

ATALIAN GROUP

Q3 & 9M 2022

CONSOLIDATED FINANCIAL RESULTS



EUR/USD	2,5386
Open at	3,7762
Lot	2,3574
MARGIN 59.25 USD	
BUY 3.6538	SELL 4.5792
Order 16.73	volume 9.52



ATALIAN

GLOBAL SERVICES



The figures in this presentation are based on 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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Rob LEGGE
Group CEO



Bruno BAYET
Group CFO

01. Q3 & 9M 2022 Highlights

- An extension of the exercise period of the put option to 16 December 2022 has been decided by Atalian shareholder and CD&R in order to continue the discussions within the envisaged transaction
- At the same time, additional analyses are expected within a few days on France and the USA which are showing a decline in financial performance
- **Closing subject to:**
 - Consultations to the competent workers’ councils.....  18-Nov-2022
 - Customary conditions, including:
 - Regulatory and competition authority approvals.....  25-Nov-2022
 - Completion of the acquisition of OCS International Limited by CD&R.....  30-Nov-2022
 - Carve-out of assets excluded from the transaction.....  by closing
 - Shareholder offer acceptance (put option exercise).....  by 16-Dec-2022

HIGHLIGHTS

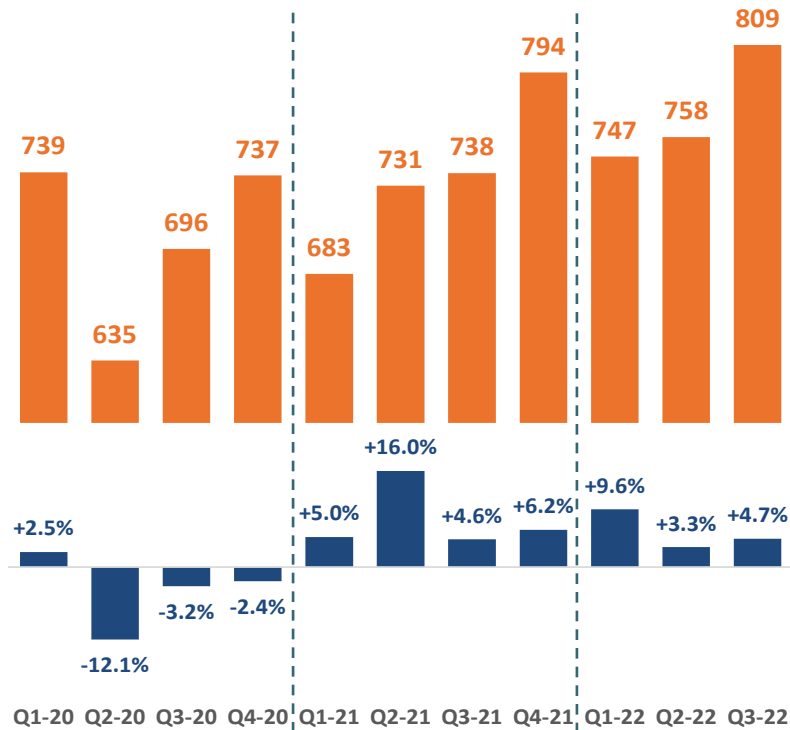
- Indexation plan in France well advanced, with productivity and contract efficiency all underway from March 2022, and planning for further increase in 2023
- Launch of a significant reorganisation in the USA against the backdrop of delayed commercial recovery

FINANCIALS

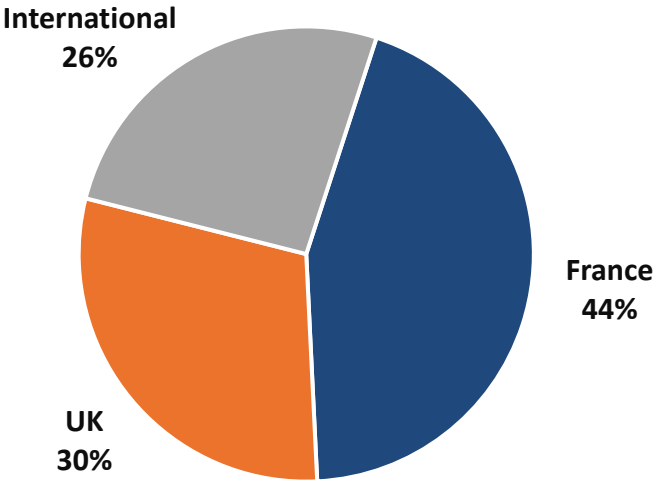
- Net sales growth of 4.7% like-for-like in Q3 2022 driven by solid contract wins and indexation, leading to +5.8% LfL in 9M 2022
- Excluding the USA, Recurring EBITDA down 20% LfL in Q3 2022 and down 10% LfL in 9M 2022 mainly resulting from the impact of contract losses at high margin not offset by the benefit of contract wins at lower margin in France, and lower Covid-19 related special works
- USA down €6.5 million LfL in Q3 2022 and down €21.7 million LfL in 9M 2022 due to further contract losses. Significant reorganization currently ongoing to rationalize the US operations
- Recurring EBITDA of €38.7 million in Q3 2022 down 31.4% LfL, leading to Recurring EBITDA of €125.4 million in 9M 2022, down 22.8% LfL
- CFFO of €(7.7) million in Q3 2022 including €(10.1) million in the USA, and impact of strong like-for-like growth and phasing on working capital

