Atalian New H1 2017 results

August 31, 2017

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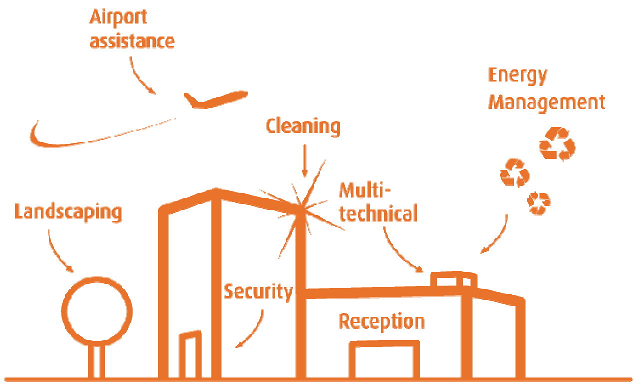

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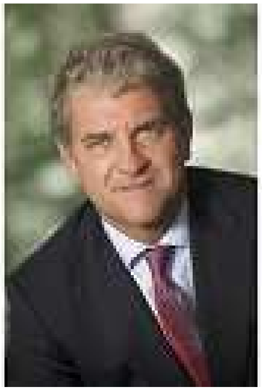
Summary & presenting team

Loïc Evrard

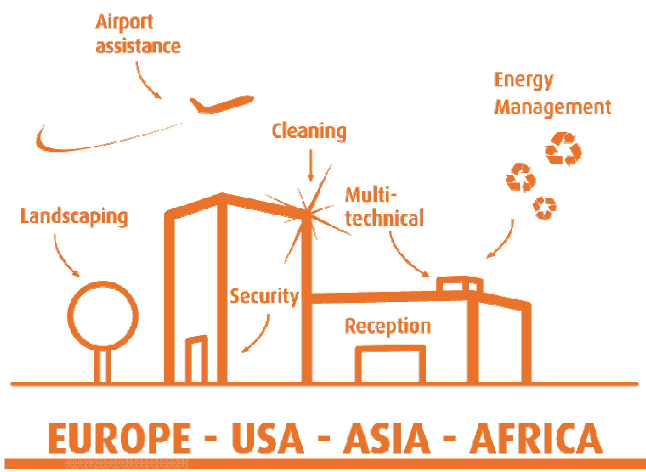
Chief Financial Officer of ATALIAN Group



Matthieu de Baynast

Chief Executive Officer of ATALIAN Group
Chairman of ATALIAN International

1 KEY HIGHLIGHTS OF NEW H1 2017



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Key items of New H1 2017

Financial performance

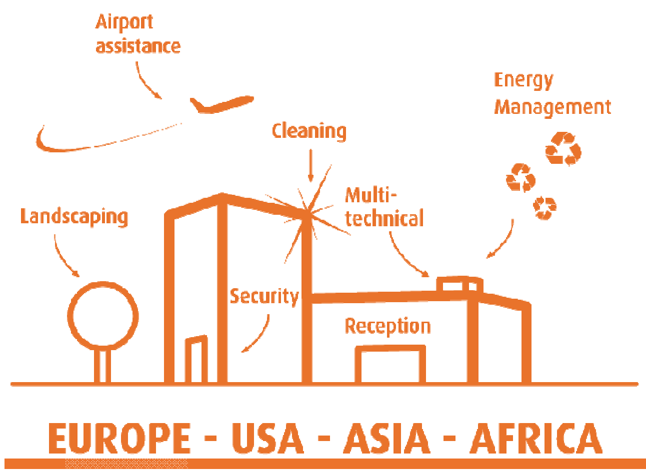
- **Change of the fiscal year-end** from August to December: throughout this presentation, the denomination "New Q2 or New H1" refers to the Quarter ending June while the denomination "Q1, Q2, Q3, Q4" refers to the Quarters ending November, February, May and August respectively
- Continued results improvement
  - Group **revenue**: €936M in new H1 2017 vs. €874M for new H1 2016, +7% mainly due to external growth at international scale
  - Increase of recurring **EBITDA** reaching €58M for H1 2017 vs. €52M in H1 2016 (+12%)
  - **Adjusted net debt** as of June 30, 2017 of €540M vs. €435M at the end of December 2016 with further deleveraging and successful refinancing through new bond issuance of €625M at 4% closed on May 5, 2017

New Contracts

First semester's events

- **Significant acquisitions in Europe, Asia and USA**
  - Slovakia and Czech Republic: **AB Facility** (FM business) signed in November 2016 – FY turnover around €73M – EBITDA Proforma expected around €7M
  - Belgium: **Hectas** signed in December 2016 – FY turnover around €1.8M
  - Russia: **Espro** signed in November 2016 (FY turnover around €1.4M) and **Novy Dom** completed in May 2017 (FY turnover around €9M– EBITDA Proforma expected around €1M)
  - Netherlands: **Visschedijk** signed in January 2017 – FY turnover around €24M – EBITDA Proforma expected around €2M
  - France: acquisition completed of **Facilicom Group**'s French subsidiaries (from Netherlands) – FY turnover around €70M – EBITDA Proforma expected around €4M
  - Singapore: **Cleaning Express (**FY turnover around €22M – EBITDA Proforma expected around €3M) and **Ramky** signed in May 2017 (FY year turnover around €40M – EBITDA Proforma expected around €4M)
  - USA : **AETNA** completed in June 2017 – FY turnover around €28M – EBITDA Proforma expected around €2.4M

