

# Credit Investor Update

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# Today's presenter



**Didier Grandpré**

*Group Chief Financial Officer*

- › Appointed Chief Financial Officer in 2023
- › Joined Elior in 2018 as Director of Financial Control
- › Previous roles at Alcatel Lucent

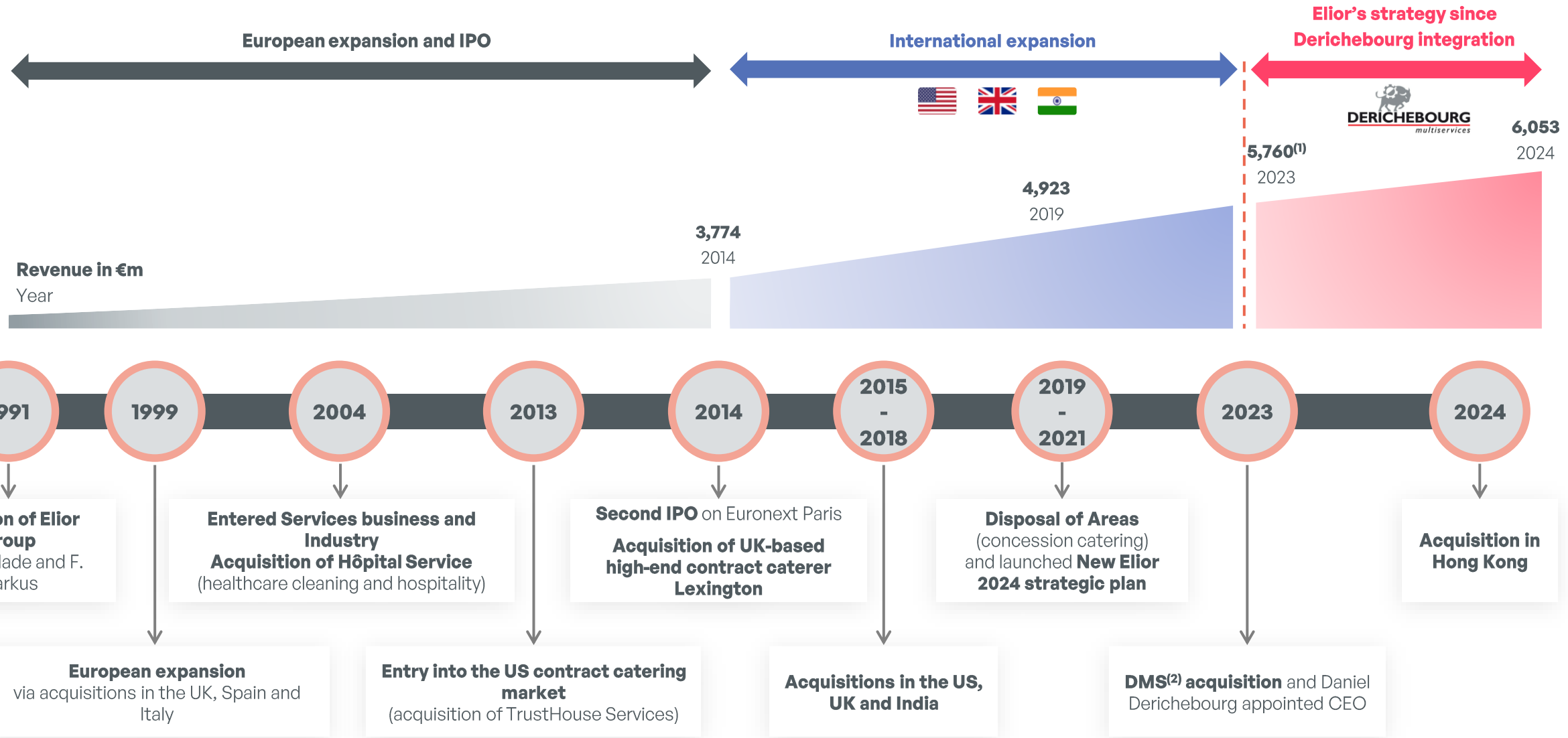
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# 01

