

# Nicolas Dmitrieff

CHAIRMAN OF THE MANAGEMENT BOARD



## “WE PRIDE OURSELVES ON BEING YOUR TRUSTED ALLY”

### WHY DID YOU CHOOSE TRUST AS THE MAIN TOPIC OF YOUR 2018 INTEGRATED REPORT?

**Nicolas Dmitrieff:** Precisely because it is an integrated report, a document that outlines how the Group maintains a true bond of trust with its stakeholders and creates value for each of them, and reciprocally. Because trust is one of the company's founding values, a constant in our industrial adventure, and that nothing is possible without shared trust between management and employees and between the company, its

technology partners and its clients. For more than 160 years, CNIM has been designing technological solutions to help our clients, mainly large public and private contractors, to carry out government work in the fields of defense and energy and develop their industrial activities while limiting their environmental impact. It is a great source of pride to see our equipment and solutions play an integral part in the chain of value and trust that our clients build with their own stakeholders.

[...]

[ ... ]

HOW DID THIS TRUST TRANSLATE INTO CNIM’S ACTIVITY IN 2018?

**N. D.:** At CNIM Environment & Energy, we ended the year with three major contracts. These new contracts are all the more significant as they are for the construction and operation of future facilities, thus confirming the merits of our unique positioning as a designer-builder, operator and service provider. In the UK, where we are already a leader in the construction of waste-to-energy plants with a 40% market share, we will be building the future Earls Gate plant in Scotland, with a 20-year operation contract (see p. 19). At the end of 2018, we were also awarded a ten-year contract for the design, production and operation of the South waste facility in Saint-Pierre de La Réunion (see p. 21). Finally, we will be building and operating the United Arab Emirates’ first waste-to-energy plant in Sharjah, under a 25-year contract (see p. 23).

In Innovation & Systems, CNIM Industrial Systems posted good results, including a major contract with the French Navy for 14 EDA-S amphibious landing craft. We are pressing on with the strategic realignment of our Bertin subsidiary. After two further disposals of engineering businesses – ergonomics and scientific computing – we are now focusing on supplying equipment to the defense and nuclear sectors, on large scientific instruments, energy transition and software solutions for cybersecurity and cyber intelligence. With growth and profitability on the rise and a scope that is now more in line with the Group’s strategy, Bertin recorded encouraging results in 2018. We owe these remarkable results, which offer great prospects for the future, to our technological expertise. Our people were fully onboard to get projects up and running in 2018, in a climate that was exacting at times. The men and women of CNIM all contribute to the Group’s ongoing transformation while preserving the pioneering spirit that is our hallmark, giving us confidence to meet the challenges that lie ahead.

WHAT ARE THE KEY TAKEAWAYS FROM 2018?

**N. D.:** First, a rise in order intake, which was up 41.2% compared with 2017, with increases of 52.0% for the Energy & Environment Sector and 21.7% for the Innovation & Systems Sector. The Group’s revenue for 2018 reached €689.8 million, up 9.8% from the previous year. Income on ordinary activities could have been far better. It was negative to the tune of €4.3 million, with a negative contribution by Energy & Environment due to difficulties completing a specific project in the United Kingdom following the default of a civil engineering co-contractor, while Innovation & Systems contributed 5.4% to revenue. Even so, the Group’s share of net profit for 2018 rose sharply to €32.8 million, up from €20.5 million in 2017.

YOUR BUSINESS MODEL IS BASED ON SEVERAL ACTIVITIES. WHY DID YOU OPT FOR THIS STRATEGY?

**N. D.:** I’m convinced that this multi-business model is what makes CNIM a unique mid-sized company in the French industrial landscape. We design innovative technological solutions for our clients in the fields of energy and defense, with a comprehensive offering that encompasses R&D, design-build and service. Internal technological developments and targeted acquisitions have enabled us to add disciplines such

“Our dynamic co-construction process leads to innovation for a cleaner, better protected world.”

as optronics and digital to our range of solutions, always bearing in mind our key markets. Our results in 2018 provide convincing evidence of the wisdom of diversifying risks by maintaining several activities within the Group. By nature, developments and issues vary widely from one business to another: in defense and security, the 2000s were very good years; by contrast, 2012-2014 was a far less buoyant period, but the situation has improved since then. For example, the Group achieved stellar results in turnkey waste-to-energy facilities in 2014-2015. Admittedly, our activities are cyclical per se, but I don’t think it’s a good idea to place all one’s bets on one horse. It’s better to spread the odds. This model is also attractive in terms of human resources development, allowing employees to move on to other projects or business sectors within the Group. In 2018, internal mobility accounted for 20% of our hiring, with employees on permanent contracts taking up new positions.

IN WHAT FRAME OF MIND ARE YOU STARTING 2019?

**N. D.:** It’s not just about the numbers – we have confidence in our model, in our flexibility and in our innovative capabilities. We are continuing to invest in our industrial tool to support our clients’ projects. In 2019, our historical La Seyne-sur-Mer site will be equipped with a new building incorporating a clean room of more than 2,000 m2. Two new large-scale machining centres will be created, as well as a three-dimensional

control room which will be the largest in France. We are also working on the digitalization of our activities, with the development of new equipment and services to accompany the energy transition and the supervision of our waste treatment plants. Together with our employees, partners and clients, we are committed to a dynamic process of co-construction, designing innovative and technological solutions for a cleaner, safer, better protected and more energy-efficient world. This mutual trust cements our relations and is also the result of strong collaboration, often developed over several decades. In the following pages, we share stories from some of our major clients. I would like to thank them warmly for their contribution to this report.