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Berendsen

Strategy Update and Business Line Segmentation

13 December 2011

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Trading and Strategy Update

Peter Ventress

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Trading Update

- Trading in line with expectations since October IMS
- Strong conversion of post tax profit to free cash flow (over 100%)
- Strategic review implementation progressing well and some 2012 initiatives brought forward
- Board expecting good year-on-year progress for 2011 full year

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Key Strategic Actions

Group

- Move to business line structure
- Focus on sales effectiveness
- Group wide capital efficiency review
- More active management of the portfolio
- Development of expansion/consolidation strategies
- Re-name Davis - Berendsen

Operating Divisions

- Accelerate top line growth in core business lines
- Leverage operational efficiency and widen application of best practice
- Improve cash deliveries
- Support from shared services

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What We Have Done

Group Actions

- Active management of portfolio segmentation into "core growth and manage for value"
- Business re-named Berendsen
- Group wide capital efficiency review initiated
- Move to business line management structure commenced
- Focus on sales effectiveness, including sales force rationalisation
- Launched vision and values and employee engagement programme
- Full business line management structure

Nov 2010 2011 2012 2013

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What We Have Done

Case Study – Capital Efficiency

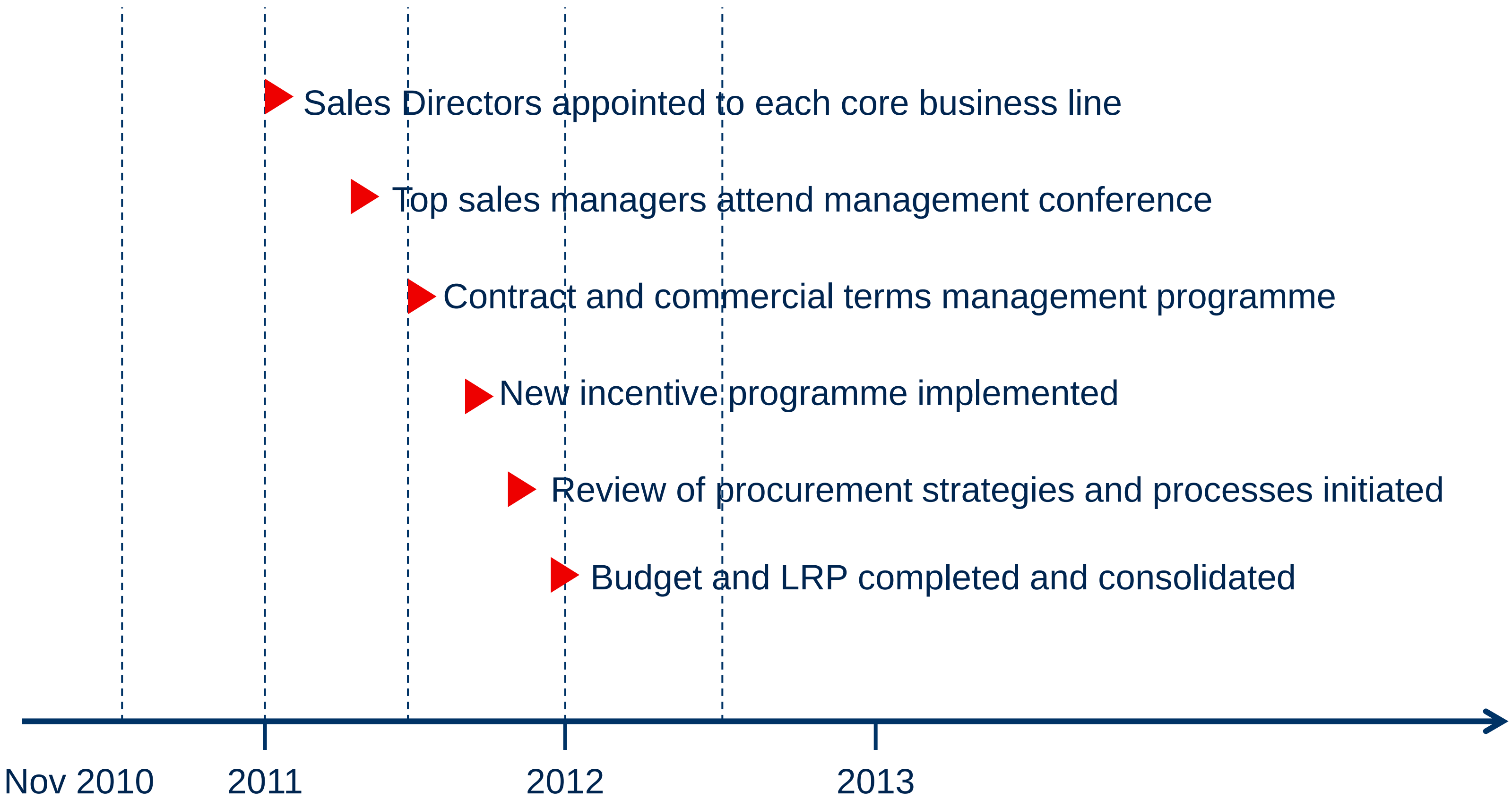
- Consistent governance framework and reporting of benefits.
- Expect to deliver more than half of the benefits in 2011. Evidenced in strong cash flow conversion
- Focus areas
  - Customer billing profile
  - Targeted receivables management
  - Consistent supplier terms
  - Textile management

