2018 profit forecast and response to Elis' proposal

BERENDSEN

24 May 2017

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Reconfirming 2017 profit forecast; announcing 2018 profit forecast

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A

2017 profit forecast

- On 3 March 2017, at its 2016 full year results presentation, Berendsen announced a profit forecast for the financial year ending 31 December 2017:
  - "Adjusted operating profit expected to be approximately £150 million in 2017"[(1)]
- The Board of Berendsen today reconfirms this forecast and expresses its confidence in its delivery

B

2018 profit forecast

- Today, the Board of Berendsen announced a profit forecast for the financial year ending 31 December 2018:
  - Adjusted operating profit expected to be approximately £170 million for 2018[(1)]
- The Board remains fully confident in Berendsen's strategy and in the ability of the management team to execute it successfully

Profit forecast for 2018 of approximately £170 million adjusted operating profit [(1)]

Please refer to pages 13 & 14 of this document for further information on the 2017 Profit Forecast and the 2018 Profit Forecast and details of the assumptions on which they were made.

(1) Adjusted operating profit is the basis that Berendsen uses for its adjusted earnings per share calculation. Adjusted operating profit is presented to eliminate the impact of exceptional items, amortisation of customer contracts and non-recurring tax items for a transparent comparison of the year on year performance of the group's operations.

Berendsen's growth investment plan is expected to deliver significant earnings benefit

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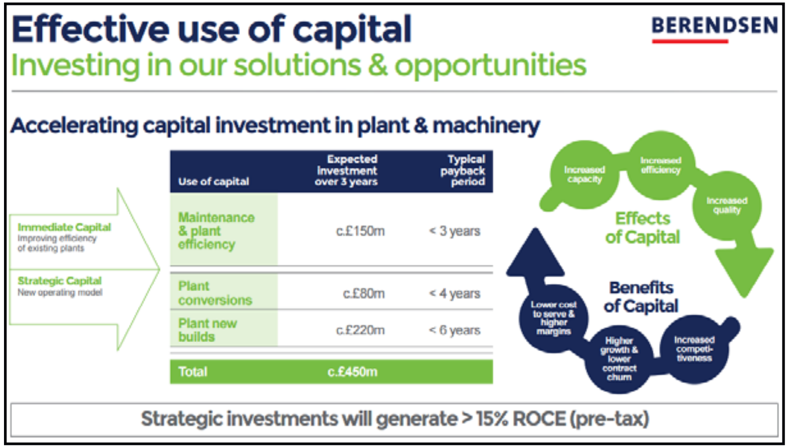
Investment[1]



Effective use of capital
Investing in our solutions & opportunities

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Accelerating capital investment in plant & machinery

Immediate Capital — Improving efficiency of existing plants

Strategic Capital — New operating model

Use of capital	Expected investment over 3 years	Typical payback period
Maintenance & plant efficiency	c.£150m	< 3 years
Plant conversions	c.£80m	< 4 years
Plant new builds	c.£220m	< 6 years
Total	c.£450m	

Strategic investments will generate > 15% ROCE (pre-tax)

£300m of growth capital to be invested in the UK and Europe over the next 3 years

Return

Stated return of at least **15%[2]**

At least £45m in adjusted operating profit[3]

Plus additional upside from:

- Stronger organic revenue growth

Elis' proposal very significantly undervalues Berendsen and its prospects

(1) Berendsen 3 March 17 Presentation, p.23.
(2) Expected pre-tax return on capital invested. Includes fixed capital plants and machinery.
(3) Adjusted operating profit is presented to eliminate the impact of exceptional items, amortisation of customer contracts and non-recurring tax items for a transparent comparison of the year on year performance of the group's operations.

