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1 August 2018

Q3 Trading Update

“Benefitting from cost synergies and growth opportunities”

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 nine months of the fiscal year ended 31 May 2018.

HIGHLIGHTS

- Revenue ahead of expectation (+7.1%) at €2,579 million year to date
- Strong profitability with EBITDA of €323 million and EBITDA margin of 12.5%
- Total backlog for our Services business of €2,701 million providing good visibility on future revenue
- Material contract awards with blue-chip customer base including Chevron, INEOS and EDF
- Positive outlook supported by growth drivers for Altrad’s core sectors and markets

Commenting on the Results, CEO Louis Huetz said:

“The Group continues to perform well and has delivered a performance in the first nine months of the year that is ahead of our expectations. The core focus throughout the year has been the continued integration of the Cape business and benefitting from the cost synergies and growth opportunities brought with that acquisition. As Operational Excellence forms a key pillar of our strategy, we are pleased with the positive feedback we have had from our clients regarding the benefits of our expanded service offering and international footprint, and this has been reinforced with material contract wins and renewals. The market conditions and demand for our services across our diverse markets are supportive, particularly so in oil and gas which is now our largest market. We are optimistic that with both the near-term and longer-term outlooks for the Group looking largely positive, we expect to deliver organic growth whilst also considering acquisition opportunities in line with our growth strategy”.

OVERVIEW

Altrad has delivered a strong operational and financial performance in the first nine months of the fiscal year, demonstrating the benefits of the Group’s strategy to expand by acquisition in recent years.

The integration of Cape, acquired in October 2017, continues to progress in line with expectations and represents a successful stride towards its strategy of building an international leader in industrial services. The successful acquisition and integration of Cape has enabled Altrad to reinforce market leading positions in key geographies and widen the range of services that the company provides to its global blue-chip client base.

Since the HY Results issued on 28 February, Altrad’s focus has been on the continued integration of Cape and leveraging the cost synergies associated with the acquisition of that business, and indeed



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the acquisitions that preceded it. Positive progress has been achieved in both of these areas, with the central restructuring now essentially complete.

With the Cape business now integrated, a more detailed integration plan has commenced between Cape and other industrial services activities within the Group, with a view to benefitting from cross-selling opportunities.

Whilst acquisitive growth remains a core part of Altrad's strategy going forward, the transformative acquisition of Cape provided the platform to become the global industrial services leader that it is today. Altrad has successfully shifted its focus towards Services, with over 80% of group turnover now consistently derived from this division, with the remainder coming from the Equipment business that continues to perform solidly. Altrad's strategic focus towards Services was born from the long-term growth drivers and underlying demand for these services, as well as the visibility and lower-risk nature of sales associated with maintenance operations within Services.

The core benefit of the Cape acquisition has been the diversification of the Group's sectors and markets. Over one third of Altrad's activity now takes place outside of Europe, giving the Group exposure to both mature and emerging markets. Altrad also benefits from a balanced sales mix between Oil and Gas, Power, Process Industries and Construction, providing protection from any downturns that may occur in each sector.

FINANCIALS

Revenue for the year to date has been strong and marginally ahead of expectation, at €2.6 billion for the 9 months ended 31 May. Of note, over 70% of the Services revenue, which represents 82% of the Group revenue, is a recurring revenue profile from multi-year maintenance contracts.

The Group has achieved a solid level of profitability, with EBITDA margin of 12.5%, trending positively from 12% figure provided in the Half Yearly Results. EBITDA for the nine-month period is also marginally ahead of expectation at €323m.

At the end of May, Altrad's Order Book stood at €2.7 billion, of which €445 million is for delivery in the current year.

Net debt at period end was €987 million, a marginal improvement versus expectation and within Altrad's preferred gearing ratio of 2x EBITDA over a 12-month rolling period.

MARKET CONDITIONS

Oil and Gas now represents the largest sector for Altrad in terms of revenue. As this sector continues to benefit from improved sentiment as a consequence of the stability of the oil price above \$70 per barrel, there is renewed vigour to current and future capex and opex throughout the industry. Whilst the industry continues to ensure capital discipline as it emerges from a prolonged downturn, there are clear signs of increased capital expenditure in new projects, as the industry seeks to boost the supply required to meet the demand that is forecast to grow at around 1.3% per annum up until 2040. Shell recently signalled significant investment will be required in additional global LNG capacity over the coming decade, representing an opportunity for Altrad given its specialist expertise in LNG projects.



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Altrad continues to assess the opportunities presented by new nuclear power generation projects in UK, and remains well placed given the Company's market leadership in this sector and strong working relationship with EDF. As well as new build opportunities, Altrad expects to see continued investment on increasing the life of existing assets.

Summarising the market trends across Altrad's international Services footprint, market demand for industrial services in continental Europe, Nordics and UK remains steady, and feedback from clients across these geographies indicates that the enhanced service offering of the Group is viewed as an advantage to clients, which in turn supports its confidence in the outlook for these important regions.

Demand in the Middle East remains strong, with numerous ongoing investment projects. South East Asia and China has seen a slowdown in activity, on account of local competition impacting pricing, however bidding activity is high on greenfield projects that are planned for the next few years.

Year to date, Australia has performed strongly on account of the work delivered by Altrad on the large LNG projects in the region. We are currently seeing a decrease in activity as the completion of these projects approaches. The near-term focus will be on transitioning into maintenance activities across these projects to establish a recurring business in the region, and good progress has been achieved in this regard in recent months.

Altrad's Equipment activity continues to deliver a robust performance, benefitting from a recovery in the construction market, especially across Europe. Offsetting this, there is a slow-down in hire and sales activities in UK, mainly in construction sector, as a result of the uncertainty surrounding Brexit. Whilst this represents a small part of the overall group, the group continues to model various scenarios to ensure it adapts accordingly to any long-term impact.

BUSINESS DEVELOPMENT

A focus throughout the year has been the design of a Business Development function at Group level, as it seeks to standardise and enhance the way in which new business is sourced and executed across Altrad's expanded platform. The Business Development function is anticipated for roll-out next year and is expected to drive organic growth from the existing business.

During the period, Altrad was awarded some significant contract wins including; a new contract with Chevron at Gorgon in Australia worth €46 million, and maintenance contracts for the INEOS site in Grangemouth worth over €28 million per annum. Major maintenance contracts have been renewed throughout the year, including with blue-chip clients Syngenta, BASF, EDF. Pleasingly, in Azerbaijan the Socar-Cape JV has renewed its offshore maintenance contract with BP, and this JV continues to perform well.

OUTLOOK

The near-term outlook for the Group is positive and we expect to deliver a record set of Full-Year figures as it leverages the cost synergies and organic growth opportunities that underpinned the rationale for the acquisition of Cape last year. Altrad is particularly encouraged by the opportunities it sees within its largest sector, Oil and Gas, both in terms of increased industry capex for new projects, as well as new and renewed maintenance contracts for its services. The positive outlook is supported



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by a strong order book comprised of diverse, recurring maintenance services contracts. The Group's focus will be on continued harmonising and optimisation across the Group's rapidly expanded footprint, and its steadfast commitment to delivering the best in class services expected of a global leader such as Altrad.

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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 42,000 people and owns established international brands including Cape, Hertel and Prezioso Linjebygg.