Atalian Q1 2017 results

January 31, 2017

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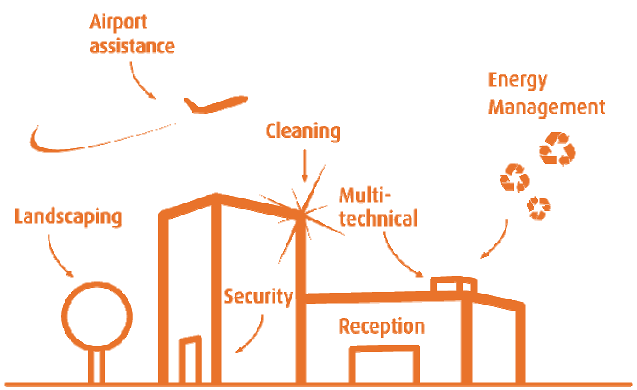

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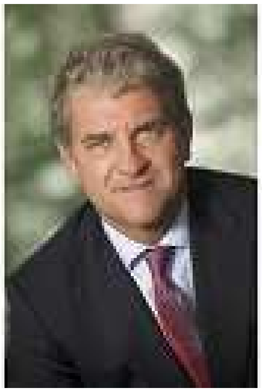
Summary & presenting team

Loïc Evrard

Chief Finance Officer of ATALIAN Group



Matthieu de Baynast

Chairman of ATALIAN International

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1 KEY HIGHLIGHTS OF Q1 2017

Key items of Q1 2017

Financial performance

- Continued results improvement
  - Group **revenue**: €454M in Q1 2017 vs. €354M for Q1 2016, +28% mainly due to
    - external growth at international scale, reflecting essentially the integration of TEMCO
    - strong organic growth for almost all activities
  - Increase of **EBITDA** reaching €28M for Q1 2017 vs. €21M in Q1 2016 (+32.2%)
  - **Adjusted net debt** of €431M vs. €395M at the end of August 2016 with further deleveraging

New Contracts

NATIXIS · Tereos · Université Catholique de Lille · TIAA Global Asset Management · United States Federal Reserve System · New York Medical College · LafargeHolcim · MONOPRIX · THALYS · SNCF · MADISON Real Estate and Property Management, Inc. · Philadelphia University

Last events

- **DOE in the US**: loss of this main contract generating low margin
- **Significant acquisitions in Europe**
  - Slovakia and Czech Republic: **AB Facility** (FM business) signed in November 2016 – Full year turnover around €73M – EBITDA Proforma expected around €7M
  - Belgium: **Hectas** signed in December 2016 – Full year turnover around €1.8M
  - Russia: **Espro** signed in November 2016 – Full year turnover around €1.4M

