



## Aramark Reports First Quarter Earnings

### SUMMARY

- **Effective cash flow management led to ongoing strong cash availability**
  - Cash used in operating activities improved \$194 million and Free Cash Flow improved \$225 million compared to prior year period
  - Approximately \$2.4 billion cash availability at quarter-end
- **Revenue (35%); Organic Revenue (36)%**
  - Stable sequential quarterly revenue performance versus prior year across all segments
  - Continued to partner with clients in preparation for business reemergence
- **EPS of \$(0.32); Adjusted EPS of \$(0.31)**
  - Disciplined cost management while investing in growth resources
  - Favorable AOI drop-through consistent with Company's expectations; leveraged flexible operating model
- **Company promotes ownership mindset within organization**
  - Adopted Employee Stock Purchase Plan subsequent to quarter-end; encourages employee stock ownership more broadly across organization

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PHILADELPHIA--([BUSINESS WIRE](#))--Aramark (NYSE: ARMK) today reported first quarter fiscal 2021 results.

"The resilience of our business through this dynamic period is rooted in the exceptional performance of our people on the front-lines, serving clients—many of which are essential businesses—across the globe," said John Zillmer, Aramark's Chief Executive Officer. "It has been remarkable to watch our team pull together in the face of such adversity, and I am proud of what we have been able to achieve as a result. Our ability to stabilize revenue, improve cash flow and maintain a steadfast commitment to cost discipline, has enabled us to navigate the COVID environment with a strong liquidity position and we believe Aramark is poised for success as the recovery across our business segments occurs."

### FIRST QUARTER RESULTS\*

Consolidated revenue was \$2.7 billion in the quarter, down 35% compared to prior year from the impact of COVID-19. Organic Revenue, which adjusts for the effect of currency, declined 36% year-over-year.

Business activity across all segments contributed to stable quarter-over-quarter revenue performance on a 13-week period with sustained improvement since the trough in the third quarter of fiscal 2020.

	Q3 '20 Change (%)	Q4 '20 Change (%)*	Q1 '21 Change (%)	Q3 '20 Organic Revenue Change (%)	Q4 '20 Organic Revenue Change (%)	Q1 '21 Organic Revenue Change (%)
<b>FSS United States</b>	(56)%	(41)%	(45)%	(56)%	(45)%	(45)%
<b>FSS International</b>	(46)%	(30)%	(27)%	(41)%	(31)%	(29)%
<b>Uniform &amp; Career Apparel</b>	(12)%	(2)%	(10)%	(12)%	(9)%	(10)%
<b>Total Company</b>	(46)%	(32)%	(35)%	(45)%	(36)%	(36)%

\*Q4 '20 Change (%) benefits from the inclusion of the 53rd week.

- FSS United States reported organic revenues in-line with the preceding quarter as a result of the following drivers in each business:

Sector	Q1 Activity
Education	Served clients operating both in-person and hybrid learning models. Higher Education experienced shortened semesters as well as reduced catering and retail activity that typically spike during the holiday season. K-12 strategically designed menus and customized solutions for in-person and curbside pickup models, while continuing to participate in universal government-sponsored meal programs.
Sports, Leisure & Corrections	Modestly increased activity in Sports & Entertainment as NFL teams included fans at partial capacity based on local regulations. Leisure remained steady, focused on the upcoming Spring Season in National Parks and Corrections was unchanged.
Business & Industry	Companies maintained measured return-to-work timelines. Launched exclusive home delivery solutions that extend beyond the traditional workplace setting.
Facilities & Other	Offered additional project-oriented services and leveraged cross-selling opportunities with heightened demand for safety and hygiene.
Healthcare	Remained largely stable with focus on providing capabilities in telehealth and mobile ordering, in addition to offering post-care meal delivery to patient homes.

- FSS International leveraged prior experiences to navigate government-imposed protocols across regions, while benefiting from continued resilience in healthcare and extractive services businesses. FSS International remained focused on executing growth strategies that delivered strong new business wins and retention rates. Europe demonstrated modestly improved levels of activity, while balancing regulatory restrictions. Rest of World experienced improvement led by ongoing growth in China as well as favorable performance trends in South America.
- Uniform & Career Apparel exhibited relatively steady performance with growing demand in safety and hygiene services, offset by increased government-imposed restrictions particularly in Canada. The continued investment in additional growth resources throughout the quarter as well as improved sales productivity established the foundation for future growth within the segment.

