

# Atalian

## Q1 2015 results

January 30, 2015



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# 1 KEY HIGHLIGHTS OF Q1 2015



# Focus on the Q1 2015

## Financial performance

### Continued results improvement

- Group revenue: €322m in Q1 2015 vs. €320m in Q1 2014, +0.7%
- Slight increase of EBITDA at €20m ; EBITDA margin improvement from 5.7% in Q1 2014 to 6.2% in Q1 2015
- Adjusted net debt of €331m (3.6x proforma<sup>(1)</sup> EBITDA) vs. €319m (3.5x proforma<sup>(2)</sup> EBITDA) in FY 2014

## New contracts



## Main events of Q1 2015

Atalian has taken over the presidency of **United Facility Solutions** since January to give a new boost to all countries

### Acquisition

- Malaysia: acquisition of HARTA operating in cleaning and facility management services with around \$30m of revenues and €3.0m of EBITDA (full year) – Completed in November 2014

## Post Q1 2015 events

### Acquisitions

- Croatia: acquisition of ISS subsidiaries (International Service Solutions) operating in facility management services with around €3m of revenues (full year) – Completed in December 2014
- Poland: acquisition of Metro Property Services – Anti-trust agreement just received on January 20, 2015 – To be completed in February 2015
- Turkey: acquisition of a 51% controlling interest in Ekol (20 M€) – Subjected to anti-trust approval
- Philippines: acquisition of a 10% non-controlling interest in CBM (17 M\$) – To be completed in Q2 2015
- Thailand: acquisition of a 51% controlling interest in COM (10 M\$)

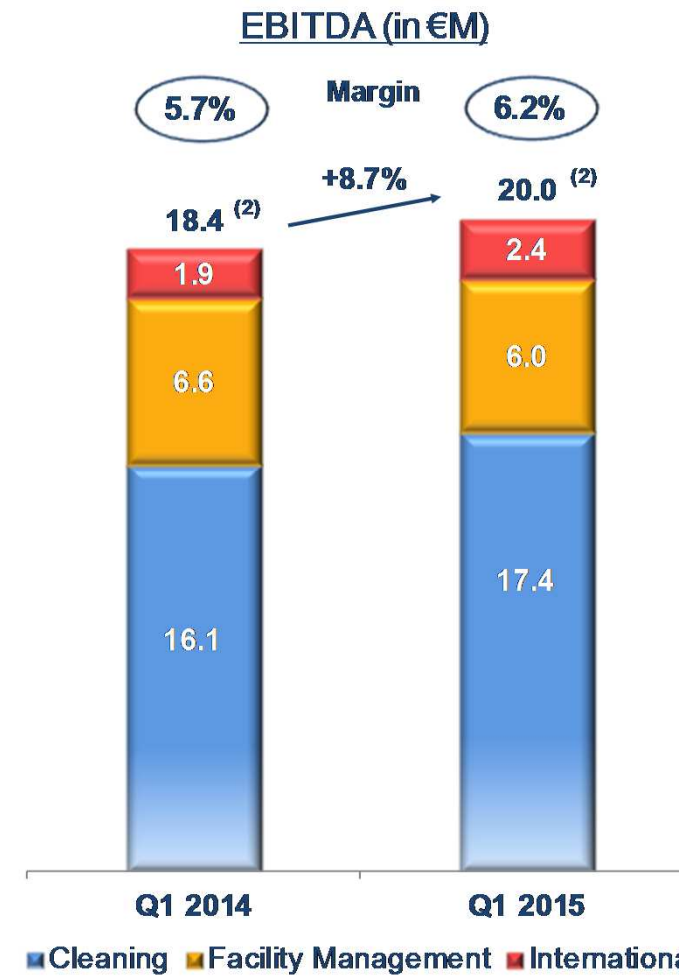
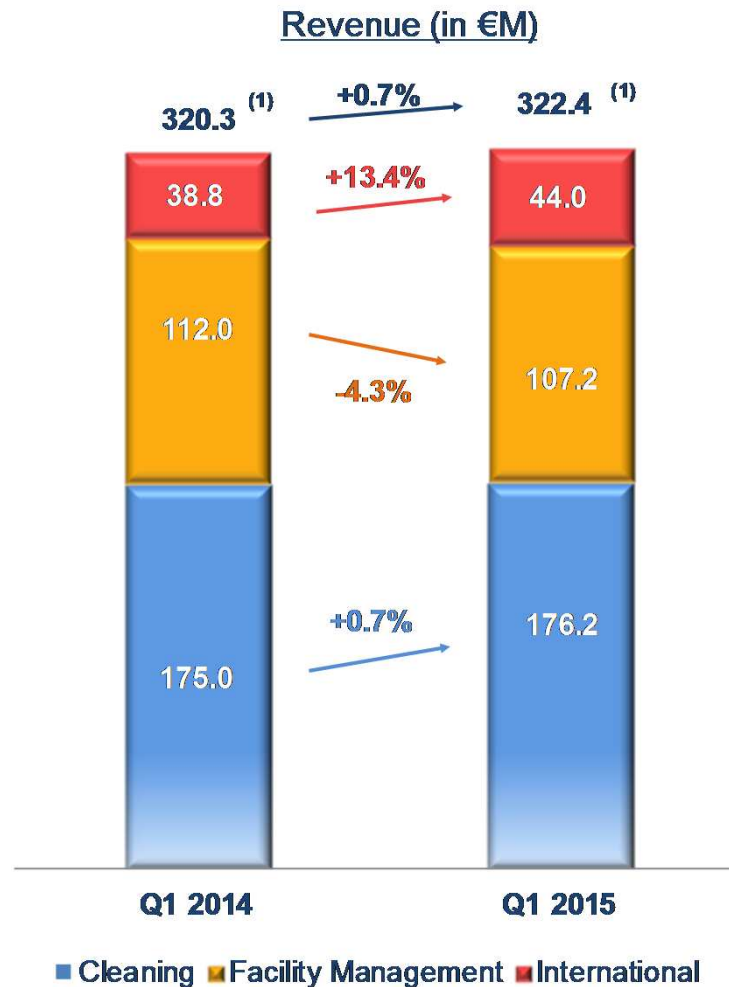
### Disposal of non-core activities

