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# Half Year Financial Results

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# Agenda

**01** Financial Results

**02** Business Review

**03** Conclusion

**04** Q&A

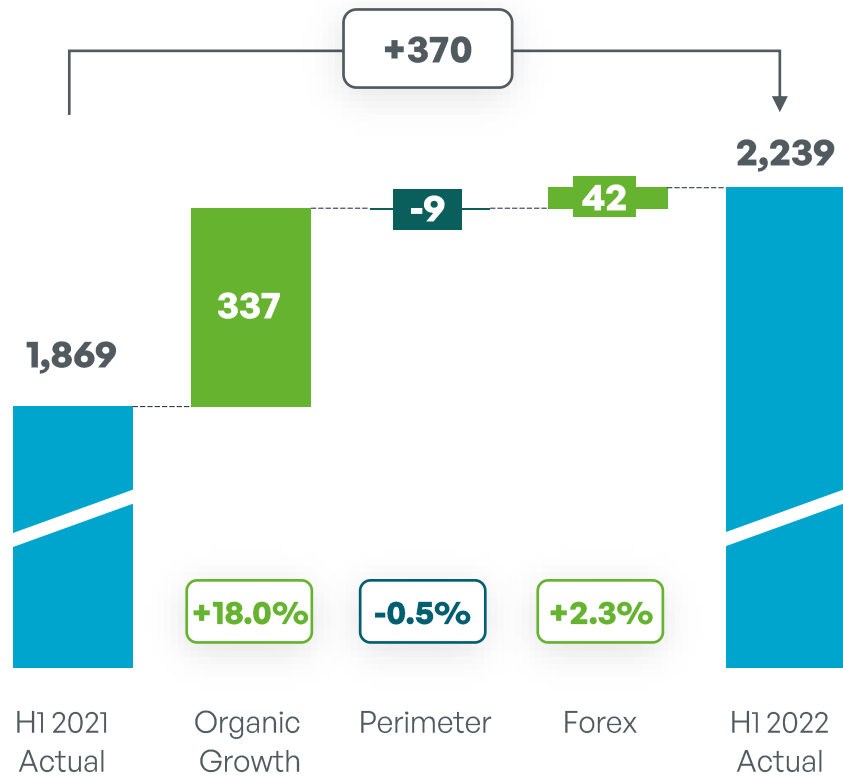


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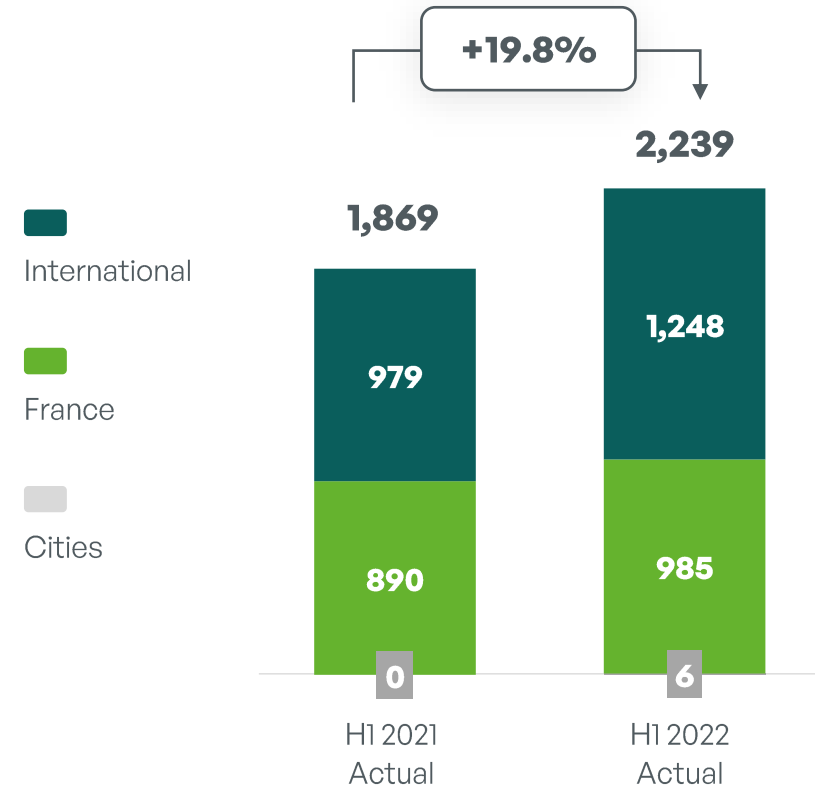
# Half Year 2021-22 Financial Results

# Strong top-line recovery overall despite Omicron impact

Group Revenue (in €m)

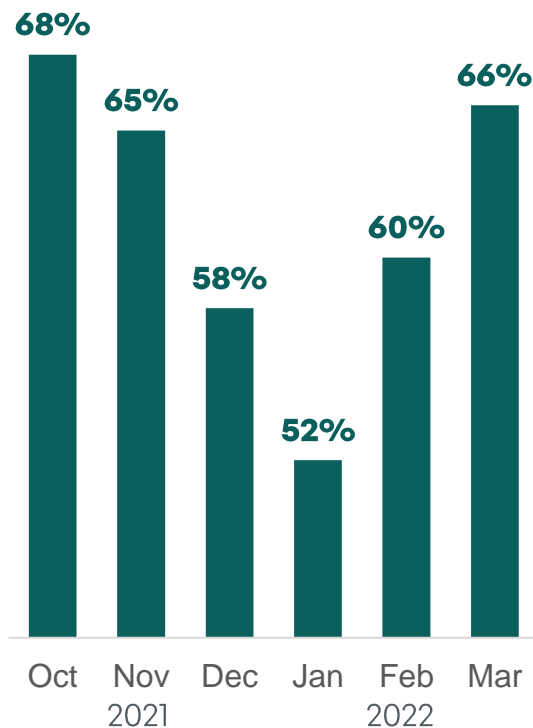


Group Revenue by Geography (in €m)