NET SALES GROWTH OF 4.7% LFL IN Q3 2022 LEADING TO ALL TIME HIGH QUARTERLY SALES

Net sales (€ million)
Year-on-year like-for-like growth (%)



Net sales by geography

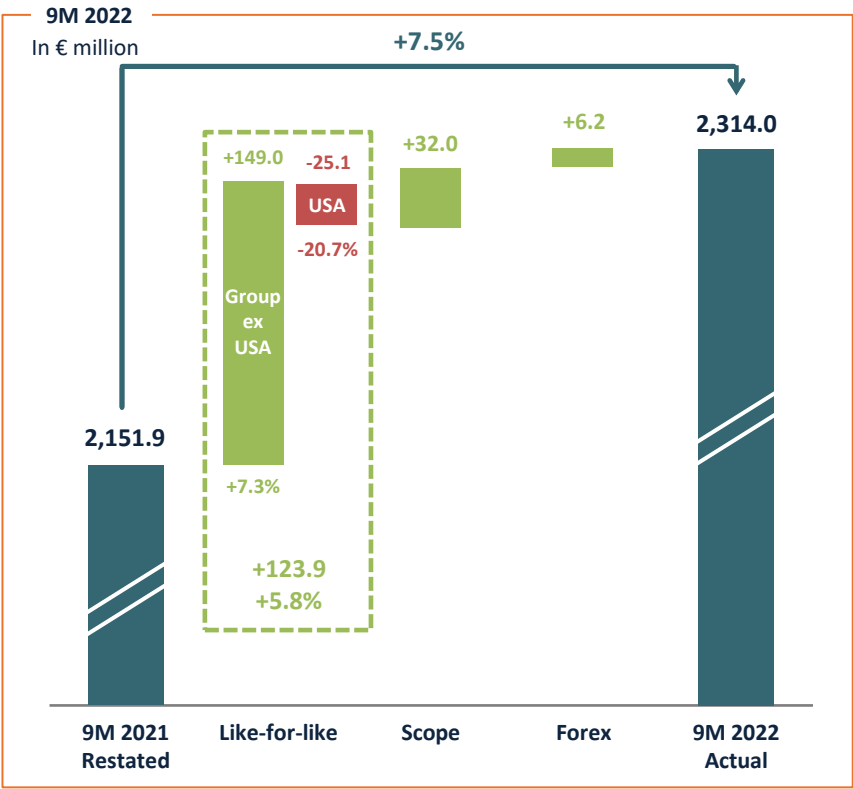
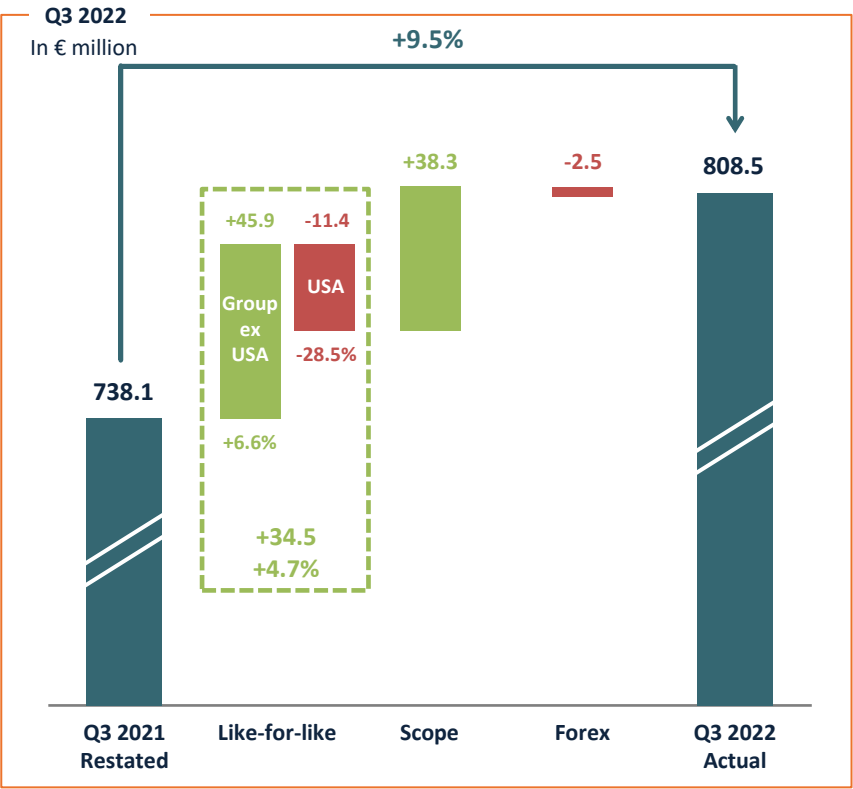


