

THIRD QUARTER & FIRST NINE MONTHS 2022 FINANCIAL RESULTS

An extension of the exercise period of the put option agreed by Atalian shareholder and CD&R in order to continue the discussions within the envisaged transaction
Q3 2022 Net Sales growth of 4.7% LfL and Recurring EBITDA impacted by the USA

- **An extension of the exercise period of the put option to 16 December 2022 agreed by Atalian shareholder and CD&R in order to continue the discussions within the envisaged transaction**
- **Net Sales growth of +4.7% LfL in Q3 2022 leading to +5.8% LfL in 9M 2022**
- **Recurring EBITDA of €38.7 million in Q3 2022 impacted by US operations**
- **Liquidity of €185million ⁽¹⁾**
- **Net financial debt of €1,349 million including €53 million relating to non-recurring items and acquisition of Incentive FM**

Performance Q3 & 9M 2022 – Group Figures

€ 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>		

¹ Including factoring headroom and excluding uncommitted credit facilities. Liquidity was c.€111 million excluding factoring headroom and uncommitted credit facilities



According to Group: “Management is pleased the proposed acquisition of Atalian by CD&R has received all regulatory approvals and consultation of competent workers' councils has been completed. 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 decline in financial performance.

Atalian delivered a strong commercial performance in France against the backdrop of higher attrition rate due to the inflationary environment; As a result, the Group posted solid like-for-like net sales growth of 5.8% in the first nine-months driven by the contract wins and indexation. Commercial activity remains good with new contract wins amounting to €335 million at end September 2022 and ongoing pipeline of €3.7 billion ⁽²⁾ up 11% versus 2021, boding well for 2023. Recurring EBITDA margin of 5.4% in the first nine months included the impact of contract losses at high margin not offset by the benefit of contract wins at lower margin in France, lower contribution of Covid-19, and more significantly the impact of delayed recovery of the US operations. In this context, Management launched a significant reorganisation in the USA with the objective to restore profitability as early as Q1 2023.

Net sales performance at end September 2022 allows Management to raise its guidance for like-for-like net sales growth to 5% to 6% for the full year versus 4% to 6% previously. On the other hand, Recurring EBITDA margin is expected to be circa 6% for the Group excluding the USA versus circa 7% previously.”

Proposed acquisition of Atalian by CD&R

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.

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The proposed transaction is subject to:

STATUS

- Consultation to the competent workers' councils 18-Nov-2022
- Customary conditions, including:
 - (i) Regulatory and competition authority approvals 25-Nov-2022
 - (ii) Completion of the acquisition by CD&R
of OCS International Limited 30-Nov-2022
 - (iii) Carve-out of assets excluded from the transaction (that will remain
under direct / indirect ownership of Mr. Franck Julien).....by closing
- Shareholder offer acceptance (put option exercise)..... by 16-Dec-2022

² Annualised net sales

Regional Performance

FRANCE

€ 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>	8.6%	11.1%	-250bps		9.7%	11.2%	-150bps	
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%

(*) excluding corporate holdings

In Q3 2022, Net Sales increased by €1.9 million, or 0.6% (as reported and like-for-like), to €347.2 million, as compared to €345.3 million in Q3 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 and the impact of increased attrition rate.

Recurring EBITDA decreased by €8.5 million, or 22.3%, to €29.7 million in Q3 2022, as compared to €38.2 million in Q3 2021. Recurring EBITDA margin reached 8.6%, down 250 basis points compared to Q3 2021, due to the impact of contract losses at high margin not offset by the benefit of contract wins at lower margin, and the lower contribution of Covid-19 related special works.

UK

€ 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%
<i>Recurring EBITDA Margin (%)</i>	6.8%	7.9%	-110bps		6.8%	7.4%	-60bps	

In Q3 2022, Net Sales increased by €64.9 million or 32.9%, to €262.4 million, as compared to €197.5 million in Q3 2021. Excluding the appreciation of the UK pound sterling versus the euro (€0.5 million) and the consolidation of Incentive FM (€39.7 million), like-for-like Net Sales growth was 9.4% in Q3 2022, driven by contract wins of 2021 and 2022 and the end of Covid-19 restrictions, benefiting all activities. Catering returned to pre-Covid-19 levels.

Recurring EBITDA increased by €2.2 million, or +14.0%, to €17.9 million in Q3 2022, as compared to €15.7 million in Q3 2021. Recurring EBITDA margin was down 110 basis points to 6.8% in Q3 2022 as the margin expansion relating to productivity gains was offset by the non-recurring benefit from furlough scheme and the consolidation of Incentive FM.

INTERNATIONAL

€ 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%

(*) excluding country corporate holdings

In Q3 2022, Net Sales increased by €3.6 million, or 1.8%, to €200.2 million as compared to €196.6 million in Q3 2021. Year-on-year Net sales variation includes the effects of changes in perimeter for minus 1.4 million (disposal of Northcom in the Philippines and the Group's operations in Vietnam) and foreign exchange rates for minus €2.2 million (depreciation of the Turkish lira versus the euro being partly mitigated by the appreciation of the US dollar and all Asian currencies versus the euro). Excluding those items, like-for-like Net Sales increased by 3.6% in Q3 2022 compared to Q3 2021. When excluding the 28.5% decrease in Net Sales in the USA due to contract losses and delayed commercial recovery, like-for-like Net Sales growth was +11.8% in Q3 2022 driven by the recovery of operations in Benelux and Central & Eastern Europe.

Recurring EBITDA decreased by €10.3 million to €5.0 million in Q3 2022, as compared to €15.3 million in Q3 2021, down 53.5% on like-for-like basis. Recurring EBITDA margin went down 530 basis points to 2.5% mainly reflecting the impact of Net Sales decrease in the US which led to a €7.3 million decline in Recurring EBITDA in this geography to a €6.4 million loss. Excluding the USA, margin was 6.9% in the third quarter of 2022, down 10 basis points compared with 2021 due to the impact of the current Ukraine crisis in Central & Eastern Europe and inflation in Benelux.

Outlook

Given solid Net sales performance at end September 2022, like-for-like net sales growth is expected to be above 5% for the full year versus the 4% to 6% range previously. On the other hand, Recurring EBITDA margin should be circa 6% for the Group excluding the USA versus circa 7% previously.

Atalian will hold a Q3 & 9M 2022 Results Release Conference Call for Investors and Analysts on 29 November 2022 at 3:00pm CEST (Brussels/Paris time).

The Unaudited Consolidated Financial Statements for the period ended 30 September 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