Atalian Q4 2016 results

December 8, 2016

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GLOBAL SERVICES

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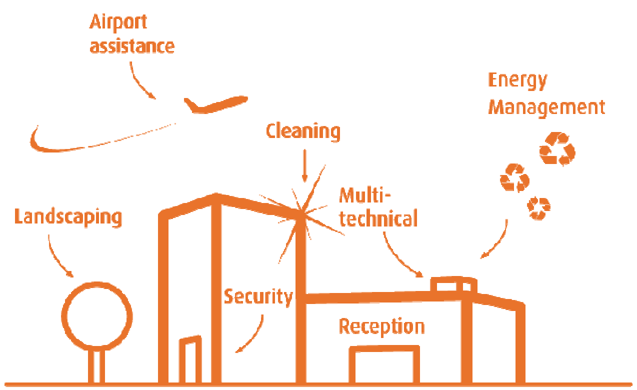
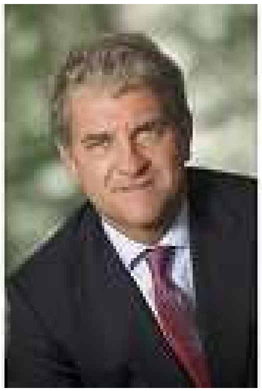


Summary & presenting team

Loïc Evrard

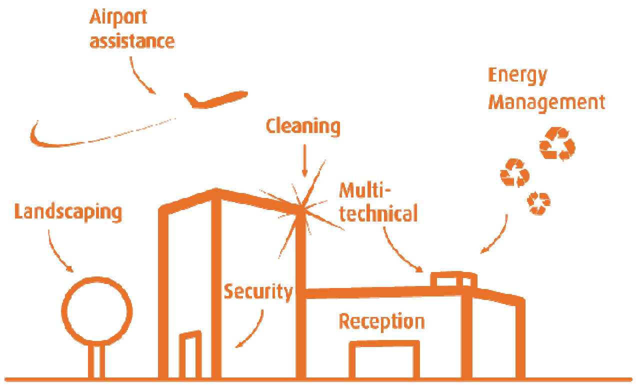
Chief Finance Officer of ATALIAN Group



Matthieu de Baynast

Chairman of ATALIAN International

1 KEY HIGHLIGHTS OF Q4 2016



EUROPE - USA - ASIA - AFRICA

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Atalian Overview FY 2016

- FY 2016 Sales: **€1,649.4m**
- FY 2016 EBITDA: **€103.1m**(1) **(6.3% margin)**
- FY 2016 proforma(2) EBITDA: **€119.4m**

Cleaning

FY 2016 sales(3): €715.8m vs. €700m in 2015

FY 2016 EBITDA(4): €77.4m

FTE(5) employees: ~21,000

- **Leading player** in France
- Comprehensive offering of traditional and specialised services

Facility Management

FY 2016 sales(3): €414.2m vs. €409.1m in 2015

FY 2016 EBITDA(4): €29.5m

FTE(5) employees: ~6,600

- Integrated and standalone offering of Facility Management services
- **Engineering services** (**€174.2m** sales(3), **42%** of FM)
  - Well-established player in France
  - Multi-technical, Technical building maintenance and Industrial utilities services, Energy saving
- **Security services** (**€160.8m** sales(3), **39%** of FM)
  - Strong brand recognition
  - Launching new activities
- **Other businesses** (**€79.2m** sales(3), **19%** of FM)
  - Landscaping, Painting (ending Waterproofing)

International

FY 2016 sales(3): €531.3m vs. €238.3m in 2015

FY 2016 EBITDA(4): €28.9m

FTE(5) employees: ~31,800

- Renown multi-services and multi-technical player in Europe
- Cleaning, Security and Facility Management services
- Presence nowadays in **27 countries outside of France**, primarily in Eastern & Central Europe, South East Asia, Africa and United States

Atalian, a leading Facility Management provider in France, Eastern & Central Europe, South East Asia, Africa and United States

(1) Including holding costs
(2) Proforma EBITDA 2016 is calculated as if the acquisitions realized during the fiscal year 2016 had occurred on September 1st, 2015
(3) Excluding inter-sectors transactions (€(11.9)m in 2016 and €(15.0)m in 2015 restated for discontinued operations)
(4) Excluding holding costs (€32.7m in total)
(5) FTE = Full time equivalent average in 2016

Key items of Q4 2016

Financial performance

- Continued results improvement despite challenging environment
  - Group **revenue**: €448M in Q4 2016 vs. €329M for Q4 2015, +36.1% mainly due to external growth at international scale, reflecting essentially the integration of TEMCO
  - Increase of **EBITDA** reaching €33M for Q4 2016 vs. €24M in Q4 2015 (+36.6%)
  - **Adjusted net debt** of €395M vs. €327M at the end of August 2015

