

Investor fact sheet 2016

BERENDSEN





Overview

Berendsen is Europe's leading textile service business, developing and delivering value-added textile, hygiene and safety solutions to 150,000 customers in 16 countries across Europe. We are an industry leading player operating across growth markets with an established reputation for customer service. With exciting opportunities to maximise our growth potential, we constantly strive to improve our operating efficiency; making us stronger, smarter and well positioned for the future.

Berendsen operates with 4 Business Lines, managed by a team with proven execution capabilities. Following the completion of a comprehensive review of our market opportunities in 2015, our organisation is now fully aligned to support our drive towards differentiated services and improved customer retention. With our focus on cultivating great customer partnerships and innovation, we are becoming respected for being the best, setting new standards and developing services that benefit all our stakeholders.

>£1bn Annual revenues	>800k Invoices per annum	250,000 Delivery addresses	150,000+ Customers	15,000+ Employees	140+ Plants	16 Countries
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Business lines

 <p>Workwear</p> <p>We provide predictable, convenient and cost effective outsourced workwear services to both private and public organisations. We supply 80,000 customers across 12 countries. We help our customers to manage risk and handle administrative complexity by securing the right workwear and protection equipment for each situation.</p> <p>33%</p> <p>Estimated Group revenue share</p>	 <p>Facility</p> <p>We provide market-leading solutions and services through three operating units: Cleanroom, Mats and Washroom. All have leading market positions, including principal market share in Europe. Our product and service propositions sustain our customers' premises and in the case of Cleanroom, key operations across many industries including: high-tech companies, research facilities and pharmaceutical companies.</p> <p>19%</p>	 <p>Hospitality</p> <p>We provide market-leading linen solutions, such as linen hire and laundry services, primarily to customers who operate in hotel, restaurant and catering businesses. Our product offering includes bed linen, towelling, table linen and chefs wear. Our products are contract supplied with a typical 2-3 year duration. Our value added services help our customers to lower total costs by easing the housekeeping process.</p> <p>18%</p>	 <p>Healthcare</p> <p>We offer patient-focused solutions for hospital wards, operating theatres and elderly care homes in Ireland, UK, Germany, Sweden and Denmark. Our new business line aggregates all healthcare businesses together. Our products and services include linen rental and laundering services, product rental of sterile textiles and consumables and instrument decontamination services.</p> <p>30%</p>
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Stock data As at 10 May 2016

Market Capitalisation	£2,084m
Shares Outstanding:	172.57m
Free Float (%)	100%
Symbol:	BRSN
Sector:	Support Services

Financial calendar

26 February 2016	Y/E results to 31.12.15
28 April 2016	AGM
29 July 2016	Interim results to 30.06.16
28 October 2016	Trading Update
16 December 2016	Pre-close Trading Update

Substantial shareholdings (%)*

Prudential Corporation Group of Companies	8.33%
Fidelity Management and Research Co.	5.01%
BlackRock Inc.	5.00%

*as at 25 February 2016

Summary of key events

1959	Godfrey Davis lists on the London Stock Exchange
2002	Acquisition of Sophus Berendsen
2010	Launch of revised strategy
2011	Change of name from Davis Service Group to Berendsen
2012	Initiation of 'Best Practice' sharing; CL2000 system into UK plants
2012	Initiation of the Berendsen Academy (in-house corporate university)
2012	Acquisition of washroom business (Netherlands) and cleanroom business (Germany)
2013	Initiation of centralisation of Procurement and Supply Chain
2014	Acquisition of cleanroom business (UK) and mats/washroom business (Poland)
2015	Initiation of strategic evolution and establishment of Berendsen Excellence

Advisers

Stockbrokers	JP Morgan Cazenove, HSBC
Legal Adviser	Ashurst LLP
PR Adviser	FTI Consulting
Auditors	PricewaterhouseCoopers LLP
Registrar	Equiniti Limited

Our marketplace

The European textile rental market has an estimated value of EUR 10.5 - 11 billion* per annum, with the potential to at least double in size through increased outsourcing penetration. The market dynamics that influence customers to outsource remains strong, irrespective of economic cycles and is fuelled further by the continued downward pressure on costs and focus on health and safety. With our markets expected to grow ahead of GDP through continued outsourcing, we are well positioned to gain shares in a growth market.

