

SECOND QUARTER AND FIRST HALF 2021 FINANCIAL RESULTS

Progressive sales recovery to pre-Covid-19 levels
and continued EBITDA growth

- **Strong pick-up in net sales at +16.0% (LfL) in Q2 2021 leading to +4.5% (LfL) in H1 2021**
- **Recurring EBITDA growth of +2.4% LfL in Q2 2021 and 7.5% margin**
- **Cash Flow conversion of 83% in H1 2021, excluding expected deferred payment of social charges and taxes of €48.4m**
- **Strong overall liquidity at €351 million ⁽¹⁾**
- **Net financial debt of €1,198 million and stable leverage at 5.5x**

Performance Q2 & H1 2021 – Group Figures

in € million	Q2 2021 Reported	Q2 2020 Reported	change	var LfL (%)	H1 2021 Reported	H1 2020 Reported	change	var LfL (%)
Net Sales	731.3	634.5	+15.3%	+16.0%	1,413.8	1,373.0	+3.0%	+4.5%
Recurring EBITDA	54.5	54.2	+0.6%	+2.4%	107.5	106.4	+1.0%	+3.2%
<i>EBITDA margin (%)</i>	7.5%	8.5%	-100 bps		7.6%	7.7%	-10 bps	
Current Operating Profit	31.4	28.4	+10.6%		63.5	55.5	+14.4%	
<i>Current operating margin (%)</i>	4.3%	4.5%	-20 bps		4.5%	4.0%	+50 bps	
Net profit (loss) for the period from continuing operations	(9.5)	(13.2)	+3.7		(7.5)	(17.1)	+9.6	
Cash Flow from Operations	6.4	144.1	-137.7		40.6	183.0	-142.4	
Net Financial Debt	1,198.5	1,182.7	+15.8		1,198.5	1,182.7	+15.8	
<i>Leverage ratio (LTM)</i>	5.5x	5.5x			5.5x	5.5x		

According to Group: “Q2 2021 financial results confirmed the progress achieved over the last two years of transformation and the successful mitigation of the pandemic crisis. Net sales up +16.0% like-for-like validates the anticipated recovery and allowed us to deliver the ninth consecutive quarter of recurring EBITDA growth. We delivered a solid 7.5% margin thanks to productivity measures initiated by the operations, despite the progressive reduction of Covid-19 work and the decrease in subsidies.

As announced, Q2 2021 was impacted by the deferred payments of social charges and taxes of €48.4 million. Excluding these items, cash conversion continued to be robust at 83% in H1 2021 and the liquidity position remained ample at €351 million. At the end of June 2021, net financial debt closed at €1,198 million, leading to a leverage ratio of 5.5x.

¹ Including factoring headroom and excluding uncommitted credit facilities. Liquidity was c.€304m excluding factoring headroom and including uncommitted credit facilities

Management remains vigilant to the circumstances and is prepared for the progressive exit from lockdown with the transition to post-COVID service offerings. The business has a positive momentum with a solid pipeline and new sales wins.”

Regional Performance

FRANCE

in € million (*)		Q2 2021 Reported	Q2 2020 Reported	change	var LfL (%)	H1 2021 Reported	H1 2020 Reported	change	var LfL (%)
Net Sales		340.4	297.5	+14.4%	+14.4%	664.4	613.0	+8.4%	+8.4%
Recurring EBITDA		39.4	34.2	+15.3%	+15.3%	75.2	67.5	+11.5%	+11.5%
<i>EBITDA Margin (%)</i>		11.6%	11.5%	+10 bps		11.3%	11.0%	+30 bps	
of which	Cleaning	36.5	30.2	+20.9%	+20.9%	69.0	57.6	+19.8%	+19.8%
	Other activities (incl. FM)	2.9	4.0	-27.5%	-27.5%	6.2	9.9	-37.4%	-37.4%

(*) excluding Corporate holdings

For the first half of 2021, net sales increased by 8.4% (as reported and like-for-like), to €664.4 million as compared to €613.0 million in H1 2020. Net sales growth picked-up strongly in Q2 2021 at +14.4%. This increase was mainly attributable to Covid-19 related extra works in the cleaning business, while regular cleaning activity almost fully recovered. Other activities, such as facility management and security, returned to growth in the second quarter of 2021 as demand improved, supported by the increased vaccination rate and lifted governmental restrictions. In H1 2021, recurring EBITDA increased by 11.5%, to €75.2 million as compared to €67.5 million in H1 2020. In the first six months of 2021, the recurring EBITDA margin increased by 30bps to 11.3%, as compared to 11.0% in the first six months of 2020.

