

Chapter 1 DISCOVER THE ALTRAD GROUP

1.1 THE ALTRAD GROUP

Founded in 1985 by Mohed Altrad following the takeover of the Mefran company, the Altrad Group became a key player in the field of safe access solutions for industry, building and public works.

The Altrad Group sells and rents the scaffolding, props and shoring which it manufactures. It carries out erection and disassembly of this equipment as well as associated services such as insulation and painting. The Altrad Group is also market leader in the field of concrete mixers and offers a complete range of wheelbarrows, compaction equipment and tubular products for local councils. The Group has its headquarters in Montpellier, France. The Group is very well represented internationally. Its 6,500 employees are located in 16 countries and it has a commercial presence in over 100 countries.

The Group's services and products are marketed through its own brands characterized by a common logo and an umbrella trademark*. The Altrad Group has more than one million customers worldwide and has made itself a reference through a wide range of products and innovative services. This privileged position allows us to adapt to any type of client and application and it also allows us to respond to an irreversible trend in

the requirements of distributors: the reduction in the number of their suppliers. The Group's customer base is diversified and composed of large companies, DIY superstores, builders' merchants, small craftsmen and SMEs and, more rarely, public bodies.

The innovative solutions offered by the Group enable our customers to reduce their capital investment (through rental) and refocus on their added value by subcontracting work other than their core business* (assembly/disassembly, insulation, painting...). The Altrad Group thus plays the role of partner in the interest of its clients – something that is particularly appreciated in times of crisis.

1.2 THE MARKETS OF THE ALTRAD GROUP

1.2.1 In Europe, underlying markets on the path to recovery...

The markets for scaffolding, props, shoring, wheelbarrows and cement mixers are associated with four principal markets; new buildings, residential and non-residential; building renovation, residential and non-residential; civil engineering; industrial maintenance and new industrial work.

Except for the industrial sector, where demand has stayed constant, these markets have been strongly affected by cyclical shocks since 2008. A stagnation of the economy and the end of support for housing plans have been associated with hardening of the conditions of finance for households. This period has been marked by an increase in the ratio of mortgage debt in Western countries, inducing austerity measures and a reduction in public investment.

The European Commission foresees the beginnings of a recovery in the Euro zone for 2014, with a growth in GDP of 1.1%, and an acceleration in 2015 with a growth of 1.7%. This upturn is stronger in the United Kingdom, and an expected

growth of 2.2% in 2014 and 2.4% in 2015 validates, in retrospect, the Altrad Group's choice of developing this market strongly since 2011.

According to the Euroconstruct Institute, the various sectors of construction (residential and non-residential new construction, civil engineering, renovation) that have been significantly affected by the crisis since 2008 should experience growth similar to that of GDP from 2014. Industrial maintenance, relatively stable during the crisis, should grow at a moderate pace while new industrial work should – according to the BIPE* – experience a catch-up effect.

1.2.2 ... which should favour groups who offer rental and services...

Rental solutions are attractive to clients in times of economic uncertainty. Insufficient visibility limits projects of acquisition of new equipment and tightening conditions of access to credit sometimes eliminates them.

Industrial groups tend to disengage from peripheral activities to concentrate on their core business, and as such seek out integrated access solutions for their new work (provision of equipment, rental, installation, dismantling, additional work notably insulation) and their maintenance operations.

1.2.3 ... particularly if they have an international scope

At a global level, the sector of construction and industrial new work should experience an extremely strong growth of more than 5% on average until 2020, according to a study by Oxford Economics.

This growth will come mainly from emerging countries, notably the “Asian Tigers” (India, China, Indonesia, Vietnam, Thailand, and Malaysia) and Africa (Nigeria), as well as (to a lesser extent) the Middle East and Brazil.

1.3 THE ACCESS SOLUTIONS OFFERED BY THE ALTRAD GROUP

The market for access solutions is mature in developed countries and is growing strongly in emerging countries. It is dominated by a few big players able to impose their standards (equipment not being, for the most part, compatible between manufacturers for technical or regulatory reasons).

Manufacturing of entry-level scaffolding, props and shoring was relocated some time ago to Asia and/or to low-cost countries*. Generally intended for industry or major works, more sophisticated systems are manufactured in Europe for the European market.

Rental and services represent a local market in which is found:

- global industry and building services groups, for which scaffolding is one activity among others;
- many local actors, often family businesses.

With a few exceptions, manufacturers and rental/services companies are not structurally integrated.

1.4 THE CEMENT MIXER AND WHEELBARROW MARKETS

Three types of actors are involved in the markets of cement mixers and wheelbarrows:

- leaders, who have an international presence and who have strengthened their market positions through the acquisition of local players. These groups offer sophisticated products to professionals, as well as to retail customers;
- local players, who generally have a single production unit and who distribute their products to national retailers;
- Asian manufacturers, who address the entry-level market and who distribute their products globally and, in particular, in Europe.

Today, Altrad is the world leader in the cement mixer market. We are also one of the main players in the European wheelbarrow market. Our main competitors are national players. Our main clients in these markets are professional, DIY and gardening superstores.