2 FINANCIAL REVIEW



2 FINANCIAL REVIEW

EBITDA – New H1 2017

in €M	New H1 2017	New H1 2016	*Change*
Revenue	**936.1**	**874.0**	***7.1%***
Payroll costs	(613.4)	(604.4)	
% of revenue	*65.5%*	*69.2%*	
Raw materials & consumables used	(198.2)	(157.3)	
% of revenue	*21.2%*	*18.0%*	
External expenses	(57.2)	(48.4)	
% of revenue	*6.1%*	*5.5%*	
Other operating net expenses	(9.5)	(12.4)	
% of revenue	*1.0%*	*1.4%*	
Total operating costs	**(878.3)**	**(822.5)**	***6.8%***
% of revenue	*93.8%*	*94.1%*	
Recurring EBITDA	**57.8**	**51.5**	***12.2%***
Recurring EBITDA margin	***6.2%***	***5.9%***	
EBITDA	**63.9**	**51.5**	***24.1%***
EBITDA margin	***6.8%***	***5.9%***	

- Continued EBITDA and EBITDA margins growth validates Group's strategy pursued in the last 4 years
  - Recurring EBITDA margin reached 6.2% on track to deliver our target for the end of the year around 6.5%
- Slight decrease of percentage of revenue for payroll costs mainly related to Temco US following the loss of DOE contract and subcontracting's effect, impacting also Raw materials & consumables used
- Non recurring EBITDA: assignment of certain trademarks relating to our business outside of France (€6.1M at the end of H1 2017) – as already disclosed during the last bond issue
- Constant tight control of operating expenses

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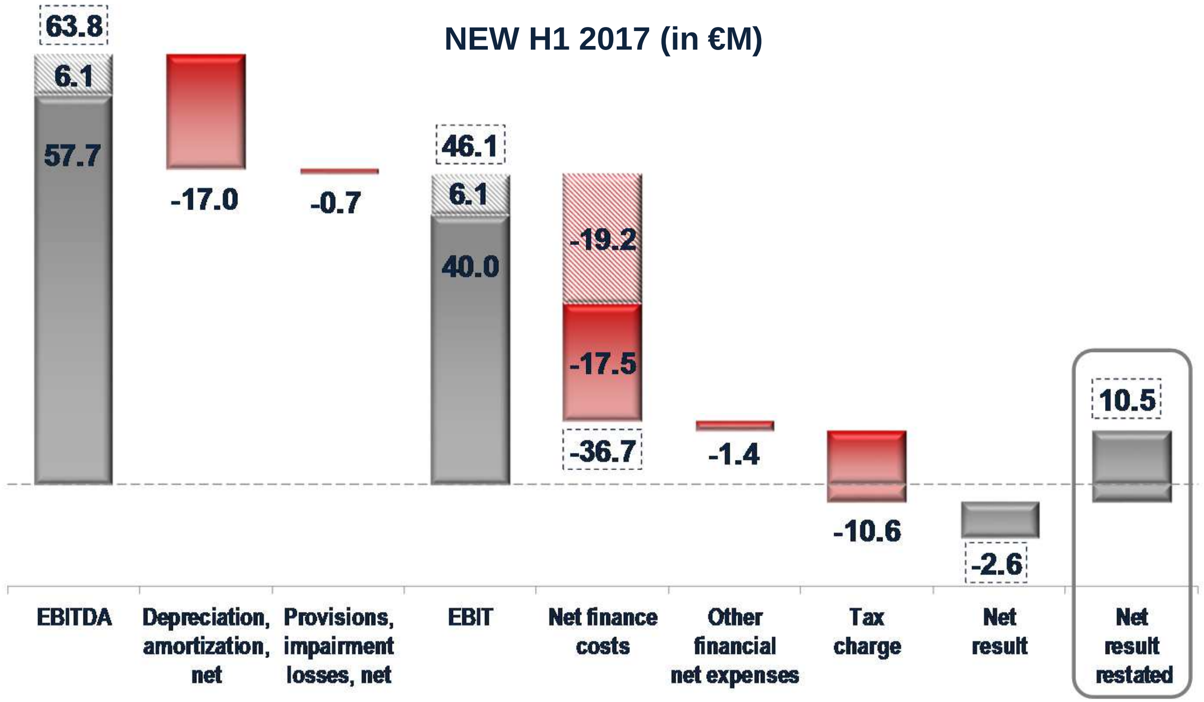
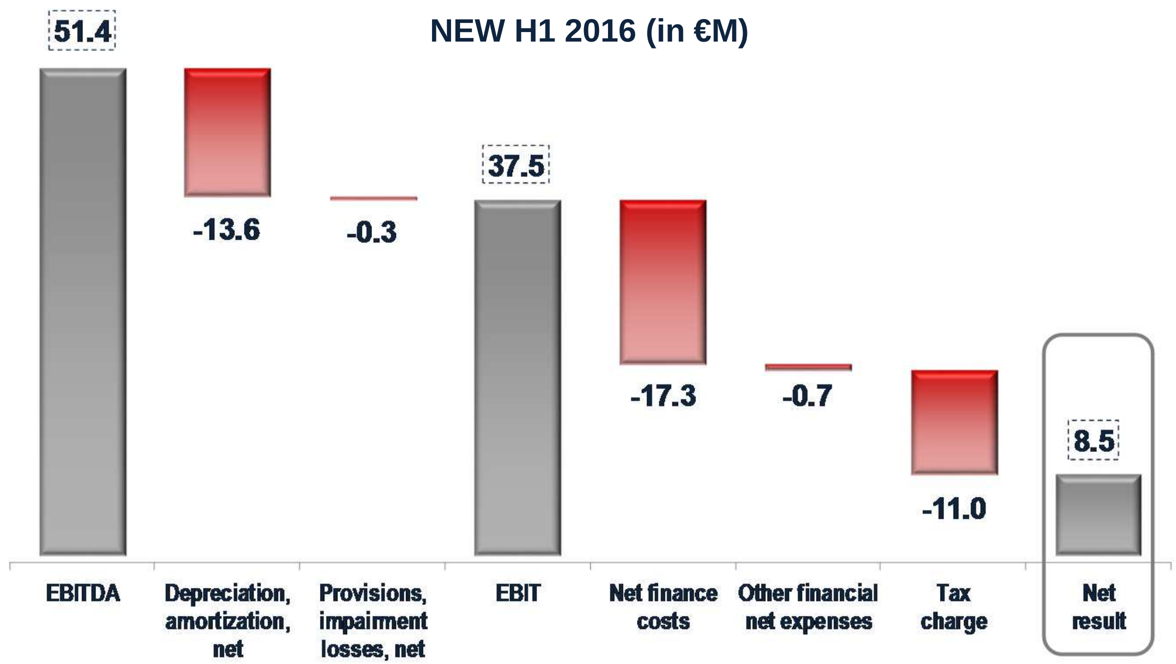
Net Result – New H1 2017