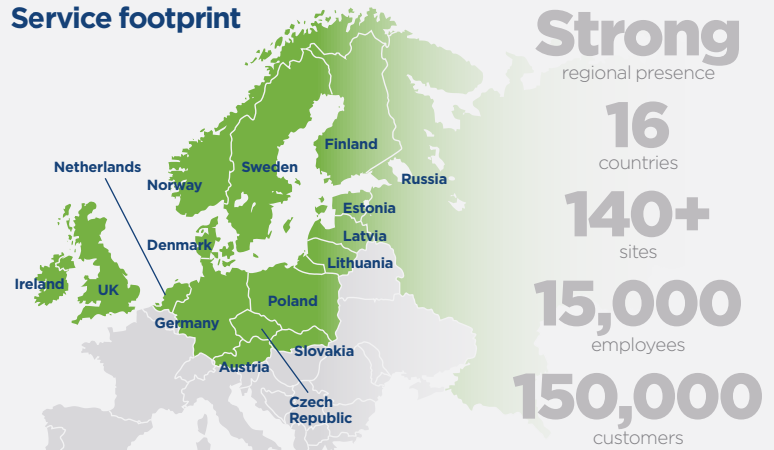


Our business approach

We provide specialist textile solutions that keep our customers' businesses running effectively. Typically, these services are non-core and are outsourced to specialist providers, who can provide cost-effective, and efficient services. We believe passionately in the benefits of being focused solely around our customer needs. By deepening our understanding of our customers' markets, regulations and trends on a sector-by-sector basis we can differentiate our offer and can serve our customers better.

Vision	Through great customer partnership and innovation, we will be respected for being the best, setting new standards and developing services that benefit all our stakeholders						
Mission	We are here to develop and provide value-added textile, hygiene and safety solutions						
Values	<table border="0"> <tr> <td>Determination</td> <td>Teamwork</td> </tr> <tr> <td>Caring</td> <td>Safety</td> </tr> <tr> <td>Empowerment</td> <td>Integrity</td> </tr> </table>	Determination	Teamwork	Caring	Safety	Empowerment	Integrity
Determination	Teamwork						
Caring	Safety						
Empowerment	Integrity						

Service footprint



Strategic aims

Following the successful delivery of the 2010 strategy plan, we presented our evolved and refreshed strategy in November 2015. The purpose was to reinforce our success and enable our company to pursue new and unmet business opportunities. Our new strategy has a clear growth agenda: we want to grow our revenue, profit and returns on investment and will also invest further in business development. All in all, our new strategy is about gearing up for further growth.

The focus for the next five years is to establish a Berendsen Excellence System to build on our current 'self-help initiatives' and to help us unlock the potential within our world of opportunity.

Berendsen Excellence will help us succeed through LEAN principles by promoting excellence through continuous improvement as well as focusing our attention on four key strategic areas:

1. Customer focus

- Establish our enhanced customer-centric business line structure
- Develop and maintain a deep understanding of our current and future customers' requirements
- Align operations, innovation and investment to their needs

2. Operational excellence

- Establish the leading operating model that best delivers customer requirements
- Lowest customer lifecycle costs
- Continuous improvement
- Minimise waste and environmental impact

