PRESS RELEASE

Paris La Défense, May 17, 2023

Elior Group intensifies its turnaround efforts in a demanding environment

Elior Group (Euronext Paris – ISIN: FR 0011950732), one of the world's leading operators in catering and support services, announces its financial results for the first half of fiscal 2022-2023, ended March 31, 2023.

First-half 2022-2023 results

- Revenues of €2.478 billion, i.e. organic growth of 14.1% compared with H1 2021-2022
- Sustained business development momentum, which boosted revenues by 10.3%, vs. 9.9% in H1 2021-2022
- A retention rate at March 31, 2023, of 91.3%, the same as last year— reaching 92.6% excluding voluntary contract exits
- An additional €144 million in renegotiated price increases (annualized basis), hence a cumulative total of €283 million at March 31, 2023
- Adjusted EBITA of €41 million, compared with a loss of €16m last year; adjusted EBITA margin of 1.7%, up 240 basis points
- Free cash-flow of -€15m, a significant improvement on -€96m in H1 2021-2022 (free cash-flow includes IFRS 16 lease payments)
- Net financial debt of €1.245 billion at March 31, 2023, compared with €1.217 billion at September 30, 2022. A leverage ratio of 7.1x, below the covenant's required 7.5x
- Available liquidity of €394 million at March 31, 2023, broadly stable compared with €399 million at September 30, 2022

Outlook for full-year 2022-2023

- Organic revenue growth of about 10%
- Adjusted EBITA margin towards the lower end of the initial range of 1.5% to 2%
- Capital expenditure at around 1.7% of revenues
- Derichebourg Multiservices integration off to a good start. Confirmation of the objective to deliver at least €30 million of annual recurring EBITDA synergies by 2026. Some cost synergies expected as early as the end of the current fiscal year

Elior Group Chairman and CEO Daniel Derichebourg commented:
"Since I took over as Chairman and CEO of the Group, I have been meeting with our teams, in France and abroad, with the aim of instilling a new momentum, bringing determination and confidence in the future. In a difficult market with many challenges, the integration of Derichebourg Multiservices represents a unique opportunity for Elior Group to accelerate its turnaround, notably through the realization of potential synergies. This acquisition allows the Group to enhance its positioning and to offer its clients a wider range of services. Elior Group is making progress, with a return to operating profitability leading to a strong improvement in

free cash-flow. This results from major efforts to renegotiate our contracts in a highly inflationary context, the exit from Preferred Meals in the United States and the deployment of self-help measures in France. Our teams are rising to the challenge of these sometimes-difficult renegotiations, particularly in the public sector in France. I am convinced that we are on the right track and that we must now continue and intensify our efforts."

Business development

Elior signed or renewed several major catering and services contracts in the second quarter of 2022-2023, of which:

• in **France**, Bouygues Group, the Air Force bases of Taverny and Creil, the *Pupilles de l'air* military school, the organizing committee of the 2023 world paralympic athletics championships, the Fénelon Sainte-Marie school group in Paris, the Saint-Etienne communal social action center, and the nursery *Les petites canailles* in Neuilly-sur-Seine; for **Elior Services**, Audencia Business School, the University of Nantes, the Paris Zoological Park, the Foch Hospital in Suresnes and the SNCF passenger lounge in Paris-Gare de Lyon

• in the **UK**, Jordan International Bank, Guvnor, London Business School, Co-op Academy in Manchester, Kent college, Abbvie House medical center, and The Royal Marsden Hospital Group

• in the **US**, Woodfield Corporate Center in Chicago, Clark Art Institute in Massachusetts, School of Science and Mathematics in North Carolina, Ashland School Group in Ohio, Indiana Regional Medical Center Hospital in Pennsylvania, Redstone Presbyterian Senior Care in Pennsylvania, and the Harris County Area Agency on Aging in Texas

• in **Italy**, Mercedes-Benz, Amazon, Sammontana, the municipality of Casale Monferrato in Piedmont, and the medical center Casa Di Cura Villa Esperia in Lombardy

• in **Spain**, Amazon, the Pablo Serrano university campus in Teruel (Aragon), the Gomez Ulla military hospital in Madrid, the Ballesol residence for the elderly in Tenerife, and La Coruña's social welfare services

Revenues

Revenues from continuing operations came to €2.478 billion in the first half of fiscal 2022-2023, compared with €2.239 billion for the same period a year earlier. This 10.7% increase reflects 14.1% organic growth, a 1.8% positive currency impact, and a 5.2% negative scope impact due to the closure of the Preferred Meals' industrial activities in the United States.

