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Full-Year Results 2022

Material M&A expands and enhances global service offering

Altrad Group, a global leader in industrial maintenance services across multiple sectors, is pleased to report its Full-Year Results for the year ended 31 August 2022.

FULL-YEAR HIGHLIGHTS

- Solid financial and operational performance exceeding expectation
- Strong inorganic growth with announced and completed acquisitions adding c.€1.8 billion of annualised revenue and 20,000 new employees
- Diversification into complementary specialist services expands Group's offering, ability to support global blue-chip clients and enhances Renewables capabilities
- Progression of ESG agenda that supports Altrad's mission to build a more sustainable world
- Sponsorship of New Zealand All Blacks provides platform to enhance Altrad's global brand and scope for external impact through community engagement
- Revenue at €3,840m (FY'21: €2,697m)
- Services order book at €4.0 billion (FY'21: €2.9 billion)
- Net Debt at €474m (FY'21: €424m)
- Net Debt/EBITDA (on a rolling 12-month period) ratio of 0.99 (FY'21: 0.84)
- 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:

"I am pleased to report on another year of impressive growth for the Group as we continue to deliver steady organic and inorganic growth. The Group's performance is that much more impressive given the continued challenges of Covid through the winter months which impacted productivity in certain markets, as well as challenges associated with raw material and supply chain fluctuations driven by the conflict in Ukraine.

Perhaps the most defining highlight of this fiscal year has been Altrad's high levels of activity in the M&A market as the Group has announced, closed and integrated numerous transactions that support our strategic growth objectives and will deliver a step-change in predominantly recurring forward revenue and the renewables sectors. This additional diversification further expands the suite of specialist services that the Group can provide to its blue-chip customer base around the world and in doing so cements Altrad's position as a global leader in this space."



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Solid Financial Performance

The financial performance reflects clear evidence of strengthening markets through the fiscal year as well as the impact of the acquisitions closed and integrated through FY21 – giving insight into the even more material impact of those closed out in FY22.

Working capital was a key focus for the Group, impacted by a small number of delayed payments from significant customers, as well as marked Q3-Q4 slowdown in Equipment division which put pressure on the cash flow. Offsetting this was the Group's focused ability to manage cash flows and demonstrate solidarity around our common annual objectives, whereby certain countries or business units pulled all the levers they could to overdeliver – resulting in what is overall a very satisfactory performance.

The Group required a strong focus on cost control and the ability to react quickly to market movements in order to address and offset the inflationary impact to the business. Raw material prices were volatile through the first half of 2022 with the onset of the war in Ukraine. The Group, especially the Equipment division, had to react quickly to pass through the costs and maintain margins, and this will remain a continuous focus given the ongoing volatility in the market caused by fluctuating commodity prices and challenges within the supply chain.

A major corporate development during the period was the securing of a significant privately organised club deal with banks for a €2,4bn facility. This enabled the Group to refinance existing indebtedness into a streamlined facility on terms that provides the liquidity for recent and future acquisition activity, in addition to supporting Altrad's working capital requirements.

In parallel, Altrad's ESG agenda is developing at a pace and the Group made significant advancements through this year, including the appointment of a focused team to progress this agenda through the Group and its subsidiary businesses. Altrad has clearly defined commitments and targets relating to its people, Governance, environmental objectives, and its philanthropic contribution to society. The Group will communicate progress towards these goals on an annual basis commencing with an inaugural Sustainability Report scheduled for release this year.

Continued Strategic Expansion

During the financial year, the Group signed or closed 11 deals which will add a combined €1,8 billion of diversified, recurring revenue streams and continue the strategic expansion of Altrad's geographic footprint and specialist service offering.

The acquisitions will also add to the order backlog, which stood at €4 billion at the year-end period, an increase of 38% since YE'21, and a figure that does not reflect the full impact of the announced and yet to be completed transactions.

These acquisitions 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 acquisition of parts of Muehlhan provides 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.



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The acquisition of Endel enhances Altrad's specialist offering for the Nuclear sector in France, complemented by the acquisition of Doosan Babcock which is strong in UK Nuclear sector. Together, these position Altrad at the forefront of Nuclear in core markets of France and UK, both set for long-term expansion and central to energy security. They also position Altrad as an exporter to new nuclear markets such as the UAE, in collaboration with our existing business, Adyard.