Case Study – Vision and Values

- “One Berendsen”
  - Underpins best practice
  - Employee engagement
  - Common purpose
- Cultural “glue”
  - Builds on strengths
  - Drives change agenda

What We Have Done

Divisional Actions



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What We Have Done

Case Study – Sales Initiatives

- Sales directors appointed to each of our Core Growth businesses. Some key new hires
- Sales strategies and focus areas determined at business line level for implementation by country management teams
- Signs of closer co-operation leading to new contract wins
- Group wide pricing and commercial terms initiative

Case Study – H.R

- Succession planning implemented
- Senior management training and development
- Diversity higher up the agenda

Medium-term Group Objectives

- Realise full potential in areas of existing core competence within existing markets
- Sustain organic revenue growth rates of GDP +1-2% pa
- Achieve underlying EPS growth in high single digits
- Cash conversion target of at least 100% and post tax ROIC towards double digits
- Seek expansion into new higher growth markets
- Pursue progressive dividend policy

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Reporting Progress in Business Lines

Kevin Quinn

Business Line Segments

- Full business line reporting structure from 2012
- Segmental breakdown for 2010 presented today
- 2011 results reported on both the existing regional structure and new business lines
- Expectation that analyst models for 2012 onwards will be in new business line segmentation

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Business Line Segmental Analysis

Re-stated 2010 Composition

£m	Revenue	Operating Profit*	Operating Margin* (%)
Core Growth			
Workwear	272.0	46.1	16.9
Facility	172.6	38.7	22.4
UK Flat Linen	191.1	24.9	13.0
	636.7	109.7	17.2
Manage for Value			
Clinical Solutions and Decontamination	68.0	(1.2)	(1.7)
Flat Linen outside UK	281.4	22.6	8.0
	349.4	21.4	6.1
Central Costs	-	(7.2)	-
Total	986.1	123.9	12.6

- Historically managed the business lines at a country level, rolled up to regions. Now consolidated at business line level
- Regional/business line costs allocated on a basis consistent with 2012 structure
- Some change in functions managed at the centre

*before exceptional items and amortisation of customer contracts. Extracted on unaudited management accounts

Workwear

	2010 Re-stated
Revenue	£272.0m
Adjusted operating profit*	£ 46.1m
Operating margin*	16.9%

- Present in all Berendsen geographies except Baltics
- Number 1 or 2 in all our markets with exception of Germany
- European market estimated at Euro 3.8bn** with non-outsourced opportunity at least equal in size
- Current trading
  - Underlying organic revenue growth around 2%
  - Margins largely maintained

*before exceptional items and amortisation of customer contracts.

**Based on E.T.S.A survey 2009

Facility

	2010 Re-stated
Revenue	£172.6m
Adjusted operating profit*	£ 38.7m
Operating margin*	22.4%

- Includes Mats, Washroom and Cleanroom facility services**
- Mats and Washroom largely focused on Nordic region
- Cleanroom services in Denmark, Sweden and Holland
- Number 1 or 2 in all our markets
- European market estimated at Euro 2.3bn***: low penetration of full outsource service in our markets
- Current trading:
  - Good underlying organic revenue growth and benefit of acquisitions delivering significant growth in 2011
  - Margin improvements and strong operating profit growth

*Before exceptional items and amortisation of customer contracts.