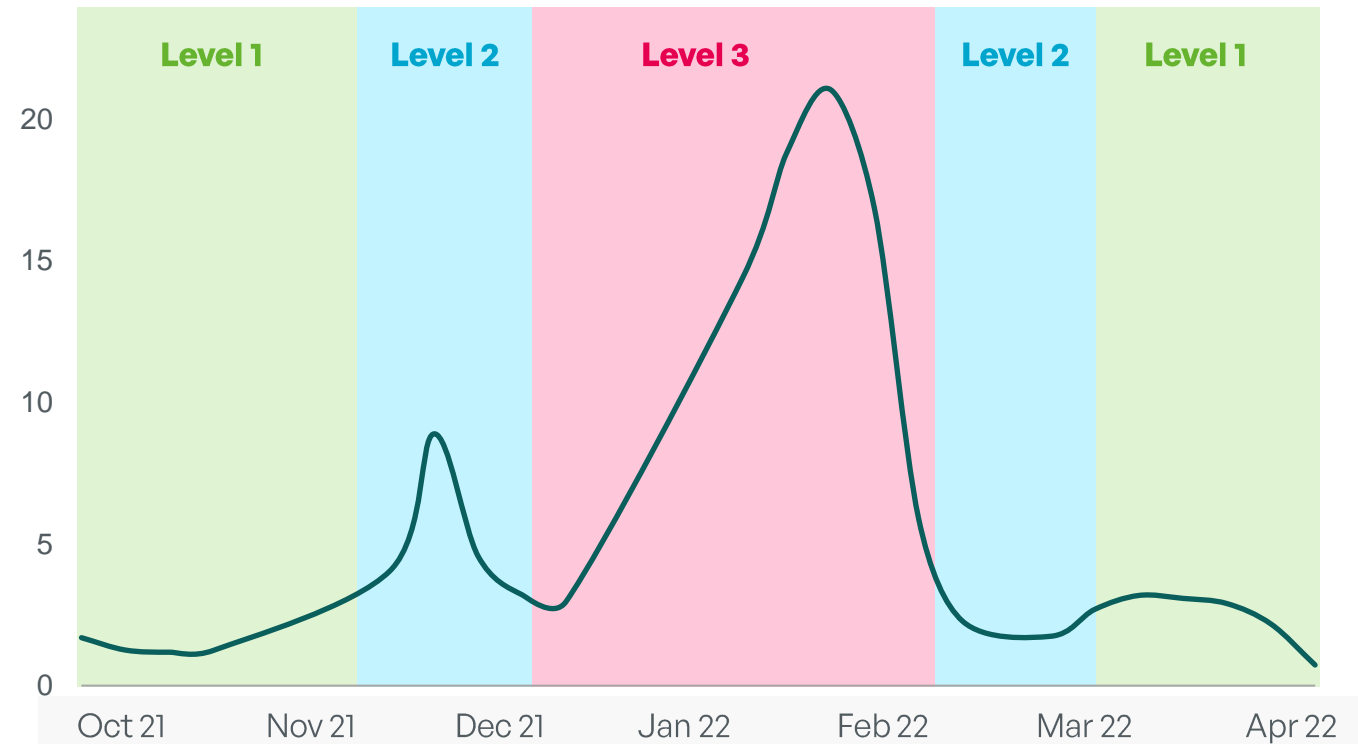


# However, B&I and Education in France were impacted by strict Omicron-related health restrictions

**Elior Entreprises:  
Attendance levels (%)**



**Classroom closures in France (in thousands)  
vs. health protocol levels in schools**



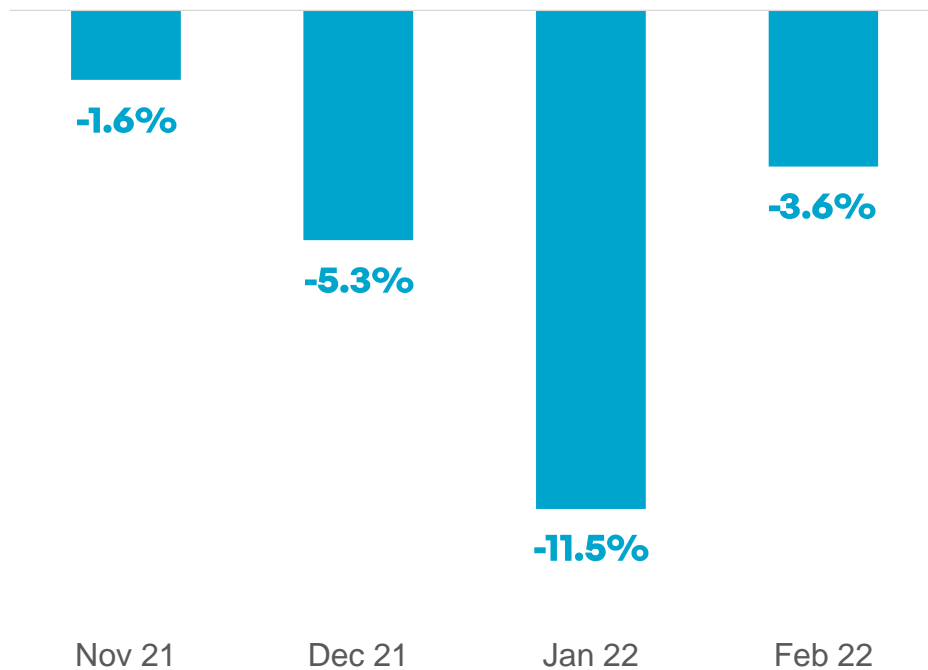
Source: French Ministry of Education data

# Omicron severely disrupted Education in France

## Education/France

### Number of meals sold:

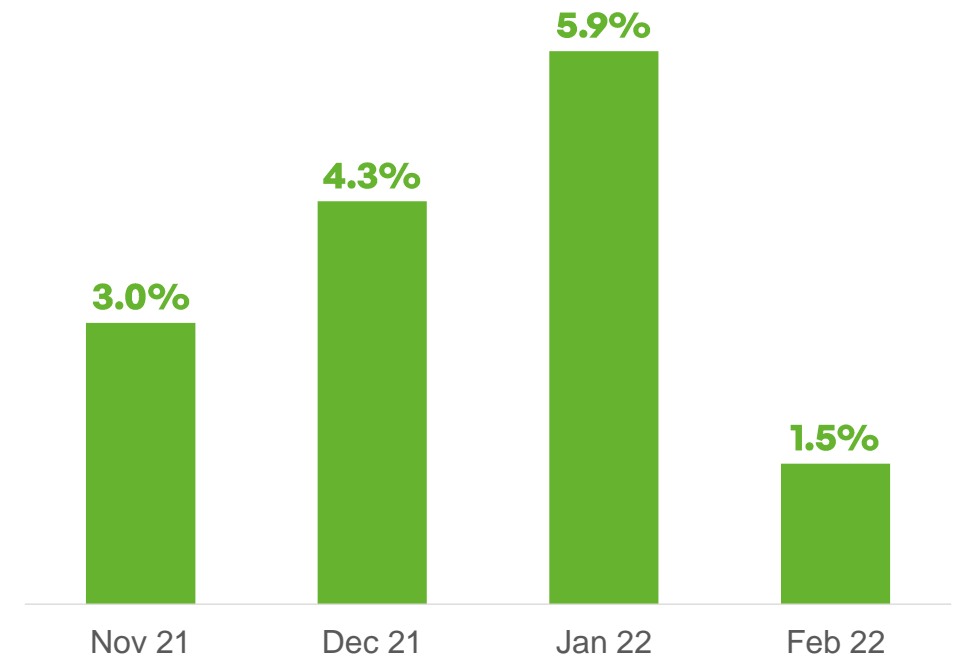
gap between actual and budgeted



## Education/France

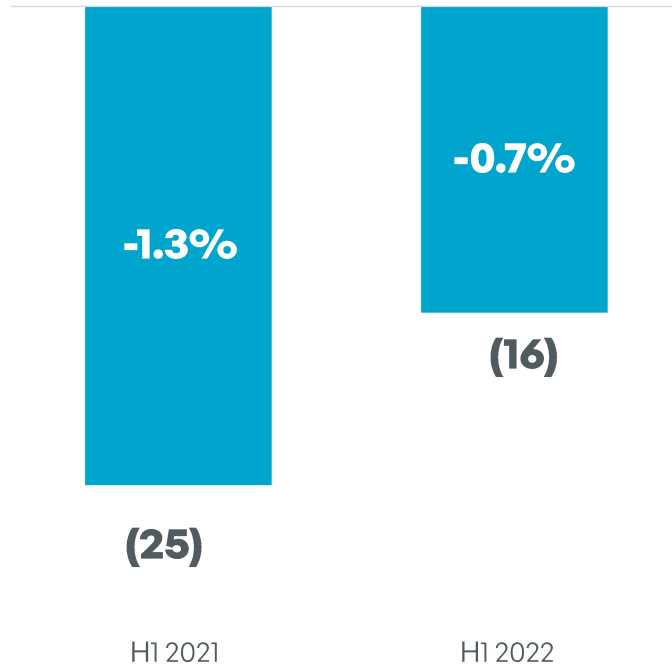
### Number of meals wasted

as % of total meals produced in central kitchens



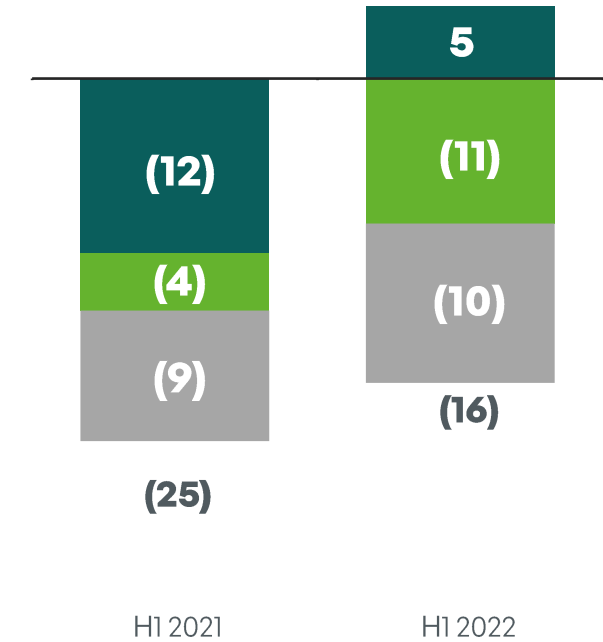
# EBITA recovery hampered by Omicron & inflation