Berendsen Excellence

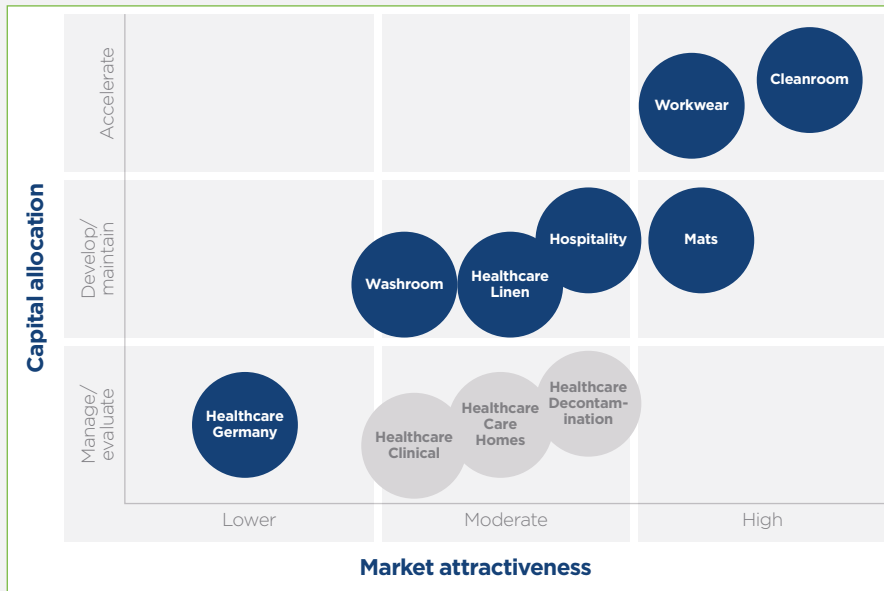
3. People effectiveness

- Attract, develop and retain the right people, in the right place
- Establish an experienced management team motivating our people
- Engagement of all of our people in the delivery of our strategy and customer services

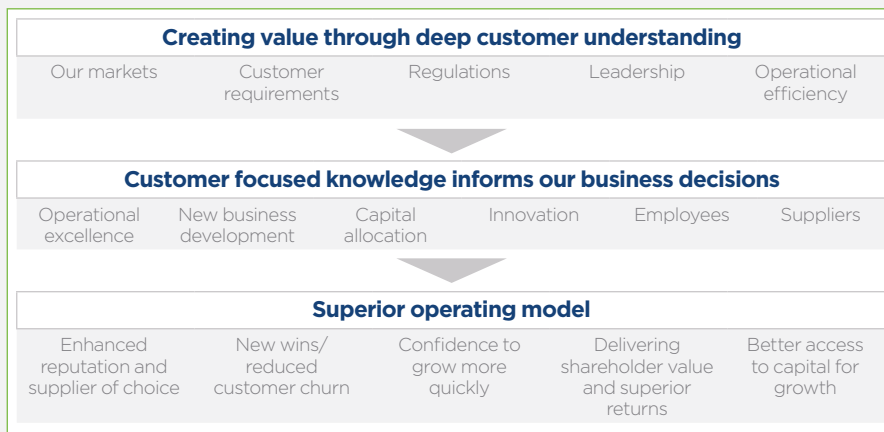
4. Effective use of capital

- Clear prioritisation and focus of capital investment
- Set financial objectives
- Robust investment procedures to ensure we invest wisely for the benefit of our customers and deliver value and returns to our investors

Capital allocation



Business model



Board of directors



Andrew Wood

Non-executive director

- Previously CFO of FTSE 250 plc's for 15 years
- Strong strategic and commercial understanding
- Detailed knowledge of risk assessment and management systems

Maarit Aarni-Sirviö

Non-executive director

- In-depth knowledge of Nordic markets
- Detailed operational expertise
- Proven experience of restructuring, acquisitions and integrations
- Extensive international experience

David Lowden

Non-executive director

- Extensive experience in both general management and financial management
- Knowledge of B2B service related industry requirements
- Proven ability for delivering shareholder value
- Strong financial, marketing and commercial skills

Iain Ferguson

Non-executive Chairman

- CEO experience with an international plc
- Strong international strategic skills and experience of B2B and B2C businesses
- Significant M&A experience across the private and public sectors

