

Paris, December 20, 2022

## Acquisition of Derichebourg Multiservices: Elior Accelerates Its Turnaround

- Creates a new global leader in contract catering and multiservices, with approximately 134,000 employees
- Enhances the Group's activities with new and complementary offers
- Significant deleveraging: increasing flexibility to drive growth in contract catering and services
- Significant potential value creation with at least €30 million in run-rate EBITDA synergies and a double-digit positive impact on EPS as soon as FY2024
- All-stock transaction with Elior Group shares issued to Derichebourg SA at €5.65 per share, representing a premium of 119%<sup>1</sup> or 128%<sup>2</sup>, to the last trading day and the one-month average share price prior to rumors, increasing Derichebourg SA ownership to 48.4%, a reference and long-term shareholder
- Evolution of the Board of Directors' structure with renewed governance, reflecting the new shareholder balance; nomination of Daniel Derichebourg as Chairman and Chief Executive Officer of Elior Group, upon closing of the transaction
- Transaction subject to Elior Group shareholders' approval at an Extraordinary General Meeting during April-May of 2023
- Unanimous recommendation from Elior Group's Board of Directors

Elior Group (the "Group") announced today that they have signed a Memorandum of Understanding ("MoU") with Derichebourg Group ("Derichebourg"), under which Elior Group would acquire Derichebourg Multiservices ("DMS") in exchange for new Elior Group shares issued to Derichebourg SA. This transaction, which would accelerate Elior Group's turnaround, is the result of a comprehensive review of strategic options, launched by the Board of Directors in July 2022. The transaction has been unanimously approved by Elior Group and Derichebourg's Board of Directors.

Elior Group is entering a new decisive phase in its history, in a sector undergoing major changes. The Group would become an international leader in the contract catering and multiservices sectors with pro forma consolidated 2021-2022 revenues of €5.2<sup>3</sup> billion and approximately 134,000 employees.

<sup>1</sup> Premium to Elior Group's closing share price of €2.58 on November 23, 2022, the last trading day prior to the announcement of discussions with Derichebourg

<sup>2</sup> Premium compared to €2.48, the one-month average share price (VWAP) for the period ending on November 23, 2022

<sup>3</sup> Excluding Preferred Meals activities (PMC)

Elior Group and DMS' complementary activities would significantly enrich the Group's offering in a highly attractive services sector, expand its customer base and increase its territorial coverage, particularly in France, as well as its European and international footprint. In addition, by improving its financial profile and, in particular, with the significant deleveraging, Elior Group would be able to accelerate its growth in both contract catering and services sectors. The transaction would also offer strong potential for value creation, with estimated run-rate EBITDA synergies of at least €30 million by end of 2026.

**Commenting on the transaction, Bernard Gault, Chairman and CEO of Elior Group, said:**

*"After positioning the Group on a profitable path, we are accelerating our turnaround by strengthening our position in service businesses that are highly attractive and complementary to our current activities. By offering a broader suite of services to our clients, we are pursuing a new ambition and creating long-term value for Elior Group's employees, clients and shareholders.*

*As part of this project, we are introducing a new balanced and adapted governance structure for all our stakeholders. Daniel Derichebourg, who will be nominated as Chairman and CEO of Elior Group, is an experienced entrepreneur who is passionate about his customers. His track record is a testament to his exceptional success, and he is the ideal leader to accelerate Elior Group's recovery and enable the Group to achieve its full potential in both of our activities. Daniel's interests will be fully aligned with those of Elior and the Group's shareholders."*

**Daniel Derichebourg, Chairman and CEO of Derichebourg and member of the Board of Directors of Elior Group, added:**

*"By bringing Derichebourg Multiservices to Elior Group, Derichebourg is increasing its stake in Elior Group and confirming its ambition to be a long-term reference shareholder. During its review of strategic options, the Elior Group fully recognized the potential of Derichebourg Multiservices' industrial project, as well as the quality of our teams and our assets. We wish to create a new global leader in contract catering and multiservices and I will apply all my experience as an entrepreneur to this new challenge.*

*I am convinced of the Group's potential turnaround and the value creation resulting from this combination. I am very excited to lead Elior Group and to share my values and strategic vision with all employees in order to take the Group to a new phase of long-term growth and value creation."*