Group Adjusted EBITA (in €m)  
& EBITA margin (in %)



Group Adjusted EBITA (in €m)

International  
France  
Corporate & other



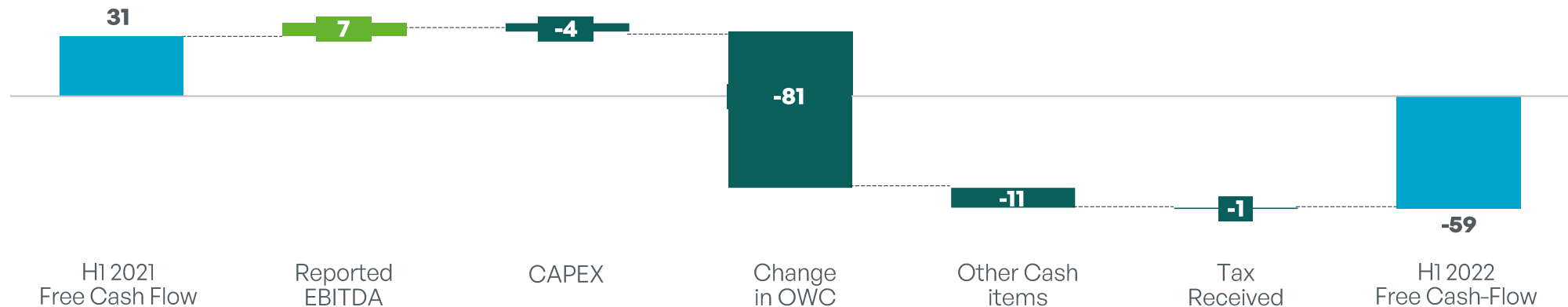
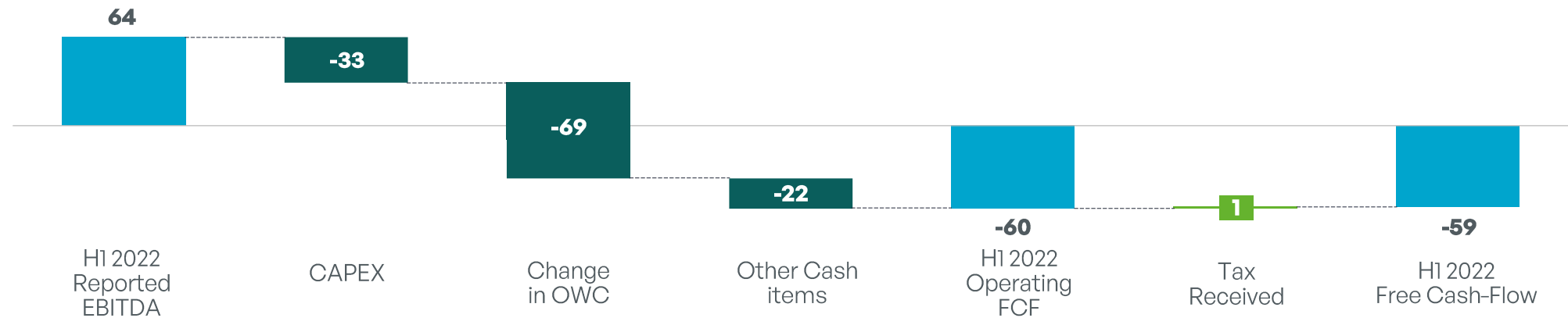


# Exceptional items weighing on net income

|   | H1 2022      | H1 2021     | YoY change   |
|---|--------------|-------------|--------------|
| Revenue   | 2,239        | 1,869       | 370          |
| <b>Adjusted EBITA</b>                                       | <b>(16)</b>  | <b>(25)</b> | <b>9</b>     |
| <i>Adjusted EBITA margin</i>                                | -0.7%        | -1.3%       |              |
| Share based compensation                                    | (2)          | --          | (2)          |
| Net amort. of intangible assets recognized on consolidation | (9)          | (9)         | --           |
| <b>EBITA</b>  | <b>(27)</b>  | <b>(34)</b> | <b>7</b>     |
| Impairment of goodwill                                      | (119)        | --          | (119)        |
| Non-recurring   | (62)         | (3)         | (59)         |
| Financial charges   | (21)         | (20)        | (1)          |
| Income tax  | (46)         | 4           | (50)         |
| <b>Net result from continued operations</b>                 | <b>(275)</b> | <b>(53)</b> | <b>(222)</b> |
| Net result from discontinued operations                     | --           | (3)         | +3           |
| <b>Net result</b>   | <b>(275)</b> | <b>(56)</b> | <b>(219)</b> |
| <b>Minority Interest</b>                                    | <b>(9)</b>   | <b>(3)</b>  | <b>(6)</b>   |
| <b>Net result group share</b>                               | <b>(266)</b> | <b>(53)</b> | <b>(213)</b> |

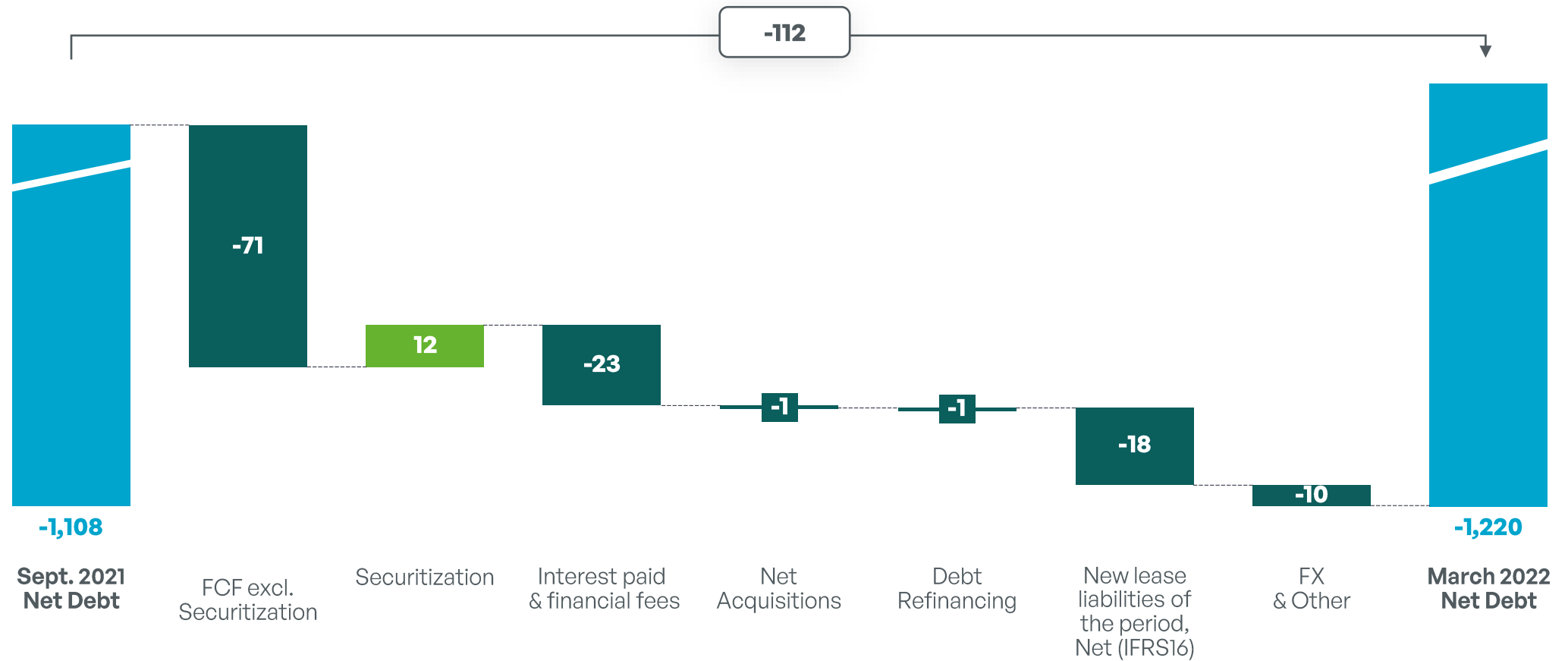
# FCF impacted by seasonality & USA growth-driven working capital outflow; capex well managed at 1.5% of sales celiorgroup