New Contracts

Turkcell

TISHMAN SPEYER
United States

Giant
Indonesia

SNCF

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THALYS

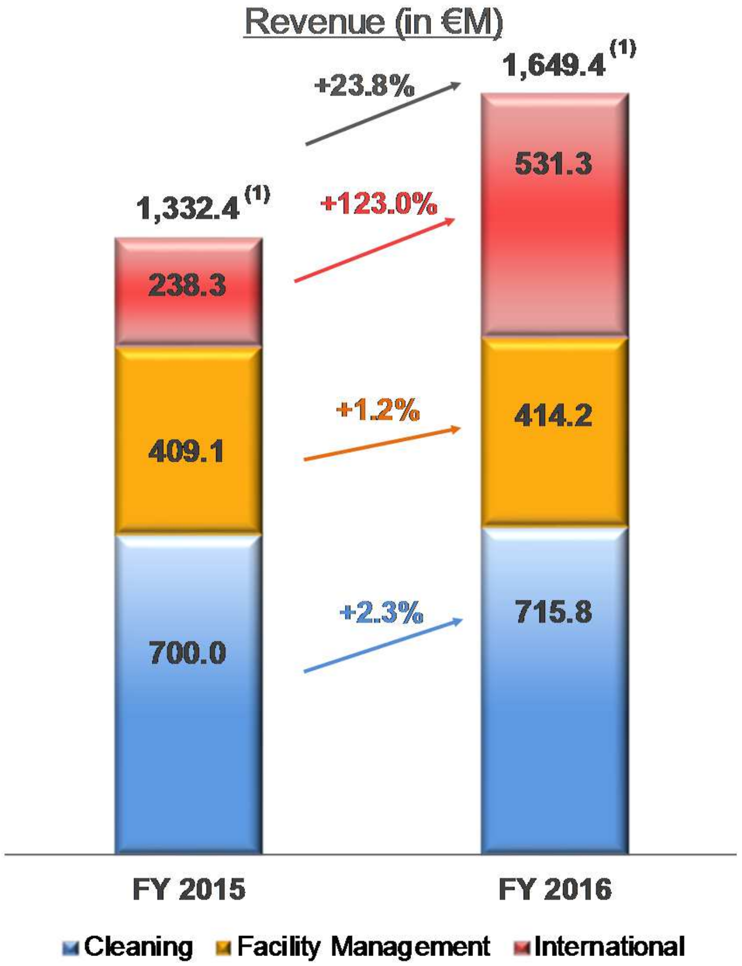
Q4 main events

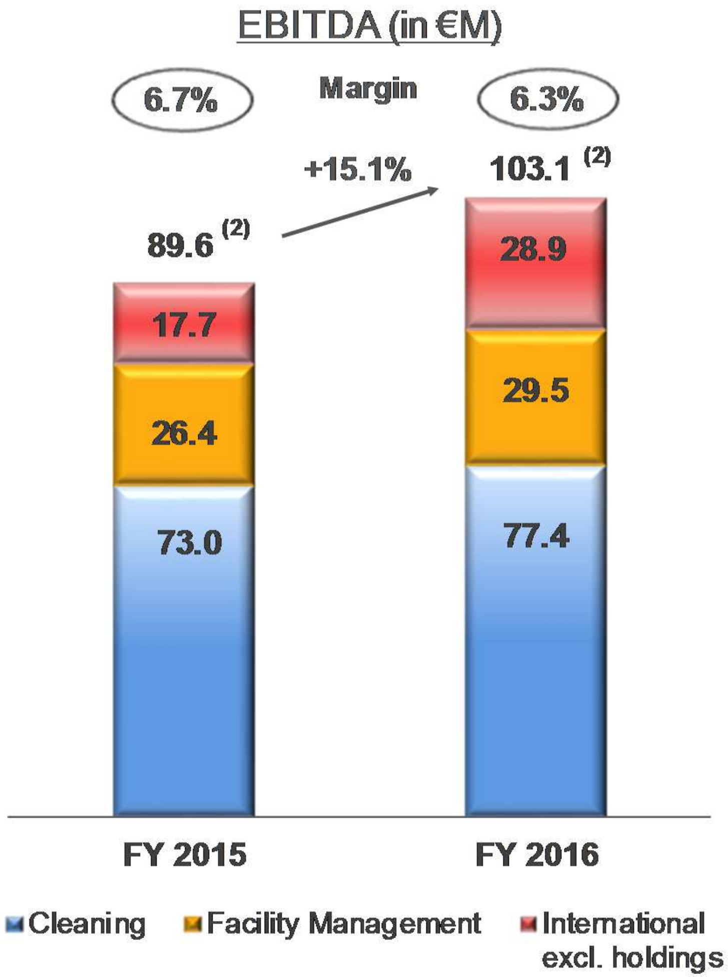
- **Significant acquisition in Romania**
  - **MT&T** and **First Facility Imobile**, completed in June 2016 – Full year turnover around €10M – EBITDA around €0.9M
- **Strengthening leadership in Turkey**
  - Acquisition of **EVD Energy** and **Idetek** completed in July 2016 (FY revenue around €1.5M)

Post Q4 acquisitions

- **Philippines**: **Ables group**, operating in cleaning services (full year revenue around €4.8M) – completed in September 2016
- **Thailand**:
  - **The Guards,** completed in October 2016 (full year revenue around €1.2M)
  - Ongoing acquisitions
    - **PPT** (full year revenue around €3.4M)
    - **PTS** (full year revenue around €1.5M)

Key figures – FY 2016





- Increase of revenue mainly due to external growth in Cleaning and International activities, and strong growth in demand for security services

- EBITDA margin slightly decreased from 6.7% to 6.3% given:
  - Development costs related to the ramp-up and profitability improvement of the international activities
  - Temporary dilution of the International EBITDA margin down from 7.9% to 5.8% despite doubling of revenues, following acquisition of TEMCO

(1) Including inter-sectors transactions (€(11.9)m for FY 2016 and €(15.0)m for FY 2015)

