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15 December 2021

Full-Year Group Results 2021

A year of material strategic progress

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 2021.

HIGHLIGHTS

- Solid financial and operational performance in line with expectation
- Strategic M&A expanding services and geographic reach
- Revenue +4.2% at €2,697m (2020: €2,589m)
- EBITDA +5.3% at €415m (2020: €394m)
- EBITDA pre-IFRS 16 adoption +6.4% at €383m (2020: €360m)
- Net income +102% at €170m (2020: €84m)
- Services order book at €2.9 billion (2020: €3.0 billion)
- Cash of €1,126m (2020: €1,159m)
- Net Debt at €424m (2020: €501m)
- Net Debt pre-IFRS 16 adoption at €321m (2020: €394m)
- Altrad forecasting €1 billion of additional revenue in FY'22

Commenting on the Results, President and founder Mohed Altrad said:

“While we remain vigilant and well poised to respond rapidly to the changes that the pandemic may bring, we want to express optimism and maintain that the worst is behind us. Activity levels are rebounding across our markets and sectors, and the Group is uniquely well placed to capitalise on the growth opportunities that lie ahead. We have successfully acquired a number of strategically complementary businesses that further diversify and enhance our services and geographic footprint. Through a combination of the transactions that have already been announced, and those we hope to convert in the coming year, we believe we can add over €1 billion of revenue in FY22.”

OVERVIEW

The Group delivered a solid financial performance in line with our objectives. The first half of the fiscal year (September 2020-February 2021) saw a strong recovery of operational and financial performance driven by the gradual recovery of economies and markets following the severe impact of Covid in the prior six months. That momentum was maintained through the second half of the year as sentiment continued to improve and activity rebounded. The Group maintained healthy gross margins and operating profitability (EBITDA), benefitting from increased activity as well as the annualised cost savings initiated in the prior year, and an enhanced focus on cost discipline at operating and Group level.



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Services, representing 74% of Group revenue (2020: 78%), delivered a stable performance despite a continued impact of the pandemic resulting in the postponement and deferral of certain projects, reflecting the resilience of the diverse business model. Equipment, representing 26% of Group revenue (2020: 22%), delivered a strong performance that surpassed budget buoyed by a strong rebound of domestic home improvement activity.

The Group's order book at year-end stood at a healthy €2,902 million (2020: €3,015 million), with the award of numerous material contract renewals, as well as the benefit of businesses acquired through the period. Approximately 70% of the budgeted turnover for the current fiscal year is covered by contracted work within the existing order book.

The Group's balance sheet remains healthy with cash of €1,126 million (2020: €1,159 million) and net debt of €424 million (2020: €501 million). A supplemental €500 million credit facility was arranged during the period ensuring strong liquidity to consider further strategically complementary growth opportunities.

STRATEGIC PROGRESS

The strategy with which the Group has achieved great success remains central to its long-term growth plans. A strong balance sheet, underpinned by comfortable leverage and low-risk cash flow, ensures Altrad retains the necessary firepower to deliver material inorganic growth in the form of strategic bolt-ons as well as transformative transactions as appropriate, allowing the Group to deliver new services to new clients in new geographies.

The strategic acquisitions of Kiel, Actavo and SNKP, all completed in the year, enhance the diversification and specialist nature of Altrad's offering in both Services and Equipment divisions. In the current fiscal year, Altrad closed the acquisition of Valmec in Australia, CIDES in Congo and expect to complete the acquisition of Endel in France in 2022. As with the acquisition of Adyard, completed in 2020, these acquisitions support the Group's investment into growth as it continues the diversification into the mechanical and engineering sectors and gain further exposure to growth markets. The Group has also acquired shoring, formwork and falsework business RMD Kwikform, one of the largest and best in class international businesses of its kind.

These strategic acquisitions will ensure Altrad Group is even better placed to respond to client demands and presents growth opportunities across the Group's expanded geographic footprint. Altrad's focus on client intimacy, and the continued delivery of safe and reliable services, forms the platform for Altrad's organic growth.

MARKET CONDITIONS

The Group continues to benefit from a diverse geographic exposure, meaning it is well placed to benefit from improving economic activity in developed and emerging markets with 55% of revenue generated outside of Continental Europe. At 29% of Group revenue, the UK remains the single largest market for Altrad.



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Altrad also enjoys a balanced exposure to diverse sectors, with Oil & Gas (26%), Construction (39%), Process Industries (24%) and Power Generation (11%) providing protection from slowdowns in any one sector.

The deferrals of a few shutdowns and the postponement of projects, especially within the oil and gas sector, is expected to result in a ramp-up of activity this current fiscal year. The Group retains a healthy exposure to the oil and gas industry which is enjoying a significantly stronger commodity price environment and the Group expects to benefit from increased client budgets and activity levels in the coming years.

Altrad's exposure to the construction and infrastructure markets in particular ensures the Group is well placed to benefit from the increased governmental spending that will occur across Europe as countries seek to boost economic activity and improve key infrastructure that has declined through a lack of maintenance investment.

SUMMARY & OUTLOOK

Thanks to the adaptability and resilience inherent to the Group, Altrad has delivered an impressive performance this past fiscal year and has reinforced its ability to capitalise on the improving market conditions.

Based on the order book of the completed and proposed deals, and the organic opportunities across the wider Group, Altrad will deliver a step-change in revenue, adding an additional €1 billion in FY22. On a five-year view, Altrad anticipates adding a further €2 billion of revenue which reflects the magnitude of the Group's near-term growth potential.

The health of the business demonstrated in the past year and the improving operating climate provide confidence that the Group is once again entering an exciting period of growth.

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/publications-and-press-releases.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 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 38,000 people.