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April 2021

## Half Year Results 2021

Resilient financial performance and positive rebound across markets and sectors

Altrad Group, a global leader in industrial maintenance services across multiple sectors, is pleased to report its Half-Year Results for the six months ended 28 February 2021.

### HALF-YEAR HIGHLIGHTS

- Strong recovery of financial and operational performance, maintaining gross margins and EBITDA percentages at pre-COVID levels
- Revenue at €1,240 m
- EBITDA of €169 m
- Cash of €869 m
- Altrad's Services order book stood at € 2,700 m
- Realising annualised savings of restructuring and cost discipline through 2020
- Progressing ESG agenda in line with stakeholder expectations
- Actively screening value accretive opportunities in the market

### Commenting on the Results, joint CEO Ran Oren said:

*"I am pleased to report such a solid set of half-year figures that show a gradual recovery and positive rebound in activity, especially within the equipment division, and ensure we are on track to meet our Full-Year budget. Our half-year results demonstrate the resilience and strength of our operating structure as we adapted to the adverse and unprecedented challenges of the last year. The decisive action that we took to restructure the business, coupled with our strict focus on cost discipline and flexible cost structure, has enabled Altrad to maintain margins and profitability, despite continued headwinds. It is testament to the quality, innovation and diversity of our service offering, and the professionalism and commitment of our workforce, that we are able to deliver this robust performance. Indeed, we are seeing some very encouraging new business development and some areas of our business are even exceeding pre-covid levels of activity. Conversely, we are also seeing the deferral of some shutdowns into next year as a result of the ongoing pandemic, so we remain vigilant and agile in our response to the differing market conditions to which we have exposure.*

*Our strategy remains unchanged as it continues to demonstrate flexibility and focuses on achieving operational excellence through our high standards of HSE and ingrained core values within the Group. We continue to place an increasing emphasis on enhancing our socioeconomic and environmental impact, and maintain a firm commitment to Building a Sustainable Future. We remain opportunistic and active with regards to inorganic growth, and are presently screening complementary and value accretive opportunities across different geographies, sectors and markets. Altrad is well positioned to be a consolidator and innovator given our scale and proven track record of executing an effective inorganic growth strategy.*

*I am very encouraged to see covid infections reducing weekly and I'm proud of all employees that have continued to implement safety measures, quarantining and working from home to keep infection rates low. The situation across many countries in which we operate is fragile so we remain vigilant and will continue to do everything we can to protect our employees and everyone within our value chain.*



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*In summary, we have continued to deliver operational excellence and good customer relations across the Group which is evident from the speed of our recovery. We remain well placed within the market to continue on our growth trajectory and hold our place as leaders within the sectors we operate. ”*

### OVERVIEW

Altrad's performance has continued on-track from its full year results issued in December 2020, delivering a strong financial performance across its divisions, and the Group remains on-track to deliver on its Full Year budget. The Group has rapidly rebounded with some areas like the equipment division, showing a full rebound back to 2019 activity levels, surpassing pre-pandemic H1 2020 levels. Due to the agile nature of Altrad's business model and management's swift actions to resize the group and execute cost discipline across all elements of the business, it delivered significant structural saving offsetting weaker areas where the rebound has been slower. The restructuring and cost management led to a meaningful reduction in the Group's operating costs, allowing the Group to maintain its gross margins and EBITDA percentages at the same level as pre-COVID and in a few cases even surpassed those levels.

Reflecting Altrad's position as a leader across multiple sectors and markets is its strong order book and longstanding relationships with international blue-chip clients, a testament to the Group's value, innovation and excellence. At the half-year period end, Altrad's Services order book stood at € 2,700m.

Throughout the period, Altrad successfully won or renewed a number of contracts that demonstrated the breadth and quality of its services, including; a maintenance renewal with Shell at Pulau Bukom Manufacturing Site in Singapore, a blast and painting contract for the Hunter Class Frigate Program's prototype phase at Osborne in Australia with ASC Shipbuilding (subsidiary of BAE Systems Australia), a renewal of scaffolding contract with ArcelorMittal in Belgium, a multi-discipline contract on behalf of Sabic with Fluor for PPE-plant in the Netherlands, an outfitting contract for four cruise ships with MSC Cruise in France, and two long-term contracts with Total at the Lindsey Oil Refinery in UK.

Over the past decade, Altrad has undertaken a strategic focus to diversify its operational structure and has achieved transformative inorganic growth to establish itself as a leader in its chosen markets and sectors. The overall strategy has enabled Altrad to expand its service offering to target more higher margin opportunities across a broader range of geographies and industries. This diversification of the Group has underpinned the resilient performance in the face of the Covid-19 pandemic as high margin and lucrative sectors have offset the volatility in other areas which were slower to rebound. Altrad remains active in the market and continues to screen value accretive opportunities that further diversify the service offering and provide synergies that can enhance margins and profitability.

In terms of responding to Energy Transition and the growing importance of ESG, Altrad is enhancing its commitment to Building a Sustainable Future. This is a core value of the Group and is integrated into all business activities. The Group has launched various initiatives to improve Altrad's contribution to the environment and society, and has initially aligned itself with UN SDG's "Climate Action" and "Quality Education". Altrad remains committed to assisting its Energy clients with their Energy Transition and has the strength of expertise and relationships to assist those clients as they expand into cleaner and renewable energy initiatives. The Group will continue to develop its ESG agenda in line with stakeholder expectations.



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## MARKET CONDITIONS

After a highly volatile period of commodity pricing through 2020, driven by demand concerns resulting from the pandemic, the oil and gas industry has seen a strong recovery of pricing and investment sentiment. The stabilisation of Brent above \$60/bbl has resulted in a return to activity, following a period of uncertainty that saw clients deferring non-critical activities on their offshore assets. Altrad is also encouraged by the increased level of M&A activity in the North Sea through the period, a trend that is expected to result in new opportunities for the Group. Altrad's core offering to the industry remains on the provision of fabric maintenance (OPEX) activities which are in continuous demand and therefore largely unaffected by short-term demand decreases, ensuring insulation from cyclical oil price movements.

In Nuclear, the Group is witnessing the early stages of European countries beginning to phase out nuclear power facilities. As such, the Group is assessing opportunities to transfer regular maintenance activities towards more decommissioning oriented projects. Conversely, overall nuclear capacity has increased in recent years with new facilities coming online, and Altrad continues to be involved in current new-build projects in France and UK, while continuing to pick up new maintenance contracts including a 3-year award with Nawah Energy Company in UAE.

Overall, the industrial services sector has undoubtedly been impacted as a result of the pandemic, with major new-build projects pushed back, however bidding activity remains robust across the Group's target markets, and the order book remains resilient with long-term maintenance contracts.

The Group's international footprint and largely maintenance weighted offering ensures Altrad remains well placed to capitalise on opportunities in its sectors and markets of focus. The broadening of the service offering, as demonstrated by the acquisition of Adyard last year, provides cross-selling opportunities and this is coming to fruition in UAE with that acquisition now fully integrated and delivering in line with pre-acquisition expectations.

## OUTLOOK

Altrad maintains a positive outlook for Full Year 2021 and anticipates a continued rebound in activity through 2022 and beyond. Economic recovery and stability is already manifesting itself and the Group is seeing a growing pipeline of bidding activity as a result. Government initiatives and the energy transition are expected to provide both incentives and capital for significant infrastructure investments which will benefit the Group.



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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 world 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 36,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.