NEW H1 2017 vs NEW H1 2016

- Depreciation, amortization, net: 1.8% of revenue, expecting to remain stable by the end of fiscal year
- Recurring EBIT: restated from €6.1M, stabilized margin at 4.3%
- Recurring net financing costs: around -€3M per month since the beginning of fiscal year
- Non recurring net finance costs: mainly due to payment of penalties related to early repayment of previous bonds (-€14.5M at the end of June)
- Tax charge: including an effect of deferred tax due to a step down of the tax rate in France from 34% to 28% by 2020
- Net result excluding non recurring items would reach +€10.5M at the end of June 2017 compared to +€8.5M in 2016

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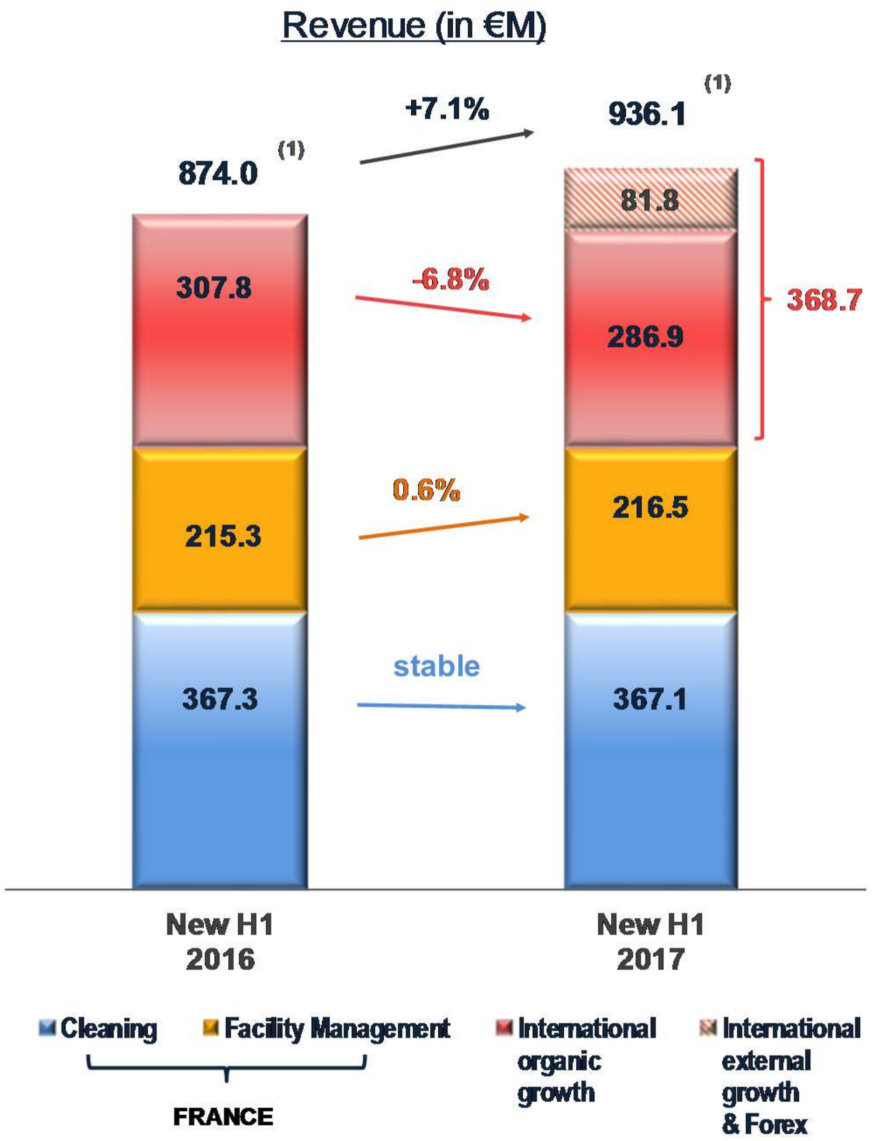
Revenue – New H1 2017



