

SECOND QUARTER & FIRST HALF 2022 FINANCIAL RESULTS

Binding and irrevocable offer by CD&R to acquire Atalian
Solid Net Sales growth and Recurring EBITDA impacted by the USA

- Binding and irrevocable offer by CD&R to acquire 100% of share capital of Atalian
- Acquisition of Incentive FM in the UK
- Solid Net Sales growth of +3.3% LfL in Q2 2022 leading to +6.4% LfL in H1 2022
- Recurring EBITDA of €39.8 million in Q2 2022 impacted by US operations
- Liquidity of €187 million ⁽¹⁾
- Net financial debt of €1,330 million and leverage at 7.0x, including €60 million relating to non-recurring items and acquisition of Incentive FM

Performance Q2 & H1 2022 – Group Figures

€ million	Q2 2022 Actual	Q2 2021 Restated	change	var LfL (%)	H1 2022 Actual	H1 2021 Restated	change	var LfL (%)
Net Sales	758.1	731.3	+3.7%	+3.3%	1,505.5	1,413.8	+6.5%	+6.4%
Recurring EBITDA excluding USA	47.4	51.3	-7.6%	-7.1%	94.6	100.2	-5.6%	-4.4%
Recurring EBITDA Margin ex USA (%)	6.6%	7.4%	-80bps		6.6%	7.5%	-90bps	
Recurring EBITDA	39.8	55.2	-27.9%	-26.1%	86.7	108.2	-19.9%	-18.1%
Recurring EBITDA Margin (%)	5.2%	7.5%	-230bps		5.8%	7.7%	-190bps	
Operating Profit	2.3	26.1	(23.8)		21.5	57.4	(35.9)	
Net profit (loss) for the period	(22.4)	(8.8)	(13.6)		(28.8)	(6.8)	(22.0)	
Cash Flow from Operations (CFFO)	(35.4)	6.4	(41.8)		(35.2)	40.6	(75.8)	
Net Financial Debt	1,329.7	1,198.5	131.2		1,329.7	1,198.5	131.2	
Leverage ratio (LTM)	7.0x	5.6x			7.0x	5.6x		

According to Group: “CD&R made a binding and irrevocable offer to acquire 100% of the share capital of Atalian. Subject to customary regulatory and competition authorities' approval and the completion of the acquisition of OCS International Limited by CD&R, closing is expected to occur by end of 2022, which will trigger the full redemption of senior notes due 2024 and 2025. As part of the transaction, the Group finalised the acquisition of Incentive FM, a leading UK FM services provider.

¹ Including factoring headroom and excluding uncommitted credit facilities. Liquidity was c.€132 million excluding factoring headroom and uncommitted credit facilities

Atalian started 2022 strongly with like-for-like net sales growth of 6.4% in the first half driven by the contract wins of 2021 and early 2022. Commercial activity remains strong with new contract wins amounting to €218 million at end June 2022 and ongoing pipeline of €3.6 billion ⁽²⁾ up 21% versus 2021, boding well for the rest of the year performance. H1 2022 Recurring EBITDA margin of 5.8% included the lower contribution of Covid-19, and more significantly the impact of delayed recovery of the US operations. Excluding the USA, margin was 6.6%.

The consequences on the economy of higher inflation and subsequent interest rate hikes are difficult to predict. Management remains mobilised to deliver on its growth objective of 4% to 6% like-for-like and expects Recurring EBITDA margin in the second half to improve compared with the first half of 2022, and to reach circa 7% for the full year of 2022, excluding the USA."

Regional Performance

FRANCE

€ million	Q2 2022 Actual	Q2 2021 Restated	change	var LfL (%)	H1 2022 Actual	H1 2021 Restated	change	var LfL (%)
Net Sales	343.3	340.4	+0.9%	+0.9%	684.5	664.4	+3.0%	+3.0%
Recurring EBITDA (*)	33.7	39.4	-14.5%	-14.5%	70.7	75.2	-6.0%	-6.0%
<i>Recurring EBITDA Margin (%)</i>	9.8%	11.6%			10.3%	11.3%		
of which: Cleaning	31.7	36.5	-13.2%	-13.2%	66.7	69.0	-3.3%	-3.3%
Other activities	2.0	2.9	-31.0%	-31.0%	4.0	6.2	-35.5%	-35.5%

(*) excluding corporate holdings

In the second quarter of 2022, Net Sales increased by €2.9 million, or 0.9% (as reported and like-for-like), to €343.3 million, as compared to €340.4 million in the second quarter of 2021. Net Sales growth was driven by dynamic commercial development of 2021 and early 2022 benefiting all activities, as well as indexation, despite the sharp decrease in contribution of Covid-19 related special works.

Recurring EBITDA decreased by €5.7 million, or 14.5%, to €33.7 million, as compared to €39.4 million in the second quarter of 2021. Recurring EBITDA margin reached 9.8%, down 180 basis points compared to the second quarter of 2021, due to the lower contribution of Covid-19 related special works and the impact of inflation of costs being partly mitigated by indexation.