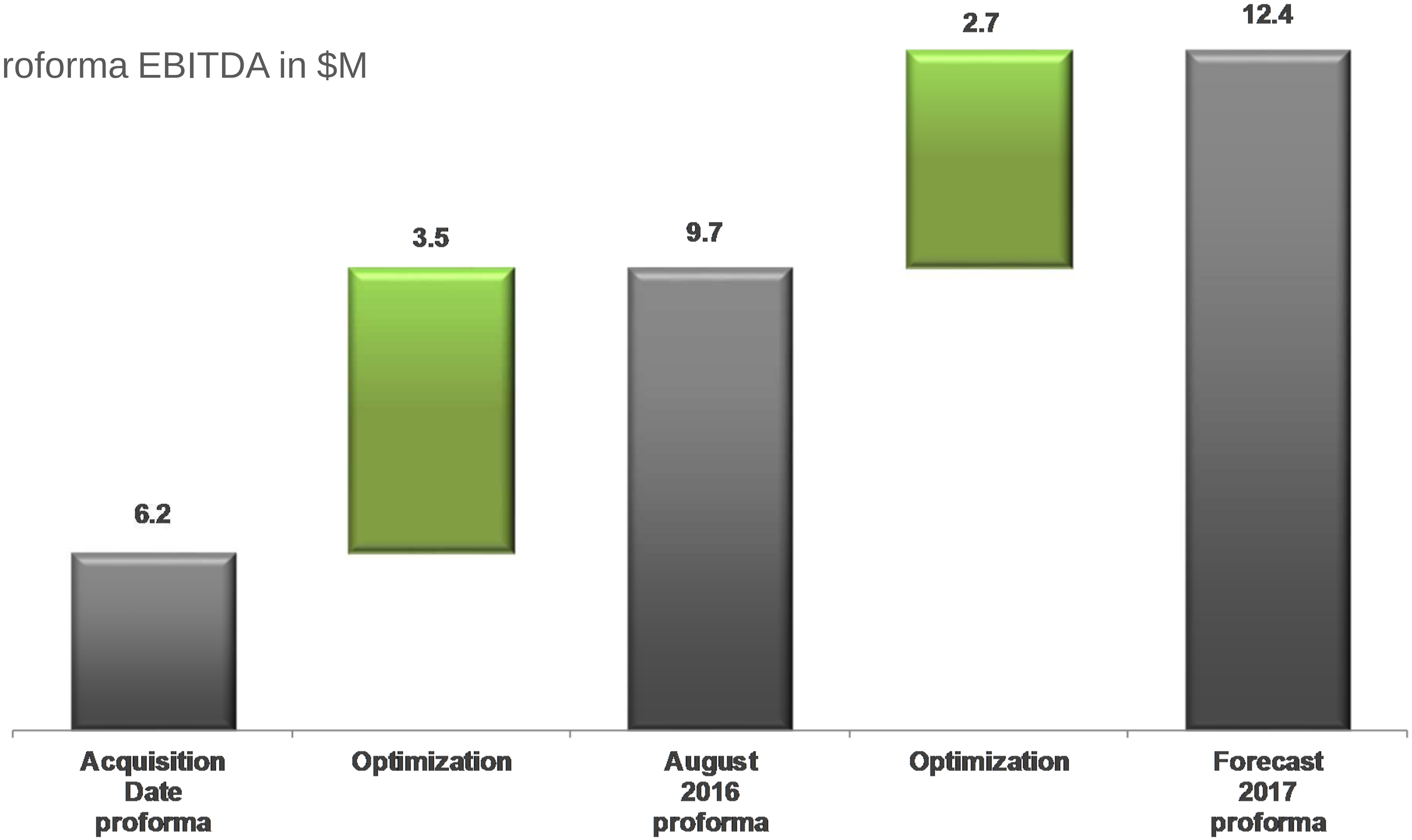
(2) Including Holding costs

TEMCO update

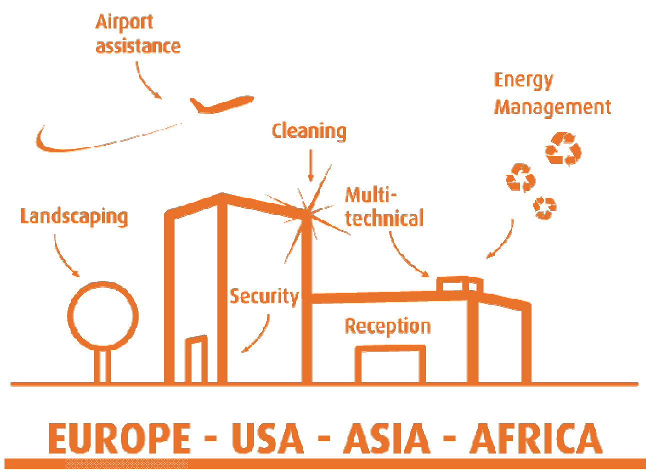
Temco Etats-Unis et Europe: EBITDA on track with expectations

- EBITDA $6.2M in 2015 (1.9% of turnover)
- Already $3.5M optimization achieved in 2016
- Expected $12.4M EBITDA in full year 2017 (4.7% of turnover)