James Drummond

Chief Executive Officer

- Developing people and teams to be successful
- Strategy development and execution experience
- Building and growing B2B contracting businesses in both public and private sector in engineering and services, rail, aviation and aerospace

Lucy Dimes

Non-executive director

- Extensive experience of B2B, outsourcing and complex managed services contracts
- Track record in international sales and customer relationship management
- Significant experience in alliances, ventures and partnerships with strong portfolio development and commercial skills

Kevin Quinn

Chief Financial Officer

- Over 10 years in the group with a detailed knowledge of operations
- Significant experience of financing and capital raising
- Driven our successful Capital Efficiency project to increase cash deliveries

David Lawler

Company Secretary

- Detailed knowledge of the group
- Extensive knowledge of corporate governance and risk management
- Strong financial skills
- Significant experience in the acquisition and disposal of businesses in both the UK and Europe

Key performance indicators

Customer focus

- Increase market and customer focus with move to complete our Business Line Structure
- Sustainable revenue growth of at least GDP +2% pa

Operational excellence

- Continued margin improvement and targeting an underlying EPS growth ahead of revenue
- Strong underlying cash flows with conversion range of 75% - 90% after targeted investments

People effectiveness

- Build strong management team with planned succession

Effective use of capital

- Net debt to EBITDA range of 1x to 2x
- Post tax ROIC maintained in double-digit
- Progressive dividend policy

Treasury and accounting policies

Currency Rates The majority of group operations broadly match revenues and cost in the same functional currency: some forward exchange contracts are entered into primarily for procurement of textiles in \$US. Exposures to the translation of foreign currency profits into sterling are not hedged but where appropriate, borrowings are arranged in currencies so as to provide a natural hedge against the investments in overseas net assets.

Borrowings The majority of gross borrowings are at fixed interest rates using interest rate swaps to achieve this where necessary. These borrowings are mostly in Continental European currencies which act as a hedge against the net assets of Continental European operations.

Taxation Berendsen plc is incorporated and taxed in the UK.

Berendsen financials year end 31 December

Revenue analysis (£m)	2010	2011	2012	2013	2014	2015
Workwear	273.0	286.5	288.0	305.8	295.3	304.6
Facility	172.6	207.3	212.8	243.3	237.7	224.3
UK Flat Linen	191.1	195.2	196.7	204.6	207.5	210.1
Total core growth	636.7	689.0	697.5	753.7	740.5	739.0
Clinical Solutions and Decontamination	68.0	69.0	69.6	69.3	71.5	72.0
Flat Linen outside UK	281.4	234.0	218.0	231.2	226.6	195.0
Total manage for value	349.4	303.0	287.6	300.5	298.1	267.0
	986.1	992.0	985.1	1,054.2	1,038.6	1,006.0

Operating profit analysis (adjusted)* (£m)	2010	2011	2012	2013	2014	2015
Workwear	46.1	49.7	51.2	60.5	62.3	65.3
Facility	38.7	48.3	54.1	62.5	61.6	58.1
UK Flat Linen	24.9	26.1	26.2	27.3	26.5	22.8
Total core growth	109.7	124.1	131.5	150.3	150.4	146.2
Clinical Solutions and Decontamination	(1.2)	3.3	2.9	4.5	5.5	5.2
Flat Linen ex UK	22.6	20.7	21.0	18.2	15.7	13.7
Total manage for value	21.4	24.0	23.9	22.7	21.2	18.9
Unallocated	(7.2)	(8.3)	(9.8)	(14.1)	(12.9)	(11.3)
	123.9	139.8	145.6	158.9	158.7	153.8

