



PRESS RELEASE

Paris, 3/6/2023

Planned contribution of Derichebourg Multiservices to Elior Group: Signing of Purchase Agreement and Contribution Agreement

Following the December 20, 2022 press release regarding the planned contribution of Derichebourg Multiservices to Elior Group, Derichebourg today announces the signing of the memorandum of understanding and contribution agreement with Elior Group, a major milestone towards creating a new leader in contract catering and multiservices.

Unanimously approved by the Elior Group and Derichebourg Boards of Directors, the signing follows the completion of the process of informing and consulting both groups' employee representative bodies and confirms the financial terms of the transaction as communicated on December 20, 2022.

The transaction remains subject to fulfillment of standard conditions precedent for this type of transaction, including receiving authorization from the European Commission with regard to merger control, obtaining an AMF exemption from the filing of a takeover bid on the basis of Article 234-9 3° of the AMF General Regulation, as well as approval of the transaction by the Elior Group shareholders at an Extraordinary General Meeting scheduled for April 18, 2023, it being noted that Derichebourg cannot vote on the resolution concerning the contribution in accordance with Article L. 225-10 of the French Commercial Code. The transaction will be closed on that date.

Moreover, Derichebourg was informed that BDL Capital Management, Permian Investment Partners, FSP and EMESA, representing approximately 24.4% of Elior Group's share capital and voting rights, support this new stage in the group's strategy and will vote in favor of the contribution of Derichebourg's Multiservices business to Elior.

Should the transaction be approved, Derichebourg will hold approximately 48.4% of Elior Group following the contribution. Derichebourg will continue to consolidate its investment in Elior Group using the equity method.

This transaction would enable Elior Group to develop new business opportunities and improve its financial profile. The group's overall European presence would be strengthened, with total revenue exceeding €5.2 billion.

Derichebourg Multiservices is a major operator in services to businesses and local authorities.

Presided by Boris Derichebourg since 2008, DMS has become a unique player in business services in France and worldwide. DMS has over 12,000 customers, who are assisted as closely as possible by Company employees in the field.

Revenue from this business has been growing steadily since 2012, reaching €962 million in 2022. Its diversified revenue breaks down between soft and hard facility management (69%), industry (12%), HR sourcing and temporary staffing (16%), energy and urban areas (3%). The EBITDA margin has been above 5% since 2019.

DMS has extensive experience integrating new businesses and employees from acquired entities, having completed over 20 acquisitions in 5 years. DMS also has a very dense regional presence in France and strong positions in Spain and Portugal.

DMS has an agile and efficient customer-focused organizational structure with short decision-making circuits, decentralized business management and special attention to monitoring contract profitability and generating cash flow.

DMS boasts considerable expertise in cross-selling and multiservice offerings to its customers. DMS achieved steady revenue growth over the 2012-2022 period with average growth (CAGR) of 6.2% per year.

2022 revenue for this business totaled €962 million, with EBITDA of €50 million. Derichebourg Multiservices employs around 37,000 people.

The Derichebourg Multiservices (DMS) business contributed to Elior Group would strengthen the new entity's market positioning and financial profile.

An industrial project that meets market challenges

The new entity would have an enhanced offering, combining multiservices and contract catering services, enabling it to strengthen its positions amid a changing market. The entity would have a more balanced profile, with contract catering accounting for 71% of revenue versus 29% for multiservices, which proved its resilience during the health crisis.

The contribution of the DMS business to Elior Group would give the new entity an expanded customer portfolio with an international footprint (United States, Spain, Portugal, Italy, United Kingdom, Germany, China, etc.) which could be strengthened in growth markets. The DMS and Elior Group portfolios are highly complementary, with a customer base including large companies, SMEs and the public sector.

The integrated offerings and additional sales on offer within the services business could be extended to contract catering. The contribution of DMS would thus represent new business opportunities for Elior Group, helping to meet new market expectations.

A strengthened financial profile

This project would improve Elior Group's financial profile leading to increased resilience, a strengthened profitability profile and an immediate reduction in leverage and debt risk, giving the group the opportunity to step up its growth once again.

The transaction would offer strong value creation potential with estimated synergies of at least €30 million in full-year EBITDA by 2026.

Clearer organization of Derichebourg Group's business activities.

This major transaction would overhaul the organization of Derichebourg's activities, refocusing on its environmental DNA while holding a 48.4% stake in a new global leader in multiservices and contract catering.

This new entity could create long-term value for all Derichebourg shareholders.

Elior Group's post-transaction governance is set out in the appendix to this press release.

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Appendix: Elior Group post-contribution governance

Upon completion of the transaction, Elior Group's Board of Directors would be reshuffled and its governance renewed. The main points of the governance agreement are as follows:

Composition of the Board of Directors and majority

The Board would be composed of twelve members, including five members put forward by Derichebourg, five independent members and two members representing employees.

In future, the selection process for independent directors would be carried out under the responsibility of the Appointments and Remuneration Committee, over 50% of which is made up of independent directors, including the Chairman. Members appointed by Derichebourg will not be able to participate in the selection process for independent directors.

Gilles Auffret would remain the lead independent director of the Elior Group Board of Directors until the General Meeting called to approve the financial statements for the fiscal year ending September 30, 2023, whereupon the prerogatives currently granted to the Elior Group Vice Chairman and those of the lead independent director will be merged.

The Elior Group rules of procedure would be amended following the transaction in order to provide for a stronger majority (requiring a majority of eight out of twelve directors and including the vote of at least three independent directors) on the most strategic decisions (in particular significant acquisitions or disposals, capital increases, subsidiary IPOs) and a qualified majority requiring a simple majority including at least one Derichebourg director on decisions relating to the annual budget, the strategic plan and any changes in Elior Group key executives.

Chairman and Chief Executive Officer

Daniel Derichebourg would be appointed Chairman and Chief Executive Officer of Elior Group for a term of four years and would continue to chair the Board of Directors at Derichebourg SA¹ to focus on Elior Group's development.

Governance agreement duration and monitoring

Under the terms of the governance agreement, for a period of five years as from the date of completion of the transaction (subject to the following paragraph), Derichebourg has also committed:

- to retain its investment;
- not to increase its investment;

For eight years as from the completion of the planned transaction, Derichebourg:

- may not cast over 30% of the votes at any General Shareholders' Meeting on resolutions relating to (i) the appointment, reappointment and dismissal of independent members of the Board of Directors and (ii) the amendment of this provision in the bylaws;
- undertakes to keep the selection process for independent directors under the responsibility of the Appointments and Remuneration Committee. Members appointed by Derichebourg cannot participate in the selection process.

Lastly, a monitoring committee composed of independent directors will be responsible for ensuring compliance with Derichebourg's commitments during the term of the governance agreement.

¹ Abderrahmane El Aoufir, current Deputy Chief Executive Officer of Derichebourg SA, would become Chief Executive Officer.