Like-for-like revenues grew 12.5%, with 8.0% contributed by the volume effect—which includes a 5.9% post-Omicron catch-up effect—and 4.5% by the price effect.

In addition, business development momentum continues to be particularly robust and boosted revenues by 10.3%, compared with 9.9% in H1 2021-2022.

Lastly, lost contracts erased 8.7% of revenues. The retention rate therefore came to 91.3% at March 31, 2023, stable relative to the same date last year. It reached 92.6% excluding voluntary contract exits.

Revenues by geography:

Revenues generated in **France** totaled €1.105 billion in the first half of 2022-2023, compared with €985 million a year earlier, hence an increase of 12.1% both as reported and in organic terms (negligible scope changes).

International revenues came to €1.366 billion in the first half of fiscal 2022-2023, compared with €1.248 billion a year earlier, or an increase of 9.5%. This reflects 15.7% organic growth, a 3.2% positive currency impact, and a 9.4% negative scope impact (exit from Preferred Meals).

International operations represented 55% of revenues in the first half of fiscal 2022-2023, compared with 56% for the same period a year earlier.

The **Corporate & Other segment**, which includes the remaining concession activities not sold with Areas, generated revenues of €7 million in H1 2022-2023, compared with €6 million a year earlier.

Revenues by market:

The **Business & Industry** market generated sales of €1.044 billion, up 21.7% on H1 2021-2022, including organic growth of 20.2%.

Education generated revenues of €774 million, down 2.6% on last year, due to the exit from Preferred Meals in the United States, which was partially offset by the conversion of some of its Education activities into new cook-on-site contracts, which contributed revenues of €29 million in H1 2022-2023. Organic growth was 10.4%.

Health & Welfare revenues totaled €660 million, a year-on-year increase of 12.6%, including organic growth of 10.1%.

Adjusted EBITA and income statement

Consolidated adjusted EBITA from continuing operations for the first half of the year was €41 million compared with a loss of €16 million a year earlier. Adjusted EBITA margin was 1.7% compared with -0.7% in the first half of 2021-2022, a 240bp improvement. The combined impact of the post-Omicron catch-up and price increases slightly outweighed the inflation impact. In addition, operating efficiency gains, voluntary contract exits, and the exit from loss-making Preferred Meals all contributed to the improvement in adjusted EBITA margin. Lastly, net business development (excluding voluntary contract exits) was profitable, with a margin of 3.8%.

In **France**, the Group restored its profitability, posting adjusted EBITA of €10 million against a loss of €11 million in the first half of 2021-2022. The adjusted EBITA margin came to 0.9%, a 200bp improvement over -1.1% a year ago. Self-help measures launched in 2022 to restore margins are starting to pay off, with operating efficiency gains accounting for half of the improvement in profitability.

In the **International** segment, adjusted EBITA was €37 million, a substantial increase over €5 million in first half 2021-2022. Exiting Preferred Meals in the US made a large contribution to the segment's improved profitability: €22 million, or around two-thirds. Adjusted EBITA margin was 2.7% compared with 0.4% a year earlier, a 230bp increase.

In the **Corporate & Other** segment, adjusted EBITA was a loss of €6 million compared with a loss of €10 million in first half 2021-2022. The remaining concession catering activities that were not sold with Areas returned to profitability.

Recurring operating result from continuing operations was a profit of €30 million in the first half 2022-2023, compared with a €26 million loss in the year-earlier period.