Berendsen's strategy

Berendsen has a clear number one priority: the execution of its capital investment programme

- We have a clearly defined strategy ✓
- We have the team to deliver the strategy ✓
- We have the balance sheet to deliver the strategy ✓

Weighing up the risks of the Elis proposal vs. Berendsen's strategy

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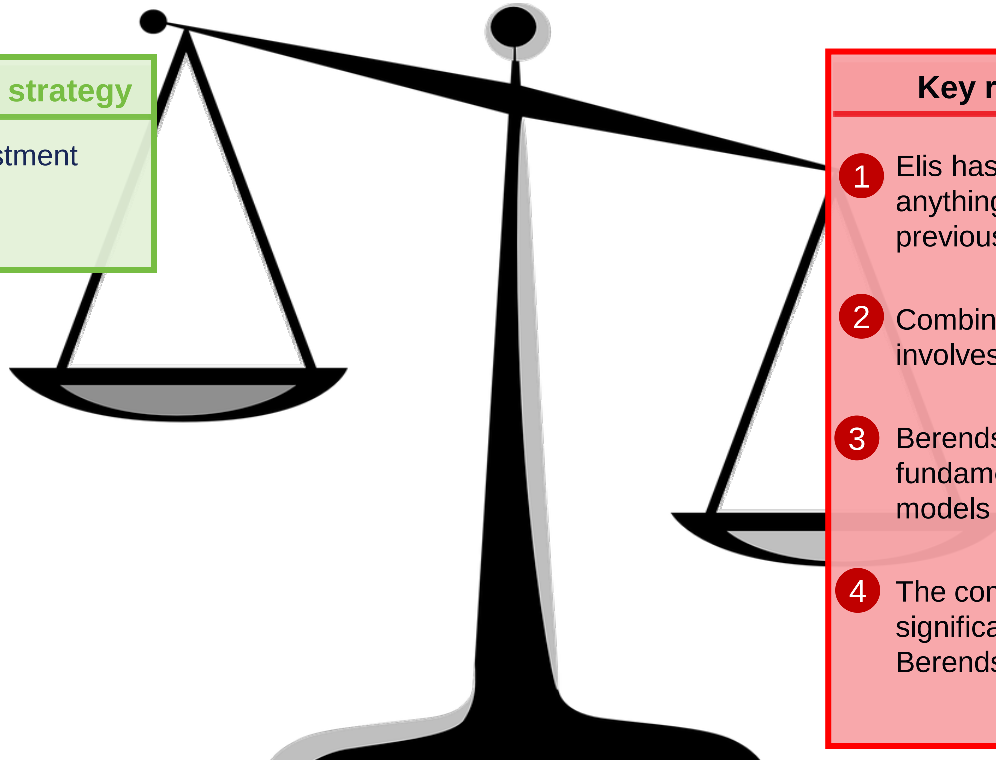

Key risk from Berendsen strategy

1. Execution of capital investment programme

Key risks from combination

1. Elis has not acquired or integrated anything of the scale of Berendsen previously
2. Combining the two businesses involves significant risks
3. Berendsen and Elis have two fundamentally different business models
4. The combined entity would have significantly higher leverage than Berendsen