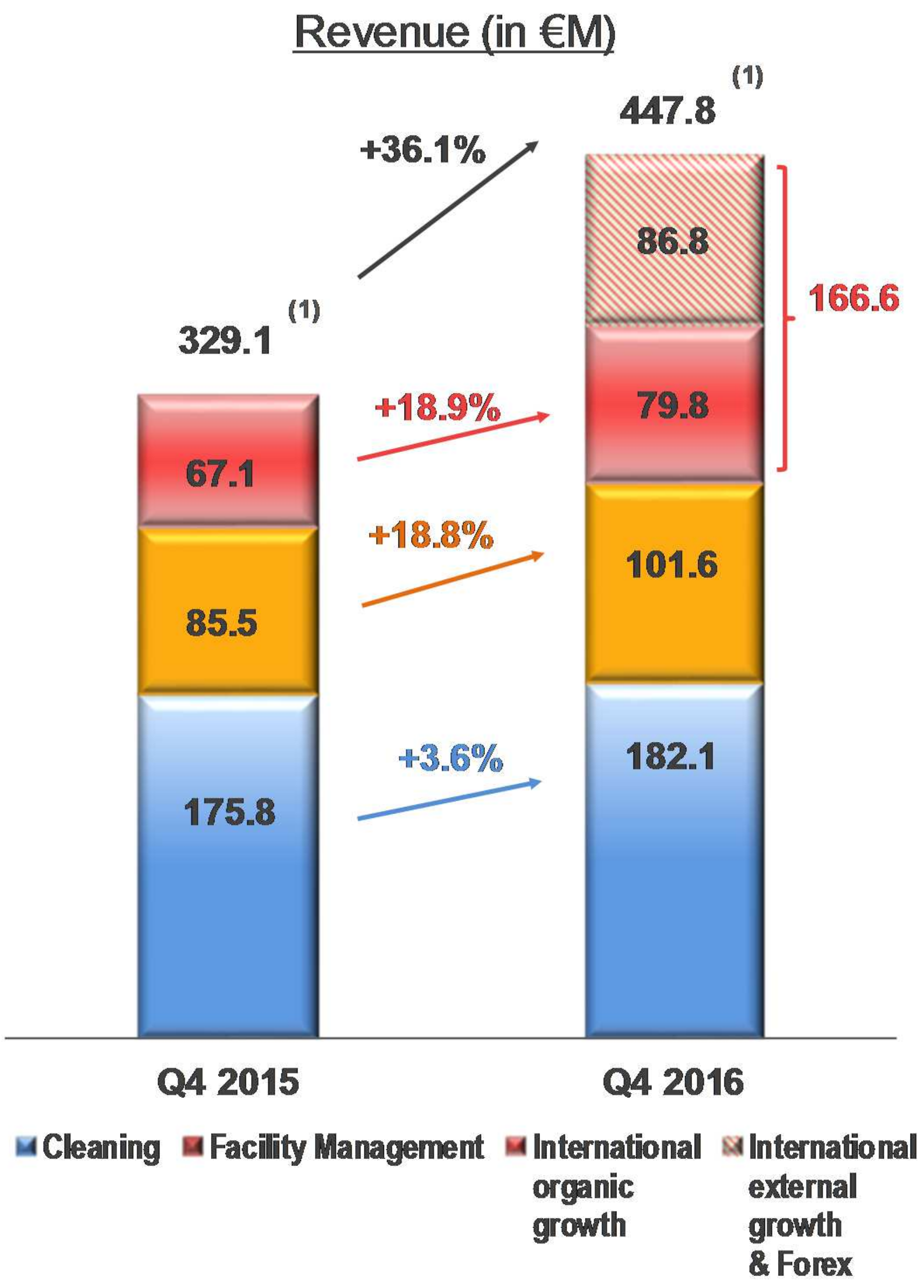
Proforma EBITDA in $M



2 FINANCIAL REVIEW



Revenue – Q4 2016

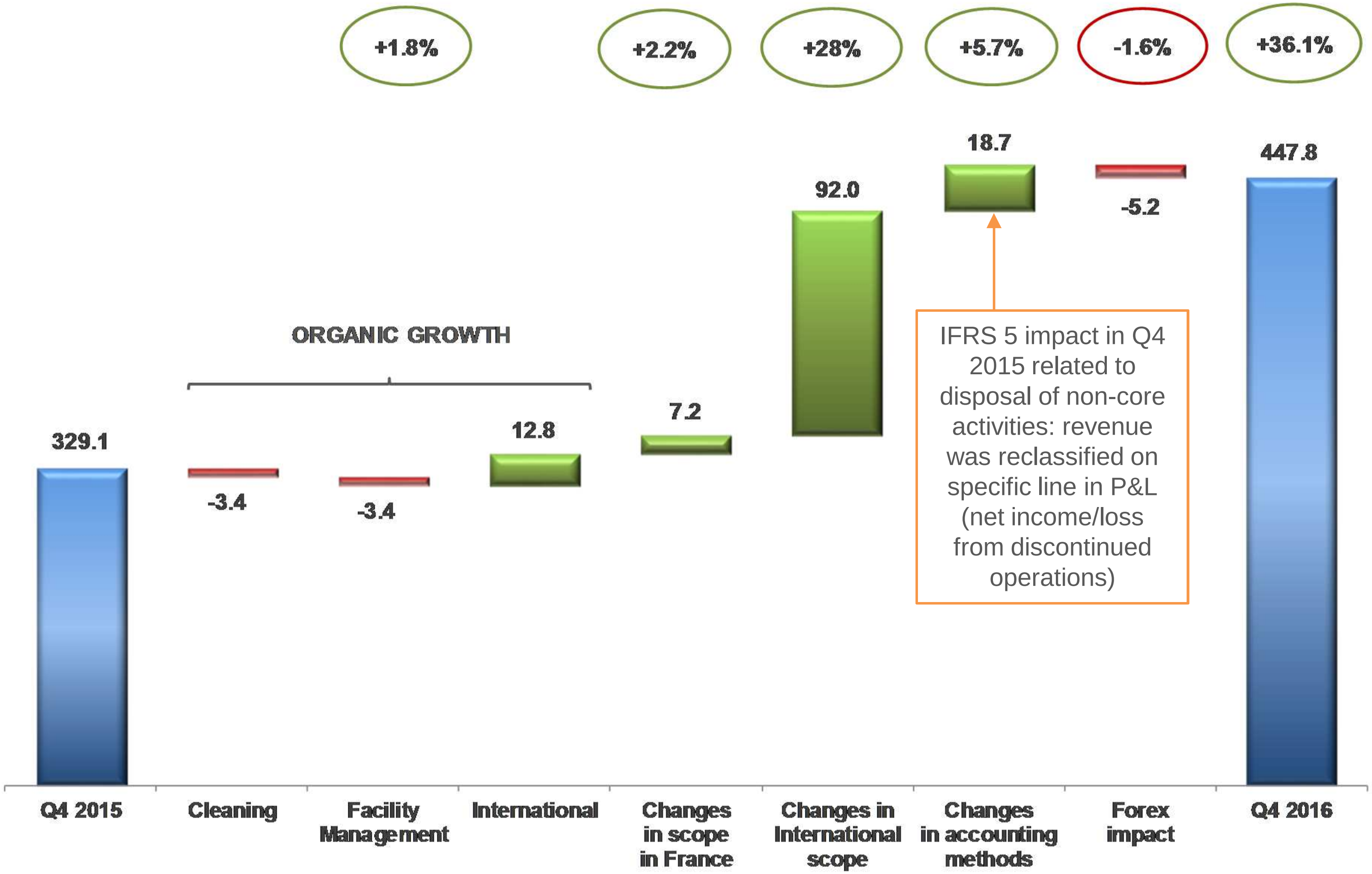


- **FRANCE**: strong increase of revenue (**+€22.4M**)
  - **Cleaning +€6.3M as a combination of:**
    - Increase of revenue mainly due to external growth: acquisition of HEI & Net Express (+€9.6M) in H1 2016
    - Strong competitive pressure, loss of cost-effective construction sites
  - **Facility management +€16.1M**
    - IFRS 5 effect concerning disposal of non-core activities in Q4 2015 (freight, logistics and transportation activities)
    - Strong growth in demand for security services and starting-up new activities in safety (technical consulting for securing, dog training for explosives detection)
    - Increased price competition for Multi-technical activities

- **INTERNATIONAL**: strong increase of revenue (**+€99.5M**) mainly driven by
  - Integration of TEMCO in January 2016 (+€68.1M)
  - Other external growth (+€23.9M) mainly in Poland, Indonesia, Philippines, Ivory Coast, Morocco, Romania, Serbia and Croatia

(1) Including inter-sectors transactions (€0.7M in 2016 and €(2.5)M in 2015)

Revenue – Q4 2016 (in €M)



- Despite a complicated market, especially for Cleaning, slight organic growth of 1.8% generated by the Group
- Negative forex impact essentially due to Turkish Lira (-€2.7M), Malaysian Ringgit (-€0.7M) and Polish Zloty (-€0.7M) weakening against the euro

- Positive impact of change in International scope of +€92M, mainly related to TEMCO (+€68M) and other acquisitions in Poland, Asia, Romania and Morocco
- Positive impact of change in scope of French activities mainly thanks to recent acquisitions in Cleaning (+€9.6M), partially offset by exit of French non-core activities (Waterproofing)

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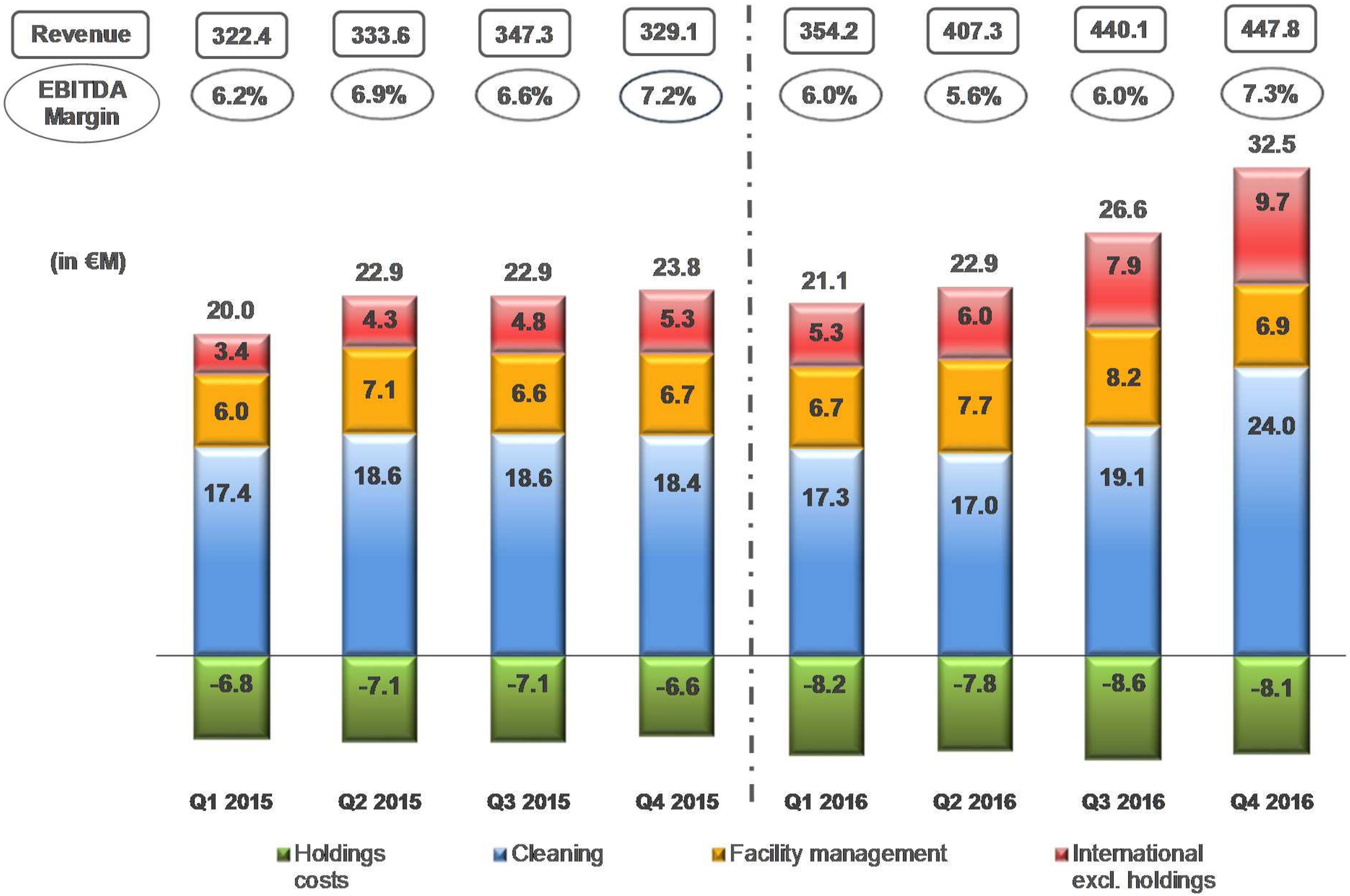
EBITDA – Quarterly evolution



