

# Acquisition of Derichebourg Multiservices: Elior Accelerates Its Turnaround

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December 20, 2022

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## Additional Information

In connection with the proposed transaction, Elior Group may file with the AMF, a document for prospectus exemption and other relevant documents in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ ALL RELEVANT DOCUMENTS FILED WITH THE AMF, INCLUDING THE DOCUMENT FOR PROSPECTUS EXEMPTION WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAINS IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Those documents, when filed, may be obtained free of charge from Elior Group's website at <http://www.eliorgroup.com>.

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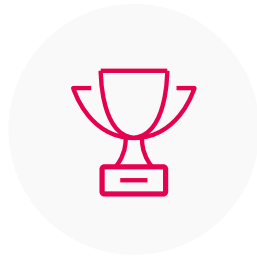
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Value Enhancing Transaction with a Strengthened Balance Sheet and Financial Profile

# 01

# Transaction Highlights

# Elior to Accelerate its Recovery by Acquiring Derichebourg Multiservices



**Strengthening Elior Group's Strategic Positioning**



**Attractive Value Creation & Enhanced Financial Profile**



**Enabling Elior Group to Accelerate Growth and Take More Initiatives**

# Strengthening of Elior Group's Strategic Positioning

1

## Combining two complementary businesses to create a leader in Multiservices and Contract Catering

- › Increasing scale and strengthening leadership position with +€5bn revenue and ~134,000 employees
- › Becoming the No. 1 Multiservices and Catering service provider in France

2

## Increasing diversification with highly complementary businesses

- › New and complementary services offered, creating a more stable business model
- › Complementary client base and industries served: reinforcing leadership in healthcare and enhancing presence in other end-markets
- › Strengthening the density of the local geographic footprint

3

## Expanding growth through cross-selling and accelerating commercial momentum

- › Capacity to deploy cross-selling strategy within the services business, as well as between catering and services
- › Enhanced financial profile with improved profitability and capacity to deploy new services in more geographies

# Transaction Highlights

## Derichebourg Multiservices<sup>(1)</sup>, a Leading French Player

- › Leading operator in outsourced services for industrial and services companies, public services and local governments
- › FY2022<sup>(2)</sup> revenue of €943m, EBITDA of €49m and EBITA of €27m
- › Headquartered in Paris with ~37,000 employees

## Compelling Valuation and Financing Structure

- › Transaction valuing DMS<sup>(1)</sup> at an Enterprise Value of €450m
  - ▶ 9.1x FY2022 EBITDA multiple, 5.7x post run-rate synergies
- › All stock transaction: Elior shares issued at €5.65, representing a 119% premium to Elior unaffected share price of €2.58 as of November 23, 2022, and 128% premium to L1M VWAP<sup>(3)</sup> of €2.48
  - ▶ 80m new Elior shares issued to Derichebourg, resulting in a pro forma ownership for Derichebourg of 48.4%

## Attractive Value Creation & Enhanced Financial Profile

- › Double-digit EPS accretion as soon as FY2024, even more considering run-rate synergies
- › Significant potential synergies: EBITDA run-rate impact of at least €30m achieved by end of FY2026
- › 2022 leverage immediately decreasing by 2.1x, providing additional flexibility to seize growth opportunities

## Changes to Elior Group's Governance

- › Board of directors with 12 members: 5 independent members, 5 appointed by Derichebourg SA and 2 employee representatives
- › Daniel Derichebourg to be nominated Chairman and CEO of Elior Group at transaction closing

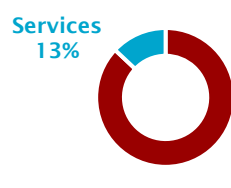

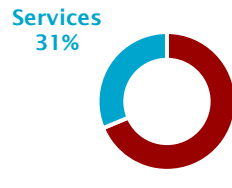
## Expected Closing in April-May 2023

- › Elior Group's shareholders to approve the issuance of Elior shares to Derichebourg at a scheduled EGM, during April-May 2023
- › Closing subject to regulatory approval and customary condition

(1) DMS (Derichebourg Multiservices) is a subsidiary of Derichebourg SA  
 (2) Fiscal year end September 30, excl. SNG, DMS urban display division sold in May 2022  
 (3) 1 month until November 23, 2022

# Enhanced Financial Profile with Significant Synergies Potential



	eliorgroup Time savored	DERICHEBOURG multiservices	Run-Rate Synergies	eliorgroup Time savored	DERICHEBOURG multiservices	+ Run-Rate Synergies
Revenue Mix	Revenue	€4.3bn	€0.9bn	€0.2bn		€5.4bn
	Business Mix			n.a.		
Margins	EBITDA %	3.4%	5.2%	17.2%		4.2%
	EBITA %	(0.1%)	2.9%	17.2%		1.0%
Leverage	Net Debt / EBITDA	8.3x	0.1x	n.a.		6.2x <sup>(2)</sup>

(1) Excluding Preferred Meals (PMC) for Elior and excluding SNG for DMS, urban display division sold in May 2022