Net non-recurring operating expenses came to €17 million, compared with €181 million a year ago. They comprise mainly transaction costs from the Derichebourg Multiservices acquisition and restructuring costs in the US (Preferred Meals).

Net financial result was a loss of €35 million, compared with a €21 million loss in the first half of 2021-2022, reflecting the combined impact of higher average debt and higher financing costs owing to interest rate rises.

Income tax was a charge of €3 million, compared with a €46 million charge a year ago. In France, the CVAE (added value contribution) rate was halved starting January 1, 2023. In the first half of the previous year, the tax burden was exacerbated by a reversal of deferred tax assets in France and Spain.

Given the above, **net result Group share** was a loss of €23 million, compared with a loss of €266 million in first half 2021-2022.

Cash-flow, debt, and liquidity

Free cash-flow for first half 2022-2023 was -€15 million, a notable improvement compared with -€96 million a year ago. It now includes €33 million in payments related to IFRS 16 leases, down from €37 million a year ago owing to the exit from Preferred Meals.

EBITDA was up strongly in the first half, from €64 million a year ago to €107 million this year.

Capex totaled €32 million, virtually flat year on year.

The change in **working capital requirement** resulted in a €45 million outflow, reflecting strong organic growth in the first half.

Net financial debt came to €1.245 billion at March 31, 2023, compared with €1.217 billion at September 30, 2022. Leverage ratio, as defined in the test established by the Group's creditors came to 7.1x at March 31, 2023, below the covenant of 7.5x.

At March 31, 2023, **available liquidity** came to €394 million, compared with €399 million at September 30, 2022. This includes cash of €45 million and undrawn revolving credit facilities of €300 million out of a total of €350 million. Remaining available credit lines amount to €49 million.

Post-closing events

The combined shareholders' meeting of April 18, 2023 approved the **acquisition of Derichebourg Multiservices** in a nearly unanimous vote. The deal has created a new international contract catering and multiservices leader with some 134,000 employees in eight countries. To compensate Derichebourg SA for its contribution of Derichebourg Multiservices, Elior Group created 80,156,782 new shares issued to Derichebourg SA. The deal raised Derichebourg SA's stake in Elior Group from 24.32% to 48.31%.

The Board of Directors, which met after the shareholders' meeting, appointed Daniel Derichebourg Chairman and CEO of Elior Group. He replaces Bernard Gault. Daniel Derichebourg in turn appointed Didier Grandpré CFO of Elior Group and Executive Committee member. He replaces Esther Gaide.

Outlook

Organic growth is expected to be weaker in the second half than in the first. It should remain buoyed by business development and price increases. On the other hand, volume growth will slow after the post-Omicron catch-up that took place in the first half. The decrease in inflationary pressure on food should come a little later than initially anticipated.

In France, local authorities reluctant to accept price increases that exceed the standard indexation clause increase, even though the Council of State in September 2022 authorized such renegotiations and French government recommendations encourage it. Even so, the Group managed to secure an additional €144 million euros in price renegotiations (annualized basis) in the first half, bringing the cumulative total to €283 million at March 31, 2023.

Derichebourg Multiservices is fully consolidated as of April 18, 2023 and its integration within Elior Group is well underway.

Considering the above factors, our outlook for FY 2022-2023 is now as follows:
– Organic revenue growth of around 10%
– Adjusted EBITA margin towards the lower end of the initial range of 1.5% to 2%
– Capex around 1.7% of revenues

The organic growth target is not impacted by the consolidation of Derichebourg Multiservices (scope effect). Outlook in terms of adjusted EBITA margin and capital expenditure take into account this acquisition.

We will announce our financial targets for fiscal year 2023-2024 when we present the full-year results for the year ending September 30, 2023.

Given the transformative nature of the Derichebourg Multiservices acquisition, we will in due course also share our revised medium-term ambitions with respect to both financial and non-financial metrics. We confirm our objective of at least 30 million euros of annual recurring EBITDA synergies by 2026, of which 60% will be cost synergies. Part of these synergies are expected to be realized as of the end of the current fiscal year.

