

Altrad post outstanding results despite Covid-19

By Grahame Anderson - Jan 4, 2021

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Despite the trials and tribulations of 2020 global leaders, Altrad have released another set of outstanding results, proving it hasn't all been bad news for business and the services sector in particular.

Grahame Anderson has been taking a closer look at the detail.

Outstanding fiscal results from the past year has once again shown global leaders Altrad to be a company clearly helping to build a sustainable future. Given the world pandemic and the uncertainty of another controversial American election, their achievements are even more staggering.

Significant Savings

At years end Altrad's Services order book stood at €3,015 million, with €1,234 million to be delivered in the current financial year providing 60% coverage on the 2021 financial year revenue budget. A net income of £84million is impressive enough set against debt of £394million, with a cash figure of £1,159million. All made possible by the introduction of resizing and stronger discipline to deliver significant structural savings. This meant they could maintain gross margins and EBITDA percentages at the same level as pre-COVID.

Altrad benefitted from a balanced sales mix between Oil and Gas (28%), Construction (36%), Process Industries (25%) and Power Generation (11%), providing protection from any downturns in each sector. This financial year, 78% of revenue was generated from the Group's Services businesses, with 22% being generated from its Equipment division.

Rapidly Changing Market

Joint CEO, Ran Oren told me: *“We are delighted to deliver such a robust set of full-year results, especially considering the challenging market conditions faced throughout the second half of the fiscal year. In the first half we displayed a solid performance in line with our expectation. However, in mid-March, like most companies throughout the world, we were faced with an unprecedented challenge in the form of the pandemic and were required to take swift and decisive action to adapt our business to a rapidly changing market.*

“We’ve accepted these results with good humility and a positive outlook in a year that’s seen us all come together as human beings to help each other. Back in March we were preparing for the worst, but now thanks to some amazing teamwork across the world, our debt is low and cash flow is strong. Thankfully, the pandemic hasn’t affected us as much as we were expecting in terms of the business.

“There has however been a price to pay having suffered a number of deaths across our incredible workforce, and there isn’t a day when I don’t think of the special people we’ve lost and those who have suffered due to coronavirus. I’m passionate about people and this continues to lead our drive forward. The pandemic has drawn us all closer together and we value this greatly.”

Rebound Effect

It seems the rebound effect has been firm across all sectors of expertise at Altrad especially in the equipment division with the healthy hire and sale of scaffolding and light construction equipment. With continued investment, these activities will provide a positive contribution to EBITDA and free cash generation in 2021.

With emerging international markets in mind, *Scaffmag* has learned Altrad continues to benefit from The Australian approach to defence in the shape of working frigates for the navy in the South. Add to this the fact countries like Canada and Mozambique have continued to thrive, and the strong effect Asian countries have on the market, and you can see why Altrad play such an important role providing services across the globe embracing many different challenges and opportunities along the way.

The theme of Energy Transition is also gaining momentum, with opportunities available to Altrad to assist clients with their transition, and their growing expertise in LNG, Renewables and Nuclear. They remain fully committed to climate change.

During the year Altrad acquired Adyard, one of the United Arab Emirates’ (UAE) leading providers of services to the oil and gas, power and water industries. This acquisition exemplified their approach to opportunistic growth, as the acquisition was completed on compelling terms and further diversifies the Group’s service offering in an area seeing strong demand.

Altrad’s multidisciplinary services range from engineering and technical provision to maintenance, access solutions and specialised services for industry leaders. The Group, headquartered in France, employs around 36,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.

Good Brexit Deal Required

Though it will not have a big impact on the company Ran says we need to strike a Brexit deal that’s good for everyone, with an economic upturn on the way. He added: *“We remain hopeful and optimistic without being complacent as we strive to be a good corporate citizen to help build a sustainable world.”*

The bottom line is with a recovery in commodity prices and initial signs of renewed investment activities the outlook for services remains strong in the short and medium term. This all makes positive reading not just for world leaders Altrad, but the industry generally.

For further detail on the Group’s activities and operations, please access the Annual Report on the results from the following link: <https://www.altrad.com/en/newsreader/annual-report-2020.html>