TEMCO update

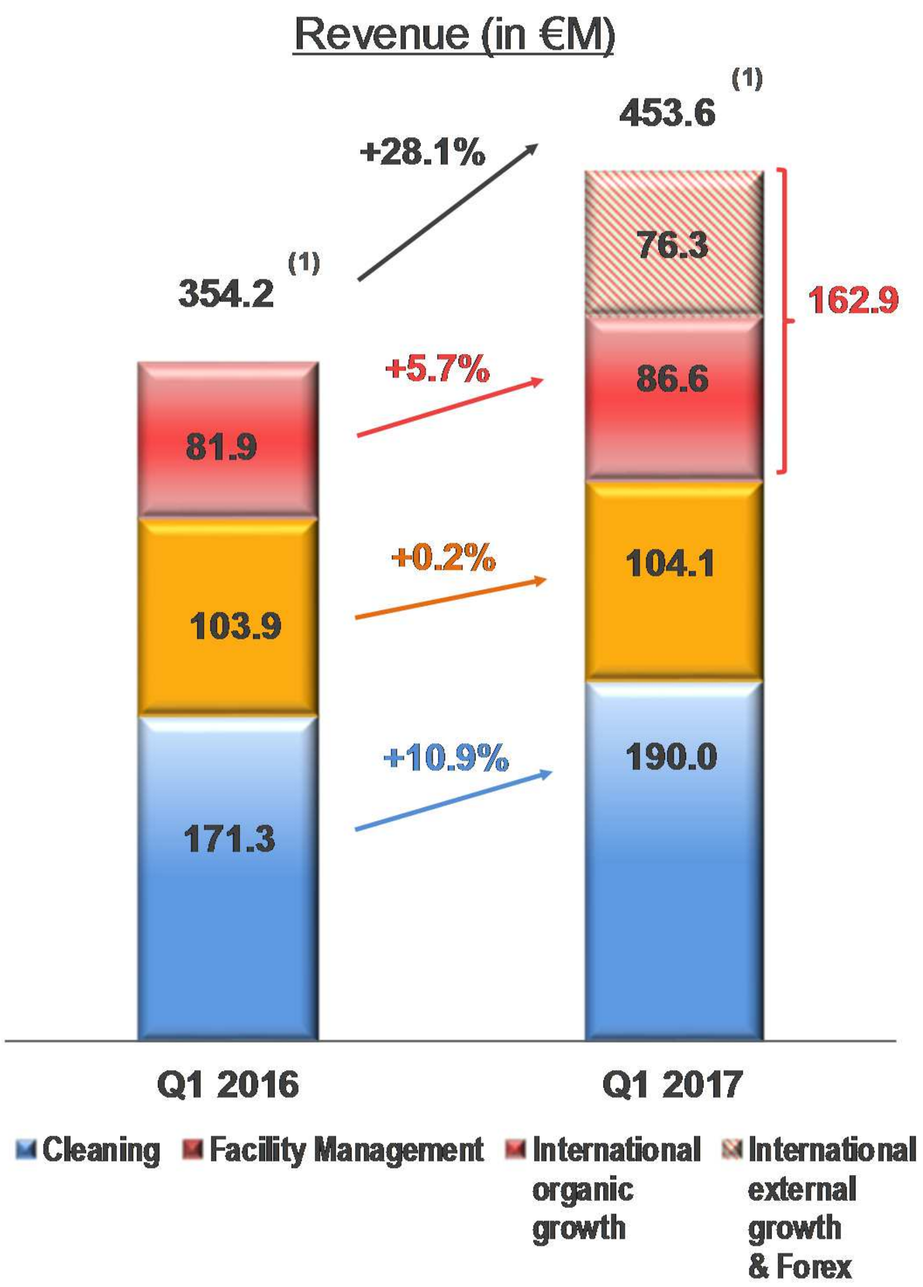
- **Temco United States and Europe: EBITDA on track with expectations**
  - Already \$3.5M optimization achieved in 2016
  - Expected \$12.4M EBITDA in full year 2017 (4.7% margin)

- **Impact of New-York School's contract loss**
  - **New-York – Department of Education (DOE) was the key client**
    - Monthly revenue of \$6M (FY \$72M)
    - Net result of 3.5% (\$2.6M annually)
  - **Client loss in November**
    - Political decision at City of New-York level to insource the cleaning activity
    - Ending up November 3rd 2016
    - Paid holiday liability is fully transferred to New-York DOE
  - **Exceptional income related to the end of contract**
    - \$7.6M result from January to December 2016 = 3 years of profits
    - \$6.0M Positive Working Capital effect starting end of Q2 for further relutive acquisitions