The acquisition of Sparrows Group, a specialist provider of engineering, inspection, operations, and maintenance services in the Offshore Energy, Renewables, and Industrials sectors, enhances Altrad's and Sparrows' portfolio of services, and will fuel organic growth through mutual cross-selling. Importantly, it also expands Altrad's presence and exposure in the high-growth renewables service market through Sparrows' renowned subsidiary Alpha – fulfilling a key strategic objective to better position the Group to capitalise on the global energy transition, where clean, secure and affordable energy requirements are expected to drive significant investment and opportunity.

The addition of over 20,000 new employees through these combined deals enables the Group to continue its strong focus on knowledge share, with an emphasis on innovation and safety.

Equipment Overview (26% of Group revenue)

Equipment maintained its strong momentum from the previous year, benefitting from the addition of the Actavo Hire and Sales acquisition which completed in August 2021, and the Group has continued to enhance its product offering and evolve its distribution channels. The Equipment division is an essential part of the Group's diversification strategy, delivering high margins and cash generation.

The Group's strategic investment into its online sales platform has transformed the Equipment division and resulted in a rapid increase in online sales. This new sales channel, delivering benefits to customers and the Group alike, has significant growth potential and will continue to be a focus for the Group.

Services Overview (74% of Group revenue)

The Group's broader Services division benefitted from diversification of services, markets and clients to deliver a robust performance through the year that met with internal expectation.

The energy transition increasingly represents a major opportunity for the Group given our applicable skills and the sheer scale of industry investment required over the coming decades to enable nations to achieve their net zero targets.

Altrad is closely aligned with its major clients and supporting them on their own sustainability journeys wherever possible. Our expectation is that our geographic footprint and growing specialism across critical sub-sectors that support the global energy transition such as hydrogen, nuclear, wind and LNG, leaves the Group particularly well placed to benefit from the wave of investment being channelled into the wider sector.

The Oil and Gas sector remains the Group's most prominent in terms of revenue. The sector is benefitting from an improving outlook and more positive sentiment, buoyed by the rapid strengthening of commodity prices through the first half of 2022 as a result of years of underinvestment combined with a supply crunch exacerbated by the war in Ukraine. Our



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responsibility in this sector is to support our customers as they build new plants, or extend the life of their assets, in both cases using the latest technology to minimise the environmental impact of their activities.

Summarising the Group's exposure to other sectors and market drivers, petrochemicals remains buoyant across the sector as refiners are boosted by higher fuel prices and several clients are considering capital investments to boost domestic supply and support their European export markets.

The chemical sector is facing considerable challenges from increased energy costs and raw material costs and whilst Altrad's activities remain steady given the focus on critical maintenance activities, some clients are starting to reduce production, so the Group is closely monitoring developments to ensure it can adapt to market conditions accordingly.

Activities in the nuclear market remain strong, wherein Altrad support the entire nuclear sector, from nuclear power generation to nuclear decommissioning to the nuclear new build programme in France, the UAE and the UK. The Group's activities across the sector are forecast to grow, in particular on the Hinkley Point C new build nuclear project in Somerset, England for EDF. The UK government has recently signalled its desire to develop more new build nuclear capacity which represents further opportunity. The market dynamics in France also support Altrad's activities in nuclear, as the nuclear assets need to increase uptime in order to address the country's energy needs. Here, Altrad's services, strengthened through the acquisition of Endel, will be utilised to achieve that objective.

Positive Outlook

Despite being a global business, Altrad's ability to adapt to market conditions is unique and the Group remains vigilant with its approach to outlook, ensuring it retains the financial stability, flexibility and understanding of the possible scenarios to be able to take decisive actions when required.

The ongoing focus will be on protecting and growing the cash flow from the expanding group, benefitting from the synergies and operating efficiencies of the recent acquisitions in order to grow revenue and maintain EBITDA margins.

Altrad also remains active and opportunistic in the M&A market – and is uniquely positioned to leverage its acquisitive track record and material liquidity should it come across compelling opportunities. The uncertain outlook and market headwinds may provide interesting opportunities for new partnerships and integration with a strong business like Altrad.

Further details on the Group's Full-Year 2022 Results can be found within its Annual Report which can be access via 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 Energy, Power Generation, Oil & Gas, 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 56,000 people.