# Company Overview

# Elior at a glance – Key milestones



Note: (1) PF FY impact of DMS acquisition; (2) Derichebourg Multiservices

# Elior at a glance – Company overview



€6,053m  
FY24 revenue



€333m  
FY24 EBITDA



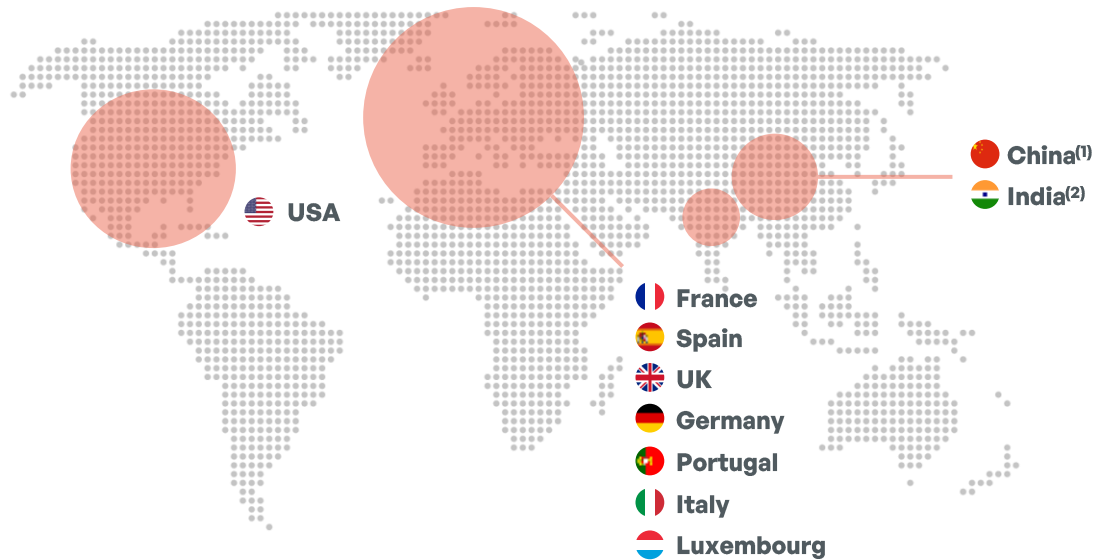
11  
Countries



3.2m  
Guests each  
day



c.133,000  
Employees



## Broad range of services



Catering



Facility  
Management



Cleaning



Reception



Air conditioning,  
electricity &  
maintenance



Video  
surveillance



Green areas



Public lighting

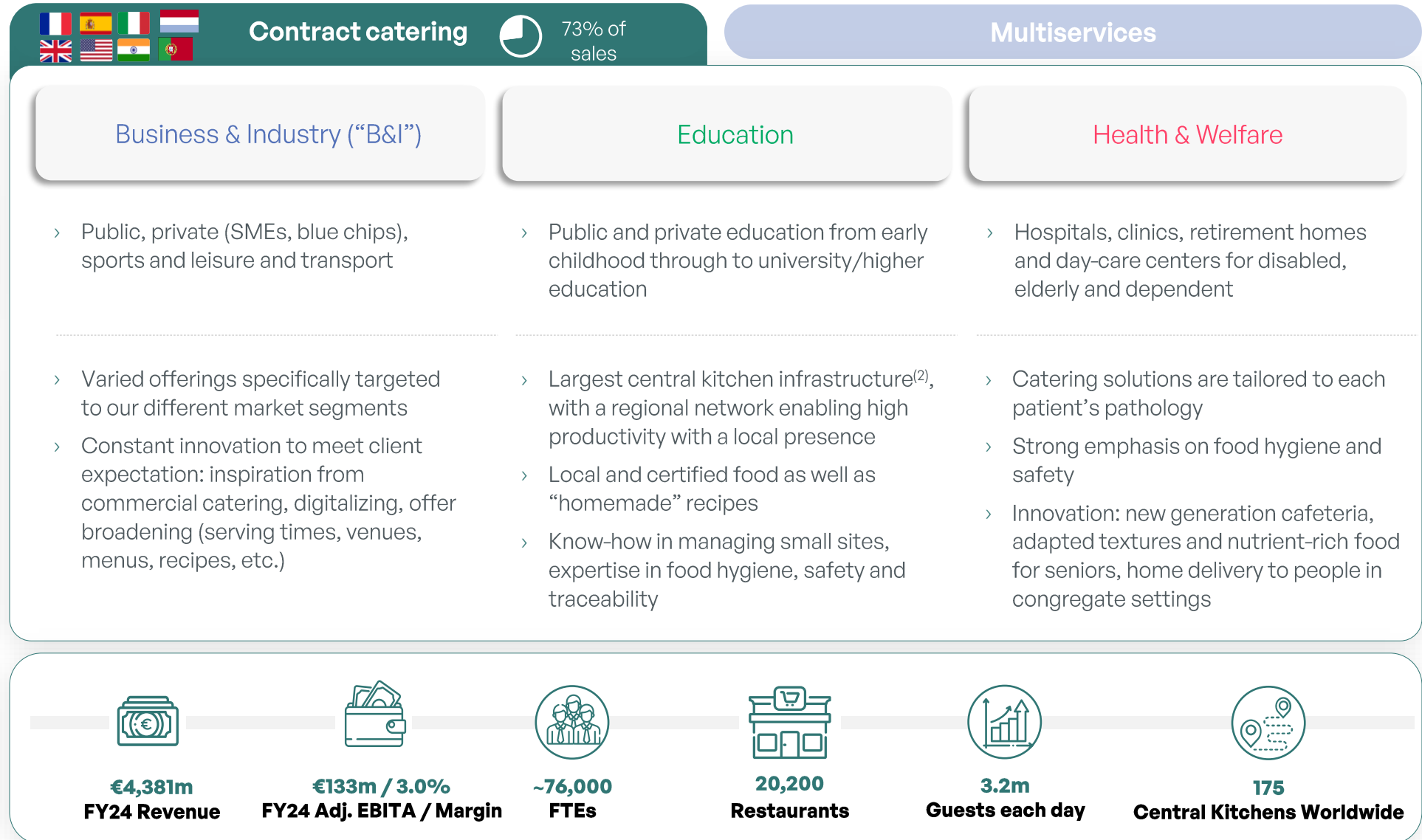


HR & Interim  
sourcing



Aeronautic  
solutions

# Two complementary business activities



Notes: (1) All figures as of FY24; (2) In Europe



# Two complementary business activities (cont'd)

Contract catering



Multiservices

 27% of sales

## Tertiary sector solutions

- › Cleaning and energy (AC / electrical facility management)

- › Cleaning: Know-how for both private- and public-sector organizations, with services covering all type of spaces
- › Energy: constructs and operates facilities, preventive maintenance insuring longevity, agility through on-site or roaming workforce

## Interim and HR

- › Tertiary, banking & insurance, logistics and transport, sales and retail, industry, construction, aeronautics

- › Holistic response to increasing recruitment needs so companies can focus on growing their business
- › Complementarity with the Industrial segment and differentiating factor of its aeronautical training center

## Industrials and Others

- › Industrial, Engineering, Urban area solutions

- › The towns and cities of today need to meet growing expectations in terms of services, mobility, environmental protection and social cohesion
- › Elior provides urban planning's workforce taking into account the challenges facing towns and cities (lightning, maintenance of streets, road and parks management)

### End market

### Elior's Competitive advantage

### Key KPIs



**€1,655m**  
FY24 Revenue



**€48m / 2.9%**  
FY24 Adj. EBITA / Margin

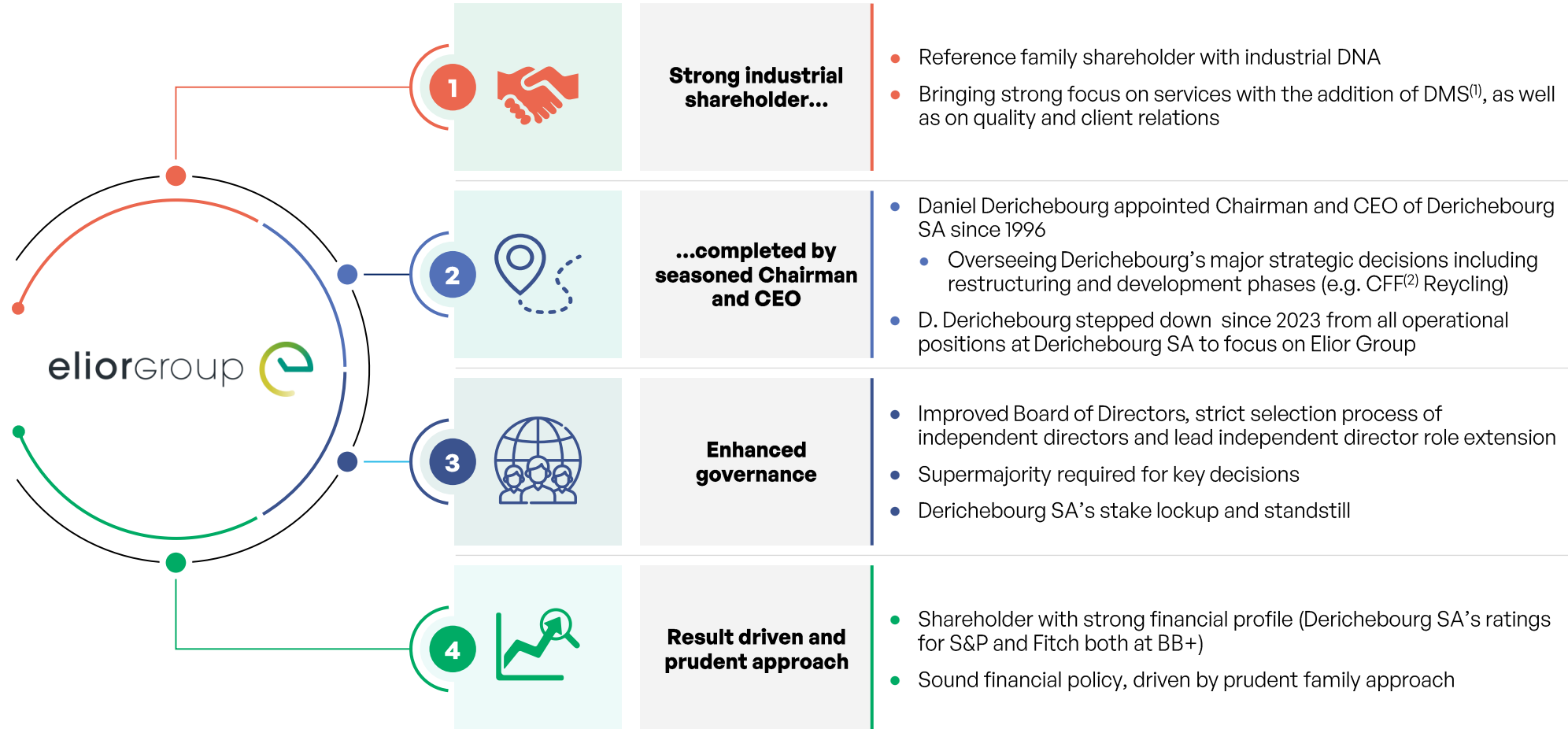


**~57,000**  
FTEs



**#1 Healthcare facility cleaning**  
In France

# Strong shareholding structure since DMS acquisition



Notes: (1) Derichebourg Multiservices; (2) Compagnie Française de Ferrailles

# This year, Elior has adopted new commitments for 2030

and maintained those set for 2025. These commitments are based on a double materiality assessment used to identify our priorities.

## PRESERVE RESOURCES

- **Limit** food waste
- **Prefer** reusable tableware
- **Take action** against climate change



## CULTIVATE TALENT AND DIFFERENCE

- **Ensure** staff safety and well-being
- **Encourage** career development
- **Strengthen** social cohesion



## SUSTAINABLE FOOD AND SERVICE

- **Offer** controlled services and a safe and balanced food offering
- **Provide** sustainable services
- **Support** the community

## SUPPORT A RESPONSIBLE ECONOMY

- **Source** purchases locally
- **Buy** sustainable and ethical products and services

## 2030 TARGETS

GHG emissions down by

**1/4**

Local, seasonal produce that respects biodiversity

**50%**

less food waste

**7%**

fewer workplace accidents

**40%**

of female committee leaders

A sustainable service offering

**2/3**

of managers hired in-house

**20%**

more training hours per employee

**70%**

of recipes with a Nutri-Score of A or B (or equivalent)