NYC Department of Education

2 FINANCIAL REVIEW

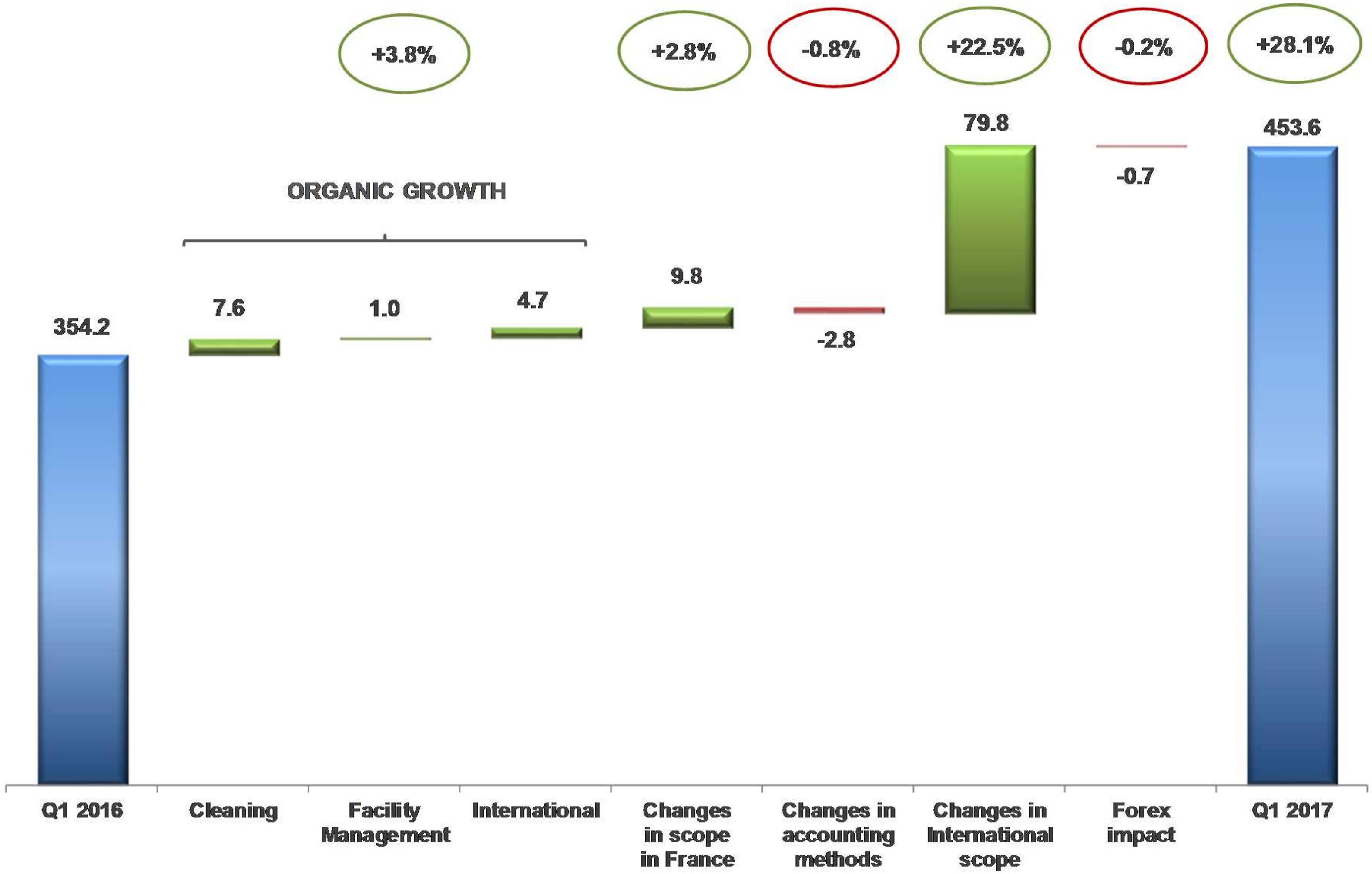
Revenue – Q1 2017



- **FRANCE**: strong increase of revenue (**+€18.9M**) as a combination of
  - **Cleaning's turnover rise of +€18.7M** related to
    - Increase of revenue mainly due to external growth: acquisition of HEI & Net Express (+€9.5M) in Q2 2016 and DPS in September 2016 (+€1M)
    - Organic growth thanks to strengthening of commercial teams focusing on key accounts (+€8.2M)
  - **Facility management** stabilization at **€104M** including several trends
    - Strong growth in demand for security services and starting-up new activities in safety (technical consulting for securing, dog training for explosives detection)
    - Partially offset by ongoing exit of French non-core activities (Waterproofing)
- **INTERNATIONAL**: strong increase of revenue **(+€81M)** mainly driven by
  - Integration of TEMCO in Q2 2016 (+€69.5)
  - Other external growth (+€10.3M) mainly in Croatia, Romania, Serbia, Vietnam, Myanmar, Indonesia and Philippines

(1) Including inter-sectors transactions (-€3.4M in 2017 and -€2.9M in 2016)