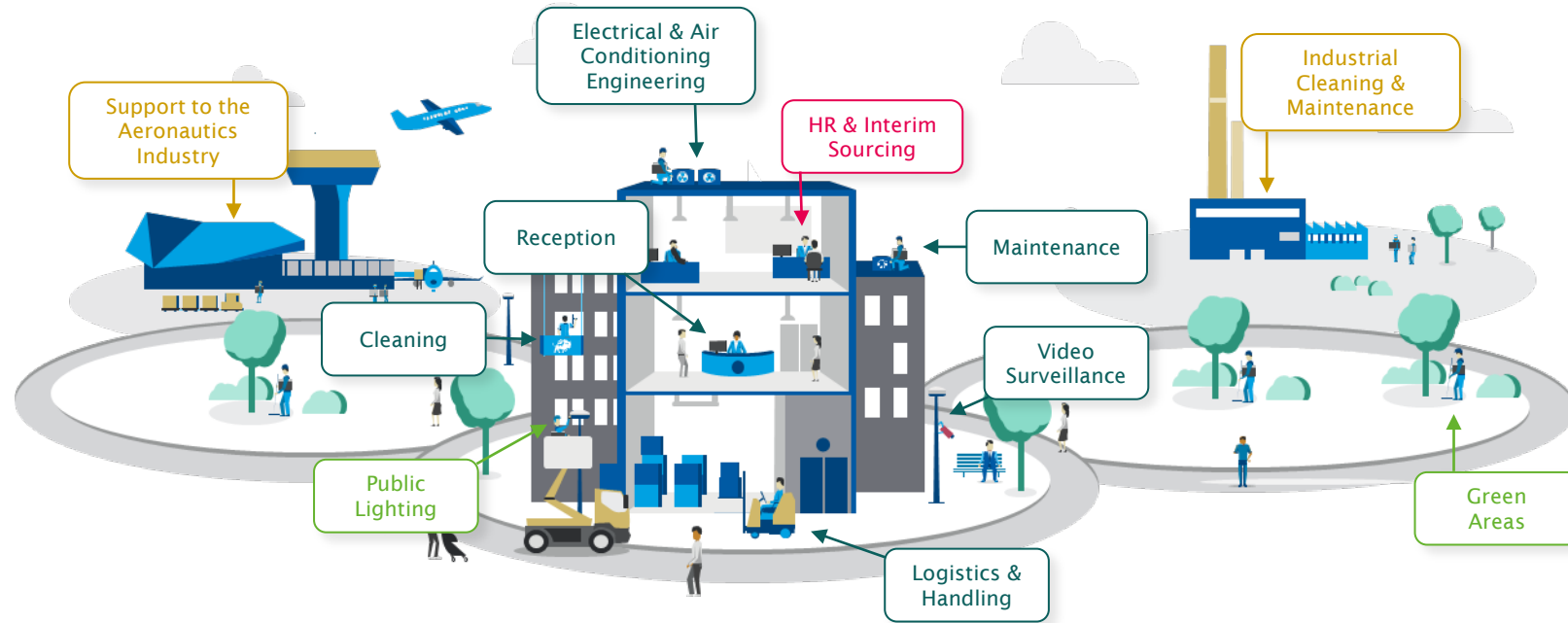
(2) Excluding run-rate synergies



02

# Derichebourg Multiservices: A Leader in Services with a Complementary Profile to Elior's

# Derichebourg Multiservices, a 360° Approach to Clients

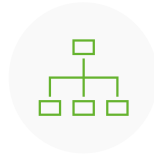


FY2022 - Revenue<sup>(1)</sup>: €943m / EBITDA<sup>(1)</sup>: €49m

X% % of 2022 Revenue

(1) Excluding SNG, urban display division sold in May 2022

# A Client-Centric Organization Designed to Maximize Wallet-Share and Increase Cross-Selling Opportunities



**Agile and efficient organization** thanks to short decision-making structure and decentralized management



**Strong client centric and CSR culture**



**High cross-selling capacity** and integration of additional services driving improved performance



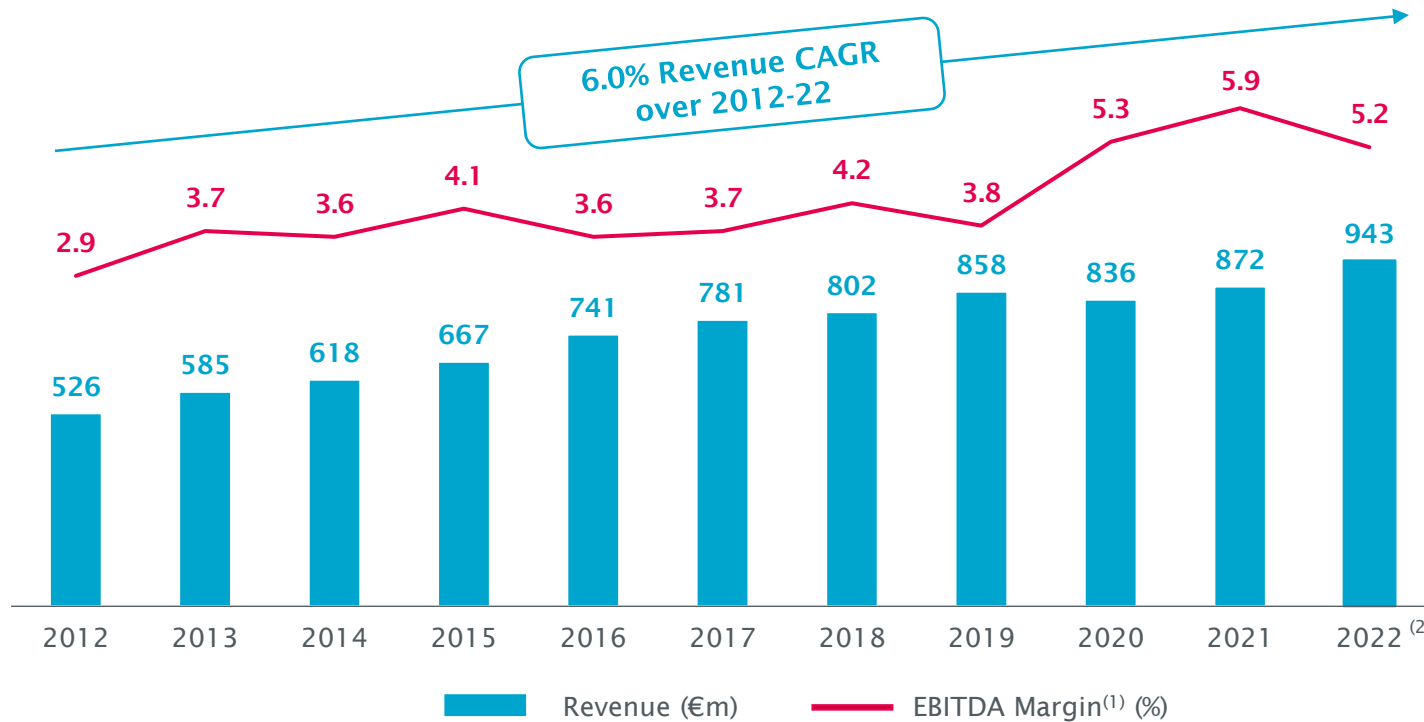
**Precise and regular monitoring** of contract profitability



**Systematic cash generation monitoring**

# A Steady and Resilient Financial Profile

## DMS Revenue and Margin Evolution



- › Continuous revenue growth with **6.0% CAGR** between 2012 and 2022
- › Growth trajectory during Covid crisis highlighting DMS resilience: return to pre-crisis level from 2021