**100%**

sustainable containers

02

# Key Credit Highlights



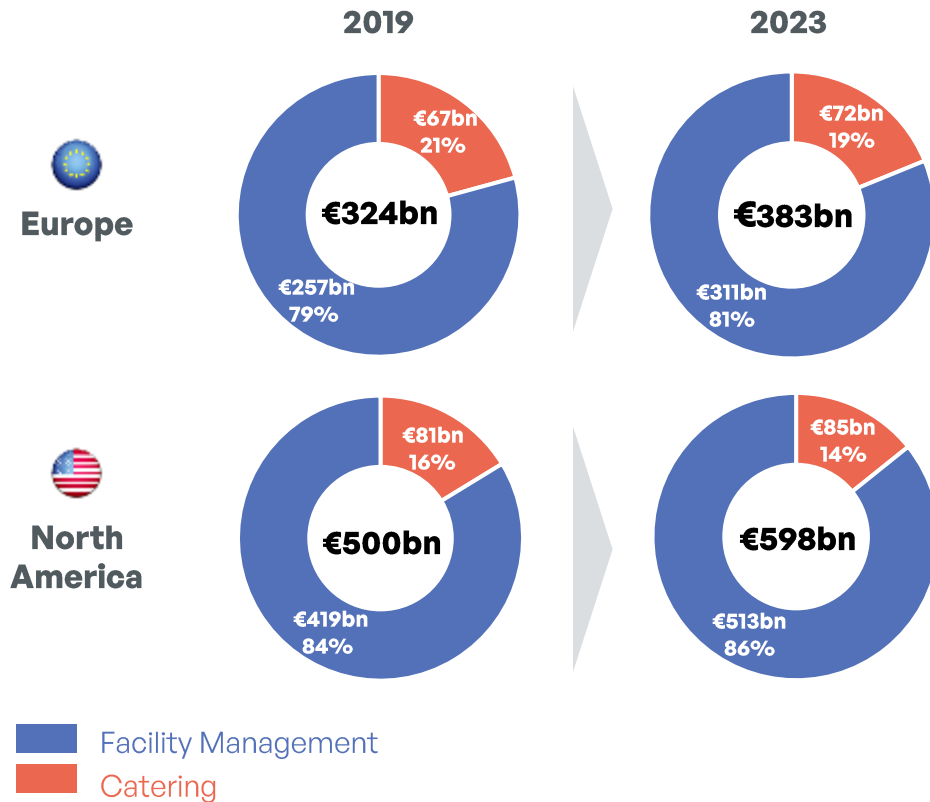
# Key credit highlights



- 1 Large and consistently growing addressable market with strong fundamentals
- 2 Undisputable leading operator serving a global base of blue-chip customers
- 3 Resilient, diversified, asset light business model, reinforced by the highly synergetic Multiservices leg
- 4 Improving profitability notably thanks to cost optimization and successful control of inflation...
- 5 ... fruitfully delivered through a new governance and experienced management team

# 1 Large and consistently growing addressable market with strong fundamentals

Large Catering & FM markets in Europe and North America which recovered above pre-covid levels<sup>(1)</sup>



Sizeable opportunities for both Catering & FM<sup>(1)</sup>



### Main market drivers

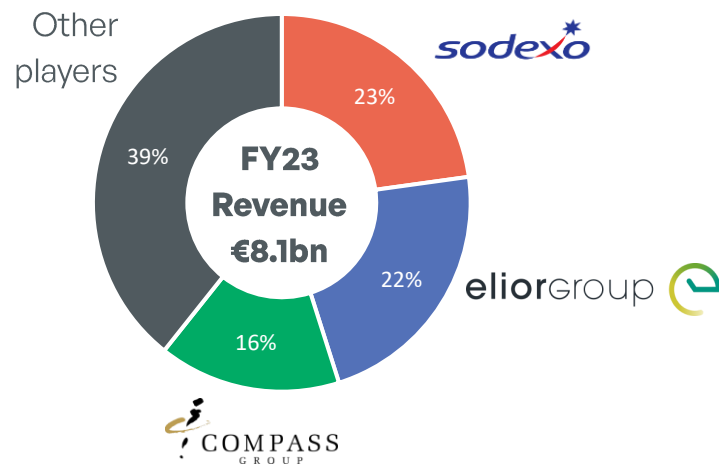
- ✓ Accelerated outsourcing rate (2.5x<sup>(3)</sup> since FY22)
- ✓ Development of integrated services purchasing with client preference for reduced complexity, greater transparency and consistency of service quality
- ✓ Consolidation and bundling of services driving higher growth for larger players
- ✓ Improved market resilience thanks to ability to pass through inflation

Source: Company information, market reports

Note: (1) CAGR for the combined Catering and FM markets; (2) Global Food Service market outsourcing worldwide; (3) Change in Global Food Service market outsourcing rate compared to the annual average of 2008-2020






# 1 High growth potential in the French catering market

## French market dominated by top 3 players



- › Accelerated consolidation, benefiting to larger players able to leverage size benefits and be more competitive on tenders
- › Improved hit rate on new contracts

## French end-markets showing whitespace in Healthcare and Education

Market Segment	Illustration	% of Catering market	% outsourced
B&I		19%	84%
Healthcare		13%	34%
Education		30%	33%
Social		30%	30%
Other (Leisure and others)		8%	c.21%

Significant whitespace

# 1 Attractive facility management market with integrated solutions driving future growth

## Fast growing and resilient market

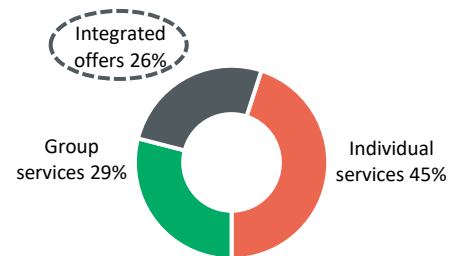
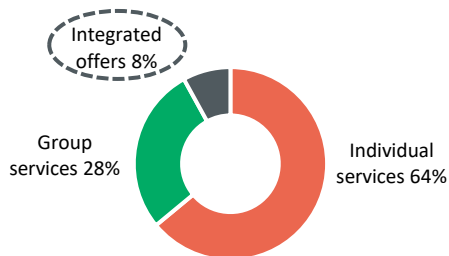
- ✓ High resilience historically even during COVID and high inflation context
- ✓ Increased specialty for end customers driving further re-focus on core business
- ✓ Demand for costs savings solutions
- ✓ Accelerated outsourcing
- ✓ Growing environmental and social concerns
- ✓ Changing habits and buildings usages

**5%**  
Expected CAGR<sub>2023-2028E</sub> in Europe

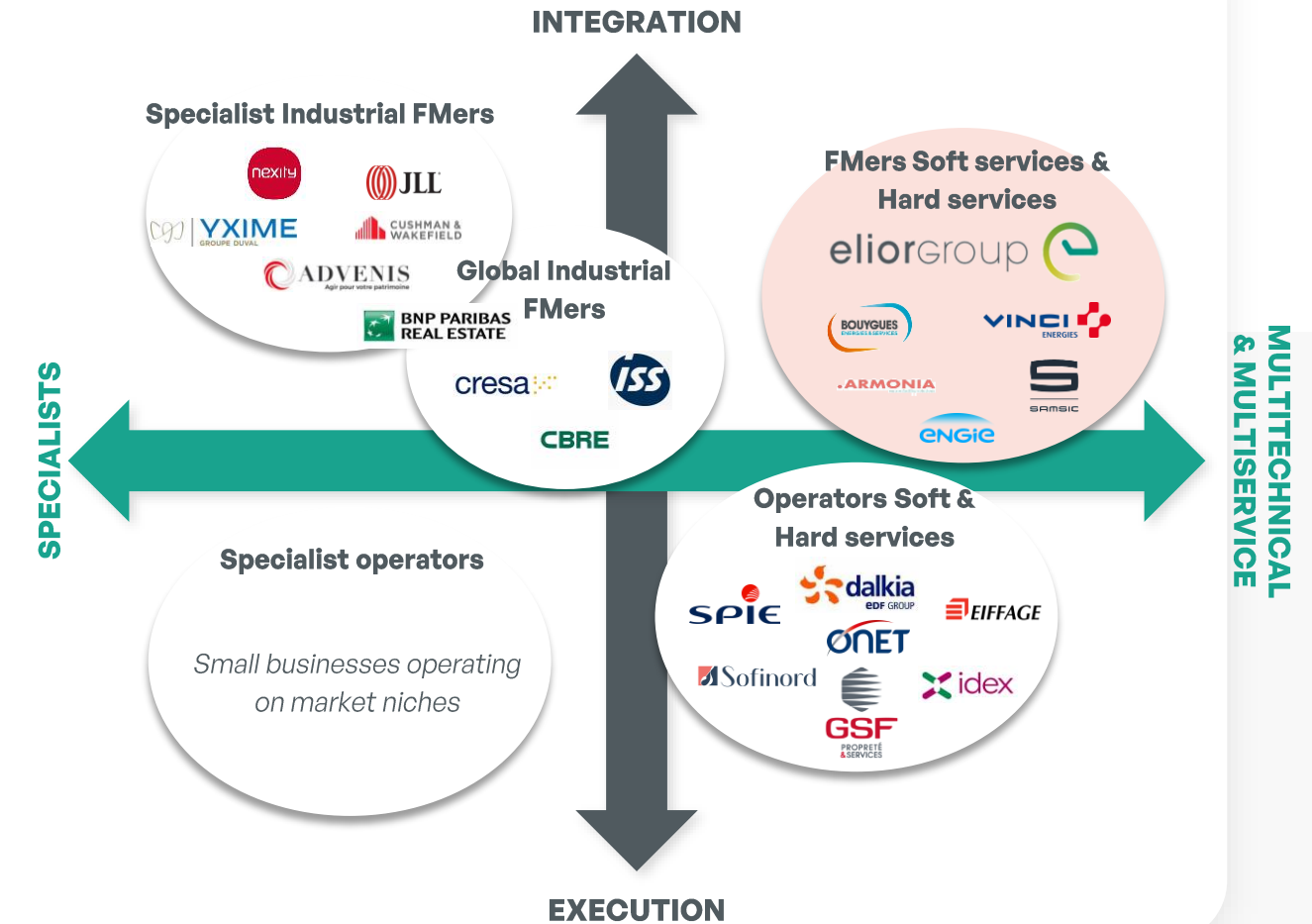
## Massive opportunity to grow in Integrated services

