second half of this fiscal year will be affected by the stricter health protocols imposed in late March (entire classes are sent home as soon as 1 student tests positive for Covid-19), by the longer spring break vacation for primary schools, and secondary schools running at half-capacity. The current health protocols have led to volumes dropping without warning, which makes it hard to adjust costs. In the US, depending on the school district, back-to-school is expected to resume earlier than usual, while some schools may continue to use a hybrid model of in-person and online learning.

- **Health & Welfare:** business is expected to remain relatively stable through the second half. The postponement of elective surgery, closure of hospital cafeterias, and slow recovery in nursing home occupancy rates will remain a drag on our volumes. Our Services business in France is expected to remain on the right track, notably thanks to an adapted offering well-suited to health and safety requirements.

In conclusion, we are more attentive than ever to our operating costs; the task is more complex in the second half than in the first half due to the strict Covid-19 protocols impacting the Education market in France. Considering the timelines announced for an easing of restrictions and our businesses' inherent seasonality, our performance in the second half will depend mainly on whether the conditions are in place for a recovery in September. Looking to the future, we have a streamlined business model, we continue to accelerate our transformation by rolling out new offerings and maintain ample liquidity—all of which will enable us to fully benefit from the expected post-crisis recovery.

Events after the reporting date

On April 30, 2021, Elior India sold its majority stake (51%) in CRCL to the minority shareholders of CRCL.

A conference call is scheduled for Wednesday, May 20 at 9:00 am Paris time. The call will also be accessible by webcast on the Elior Group website and by telephone by dialing one of the following numbers:

France: + 33 (0) 1 33 70 37 71 66

UK: + 44 (0) 33 0551 0200

US: + 1 212 999 6659

Access code: Elior

Financial calendar:

- July 28, 2021: Revenue for the first nine months of fiscal 2020-2021 - press release published before the start of trading
- November 24, 2021: Full-year 2020-2021 results - press release published before the start of trading, conference call to follow

Appendix 1: Revenue trends by geography
Appendix 2: Revenue trends by market
Appendix 3: Adjusted EBITA by geography
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About Elior Group

Founded in 1991, Elior Group has grown into one of the world's leading operators in contract catering and support services and has become a benchmark player in the business & industry, education, healthcare and leisure markets. With strong positions in 6 countries, the Group generated €3.967 billion in revenue in fiscal 2019-2020.
Our 105,000 employees feed over 5 million people on a daily basis in 22,700 restaurants on three continents, and offer services on 2,300 sites in France.
Innovation and social responsibility are at the core of our business model. Elior Group has been a member of the United Nations Global Compact since 2004, reaching the GC Advanced Level in 2015.

For further information please visit our website http://www.eliorgroup.com or follow us on Twitter @Elior_GroupFR

Press contact
Thibault Joseph – Thibault.Joseph@eliorgroup.com / +33 (0)6 23 00 16 93

Investor relations
Kimberly Stewart – Kimberly.Stewart@eliorgroup.com / +33 (0)1 71 06 70 13

Appendix 1: Revenue by geographic segment

(in € millions)	Q1. 2020-2021	Q1. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
France	447	573	-22.0%	-	-	-22.0%
International	498	731	-29.1%	0.1%	-2.9%	-31.9%
Contract catering & Services	945	1,304	-26.0%	-	-1.6%	-27.5%
Corporate & Other	0	4	-89.3%	-	-	-89.3%
GROUP TOTAL	945	1,308	-26.1%	-	-1.6%	-27.7%

(in € millions)	Q2. 2020-2021	Q2. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
France	443	513	-13.8%	-	-	-13.8%
International	481	636	-20.9%	-	-3.5%	-24.4%
Contract catering & Services	924	1,149	-17.7%	-	-2.0%	-19.7%
Corporate & Other	0	2	-100.0%	-	-	-100.0%
GROUP TOTAL	924	1,151	-17.8%	-	-2.0%	-19.8%

(en millions d'euros)	H1. 2020-2021	H1. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
France	890	1,086	-18.1%	-	-	-18.1%
International	979	1,367	-25.3%	-	-3.1%	-28.4%
Contract catering & Services	1,869	2,453	-22.1%	-	-1.7%	-23.8%
Corporate & Other	0	6	-93.3%	-	-	-93.3%
GROUP TOTAL	1,869	2,459	-22.3%	-	-1.7%	-24.0%

Appendix 2: Revenue by market

(in € millions)	Q1. 2020-2021	Q1. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
Business & Industry	316	570	-43.5%	-	-1.0%	-44.5%
Education	341	423	-17.7%	0.1%	-1.8%	-19.4%
Health & Welfare	288	315	-6.1%	-	-2.4%	-8.5%
GROUP TOTAL	**945**	1,308	-26.1%	-	-1.6%	-27.7%