Presentation

The first-half 2022-2023 results presentation will take place on May 17 at 9:00 am CET and can be accessed online or by phone. Participants may only ask questions by phone.

Webcast link:
https://channel.royalcast.com/landingpage/eliorgroup/20230517_1/

Conference call numbers:
France: +33 (0) 1 70 37 71 66
UK: +44 (0) 33 0551 0200
US: +1 786 697 3501
Access code: Elior. Please join at least 10 minutes before the presentation is scheduled to start.

Financial calendar:

- Thursday July 27, 2023: revenue for the first nine months of fiscal 2022-2023, press release published before the start of trading, conference call to follow.
- Wednesday November 22, 2023: results for fiscal year 2022-2023, press release published before the start of trading, conference call to follow.

Appendix

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About Elior Group

Founded in 1991, Elior Group has grown into one of the world's leading operators in contract catering and support services and has become a benchmark player in the business & industry, education, healthcare, and leisure markets. With strong positions in eight countries, the Group generated €5.2 billion in revenue in fiscal 2022. Our 134,000 employees feed over 3 million people daily in 20,500 restaurants on three continents and offer services in six countries.
Innovation and social responsibility are at the core of our business model. Elior Group has been a member of the United Nations Global Compact since 2004, reaching the GC Advanced Level in 2015.
For further information please visit our website at www.eliorgroup.com or follow us on Twitter (@Elior_Group)

Press contact

Jennyfer Dellupo – jennyfer.dellupo@eliorgroup.com / + 33 (0)6 79 51 75 65

Investor relations

Philippe Ronceau – philippe.ronceau@eliorgroup.com / +33 (0)1 71 06 78 40

Appendix 1: Revenue by geographic segment

1st quarter (in € millions)	Q1 2022-23	Q1 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
France	533	489	8.9%	0.1%	-	9.0%
International	688	623	13.9%	-8.7%	5.2%	10.4%
Contract Catering & Services	1,221	1,112	11.7%	-4.9%	3.0%	9.8%
Corporate & Others	4	4	n.m.	n.m.	n.m.	n.m.
Total	1,225	1,116	11.7%	-4.9%	3.0%	9.8%

2nd quarter (in € millions)	Q2 2022-23	Q2 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
France	572	496	15.3%	-	-	15.3%
International	678	625	17.4%	-10.1%	1.3%	8.6%
Contract Catering & Services	1,250	1,121	16.5%	-5.6%	0.7%	11.6%
Corporate & Others	3	2	n.m.	n.m.	n.m.	n.m.
Total	1,253	1,123	16.5%	-5.6%	0.7%	11.6%

1st semester (in € millions)	H1 2022-23	H1 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
France	1,105	985	12.1%	-	-	12.1%
International	1,366	1,248	15.7%	-9.4%	3.2%	9.5%
Contract Catering & Services	2,471	2,233	14.1%	-5.2%	1.8%	10.7%
Corporate & Others	7	6	n.m.	n.m.	n.m.	n.m.
Total	2,478	2,239	14.1%	-5.2%	1.8%	10.7%

n.m. = not meaningful

Appendix 2: Revenue by market

1st quarter (in € millions)	Q1 2022-23	Q1 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
Business & Industry	527	443	16.2%	-	2.8%	19.0%
Education	368	380	8.5%	-14.3%	2.6%	-3.2%
Health & Welfare	330	293	9.0%	-	3.6%	12.6%
Total	1,225	1,116	11.7%	-4.9%	3.0%	9.8%

2nd quarter (in € millions)	Q2 2022-23	Q2 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
Business & Industry	517	415	24.5%	-	0.2%	24.7%
Education	406	414	12.2%	-15.1%	0.7%	-2.2%
Health & Welfare	330	294	11.3%	-	1.1%	12.4%
Total	1,253	1,123	16.5%	-5.6%	0.7%	11.6%