🇫🇷 Market structure in France

🇬🇧 Market structure in the UK


















## 🇫🇷 French facility management competitive landscape





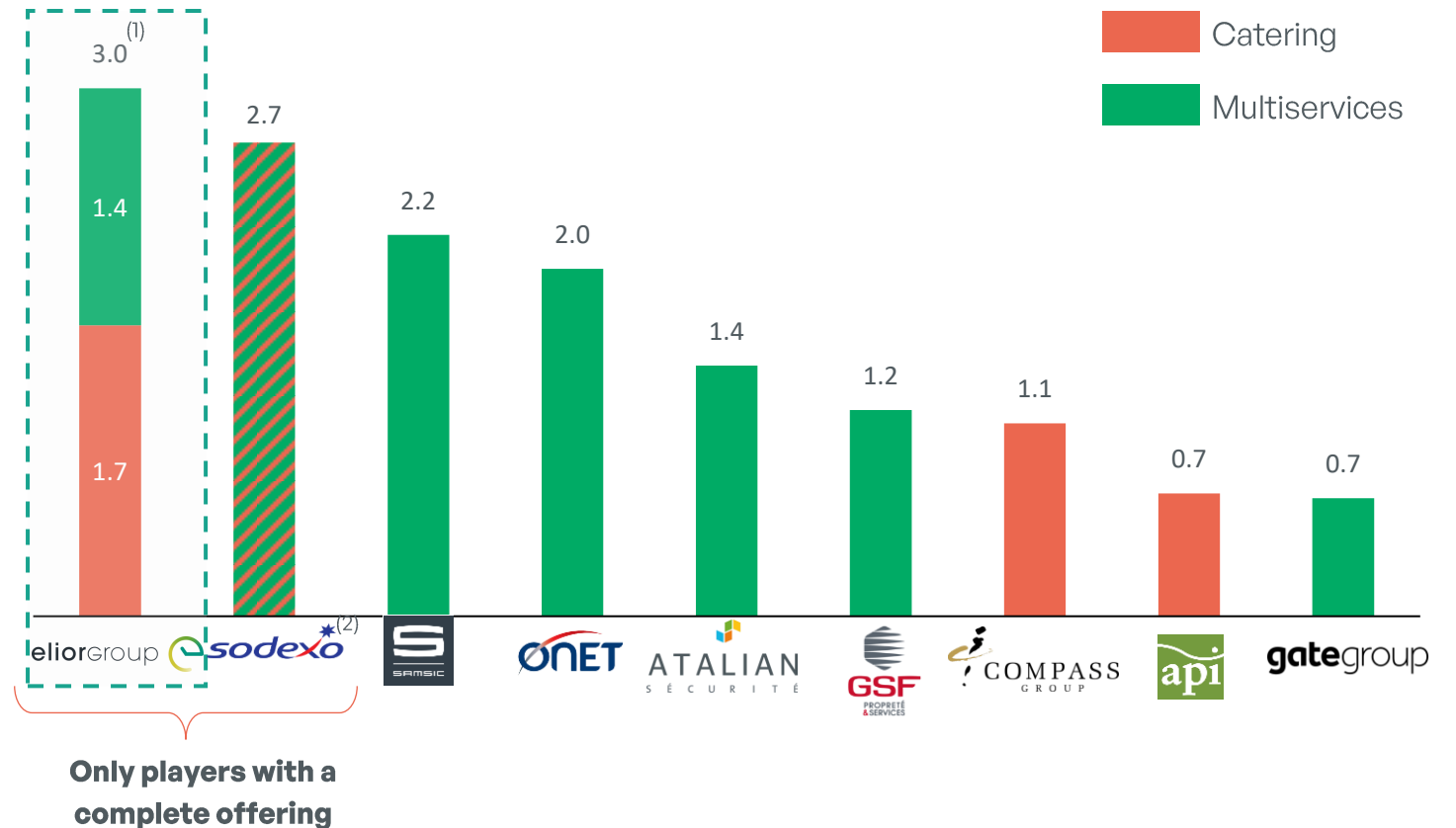
## 2 Undisputable leading operator...

### Strong market positions across strategic end-markets

<b>Catering</b>	       In Corporates and B&I Leader in  
<b>Aerospace</b>	  Leader in the aerospace industry
<b>Hospitality &amp; healthcare</b>	 
<b>Cleaning &amp; Soft FM</b>	 

### Presence in 10 countries with undisputed leadership in home market

Leading players in catering and multiservices total revenues in France in 2023 (€m)



Source : Company information, Market reports  
 Notes: (1) PF of DMS acquisition; (2) Activity split unavailable for France

# 2 ...serving a global base of solid and diverse blue-chip customers

## Service portfolio & main clients

**Healthcare and Education facilities**

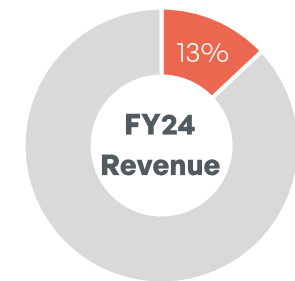
- > Contract catering
- > Cleaning and hospitality services

**Offices and industrial premises (incl. Highly sensitive locations)**

- > Contract catering
- > Cleaning and hygiene services

**Facility management**

- > Reception
- > Concierge
- > Mail handling
- > Grounds maintenance service



- >60% Private clients
- 20,200+ Restaurants and Points of sales
- 92.7% Retention rate<sup>(1)</sup>
- 3.2m Guests each day

## Examples of contracts with blue-chip customers over the past 10 years

Source : Company information  
Notes: (1) Excluding voluntary exits

# Case Studies: Strong client dynamic for FY24

## Case study n°1

August 23

### Senior Nutrition

#### Context

- › Secured the **second of only 2 state-wide senior nutrition contracts** in the US in the state of Alabama

#### Contract KPIs



**30,000**  
Meals delivered daily

#### Challenges and Key Success factors

- › **State-wide coverage**
- › **Strict nutrition** requirements
- › High quality, reliable and documented delivery

## Case study n°2

March 24

### Private Education

- › New customer for **combined Catering, Event organization and Cleaning Services**



**1,200**  
Daily servings

- › Quality improvement
- › Proximity and relational network
- › Strong territorial anchoring

## Case study n°3

June 24

### Industry

- › **Historical customer**
- › **New Catering and Services contract won** to replace 2 competitors for the 7 sites and the international training center



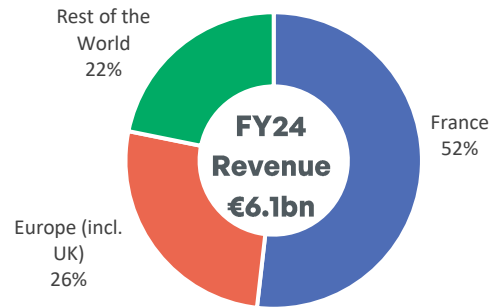
**14,000**  
Employees served

- › Service user experience & variety
- › Digitalization
- › Sustainability
- › Elior Spain is the **only competitor that has both catering and vending services in its portfolio**

# 3 Resilient and diversified business model reinforced by multiservices leg

## Well-diversified end-markets and geographies...

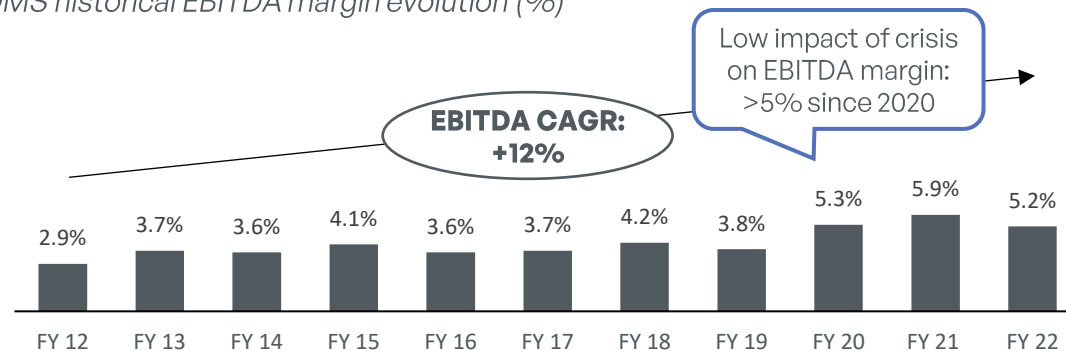
Revenue (% , €m)



- > Well diversified market mix
- > Limited exposure to white collars market (only 16% of FY24 total group revenue and 23% of FY24 Catering revenue)
- > Growing international presence for more than 10 years
- > Entry in the largest & fastest growing US market in 2013, becoming #5 player today
- > Continued international expansion with the use of local resources (Development in India and recent acquisition in Hong Kong)