(in € millions)	Q2. 2020-2021	Q2. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
Business & Industry	301	486	-36.9%	-	-1.1%	-38.0%
Education	339	365	-4.9%	-	-2.5%	-7.4%
Health & Welfare	284	300	-2.7%	-	-2.7%	-5.4%
GROUP TOTAL	**924**	1,151	-17.8%	-	-2.0%	-19.8%

(in € millions)	H1. 2020-2021	H1. 2019-2020	Organic growth	Change in scope of consolidation	Currency effect	Total Growth
Business & Industry	618	1,056	-40.4%	-	-1.1%	-41.5%
Education	679	788	-11.8%	0.1%	-2.1%	-13.8%
Health & Welfare	572	615	-4.5%	-	-2.5%	-7.0%
GROUP TOTAL	**1,869**	2,459	-22.3%	-	-1.7%	-24.0%

Appendix 3: Adjusted EBITA by geographic segment

(in € millions)	Six months ended March 31		Change in Adjusted EBITA	Adjusted EBITDA margin	
	2021	2020		2021	2020
France	(4)	37	(41)	(0.4)%	3.4%
International	(12)	26	(38)	(1.2)%	1.9%
Contract Catering & Services	(16)	63	(79)	(0.8)%	2.6%
Corporate & Others	(9)	(11)	2	-	-
TOTAL GROUP	(25)	52	(77)	(1.3)%	2.1%

Appendix 4: Condensed cash flow statement

(in € millions)	Six months ended March 31, 2021 Non audited	Six months ended March 31, 2020 Non audited
EBITDA	57	135
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(29)	(53)
Change in operating working capital	12	(38)
Other cash flows from operating activities	(11)	(4)
Operational Free cash flow	29	40
Tax reimbursed (paid)	2	2
Free cash flow	31	42

Appendix 5: Consolidated financial statements

Consolidated Income Statement

(in € millions)	Six months ended March 31, 2021 Non audited	Six months ended March 31, 2020 Non audited
Revenue	1,869	2,459
Purchase of raw materials and consumables	(578)	(797)
Personnel costs	(1,003)	(1,232)
Share-based compensation expense	-	(2)
Other operating expenses	(195)	(250)
Taxes other than on income	(36)	(43)
Depreciation, amortization and provisions for recurring operating items	(81)	(84)
Net amortization of intangible assets recognized on consolidation	(9)	(10)
Recurring operating profit/(loss)from continued operations	(33)	41
Share of profit/(loss) of equity-accounted investees	(1)	(1)
Recurring operating profit/(loss) from continued operations including share of profit/(loss) of equity-accounted investees	(34)	40
Non-recurring income and expenses, net	(3)	(6)
Operating profit/(loss) from continued operations including share of profit/(loss) of equity-accounted investees	(37)	34
Financial expenses	(26)	(20)
Financial income	6	3
Profit/(loss) from continued operations before income tax	(57)	17
Income tax	4	(15)
Net profit/(loss) for the period from continued operations	(53)	2
Net loss for the period from discontinued operations	(3)	(20)
Net loss for the period	(56)	(18)
Attributable to:		
Owners of the parent	(53)	(17)
Non-controlling interests	(3)	(1)

(in €)	Six months ended March 31, 2021 Non audited	Six months ended March 31, 2020 Non audited
Earnings/(loss) per share		
Earnings/(loss) per share for the period from continued operations		
basic	(0.29)	0.02
diluted	(0.29)	0.02
Earnings/(loss) per share the period from discontinued operations or being sold		
basic	(0.02)	(0.12)
diluted	(0.02)	(0.12)
Total Earnings/(loss) per share		
basic	(0.31)	(0.10)
diluted	(0.31)	(0.10)

Consolidated Balance sheet - Assets

(in € millions)	At March 31, 2021 Non audited	At September 30, 2020 Audited
Goodwill	1,720	1,719
Intangible assets	210	221
Property, plant and equipment	295	314
Right of Use Asset	248	238
Other non-current assets	4	6
Non-current financial assets	111	111
Equity-accounted investees	-	-
Fair value of derivative financial instruments (*)	-	-
Deferred tax assets	82	74
Total non-current assets	2,670	2,683
Inventories	92	102
Trade and other receivables	583	625
Contract assets	-	-
Current income tax assets	10	14
Other current assets	58	54
Short-term financial receivables	4	3
Cash and cash equivalents (*)	32	41
Assets classified as held for sale	23	17
Total current assets	802	856
Total assets	3,472	3,539

