



# NEWS RELEASE

24 May 2022

## Half-Year Results 2022

### Material M&A and steady progress across all parts of the business

Altrad Group, a global leader in industrial maintenance services across multiple sectors, is pleased to report its Half-Year Results for the six month period ended 28 February 2022.

#### HALF-YEAR HIGHLIGHTS

- Solid financial and operational performance in line with expectation
- Highly active M&A with 11 deals either closed or signed – adding c.€1.3 billion of revenue and 14,500 staff
- Revenue +20.3% at €1,492 (HY'21: €1,240m)
- EBITDA +8.2% at €183m (HY'21: €169m)
- Services order book +20% at €3.26 billion (HY'21: €2.7 billion)
- Cash of €806m (HY'21: €869m)
- Net Debt at €793m (HY'21: €596m)
- Net Debt/EBITDA (on a rolling 12-month period) ratio of 1.74 (HY'21: 1.69)
- Post-period raised €2.4 billion financing package dedicated to refinance existing debt facilities, finance future acquisitions and additional working capital

Commenting on the Results, Co-CEO Ran Oren said:

*“This has been a strong period for the Group as we continue to emerge stronger from the impact of the pandemic over the last couple of years and deliver steady organic and inorganic growth. The most notable developments through the first six months of the fiscal year have been on the M&A front as the Group has announced or closed numerous value accretive deals. Our acquisitive activity will deliver a step-change in forward revenue, adding around €1.3 billion of mostly annually recurring revenue. Furthermore, we will grow our workforce by 14,500 talented employees, and in doing so continue to benefit from the sharing of knowledge, expertise and values that defines Altrad’s cultural identity.*

*The awful events in Ukraine have created disruption to supply chains and caused volatility in the pricing of raw materials. The supply chain issues have now steadied and we remain attentive to ensure we are firm on pricing and maintain our margins by passing on the inflated costs. We are also increasingly focused on our Raison d’Etre which is to build a sustainable future, for both our business and the world as a whole. In that regard we are progressing an appropriate ESG agenda that will concentrate our Group efforts on carbon reduction, diversity and safety, our strong governance culture and philanthropic initiatives.*

*In summary, we are pleased with our strong performance year to date. There remain challenges navigating the impact of Ukraine’s war, raw materials, inflationary pressures and economic uncertainty. However, we remain confident in our ability to maintain momentum and deliver growth as we leverage the benefits of our ongoing strategic expansion.”*



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## Strategic Overview

The first six months of the fiscal year have seen Altrad make steady progress across all parts of the business, maintaining the momentum from the previous year as the global economies continue to open up from the impact of the pandemic. As a result, performance at the mid-point of the year is in line with Full-Year expectation.

The Group has been highly active in M&A through 2021/22, closing or signing 11 deals which will add €1.3 billion of diversified, recurring revenue streams and continue the strategic expansion of Altrad's geographic footprint, specialist service offering and talented workforce. The acquisitions will also add to the order backlog, which stood at €3.26 billion at the half-year period end, an increase of 12% since August year-end and a figure that does not reflect the full impact of the announced and yet to be completed transactions.

The acquisitions announced are a mix of smaller acquisitions tailored to specific market needs or larger acquisitions that will fuel major complementarities in services and strategic synergies. For example, the targeted acquisitions of Muehlhan provide North Sea positioning as activity ramps up, and the addition of SNKP in Senegal provides exposure to African E&P development projects such as Greater Tortue. The acquisition of Endel enhances Altrad's specialist offering for the Nuclear sector in France, and the acquisition of RMD Kwikform provides the opportunity for international market entry to formwork, falsework and groundworks activities.

Combined, these acquisitions will deliver a step-change in revenue and diversify the Group's specialist service offering to better support the needs of Altrad's blue-chip international client base. The addition of 14,500 new employees enables the Group to continue its strong focus on knowledge share, with a particular focus on innovation and safety. The Group's proven track record for acquisition, integration and transformation, as demonstrated through the major acquisitions of Hertel, Prezioso and Cape between 2015-2017, provide a template for the smooth integration of these recent acquisitions and the Group is already realising the benefit of synergies, new opportunities and a growing order book resulting from the acquisitions that have been successfully integrated.