**Includes all business line services in Norway, Poland and Czech Republic, which are higher growth markets

***Based on E.T.S.A survey 2009

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UK Flat Linen Services

	2010 Re-stated
Revenue	£191.1m
Adjusted operating profit*	£ 24.9m
Operating margin*	13.0%

- Hotel and Healthcare linen services
- Number 1 in these markets
- Estimated market size** £500m: hotels largely outsourced but growing with the market share of our core group customers. Healthcare market opportunity; 20-25% currently in-house
- Current trading:
  - Modest revenue growth
  - Healthcare performing well; some loss of margin overall

*Before exceptional items and amortisation of customer contracts.

**Company estimates 2011

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Manage for Value

	2010 Re-stated
Revenue	
Clinical Solutions and Decontamination	£ 68.0m
Flat Linen outside UK	£281.4m
	£349.4m
Adjusted operating profit*	
Clinical Solutions and Decontamination	£ (1.2)m
Flat Linen outside UK	£ 22.6m
	£ 21.4 m
Operating margin*	6.1%

- Clinical Solutions and Decontamination in the UK
- Flat linen; Denmark, Sweden, Germany, Austria and Ireland
- Focus on margin growth and cash delivery
- 2011 reflects:
  - Disposal of Björnkläder (2010 revenue of £46.4m and profits £3.1m)
  - Future losses on decontamination contracts provisioned at the end of 2010
  - Benefits of restructuring in Ireland, German Healthcare and Scandinavian flat linen

*Before exceptional items and amortisation of customer contracts.

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Capital Allocation

- Well invested; RCF refinanced in July 2011 (5 year term)
- Progressive dividend policy: 2 times cover
- Capital directed towards our core growth businesses
- Manage for value focussed on margin and cash performance to improve returns
- Also managing through capital efficiency programme
- Targeting ROIC towards double digit
- ROIC 2010 7.4%: core growth segment above this average

Summary and Questions

Peter Ventress

The New Reporting Structure Confirms Strategic Choices

- Core growth focus on sales potential and strong returns
- Manage for value delivers profit and strong cash potential
- Key focus implies different management approach
- Strong emphasis on fewer targets and KPI's
- New business line structure provides clarity and rigour

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Existing Regional Structure[1]

Appendix 1

	Textile maintenance Nordic £m	Textile maintenance Continent £m	Textile maintenance UK and Ireland £m	Total textile maintenance £m	Clinical Solutions and Decontamination £m	Unallocated £m	Group £m
Total segment revenue	349.6	240.5	330.3	920.4	68.9	–	989.3
Inter-segment revenue	(0.8)	(1.5)	–	(2.3)	(0.9)	–	(3.2)
Revenue from external customers	348.8	239.0	330.3	918.1	68.0	–	986.1
Operating profit before exceptional items and amortisation of customer contracts	57.3	33.5	41.2	132.0	(1.2)	(6.9)	123.9
Exceptional items	9.5	(21.7)	1.0	(11.2)	(34.2)	4.5	(40.9)
Amortisation of customer contracts	(14.8)	(4.6)	(1.6)	(21.0)	(0.6)	–	(21.6)
Segment result	52.0	7.2	40.6	99.8	(36.0)	(2.4)	61.4

[1]Extracted from audited Annual Report and Accounts 2010

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New Business Line Structure[1]

Appendix 2

	Workwear £m	Facility £m	UK Flat Linen £m	Total Core Growth £m	Clinical Solutions and Decontamination £m	Flat Linen Outside UK £m	Total Manage for Value £m	Unallocated £m	Group £m
Total segment revenue	275.3	172.6	191.1	639.0	68.9	281.4	350.3	-	989.3
Inter-segment revenue	(2.3)	-	-	(2.3)	(0.9)	-	(0.9)	-	(3.2)
Revenue from external customers	272.0	172.6	191.1	636.7	68.0	281.4	349.4	-	986.1
Operating profit before exceptional items and amortisation of customer contracts	46.1	38.7	24.9	109.7	(1.2)	22.6	21.4	(7.2)	123.9
Exceptional items	0.1	(2.1)	1.0	(1.0)	(34.2)	(10.2)	(44.4)	4.5	(40.9)
Amortisation of customer contracts	(6.9)	(12.4)	(0.3)	(19.6)	(0.6)	(1.4)	(2.0)	-	(21.6)
Segment result	39.3	24.2	25.6	89.1	(36.0)	11.0	(25.0)	(2.7)	61.4

[1]Sourced from unaudited management accounts