- Landscaping: exclusive discussion with an investments fund company (completed in March 2015)
- Public lighting: exclusive negotiation with an important industrial company

(1) Proforma EBITDA Q1 2015 is calculated on a 12-month period and as if the acquisition of Harta realized in November 2014 had occurred on September 1<sup>st</sup>, 2014

(2) Proforma EBITDA 2014 is calculated as if the acquisitions realized during the fiscal year 2014 (Niwaki Group subsidiaries, Etkin and acquisitions in South East Asia) had occurred on September 1<sup>st</sup>, 2013

# Key figures – Q1 2015



- Increase of revenue mainly due to external growth in Cleaning and International activities
- Decrease of revenue in Facility management services mainly due to a decline in Construction business and a gap in Landscaping activities orders

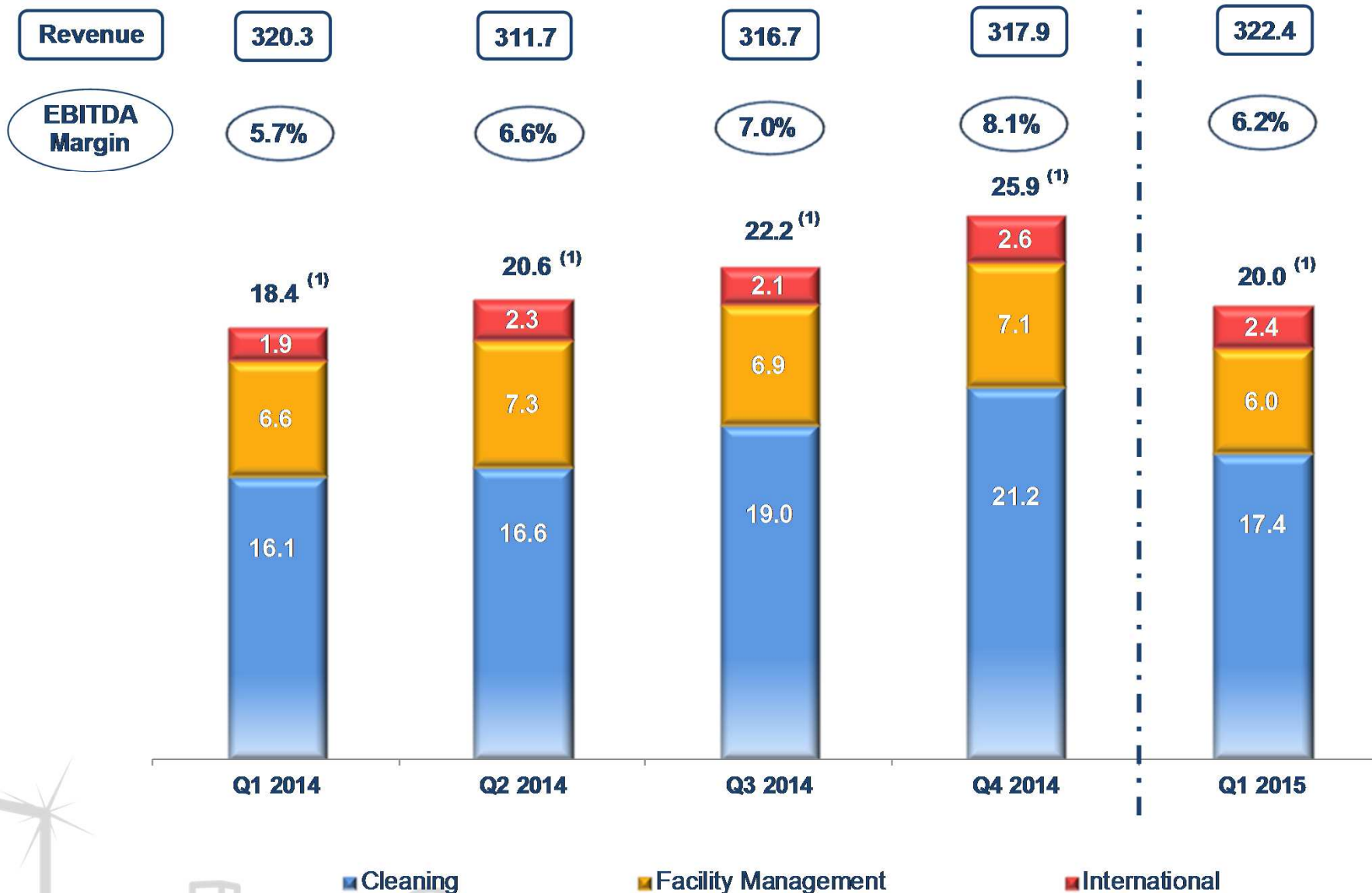
- EBITDA increased from €18.4m in Q1 2014 to €20.0m in Q1 2015 (+8.7%)
- EBITDA margin reached 6.2% in Q1 2015 vs 5.7% in Q1 2014

(1) Including inter-sectors transactions (€(5.0)m in Q1 2015 and €(5.5)m in Q1 2014)