1st semester (in € millions)	H1 2022-23	H1 2021-22	Organic growth	Change in scope	Currency effect	Total Growth
Business & Industry	1,044	858	20.2%	-	1.5%	21.7%
Education	774	794	10.4%	-14.7%	1.7%	-2.6%
Health & Welfare	660	587	10.1%	-	2.5%	12.6%
Total	2,478	2,239	14.1%	-5.2%	1.8%	10.7%

Appendix 3: Adjusted EBITA by geographic segment

(in € millions)	Six months ended March 31, 2023		Change in Adjusted EBITA	Adjusted EBITDA margin	
	2023	2022		2023	2022
France	10	(11)	21	0.9%	(1.1)%
International	37	5	32	2.7%	0.4%
Contract Catering & Services	47	(6)	53	1.9%	(0.3)%
Corporate & Others	(6)	(10)	4	-	-
Total	41	(16)	57	1.7%	(0.7)%

Appendix 4: Condensed cash-flow statement

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
EBITDA	107	64
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(32)	(33)
Change in operating working capital	(45)	(69)
Share of profit of equity-accounted investees	-	1
Non-recurring income and expenses impacting cash	(15)	(26)
Non-cash items	2	3
IFRS16 lease payments	(33)	(37)
Operational Free Cash-Flow	(16)	(97)
Tax received (paid)	1	1
Free Cash-Flow	(15)	(96)

Appendix 5: Consolidated financial statements

Consolidated Income Statement

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
Revenue	2,478	2,239
Purchase of raw materials and consumables	(845)	(704)
Employees costs	(1,255)	(1,184)
Share-based compensation expense	(3)	(2)
Other operating expenses	(223)	(243)
Taxes other than on income	(46)	(42)
Depreciation, amortization and provisions for recurring operating items	(68)	(81)
Net amortization of intangible assets recognized on consolidation	(8)	(9)
Recurring operating profit/(loss) from continuing operations	30	(26)
Share of profit of equity-accounted investees	-	(1)
Recurring operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	30	(27)
Non-recurring income and expenses, net	(17)	(181)
Operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	13	(208)
Financial expenses	(39)	(26)
Financial income	4	5
Profit/(loss) from continuing operations before income tax	(22)	(229)
Income tax	(3)	(46)
Net profit/(loss) for the period from continuing operations	(25)	(275)
Net profit/(loss) for the period from discontinued operations	-	-
Net profit/(loss) for the period	(25)	(275)
Attributable to:		
Owners of the parent	(23)	(266)
Non-controlling interests	(2)	(9)

(in €)	Six months ended March 31, 2023	2022
Earnings/(loss) per share		
Earnings/(loss) per share – continuing operations		
Basic	(0.14)	(1.55)
Diluted	(0.14)	(1.55)
Earnings/(loss) per share – discontinued operations		
Basic	-	-
Diluted	-	-
Total earnings/(loss) per share		
Basic	(0.14)	(1.55)
Diluted	(0.14)	(1.55)

Consolidated balance sheet: assets

(in € millions)	At March 31, 2023	At Sept. 30, 2022
Goodwill	1,546	1,577
Intangible assets	135	155
Property, plant and equipment	225	237
Right-of-use assets	175	193
Non-current financial assets	119	118
Fair value of derivative financial instruments (*)	4	3
Deferred tax assets	70	69
Total non-current assets	2,288	2,352
Inventories	104	99
Trade and other receivables	750	707
Current income tax assets	5	6
Other current assets	62	57
Cash and cash equivalents (*)	45	64
Assets classified as held for sale	7	14
Total current assets	973	947
Total assets	3,247	3,299