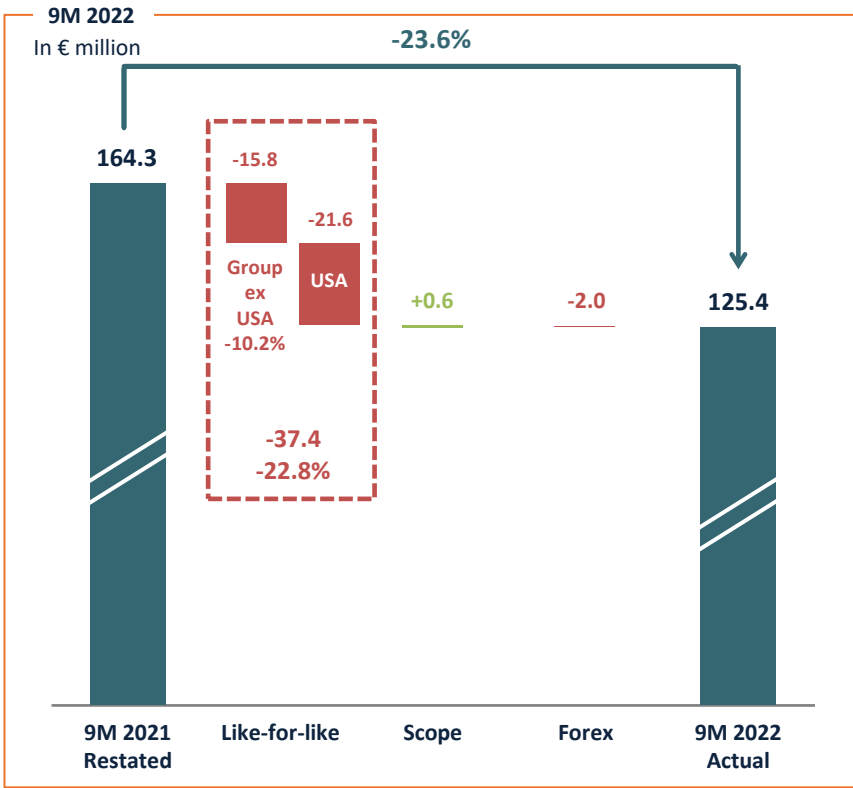
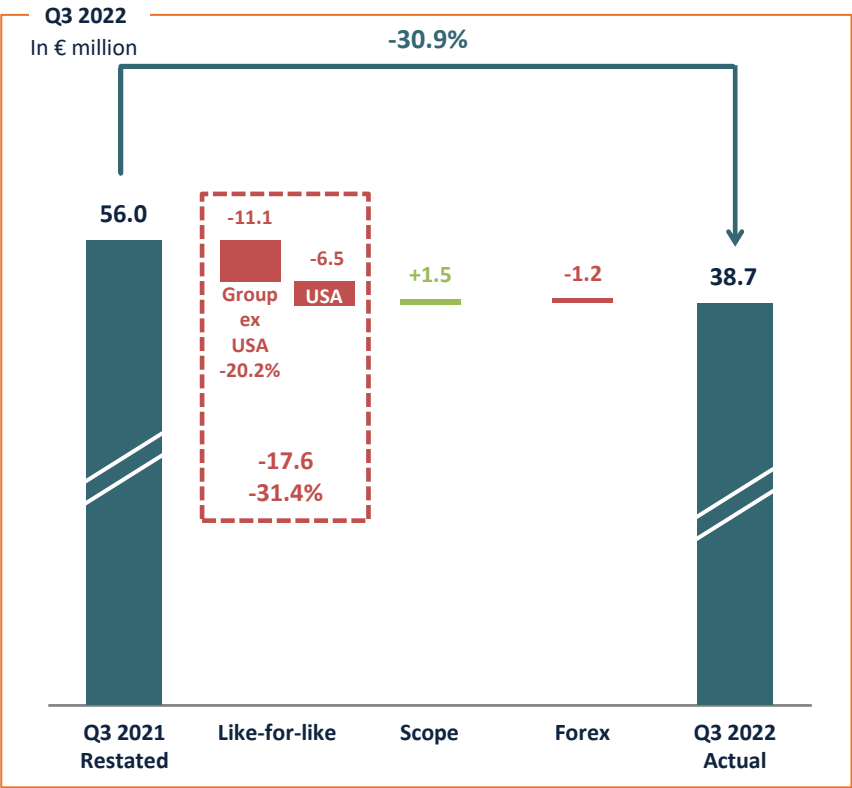
2. Q3 & 9M 2022 Financial Results

Q3 & 9M 2022 PERFORMANCE HIGHLIGHTS (*)

€ million	Q3 2022 Actual	Q3 2021 Restated	change	var LfL (%)	9M 2022 Actual	9M 2021 Restated	change	var LfL (%)
Net Sales	808.5	738.1	+9.5%	+4.7%	2,314.0	2,151.9	+7.5%	+5.8%
Recurring EBITDA excluding USA	45.1	55.1	-18.2%	-20.2%	139.7	155.3	-10.0%	-10.2%
<i>Recurring EBITDA Margin ex USA (%)</i>	<i>5.8%</i>	<i>7.9%</i>	<i>-210bps</i>		<i>6.3%</i>	<i>7.6%</i>	<i>-130bps</i>	
Recurring EBITDA	38.7	56.0	-30.9%	-31.4%	125.4	164.3	-23.7%	-22.8%
<i>Recurring EBITDA Margin (%)</i>	<i>4.8%</i>	<i>7.6%</i>	<i>-280bps</i>		<i>5.4%</i>	<i>7.6%</i>	<i>-220bps</i>	
Operating Profit	28.0	31.5	(3.5)		49.5	88.9	(39.4)	
Net profit (loss) for the period	(2.5)	(0.1)	(2.4)		(31.3)	(6.9)	(24.4)	
Cash Flow from Operations (CFFO)	(7.7)	(5.3)	(2.4)		(42.9)	35.3	(78.2)	
Net Financial Debt	1,348.6	1,244.4	104.2		1,348.6	1,244.4	104.2	
<i>Leverage ratio (LTM)</i>	<i>7.9x</i>	<i>5.8x</i>			<i>7.9x</i>	<i>5.8x</i>		