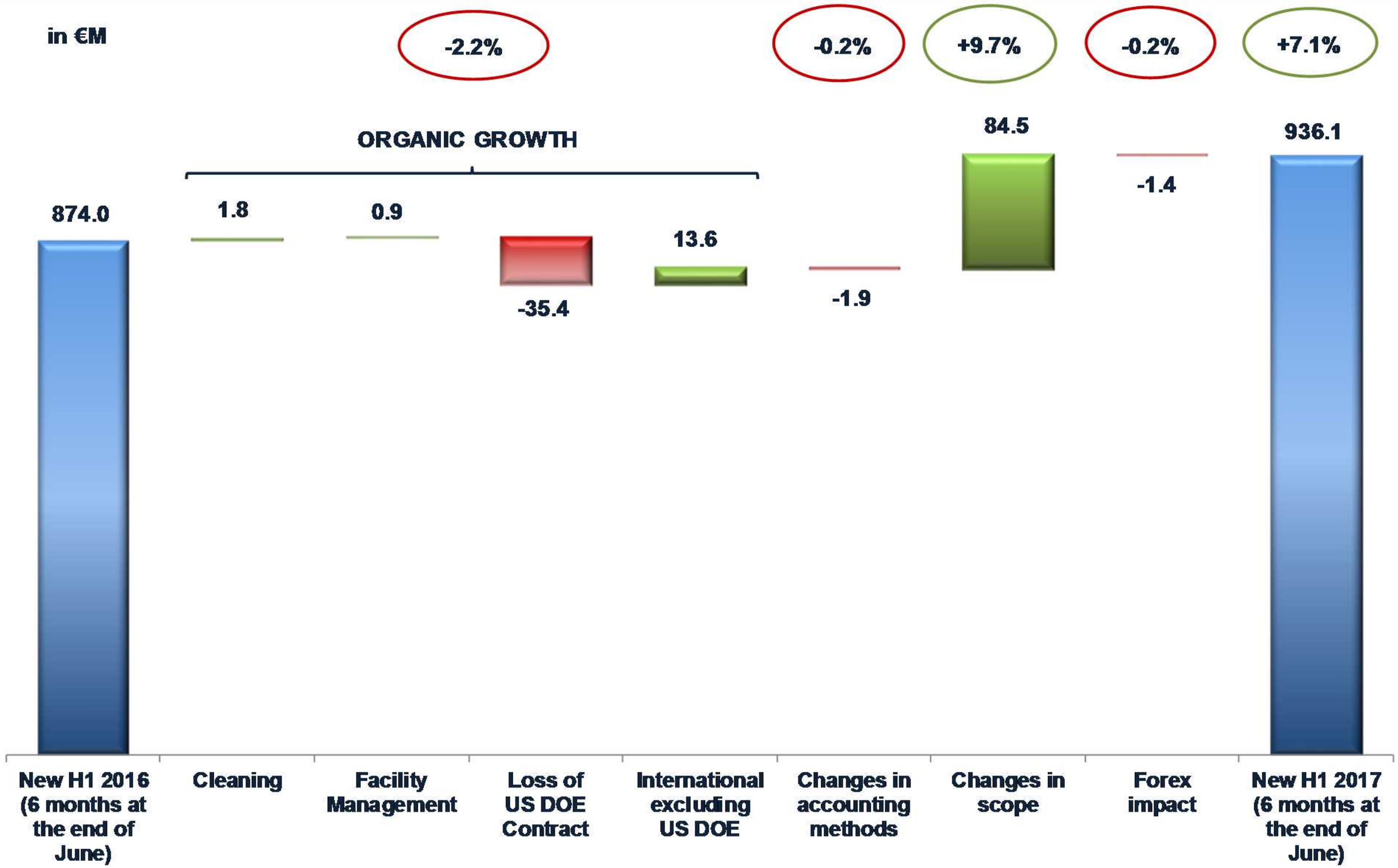
- **FRANCE:** slight increase of revenue (**+€1M**) as a combination of
  - **Cleaning's turnover stabilization at €367M**
  - **Facility management** revenue slight increase of €1.2M mostly explained by
    - Increase of Landscaping's turnover thanks to the acquisition of Bordet Services Espace vert in Chartres and a good commercial trend line in general
    - partly offset by decrease of turnover in Security & Safety due to a temporary demand in Q1 2016 following terrorist attack (Bataclan)

- **INTERNATIONAL:** strong increase of revenue **(+€60.9M)** mainly driven by recent acquisitions
  - Integration of AB Facility in Czech Republic and Slovakia (+€35M)
  - Integration of Atalian BV and Visschedijk in Netherlands (+€21.5M)
  - Integration of Cleaning express group and Ramky in Singapore (+€14.6M)
  - Other external growth mainly in Philippines (Northcom and Able), USA (Aetna) and Russia

  Regarding organic growth, there are two trends:
  - Negative impact related to the loss of DOE contract in the US
  - Increase of turnover in Europe (mainly Czech Republic, Hungary, Romania, Russia and Turkey), Morocco and Asia

(1) Including inter-sectors transactions (-€16.4M in 2017 and -€16.2M in 2016)