(*) Included in the calculation of net debt

Consolidated balance sheet: equity and liabilities

(in € millions)	At March 31, 2023	At Sept. 30, 2022
Share capital	2	2
Reserves and retained earnings	696	721
Translation reserve	2	49
Equity attributable to owners of parent	**700**	**772**
Non-controlling interests	(42)	(41)
Total equity	**658**	**731**
Long-term debt (*)	1,031	1,060
Long-term lease liabilities (*)	132	145
Fair value of derivative financial instruments (*)	-	2
Provisions for pension and other post employment benefit obligations	61	59
Other long-term provisions	28	30
Other non-current liabilities	5	5
Total non-current liabilities	**1,257**	**1,301**
Trade and other payables	602	575
Due to suppliers of non-current assets	11	11
Accrued taxes and payroll costs	472	470
Current income tax liabilities	6	1
Short-term debt (*)	67	11
Short-term lease liabilities (*)	51	54
Short-term provisions	41	52
Contract liabilities	45	49
Other current liabilities	28	28
Liabilities classified as held for sale	9	16
Total current liabilities	**1,332**	**1,267**
Total liabilities	**2,589**	**2,568**
Total equity and liabilities	**3,261**	**3,299**
Net debt	*1,232*	*1,206*
Net debt excluding fair value of derivative financial instruments and debt issuance costs	*1,245*	*1,217*

(*) Included in the calculation of net debt

Consolidated cash-flow statement

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
Recurring operating profit/(loss) including share of profit of equity -accounted investees	30	(28)
Amortization and depreciation	76	106
Provisions	1	(14)
EBITDA	107	64
Share of profit of equity-accounted investees	-	1
Change in operating working capital	(45)	(69)
Non-recurring income and expenses impacting cash	(15)	(26)
Interest and other financial expenses paid	(32)	(23)
Tax received / (paid)	1	1
Other non-cash items	2	3
Net cash from / (used in) operating activities - continuing operations	18	(49)
Purchases of property, plant and equipment and intangible assets	(35)	(35)
Proceeds from sale of property, plant and equipment and intangible assets	3	2
Purchases of financial assets	(3)	(6)
Acquisitions of shares in consolidated companies, net of cash acquired	-	(1)
Other cash-flows from investing activities	(1)	-
Net cash used in investing activities – continuing operations	(36)	(40)
Proceeds from borrowings	51	63
Repayments of borrowings	(73)	-
Repayments of lease liabilities	(30)	(33)
Net cash from/(used in) financing activities – continuing operations	(52)	30
Effects of exchange rate changes on cash	(4)	(1)
Increase/(decrease) in net cash and cash equivalents – continuing operations	(74)	(60)
Increase/(decrease) in net cash and cash equivalents – discontinued operations	-	(1)
Net cash and cash equivalents at beginning of period	59	63
Net cash and cash equivalents at end of period	(15)	2

Appendix 6: Definition of alternative performance indicators

Organic growth in consolidated revenue: as described in Chapter 4, Section 4.2 of the Universal Registration Document, growth in consolidated revenue expressed as a percentage and adjusted for the impact of (i) changes in exchange rates, (ii) changes in accounting policies and (iii) changes in scope of consolidation.

Retention rate: percentage of revenues retained from the previous year, adjusted for the cumulative year-on-year change in revenues attributable to contracts or sites lost since the beginning of the previous year.

Adjusted EBITA: recurring operating result reported including the share of net result of equity-accounted investees adjusted for the impact of share-based compensation expense (stock options and performance shares granted by Group companies) and net amortization of intangible assets recognized on consolidation.
The Group considers that this indicator best reflects the operating performance of its businesses as it includes the depreciation and amortization arising as a result of the capex inherent to the Group's business model. It is also the most commonly used indicator in the industry and therefore permits comparisons between the Group and its peers.

Adjusted EBITA margin: adjusted EBITA as a percentage of consolidated revenue.

Operating free cash flow: the sum of the following items as defined elsewhere and recorded either as individual line items or as the sum of several individual line items in the consolidated cash flow statement:

- EBITDA
- Net capital expenditure (i.e. amounts paid as consideration for property, plant and equipment and intangible assets used in operations less the proceeds received from sales of these types of assets)
- IFRS 16 lease payments
- Change in net operating working capital
- Share of profit of equity-accounted investees
- Non-recurring income and expenses impacting cash
- Other non-cash movements

This indicator reflects cash generated by operations.