* Definitions in Appendices





€ million	Q3 2022 Actual	Q3 2021 Restated	change	var LfL (%)	9M 2022 Actual	9M 2021 Restated	change	var LfL (%)
Net Sales	347.2	345.3	+0.6%	+0.6%	1,031.6	1,009.7	+2.2%	+2.2%
Recurring EBITDA (*)	29.7	38.2	-22.3%	-22.3%	100.4	113.4	-11.5%	-11.5%
<i>Recurring EBITDA Margin (%)</i>	<i>8.6%</i>	<i>11.1%</i>	<i>-250bps</i>		<i>9.7%</i>	<i>11.2%</i>	<i>-150bps</i>	
of which: Cleaning	27.4	34.9	-21.5%	-21.5%	94.1	103.8	-9.3%	-9.3%
Other activities	2.3	3.3	-30.3%	-30.3%	6.3	9.6	-34.4%	-34.4%



- Net sales up 0.6% LfL in Q3 2022 with contract wins offsetting the impact of greater-than-expected contract losses, leading to +2.2% in 9M 2022
- Growth driven by strong commercial development of 2021, benefit of Integrated FM strategy (+95%), partly offset by lower contribution of Covid-19 related special works impacting cleaning activities. Limited indexation of +1% in Q3 2022
- Recurring EBITDA margin of 8.6%, down year-on-year due to:
 - Lower margins of contract renewals and higher loss rate on existing contracts not compensated by new contract starts
 - Lower positive impact of special works
 - Inflation fully offset by indexation and productivity measures implemented during the year

Impact on 2022 Recurring EBITDA

ACTION

▪ **COMMERCIAL**
Increase in contract losses, accelerated contract renewals and lower projects



▪ **Acceleration in commercial momentum** through Integrated FM, client satisfaction

▪ **INFLATION & INDEXATION**
Wage & procurement inflation since January 2022



▪ Targeted **indexation** and **improved pass-through**

▪ **PRODUCTIVITY**
Ongoing efficiency measures



▪ **Accelerated implementation of productivity measures** through SG&A cost saving and contract efficiency

€ million	Q3 2022 Actual	Q3 2021 Restated	change	var LfL (%)	9M 2022 Actual	9M 2021 Restated	change	var LfL (%)
Net Sales	262.4	197.5	+32.9%	+12.5%	693.0	561.8	+23.4%	+13.9%
Recurring EBITDA	17.9	15.7	+14.0%	+5.4%	46.8	41.5	+12.8%	+7.4%
Recurring EBITDA Margin (%)	6.8%	7.9%	-110bps		6.8%	7.4%	-60bps	



- Strong Q3 net sales growth at +12.5% LfL thanks to the impact of contract wins of 2021
- All activities posted double digit growth, except Integrated FM at high single digit growth due to relative basis of comparison.
- Recurring EBITDA up 5.4% LfL with solid margin at 6.8%, as lower profitability of recent contract wins and lower margins in catering due to inflation, were partly offset by the benefit of productivity gains
- Incentive FM contributed €39.7 million in net sales and €1.4 million in Recurring EBITDA in Q3 2022
- Positive impact of higher GBP vs EUR: +€13.3 million in net sales and +€0.9 million in recurring EBITDA in 9M