- Strong increase of EBITDA in Q4 2016 (+€8.7M vs. Q4 2015, i.e. +36.6%)
- EBITDA margin stabilized at 7.3% for Q4, in line with level achieved during same quarter last year
- Holdings: costs increase on the back of strengthening of commercial teams focusing on key accounts, implementation of the organization and methods as well as the innovation units

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EBITDA – Q4 2016

in €M	Q4 2016	Q4 2015	*Change*	FY 2016	FY 2015	*Change*
Revenue	**447.8**	**329.1**	***36.1%***	**1,649.4**	**1,332.4**	***23.8%***
Payroll costs	(294.7)	(216.1)		(1,100.8)	(851.0)	
% of revenue	*65.8%*	*65.7%*		*66.7%*	*63.9%*	
Raw materials & consumables used	(95.4)	(69.6)		(334.5)	(290.2)	
% of revenue	*21.3%*	*21.1%*		*20.3%*	*21.8%*	
External expenses	(23.9)	(17.3)		(91.7)	(82.0)	
% of revenue	*5.3%*	*5.3%*		*5.6%*	*6.2%*	
Other operating income & expenses	(1.3)	(2.3)		(19.3)	(19.6)	
% of revenue	*0.3%*	*0.7%*		*1.2%*	*1.5%*	
Total operating costs	**(415.3)**	**(305.3)**	***36.0%***	**(1,546.3)**	**(1,242.8)**	***24.4%***
% of revenue	*92.7%*	*92.8%*		*93.7%*	*93.3%*	
EBITDA	**32.5**	**23.8**	***36.6%***	**103.1**	**89.6**	***15.1%***
EBITDA margin	***7.3%***	***7.2%***		***6.3%***	***6.7%***	

- Improvement of Q4 results mainly driven by revenue growth: EBITDA reached €32.5M (+36.6% vs. Q4 2015)
- Reported EBITDA figure including reversal of provisions used, with the appropriate costs included in the P&L
- Continued control in other operating expenses overall

Q4 2016 Summary P&L

in €M	Q4 2016	Q4 2015	*Change*	FY 2016	FY 2015	*Change*
EBITDA	**32.5**	**23.8**	***8.7***	**103.1**	**89.6**	***13.5***
% margin	*7.3%*	*7.2%*		*6.3%*	*6.7%*	
Depreciation and amortization, net	(10.5)	(7.2)		(29.8)	(23.8)	
Provisions and impairment losses, net	(9.3)	(0.9)		(9.7)	(2.6)	
Operating profit	**12.7**	**15.7**	***(3.0)***	**63.6**	**63.2**	***0.4***
% margin	*2.8%*	*4.8%*		*3.9%*	*4.7%*	
Financial income	–	0.2		0.2	0.7	
Financial expenses	(9.1)	(6.3)		(32.7)	(26.8)	
Net financial costs	**(9.1)**	**(6.1)**	***(3.0)***	**(32.5)**	**(26.1)**	***(6.4)***
Other financial income and expenses	0.4	0.1	*0.3*	(0.8)	0.2	*(1.0)*
Net financial expense	**(8.7)**	**(6.0)**	*(2.7)*	**(33.3)**	**(25.9)**	***(7.4)***
Income tax expense	0.9	(2.1)	*3.0*	(12.6)	(13.9)	*1.3*
Share of profit (loss) of associates	(0.1)	–		(0.1)	0.1	*(0.2)*
Profit from continuing operations	**4.8**	**7.6**	***(2.8)***	**17.6**	**23.5**	***(5.9)***
Loss for the period from discontinued operations	–	–	–	–	(10.6)	*10.6*
Profit for the period	**4.8**	**7.6**	*(2.8)*	**17.6**	**12.9**	*4.7*

- Increase in provisions reflecting changes in accounting method for reversals of provisions used which are now integrated in the EBITDA line and no longer at EBIT level with no cash impact
- Depreciation and amortization increasing in line with the revenues driven by changes in scope
- Net financial costs: increase of €3M vs. Q4 2015 mainly due to new bond issue of €150M in January 2016

Net debt

in €M	FY 2016	January 2016 (acquisition of TEMCO)	FY 2015
Net cash and cash equivalents	**106.1**		**54.3**
HY bonds	400.0		250.0
Factoring	22.9		48.0
Bilateral credit lines	27.9		–
Others	31.1		21.1
Total gross debt (1)	**481.9**		**319.1**
Financial instrument	1.4		1.3
Total net debt	**377.2**		**266.1**
Deconsolidated Factoring	18.0		61.1
Adjusted Net Debt (2)	**395.2**	**392.0**	**327.2**
Proforma EBITDA (3)	119.4	100	94.4
Adjusted net debt / proforma EBITDA (3)	**3.3x**	**3.9x**	**3.5x**

- Reported net debt increased to €395.2M as of FY 2016 (+€68M vs. net debt as of August 31, 2015) mainly due to acquisitions during the year and bond issuance
- Further deleveraging achieved with Net debt / Proforma EBITDA at 3.3x

(1) Excluding the fair value of financial instrument

(2) Adjusted of the deconsolidating factoring of receivables

(3) Proforma EBITDA 2016 is calculated as if the main acquisitions realized during the FY 2016 had occurred for 12 months

In €M	Cash and cash equivalents	Factoring loans	Bilateral credit lines	Revolving Credit Facility	Total
Confirmed lines		140.0	60.0	18.0	
Utilised lines		39.7	27.9	-	
Head room		**100.3**	**32.1**	**18.0**	
Cash available to support Group development	**106.1**	**100.3**	**32.1**	**-**	**238.5**

