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22 February 2024

Full-Year Results 2023

Delivering organic growth across Altrad's expanded global footprint and diversified service offering

Altrad Group, a global leader in industrial maintenance services and construction equipment, is pleased to report its Full-Year Results for the year ended 31 August 2023.

FULL-YEAR HIGHLIGHTS

- The Altrad Group now benefits from the knowledge, talent and enthusiasm of over 60,000 employees, an increase of 20,000 in the last 2 years as a result of the acquisition and integration of new businesses
- Step-change in financial performance as a result of additional €1.5 billion recurring revenue added through acquisitions in prior year
- Strategic focus on successful integration and new growth opportunities derived from acquired businesses
- Diversification into complementary specialist services expands Group's offering, ability to support global blue-chip clients and enhances Renewables capabilities
- Revenue up 38% at €5.3 billion (FY'22: €3.8 billion)
- EBITDA at €674 million (€613 on a pre-IFRS16 basis) (FY'22: €478 million on a pre-IFRS16 basis)
- Services order book at €5.7 billion (FY'22: €4 billion)

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

"The Altrad Group has experienced transformative growth in the size of its workforce from 40,000 in 2021, to over 60,000 today, which now comprises the One Altrad team that collectively drive innovation and creativity that positions the business for sustained success going forward.

As a result of the strong inorganic growth delivered over the last couple of years, Altrad was pleased to oversee a step-change in financial performance, with the addition of €1.5bn of new revenue. With the support and commitment of the new businesses through the integration process, the Group has been able to drive an EBITDA growth of c.€140m over the last year and c.€240m over two years. This growth in profitability has allowed Altrad to invest further and meet its objectives of long-term sustainable growth.

Altrad's strategy of diversification and consolidation provides a platform for growth as well as an enhanced client experience. By bringing more solutions and disciplines, we are able to add more value and create an unrivalled offering for our clients. The expansion of a service offering, with more high-end capabilities now within the Group, provides material scope for cross-selling opportunities between subsidiary businesses across the global footprint."



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An accelerated journey of growth

Altrad has been on an accelerated journey of growth in recent years, as we successfully leveraged our market leadership position, global footprint and strong financial footing to acquire numerous strategically complementary businesses that further expand our service offering with more specialist capabilities and provide a springboard into high-growth markets. The primary focus for this year has been on the smooth integration of those businesses into the Group and benefitting from the knowledge, talent and enthusiasm of the 20,000 new staff that have joined the Altrad family.

The absorption of so many new businesses and personnel is no small feat but is a process that is now well refined given the Group's track record for both transformative and bolt-on M&A. The lessons learned from previous integration processes have provided a good template for organisational, cultural and commercial integration of acquired businesses, as the Group seeks to benefit from the knowledge-sharing and cross-selling opportunities that come through the process while simultaneously instilling the values and standards that define the Group and all the subsidiaries that sit under our 'One Altrad' banner.

The perception of the Altrad brand within our markets has changed considerably over the past few years driven by a combination of strategic factors; namely our recent acquisitions, our rugby partnerships, our strong safety culture and finally by our local brand awareness and client engagement activities. Progressively, perception has evolved, starting from our organisation being viewed as a 'scaffolding, insulation & painting' company – to one of an 'integrated services provider' providing our clients with an essential range of maintenance and construction support activities which are delivered by a depth of engineering skills.

Pleasingly, the integration of the more material businesses acquired has been successfully completed, and the enlarged Group is already reaping the benefits which are reflected in the Group's financial and operational performance as well as in the positive outlook that we see for Altrad.

A step-change in performance

The Group delivered another strong operational and financial year, outperforming all financial KPIs for the year ended 31 August 2023. The solid performance of the Group reflects the strategic impact of the acquisitive growth achieved in the prior years, as the Group sought to realise operational synergies and leverage the expanded geographic footprint and service offering to deliver organic growth.

The Services business (83% of Group revenue) outperformed expectation with a strong performance across the global footprint reflecting the demand for the Group's expanded service offering, and strong market drivers for the Group's services within the buoyant energy sectors in which Altrad operates. Equipment (17% of Group revenue) delivered a resilient but subdued performance in the face of challenging market and economic headwinds.

A core strategic focus throughout the period has been the integration and optimisation of new acquisitions within the Group. The major acquisitions of Endel, RMDK, Sparrows and Babcock have



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been successfully integrated and the ambition to realise the full benefits of this inorganic growth continue unabated through the current fiscal year.