Post period, on 2 May, Altrad successfully raised a new €2.4 billion financing package dedicated to refinance its existing debt facilities, finance future acquisitions and additional general working capital needs. The financing package put in place is composed of a mix of Term Loans, Acquisition & Capex and RCF facilities. This financing package consolidates numerous prior loans and provides a stable financial platform for Altrad's continued growth plans, as it seeks to consolidate its position as the world leader in the provision of specialist services across target markets.

Brand awareness remains a key strategic driver for Altrad, and through its recent association with the All Blacks, the Western Force, its ongoing association with France and Montpellier, and the recent announcement that Altrad is Official Sponsor of the women's Rugby World Cup 2021 to be played later this year, the Group maintains a unique differentiator that supports its long-term strategic growth objectives in all markets.

## Performance Summary



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Equipment, which represents circa 24% of the Group's revenue, continued its strong momentum reported at the year-end, benefitting from the addition of the Actavo Hire and Sales acquisition which completed in August 2021. All the business units that comprise the Equipment division of the Group surpassed the Half-Year EBITDA budget.

The focus through the first half of the year was the smooth integration of the Actavo business and this has enabled the Group to leverage the efficiencies and expanded network to grow the combined business through the period. The Group's unrelenting focus on safety culture continue to show progress, benefitting from the knowledge share of newly acquired businesses, and the range of reliable and innovative equipment that came into the Group with those acquisitions.

The Group's Equipment division has continued to make progress with its strategy to expand its online distribution channels, resulting in increased sales of a broader range of products which has presented new partnership opportunities through the supply to various major DIY chains.

The Group's Industrial Services businesses have been steady through the period, with progress across all of the geographic markets in which Altrad operates. Asia delivered its busiest ever six months on account of a strong post-covid recovery and greater collaboration across the Group's international network and service offering.

UK, Ireland and Nordics delivered a very strong first half of the year that surpassed internal revenue and EBITDA budgets. The addition of Muehlhan's Oil & Gas business in Denmark and in the UK, which completed in late December, and Sparrows Group, which is expected to close in Q2/Q3 of this year, strengthen the Groups service offering in this important market and will fuel organic growth through mutual cross-selling as well as expand Altrad's presence in the high-growth renewables service market through renowned Alpha. Both acquisitions align with Altrad's near-term strategy for the UK and Nordics business which aim to grow the business by 75% by 2026.

Africa remains a strong market opportunity for growth and the Group's exposure to the energy sectors sees a near term pipeline of projects nearing validation and award such as EACOP project in Tanzania and Uganda. Other major projects entering the start-up phase include Greater Tortue in Senegal and Coral FLNG in Mozambique. Between 2021-2025, over 400 projects in the Oil and Gas sector are expected to be implemented across the continent, and the Group's strategic acquisition of Altrad Senegal SNKP and Altrad CIDES in Congo provides the platform to capitalise on these near-term opportunities, as well as opportunities in the mining and renewable energy sectors.

APAC has performed strongly as, after a period of reduced client maintenance budgets, clients are now launching significant asset integrity campaigns. The market opportunity in this area of maintenance is vast with c.\$78 billion per annum spent on corrosion. Altrad's recent acquisition of Valmec ensures the Group is well placed to capitalise on this industry trend through the provision of Valmec's specialist fabric maintenance service which represents a desirable turnkey solution to the market. Furthermore, more than \$50 billion of necessary decommissioning work is due to be done on Australia's offshore oil and gas and the Group retains specialist expertise in this field.

Middle East delivered a strong performance that has outperformed the mid-year budget. Highlights year to date include the initiative through Altrad Adyard to invest in "ICV" (in country value) mechanisms across the region that deliver partnership with local universities in the UAE offering a



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concrete workplace training for students with tangible and measurable KPIs. Through this initiative, the Group is investing in the future of students and delivering a valuable training and development programme reflecting the Group's commitment to the relevant aspects of ESG.

Europe remains steady and has navigated the supply chain issues and inflationary pressures caused by the Ukraine war. A period highlight was the successful integration of Kiel which added 900 experienced employees and positions the Group as one of the top 3 piping mechanical services providers in Germany with an unrivalled industrial services offering across piping, insulation and scaffolding.

Other notable developments during the period included the award, in Joint Venture with Gitxaala Nation, of a contract for insulation, painting, coating and fireproofing works as part of the construction of the LNG Canada Development located at Kitimat, British Columbia. The award reflects the Group's LNG expertise, already demonstrated in Australia, the Middle East and Africa, and represents a strategic market entry into North America.

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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 52,000 people.