



March 2009
Interview

Altrad marches on

Altrad Group in France recently bought the Belle Group in the UK. Patrick Hill talked with Altrad's chief executive officer, Mohed Altrad, at Belle's headquarters just after the ink on the contract had dried.

Mohed Altrad does not know exactly where in fine Syria he was born, or exactly when (see box). However, you get the impression he knows certainly where he is business-wise and where his company, the Altrad Group of France, is going.

The most recent step along the journey was the purchase in February of Belle Group in the UK for £10 million (€11.1million). Altrad's main product is scaffolding (see box); Belle's is concrete mixers. However, Altrad's purchase of Belle shouldn't surprise - mixers are 20% of the French's company's business and it bought its largest French mixer competitor last year.

Buying companies is business as usual for Altrad.

It has acquired approximately 30 since its founding in 1985, building a group with revenues last year of €445 million. The reasons for buying Belle are straightforward. One is that Belle is well established in the large UK market, where Altrad was under-represented (Ninety percent of Altrad's revenues are in mainland Europe.) Altrad has also gained Belle's distribution network — 6000 dealers in France, Portugal, Russia, Poland, Spain, and Virginia in the US. "Belle is a platform to distribute other products," says Dr Altrad, although distribution overlaps will have to be sorted out.

Belle is also a bridge to "Go to America, go to other regions, go to where the British and the English language have gone". As big as the American market is, "It is too early to say what plans Altrad has for the US market. We didn't look at it for the moment, but we see potential," Dr Altrad tells IRN.

In addition to the geographic expansion, says Dr Altrad, his company has gained a significant distribution channel. "Belle sells only to rental companies. Altrad does not. Now we have the chance to cross sell our products."

Plans for Belle include a cash injection, introduction of Altrad products into its line up — including scaffolding — and redundancies to adjust manufacturing capacity. Belle's plant in Poland will be closed.

Dr Altrad thinks concrete mixers will become "green: less noise, electricity, and petrol. They will be more compact, to be easier for logistics." Belle spent £1 million (€1.1 million) on R&D in 2008, mainly to improve the performance of current products. Altrad's range of mixers, including the RB750H pictured, meets the needs of DIYers as well.

The brand will most likely become Altrad Belle, conforming to the French company's practice. Former chairman Ron Blackhurst, son of Belle founder Doug Blackhorst, is "out of the picture" says Dr Altrad, and it is "too early to say anything" about the roles of other managers, including Belle managing director Ray Neilson.

The chief executive doesn't seem worried about buying Belle in a down construction market. "Belle is down 30%, but Altrad is down only 10%", he says. "We know our turnover will drop, that our profit will drop. However, the way we have designed our business, the drop would have to be 35% for us to have a loss."

Press contact

125, rue du Mas de Carbonnier - 34000 Montpellier - France
Tel. +33 (0)4 99 64 30 39
altrad@altrad.com





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Given the company's history of acquisitions, you shouldn't be surprised to hear Dr Altrad confirm that more are likely: "There are a lot of opportunities now. We'd like to stay within our business, which is based upon steel and tube manufacturing."

Also looking forward, the possibility of a public flotation is not likely. Dr Altrad shares 17% ownership of Altrad with French bank Credit Agricola and has no plans to take the company public. "I want to keep our freedom and flexibility. We don't need cash, and we have the best notation [bank rating] that exists, from the Bank of France. We don't need to be better known. We have one million clients that buy from us all over the world."

Given those strengths, how far down the road of growth could Altrad travel in the next five years? "We can double in size without changing [our operating] ratios. It will be easy," says Dr Altrad.

Arabic and European

Mohed Altrad was born a Bedouin in Syria but does not know exactly where or when. As a youth he won a government-funded opportunity to study in France. There he earned a PhD in computer science and worked for two computer companies. Dr Altrad then spent five years in the United Arab Emirates, working for its oil ministry, and four more years in Abu Dhabi.

Back in France 1995 because of schooling plans for his children and looking for opportunity, he bought a bankrupt scaffolding company, Mefran.

The international exposure has helped give Dr Altrad an appreciation of the importance of culture in business. "Altrad has a great deal of experience in dealing with a lot of different cultures", he says, "We started in Italy, went on to Germany and Poland." Since expanding further into Europe, Altrad Group also established two companies in China.

"We learn the cultures of our companies' countries, as I have had to learn. I began in the South of France. I had to learn French and to accept the French culture," says Dr Altrad. Despite the global orientation of his company, Dr Altrad's roots are clear: "I am Arabic. I behave like an Arab when with other Arabs. However, I don't forget that I am French, that I am a European, too."

The Altrad Group

The Altrad Group in France comprises 55 companies in 18 countries. Revenues in 2008 were €445 million, of which €263 million, up €17 million from €247 million in 2007, was from more than 100 other countries. Operating profit was €23 million and net profit almost €12 million.

Sales breakdown (€ million and % of total) was: sales of scaffolding, €196, 44%; scaffolding rental: €114 (26%); concrete mixers, €91 (20%); tubular products for local authorities, €23 (5%); wheelbarrows, €20 (4%).

The group has 2700 permanent employees (1000 in sales and associated positions) working in 14 countries and 700 temporary staff.

It has 18 factories in 11 countries - across Europe, in Tunisia, and in China.

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altrad@altrad.com