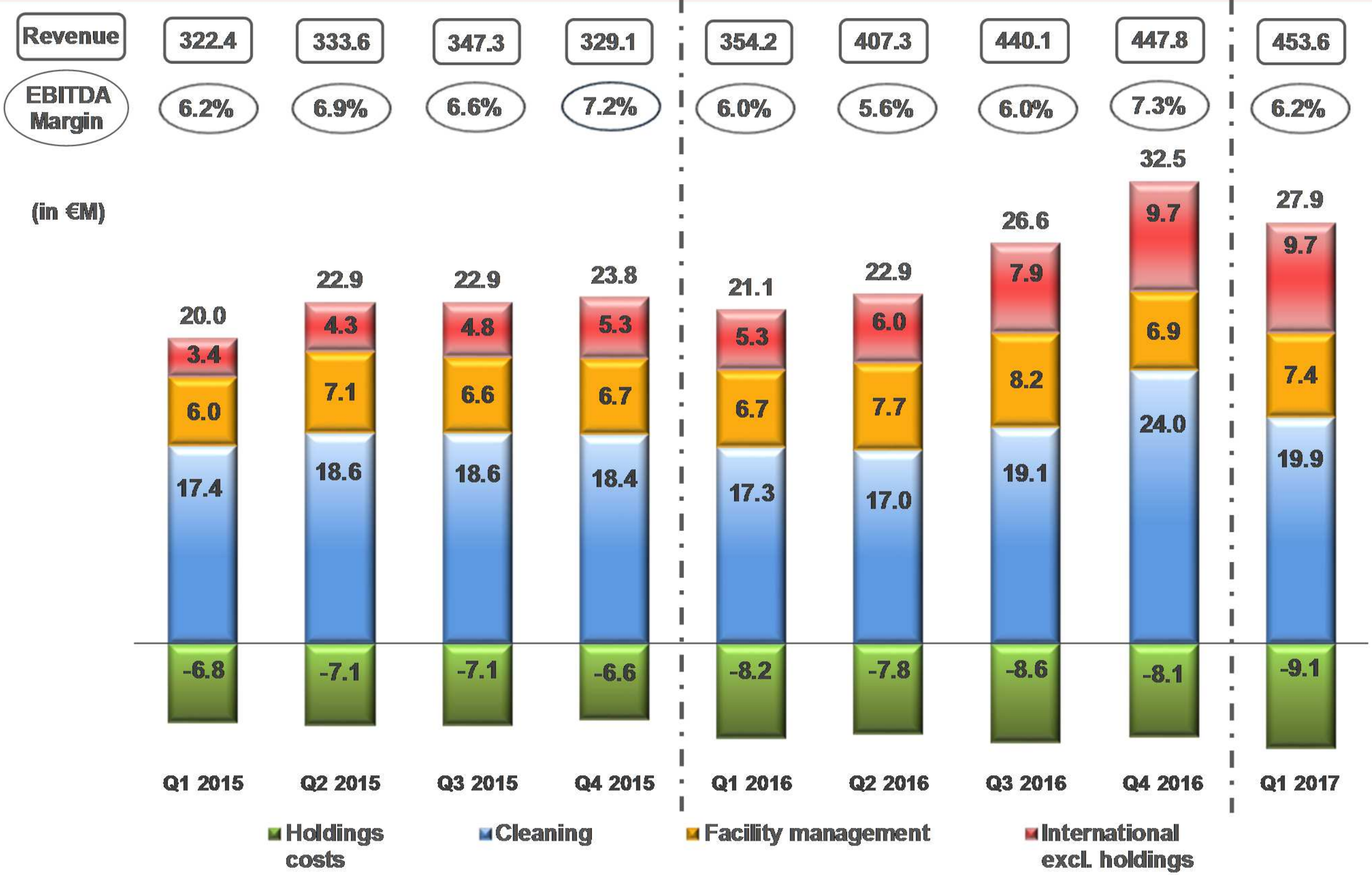
Revenue – Q1 2017 (in €M)



- Despite a complicated market, especially for Multi-technical, organic growth of 3.8% generated by overall activities of the Group
- Positive impact of change in scope of French activities mainly thanks to recent acquisitions in Cleaning (+€10.5M), partially offset by exit of French non-core activities (Waterproofing)

- Positive impact of change in International scope of +€79.8M, mainly related to TEMCO (+€69.5M) and other acquisitions in Croatia, Romania and South East Asia
- Negative forex impact essentially due to Turkish Lira (-€0.8M)

EBITDA – Quarterly evolution



- Continuous increase of EBITDA in Q1 2017 (+€6.8M vs. Q1 2016, i.e. +32.2%)
- Improvement of EBITDA margin reaching 6.2% in Q1 2017, reflecting Group's policy of not accepting contracts with very low prices in France and abroad (ex. end of contract with Araneta in Philippines)
- Decrease of Holdings costs rate from 2.3% of revenue in Q1 2016 to 2.0% in Q1 2017

EBITDA – Q1 2017

in €M	Q1 2017	Q1 2016	*Change*
Revenue	**453.6**	**354.2**	***28.1%***
Payroll costs	(304.6)	(227.5)	
% of revenue	*67.2%*	*64.2%*	
Raw materials & consumables used	(87.9)	(79.4)	
% of revenue	*19.4%*	*22.4%*	
External expenses	(26.6)	(21.2)	
% of revenue	*5.9%*	*6.0%*	
Other operating income & expenses	(6.6)	(5.0)	
% of revenue	*1.5%*	*1.4%*	
Total operating costs	**(425.7)**	**(333.1)**	***27.8%***
% of revenue	*93.8%*	*94.0%*	
EBITDA	**27.9**	**21.1**	***32.2%***
EBITDA margin	***6.2%***	***6.0%***	