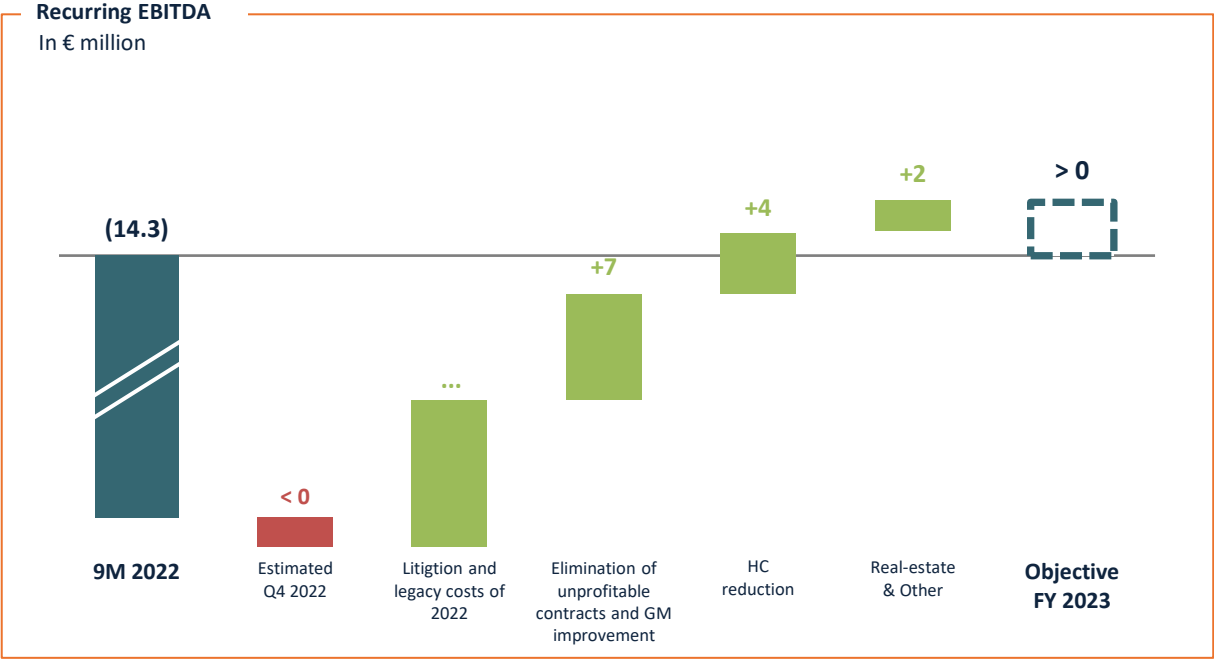
€ million	Q3 2022 Actual	Q3 2021 Restated	change	var LfL (%)	9M 2022 Actual	9M 2021 Restated	change	var LfL (%)
Net Sales	200.2	196.6	+1.8%	+3.6%	593.3	582.4	+1.9%	+4.3%
Recurring EBITDA excluding USA (*)	11.4	14.4	-20.8%	-11.9%	32.9	35.6	-7.6%	-2.3%
<i>Recurring EBITDA Margin ex USA (%)</i>	6.9%	9.2%	-230bps		6.8%	7.7%	-90bps	
Recurring EBITDA (*)	5.0	15.3	-67.3%	-53.5%	18.6	44.6	-58.3%	-50.4%
<i>Recurring EBITDA Margin (%)</i>	2.5%	7.8%	-530bps		3.1%	7.7%	-460bps	
of which: Central & Eastern Europe	4.1	4.8	-14.6%	-4.4%	12.5	14.6	-14.4%	-3.2%
USA	(6.4)	0.9	ns	ns	(14.3)	9.0	ns	ns
Other	7.3	9.6	-24.0%	-15.7%	20.4	21.0	-2.9%	-1.8%

- Q3 2022 net sales up 3.6% LfL, impacted by the 28.6% decline in the USA. Excluding the USA, LfL net sales growth of 11.8% in Q3 2022 and +10.8% in 9M 2022, driven by solid performance in Benelux and CEE
- Recurring EBITDA margin of 2.5% in Q3 2022 due to negative EBITDA in the USA. Excluding the USA, margin of 6.9% in Q3 2022 down 230bps year-on-year
- CEE:** Lower recurring EBITDA due to delayed indexation, despite positive impact of increased scope of work in most countries
- USA:** Negative recurring EBITDA due to lower net sales, resulting from delayed recovery
- Other:** Mostly driven by solid growth in Benelux, Aktrion and Asia. Impact of deconsolidation of Harta for €1.0 million in Asia in 9M
- Negative impact FX rates depreciation vs EUR: €6.3 million in net sales and €2.7 million in recurring EBITDA in 9M mostly due to Turkish lira

- Right sizing of the organization focusing on profitable contracts
 - Restructuring plan with 40% headcount reduction in support functions
 - SG&A cost reduction including real-estate, insurance...
-
- Exploring all strategic options including divestment