## ... And proven resilient to downturn with the diversification towards the very steady multiservices activity

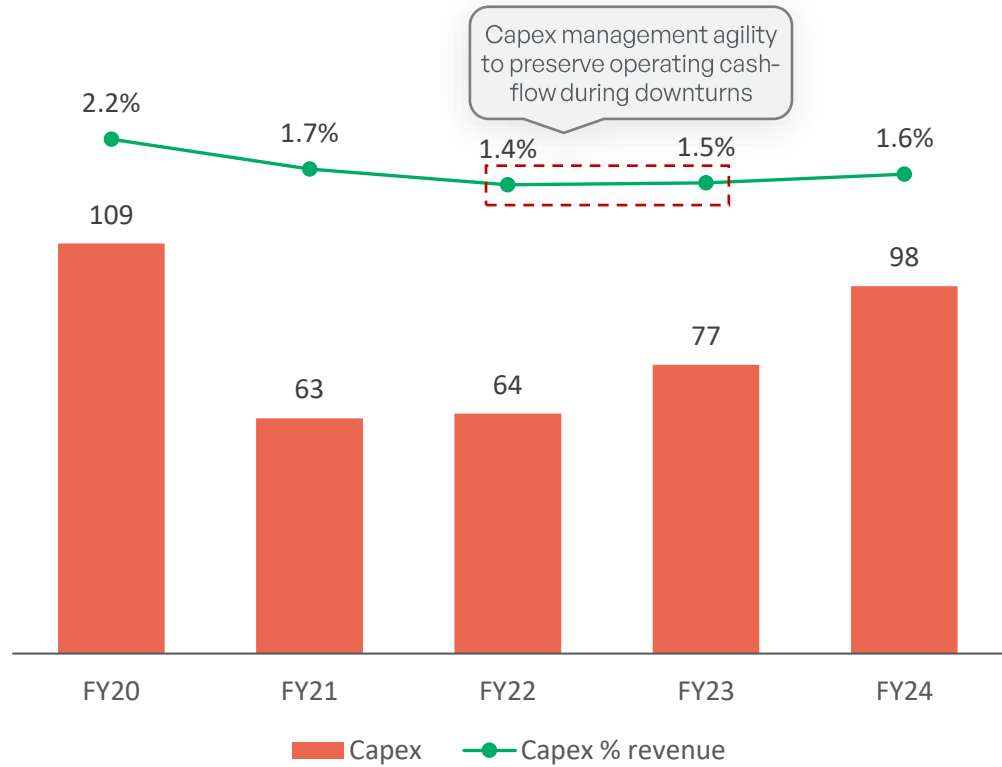
DMS historical EBITDA margin evolution (%)




- > Mission-criticality
- > Flexibility to adapt number of FTEs (3/4 of payroll through partial time contracts)
- > Multiservices contracts are typically on a P&L basis
- > Support from public authorities
- > Integrated contracts with longest duration due to high degree of complexity, service requirements and personnel transfer

# 3 A lean capex model driving high operational flexibility

Capex evolution (€m, % revenue) showing flexibility to reduce Capex to protect cash generation




**Catering**



Mainly attributed to Development and Maintenance & Productivity e.g. upgrade of equipment for central kitchen and on-site kitchen

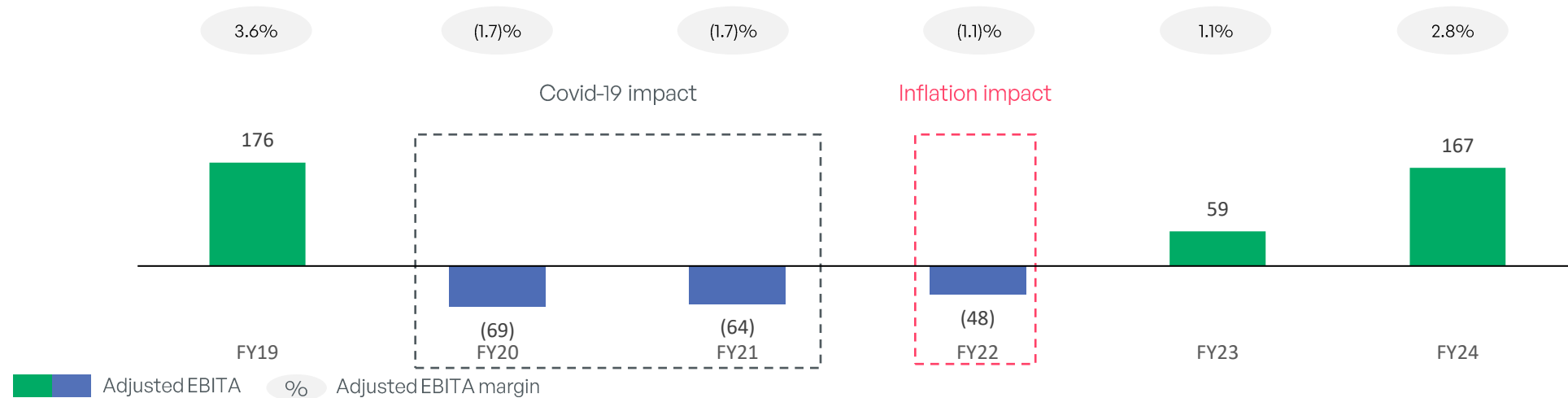
**Facility Management**









Mainly composed of the renewal of washing machines

# 4 Restoring profitability post covid and inflation episodes...

**Adjusted EBITA evolution through Covid crisis and inflation shows a solid recovery since FY23 (€m)**

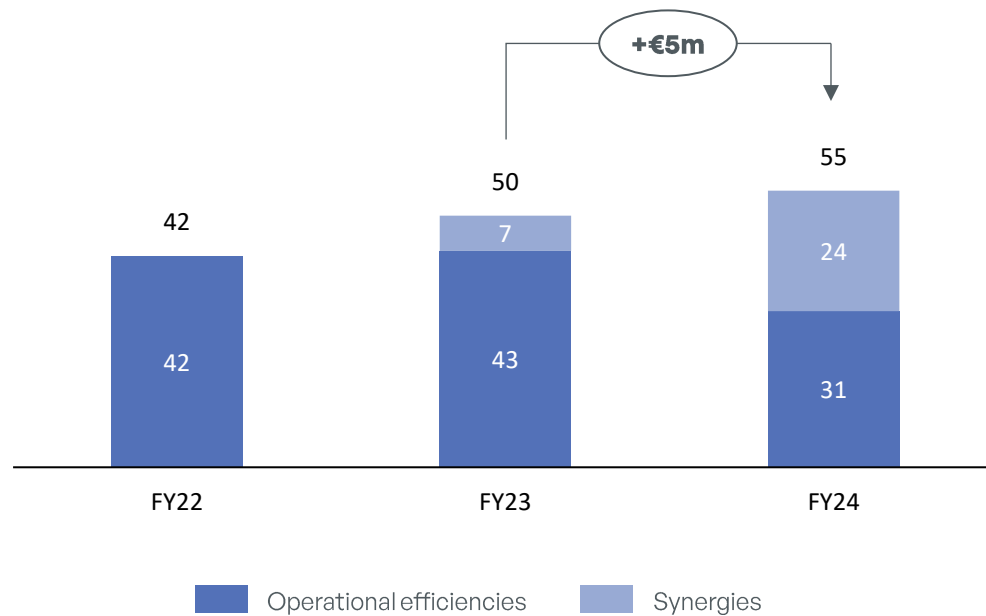


## Profitability improvement levers

-  Revenue price increases
-  Profitable net new business
-  Voluntary exit of loss making contracts
-  Operating cost optimization
-  Process optimization (focus on central kitchens)
-  DMS integration & restructuring

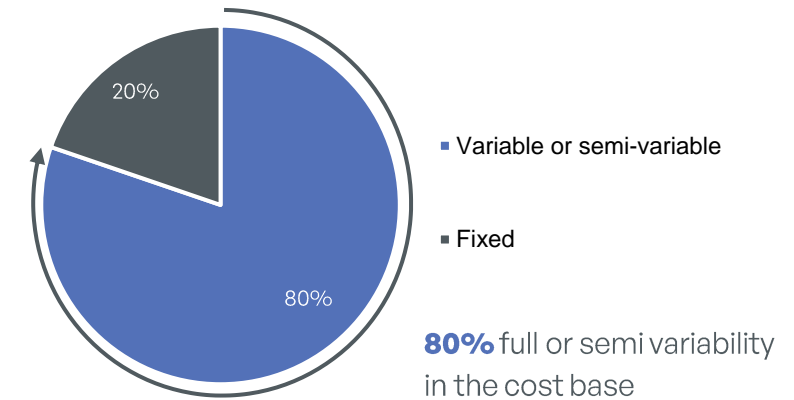
# 4 ... thanks to cost optimizations and flexible cost base

Cost optimization YoY impact (in €m)