	Revenue				
	Q1 '21	Q1 '20	Change (\$)	Change (%)	Organic Revenue Change (%)
<b>FSS United States</b>	\$1,446M	\$2,639M	(\$1,193M)	(45)%	(45)%
<b>FSS International</b>	694	946	(252)	(27)%	(29)%
<b>Uniform &amp; Career Apparel</b>	604	668	(65)	(10)%	(10)%
<b>Total Company</b>	\$2,744M	\$4,254M	(\$1,510M)	(35)%	(36)%

Difference between GAAP Revenue Change and Organic Revenue Change reflects the elimination of currency translation.

*\*May not total due to rounding.*

Operating Loss of \$20 million and Adjusted Operating Loss of \$9 million in the quarter were due to the impact of COVID-19 on business operations. Adjusted Operating Income (AOI) drop-through was managed to 20% of the corresponding revenue decline led by effective cost discipline as well as actions taken to leverage the Company's flexible operating model.

- FSS United States managed food, labor and SG&A costs that resulted in an improved AOI drop-through rate compared to the prior quarter, with continued focus on investments in growth resources.
- FSS International operated the business to nearly break-even that reflected applying strategies in food cost management, waste reduction and general overhead spend, despite government-imposed restrictions.
- Uniform & Career Apparel generated income driven by stable business performance combined with effective expense control and favorable merchandise costs, slightly offset by costs associated with increased sales talent.
- Corporate reflected higher equity-based compensation expense resulting from certain actions taken in the fourth quarter fiscal 2020 as described on the Company's Current Report on Form 8-K filed on September 8, 2020.

	Operating Income (Loss)			Adjusted Operating Income (Loss)			
	Q1 '21	Q1 '20	Change (%)	Q1 '21	Q1 '20	Change (\$)	Constant-Currency Change (%)
<b>FSS United States</b>	(\$15M)	\$186M	(108)%	(\$11M)	\$204M	(\$215M)	(106)%
<b>FSS International</b>	(3)	44	(107)%	(1)	46	(47)	(102)%
<b>Uniform &amp; Career Apparel</b>	32	53	(40)%	41	67	(26)	(38)%
<b>Corporate</b>	(35)	(29)	(21)%	(38)	(31)	(8)	(25)%
<b>Total Company</b>	(\$20M)	\$254M	(108)%	(\$9M)	\$286M	(\$295M)	(103)%

*\* May not total due to rounding.*

#### **GAAP SUMMARY**

First quarter fiscal 2021 GAAP results across all metrics were affected by the impact of COVID-19. On a GAAP basis, revenue was \$2.7 billion, operating loss was \$20 million, net loss attributable to Aramark stockholders was \$81 million and diluted loss per share was \$0.32. For the first quarter of 2020, on a GAAP basis, revenue was \$4.3 billion, operating income was \$254 million, net income attributable to Aramark stockholders was \$146 million and diluted earnings per share were \$0.57. A reconciliation of GAAP to Non-GAAP measures is included in the Appendix.

#### **CURRENCY**

Revenue was favorably impacted by approximately \$21.7 million due to a weaker U.S. dollar, while adjusted operating loss increased by \$0.2 million in the quarter. Currency had a negligible effect on adjusted loss per share.

#### **CASH FLOW**

Aramark maintained its focus on cost discipline that contributed to a significant cash flow improvement compared to the prior year period with Net Cash used in operating activities improved \$194 million and Free Cash flow improved \$225 million. This performance was led by a reduced use of cash from managing working capital and capital expenditures that more than offset the net loss in the quarter.

As expected, the first quarter experienced a cash outflow associated with the Company's seasonal business cadence, specifically related to Higher Education. In the quarter, Net Cash used in operating activities was \$115 million and Free Cash Flow was a use of \$180 million.