- Improvement of Q1 results mainly driven by revenue growth: EBITDA reached €28M (+32% vs. Q1 2016)
- Improving EBITDA and EBITDA margin confirms Group's strategy led for 4 years
  - A target of EBITDA margin for the end of the year between 6.5% and 7%
- Slight increase of percentage of revenue for payroll costs mainly due to Temco US (high payroll costs rate)
- Continued high control of overall operating expenses

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Q1 2017 Summary P&L

in €M	Q1 2017	Q1 2016	*Change*
EBITDA	**27.9**	**21.1**	***6.8***
% margin	*6.2%*	*6.0%*	
Depreciation and amortization, net	(7.9)	(6.0)	
Provisions and impairment losses, net	(0.4)	(0.5)	
Operating profit	**19.6**	**14.6**	***5.0***
% margin	*4.3%*	*4.1%*	
Financial income	–	0.1	
Financial expenses	(9.0)	(7.0)	
Net financial costs	**(9.0)**	**(6.9)**	***(2.1)***
Other financial income and expenses	0.2	0.5	*(0.3)*
Net financial expense	**(8.8)**	**(6.4)**	*(2.4)*
Income tax expense	(5.1)	(4.3)	*(0.8)*
Share of profit (loss) of associates	–	–	
Profit from continuing operations	**5.7**	**3.9**	***1.8***
Loss for the period from discontinued operations	–	–	–
Profit for the period	**5.7**	**3.9**	*1.8*

Continued results improvement: Q1 2017 beyond expectations

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Net debt

in €M	Q1 2017	FY 2016	January 2016 (acquisition of TEMCO)	Q1 2016
Net cash and cash equivalents	**92.3**	**106.1**		**41.8**
HY bonds	400.0	400.0		250.0
Factoring	11.0	22.9		43.3
Bilateral credit lines	28.8	27.9		–
Others	38.8	31.1		25.3
Total gross debt (1)	**478.6**	**481.9**		**318.6**
Financial instrument	1.8	1.4		2.0
Total net debt	**388.1**	**377.2**		**278.8**
Deconsolidated Factoring	42.5	18.0		67.3
Adjusted Net Debt (2)	**430.6**	**395.2**	**392.0**	**346.1**
Proforma EBITDA (3)	120.0	119.4	100	92.7
Adjusted net debt / proforma EBITDA (3)	**3.6x**	**3.3x**	**3.9x**	**3.7x**

- Reported net debt increased to €430.6M as of Q1 2017 (+€35.4M vs. net debt as of August 31, 2016) mainly due to acquisitions during the last fiscal year and bond issuance
- Leverage ratio Net debt / Proforma EBITDA slightly decreased to 3.6x for Q1 2017 compared to Q1 last year

(1) Excluding the fair value of financial instrument

(2) Adjusted of the deconsolidating factoring of receivables

(3) Proforma EBITDA 2017 is calculated as if the main acquisitions realized during the Q1 2017 and 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		53.6	28.8	-	
Head room		**86.4**	**31.2**	**18.0**	
Cash available to support Group development	**92.3**	**86.4**	**31.2**	**-**	**209.9**