In €m



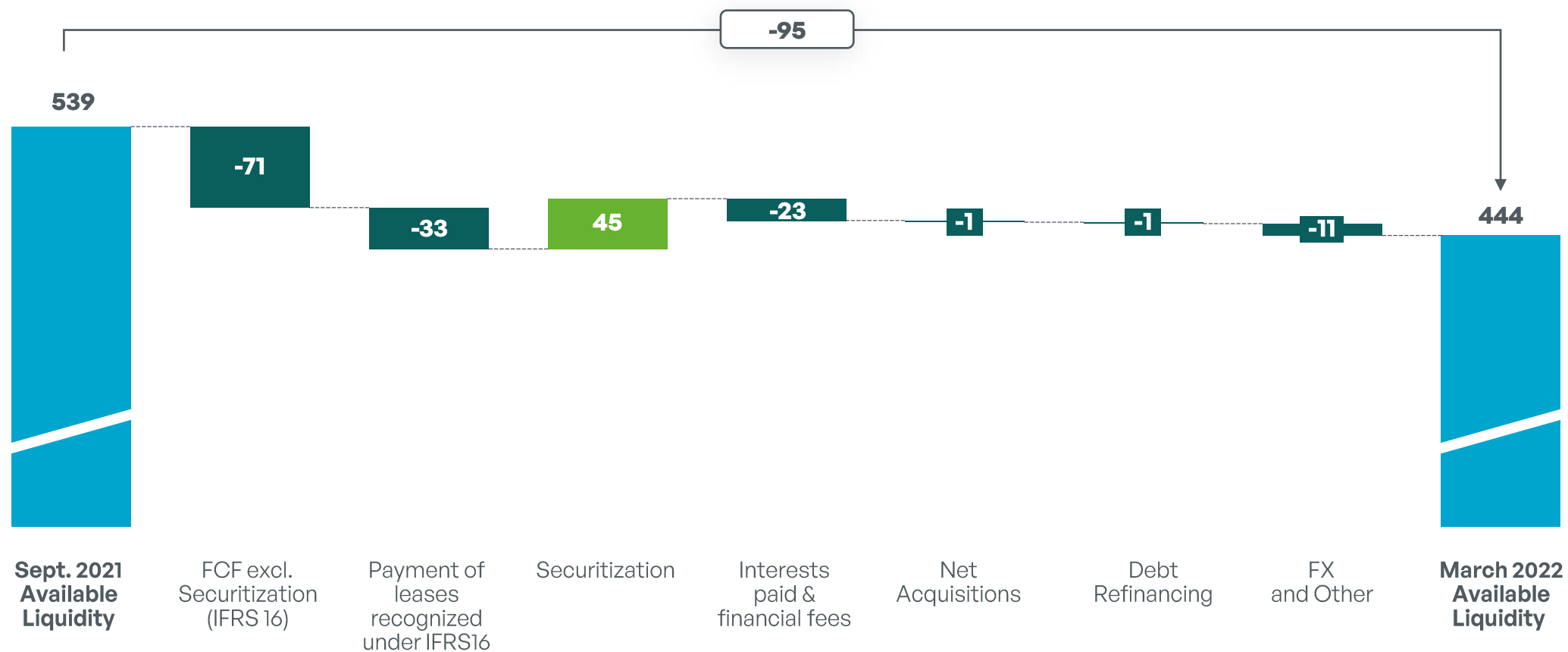
# Net debt increase reflecting negative free cash flow

In €m



# Satisfactory liquidity

In €m



# Waiver successfully obtained

## Covenant holiday

- › Next test date: March 31, 2023, EBITDA leverage ratio of 7.5x
- › As of September 30, 2023: EBITDA leverage ratio of 4.5x