- › Low impact of crisis on EBITDA margin: **>5% since 2020**

(1) Pre IFRS 16 figures before 2020 and post IFRS 16 figures since 2020

(2) Excluding SNG, urban display division sold in May 2022

# 03

Elior & Derichebourg  
Multiservices: Combination with  
Compelling Strategic Rationale and  
Significant Synergy Potential

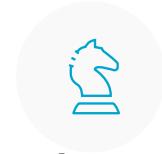
# Services, a Highly Attractive Sector



Diverse set of activities enabling **cross fertilization**



Low Capex,  
**high ROCE**



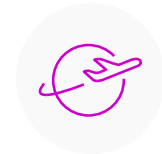
**Better control over prices and costs** thanks to lower COGS, fixed costs and broader range of services and clients



High **resilience** and **predictability**

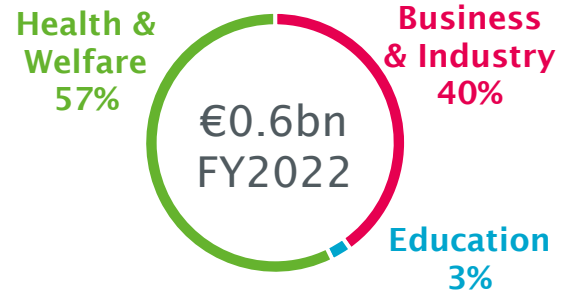


**HR & interim:** strong growth expected due to companies' recruitment challenges



**Aeronautics:** high growth in line with air traffic predictions and manufacturer's backlog

# Elior Services - Key Highlights



2,400 Sites



22,500 Employees  
(As of September 30, 2022)

## Service Portfolio & Main Clients

Clinics, hospitals and specialized healthcare establishments



Offices and industrial premises (incl. highly sensitive locations)

