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ALTRAD RESULTS FOR THE HALF YEAR ENDED 28 FEBRUARY

“Strong growth in revenue and earnings from the Group’s expanded and diversified platform”

Altrad Group, a global leader in industrial maintenance services across multiple sectors, is pleased to provide the following corporate and operational update for the first half of the fiscal year ended 28 February 2018.

HIGHLIGHTS

- Record Group revenue of €1,678 million with full half year contribution from Cape Altrad
- Strong profitability with EBITDA of €205 million and EBITDA margin of 12%
- Total backlog of €2,782 million providing good visibility on future revenue
- Successful strategic focus on Services contributing 82% of turnover
- Diversification of geographic revenue with +30% outside Europe
- Integration of Cape business progressing well and delivering expected synergies
- Material contract awards with blue-chip customer base including BP and BASF

Commenting on the Results, CEO Louis Huetz said:

“These results showcase the strength and breadth of our expanded business, and highlight the considerable progress we have made along our strategic growth path in the last few years. Our business is underpinned by strong cash flow and profitability, and our strategic focus on Services now provides good visibility on future revenue with a secured order book of nearly €3 billion for delivery over the next few years. The completion of the Cape acquisition has enabled the creation of a stronger and more balanced business capable of delivering multi-disciplinary services to industry leaders throughout our chosen markets. The organic growth opportunities for the business remain compelling as we leverage our industry leading platform to achieve better synergies and demonstrate to our client base the benefits of our greater geographic footprint and diversified services.”

OVERVIEW

During the first half of the fiscal year, Altrad Group has delivered record revenue and earnings that surpassed internal budgets and support the Group’s Full Year expectations. This performance was achieved with the first six-month contribution of the Cape business, following the successful completion of that acquisition at the beginning of September 2017.

The focus for the first half of the fiscal year has been on integration of the Cape business and progress has been wholly positive in this regard. The acquisition of Cape represents a truly transformative catalyst for Altrad Group and continues the strategic development achieved by the acquisitions of Prezioso Linjebygg and Hertel in the previous years.



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Altrad's strategic objectives remain to build a worldwide leader in industrial services, with market leading positions in key geographies and a diverse range of services. The addition of Cape to the Group has considerably accelerated progress along this strategic path.

Altrad's business is now underpinned by diverse and steady revenue streams, from an international footprint and a balanced sales mix between its core sectors: Construction, Oil & Gas, Process Industries and Power Generation. 82% of Altrad's turnover is now generated from Services, with the remaining 18% from the Group's traditional Equipment business. The strategic focus on Services provides strong visibility on future revenue with more than 70% of the Group's reported services revenue coming from recurring maintenance contracts. As of the end of February 2018, Altrad has a total backlog of €2,782 million, of which €815 million are on Services due for delivery in the current fiscal year, providing strong coverage on revenues for the second half of the year and underpinning management's confidence in its ability to maintain momentum and deliver record earnings for the full year ended 31 August 2018.

The diversity of Altrad's product offering, geographies, client base and end markets provides the resilience required to maintain stability and grow, even in a challenging market environment. The acquisition of Cape widened the Group's range of services that it can offer its blue-chip client base; with a core focus on Access, Insulation, Surface Treatment and Specialist Services (testing, inspection and cleaning).

More than one third of the Group's activity now occurs outside of Europe, and just under one third in the UK. Altrad has consolidated its position as a multi-disciplinary, industrial leader in key markets around the world, with a focus on Europe, Australia, Middle East, Africa and Asia. In the near-term, a strategic focus will be on client intimacy, as Altrad demonstrates to its client base how the Group's enhanced portfolio of industrial products and services, and geographic footprint with the presence, responsiveness and scale, ensures it is well positioned to meet client demands and deliver industry leading operational excellence.

MARKET CONDITIONS

Oil & Gas is the number one industry for which the group provides services, with 50% of revenue derived from this sector. Following several years of volatility caused by the oil price crash in 2014, there are signs of increased capital expenditure as the industry benefits from the relative stability of the oil price, with Brent crude trading consistently above \$60 per barrel since the start of November 2017. Encouragingly, general long-term growth rates for the industry are favourable, and independent commentators are bullish with Goldman Sachs recently raising its 2018 Brent forecast to \$80 per barrel. At these levels, the Group would expect to benefit from opportunities arising from industry investment in new projects and remain well placed given its global reputation and leading client base.

In the short-term, the Group's strong focus on maintenance Opex provides resilience and visibility on earnings through long-term maintenance contracts. During the period, the Group was pleased to secure a number of material contracts, including an offshore maintenance contract in Angola awarded



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by BP for more than €30 million over 3 years and £25 million annual maintenance contracts across the Grangemouth petrochemical facility in the UK.

Other key contract awards included the Acetylene project for BASF, a greenfield development of a new plant and the second largest project for German chemicals industry over the last decade. This prestigious contract highlights the quality and complexity of the Services that Altrad is now able to provide its client base.

Construction remains the second most important industry for the Group, both for our Services and Equipment businesses. During the period, the construction market has seen a recovery in activity, especially in continental Europe. As a result, the equipment business has seen an improved like-for-like performance, and the Group won a number of key services contracts including in France, where the Group was selected for the renovation of the Austerlitz railway station. This award follows the successful work we delivered on Bordeaux Railway station last year and leaves Altrad well placed to benefit from the broader renovation program of the main French railway stations.

OUTLOOK

The near-term outlook for the Group is positive, underpinned by improving market conditions in core sectors and geographies and a strong order book comprised of diverse, recurring maintenance services contracts. The Group will continue to achieve synergies from its platform resulting in organic growth as it extracts maximum value from the acquisition of subsidiary businesses. The full integration and rebranding of all subsidiary businesses remains a priority, as it ensures Altrad Group reinforces its reputation and status as a global leader in the provision of industrial services.

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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 39,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.