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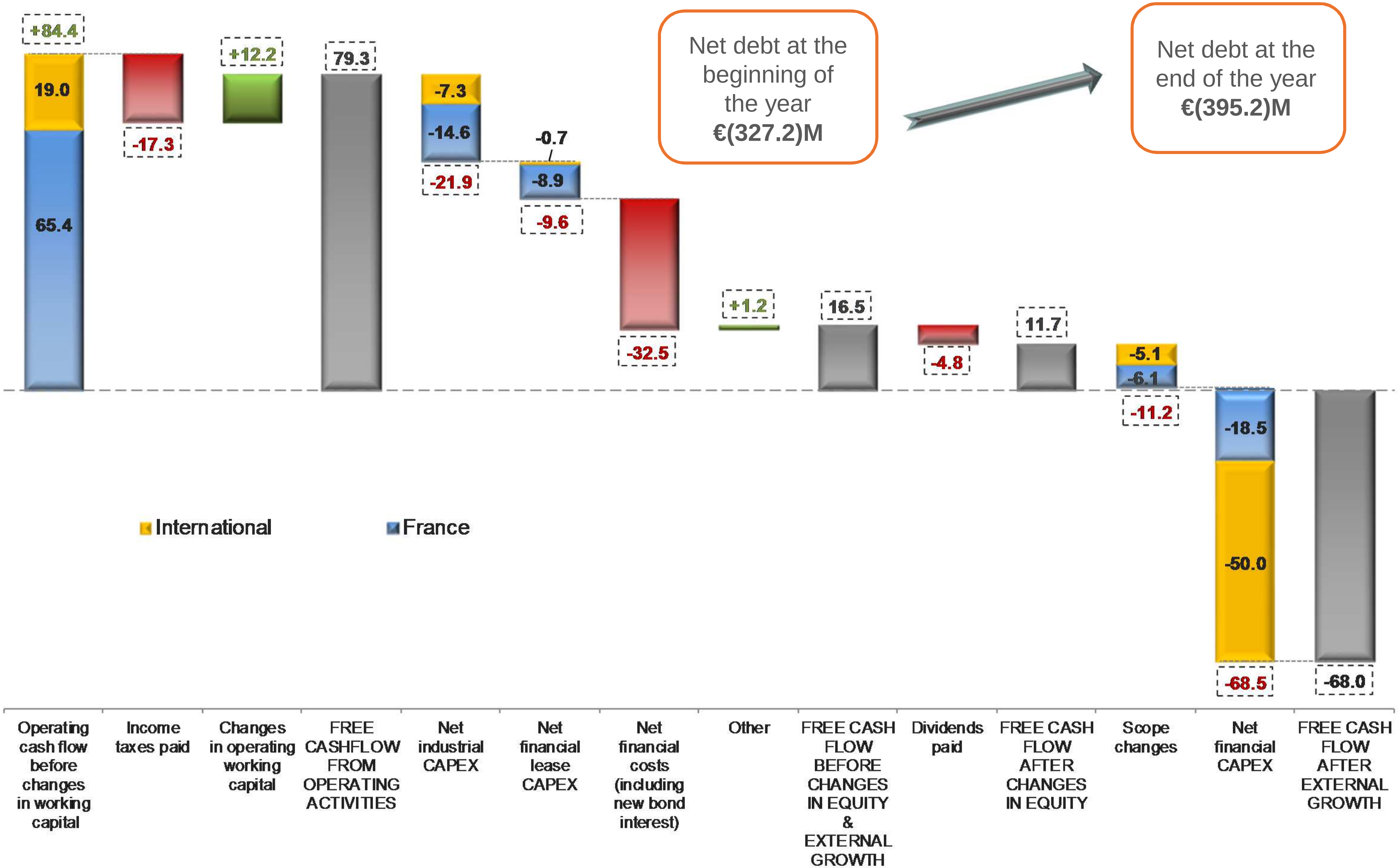
FY net debt evolution (in €M)



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Key cash flow items

in €M	Q4 2016	Q4 2015	Q4 Change	FY 2016	FY 2015	FY Change
EBITDA	**32.5**	**23.8**	***8.7***	**103.1**	**89.6**	***13.5***
Change in Working Capital - France	*30.8*	*23.4*	*7.4*	*22.8*	*19.6*	*3.2*
Change in Working Capital - International	*3.7*	*2.3*	*1.4*	*(10.6)*	*(4.5)*	*(6.1)*
Change in Working Capital - Group	**34.5**	**25.7**	***8.8***	**12.2**	**15.1**	***(2.9)***
Capex	**(21.0)**	**(28.9)**	***7.9***	**(100.0)**	**(63.7)**	***(36.3)***
o/w maintenance capex, net	*(16.1)*	*(18.8)*	*2.7*	*(31.5)*	*(30.3)*	*(1.2)*
o/w expansion capex	*(4.9)*	*(10.1)*	*5.2*	*(68.5)*	*(33.4)*	*(35.1)*
Unlevered pre-tax free cash flow	**46.0**	**20.6**	***25.4***	**15.3**	**41.0**	***(25.7)***

- Decrease of pre-tax free cash flow in FY 2016 mainly related to expansion capex:
  - **International** with the acquisition of TEMCO in January 2016 (-€39M) and MT&T in June 2016 (-€6M)
  - **France** with the acquisition of HEI and Net Express in February 2016 (-€22M)
- Partially off set by improving EBITDA