**Gilles Auffret, Lead Independent Director of the Board of Directors of Elior Group, declared:**

*"We are pleased to enter into this agreement with DMS and Daniel Derichebourg. Over the past few months, the Board of Directors and Bernard Gault have been focused on ways to strengthen Elior's long-term position, and after undertaking a comprehensive review of all strategic options, we concluded that the project announced today would be in the best interest of all our stakeholders, including our shareholders. This decision was made unanimously following the unanimous positive advice of the "ad hoc" committee, created within the Board. This committee was composed of a majority of independent directors and relied notably on the preliminary work conducted by Rothschild & Co which will deliver to the Board, when convening the EGM, a fairness opinion from a financial point of view for Elior Group regarding the consideration payable for the contribution of DMS."*

**Elior Services and Derichebourg Multiservices: two leading players in services**

Led by Boris Derichebourg since 2008, **DMS** became a leading player in France and internationally in the outsourced services industry for industrial and services companies, public services and local governments, with approximately 37,000 employees. Its diversified revenue is divided between soft and technical facility management (70%), industry (12%), HR sourcing and interim solutions (16%), energy and urban spaces (3%). In 2022, the company generated revenues of €943 million with an EBITDA of €49 million. Since 2020, DMS' EBITDA margin has been higher than 5.0%.

DMS has an agile and efficient organization with short decision-making processes, decentralized activity management and a strong focus on monitoring contract profitability and cash generation. It is also known for its privileged and long-standing customer relationships, many of which are with SMEs. DMS also benefits from a very dense regional presence across France as well as strong positions in Spain and in Portugal.

DMS is highly skilled in cross-selling and offering multiple services to its customers. Over the 2012-2022 period, DMS achieved a steady increase in revenues with an average growth (CAGR) of +6.0% per year and consistent positive operating margins, regardless of cycles or crises over this period.

**Elior Services** is a major French player in biocleaning, sanitation and soft facility management. In 2022, the business generated revenues of €595 million, split between healthcare (57%), services and industries (40%) and education (3%).

Elior Services has 22,500 employees across approximately 2,400 sites and has long-term customer relationships, particularly with large corporations.

### Acquisition of Derichebourg Multiservices: a transaction with a strong industrial and financial rationale

#### Enhanced service offering providing Elior Group with a more resilient and balanced profile

In addition to its strong positions in contract catering, the acquisition of DMS would strengthen Elior Group's services offering in soft facility management (cleaning, reception, green spaces) and would bring new, high value-added services in security, technical facility management (energy efficiency, public lighting) as well as in HR and interim services and aeronautical outsourcing. Elior Group would thus have an enhanced multiservice offering and a more resilient profile with a more balanced mix between contract catering representing 69% of revenues and multiservices representing 31% of revenues.

#### Complementary customer profiles in services

Together, Elior Services and DMS would have access to a broader customer base, including large companies, SMEs and the public sector, with a denser coverage of the French market, greater customer proximity and a presence on the Iberian Peninsula.

#### Accelerating commercial momentum

The transaction would provide a new impetus for Elior Group and opportunities to accelerate its commercial momentum. In services, the enhancement of its suite of offering would enable Elior Group to better satisfy the new expectations of its customers and, in particular, large multiservices tenders. In addition, the complementary nature between Elior Services and DMS would enable to strengthen the cross-selling strategy within the services activity and extend it to contract catering. Furthermore, by bolstering its financial profile, Elior Group would have new financial resources to enable the contract catering business to resume its international growth, particularly in the fast-growing U.S.A. market.

### A value-creating transaction with strong synergy potential and an enhanced financial profile

#### Compelling synergies of at least €30 million in run-rate EBITDA

Given the numerous complementarities between Elior Group and DMS, significant sources of synergies have been identified. Elior Group could thus aim to generate at least €30 million in run-rate EBITDA synergies by end 2026. Specifically, cost synergies are estimated at 60% of the total, through the optimization of structure and operations and the re-internalization of certain activities, and development synergies are estimated at 40% resulting from the acceleration in commercial momentum.