(2) Including Holding costs

# Key figures – Q1 2015

## Quarterly evolution (in €M)



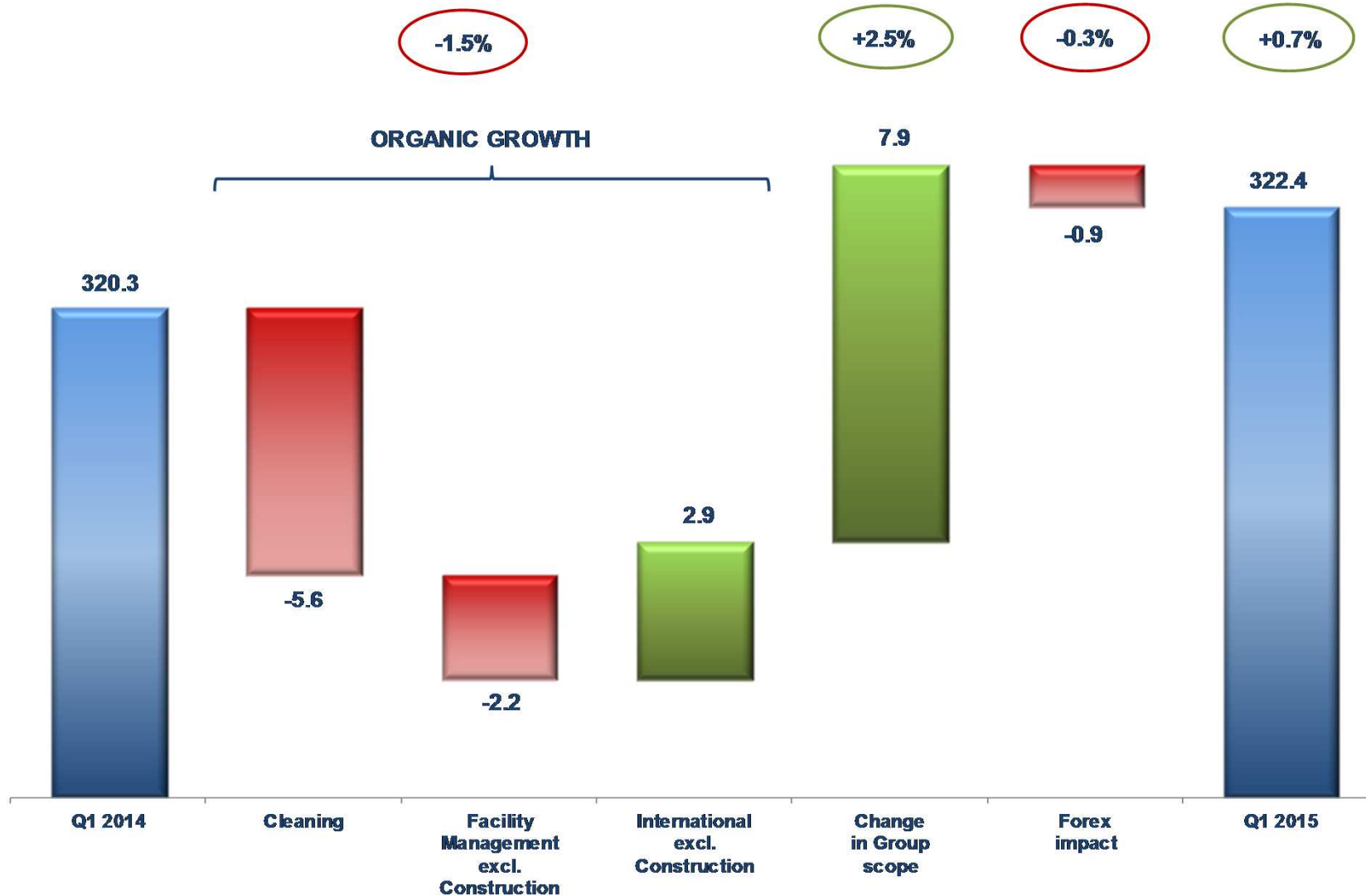
## **2 BUSINESS REVIEW**





# Q1 2015 Group revenue

in € millions



Despite a complicated market, especially for Cleaning, limited decrease of Group organic growth by -1.5%

Forex impact of €(0.9m) essentially due to Czech Koruna, Turkish lira and Hungarian Forint

Positive impact of change in scope, mainly related to Cleaning activities (+€5.9m) and International (+€66m), partially reduced by stopping overall Construction activities (-€5.4m)

# Q1 2015 Consolidated EBITDA

in €M	Q1 2015	Q1 2014	Change
<b>Revenue</b>	<b>322.4</b>	<b>320.3</b>	<b>0.7%</b>
Payroll costs	(206.6)	(201.7)	
<i>% of revenue</i>	<i>64.1%</i>	<i>63.0%</i>	
Raw materials & consumables used	(68.7)	(71.9)	
<i>% of revenue</i>	<i>21.3%</i>	<i>22.4%</i>	
External expenses	(21.3)	(21.9)	
<i>% of revenue</i>	<i>6.6%</i>	<i>6.8%</i>	
Other operating income & expenses	(5.8)	(6.4)	
<i>% of revenue</i>	<i>1.8%</i>	<i>2.0%</i>	
<b>Total operating costs</b>	<b>(302.4)</b>	<b>(301.9)</b>	<b>0.2%</b>
<i>% of revenue</i>	<i>93.8%</i>	<i>94.3%</i>	
<b>EBITDA</b>	<b>20.0</b>	<b>18.4</b>	<b>8.7%</b>
<b>EBITDA margin</b>	<b>6.2%</b>	<b>5.7%</b>	

- Improvement of Q1 results: EBITDA level reached €20.0m in Q1 2015 (+8.7%), corresponding to 6.2% of EBITDA margin, around 50 bps higher than Q1 2014
- Slight increase of percentage of revenue for payroll costs mainly due to International new activities where outsourcing service is limited (in particular in Asia countries)
- Slight decrease in global other operating expenses (continued cost control)



