



NEWS RELEASE

10 January 2020

Full-Year Results

A year of further growth building on Altrad's foundations of Excellence

Altrad Group, a global leader in industrial maintenance services across multiple sectors, is pleased to report its Full-Year Results for the fiscal year ended 31 August 2019.

HIGHLIGHTS

- A year of solid financial and operational performance resulting in earnings growth
- Revenue at €3,105m (2018: €3,419m)
- EBITDA of €462m (2018: €443m)
- Net profit of €202m (2018: €201m)
- The Group has maintained its Services order book for the year of €2.3 billion
- Cash of €911m (2018: €794m)
- Net Debt at €510m (2018: €678m)

Commenting on the Results, CEO Louis Huetz said:

"We are happy to deliver another set of excellent full-year results reflecting the successful growth strategy that the group has adopted in recent years and our continued focus on building a diverse and stable business underpinned by Excellence. We anticipated a lower revenue this year on account of completion of a number of large projects, however the operational and financial performance surpassed expectation resulting in enhanced profitability. By leveraging our established reputation as a global leader, as well as our scale and capabilities to meet client expectations, it has enabled us to maintain a strong order book that enables good visibility on revenue for years to come. This year we secured important contracts with a variety of blue-chip clients across our various sectors and geographies, and we expect to grow the order book further with some key renewals this fiscal year. We are confident that Altrad's 2020 multi-year strategic plan will enable the Group to deliver sustainable long-term organic growth. Our near-term outlook for the Group as a whole looks solid and we aim to further strengthen our strategic positioning to enable us to increase in scale and profitability next year."

OVERVIEW

Altrad has delivered a strong financial performance this fiscal year by building on the robust and diversified service offering assembled through organic and acquisitive means in recent years. The strength of operational and financial performance reflects the Group's status as a global leader with diversity of value-add services and established positions in multiple markets and sectors.

Consistent with the previous year, nearly one third of Altrad's activity takes place outside of Europe, giving the Group exposure to both mature and emerging markets in regions including Pacific, Middle East, Asia and Africa. Continental Europe represents 44% of group revenue, and the UK represents 29%.



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Altrad provides support in all these markets to majors and multinationals that are leaders in their respective sectors including EDF, SNCF, Total, Shell, BP, ExxonMobil, Chevron, Equinor, Dow, Samsung Heavy Industries, Sonatrach and Saudi Aramco.

Altrad also benefits from a balanced sales mix between Oil and Gas (30%), Construction (35%), Process Industries (25%) and Power (10%), providing protection from any downturns that may occur in each sector.

One of the core elements of Altrad's strategy is the "One Altrad" vision which aligns all of the businesses under the Altrad Group, consolidating and involving all subsidiaries to share the same approach focusing on innovation, synergy, sharing and dissemination of best practice. This year Altrad successfully completed the integration of its three major industrial services groups, being Cape, Hertel and Prezioso Linjebygg, under the newly formed brand Altrad Services. Following a successful period of strategic integration, Altrad Services now benefits from a collaborative knowledge-share and expanding network of customers providing further growth opportunities.

FINANCIALS

The Group generated strong revenue of €3,105 million during the fiscal year, ahead of expectation at the Half Year and reflecting the completion of some material project work. Of note, over 70% of the Services revenue, which represents 78% of the Group revenue, is a recurring revenue profile from multi-year maintenance contracts.

The Group achieved an impressive level of profitability, with EBITDA margin of 14.9% trending positively from 13.2% figure at Half Year, resulting in EBITDA of €462 million with a net profit of €202 million.

At year end, Altrad Services' order book stood at €2.3 billion, providing decent coverage for the anticipated activity for the coming year. The Group expects to secure 50% of the turnover from major services orders in less than a year to provide more order book cover and stronger visibility on revenue.

Net debt at period end was €510 million, significantly less than last year, resulting in a net debt to EBITDA ratio of 1.1x, compared with 1.53x the previous year, demonstrating the strength of the Group's free cash flow generation.

MARKET CONDITIONS

Oil & Gas represents a material sector for Altrad in terms of revenue, making up 30% of the Group's turnover. The acquisitions of Hertel (2015), Prezioso (2016) and Cape (2017), which have subsequently formed Altrad Services, have profoundly transformed the Group's profile into a leader in the sector.

Altrad sees significant long-term opportunities in the Oil and Gas sector and has recently been awarded a number of material contracts. These include contracts with Woodside Energy Ltd, ADNOC Fertilizers Ruwais, KLNG and DOOSAN. With the current oil price above \$65/bbl, confidence in the global offshore oil sector continues to strengthen and a drive to broaden the geographical reach of the Group's diverse service offering is resulting in new orders and opportunities.



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The LNG market continues to grow, with strong opportunities in China fabrication yards. Altrad has worked on 70% of the world's LNG plants and is well positioned to leverage its unique expertise to provide world class maintenance activities to completed projects and capitalise on new Green Field project opportunities.

Altrad is now the world leader in services to industry, providing the petrochemical and energy infrastructure sectors with streamlined and dynamic solutions for projects, maintenance, modifications and overhauls.

The nuclear industry is currently providing a strong pipeline of long-term opportunities with a series of projects underway, as well as extension, maintenance and decommissioning activities in the core markets of France and UK. Altrad is part of the UK Hinkley Point C MEH alliance, which composes of four major UK contactors to work together on the complex installation of cabling and pipework in the power station's 2,500 rooms. This 7-year contract not only provides a long-term income but also is a prestigious alliance with other leaders in the sector.

The Group's Equipment business, representing 22% of Group turnover, has performed well supported by robust appetite for the rental of Altrad's equipment throughout Europe. Whilst uncertainties associated with Brexit have resulted in a slowdown and reduced budget for the current fiscal year, the Group continues to develop wider synergistic collaboration between Services and Equipment by leveraging the strong presence of Services in Middle East and APAC to create further growth opportunities for this division across the Group's global footprint.

OUTLOOK

The Group's exposure to multiple sectors creates a compelling differentiating factor and strengthens its position as a true industry leader in its chosen markets. The newly formed Altrad Services sees a robust pipeline of opportunities from both existing and prospective targets, and the Group continues to leverage its reputation for delivering innovative, value-add services to its blue-chip customers.

The vast majority of the Group's income is generated from recurring maintenance contracts, providing solid visibility on long term sustainable income for the business. A number of material maintenance contracts are up for renewal this fiscal year which, if secured, will further strengthen the Group's visibility and confidence in the near-medium term outlook.

The Group is continuously improving its collaboration between Services and Equipment in order to provide greater opportunity for growth within each division.

The Group continuously screens opportunities in line with its inorganic growth strategy and remains well positioned to consider compelling and value accretive acquisition targets.

Overall, the Group's near-term outlook is solid based on the strength of its order book and business development activities across its core markets.

ANNUAL REPORT

For further detail on the Group's activities and operations, please access the Annual Report from the following link: <https://www.altrad.com/en/newsreader/annual-report-2019.html>



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ABOUT ALTRAD GROUP

Altrad is a global leader in the provision of industrial services, generating high added value solutions principally for the Oil & Gas, Energy, Power Generation, Process, Environment and Construction sectors. The group is also a recognised leader in the manufacturing of equipment dedicated to the Construction and Building market. Altrad's multidisciplinary services range from engineering and technical services to maintenance, access solutions and specialised services for industry leaders. The Group, headquartered in France, employs around 41,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.