> **Continued cost optimization** year over year since 2022

Elior enjoying margin protection thanks to steady variable cost-base (%)

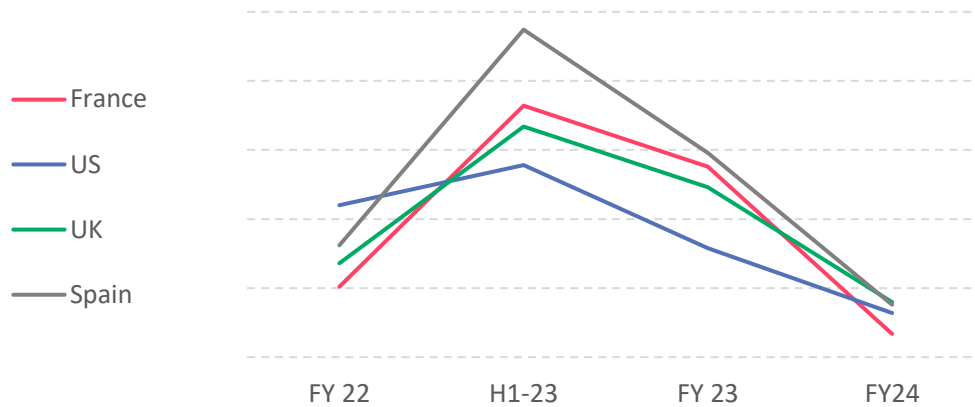


- > Elior's cost base being composed of:
  - Variable costs (raw materials)
  - semi-variable (labour and occupancy costs)
  - fixed (operational overheads and SG&A costs)
- > Great cost base variability with **80% of costs variable or semi variable**, enabling **margin protection**

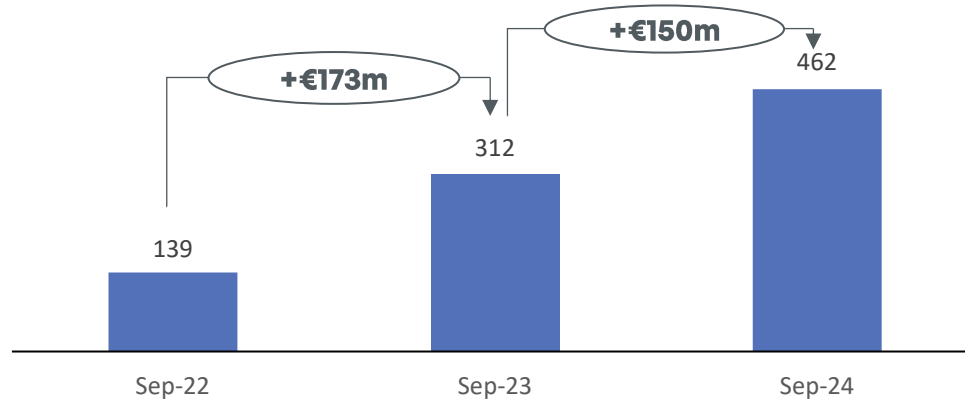
# 4 Successful renegotiations amidst inflation normalization...

## Food cost inflation finally cooling to below FY22 level

Average y-o-y food cost inflation



## Annualized price renegotiations (in €m)



## Average annual price revision estimate

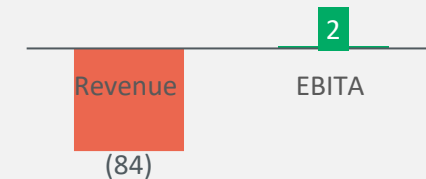
+3.3%

Price revisions and negotiations in FY24

## Sound retention rate

91.2%  
In FY24 vs.  
92.0% in FY23  
Or 92.7% excl.  
voluntary exits

2024 voluntary contract exits  
resulted in revenue loss but  
EBITA gain









## New contracts and higher flexibility

- > New contract wins
- > Completed existing contract renegotiation with greater cost flexibility




# 4 ... underpinned by thorough catering contracts management culture

	P&L contract	Cost-plus contract	Fixed-costs contract
% of overall contract base <sup>(1)</sup>			
Geographies			
Main end-markets	B&I / Education	B&I / Care Homes	B&I / Health and Welfare
Key features	<ul style="list-style-type: none"> <li>✓ Mostly indexed to CPI or Food</li> <li>✓ New formula for new contracts, mix of food and wages inflation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Most protective in case of strong inflation but rarely seen in Continental Europe</li> </ul>	<ul style="list-style-type: none"> <li>✓ Relatively seldom among Elior's contract due to associated risks. Seen mostly in Spain and Italy</li> </ul>
Sensitivity <sup>(2)</sup> to volumes and inflation	~ (Mid)	✓ (Low)	~ / ✗ (Mid to High)


**Over 2022-23 and due to high inflation, pricing and contracts' features were renegotiated, on top of contractual's price revisions**

**Key contract renegotiations' highlights**


**Improved pricing (indexation)**

 New contracts include revised formula, based on food and wage inflation (correlation with cost base)

**Contract revision frequency**

 Addition of a contractual right for price revision (annual, semi annual or quarterly)

**Better inflation pass through**

 Inflation pass-through strongly improved over past years

Source : Company information  
 Notes: (1) Contracts related to Contract Catering exclusively; (2) Margin sensitivity to an increase in volume or inflation

## 5 A solid and enhanced governance underpinned by Derichebourg's strong commitment

Derichebourg SA's stake lockup & standstill

Balanced board of directors (independence & gender)







Supermajority required for key decisions

Strict selection process of independent directors

Lead independent director role extension

Monitoring of Derichebourg SA's commitments

# 5 Experienced and supportive management team

		Experience	Management strengths				
			Business Expansion	Catering	Multiservices	French Market	International
	<p><b>Boris Derichebourg</b> Group COO, Chairman of DMS and CEO of Elior France</p> <ul style="list-style-type: none"> <li>19 years of experience at DMS</li> <li>CEO of Elior France since September 2023 and Group COO since April 2023</li> <li>Previous role as CEO of DMS for 17 years</li> </ul>	~20 years in the industry	✓		✓	✓	
	<p><b>Maximilien Pellegrini</b> CEO of Elior North America</p> <ul style="list-style-type: none"> <li>Joined Elior in May 2024 as North America CEO</li> <li>Previous significant roles include CEO of Atalian and Deputy Group CEO at New Suez after CEO positions for Water, Waste Recycling and Recovery activities in France and the US</li> </ul>	~20 years in the industry	✓		✓		✓
	<p><b>Simon Pebeyre</b> CEO of Derichebourg Facility and Elior Services</p> <ul style="list-style-type: none"> <li>CEO of Elior Services since the merger</li> <li>Joined Derichebourg Propreté in 2005 where he held various positions including Regional Manager, CEO and executive manager of Derichebourg FM, Derichebourg Accueil and Derichebourg Technologies</li> </ul>	~20 years in the industry	✓		✓	✓	
	<p><b>Antonio Llorens</b> CEO of Serunion and Spain</p> <ul style="list-style-type: none"> <li>Over 35 years of experience in the contract catering industry</li> <li>Notable role as CEO of Areas</li> </ul>	~35 years in the industry	✓	✓			✓
	<p><b>Pascal Lannette</b> Chairman of Derichebourg Aeronautics</p> <ul style="list-style-type: none"> <li>Joined the Derichebourg Group in 2006 following the acquisition of Penauille, where he founded the subsidiary specializing in aeronautical subcontracting</li> <li>Previous experience of 17 years at Airbus</li> </ul>	~40+ years in the industry	✓		✓	✓	
	<p><b>Catherine Roe</b> CEO of Elior UK</p> <ul style="list-style-type: none"> <li>Over 19 years of experience of management in the company and CEO of Elior UK since 2014</li> <li>Previous experiences at Sodexo and Ladbroke</li> </ul>	~28 years in the industry		✓	✓		✓