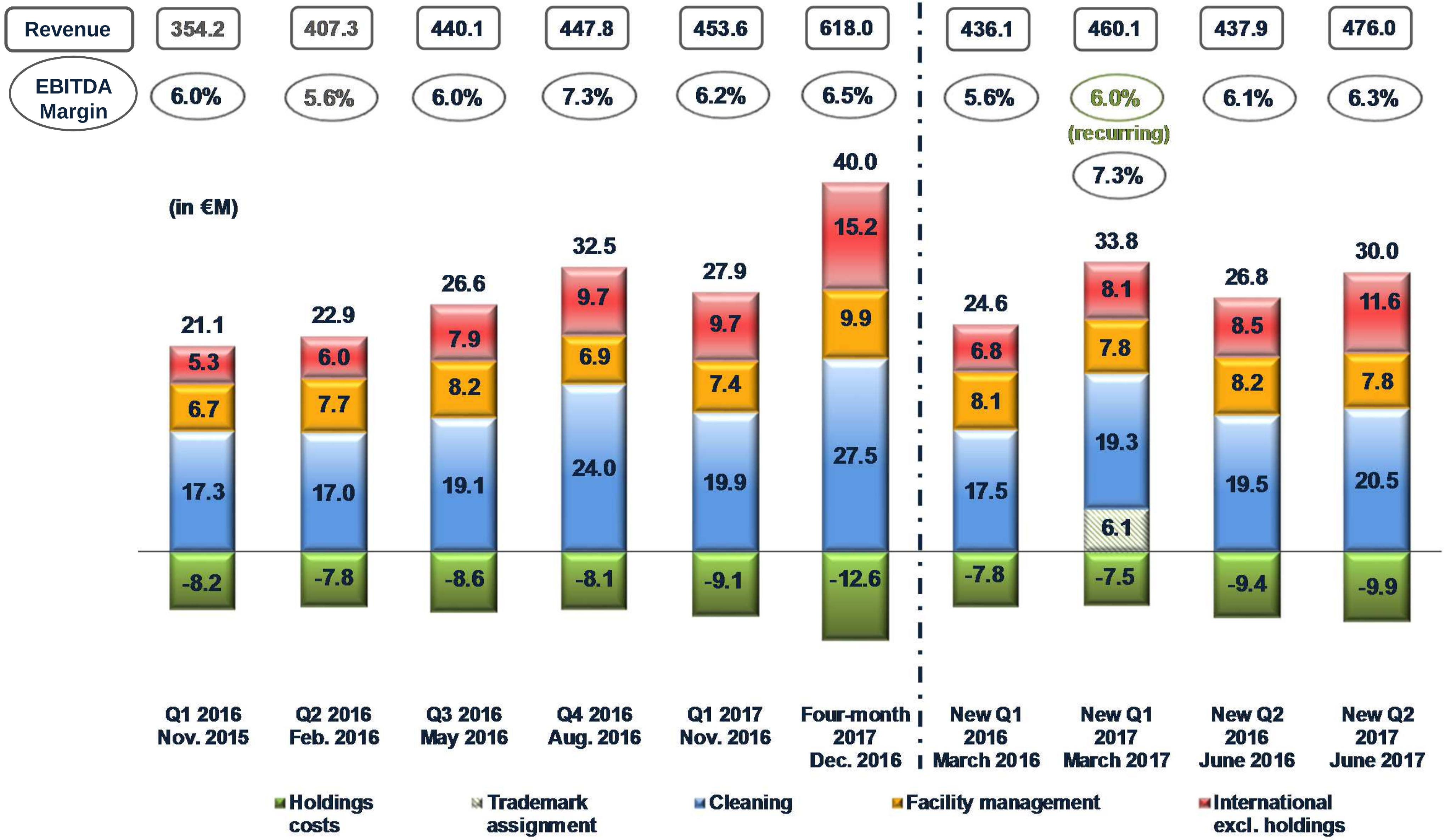
Revenue bridge – New H1 2016 to New H1 2017



- Negative organic growth of -2.2% mainly due to the loss of DOE contract in New York (-4.1%) partially offset by positive organic growth in France and in other countries (mainly Europe and Asia)

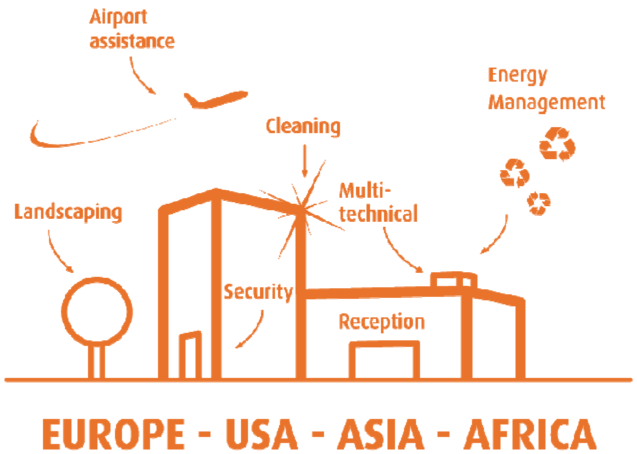
- Positive impact of change in International scope of +€84.5M, mainly related to AB Facility in Czech Republic and Slovakia, and other significant acquisitions in Netherlands, USA and South East Asia (Singapore)
- Negative forex impact essentially due to Turkish Lira

EBITDA – Quarterly evolution



- Continuous increase of recurring EBITDA in new Q2 2017 at €30M (+€3.2M vs. new Q2 2016, i.e. +11.6%)
- Non recurring item in new Q1 2017: trademark assignment of €6.1M
- Holdings costs rate stabilized around 2.1% of revenue for Q2