Elis' proposal does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

1 Elis has not acquired or integrated anything of the scale of Berendsen previously

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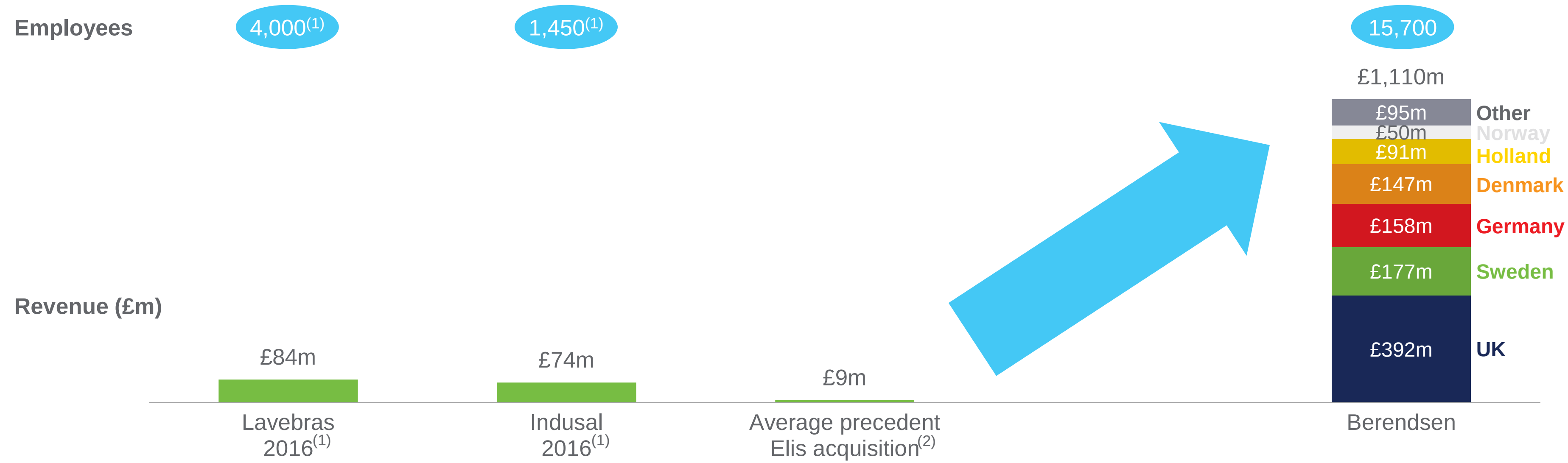
Precedent Elis acquisitions



- The vast majority of Elis' previous acquisitions have been single-territory businesses; Berendsen operates across 16 different countries
- By revenue, Berendsen is 13x the size of Lavebras, 15x the size of Indusal and 119x the size of Elis' average acquisition

Elis' proposal does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

(1) Based on pgs. 20, 23 and 31 of 20 Jan 2017 Elis Investor Presentation in connection with share capital increase. Sales figure is converted into GBP using 2016 average EUR:GBP FX rate of 0.819 from Factset.

(2) Based on 2010 – 2016 acquisitions shown on page 15 of the "Elis' Proposed Combination With Berendsen" Elis presentation (18 May 2017). Figures are converted into GBP at EUR:GBP average exchange rates from Factset of 0.858, 0.868, 0.811, 0.849, 0.806, 0.726 and 0.819 for 2010, 2011, 2012, 2013, 2014, 2015 and 2016 respectively

2 Combining the two businesses involves significant risks

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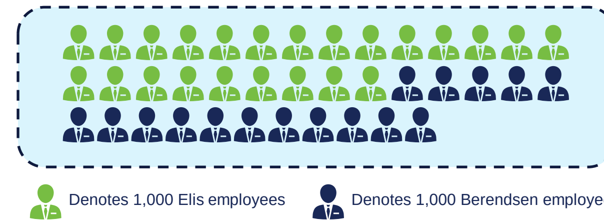
A Combining two businesses across 28 different geographies[(1)]

B Combining two businesses with >15,000 employees each[(1)]



C Ongoing integration of Indusal and Lavebras (Elis' largest acquisitions to date)[(2)]

D Ability to execute a complex capital investment programme in markets in which it generates no revenue[(1)] (e.g. UK, Nordics)

Elis' proposal does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

(1) Elis 18 May 2017 Presentation, pgs.17, 19, 2016 Annual Report, pgs. 29, 238-242, Berendsen 2016 annual report, pgs.6, 15. Excludes impact of Indusal / Lavebras acquisitions.
(2) Elis 18 May 2017 Presentation, p. 15. Largest acquisitions on an acquired revenue basis.

3 Berendsen and Elis have two fundamentally different business models

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Berendsen	Elis
Customer centric business model delivering higher value added services	**Volume-driven** textiles rental services offering
Focus on **service quality and up-sell of core services**. Less about route density and more about excellence in delivery of higher value added services	Logistics built around **cross-selling low-value products and services** along the route
Differentiated operating model, tailored to each Business Line	**Standardised** approach
Business Line model	**Geographic** model

Elis' proposal does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

Source: Elis 2016 Registration Document, Elis 2016 Annual Report, Berendsen 2016 Annual Report.