# Q1 2015 Summary P&L

in €M	Q1 2015	Q1 2014	Change
<b>EBITDA</b>	<b>20.0</b>	<b>18.4</b>	<b>1.6</b>
<i>% margin</i>	6.2%	5.7%	
Depreciation and amortization, net	(5.2)	(5.1)	
Provisions and impairment losses, net	(0.5)	(1.0)	
<b>Operating profit</b>	<b>14.3</b>	<b>12.3</b>	<b>2.0</b>
<i>% margin</i>	4.4%	3.8%	
Financial income	–	0.1	
Financial expenses	(6.7)	(6.7)	
<b>Net finance costs</b>	<b>(6.7)</b>	<b>(6.6)</b>	<b>(0.1)</b>
Other financial income and expenses	0.2	(0.1)	0.3
<b>Net finance expense</b>	<b>(6.5)</b>	<b>(6.7)</b>	<b>0.2</b>
Income tax expense	(3.8)	(4.3)	
Share of profit (loss) of associates	–	–	
<b>Profit from continuing operations</b>	<b>4.0</b>	<b>1.3</b>	<b>2.7</b>
Profit for the period from discontinued operations	–	–	–
<b>Profit for the period</b>	<b>4.0</b>	<b>1.3</b>	<b>2.7</b>

 Continued improvement of net profit in Q1 2015 in line with EBITDA trend



# 3 FINANCIAL REVIEW



# Net debt

in €M	Q1 2015	FY 2014	Q1 2014