# 2

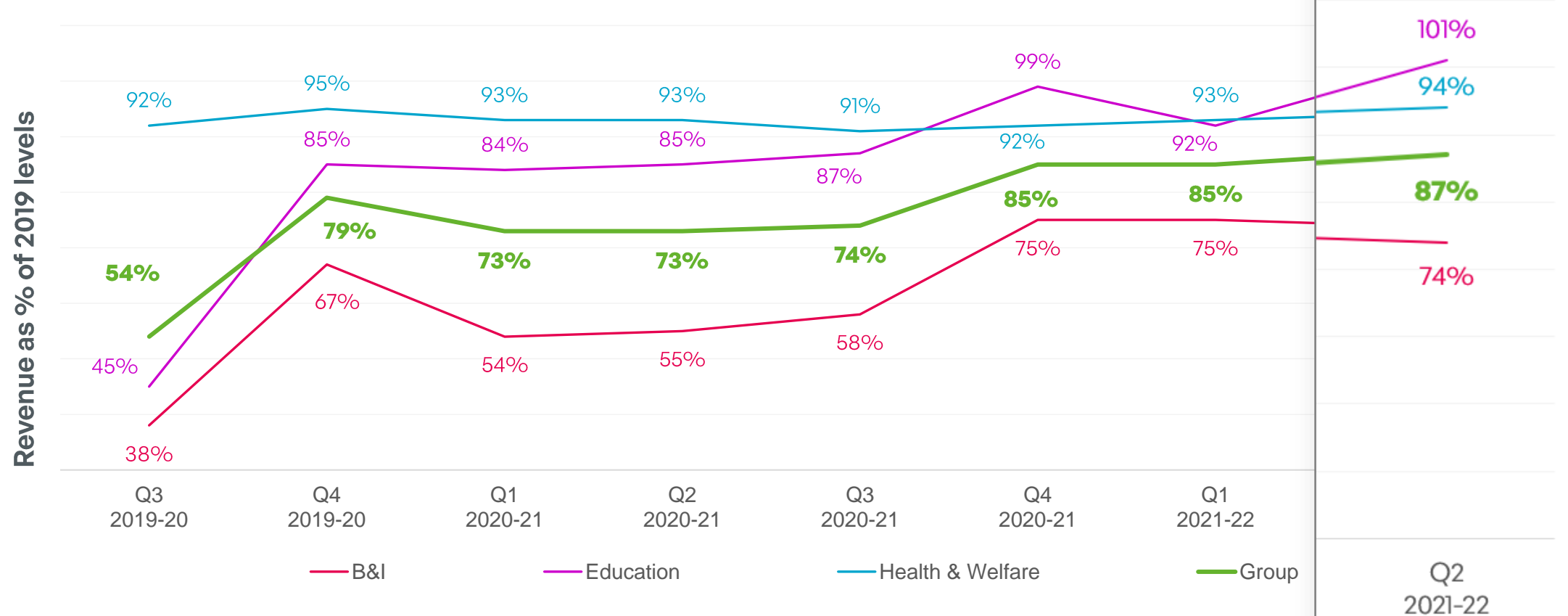
# Business Review





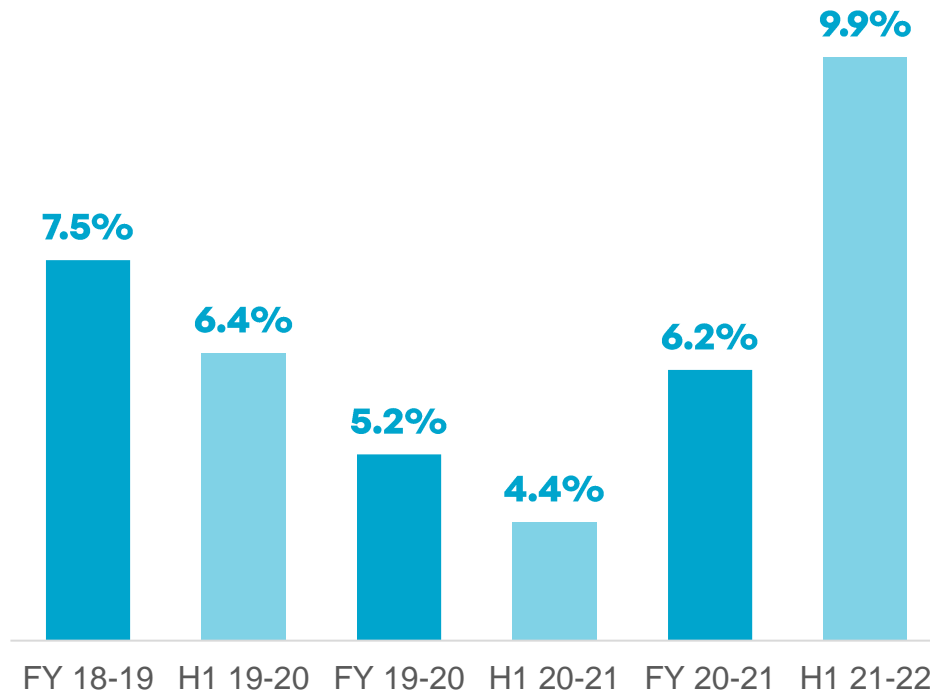
# Top-line trending up towards pre-Covid levels

- › Revenues rebound to 87% of pre-Covid levels despite Omicron impact
- › Current trading encouraging: 90% level reached in April

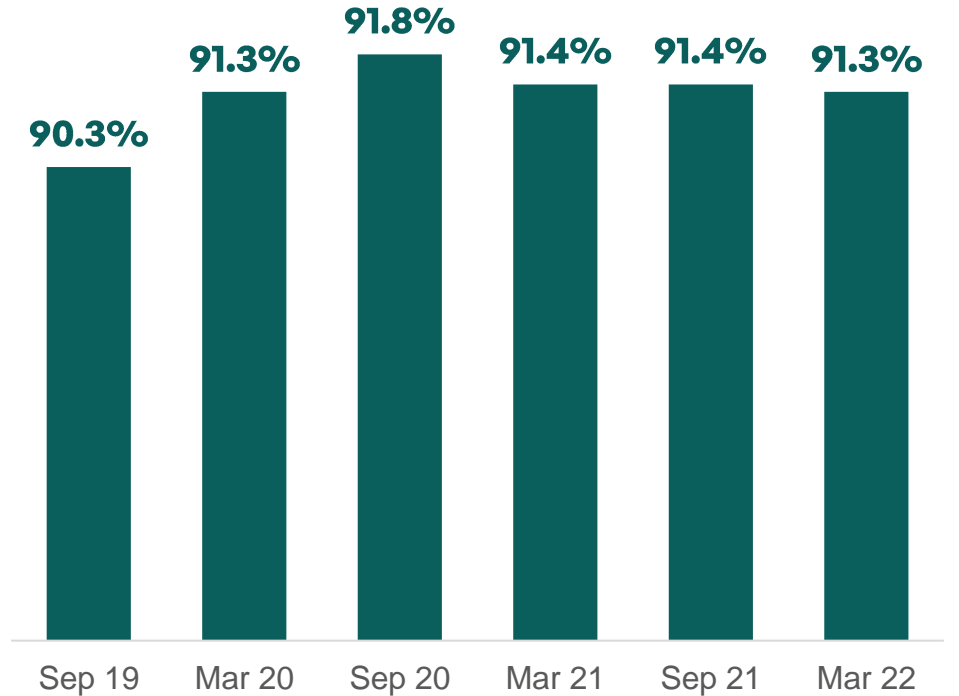


# Strong commercial development and stable retention...

New business contribution to organic growth (%)

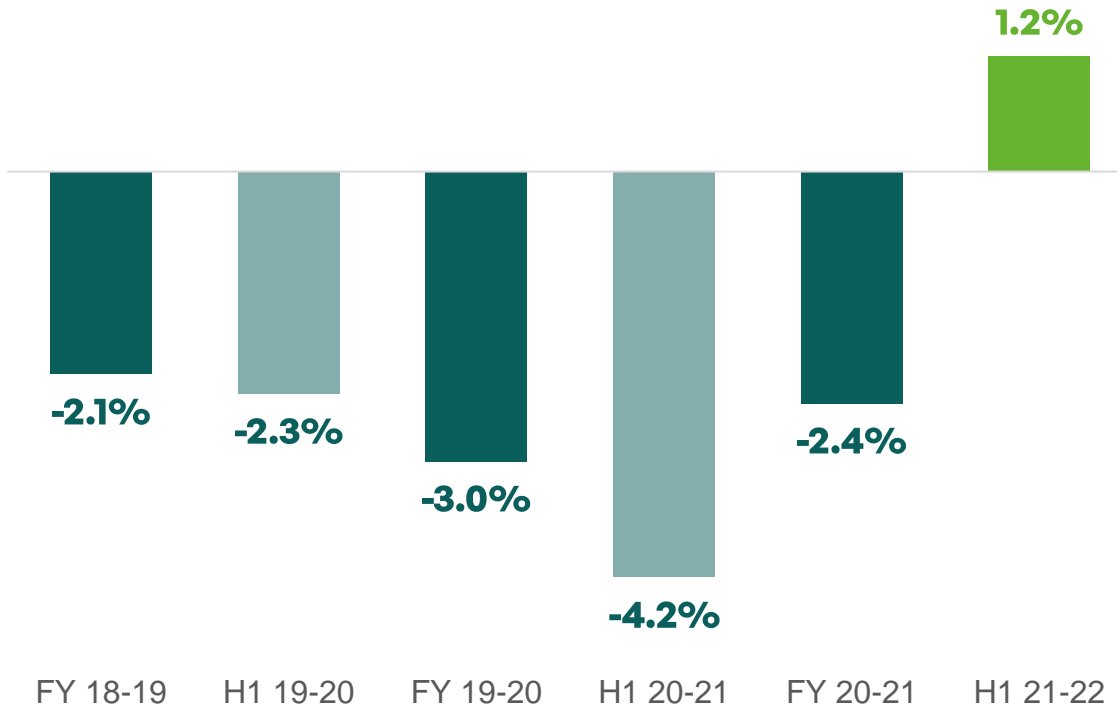


Retention rate (%)