2 FINANCIAL REVIEW



Net debt

in €M	New H1 2017	Four-month period ended December 31, 2016	New H1 2016
Net cash and cash equivalents	**172.6**	**89.1**	**118.1**
HY bonds	625.0	400.0	400.0
Factoring	15.2	22.5	29.3
Bilateral credit lines	–	29.0	28.0
Others	37.4	40.6	36.2
Total gross debt (1)	**677.6**	**492.1**	**493.5**
Financial instrument	2.1	2.1	1.3
Total net debt	**507.1**	**405.1**	**376.7**
Deconsolidated Factoring	33.0	30.0	33.1
Adjusted Net Debt (2)	**540.1**	**435.1**	**409.8**
Proforma EBITDA (3)	148	115	110
Adjusted net debt / proforma EBITDA (3)	**3.6x**	**3.8x**	**3.7x**

- Reported net debt increased to €540M as of June 30, 2017 (+€105M vs. net debt as of December 31, 2016) following refinancing of existing €400M 2020 Senior Notes with €625M of new 2024 Senior Notes
- Leverage ratio Net debt / Proforma EBITDA decreased to 3.6x as of June 30, 2017 vs 3.8x in December 2016 driven by strong Proforma EBITDA growth

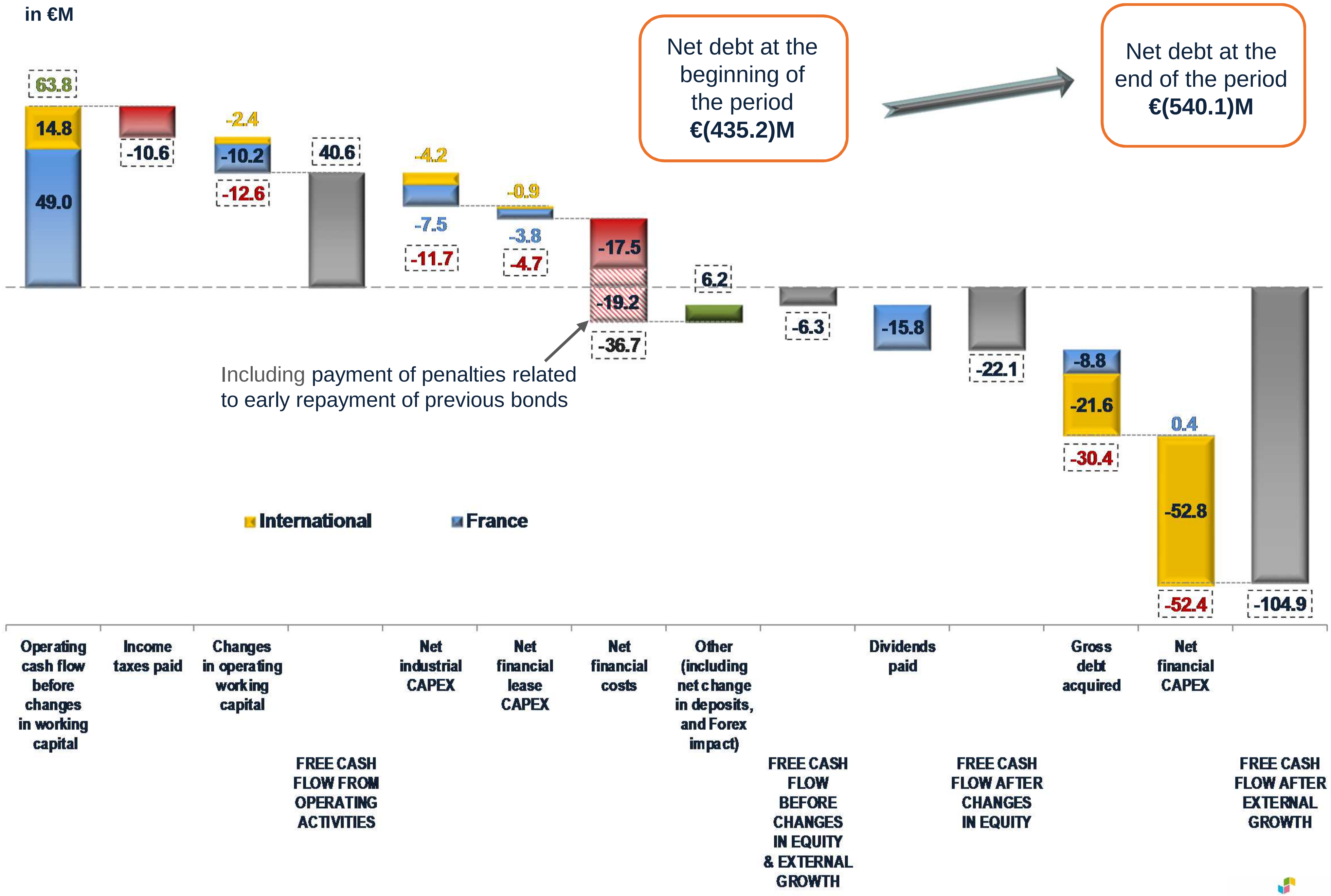
(1) **Excluding the fair value of financial instrument**