03

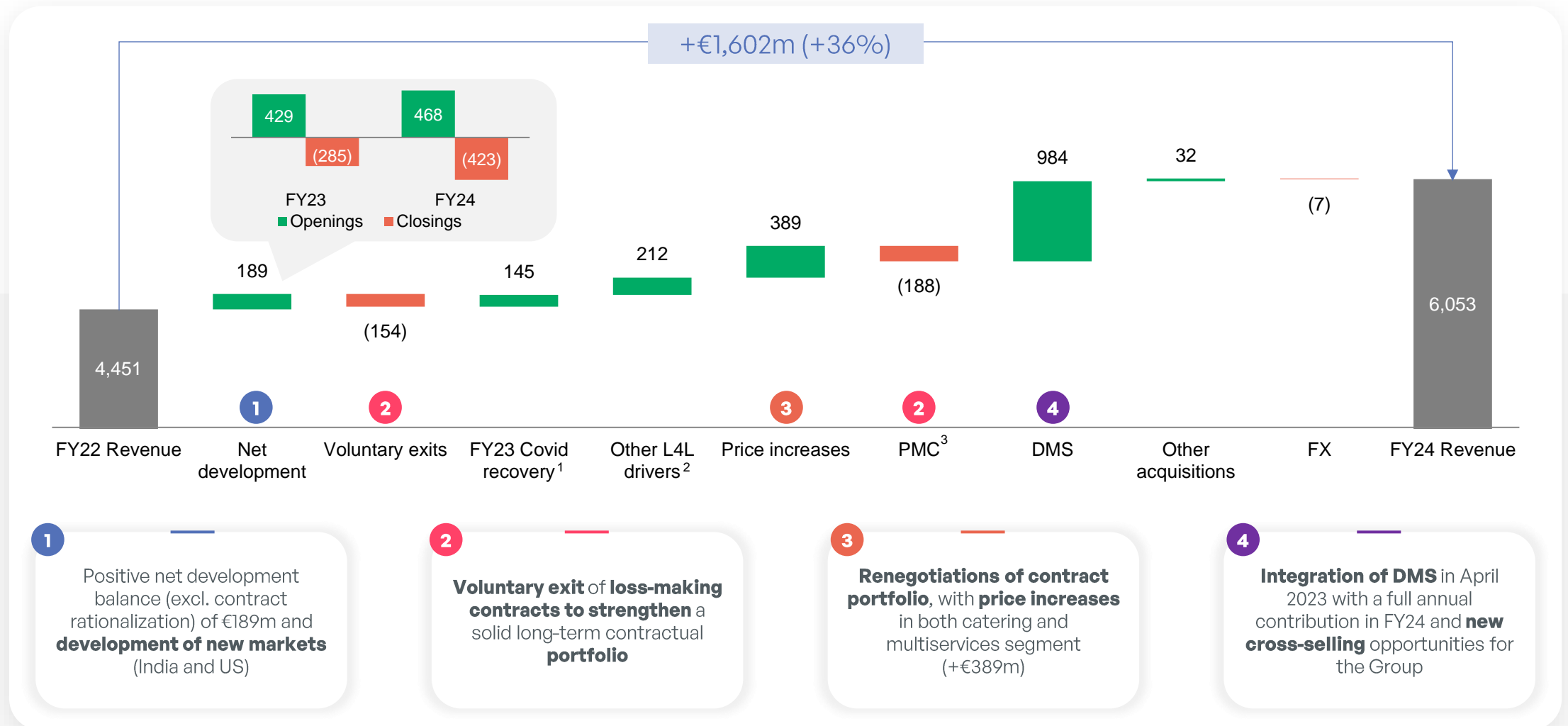
# Historical Financials

# Management focus on profitable growth bearing fruit

Reported, in €m	FY22	FY23	FY24	Var FY22-24	FY25 Outlook
<b>Revenue</b>	<b>4,451</b>	<b>5,223</b>	<b>6,053</b>		
YoY growth in %	+20.6%	+17.3%	+15.9%		
YoY organic growth in %	+18.3%	+11.2%	+5.1%		<b>+3-5%</b>
Purchase of raw materials and consumables costs	(1,444)	(1,656)	(1,740)		
<b>Gross Profit</b>	<b>3,007</b>	<b>3,567</b>	<b>4,313</b>		
% of sales	67.6%	68.3%	71.3%	<b>+3.7ppt</b>	
Personnel costs	(2,349)	(2,773)	(3,282)		
Share-based compensation expense	(3)	(6)	-		
Other operating expenses	(472)	(491)	(587)		
Taxes other than on income	(78)	(92)	(111)		
<b>EBITDA</b>	<b>108</b>	<b>206</b>	<b>333</b>		
% of sales	2.4%	3.9%	5.5%	<b>+3.1ppt</b>	
Depreciation, amortization and provisions for recurring operating items	(156)	(152)	(166)		
<b>Adj. EBITA<sup>1</sup></b>	<b>(48)</b>	<b>59</b>	<b>167</b>		
% of sales	(1.1)%	1.1%	2.8%	<b>+3.9ppt</b>	<b>&gt;3%</b>
Net amortization of intangible assets recognized on consolidation	(18)	(20)	(26)		
<b>EBIT</b>	<b>(69)</b>	<b>33</b>	<b>141</b>		
Non-recurring income and expenses, net	(309)	(81)	(31)		
<b>EBIT after non-recurring and share of profit</b>	<b>(378)</b>	<b>(48)</b>	<b>110</b>		
Financial expenses	(59)	(88)	(122)		
Financial income	33	10	17		
<b>EBT</b>	<b>(404)</b>	<b>(126)</b>	<b>5</b>		
Income tax	(36)	29	(36)		
<b>Net profit/(loss) for the period from continuing operations</b>	<b>(440)</b>	<b>(97)</b>	<b>(31)</b>		

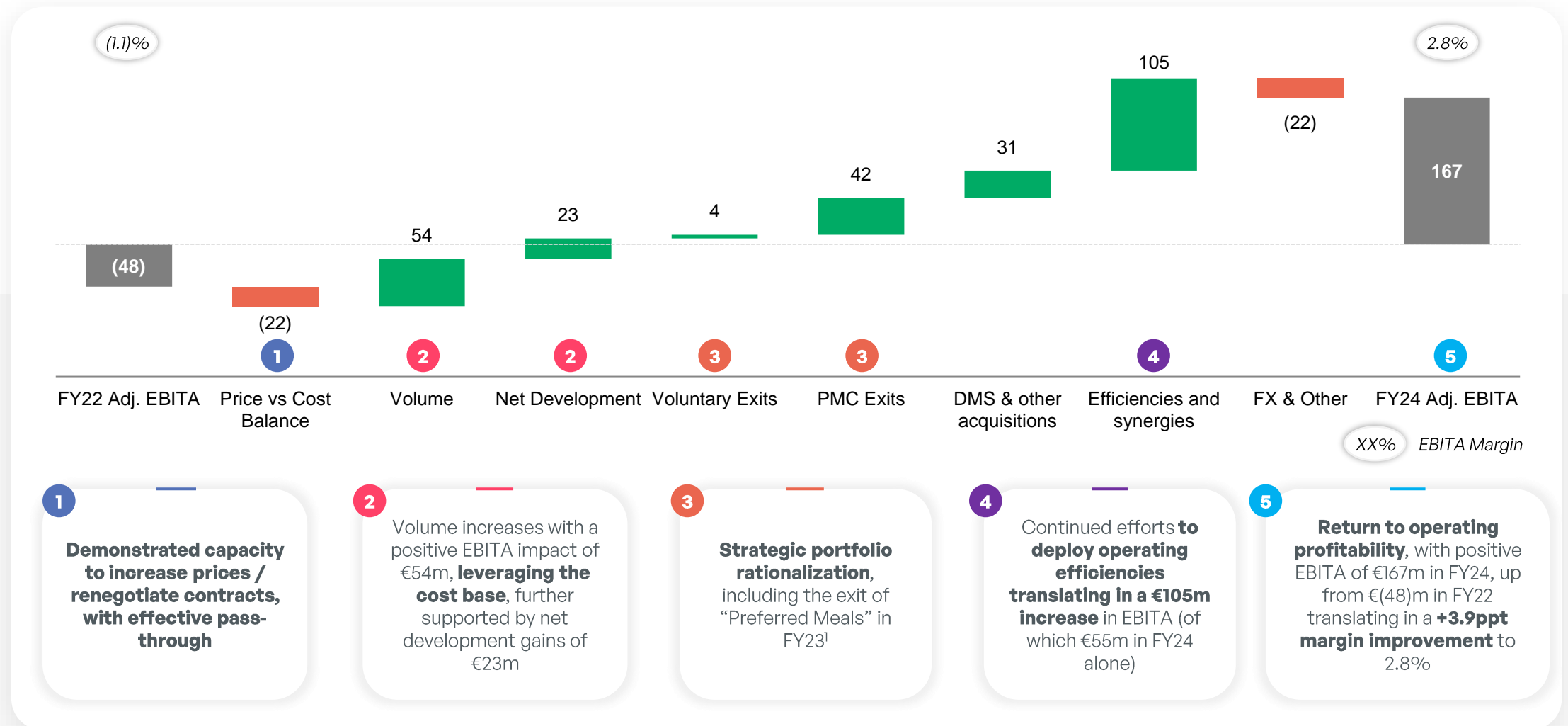
- Topline driven by (i) **commercial developments** on new volumes, (ii) disciplined **price increases** to weather cost inflation and (iii) **integration of DMS** since FY23
  - Following strong volume recovery post-Covid and stabilization of prices, return to **normalized growth of +5.1%** in FY24 on a PF basis<sup>2</sup>
- **Positive mix effect of Multiservices** bringing additional sales opportunities while consolidating the gross margin
- **Personnel costs contained** at 53-54% of revenue over the last 3 years
- Synergies, transformation plans and thorough screening and management of (i) raw materials and consumables and (ii) other operating expenses explaining the **recovery in EBITDA and EBITA margin since FY22**