## ... leading to net new business turning positive

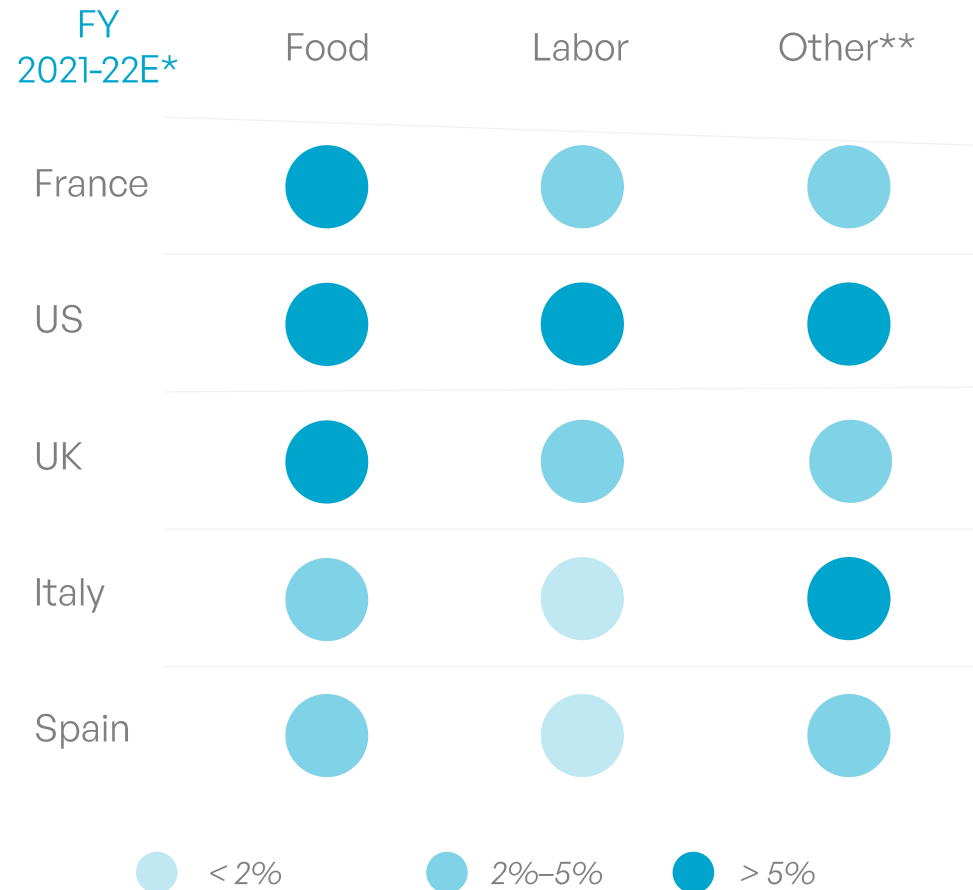
### Net new business contribution to organic growth



### Management incentives

- › New in FY2021-22:  
30% of variable bonus driven by net development

# Intensifying and lasting inflationary pressures



## Inflation impact

- › H1 22 average inflation: +3.2% vs. c.+1% budgeted at time of FY21 results
- › FY22 estimated inflation: +4.9% vs. c.+2% budgeted
- › €104m incremental inflation impact vs. budget before mitigation measures

\* Estimated FY2021-22 impact; \*\* Including energy, packaging, logistics, ...

# Four priorities for margin restauration

## Contract renegotiations



### Price increases

#1 priority



### *A la carte adjustments*

Tailor-made solutions  
with clients

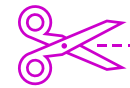


### Unprofitable operations elimination

Loss-making contracts

Preferred Meals (USA)

Production unit footprint



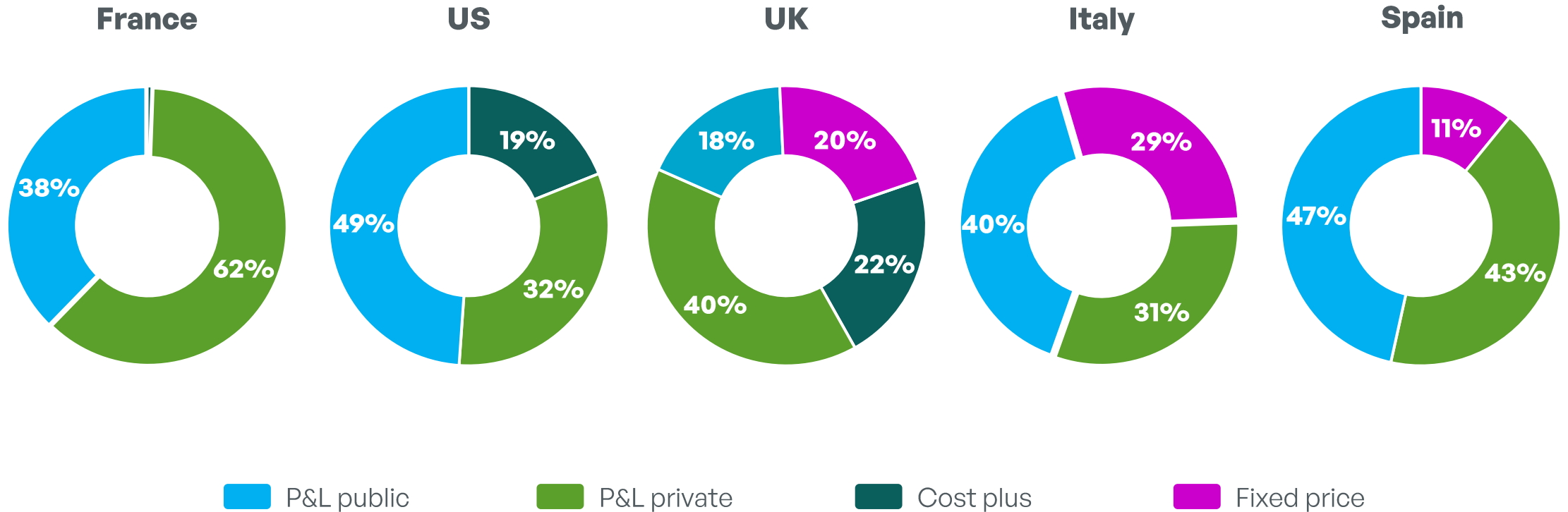
### Cost savings

Procurement

Food waste reduction

SG&A

# Contract types imply intense renegotiation efforts



*in % of revenue full year 2020-21*



# Contract renegotiations progressing

## All contracts have been reviewed

- › 22% of Group contracts have fallen below satisfactory profitability levels
- › 37% of contracts successfully renegotiated worldwide, of which 52% in the USA and 35% in the UK
- › <1% terminated voluntarily by Elior, so far

## Strong commitment from Elior Teams

- › Dedicated renegotiations coaching program in Continental Europe
- › Ad hoc bonus program in France, Italy and Spain; objectives set beyond the contract price revision clause
- › Contract termination if negotiation unsuccessful and profitability unsatisfactory

# Voluntarily exiting Preferred Meals in the USA

- › Industrial fresh and frozen snacks/prepared meals production and distribution business acquired in 2016
- › Heavily loss-making and not consistent with Elior's DNA
- › Exit target date: end of current fiscal year

## Financial data (in USDm)

|                | FY 2020-21  | H1 2021-22  |
|----------------|-------------|-------------|
| <b>Revenue</b> | <b>211</b>  | <b>139</b>  |
| <b>EBITA</b>   | <b>(52)</b> | <b>(24)</b> |



# Actively pursuing new growth opportunities

## Exciting New Venture in North America

- › New venture in the healthcare market
- › Leveraging our central kitchen national reach and frozen meal capacity
- › Dietitian designed meals to support overall health and social determinates of health impact
- › Limited investment with strong return

**Launch Date:** June 2022





# 3

# Conclusion

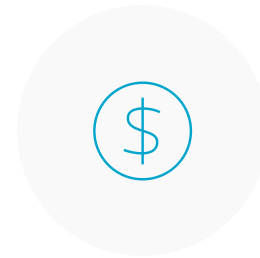
# Full Year 2021-22 outlook



Organic growth  
**at least +16%**



Adjusted EBITA  
**breakeven (\*)**



Capex below  
**2% of revenue**

At constant rates and based on all known Covid-19 protocols at the time of publication