² Annualised net sales

UK

€ million	Q2 2022 Actual	Q2 2021 Restated	change	var LfL (%)	H1 2022 Actual	H1 2021 Restated	change	var LfL (%)
Net Sales	220.7	198.3	+11.3%	+9.4%	430.7	364.3	+18.2%	+14.7%
Recurring EBITDA	15.3	13.7	+11.7%	+9.5%	28.9	25.8	+12.0%	+8.6%
<i>Recurring EBITDA Margin (%)</i>	6.9%	6.9%			6.7%	7.1%		

Nota: P&L in Q2 & H1 2022 exclude Incentive FM

In the second quarter of 2022, Net Sales increased by €22.4 million or 11.3%, to €220.7 million, as compared to €198.3 million in the second quarter of 2021. The appreciation of the UK pound sterling versus the euro had a €3.7 million positive impact (+1.9%) on Net Sales. Like-for-like Net Sales growth was 9.4% in the second quarter of 2022, despite the one-off G7 event in the second quarter of 2021. Like-for-like Net Sales growth was 14.7% like-for-like in the first half of 2022. The solid growth in the second quarter was mostly driven by contract wins of 2021 and 2022 and the end of Covid-19 restrictions, benefiting all activities except security due to the one-off G7 event of 2021. Catering returned to pre-Covid-19 levels.

Recurring EBITDA increased by €1.6 million, or +11.7%, to €15.3 million, as compared to €13.7 million in the second quarter of 2021. Recurring EBITDA margin was flat at 6.9% as the margin expansion relating to productivity gains was offset by the non-recurring benefit from furlough scheme and the one-off G7 event of 2021.

INTERNATIONAL

€ million	Q2 2022 Actual	Q2 2021 Restated	change	var LfL (%)	H1 2022 Actual	H1 2021 Restated	change	var LfL (%)
Net Sales	196.2	193.9	+1.2%	+1.1%	393.1	386.2	+1.8%	+4.6%
Recurring EBITDA excluding USA (*)	10.7	10.4	+2.9%	+1.7%	21.4	21.2	+0.9%	+6.4%
<i>Recurring EBITDA Margin ex USA (%)</i>	6.7%	6.8%			6.7%	7.0%		
Recurring EBITDA (*)	3.2	14.3	-77.6%	-73.8%	13.6	29.3	-53.6%	-47.2%
<i>Recurring EBITDA Margin (%)</i>	1.6%	7.4%			3.5%	7.6%		
of which: Central & Eastern Europe	4.4	5.2	-15.4%	-6.9%	8.4	9.8	-14.3%	-2.6%
USA	(7.5)	3.9	-292.3%	-273.9%	(7.8)	8.1	-196.3%	-188.1%
Other	6.3	5.2	+21.2%	+10.5%	13.0	11.4	+14.0%	+14.0%

(*) excluding country corporate holdings

In the second quarter of 2022, Net Sales increased by €2.3 million, or 1.2%, to €196.2 million, as compared to €193.9 million in the second quarter of 2021. When excluding the effects of perimeter (plus €0.5 million or +0.2%) and foreign exchange rates (minus €0.2 million or -0.1%, the depreciation of the Turkish lira versus the euro being almost mitigated by the appreciation of the US dollar versus the euro), like-for-like Net Sales increased by 1.1% in the second quarter of 2022 compared to the second quarter of 2021. When excluding the 20.6% decrease in Net Sales in the USA due to contract losses and delayed commercial recovery, like-for-like Net Sales growth was +6.8% in the second quarter of 2022 and +10.3% like-for-like in the first half of 2022, driven by the recovery of operations in Benelux and Central & Eastern Europe.



Recurring EBITDA decreased by €11.1 million to €3.2 million, as compared to €14.3 million in the second quarter of 2021, down 69.7% on like-for-like basis. Recurring EBITDA margin went down 580 basis points to 1.6% mainly reflecting the impact of Net Sales decrease in the US leading to a €11.4 million decline in Recurring EBITDA in this geography to a €7.5 million loss (including €(1.2) million of “balance sheet clean-up” items), as well as the impact of the current Ukraine crisis in Central & Eastern Europe. These items absorbed the improvement in Benelux and Asia. Excluding the USA, margin was 6.7% in the second quarter of 2022, down 10 basis points compared with 2021.

Outlook

After a strong start of the year at +9.7% like-for-like over the first three months of 2022, Net Sales growth remained solid in the second quarter due to the benefit of the strong commercial performance of 2021 and early 2022.

At this point in time, the consequences on the economy of higher inflation and subsequent interest rate hikes are difficult to predict. Management remains mobilised to deliver on its growth objective of 4% to 6% like-for-like and expects Recurring EBITDA margin in the second half to improve compared with the first half of 2022, and to reach circa 7% for the full year of 2022, excluding the USA.

Atalian will hold a Q2 & H1 2022 Results Release Conference Call for Investors and Analysts on July 28, 2022 at 3:00pm CEST (Brussels/Paris time).

The Unaudited Consolidated Financial Statements for the period ended June 30, 2022 and a slide presentation will be available on the Atalian website before the call (<https://atalian.com/investors-area/investors-news>). The conference call details will be available on our website. A replay on demand on our website will be accessible on our website during three months after the conference call ends.

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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.

- **Recurring EBITDA**

The Recurring 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 costs**

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:

- + Recurring 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