<b>Net cash and cash equivalents</b>	<b>55.9</b>	<b>65.5</b>	<b>51.4</b>
HY bonds	250.0	250.0	250.0
Factoring	52.1	41.2	112.8
Others	19.0	14.4	(60.4)
<b>Total gross debt</b>	<b>321.1</b>	<b>305.6</b>	<b>302.4</b>
<b>Total net debt</b>	<b>265.2</b>	<b>240.1</b>	<b>251.0</b>
<b>Deconsolidated Factoring</b>	<b>65.8</b>	<b>78.5</b>	<b>84.6</b>
<b>Adjusted Net Debt <sup>(1)</sup></b>	<b>331.0</b>	<b>318.6</b>	<b>335.6</b>
<b>Net debt / proforma EBITDA <sup>(2)</sup></b>	<b>3.6x</b>	<b>3.5x</b>	<b>4.0x</b>

Reported net debt increased to €331m as of Q1 2015 (+€12.4m vs. net debt as of August 31, 2014)

Net leverage stabilized at 3.6x

(1) Adjusted of the deconsolidating factoring of receivables

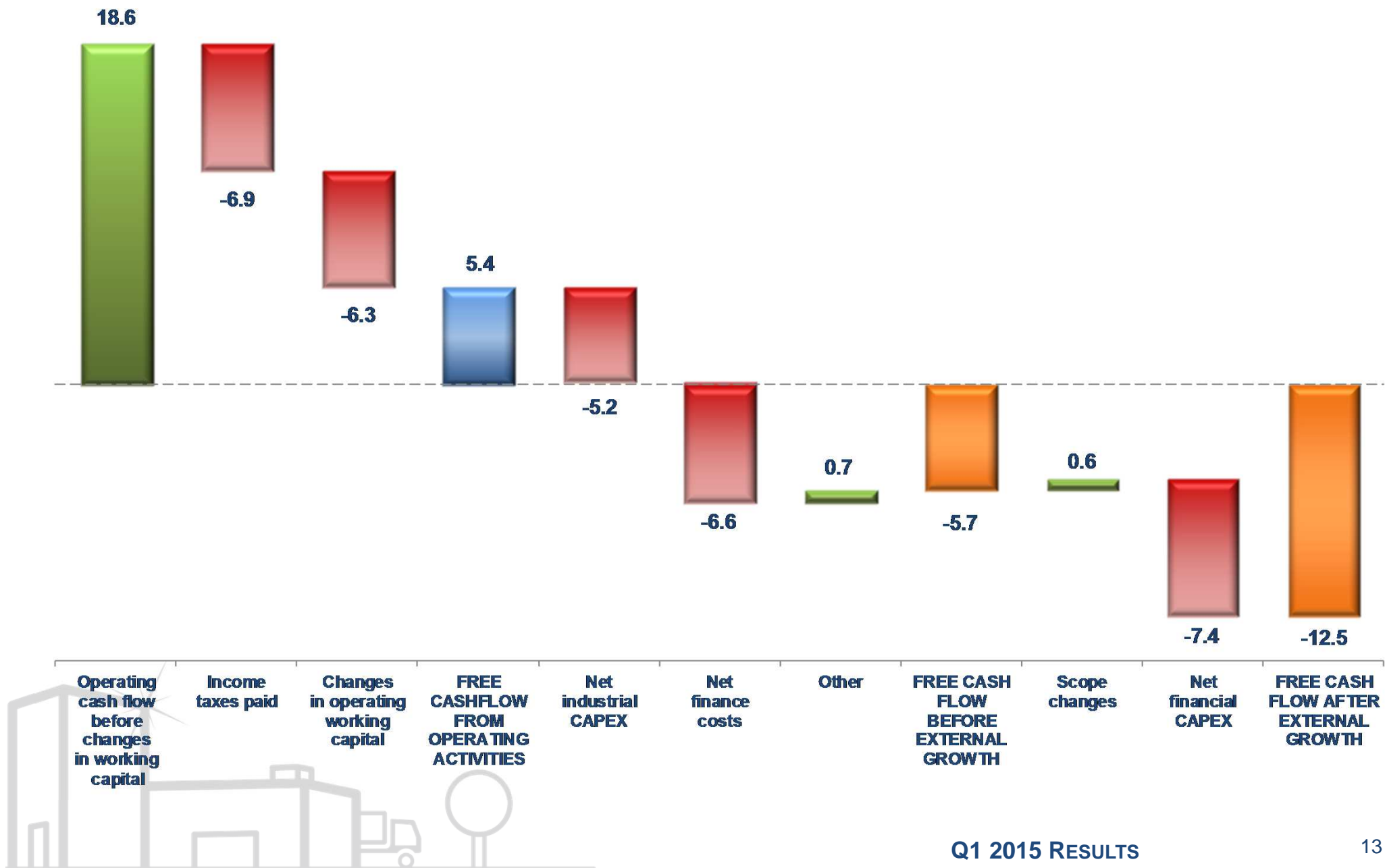
(2) Proforma EBITDA Q1 2015 is calculated on a 12-month period and as if the acquisition of Harta realized in November 2014 had occurred on September 1<sup>st</sup>, 2014