(2) **Adjusted of the deconsolidating factoring of receivables**

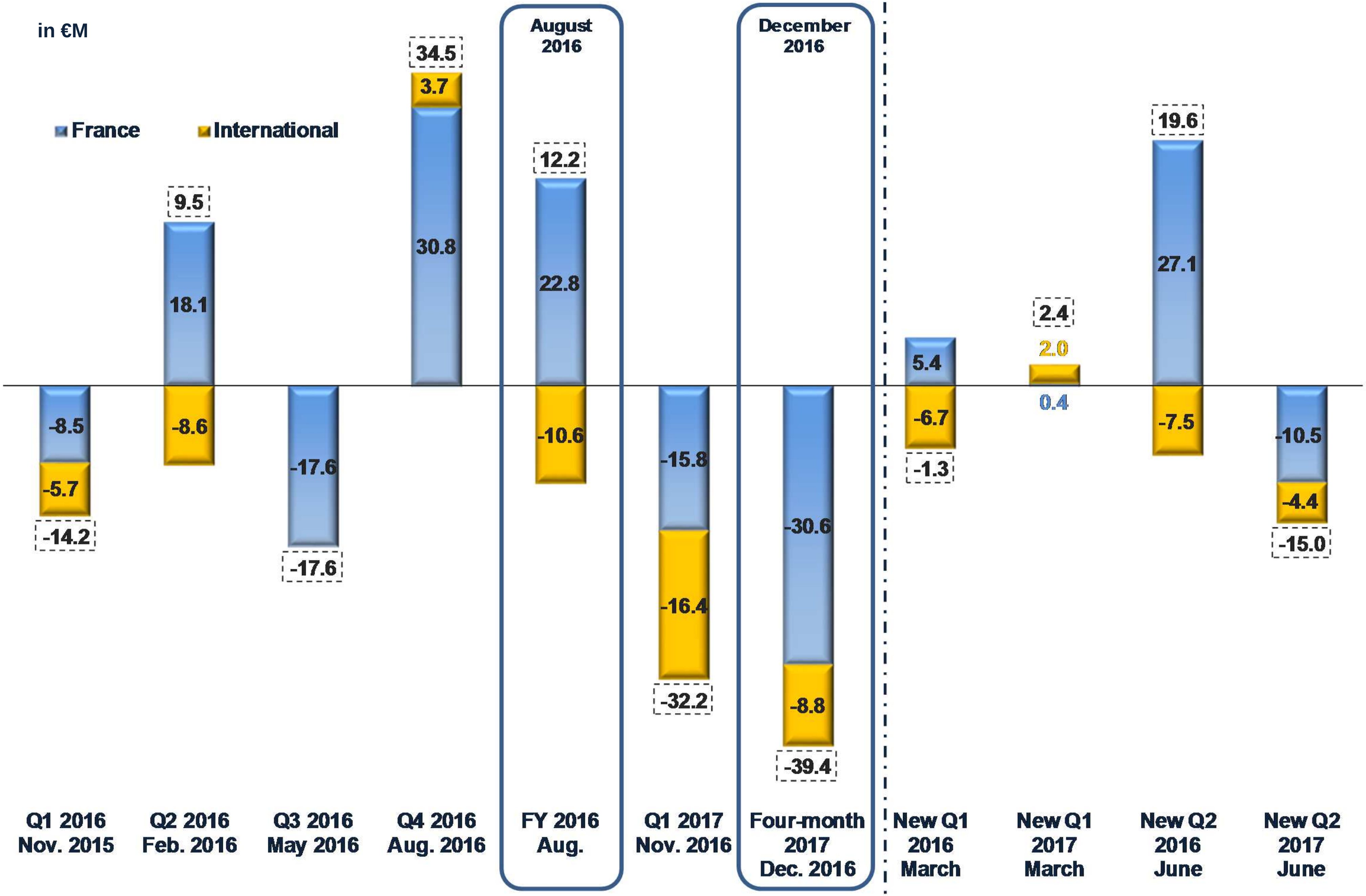
(3) **Proforma EBITDA 2017 is calculated as if the main acquisitions realized during the H1 2017 and FY 2016 had occurred for 12 months**

In €M	Cash and cash equivalents	Factoring loans	Bilateral credit lines	Revolving Credit Facility	Total
Confirmed lines		140.0		18.0	
Utilised lines		48.3		-	
Head room		**91.7**		**18.0**	
Cash available to support Group development	**172.6**	**91.7**		**-**	**264.3**

New H1 net debt evolution



Focus on change in working capital*



** Including change in deconsolidated Factoring*

3 STRATEGY UPDATE

Strategy update and outlook

GROUP

- Annual guidance for December 2017:
  - Continued deleveraging: leverage ratio Net debt / Proforma EBITDA at 3.5x
  - EBITDA margin target at 6.5% including holding costs
  - Further acquisitions of around €50M by the end of the year

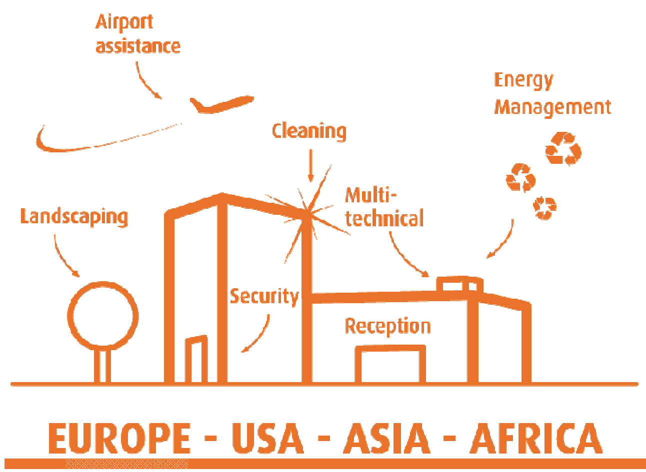
FRANCE

- Acquisitions in France: opportunistic approach to seize targets with quick return on investments
- Diversify client base by increasing the focus on higher margins smaller contracts