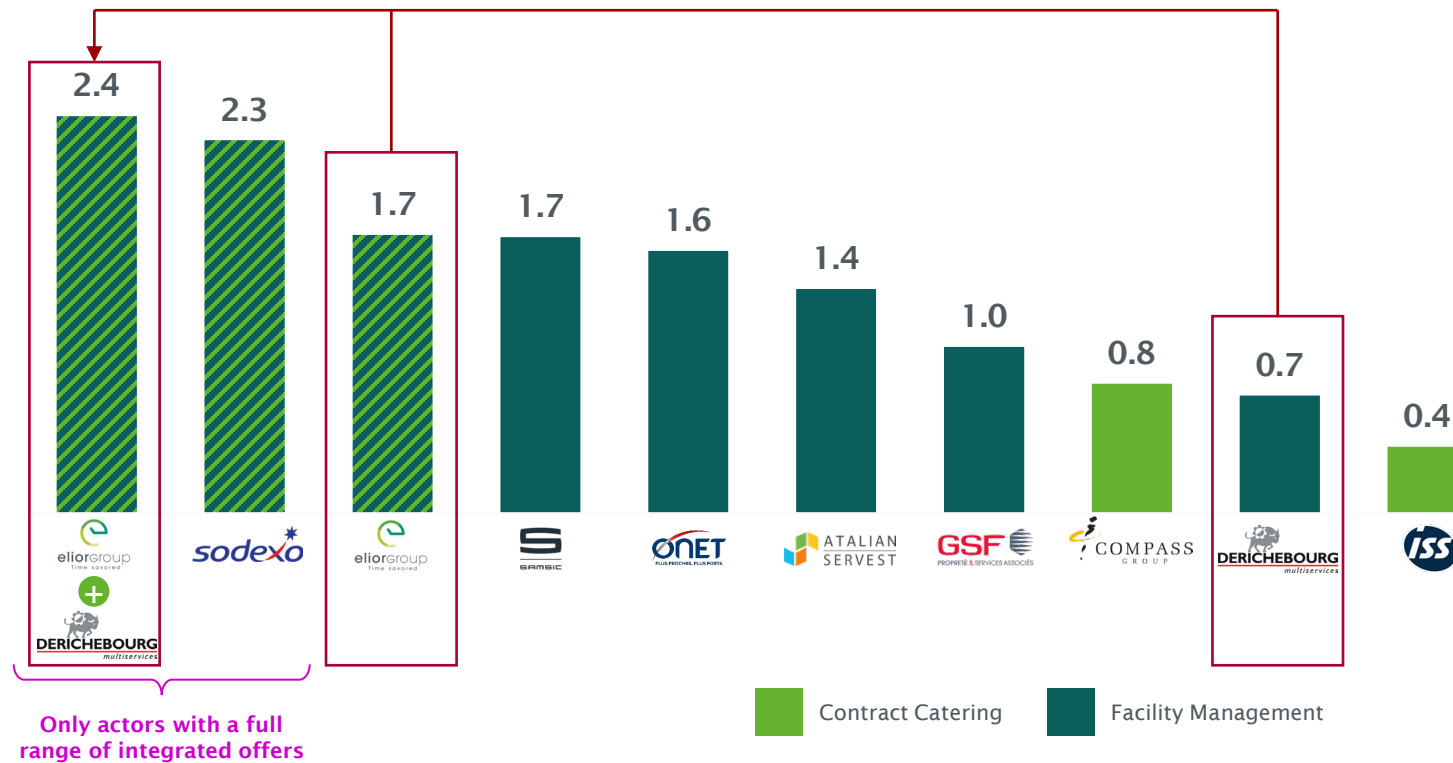


Facility management



# Creating a Multiservices and Contract Catering Leader in France

France FY2021 Revenue (€bn)











- › Complementary activities combination creating the French leader with **€2.4bn in revenues**
- › Offering a **full range of integrated offers**

Sources: Company Information








# A European Leader with a Uniquely Diversified Business Profile

	 eliorgroup <small>Time savored</small>	 DERICHEBOURG <small>multiservices</small>	   + Run-Rate Synergies <sup>(1)</sup>
<b>Services</b>	Contract Catering Soft FM	Soft FM Technical FM HR & Interim Aeronautics	Contract Catering Soft FM Technical FM HR & Interim Aeronautics
<b>Geographies</b>			
<b>Capabilities</b>	~97,000 Employees	~37,000 Employees	~134,000 Employees
<b>FY2022 Revenue<sup>(1)</sup> (€bn)</b>	€4.3bn	€0.9bn	€5.4bn
<b>o/w FY2022 Services Revenue (€bn)</b>	€0.6bn	€0.9bn	€1.7bn

(1) Excluding Preferred Meals (PMC) for Elior and excluding SNG for DMS, urban display division sold in May 2022. Combined financials reflect run-rate synergies

# Complementary Portfolios of Activities and End Markets

	 eliorgroup Time savored	 DERICHEBOURG multiservices	 eliorgroup Time savored	  DERICHEBOURG multiservices
<b>Activities</b>				
Contract Catering	✓✓✓✓	✗	✓✓✓✓	
Services				
Cleaning	✓✓✓	✓✓✓	✓✓✓	
Green Areas	✓	✓	✓✓	
Energy Efficiency, Industrial Solutions	✗	✓✓	✓✓	
Interim	✗	✓✓	✓✓	
Others <sup>(1)</sup>	✗	✓	✓	
<b>End Markets</b>				
B&I - Large Corporates	✓✓✓✓	✓✓✓	✓✓✓✓	
B&I - SMEs	✓	✓✓✓✓	✓✓✓✓	
Education	✓✓✓✓	✗	✓✓✓✓	
Health & Welfare	✓✓✓✓	✗	✓✓✓✓	

- › Opportunity for Elior to serve **DMS' existing clients** (large corporates & SMEs), leveraging their extensive regional coverage and strong client proximity
- › Capacity to deploy **DMS' entrepreneurial spirit** in catering, reinforcing development in France and international
- › Strong proximity to clients thanks to a **DMS' dense regional coverage in France**
- › **Elior's leadership in Healthcare** will facilitate DMS' deployment in technical FM<sup>(2)</sup>

(1) Including reception - mail, security, public lighting  
 (2) Facility Management

# Execution Track Record



Proven experience in **combining contract catering and services in French healthcare**, creating a one stop-shop for hospitality services