4 The combined entity would have significantly higher leverage than Berendsen

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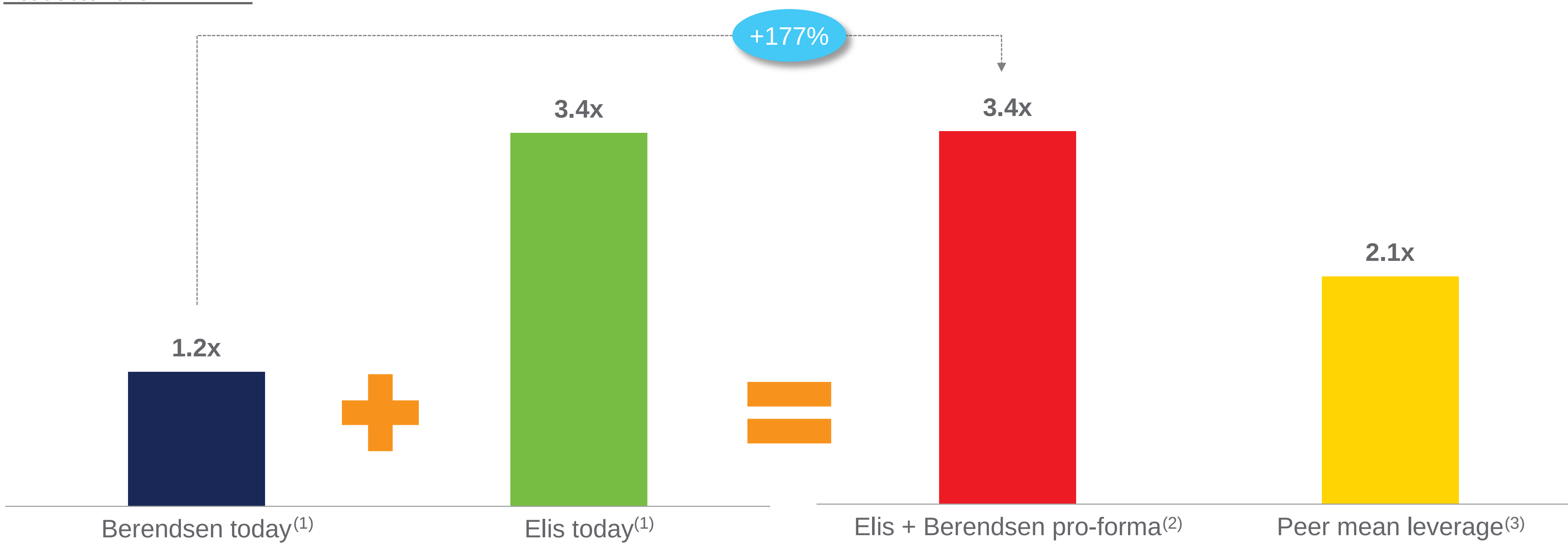
Net debt / 2016A EBITDA:



Elis' proposal does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

(1) Berendsen EBITDA of £348.6m and net debt of £429.4m sourced from p.34 of the FY16 Results Presentation published on 3 March 2017. Elis EBITDA of €467.9m and net debt of €1,601.3m sourced from p.2 and p.51 of the FY16 consolidated financial statements report published on 23 March 2017.

(2) Elis and Berendsen pro-forma leverage calculated as the sum of each company's net debt and new acquisition debt of £759.5m. New acquisition debt calculated as the cash portion of the offer (£4.40 per share) multiplied by the basic number of shares outstanding of 172.6m. Elis figures converted to GBP at the spot rate from Factset as of 31 December 2016 (EUR:GBP 0.854).