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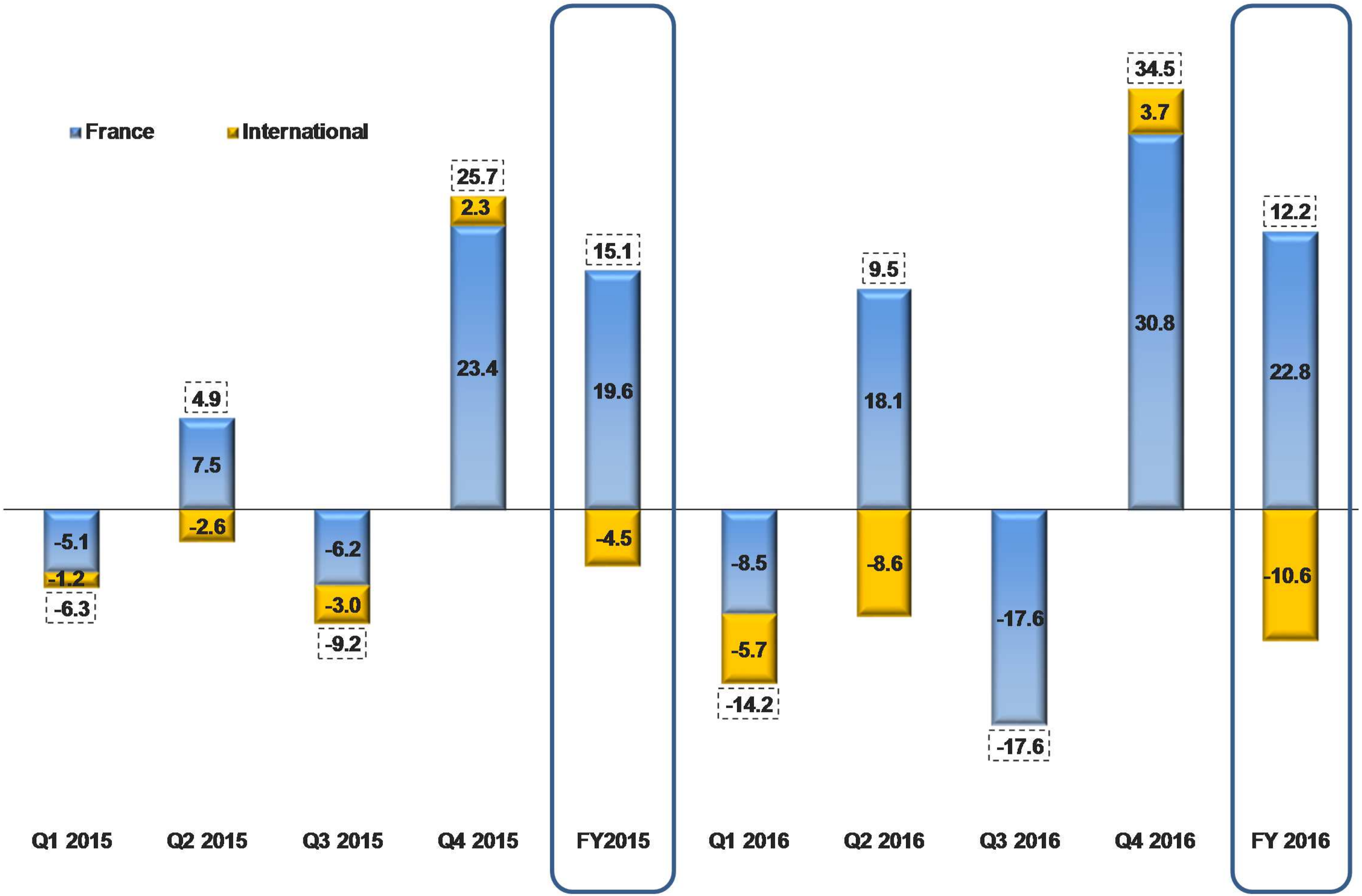
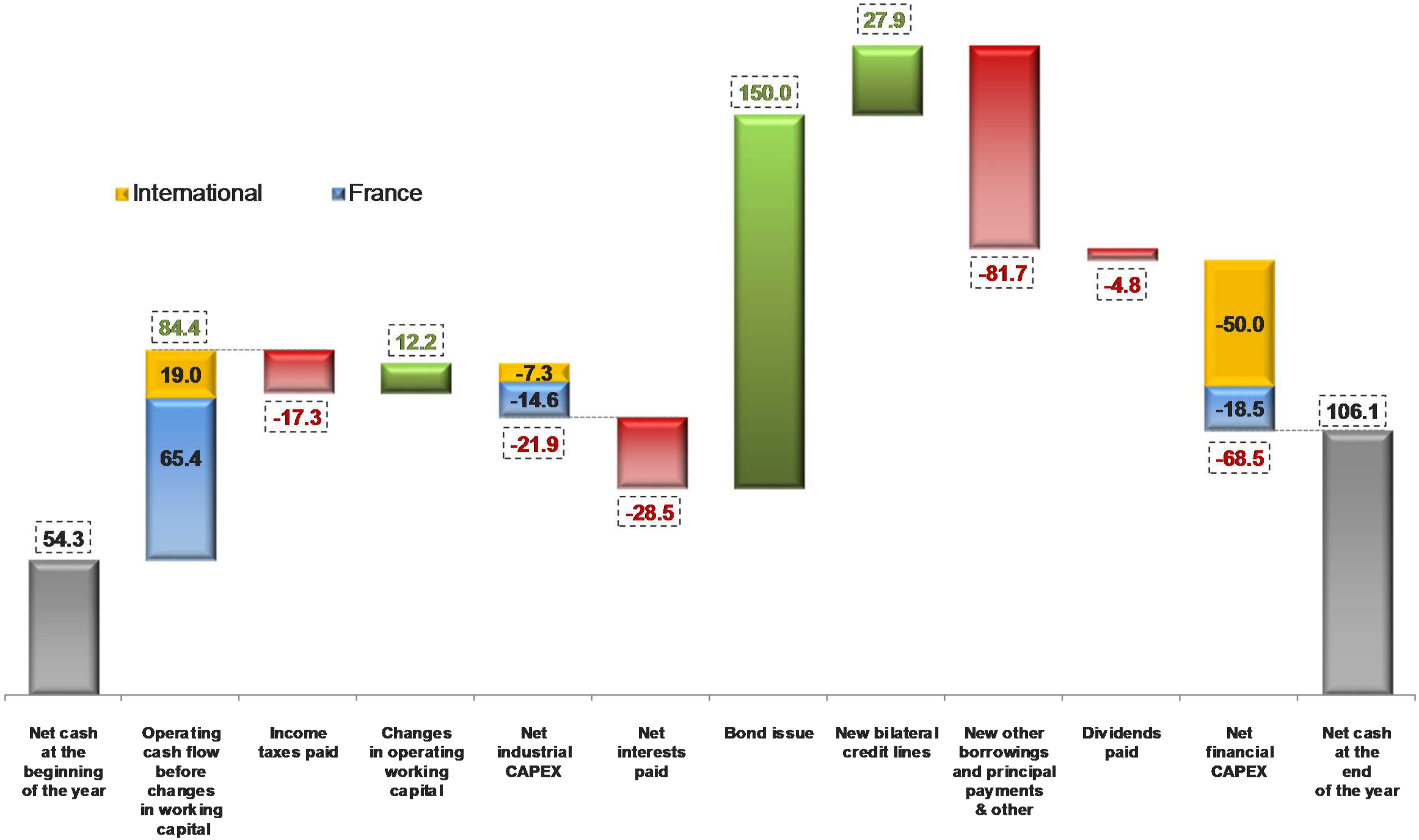
Focus on change in working capital (in €M)



FYE net cash evolution (in €M)



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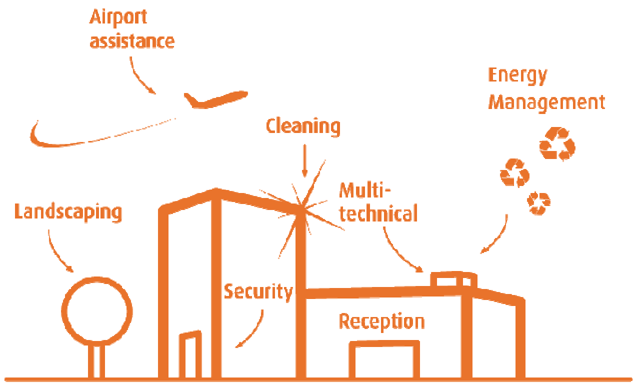
3 STRATEGY UPDATE