Back to positive Recurring EBITDA
as early as Q1 2023



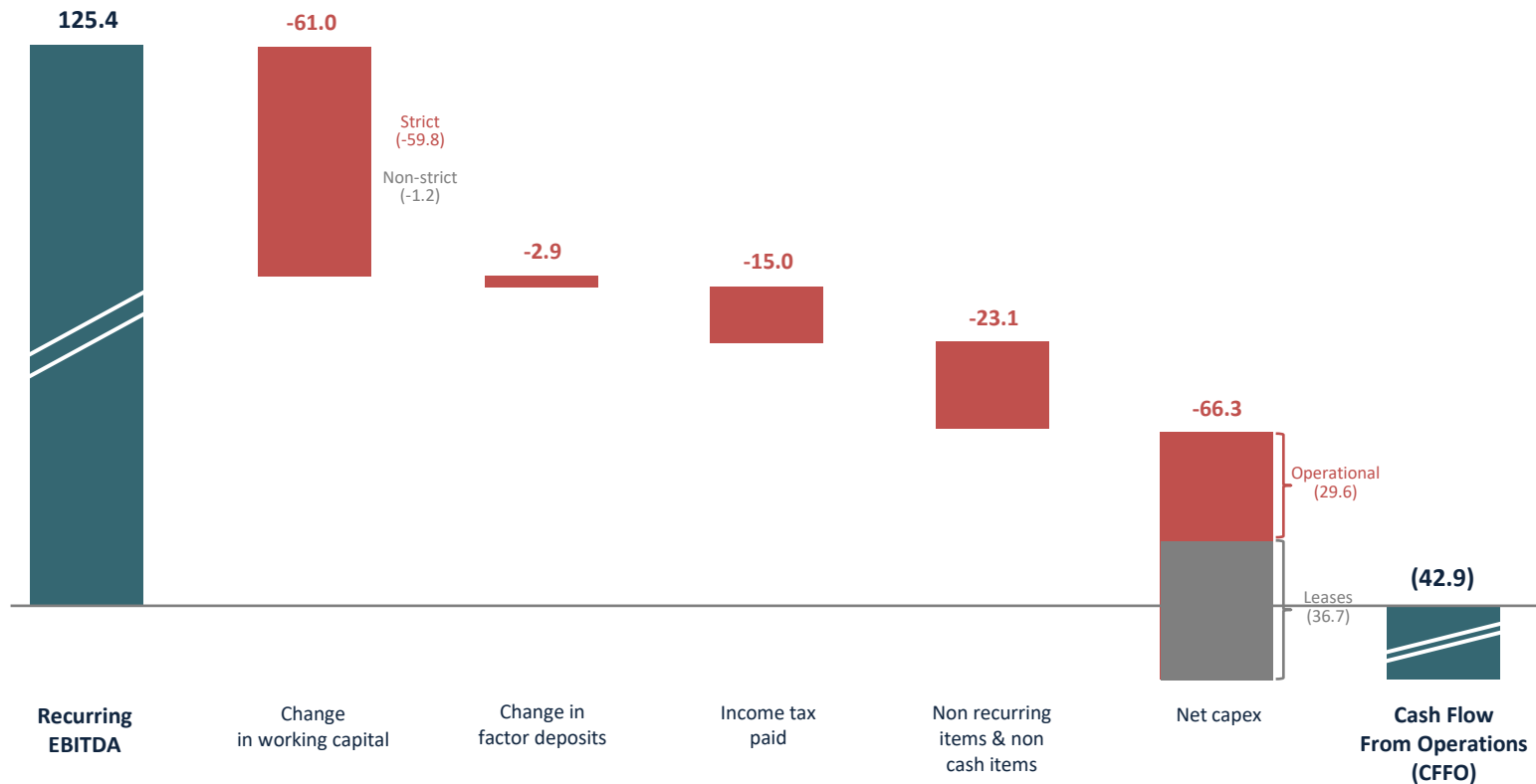
INCOME STATEMENT Q3 & 9M 2022

17

€ million	Q3 2022 Actual	Q3 2021 Restated	change	var LfL (%)	9M 2022 Actual	9M 2021 Restated	change	var LfL (%)
Net Sales	808.5	738.1	+9.5%	+4.7%	2,314.0	2,151.9	+7.5%	+5.8%
Recurring EBITDA	38.7	56.0	-30.9%	-31.4%	125.4	164.3	-23.7%	-22.8%
<i>Recurring EBITDA Margin (%)</i>	<i>4.8%</i>	<i>7.6%</i>	<i>-280bps</i>		<i>5.4%</i>	<i>7.6%</i>	<i>-220bps</i>	
Depreciation and Amortisation	(19.2)	(20.3)	1.1		(61.8)	(59.7)	(2.1)	
PPA amortisation	(2.2)	(2.2)	0.0		(6.8)	(6.6)	(0.2)	
Provisions and Impairment losses (net)	0.9	(1.7)	2.6		12.3	(1.9)	14.2	
of which reversal of provision on CJIP	-	-	0.0		15.5	-	15.5	
of which Other	0.9	(1.7)	2.6		(3.2)	(1.9)	(1.3)	
Other income & expenses	9.8	(0.3)	10.1		(19.6)	(7.1)	(12.5)	
of which CJIP	8.2	-	8.2		(7.8)	-	(7.8)	
of which USA	(0.5)	-	(0.5)		(7.4)	-	(7.4)	
of which Other	2.1	(0.3)	2.4		(4.4)	(7.1)	2.7	
Operating Profit	28.0	31.5	(3.5)		49.5	88.9	(39.4)	
Net financial costs	(21.0)	(20.5)	(0.5)		(62.2)	(61.9)	(0.3)	
Other financial result	(1.0)	(3.6)	2.6		(2.8)	(7.6)	4.8	
Income tax expenses	(8.5)	(7.4)	(1.1)		(15.8)	(26.3)	10.5	
Net Profit (loss) for the period	(2.5)	(0.1)	(2.4)		(31.3)	(6.9)	(24.4)	