# Clear action plan put in place by management to steer topline growth...



Source: Companies. Notes: (1) FY23 Covid recovery defined as non-homogeneous normalization of volumes across Group regions post Covid; (2) Other L4L drivers defined as volume increase post Covid recovery and including one-off contracts such as the 2024 Paris Olympics; (3) PMC: Preferred Meals Contracts. US loss-making non-core business

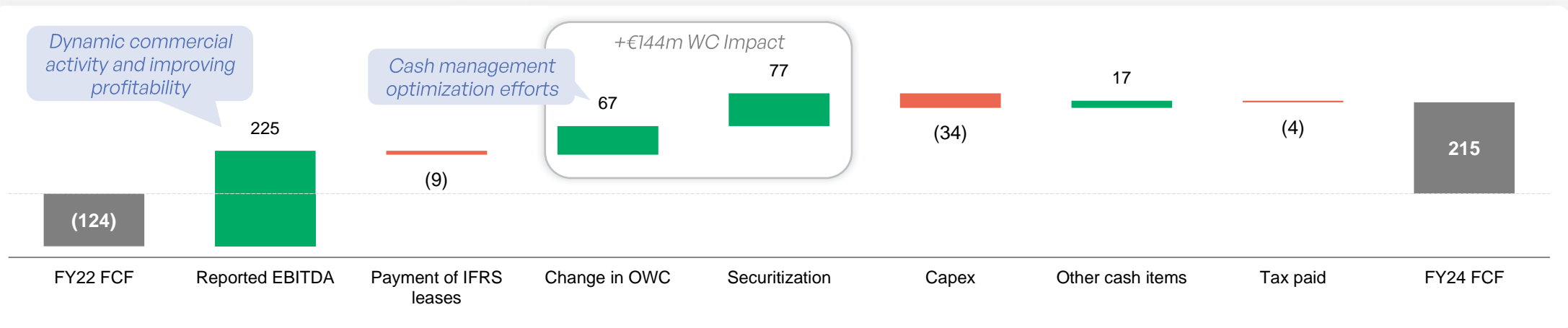
# ...and sustainably improve profitability



# Cash management efforts and contained capex leading to a return to positive FCF generation...

- **€339m FCF improvement since FY22**, leading to a €215m positive FCF generation in FY24
- Capacity to steer capex, with gradual **return to normalized levels of Capex** (as % of sales) with recovery of business
- Other Cash Items relate primarily to **restructuring expenses** with a **decreasing year-on-year impact** following stabilization of new customer centric organizations (France)
- Increased lease payments linked to the integration of DMS

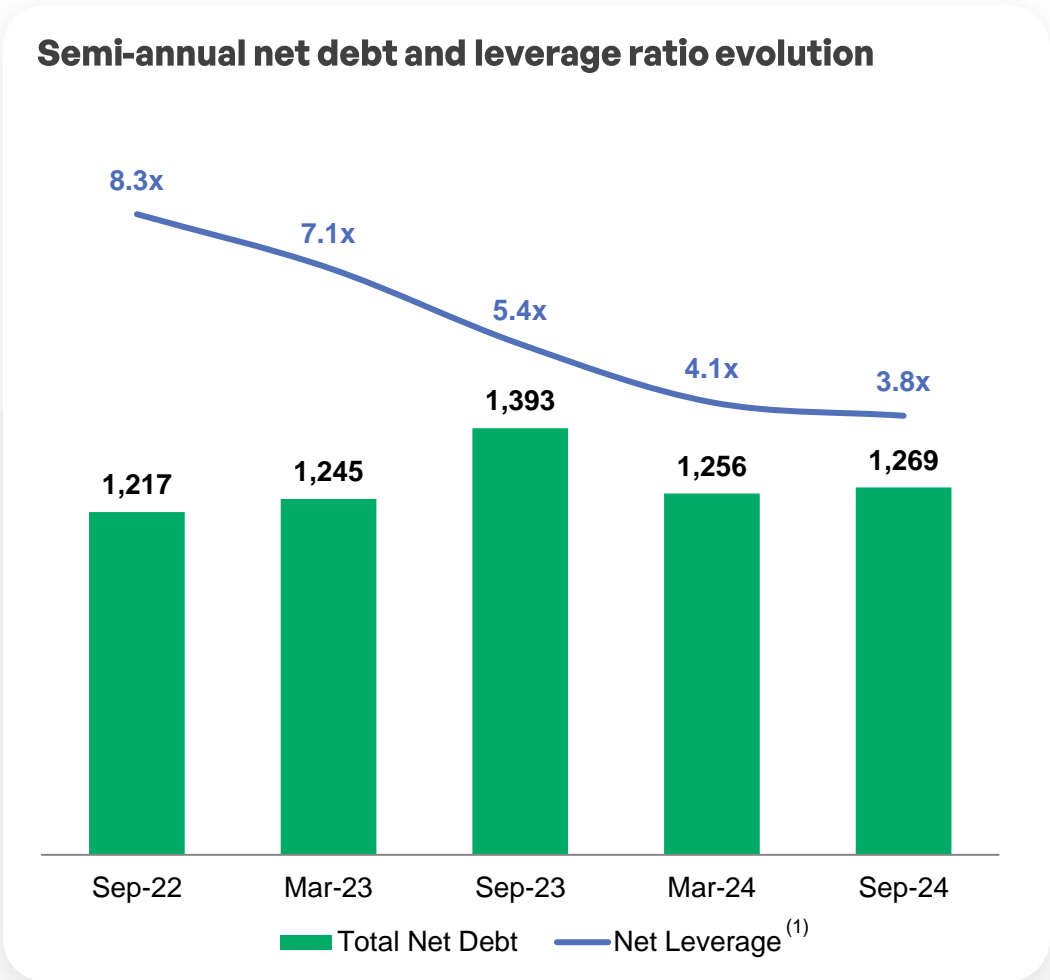
(in €m)	FY22	FY23	FY24	Var FY24 vs FY22	FY25 Outlook
<b>Reported EBITDA</b>	<b>108</b>	<b>206</b>	<b>333</b>	<b>225</b>	
Capex	(64)	(77)	(98)	(34)	
% of revenue	1.4%	1.5%	1.6%		<b>1.8-2.2% of sales</b>
Change in OWC	(40)	(88)	24	67	
Securitization/factoring	6	23	83	77	
Change in OWC, including Securitization	(37) <sup>1</sup>	(66)	107	144	<b>€40-60m</b>
Other Cash Items	(46)	(40)	(26)	20	<b>€(20)-(25)m</b>
FX & Other	5	5	2	(3)	
Payment of leases	(76)	(77)	(85)	(9)	
<b>Operating Cash Flow</b>	<b>(110)</b>	<b>(49)</b>	<b>233</b>	<b>343</b>	
Tax Paid	(14)	(9)	(18)	(4)	
<b>Free Cash Flow</b>	<b>(124)</b>	<b>(58)</b>	<b>215</b>	<b>339</b>	



Notes: (1) Includes a €(3)m cash flow statement reconciliation impact in FY22



# ...Supporting the continued deleveraging trajectory



**Uninterrupted deleveraging trend**, supported by stable Total Net Debt and recovering profitability

Higher Total Net Debt of €1,393m in FY23 explained by **temporary working capital movement**, fully reversed in FY24

# 04

# Financial Outlook & Policy

# Key growth levers

1

**Improving  
retention rate**

2

**Increasing  
prices**

3

**New verticals  
and new  
geographies**

4

**Implementing  
synergies**

# Outlook for FY2024-2025



FY2024-25E  
Organic revenue growth:  
**+3% to 5%**



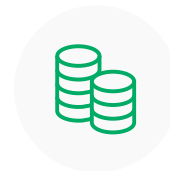
FY2024-25E  
Adjusted EBITA margin  
**Over 3%**



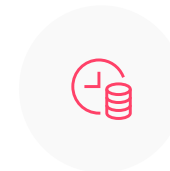
30/09/2025E  
Net debt / EBITDA ratio  
**below 3.5x**



CAPEX as % of revenue  
**1.8%-2.2%**



Working capital change  
**+€40-60m**



Non-recurring cash  
**€(20)m-€(25)m**

## Leverage

- **Net debt / EBITDA ratio is to decrease below 3.0x by end of FY26**
- **Strong emphasis on cash management** efforts improving WC and returning back to normalized levels by FY25
- **Contained Capex** spending, in line with historical trend at c. 2% of sales
- Conservative M&A strategy mostly focused on bolt- on opportunities
- **Overall conservative financial policy** supporting deleveraging path

## Liquidity

- **Secured** an upsized **new securitization program strengthening** its liquidity
  - The **program** is backed by receivables from both catering and multiservices and **amounts up to ~€800m**
- The Group will continue to maintain a **robust liquidity**

## Hedging

- The Group uses hedging instruments to mitigate interest rates risk
- **71% of gross debt** benefits from a **fixed/hedged interest rate as of September 2024**
- **Hedging strategy** consists of hedging future financial needs by using **interest rate swaps** and **caps**

**Merci !**