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Strategy update

INTERNATIONAL

- External Growth €300M - €400M additional revenue in the course of the next 12 months across Europe, Asia and USA
  - Asia (Singapore) : €30M revenue in the Cleaning business - LOI signed to be finalized in Q2
  - Eastern Europe: “AB facility” generating €90m revenue in the FM business - LOI signed (under antitrust decision)
  - USA: several targets being considered - two LOI ongoing processes (€60M and €30M revenue generation respectively)
- Organic growth generation: for example, Lafarge contract signed covering 20 countries, with Atalian being more and more often recognised as a worldwide player thanks to its larger footprint
- Holding: €15M for IT capex over 3-4 years to develop an ERP system / further sales force reinforcement

FRANCE and Group

- Holding: we remain vigilant to contain the holding costs
- We are developing a new Methods department as well as one for Innovation
- We reinforce the salesforce to drive organic growth
- Acquisitions: we remain opportunistic to seize acquisitions with quick return on investment, in line with our strategy and track record
- We decided to change our fiscal year end from August to December. This is why, the new fiscal year will represent 16 months. The reason for this is to simplify the global consolidation process.

Q&A


Airport
assistance
Energy
Management
Cleaning
Multi-
technical
Landscaping
Security
Reception
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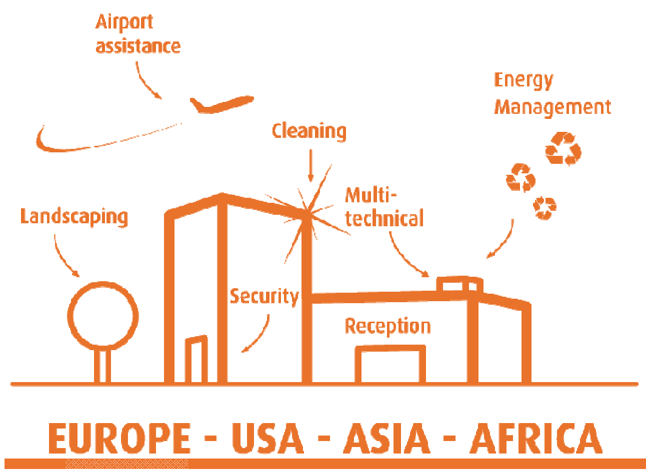
APPENDICES


Airport assistance
Energy Management
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Multi-technical
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Reception
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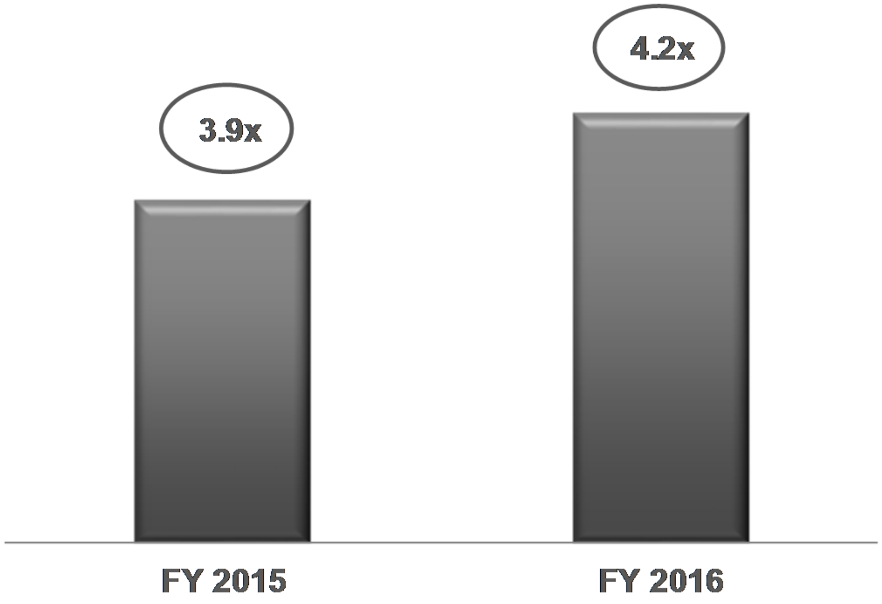
Summary of consolidated statement of financial position

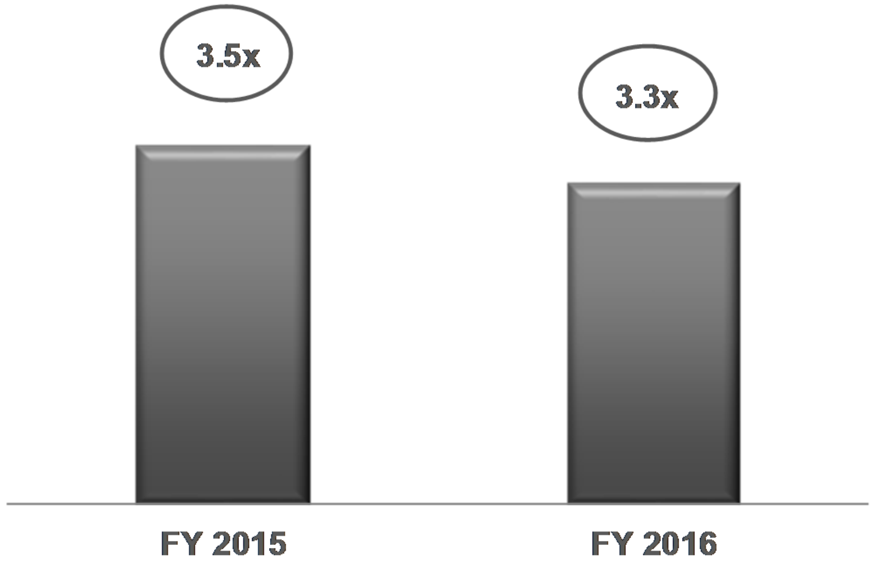
In €M	Year ended August 31, 2016	Year ended August 31, 2015
Intangible assets	504.1	435.9
Property, plant and equipment	66.4	54.9
Other non-current assets	84.3	71.1
Trade receivables	330.0	245.1
Cash and cash equivalents	108.1	56.3
Other current assets	179.8	152.5
Total assets	**1,272.7**	**1,015.8**
Equity (including non-controlling interests)	138.2	132.0
Financial debt (current and non-current)	483.3	320.4
Other non-current liabilities	19.0	9.5
Trade payables	166.2	147.0
Bank overdrafts	2.1	2.0
Other current liabilities	463.9	404.9
Total liabilities	**1,272.7**	**1,015.8**

Covenants

Proforma[1] EBITDA / Adjusted interest expense[2]



Adjusted net debt[3] / Proforma[1] EBITDA



(1) Proforma EBITDA 2016 is calculated as if the main acquisitions realized during the FY 2016 had occurred for 12 months

(2) Interest expense is defined as cash finance costs, which correspond to the sum of net finance costs and non cash interest expense as reported in our consolidated statement of cash flow

(3) Adjusted by the integration of the deconsolidating factoring

INVESTOR RELATIONS CONTACT

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