(*) Included in the calculation of net debt

Consolidated Balance sheet: Equity and liabilities

(in € millions)	At March 31, 2021 Non audited	At September 30, 2020 Audited
Share capital	2	2
Retained earnings and other reserves	1,106	1,152
Translation reserve	(23)	(19)
Non-controlling interests	(5)	(3)
Total equity	**1,080**	**1,132**
Long-term debt (*)	803	781
Lease Liabilities - IFRS 16 (*)	201	192
Fair value of derivative financial instruments (*)	3	6
Non-current liabilities relating to share acquisitions	14	18
Deferred tax liabilities	-	-
Provisions for pension and other post-employment benefit obligations	91	96
Other long-term provisions	24	23
Other non-current liabilities	-	-
Total non-current liabilities	**1,136**	**1,116**
Trade and other payables	486	448
Due to suppliers of non-current assets	11	11
Accrued taxes and payroll costs	484	536
Current income tax liabilities	6	1
Short-term debt (*)	3	2
Lease Liabilities - IFRS 16 (*)	61	58
Current liabilities relating to share acquisitions	2	2
Short-term provisions	118	130
Contract liabilities	41	62
Other current liabilities	17	21
Liabilities classified as held for sale	27	20
Total current liabilities	**1,256**	**1,291**
Total liabilities	**2,392**	**2,407**
Total equity and liabilities	**3,472**	**3,539**
(*) Included in the calculation of net debt	1,038	998
Net debt excluding fair value of derivative financial instruments and debt issuance costs	1,038	995

Consolidated cash flow statement

(in € millions)	Six months ended March 31, 2021 Non audited	Six months ended March 31, 2020 Non audited
Cash flows from operating activities – continuing operations		
Recurring operating profit/(loss) including share of profit/(loss) of equity-accounted investees	(34)	40
Amortization and depreciation *(1)*	93	95
Provisions	(2)	-
EBITDA	57	135
Change in operating working capital	12	(38)
Interest and other financial expenses paid	(18)	(11)
Tax reimbursed (paid)	2	2
Other	(11)	(4)
Net cash from operating activities - continuing operations	42	84
Cash flows from investing activities - continuing operations		
Purchases of property, plant and equipment and intangible assets	(32)	(55)
Proceeds from sale of property, plant and equipment and intangible assets	3	2
Purchases of financial assets	(1)	(1)
Proceeds from sale of financial assets	-	-
Acquisitions of shares in consolidated companies, net of cash acquired	-	(4)
Other cash flows related to investing activities	-	-
Net cash used in investing activities – continuing operations	(30)	(58)
Cash flows from financing activities – continuing operations		
Dividends paid to owners of the parent	-	-
Purchases of own shares	-	(21)
Proceeds from borrowings	231	732
Repayments of borrowings	(215)	(3)
Repayments of lease liabilities	(32)	(28)
Net cash from/(used in) financing activities – continuing operations	(16)	680
Effect of exchange rate and other changes	(2)	-
Net increase/(decrease) in cash from continued operations	(6)	706
Net increase/(decrease) in cash from discontinued operations	(4)	(6)
Net cash and cash equivalents at beginning of period	40	76
Net cash and cash equivalents at end of period	30	776

(1) Including €1 million in amortization of advances on customer contracts for the six months ended March 31, 2021 and March 31, 2020.

Appendix 6: Definition of Alternative Performance Indicators

Organic growth in consolidated revenue: as described in Chapter 4, Section 4.2 of the fiscal 2018-2019 Universal Registration Document, growth in consolidated revenue expressed as a percentage and adjusted for the impact of (i) changes in exchange rates, (ii) changes in accounting policies and (iii) changes in scope of consolidation.

Retention rate: percentage of revenues retained from the previous year, adjusted for the cumulative year-on-year change in revenues attributable to contracts or sites lost since the beginning of the previous year.

Adjusted EBITA: Recurring operating result reported including the share of net result of equity-accounted investees adjusted for the impact of share-based compensation expense (stock options and performance shares granted by Group companies) and net amortization of intangible assets recognized on consolidation.
The Group considers that this indicator best reflects the operating performance of its businesses as it includes the depreciation and amortization arising as a result of the capex inherent to the Group's business model. It is also the most commonly used indicator in the industry and therefore permits comparisons between the Group and its peers.

Adjusted EBITA margin: Adjusted EBITA as a percentage of consolidated revenue.

Operating free cash flow: The sum of the following items as defined in the 2018-2019 Universal Registration Document and recorded either as individual line items or as the sum of several individual line items in the consolidated cash flow statement:

- EBITDA.
- Net capital expenditure (i.e. amounts paid as consideration for property, plant and equipment and intangible assets used in operations less the proceeds received from sales of these types of assets).
- Change in net operating working capital.
- Other cash movements, which primarily comprise cash outflows related to (i) non-recurring items in the income statement and (ii) provisions recognized for liabilities resulting from fair value adjustments recognized on the acquisition of consolidated companies.

This indicator reflects cash generated by operations.