(3) Peer group leverage multiples refer to each company's headline net debt / EBITDA level as reported in their fiscal year 2016 results. The peer group comprises Compass, G4S, ISS, Rentokil, Securitas, Sodexo, Johnson Service Group and Elior.

Summary

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1. Our opportunity	Strong fundamentals with leading positions in highly attractive markets
2. Group strategy	Clear, delivering and on schedule. 2018 adjusted operating profit forecast of approximately £170m(1)
3. Elis' proposal	Opportunistic, very significantly undervalues Berendsen and its prospects. Does not provide sufficient value to compensate Berendsen's shareholders for the risks inherent in the combination

(1) Adjusted operating profit is the basis that the Group uses for its adjusted earnings per share calculation. Adjusted operating profit is presented to eliminate the impact of exceptional items, amortisation of customer contracts and non-recurring tax items for a transparent comparison of the year on year performance of the group's operations.

Appendix

2017 Profit Forecast

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Profit forecast regarding the financial year to 31 December 2017

In the announcement titled "Berendsen plc Results for the Full Year ended 31 December 2016" dated 3 March 2017, Berendsen announced that "*we expect adjusted operating profit*[1] *for 2017 to be approximately £150 million*" and "*Profitability is expected to be more weighted to the second half (approximately 40:60 split), than in previous years"* (the "**2017 Profit Forecast**").

The 2017 Profit Forecast was published before Elis made an approach with regard to a possible offer for Berendsen and therefore the requirements of Rule 28.1(c) of the City Code apply to the 2017 Profit Forecast. In accordance with Rule 28.1 (c) the Berendsen Directors confirm that the 2017 Profit Forecast remains valid and confirm that the 2017 Profit Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Berendsen's accounting policies.

The 2017 Profit Forecast does not take into account any impact of Elis' possible offer.

The Berendsen Directors prepared the 2017 Profit Forecast on the basis of the following assumptions, any of which could turn out to be incorrect and therefore affect whether the 2017 Profit Forecast is achieved:

Factors outside the influence and control of the Berendsen Board

(a) There will be no material change in the political and/or economic environment that would materially affect Berendsen;

(b) there will be no material change in market conditions in relation to customer demand or the competitive environment;

(c) there will be no material change in legislation or regulatory requirements impacting on the Berendsen Group's operations or its accounting policies;

(d) there will be no material litigation or regulatory investigations, or material unexpected developments in any existing litigation or regulatory investigation, in relation to any of Berendsen's operations, products or services;

(e) there will be no business disruptions that materially affect Berendsen, its customers, operations, supply chain or labour supply, including natural disasters, acts of terrorism, cyber-attack and/or technological issues;

(f) foreign exchange rates will be an average of GBP:EUR sterling exchange rate of 1.16; and

(g) there will be no material change in the management or control of Berendsen.

Factors within the influence and control of the Berendsen Board

(a) There will be no material acquisitions or disposals;

(b) there will be no material change in the existing operational strategy of Berendsen; and

(c) there are no material strategic investments or capital expenditure in addition to those already planned.

(1) Adjusted operating profit is the basis that Berendsen uses for its adjusted earnings per share calculation. Adjusted operating profit is presented to eliminate the impact of exceptional items, amortisation of customer contracts and non-recurring tax items for a transparent comparison of the year on year performance of the group's operations.

2018 Profit Forecast

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Profit forecast regarding the financial year to 31 December 2018
On the basis of the assumptions stated below, the Berendsen Directors expect adjusted operating profit[1] for the financial year to 31 December 2018 to be approximately £170 million (the "**2018 Profit Forecast**").

In accordance with Rule 28.2 of the City Code, the Panel has granted Berendsen a dispensation from the requirement to include reports from reporting accountants and Berendsen's financial advisers in relation to the 2018 Profit Forecast because it is for a financial period ending more than 15 months from the date of this announcement, which is the date on which it is first published.

The Berendsen Directors confirm that the 2018 Profit Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Berendsen's accounting policies.

The 2018 Profit Forecast does not take into account any impact of Elis' possible offer.

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