The transaction is expected to be double-digit EPS accretive as soon as fiscal year 2024, which could be further increased on the basis of expected synergies.

### **Enhanced financial profile with improved profitability and immediate deleveraging**

The proposed acquisition of DMS' assets, on a debt-free basis, in an all-stock transaction, would enhance Elior Group's financial profile with improved resilience and immediate deleveraging, going from 8.3x to 6.2x, on a pro forma basis as of end of September 2022.

On pro forma basis, as of end of September 2022, and post synergies, the combined revenues of Elior Group and DMS would reach approximately €5.4 billion, with an EBITDA margin of 4.2% and an EBITA margin of 1.0%.

### **Transaction terms**

The transaction values DMS at enterprise value of €450 million, representing an implied EBITDA-2022 multiple of 9.1x and 5.7x after synergies.

The acquisition would be financed through the issuance of new Elior Group's shares to Derichebourg, at a price of €5.65 per share, representing a premium of 119% to Elior Group's closing share price of €2.58 on November 23, 2022, the last trading day prior to the announcement of discussions with Derichebourg, and a premium of 128% compared to €2.48, the one-month average share price (VWAP) for the period ending on November 23, 2022.

Following this projected transaction, Derichebourg SA would increase its stake in Elior Group to 48.4%, enhancing its role as a long-term shareholder focused on growth, efficiency and value creation for all stakeholders. Derichebourg SA will seek an exemption from the obligation to file a public tender offer for the shares of Elior Group with the Autorité des Marchés Financiers ("AMF").

### **Governance and management**

A number of commitments have been made to establish balanced governance within Elior Group.

Following the closing of the transaction, Elior Group's Board of Directors would be realigned, and its governance renewed and balanced. Elior Group's Board would be composed of 12 members, including five appointed upon proposal by Derichebourg, five independent members and two employee representatives. The selection process for independent directors would be under the responsibility of the Nominations and Compensation Committee, which would include more than 50% independent directors, including its chairman. The members appointed by Derichebourg would not be able to participate in the selection process.

Daniel Derichebourg would be nominated as Chairman and CEO of Elior Group for a period of four years, and would resign from all his operational positions at Derichebourg SA, to fully focus on Elior Group's development. Gilles Auffret will continue as Lead Independent Director of Elior Group's Board of Directors.

Following the transaction, Elior Group's internal rules would be amended to include a reinforced majority (requiring a majority of 8 out of 12 directors and including the vote of at least two independent directors) on the more strategic decisions.

For a period of four years, upon completion of the proposed transaction, Derichebourg may not cast more than 30% of the votes on resolutions at any shareholders' meeting regarding (i) the appointment, renewal and removal of independent members of the Board of Directors and (ii) the amendment of this bylaw provision.

Derichebourg S.A. has also committed to holding its stake for a minimum period of four years.

### Indicative timetable and conditions

Relevant employee representatives within the Group will be informed and consulted with respect to the transaction, as required by law.

The transaction is subject to the receipt of approvals from the relevant regulatory authorities, the satisfaction of customary conditions for this type of transaction and the approval of Elior Group's shareholders at an Extraordinary General Meeting ("EGM"), which would take place during the months of April-May of 2023, as well as the receipt of an exemption from the AMF for the filing of a public tender offer.

The transaction is expected to fully close during April-May of 2023.

### Advisors

Morgan Stanley & Co and Crédit Agricole Corporate and Investment Bank are acting as financial advisors to Elior Group and Darrois Villey Maillot Brochier and Actance are acting as legal advisors.

Rothschild & Co is acting as financial advisor to the Board of Directors of Elior Group to whom it will deliver, when convening the EGM, a fairness opinion from a financial point of view to Elior Group regarding the consideration payable for the contribution of DMS.

### Conference Call and Webcast Information

Elior Group will host a conference call for analysts and investors on **December 20, 2022, at 3:00 pm Paris time (CET)**. The conference call will be available as a webcast, both in [original version](#) or in [English](#), on Elior Group's website and by phone at the following numbers:

- France: + 33 (0) 1 70 37 71 66
- UK: + 44 (0) 33 0551 0200
- US: + 1 212 999 6659

#### Original Version

(Some speakers will speak in English and some speakers will speak in French. All questions will be asked in English)

- **Access code: Elior Floor**

#### English Version

(French speakers translated into English. All questions will be asked in English)

- **Access code: Elior English**

To take part, please call the number at least 15 minutes ahead of time to make sure you are quickly connected to the conference call.