In €m	Factoring loans	Revolving Credit Facility
Confirmed lines	130.0	18.0
Utilised lines	117.9	-
<b>Head room</b>	<b>12.1</b>	<b>18.0</b>




# Net debt evolution

in € millions



# Key cash flow items

in €M	Q1		
	2015	2014	Change
<b>EBITDA</b>	<b>20.0</b>	<b>18.4</b>	<b>1.6</b>
<b>Change in Working Capital</b>	<b>(6.3)</b>	<b>4.5</b>	<b>(10.8)</b>
<b>Capex</b>	<b>(10.1)</b>	<b>(2.9)</b>	<b>(7.2)</b>
<i>o/w maintenance capex, net</i>	<i>(4.1)</i>	<i>(2.9)</i>	<i>(1.2)</i>
<i>o/w expansion capex, net</i>	<i>(6.0)</i>	<i>–</i>	<i>(6.0)</i>
<b>Unlevered pre-tax free cash flow</b>	<b>3.6</b>	<b>20.0</b>	<b>(16.4)</b>

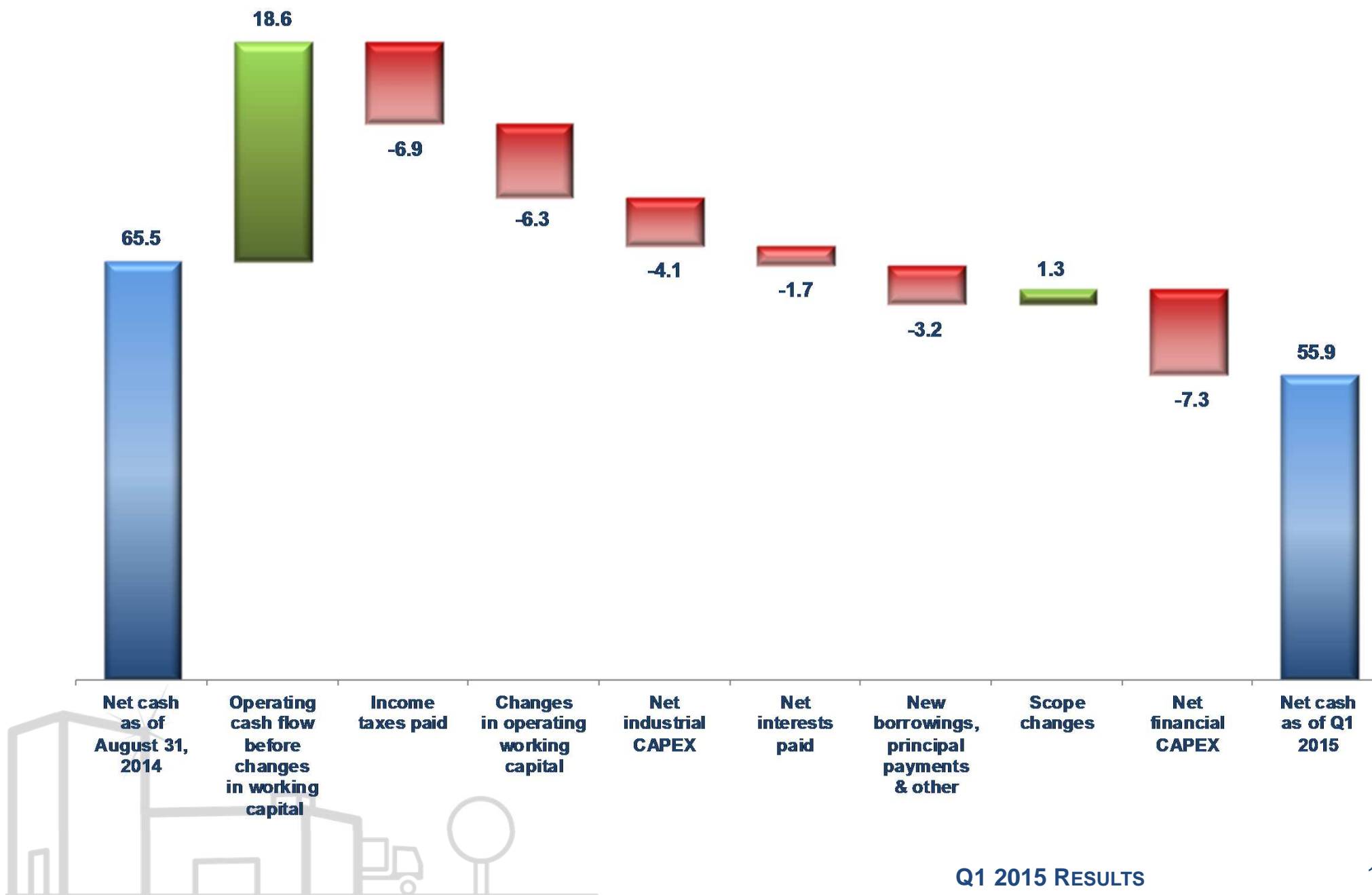
 Decrease of pre-tax free cash flow of -€16.4m due to:

- Change in working capital: positive effect in Q1 2014 mainly due to DSO improvement of 5 days (DSO stabilized in Q1 2015)
- Maintenance capex: continued capex discipline at an average level of 1% of revenue
- Expansion capex: mainly related to the acquisition of Harta in Malaysia



# Net cash evolution

in € millions





# 4 STRATEGY UPDATE



# Strategy update and outlook



## FRANCE

- In this challenging environment, the management team will continue to focus on productivity plan, cost control and cash management
