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17 December 2020

Full-Year Results 2020

A resilient and solid performance in extraordinary market conditions

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 2020.

HIGHLIGHTS

- A year of solid financial and operational performance, maintaining gross margins and EBITDA percentages at pre-COVID levels
- Revenue at €2,589m (2019: €3,105m)
- EBITDA* of €360m (2019: €462m)
- Net income of €84m (2019: €202m)
- The Group has grown its Services order book to €3,015m (2019: €2,316m)
- Cash of €1,159m (2019: €911m)
- Net Debt* at €394m (2019: €510m)
- Resizing and cost discipline to deliver significant structural savings

* Pre-IFRS 16 adoption to reflect like for like Results. For post IFRS 16 data, please view Annual Report.

Commenting on the Results, joint CEO Ran Oren said:

“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 of the year 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.

The sudden impact of the pandemic across our markets and sectors resulted in the postponement or cancellation to numerous projects, as clients responded to an uncertain outlook. The European lockdowns also impacted our manufacturing and hire & sales division. This led to a sharp decline in revenue and resulted in margin pressure. The fact that we were able to maintain our profitability and gross margin despite these material headwinds shows the genuine resilience of our business, and the effectiveness of the measures taken to respond to these pressures.

The Group’s strategy continues to demonstrate flexibility, and provide us with a strong opportunity pipeline of high quality work across all our markets. The order book remains healthy with some good wins announced in the year, such as the £350m renewal contract with EDF that demonstrates the high regard in which we are held by our blue-chip client base. We continue to be opportunistic with regards to inorganic growth, adding another high quality specialist business to our portfolio in the form of Adyard in Abu Dhabi.



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We are well placed to maintain focus on our principal operational objectives; maintaining our exceptionally high standards through operational excellence, close client engagement to meet and surpass expectations, and growing the order book with high quality work that further cements our position as the leader in our chosen markets. Our corporate focus for the current year and beyond will be continued cost discipline, as well as enhancing the sustainability of the Group in line with stakeholder expectations.

I am extremely proud of all the employees across the Group who have worked above and beyond to protect our business, and maintain an unwavering commitment to the operational excellence that defines the Group. As a result of our diverse business model and established reputation as a global leader, we remain uniquely placed to maintain long-term growth momentum.”

OVERVIEW

Altrad has delivered a strong financial performance this fiscal year notwithstanding the COVID-19 pandemic. The Group took swift and necessary resizing actions to lower its fixed costs in line with the reduced sales volumes due to the vast disruptions across Europe from the imposed lockdown measures. In less than two months, the Group had reduced headcount and demonstrated flexibility with its variable costs to create a lean and agile organisation capable of maintaining its operating margins. The restructuring and cost management led to a meaningful reduction in the Group's operating costs, therefore the Company maintained its gross margins and EBITDA percentages at the same level as pre-COVID. This increased operational efficiency within the organisation will generate long-term structural savings for the Group going forward.

Consistent with previous years, Altrad has demonstrated its value, innovation and excellence through its strong order book, winning a diverse range of projects and maintenance contracts with international blue-chip clients across multiple sectors and markets. These include a material contract renewal to support EDF at its eight nuclear sites in the UK, a shutdown and maintenance contract with Total for a floating production unit in the Congo, a multi-disciplinary services contract Wesfarmers Chemical, Energy & Fertilisers (WesCEF) Group in Australia, and a painting contract on the Suffren nuclear submarine (Barracuda programme) in Cherbourg, for Naval Group. As a company established and headquartered in France, we are also extremely proud to have been awarded a contract at the internationally iconic Eiffel Tower to support the monument's repainting.

At year-end, Altrad's Services order book stood at €3,015 million, with €1,234 million to be delivered in the current fiscal year providing 60% coverage on the 2021 financial year revenue budget.

Altrad's growth strategy in recent years has been achieved through diversification of geographies, services and markets. The Group's inorganic growth is ingrained in its DNA and this will continue to be the case. 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 our approach to opportunistic growth, as the acquisition was completed on compelling terms and further diversifies the Group's service offering in an area that is seeing strong demand. The overall diversification of Altrad's business model and weighting towards long-term maintenance service contracts and high-margin, cash generative manufacturing and hire & sales activities continues to



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provide strong visibility on cash flow and insulation from sector volatility, as well as more macro volatility as evidenced by the performance in these Full-Year Results.

In terms of Altrad's activities, nearly one third of 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 45% of group revenue, and the UK represents 28%.

Altrad also benefits from a balanced sales mix between Oil and Gas (28%), Construction (36%), Process Industries (25%) and Power Generation (11%), providing protection from any downturns that may occur 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.

MARKET CONDITIONS

The market conditions across all our sectors and markets remain fluid as the world awaits the outcome of the pandemic and its impact on global economies. The Energy sector was hit particularly hard in the early stages of the pandemic however commodity prices have stabilised allowing projects to progress. The theme of Energy Transition is gaining momentum, although poses minimal near-term risk to the Group given the gradual nature of the movement, the opportunities available to Altrad to assist clients with their transition, and our growing expertise in LNG, Renewables and Nuclear. The Group is wholly supportive of climate action and will be undertaking a review of its sustainability practices and environmental impact to assess what improvements can be made.

The construction market rebounded sharply after the initial European-wide lockdown, enabling our Equipment division to post satisfactory results. The trend remains positive in the DIY markets and the anticipated infrastructure spending tied to domestic economic recovery plans. The current impact of raw material and shipping price inflation is expected to flatten in early 2021. The Group continues its investment in products, manufacturing capacity and people to ensure the Equipment division will retain its international leadership position and deliver an ambitious long-term growth potential.

OUTLOOK

The Group will continue to swiftly adapt its business to market conditions to ensure Altrad maintains its margins and profitability, and is well positioned to emerge stronger as world economies recover. The rapid response to market headwinds through 2020 ensures the business is suitably sized for the current activity outlook, without compromising the Operational Excellence consistently delivered to clients. Cost discipline will remain a core focus for the Group, as will close client alignment through innovation and delivery of value-add services that showcase the strengths that make Altrad a global leader.

The Group sees a strong rebound and resilience in its Equipment division, notably 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 the year 2021.

The Services division will feel the impact of a large workforce being exposed to sanitary restrictions in all corners of the world. However, its geographic spread and diverse client and service offering should



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see the Group resilient to local outbreaks. 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.

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-2020.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 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.