**Integrating new businesses and new teams** every day



**+15 companies successfully integrated and rebranded** in Elior North America between 2008 and 2022



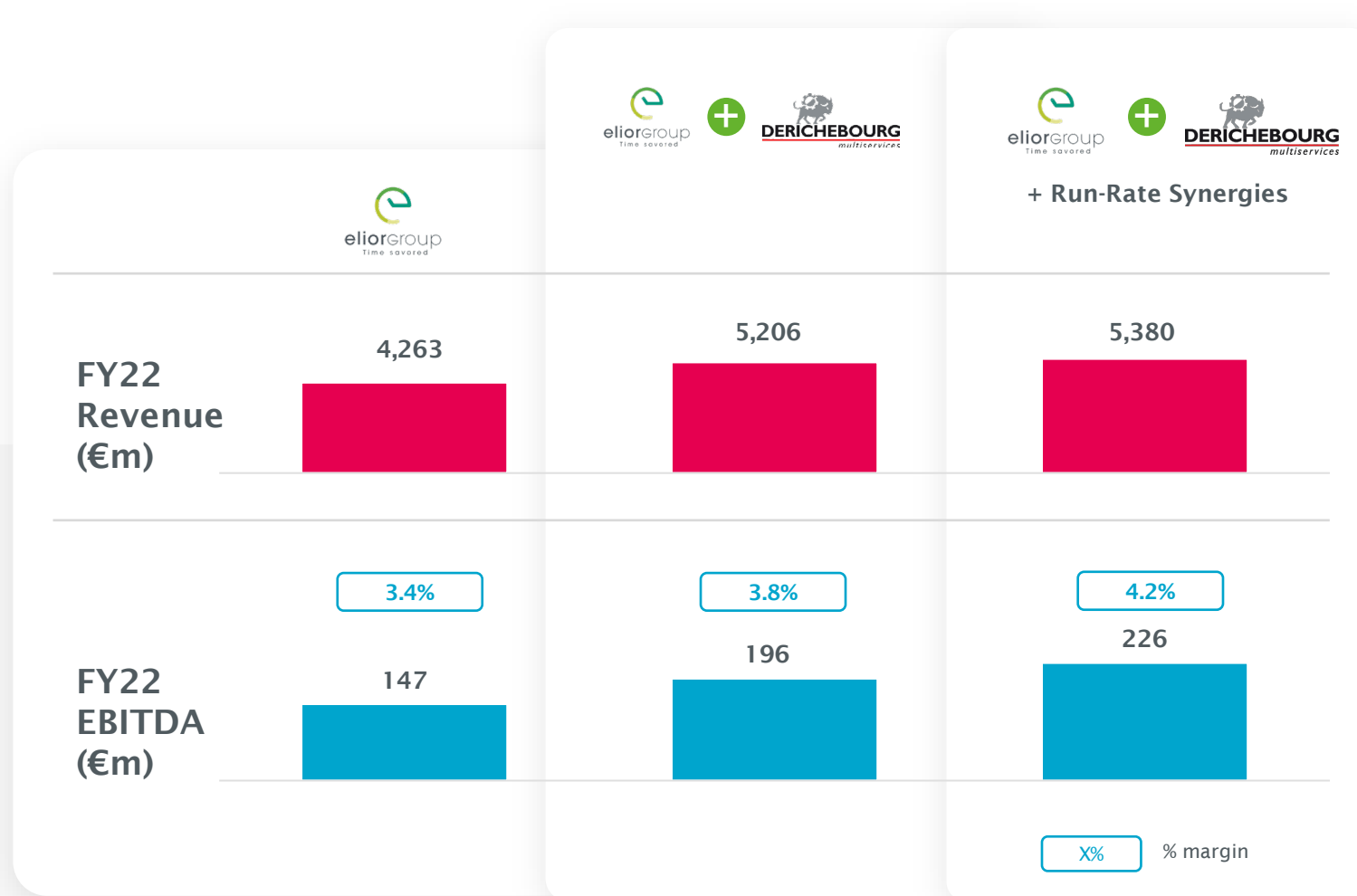
**Active monitoring of target execution** & transversal support