The step change in growth achieved by recent acquisitive activity is best reflected in the Group revenue for the year of €5.3 billion which came in 38% ahead of 2022 revenue of €3.8 billion.

EBITDA for the year at €674 million and EBITDA on a pre-IFRS16 basis was €613 million, reflecting solid margin retention across the Group.

A standout financial highlight has been the free cash flow generation of €283 million which surpassed expectation due to an increased focus on sustainable free cash flow performance. As a result, period-end cash stood at €1.3 billion (2022: €1.4bn) against a net debt of €633 million (2022: €639 million), ensuring Altrad's Net Debt / EBITDA ratio of 1.02x is within the medium-term range and comfortably below the post M&A ceiling of the Group of 2.5x. With a strong Balance Sheet and available banking facilities, the Group retains liquidity to consider strategically complementary and value accretive acquisitions.

Based on the market conditions, the Group forecasts the turnover to remain stable for the current fiscal year and with a record order book of €5.7 billion at period end (+42% vs €4 billion for FY22), the Group has visibility on revenue phasing over the next few years with the order book largely comprised of multi-year maintenance contracts.

The Group's focus will continue to be on the full integration of acquired businesses and the exploitation of cross-selling opportunities and operational efficiencies, as well as the return to optimal performance of the Equipment division.

Group Performance Overview

Altrad's Services Division has seen a very strong performance driven by a robust industrial and energy environment requiring the Group's products and services. The depth of services, exposure to numerous markets and long-standing relationships with blue-chip clients enabled the Group to achieve better than expected results through the core business. While Altrad Services has exposure to multiple sectors and market drivers, its exposure to the buoyant Oil and Gas sector helped drive performance, and the outlook for continued growth and demand for Altrad's services within the sector provides confidence in the outlook.

Nuclear remains another core sector for Altrad's Services business which, strengthened through the integration of Endel, has seen strong demand for its services in core markets as the likes of UK and France increase investment in their nuclear maintenance and new-build programmes, alongside strong growth opportunities for Nuclear in Middle East. Today, Altrad is a key player in the supply of essential services to the Nuclear sector, working in partnership with important stakeholders like the French Government as they seek to deliver sufficient energy for their country and people. The trust invested in the Group to deliver these services reliably and safely to the standards required reflects Altrad's reputation for operational excellence and consistent delivery.

The Equipment Division, while still performing strongly with high margin profitability, delivered a performance below expected budget as the impact of a slowdown in demand, driven by the growing



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impact of inflation and a broader downturn in the construction industry resulting from higher central bank interest rates, created challenging headwinds. Despite some of these immediate challenges, the Group's long-term outlook for Equipment remains robust and it continues to invest in its online sales platform, as it positions itself for a near-term strengthening of demand for its products.

The ability to deliver a performance ahead of expectation and budget, despite the lower than expected performance of Equipment, highlights the effectiveness of Altrad's strategy to diversify its activities across different markets and sectors. Altrad's diversification strategy provides resilience and exposure to different market drivers, meaning the exposure to a buoyant Oil and Gas market this period helped offset the more challenging conditions in Construction. The agility of the Group's business model to adapt quickly to market conditions also contributes to the steady and consistent performance of the business.

Well positioned to deliver strategic objectives

The long-term outlook for the Group is resoundingly positive, supported by exposure to growth markets and an ability to better capitalise on opportunities within those markets as a result of strategic expansion in recent years.

Recent acquisitions such as Babcock, Sparrows or Endel significantly improved Altrad's ability to expand relationships with current and potential clients, with a growing recognition of the considerable benefits it offers to them – and the Group will continue to drive cross-selling as it leverages its unique ability to provide more services to more clients in more markets.

Despite Altrad's growing position as a multi-national business, the culture remains agile and our leadership will respond to changes in the market to protect value. Cost discipline remains a core focus at every level of the Group as we seek to maintain margin, profitability and a firm financial footing.

With an order book sitting at €5.7 billion at year end, the Group has strong visibility on revenue over the coming years and, with a highly active tender pipeline as well, we are confident that this order book will continue its positive trend, further supporting confidence in the near-term outlook.

In summary, the Group has delivered an impressive performance that reflects the transformative growth that it has delivered through strategic expansion in recent years. The Group's perception and brand awareness within the market is evolving rapidly and this in turn will provide more growth opportunities as clients increasingly recognise Altrad's unique service offering.

Further details on the Group's Full-Year 2023 Results can be found within its Annual Report which can be accessed 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 60,000 people.