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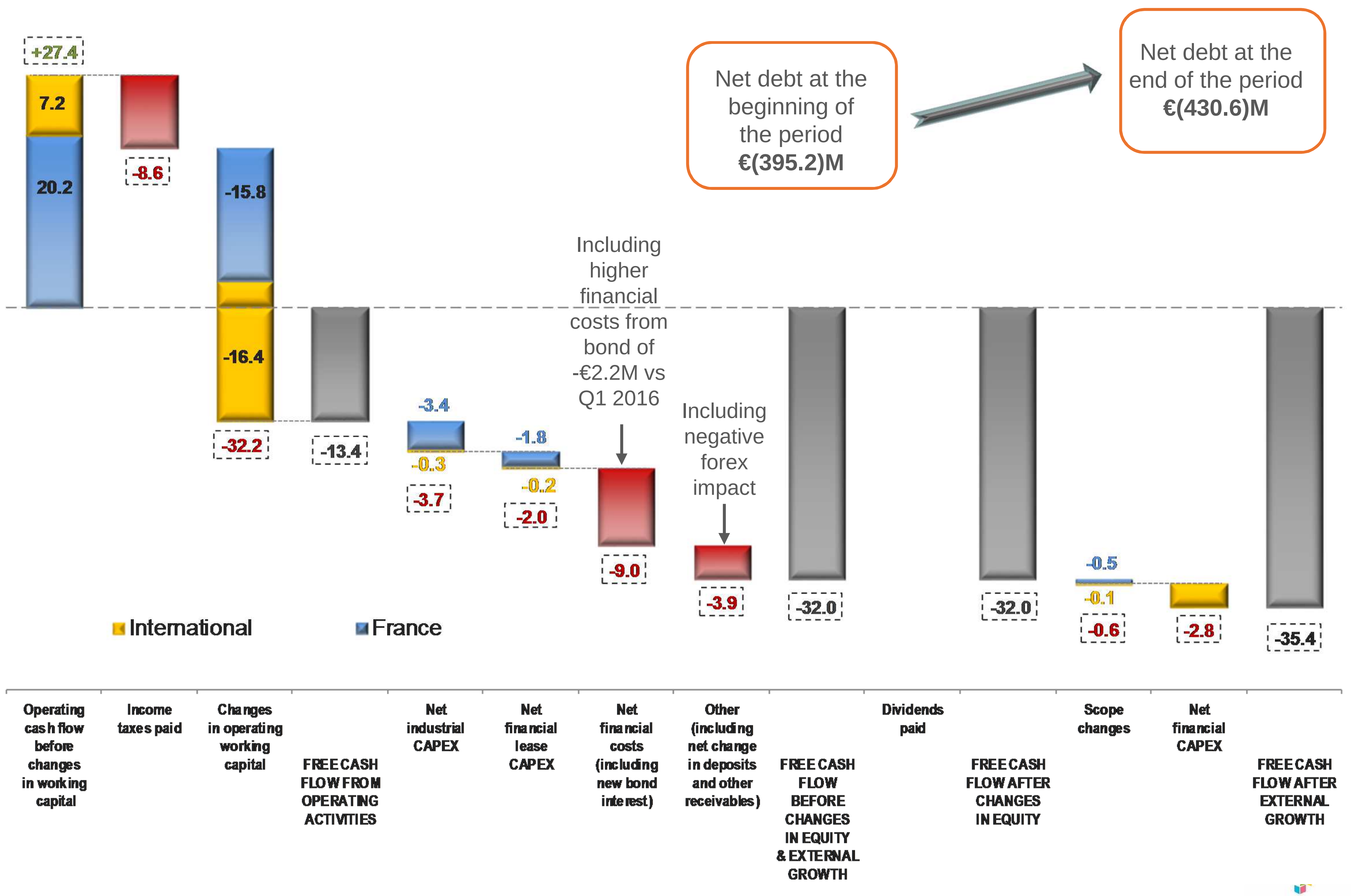
FY net debt evolution (in €M)