# 04

## Value Enhancing Transaction with a Strengthened Balance Sheet and Financial Profile

# Enhanced Financial Profile

FY2022, excluding Preferred Meals and SNG

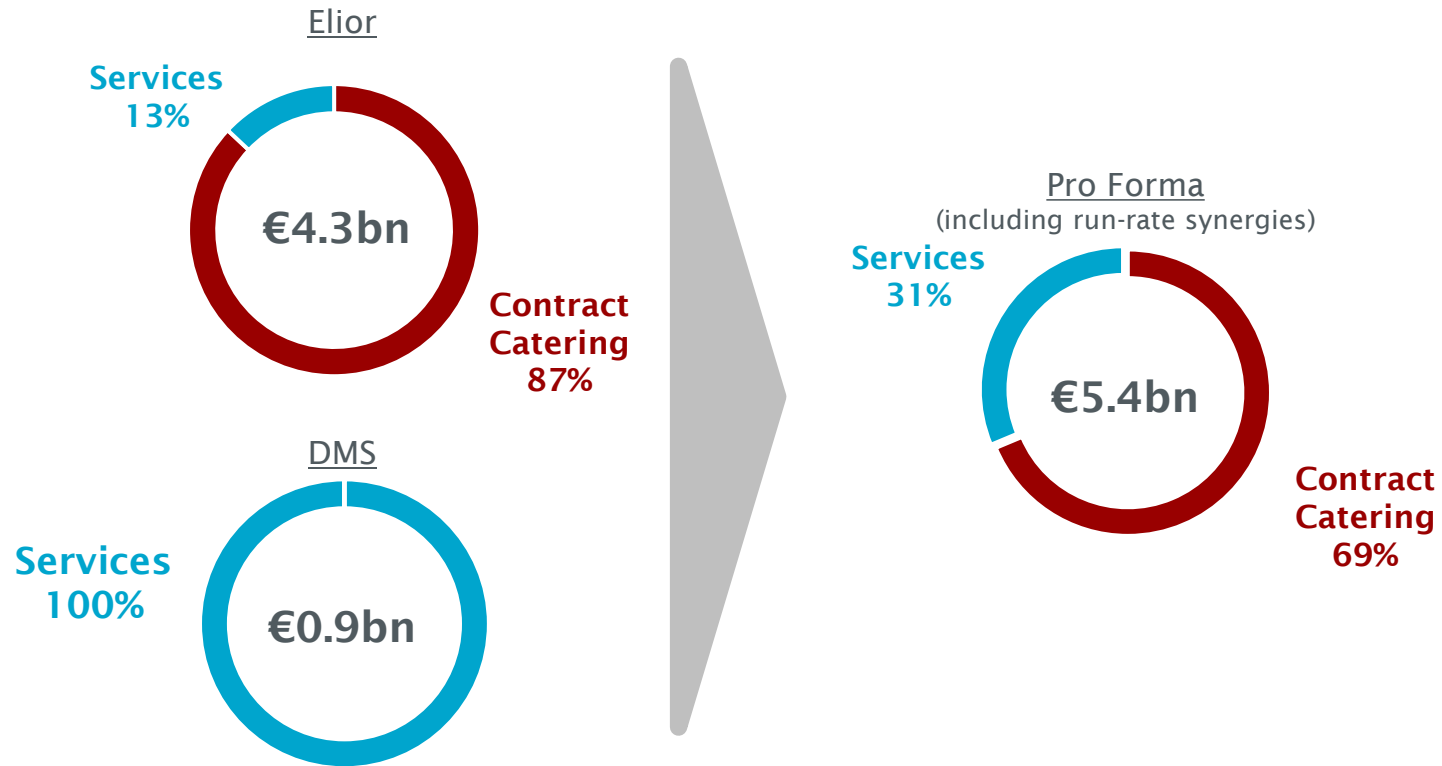


- › Reaching critical size in multiservices
- › Improved EBITDA margin profile on closing, further enhanced by synergies

# Increasing Diversification and Resilience

FY2022 Revenue, excluding Preferred Meals and SNG

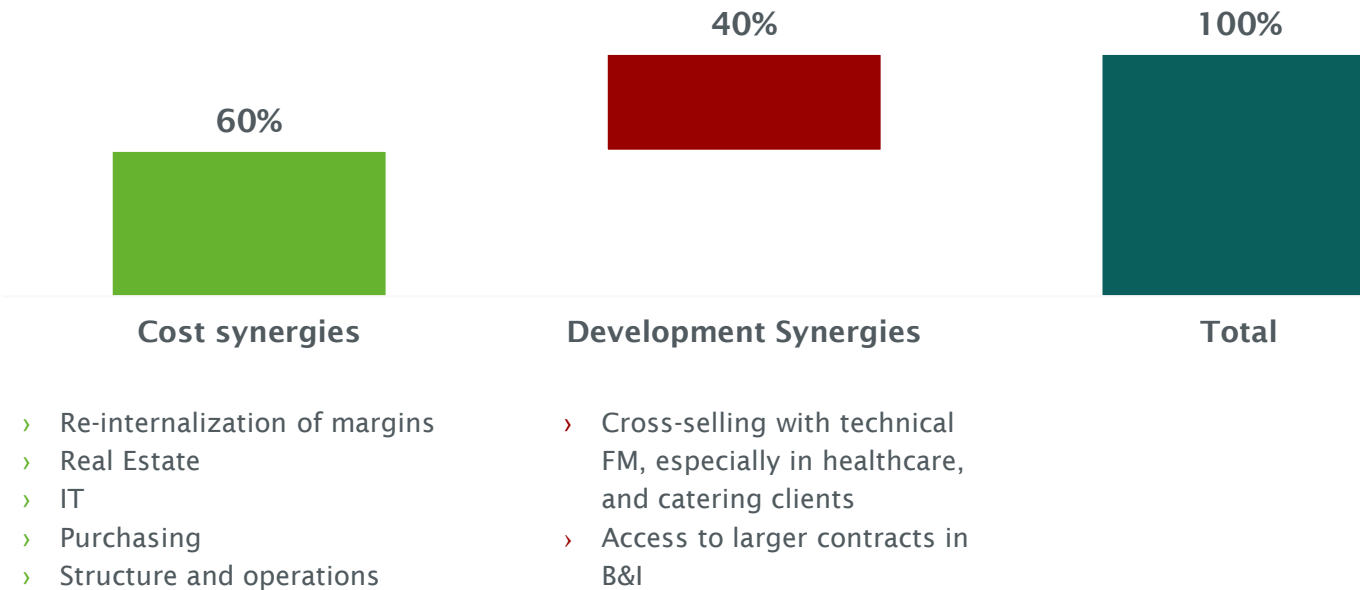
## Rebalancing Segments



- › **Resilience** offered by the multiservices activity: EBITDA margins maintained in times of crisis