Profit and Loss (£m)	2010	2011	2012	2013	2014	2015
Total revenues	986.1	992.0	985.1	1,054.2	1,038.6	1,006.0
Cost of sales	(513.8)	(507.4)	(498.2)	(523.1)	(517.7)	(504.0)
Gross profit	472.3	484.6	486.9	531.1	520.9	502.0
Administration expenses	(410.9)	(377.3)	(369.6)	(396.1)	(383.7)	(369.9)
Group operating profit	61.4	107.3	117.3	135.0	137.2	132.1
Net finance expense	(26.8)	(28.0)	(25.6)	(22.6)	(20.2)	(18.7)
Pre-tax profit	34.6	79.3	91.7	112.4	117.0	113.4
Pre-tax profit (adjusted)*	97.1	111.8	116.8	136.3	138.5	135.1
EPS (p) (adjusted)*	41.7	48.4	50.7	59.8	62.1	60.4
EPS (p)	12.9	33.8	41.3	49.8	52.6	51.9
DPS (p)	21.2	23.4	25.5	28.0	30.0	31.5
Dividend Cover (x) (adjusted EPS)*	2.0	2.1	2.0	2.1	2.1	1.9

* Before amortisation of intangibles and exceptional items

Balance sheet (£m)	2010	2011	2012	2013	2014	2015
Intangible assets	519.4	520.8	501.0	473.9	427.3	392.9
Fixed and other assets	621.5	573.7	580.2	580.9	575.4	580.0
Non-current assets	1,140.9	1,094.5	1,081.2	1,054.8	1,002.7	972.9
Cash	74.0	91.9	73.7	89.2	96.9	126.7
Trade and other receivables	212.2	203.1	204.6	207.9	204.4	239.7
Current assets	286.2	295.0	278.3	297.1	301.3	366.4
Total assets	1,427.1	1,389.5	1,359.5	1,351.9	1,304.0	1,339.3
Trade creditors	(186.0)	(174.9)	(187.6)	(197.3)	(201.5)	(197.9)
Taxation and other	(115.6)	(111.8)	(103.8)	(104.8)	(107.9)	(113.6)
	(301.6)	(286.7)	(291.4)	(302.1)	(309.4)	(311.5)
Borrowings and loans	(614.2)	(605.5)	(537.4)	(478.2)	(471.3)	(497.6)
Derivative financial instruments	(43.4)	(38.8)	(36.8)	(40.1)	(17.9)	(11.2)
Total liabilities	(959.2)	(931.0)	(865.6)	(820.4)	(798.6)	(820.3)
Net assets	467.9	458.5	493.9	531.5	505.4	519.0