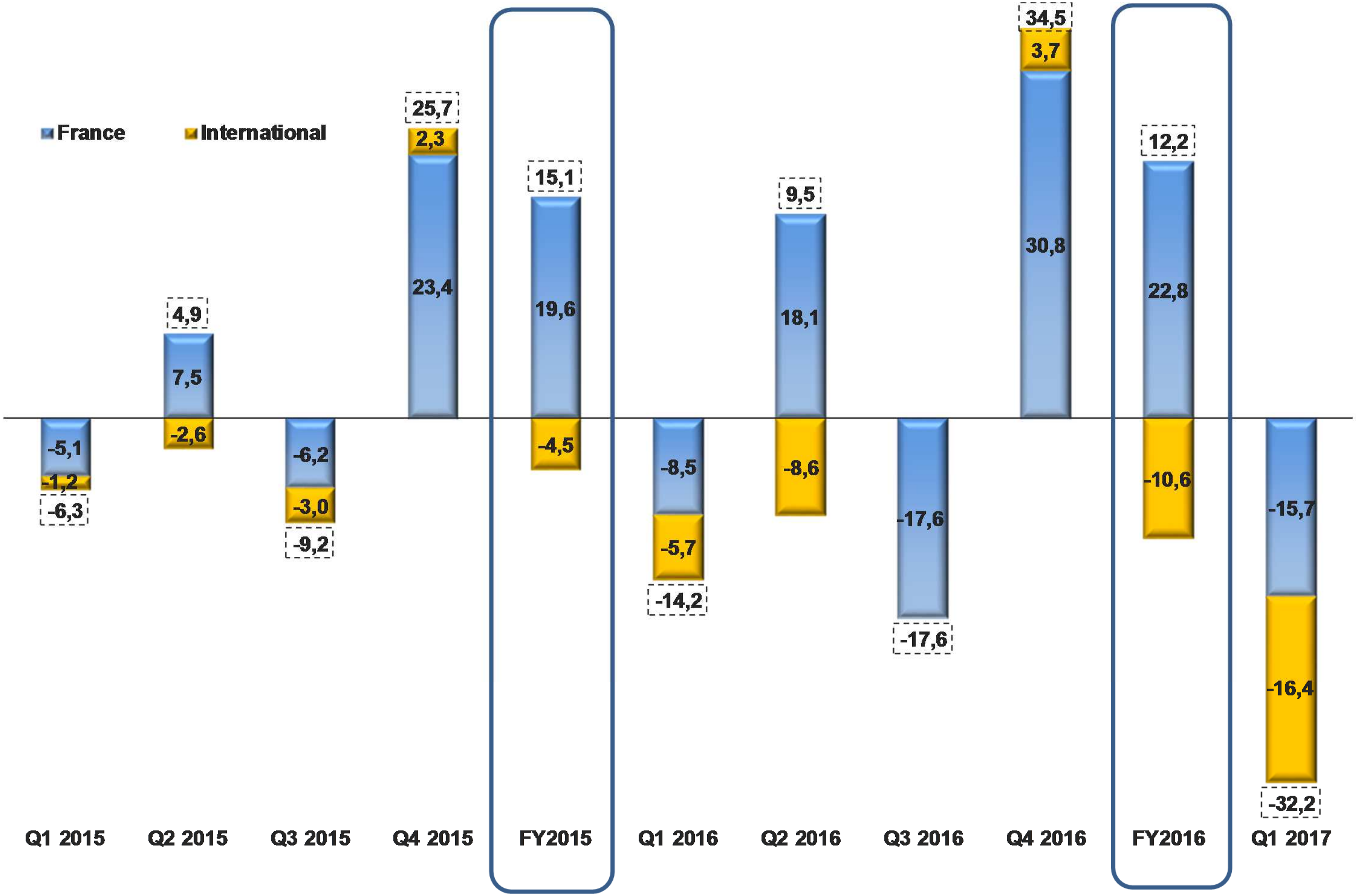
Key cash flow items

in €M	Q1 2017	Q1 2016	*Change*
EBITDA	**27.9**	**21.1**	***6.8***
Change in Working Capital - France	*(15.8)*	*(8.5)*	*(7.3)*
Change in Working Capital - International	*(16.4)*	*(5.7)*	*(10.7)*
Change in Working Capital - Group	**(32.2)**	**(14.2)**	***(18.0)***
Capex	**(6.1)**	**(9.3)**	***3.2***
o/w maintenance capex, net	*(3.7)*	*(5.6)*	*1.9*
o/w expansion capex	*(2.4)*	*(3.7)*	*1.3*
Unlevered pre-tax free cash flow	**(10.4)**	**(2.4)**	***(8.0)***

- Decrease of pre-tax free cash flow in Q1 2017 mainly related to negative change in working capital:
  - **France:** usual seasonality effect in the first part of the year; expected reversal in the second part of the FY 2017 as each year
  - **International:**
    - integration of TEMCO and overall organic growth of revenue
    - Implementation of a task force to drive management of change in working capital with a target close to zero

➡ We are confident for reducing to zero this trend, or even positive change in working capital at the end of August 2017

Focus on change in working capital (in €M)



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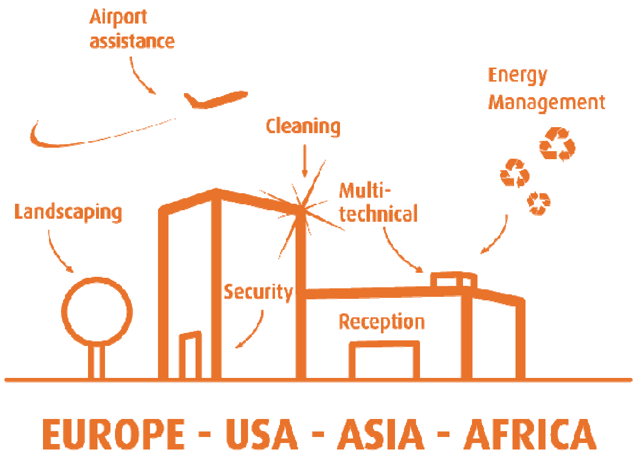
3 STRATEGY UPDATE