INTERNATIONAL

- Asia
  - Acquisitions: continue the quick expansion in a large and high growth market
  - Reach critical size and share best practices to extract synergies between countries
  - Advanced targets in Vietnam (FY revenue ~$20M) and Thailand (FY revenue ~$20M)
- USA
  - 2 LOI signed: Boston (FY revenue ~$50M) and Saint-Louis (FY revenue ~$30M)
  - Reinforce position in three main sectors: education, industrial sites and offices – potential entry in the attractive healthcare market
  - Extracting value via strong synergies with Temco
  - Aim to reach over $500M of sales within 3 to 4 years
- Eastern Europe
  - Increase the number of smaller higher margin contracts
  - Continue implementing cost efficiencies measures
- Africa
  - 2 targets in Senegal and Kenya
  - Aiming to be the leading cleaning and FM provider in a highly growing market with no clear leader
  - Aim to reach over $100M in sales in the medium term

Q&A


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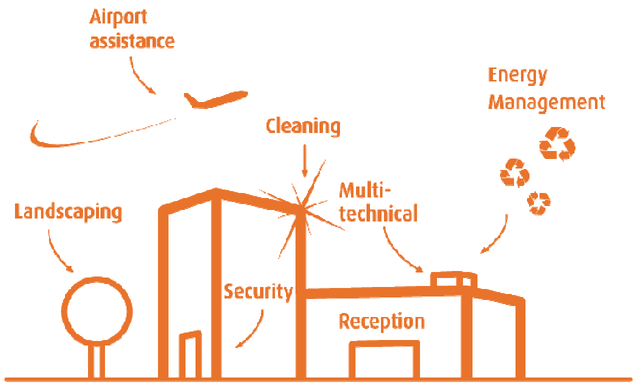
APPENDICES



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Summary of consolidated statement of financial position

In €M	New 1st Half Year June 30, 2017	Four-month period ended December 31, 2016
Intangible assets	561.1	522.4
Property, plant and equipment	89.4	68.3
Other non-current assets	85.8	84.9
Trade receivables	378.8	339.8
Cash and cash equivalents	177.5	91.2
Other current assets	234.1	192.1
Total assets	**1,526.7**	**1,298.7**
Equity (including non-controlling interests)	132.3	130.0
Financial debt (current and non-current)	679.7	494.2
Other non-current liabilities	17.8	18.3
Trade payables	152.9	171.8
Bank overdrafts	4.9	2.2
Other current liabilities	539.1	482.2
Total liabilities	**1,526.7**	**1,298.7**

May 2017 refinancing – Sources & uses

Sources	€M
New Senior Notes	625
Total sources	**625**

Uses	€M
Redemption Senior Notes 2020	415
Accrued and unpaid interests	10
Repayment of bilateral facilities	30
Fees and expenses	9
Cash on balance sheet	161
Total uses	**625**

- €625M of new Senior Notes, with proceeds used to:
  - Refinance existing Senior Notes (callable at 103.625 since 15/01/2017) and pay the related €14.5M call premium
  - Repay the existing bilateral facilities currently drawn at €30M (December 2016)
  - Cash on balance sheet for general corporate purposes / acquisitions during the year

P&L 10 months

in €M	Period ended June 30, 2017 (10M)	Period ended June 30, 2016 (10M)	*Change*
Revenue	**1,554.1**	**1,351.8**	***202.3***
Recurring EBITDA	**97.8**	**79.6**	***18.2***
% margin	*6.3%*	*5.9%*	
Non-recurring EBITDA	**103.9**	**79.6**	***24.3***
% margin	*6.7%*	*5.9%*	
Depreciation and amortization, net	(28.5)	(21.7)	
Provisions and impairment losses, net	(1.7)	(0.6)	
Operating profit	**73.7**	**57.3**	***16.4***
% margin	*4.7%*	*4.2%*	
Financial income	0.3	0.3	
Financial expenses	(49.2)	(26.8)	
Net finance costs	**(48.9)**	**(26.5)**	***(22.4)***
Other financial income and expenses	(1.4)	(1.1)	*(0.3)*
Net financial expense	**(50.3)**	**(27.6)**	*(22.7)*
Income tax expense	(18.6)	(15.1)	*(3.5)*
Share of profit (loss) of associates	0.2	–	
Profit for the period	**5.0**	**14.6**	***(9.6)***

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INVESTOR RELATIONS CONTACT

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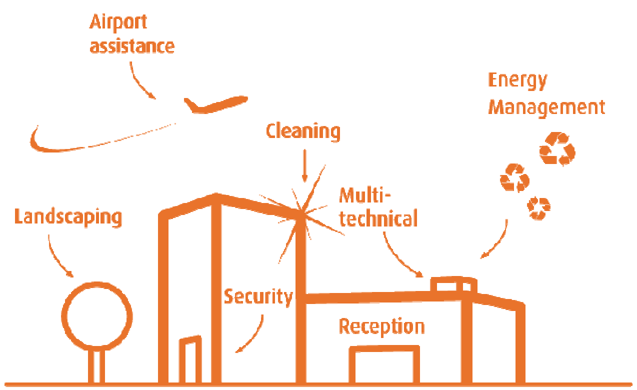

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