Recordings of the 3:00 pm webcast / conference call will be available on Elior Group's website in the Investors section.

#### Financial Calendar:

- Thursday January 26, 2023: First-quarter 2022-2023 revenue – pre-opening press release and conference call
- Wednesday May 17, 2023: First-half 2022-2023 results – pre-opening press release and conference call
- Thursday July 27, 2023: Revenue for the first nine months of fiscal 2022-2023 – pre-opening press release
- Wednesday November 22, 2023: Annual results for fiscal 2022-2023 – preopening press release and conference call

#### 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, health & welfare and leisure markets. With strong positions in 5 key countries, the Group generated €4.45 billion in revenue in fiscal 2020-2021. Our 97,000 employees feed over 3 million people on a daily basis in 20,250 restaurants on three continents and offer services at 2,400 sites in France.

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 <http://www.eliorgroup.com> or follow us on Twitter at: @Elior\_Group

#### Press contact

Antonia Krpina – [antonia.krpina@eliorgroup.com](mailto:antonia.krpina@eliorgroup.com) / +33 (0)6 21 47 88 69

#### Investor Relations

Kimberly Stewart – [kimberly.stewart@eliorgroup.com](mailto:kimberly.stewart@eliorgroup.com) / +33 (0)1 71 06 70 13

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The press release is neither a prospectus, product disclosure statement or other offering document for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended from time to time and implemented in each member state of the European Economic Area and in accordance with French laws and regulations.

This press release includes certain projections and forward-looking statements with respect to the anticipated future performance of Elior Group, post completion of the proposed acquisition of DMS.

Such information is sometimes identified by the use of the future tense, the conditional mode and forward-looking terms such as “estimates”, “targets”, “forecasts”, “intends”, “should”, “has the ambition to”, “considers”, “believes”, “could” and other similar expressions. This information is based on data, assumptions or estimates that Elior Group believes are reasonable. Actual future results may differ materially from those projected or forecast in the forward-looking statements, in particular due to a number of risks, uncertainties and factors that are beyond Elior Group’s control, including but not limited to: the failure of Elior Group’s shareholders to approve the proposed transaction, the reaction of Elior Group’s and DMS’ customers, employees and suppliers to the proposed transaction, the possibility that the synergies and value creation from the proposed transaction will not be realized in the expected time frame, the risk that the businesses will not be successfully integrated, the possibility that the proposed transaction will not receive the necessary approvals, that the anticipated timing of such approvals will be delayed or will require actions that will adversely affect the anticipated benefits of the transaction, the possibility that the proposed transaction will not be completed, and those risks described in disclosures that have been made or may be

made with regulatory authorities such as the French Autorité des marchés financiers (the “AMF”). All forward-looking statements contained in this press release are expressly qualified in their entirety by the cautionary statements contained or referred to in this disclaimer.

Each forward-looking statement speaks only at the date of this press release. Elior Group makes no undertaking to update or revise any information or the objectives, outlook and forward-looking statements contained in this press release or that Elior Group otherwise may make, except pursuant to any statutory or regulatory obligations applicable to Elior Group.

No statement in this press release is intended as a profit forecast or estimate for any period. Persons receiving this press release should not place undue reliance on forward-looking statements.

This document includes supplemental financial measures that are not clearly defined under IFRS and that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Elior Group’s net assets and financial position or results of operations as presented in accordance with IFRS in its consolidated financial statements. Other companies that report or describe similarly titled supplemental financial measures may calculate them differently.

#### **Additional information**

In connection with the proposed transaction, Elior Group may file with the AMF, a document for prospectus exemption and other relevant documents in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ ALL RELEVANT DOCUMENTS FILED WITH THE AMF, INCLUDING THE DOCUMENT FOR PROSPECTUS EXEMPTION WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAINS IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Those documents, when filed, may be obtained free of charge from Elior Group’s website at <http://www.eliorgroup.com>.