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Strategy update

INTERNATIONAL

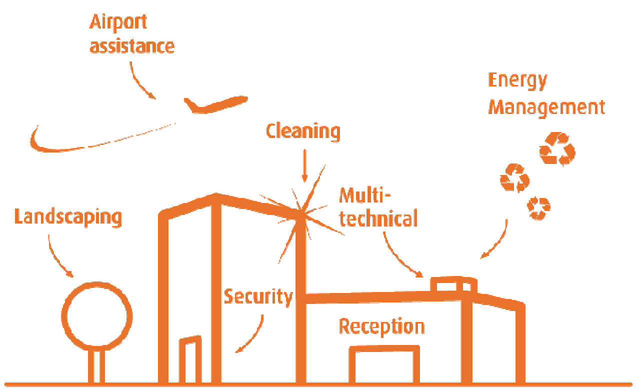
- Still external growth of €300M - €400M additional revenue expected in the course of the next 12 months across Europe, Asia, USA and Africa
- Target: increase EBITDA margin to 6% including holdings costs
- Commercial partnership with Servest: development strategy is beginning to show results > several contracts have been signed
- Ongoing development of IT structure with implementation of ERP and CRM systems / Business Intelligence tool / data security / architecture
- US network: strategy confirmed, further acquisitions and significant development over the next 3 years
- West Africa: two new countries expected this year

FRANCE AND GROUP

- France: we remain opportunistic to seize acquisitions with quick return on investment, in line with our strategy and track record
  - Some targets especially in Cleaning business
  - A few small acquisitions in progress in technical department (local customer, mainly for heating)
- We are still developing a new Organization and Methods department as well as one for Innovation
  - Ongoing deployment strategy of Organization and Methods in France and abroad
  - Reinforcement of Innovation: new key tools to deliver differentiation
- Human Resources:
  - implementation of a career management department
  - Partnership with university Paris-IX Dauphine
- 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.

Group's aim: to continue increasing EBITDA margin

Q&A



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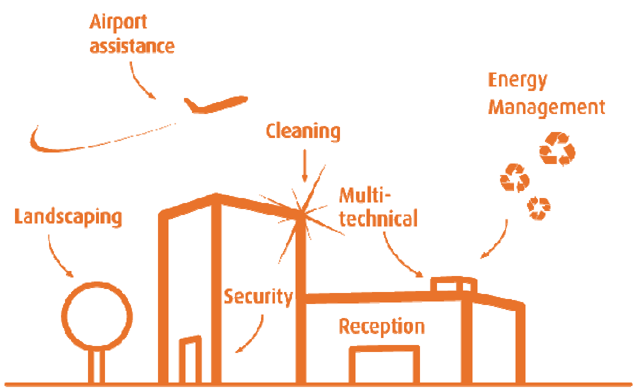
APPENDICE



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Summary of consolidated statement of financial position

In €M	First Quarter 2017	Year ended August 31, 2016
Intangible assets	506.2	504.1
Property, plant and equipment	65.4	66.4
Other non-current assets	86.2	84.3
Trade receivables	318.2	330.0
Cash and cash equivalents	97.4	108.1
Other current assets	187.9	179.8
Total assets	**1,261.3**	**1,272.7**
Equity (including non-controlling interests)	142.2	138.2
Financial debt (current and non-current)	480.3	483.3
Other non-current liabilities	18.9	19.0
Trade payables	151.8	166.2
Bank overdrafts	5.1	2.1
Other current liabilities	463.0	463.9
Total liabilities	**1,261.3**	**1,272.7**

INVESTOR RELATIONS CONTACT

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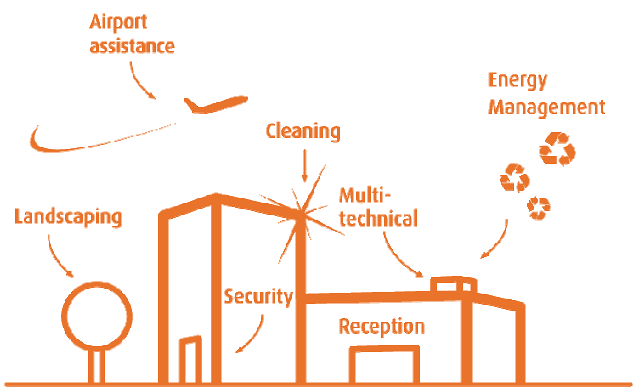

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