# > €30m EBITDA Run-Rate Synergies to be Delivered Within Three years

Breakdown of Synergies at EBITDA Level (%)



**At least €30m of run-rate synergies to be reached by end of FY2026**

- > c.€15m of one-off implementation costs in 2024E-2026E

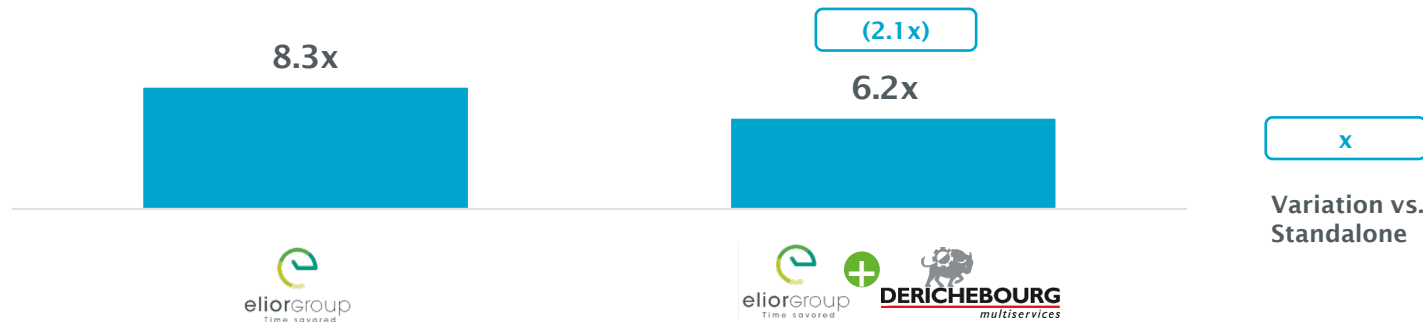
**Upside savings potential through**

- > Bundled contracts
- > Growth in other geographies

# Enhanced Balance Sheet

FY2022, excluding Preferred Meals and SNG

## Net Leverage as of September 30, 2022

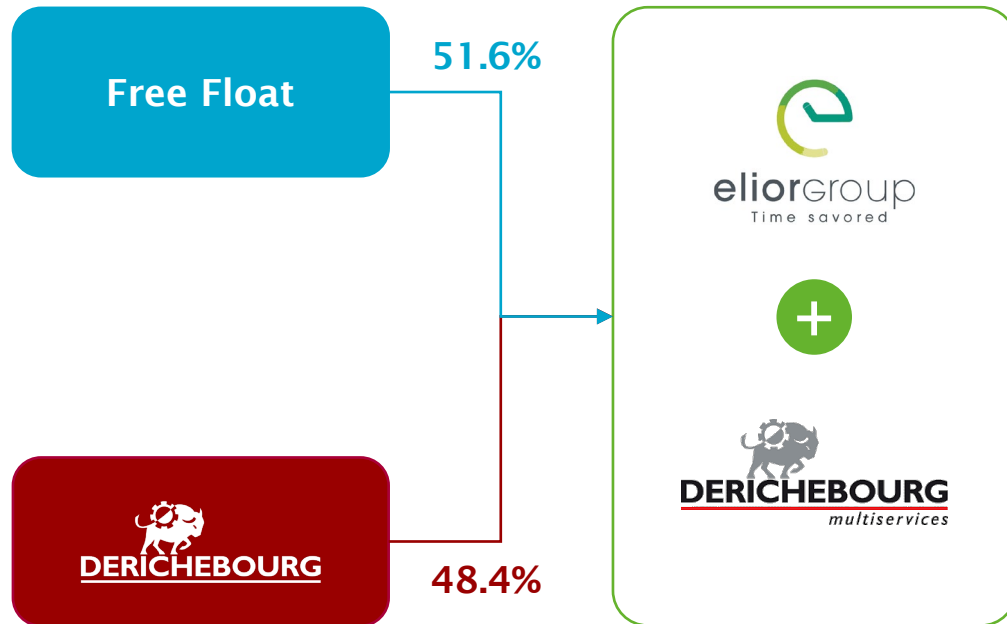


- › Acquisition of a debt-free asset
- › Synergies accelerating the deleveraging profile
- › Improved Cash Flow generation to further accelerate deleveraging



# Shareholding Structure Post Transaction

80m New Elior Shares Issued to Derichebourg,  
Pro Forma Ownership of 48.4%



- › Reference family shareholder with industrial DNA, bringing a strong focus on services, quality and client relations
- › Unanimous recommendation from the Board
- › Minority shareholders protection
  - Selection process for independent directors conducted under the responsibility of the **Appointments and Compensation Committee**<sup>(1)</sup>
  - Decisions of the board of directors – Majority threshold:
    - **Reinforced majority** (8 members of which 2 independent members)
    - **Qualified majority** (simplified majority of which 1 member from Derichebourg)
  - **Cap on voting rights:** 30% cap on voting rights for the resolutions to appoint independent director