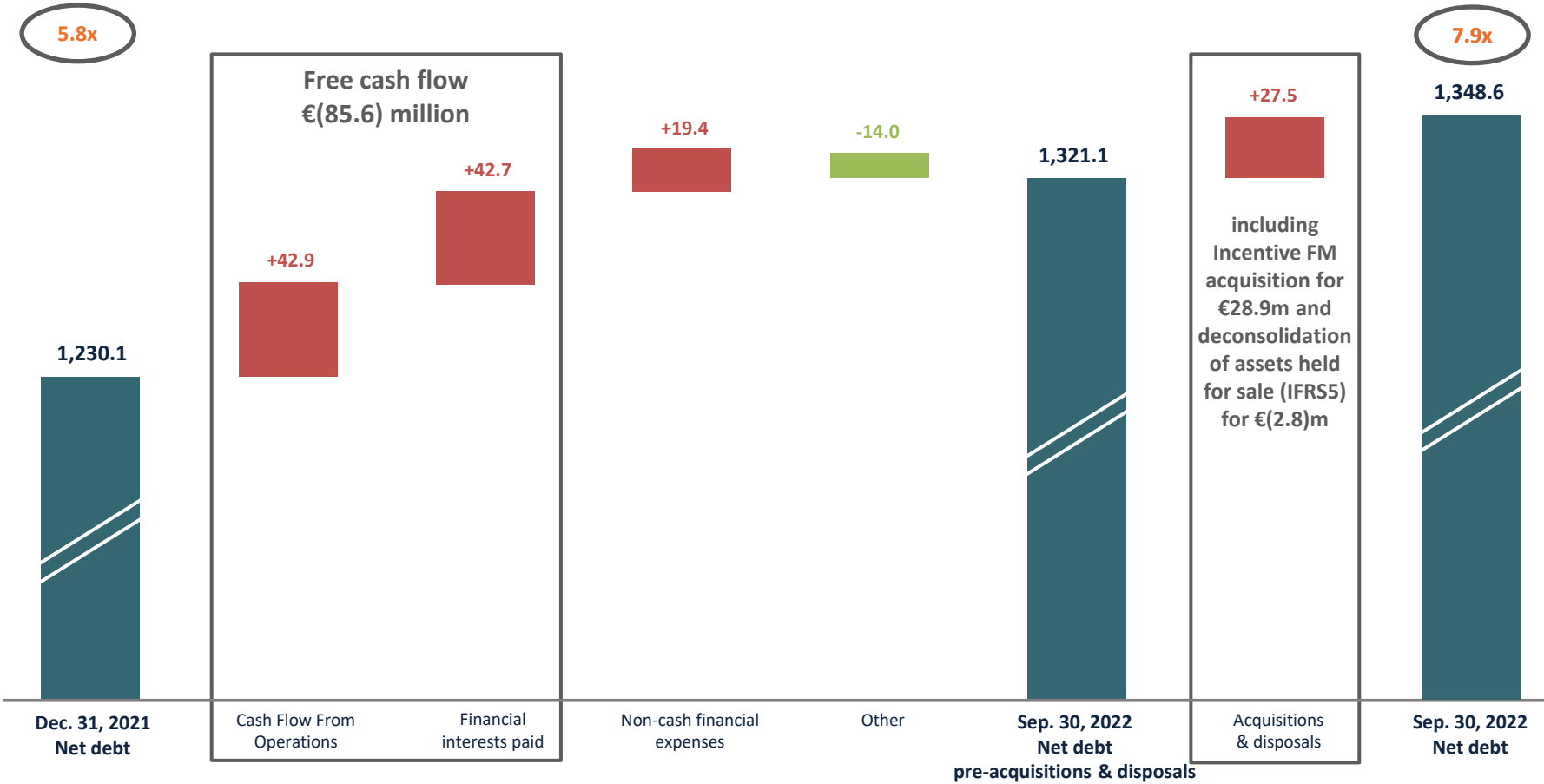
9M 2022 CASH FLOW FROM OPERATIONS (CFFO)

in € million



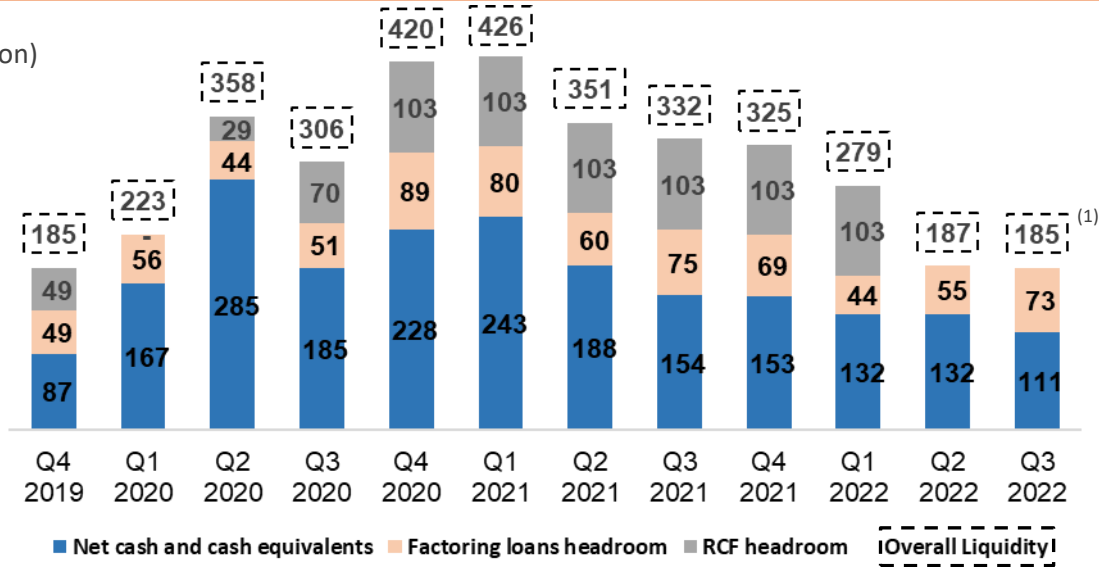
NET FINANCIAL DEBT: DEC-2021 TO SEP-2022 BRIDGE

in € million





(€ million)