UK

in € million		Q2 2021 Reported	Q2 2020 Reported	change	var LfL (%)	H1 2021 Reported	H1 2020 Reported	change	var LfL (%)
Net Sales		198.3	149.8	+32.4%	+29.7%	364.3	353.4	+3.1%	+2.9%
Recurring EBITDA		13.7	12.8	+7.5%	+5.3%	25.8	26.5	-2.5%	-2.6%
<i>EBITDA Margin (%)</i>		6.9%	8.5%	-160 bps		7.1%	7.5%	-40 bps	

In H1 2021, net sales increased by +3.1%, to €364.3 million, as compared to €353.4 million in H1 2020. Like-for-like net sales growth was +2.9%, including +29.7% during the second quarter of 2021 versus last year when full lockdown was effective. The pick-up resulted from the relative basis of comparison as well as the good performance of our security and cleaning activities, in a context of gradual removal of restrictions related to Covid-19. However, the catering business remained severely impacted. Vaccination and re-opening of the activities is progressively restoring activity in catering and project works. EBITDA for the second quarter of 2021 increased by 5.3% (LfL). In H1 2021, recurring EBITDA decreased by 2.5%, to €25.8 million, as compared to €26.5 million in H1 2020. The recurring EBITDA margin decreased by 40 basis points to 7.1% in H1 2021, compared to 7.5% in H1 2020.

INTERNATIONAL

in € million (*)	Q2 2021 Reported	Q2 2020 Reported	change	var LfL (%)	H1 2021 Reported	H1 2020 Reported	change	var LfL (%)
Net Sales	193.9	187.6	+3.4%	+8.1%	386.2	407.5	-5.2%	+0.0%
Recurring EBITDA	13.6	16.4	-17.0%	-8.0%	28.6	29.6	-3.5%	+5.4%
EBITDA Margin (%)	7.0%	8.7%	-170 bps		7.4%	7.3%	+10 bps	
of which Central Europe (excl. Aktrion)	5.2	6.6	-21.2%	-17.0%	9.8	10.4	-6.0%	+0.8%
USA	3.9	3.9	+0.0%	+10.8%	8.1	6.6	+22.7%	+34.4%
Other	4.5	5.9	-23.5%	-2.7%	10.7	12.6	-15.3%	+0.1%

(*) excluding Corporate holdings

In Q2 2021, net sales increased by +3.4% to €193.9 million. Like-for-like net sales increase was 8.1% in the quarter ending June 2021. H1 2021 net sales reached €386.2 million, as compared to €407.5 million in H1 2020. Like-for-like net sales were flat. During the first half of 2021, EBITDA increased by 5.4% on a like-for-like basis. The EBITDA margin was up 10 basis points year-on-year due to margins improvement in Belgium and the US, driven by cost efficiencies and growth of demand for higher margin infection prevention services, partly offset by the combination of lower volume and lower subsidies remittance in CEE and Asia and the lockdown restrictions in Asia.

Outlook 2021

Despite the still challenging way out from the pandemic, management starts seeing favourable business momentum in most business areas and is confident that this overall positive trend will continue moving forward.

Although further recovery will likely drag into H2 2021, management confirms previous guidance of a more favourable second half to the year. 2021 will be another year of progress for the Group thanks to a strong sales pipeline, tight controls imposed on costs and operational efficiencies.

Atalian will hold a Q2 & H1 2021 Results Release Conference Call for Investors and Analysts on July 29, 2021 at 3:00pm CEST (Brussels/Paris time).

The Unaudited Interim Consolidated Financial Statements for the period ended June 30, 2021 and a slide presentation will be available on the Atalian website before the call (<https://atalian.com/investors-area/investors-news>). The conference call will be available as a replay on demand on our website during three months after the conference call.

INVESTOR CONTACT

Jean-Michel Bonamy, Head of Investor Relations & M&A
investorcontact.fr.ags@atalianworld.com



DISCLAIMER

The figures in this release are based on our unaudited interim financial statements for the respective period. Percentage figures which support comparisons with earlier periods refer to the prior year or to the corresponding quarter in the prior year unless otherwise stated.

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FINANCIAL DEFINITIONS

- **Like for like**

Like-for-like information is information factoring out changes in the scope of consolidation, such as divestments and acquisitions, and currency translation effects.

- **EBITDA**

The EBITDA (Earnings before interest, tax, depreciation and amortization) is an indicator to measure the performance of the Group excluding the impacts of non-recurring items. It is defined as:

- + Operating profit (EBIT)
- + Depreciation, amortization and impairment of operating assets
- + Restructuring, litigation, implementation and other non-recurring costs.

- **Non-Recurring items**

Restructuring, litigation, implementation and other non-recurring costs comprise significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing performance, such as strategic restructuring, and other business-related litigation cases.

- **Net Financial Debt**

The Net financial debt ("Net debt") is an indicator to measure the financial debt of the Group after deduction of the cash. It is defined as:

- + Financial liabilities (long-term and short-term) including accrued interests and derivative liabilities;
- Net cash and cash equivalents; and
- Derivative assets

- **Cash Flow from Operations**

The Cash Flow from Operations is an indicator to measure the level of cash generated by the Operations of the Group after capitalized expenditures. It is defined as:

- + EBITDA
- +/- Non Recurring cash items
- +/- Other Operating Non Cash Adjustments
- +/- Change in Working capital after non-recourse factoring
- Net Capitalized Expenditures, excluding leased capex;
- Rent expenses and embedded interest related to IFRS 16
- Income Tax paid

- **Free Cash Flow**

The Cash Flow is an indicator to measure the level of cash generated by the Group after payment of financial interest. It is defined as:

- +/- Cash flow from operations;
- Financial interest paid