(1) More than 50% independent directors, with members appointed by Derichebourg not able to participate in the selection process

# Post Transaction Governance Overview

## Board of Directors Structure

**5** Independent Members

**5** Appointed by Derichebourg SA

**2** Employee Representatives

## Daniel Derichebourg appointed Chairman and CEO

**Daniel Derichebourg to step down from all operational positions at Derichebourg SA to focus entirely on the development of Elior Group**

- › Chairman of the Board and CEO of Derichebourg SA since 1996
- › Oversaw the restructuring and development of Compagnie Française des Ferrailles (CFF Recycling)
- › Oversees Derichebourg Group's major strategic decisions
- › Self-made man, he began his career cleaning out basements to help his father with the family's small scrap metal business

# A Value-Enhancing Transaction

## Deal Terms

### Transaction valuing DMS at an Enterprise Value of €450m

- › 9.1x FY2022 EBITDA multiple, 5.7x post run-rate synergies

### All stock transaction: Elior new issued shares valued at €5.65

- › 80m new Elior shares issued to Derichebourg, resulting in a pro forma ownership for Derichebourg of 48.4%

## Enhanced Financial Profile

- › Strengthened growth profile
- › Improved profitability
- › Enhanced cash flow generation
- › Immediate deleveraging and additional flexibility to seize potential growth opportunities

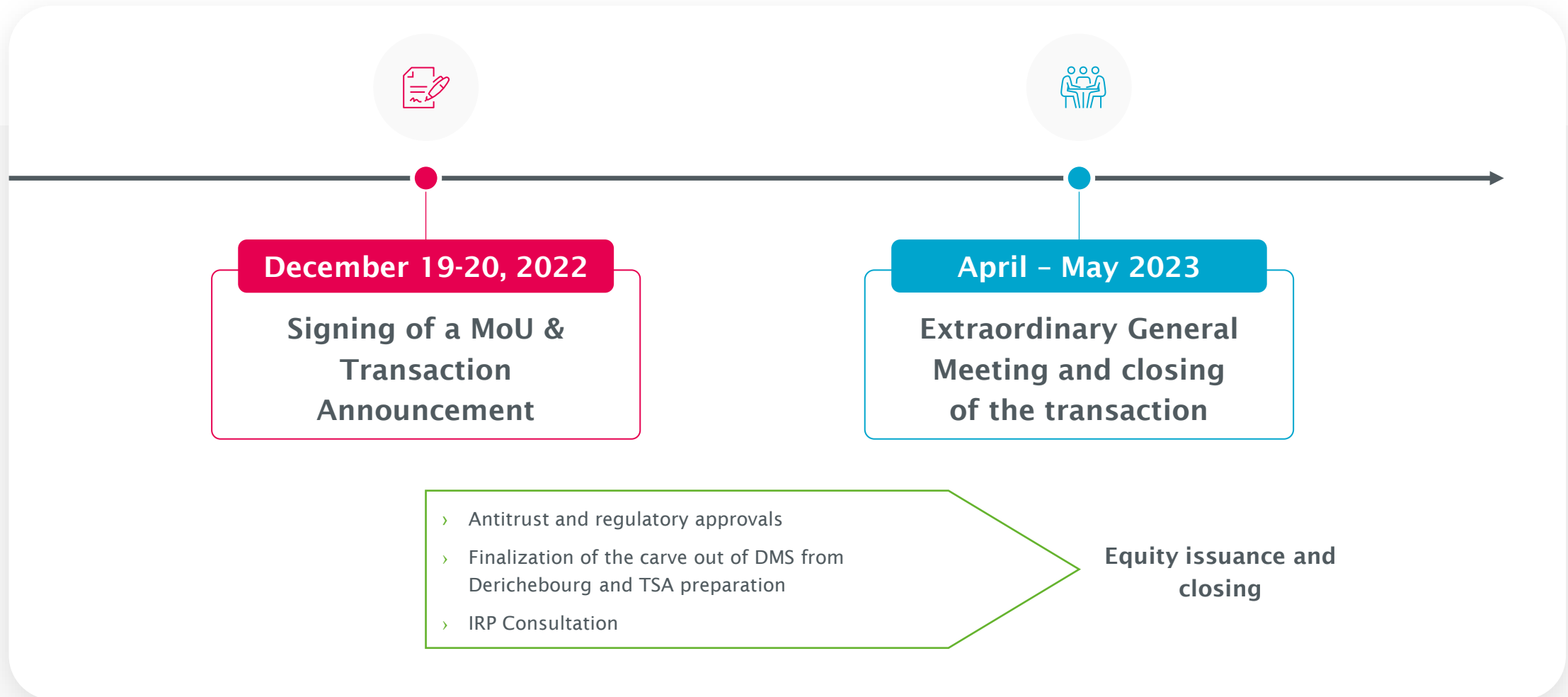
## EPS Accretion

Double-digit EPS accretion as soon as FY2024, even more considering run-rate synergies

## Compelling Synergies

EBITDA run-rate impact of at least €30m achieved by end of FY2026

# Contemplated Timeline





Thank You

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Q&A