- As of September 30, 2022, Group’s liquidity of c. €185 million, with c. €111 million of cash and cash equivalents
- Factoring Facility: c. €225 million drawn, of which c. €225 million are without recourse, and a c. €73 million headroom ⁽¹⁾
- Revolving Credit Facility: fully drawn
- Other uncommitted Facility c. €4 million ⁽²⁾ drawn out of €15 million

(1) Liquidity : €185 million including factoring headroom & excluding uncommitted credit facilities ; €111 million excluding factoring headroom & uncommitted credit facilities.
The use of factoring headroom remains subject to the stock of receivables that can be assigned

(2) Net cash & cash equivalents : €111 million are already net of the €4 million overdrafts



- **Governmental measures:** PGE fully repaid as of May 25, 2022
 - **Factoring programs**
 - Non-recourse factoring facility with CAL&F :
 - Facility amount: €220 million **to be increased to €250 million**
 - Maturity: extended by one year to **September 2024**
 - Non-recourse factoring facility with CIC Factoring in the UK: increased from £50 million **to £65 million**
- ➞ **Target liquidity end 2022: circa €200 million**

3. Outlook



Revised guidance:

- Net Sales growth expected to be **above 5% LfL in 2022** versus 2021, versus “between 4% and 6% LfL” previously
- Recurring EBITDA margin excluding the USA of **circa 6% for the full year of 2022**, versus “circa 7%” previously
- Reorganization of US operations fully completed by year-end

INVESTOR RELATION CONTACT

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Head of Investor Relations and M&A

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Appendices

CONSOLIDATED INCOME STATEMENT

in millions of euros

	<u>Q1 2021</u> <u>Restated</u>	<u>Q2 2021</u> <u>Restated</u>	<u>H1 2021</u> <u>Restated</u>	<u>Q3 2021</u> <u>Restated</u>	<u>9M 2021</u> <u>Restated</u>	<u>Q4 2021</u> <u>Restated</u>	<u>FY 2021</u> <u>Restated</u>
Net sales	682.5	731.3	1,413.8	738.1	2,151.9	793.7	2,945.7
Recurring EBITDA	53.0	55.2	108.2	56.0	164.3	46.2	210.5
Depreciation and amortization, net	(21.2)	(22.6)	(43.8)	(22.5)	(66.3)	(25.5)	(91.8)
Provision and impairment loss, net	0.2	(0.5)	(0.3)	(1.7)	(1.9)	(19.1)	(21.1)
Other income & expenses	(0.9)	(5.9)	(6.8)	(0.3)	(7.1)	(21.3)	(28.4)
Operating profit	31.2	26.1	57.4	31.5	88.9	(19.7)	69.2
Net financial debt cost	(20.1)	(21.3)	(41.4)	(20.5)	(61.9)	(19.3)	(81.2)
Other net financial expenses	(1.6)	(2.4)	(3.9)	(3.6)	(7.5)	(4.8)	(12.3)
Income tax expenses	(7.6)	(11.3)	(18.9)	(7.4)	(26.3)	3.1	(23.2)
Share of net income (loss) of other equity-accounted entities	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0
Net income for the period	2.0	(8.8)	(6.8)	(0.0)	(6.8)	(40.7)	(47.5)

(In m€)	Dec-19	Dec-20	Sep-21	Dec-21	Sep-22	Var Dec-20 / Sept-21	Var Dec-21 / Sept-22
Net Cash & Cash Equivalents	87	227	154	153	111	(74)	(42)
HY bonds	1 239	1 225	1 236	1 243	1 230	11	(13)
Factoring	31	10	2	1	0	(9)	(1)
RCF	54	0	0	0	103 *	0	103
PGE	0	50	38	25	0	(13)	(25)
Other	107	104	122	114	127	18	13
Total Gross Debt	1 431	1 390	1 398	1 383	1 460	8	77
Total Net Debt	1 343	1 162	1 244	1 230	1 349	82	118
Deconsolidated Factoring	139	166	190	214	225	24	11
Adjusted Net Debt	1 482	1 328	1 434	1 444	1 573	106	129
Recurring EBITDA	207	207 **	213 ***	210	172		
Leverage (Net debt / EBITDA)	6,5x	5,6x	5,8x	5,8x	7,9x		

* As of September 30, 2022, the RCF was fully drawn. This financing is subject to a financial covenant (Secured Leverage Ratio, SLR) based on the Group's consolidated accounts. SLR (calculated as the ratio of Total secured net debt to Consolidated EBITDA) is tested every June 30 and December 31 closings on a 12-month rolling basis and shall not exceed 1.75.

** Recurring EBITDA of 2020 restated to €206.9 million versus €218.3 million reported

DEFINITIONS

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

Recurring EBITDA – Recurring EBITDA (Earnings before interest, tax, depreciation and amortisation) measures the performance of the Group excluding the impacts of depreciation & amortisation and non-recurring items. It is defined as:

- + Operating profit (EBIT)
- + Depreciation, amortisation and impairment of operating assets
- + Restructuring, litigation, implementation, one-time items and other income and expenses.

Non-Recurring items - Restructuring, litigation, implementation, one-time items and other income and expenses 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 - 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 - Cash Flow from Operations ("CFFO") 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 - Free 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



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GLOBAL SERVICES

For a better performance

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