### **CAPITAL STRUCTURE**

Aramark continued to operate with a strong balance sheet and focused capital allocation strategy. In the quarter, the Company took proactive actions to repay balances on its revolving credit facility and its accounts receivables facility, totaling a combined debt repayment of \$1.1 billion. Aramark maintained cash availability of approximately \$2.4 billion at quarter-end.

### **DIVIDEND DECLARATION**

As announced on February 2, 2021, the Company's Board of Directors approved a quarterly dividend of 11 cents per share of common stock. The second quarter fiscal 2021 dividend will be payable on March 3, 2021 to stockholders of record at the close of business on February 17, 2021.

### **BUSINESS UPDATE**

Aramark remains highly focused on the pursuit of accelerated growth, while effectively controlling costs and employing cash management strategies. The Company has already realized early productivity success in areas where additional sales investment has occurred. While navigating the ever-changing environment, Aramark is working closely with clients in preparation for a business reemergence.

The Company continues to promote an ownership mindset within the organization to further its collective success. Subsequent to quarter-end, Aramark adopted an Employee Stock Purchase Plan (ESPP) that encourages employee stock ownership more broadly across the organization. Under the plan, employees can contribute up to 10% of their eligible base pay toward the quarterly purchase of Aramark's common stock, subject to an annual maximum dollar amount and other terms of the plan. The ESPP is expected to commence April 1, 2021.

### **2021 OUTLOOK**

The Company provides its expectations for organic revenue growth, Adjusted Operating Income and Free Cash Flow on a non-GAAP basis, and does not provide a reconciliation of such forward-looking non-GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for the impact of the change in fair value related to certain gasoline and diesel agreements, severance and other charges and the effect of currency translation. The fiscal 2021 outlook reflects management's current assumptions regarding the continued impact of COVID-19 on Aramark and its clients. The extent to which COVID-19 continues to impact business, operations, and financial results, including the duration and magnitude of such impact, will depend on numerous evolving factors that are difficult to accurately predict, including those discussed in the Risk Factors set forth in the Company's filings with the U.S. Securities and Exchange Commission.

For the balance of fiscal 2021, Aramark will continue to leverage its resilient and flexible operating model, while managing the business with a cost-disciplined, long-term mindset. The Company believes it is well-positioned to navigate the ever-changing environment with current performance expectations as follows:

- Organic revenue improvement over the course of the fiscal year;
- Updated Adjusted Operating Income (AOI) drop-through rate of 18%-22% in the second quarter as a result of improved operating efficiencies, while driving client reopenings and growth investments;
- Free Cash Flow lifted to a range of neutral to \$200 million generation for fiscal 2021, dependent on the pace of recovery and timing of underlying growth. The Company previously stated an expected range of \$100 million use to \$200 million generation. Comparatively, Free Cash Flow was a use of \$188 million in fiscal 2020.

"Our priorities remain focused on continuing to execute on our growth strategies that leverage our flexible and proven platform, drive innovation to help our clients' success, emphasize cost-discipline and build on lessons learned," Zillmer added. "As we focus on our extraordinary future, we have aligned our people, values and performance to capitalize on the extensive opportunities ahead. Our belief in the Company's success has never been stronger."

### **CONFERENCE CALL SCHEDULED**

The Company has scheduled a conference call at 8:30 a.m. ET today to discuss its earnings and outlook. This call and related materials can be heard and reviewed, either live or on a delayed basis, on the Company's website, [www.aramark.com](http://www.aramark.com) on the investor relations page.

### **About Aramark**

Aramark (NYSE: ARMK) proudly serves the world's leading educational institutions, Fortune 500 companies, world champion sports teams, prominent healthcare providers, iconic destinations and cultural attractions, and numerous municipalities in 19 countries around the world. We deliver innovative experiences and services in food, facilities management and uniforms to millions of people every day. We strive to create a better world by making a positive impact on people and the planet, including commitments to engage our employees; empower healthy consumers; build local communities; source ethically, inclusively and responsibly; operate efficiently and reduce waste. Aramark is recognized as a Best Place to Work by the Human Rights Campaign (LGBTQ+), DiversityInc, Equal Employment Publications and the Disability Equality Index. Learn more at [www.aramark.com](http://www.aramark.com) or connect with us on Facebook and Twitter.