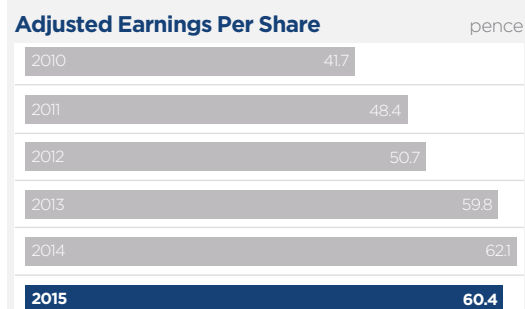
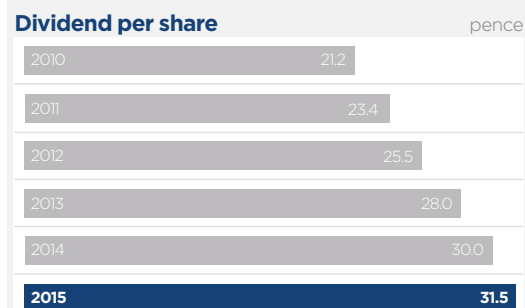
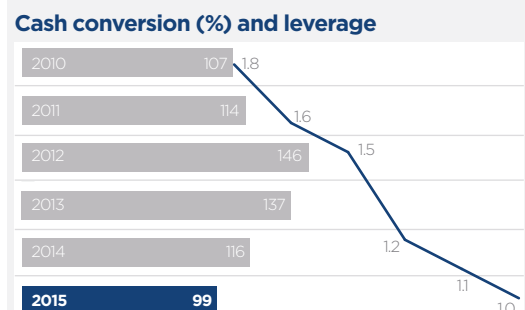
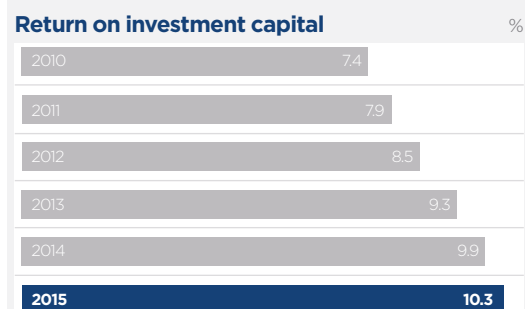
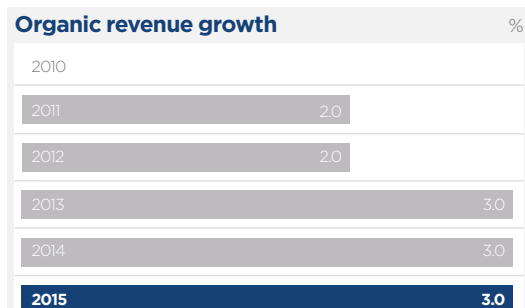
Ordinary share capital	51.5	51.5	51.7	51.8	51.8	51.8
Reserves	412.3	402.6	437.5	474.4	448.4	463.1
	463.8	454.1	489.2	526.2	500.2	514.9
Minority interests	4.1	4.4	4.7	5.3	5.2	4.1
Shareholders' funds	467.9	458.5	493.9	531.5	505.4	519.0

(Net debt)	(540.2)	(513.6)	(463.7)	(389.0)	(374.4)	(370.9)
Net debt: EBITDA (x)	1.8	1.6	1.5	1.2	1.1	1.1

Cash flow (£m)	2010	2011	2012	2013	2014	2015
EBIT	61.4	107.3	117.3	135.0	137.2	132.1
Depreciation & Amortisation	189.4	193.5	192.7	203.9	198.9	184.1
EBITDA	250.8	300.8	310.0	338.9	336.1	316.2
EBITDA (adjusted)*	291.7	309.3	313.2	337.1	336.1	323.5
Inc./ (Dec) in Working Capital	0.7	6.3	11.4	11.6	0.1	(10.9)
Provisions / Other	27.3	(15.5)	(3.7)	(5.3)	(6.4)	3.6
Cash from Operations	278.8	291.6	317.7	345.2	329.8	308.9
Interest/Tax Paid	(47.4)	(45.9)	(42.9)	(43.8)	(37.5)	(35.7)
Purchase/Sale of Assets	(166.1)	(164.2)	(154.7)	(167.0)	(174.7)	(174.4)
Free Cash Flow	65.3	81.5	120.1	134.4	117.6	98.8
Free Cash Flow (adjusted)**	75.5	93.1	125.1	139.4	122.6	102.5
Acquisitions/Disposals	(59.1)	(13.7)	(37.1)	(2.7)	(12.4)	(10.1)
Dividends Paid	(33.9)	(37.4)	(40.7)	(44.9)	(48.9)	(52.2)
Issue of Share Capital	0.3	0.1	1.8	0.9	0.2	0.1
Purchase of own shares	(3.3)	0.0	(5.4)	(12.2)	(11.2)	(14.2)
(Repayment)/drawdown of debt	(166.4)	(10.6)	(55.1)	(56.3)	(19.2)	19.3
Statutory (decrease)/increase in cash flow	(197.1)	19.9	(16.4)	19.2	26.1	41.6
Wt. Av. Shares in issue (m)	169.06	168.88	169.12	170.06	170.25	170.85
Free Cash Flow per Share (adjusted)** (p)	44.6	55.1	74.0	82.0	72.0	60.0

* Before exceptional items and special pension contributions

** Before special pension contributions



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