- **Facility Management:**
  - Developing an **Innovation** hub: structuring in progress – key projects for the future of Atalian Group (robotics engineering, connected buildings...)
  - Asset divestments in process: exit of non-core activities such as Landscaping, Transportation and Public lighting



## INTERNATIONAL

- **Europe:** several deals to be completed in Q2 2015
- **Asia:** steadily increasing
- **Morocco / West Africa:** some significant targets to be integrated in Q2/Q3 2015



**Q&A**



# APPENDICES



# Summary of consolidated statement of financial position

In €M	1 <sup>st</sup> Quarter 2015	Year ended August 31, 2014
Intangible assets	431.0	429.8
Property, plant and equipment	41.5	40.5
Other non-current assets	64.5	65.3
Trade receivables	236.0	208.0
Cash and cash equivalents	59.1	69.7
Other current assets	125.8	114.9
<b>Total assets</b>	<b>957.9</b>	<b>928.2</b>
Capital (including non-controlling interests)	138.1	133.1
Financial debt (current and non-current)	321.1	305.7
Other non-current liabilities	8.8	8.9
Trade payables	121.5	115.4
Bank overdrafts	3.2	4.2
Other current liabilities	365.2	360.9
<b>Total liabilities</b>	<b>957.9</b>	<b>928.2</b>



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