(\*) excludes Preferred Meals estimated loss of €(35)m for FY2021-22

# Financial ambitions 2024



## Organic growth

**at least +7% CAGR**  
on average 2022-23 and 2023-24



## Adjusted EBITA

margin around  
**4.0% in 2023-24**



## Organic revenue growth / Capex as a % of revenues

**between 2.5x and 3x**



## Re-start dividend

based on fiscal  
**year 2023-24**



# CSR 2025 objectives reaffirmed



**-12 %**

**Greenhouse gas emission**

By 2025, compared to 2020,  
per meal, scope 1-2-3

**-30%**

**Food waste**

Reduce by 2025,  
Compared to 2020, per meal



**80%**

**Renewable electricity**

By 2025 and reduced  
our energy consumption



**Menu CO<sub>2</sub>  
Footprint**

**Reduction**

By menu redesign that respects  
local culinary cultures and markets







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# Q&A



# Appendices

# CSR: main achievements in first half 2021-22



**Worldwide**  
Carbon Disclore Project  
Climate Change 2021  
B score



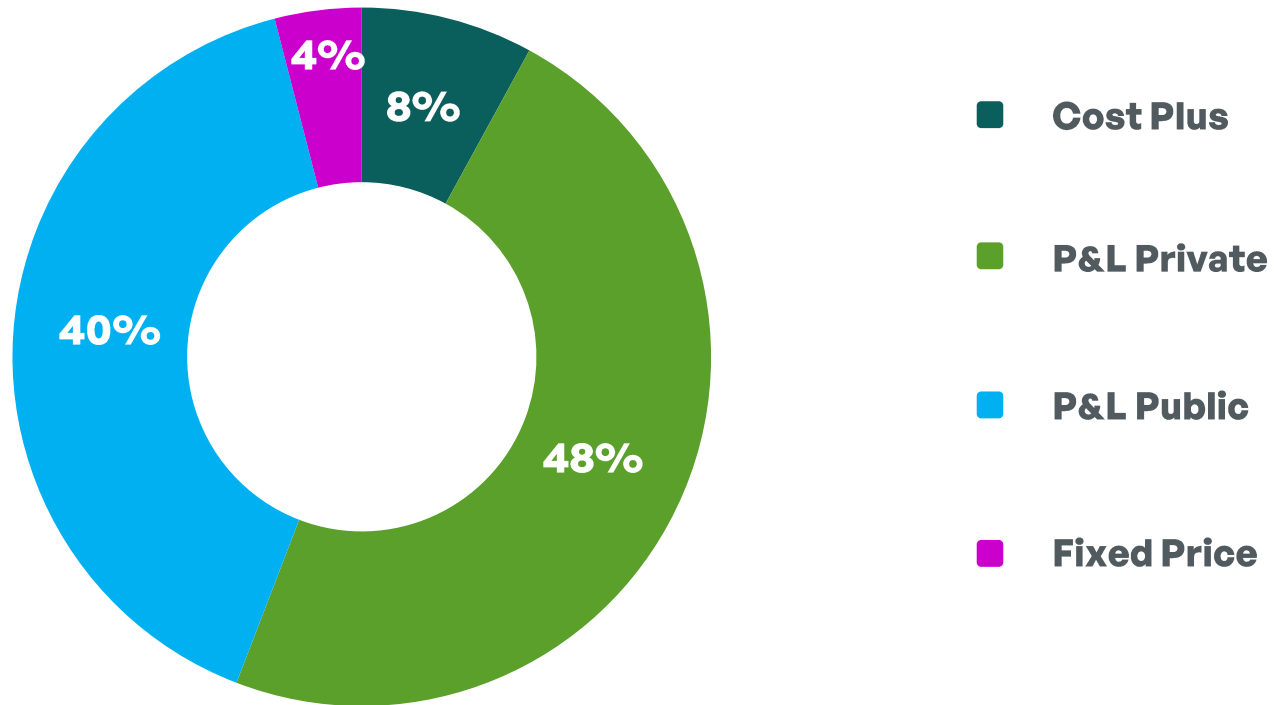
**France**  
EcoVadis  
Sustainability Ratings  
Platinum for Elior Services  
Gold for Elior Entreprises



**UK**  
Contract Catering Magazine  
CSR Award

# Elior Group: contract portfolio by type

(in % of revenue FY2020-21)





# Alternative performance indicators

**Organic growth in consolidated revenue:** as described in Chapter 4, Section 4.2 of the fiscal 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 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.

# Modelling details for full year 2021-22



Working Capital:

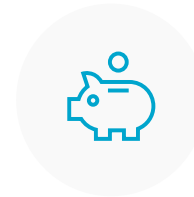
**€(20)/(40)m**

Deferred social charges in  
France & US



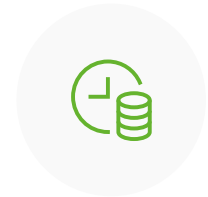
Net financial expenses:

**interest  
rate 3.11%**



CVAE:

**flat  
year-on-year**

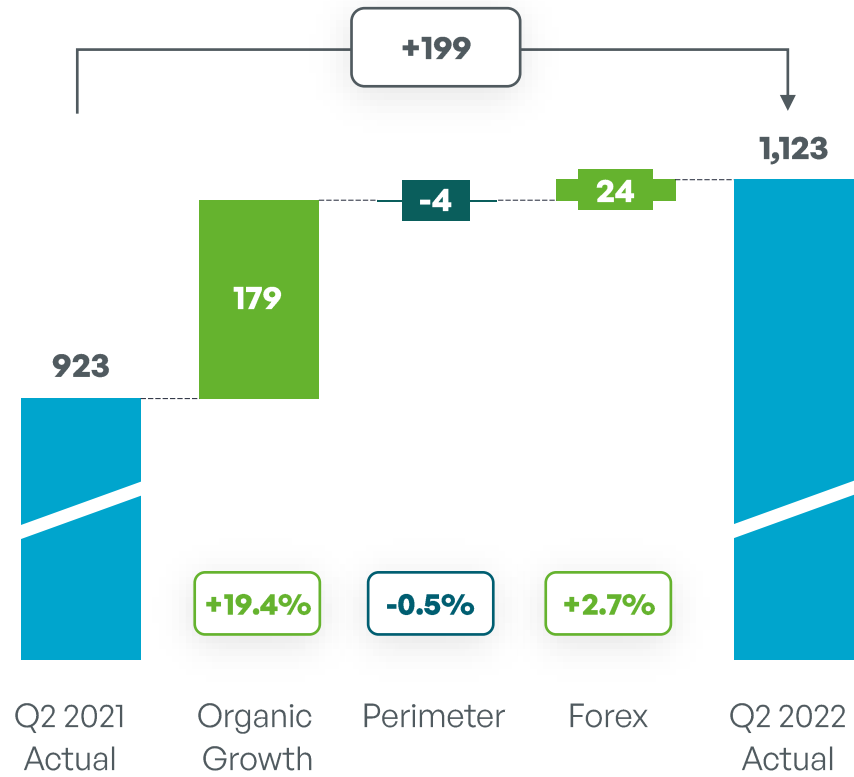


Non-recurring cash:

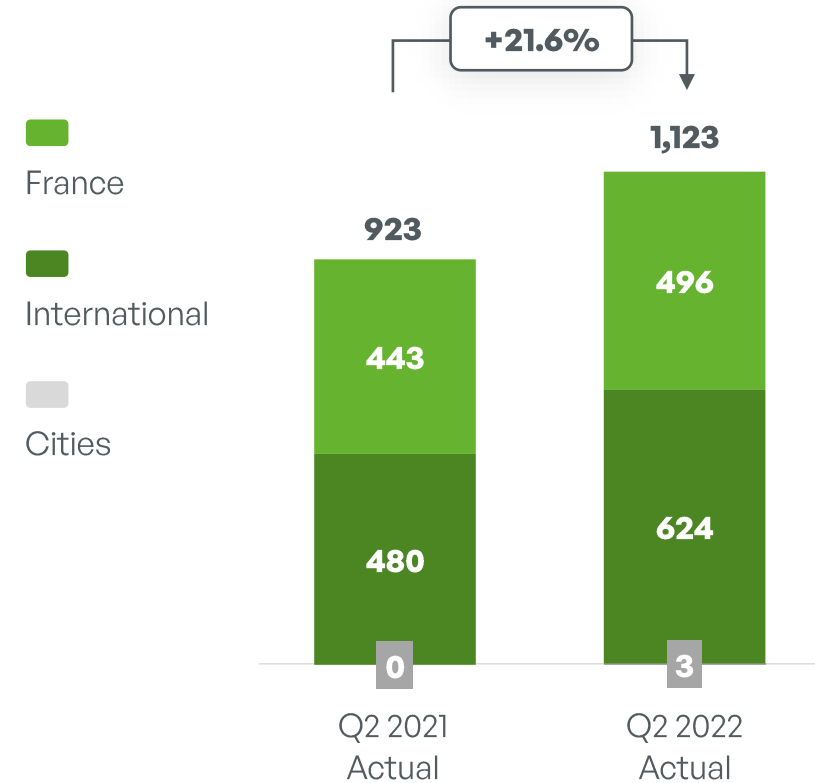
**around  
€(50)/(60)m**

# Second quarter 2021-22 revenue

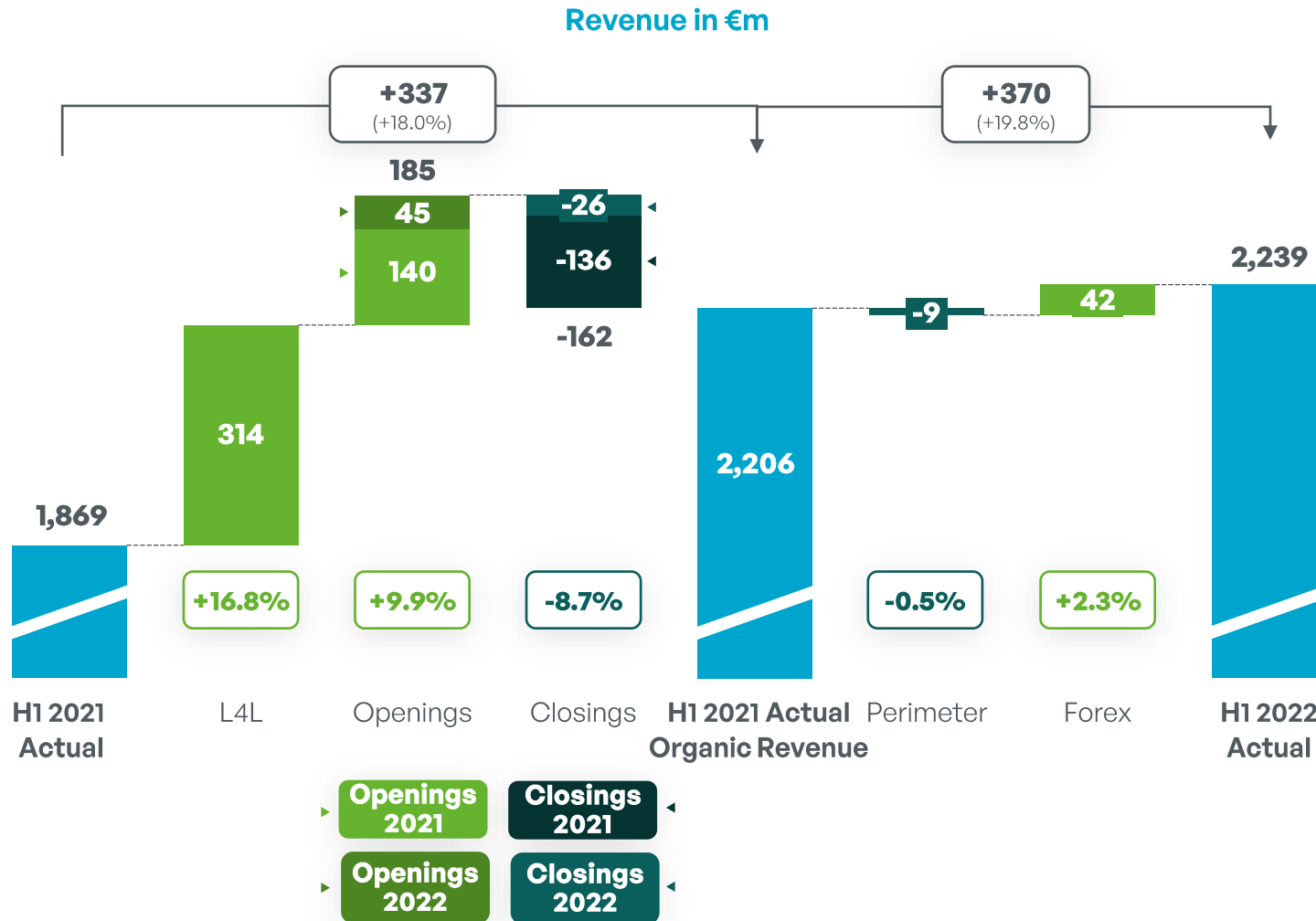
Elior Group Revenue (in €m)



Group Revenue by Geography (in €m)



# First half 2021-22 retention

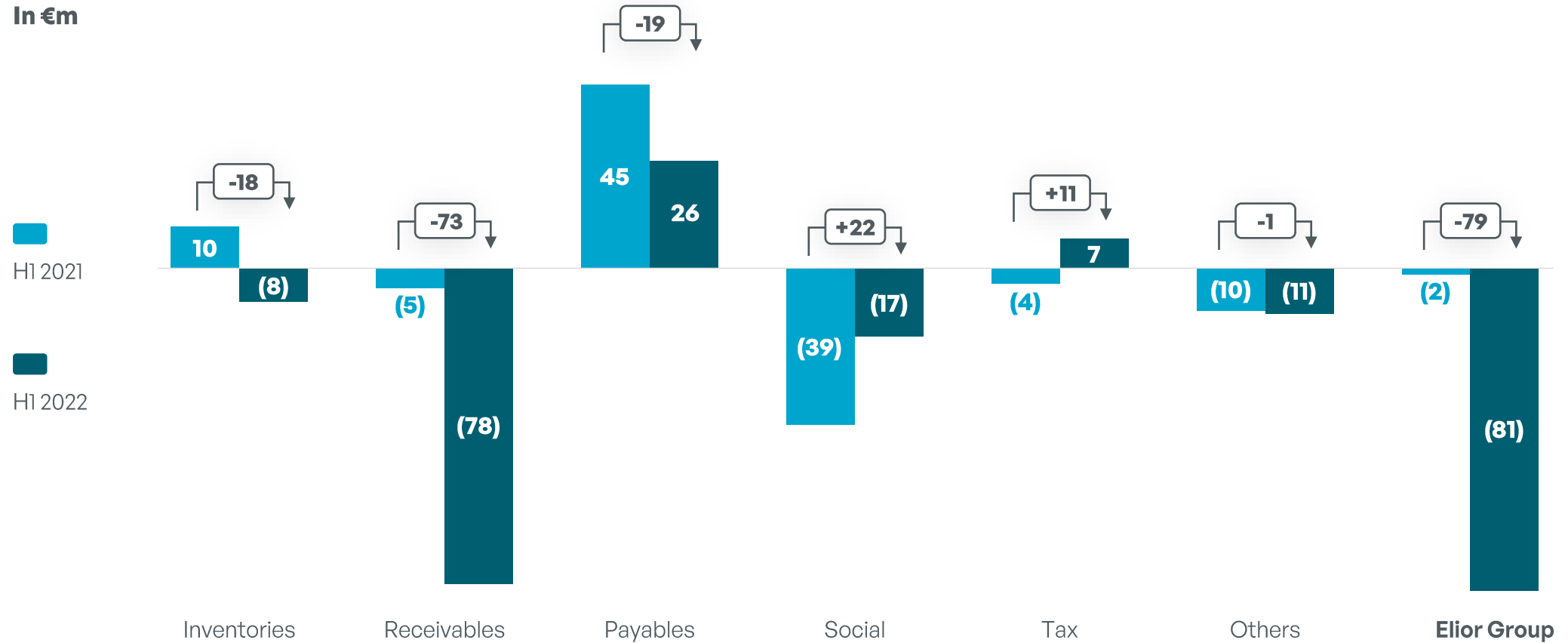


# Deferred tax impacted by goodwill impairments in France & Spain

| In €m                          | H1 2022     | H1 2021  | YoY change |
|--------------------------------|-------------|----------|------------|
| Tax on Added Value (CVAE-IRAP) | (6)         | (7)      | +1         |
| Current Tax                    | 0           | 1        | -1         |
| Deferred Tax                   | (40)        | 10       | -50        |
| <b>Total Income Tax</b>        | <b>(46)</b> | <b>4</b> | <b>-50</b> |

# Detailed change in operating working capital

In €m



# Financial agenda



**July 27  
2022**

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Third quarter revenues  
**2021-2022**



**November 23  
2022**

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Full year results  
**2021-2022**



