

## CNIM Group adapts the terms of its financial restructuring and finalizes the sale of its O&M business in France and Azerbaijan to the Paprec Group

Following the signature of the conciliation agreement announced on May 21, 2021, CNIM Group has continued its discussions with its creditors in order to adapt the terms of the agreements reached to the new needs identified after this signature.

The discussions resulted in a new agreement on July 30, 2021<sup>1</sup>.

### Main elements of the conciliation protocol

Subject to its approval by the Commercial Court and the completion of all the transactions provided for therein, this protocol, signed by all the stakeholders on July 30, 2021, provides for measures based on the following five key points:

- (1) The granting by the State of two long-term FDES loans to CNIM Environnement & Energie EPC (110 million euros) and CNIM Systèmes Industriels (15 million euros) made available, in part, by offsetting the FDES loan granted on March 25, 2021; and
- (2) The realization of significant debt waivers by bank creditors and Martin GmbH against the granting of a financial recovery clause;
- (3) Partial repayment of medium-term debt thanks to the proceeds from the sale of the O&M, Bertin IT and Biomass businesses and the rescheduling of the remaining amount;
- (4) The provision of a new signature commitment line; and
- (5) The implementation of an endorsement program.

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<sup>1</sup> The main differences between the conciliation protocol and the one dated May 21, 2021 are:

- the increase to 125 million euros of the financing granted by the State,
- the agreement of the creditors to waive, with a financial recovery clause, their old money loans representing 163 million euros, and thus their waiver of the subscription to ORAs, and
- the implementation of a disposal program, notably concerning the Group's EPC business.

		Nature	Nominal (million euros)	Interest	Deadline	Counterparty
<b>New financing in the form of long-term FDES loans</b>	(1)	Financing	125,0	Euribor +4,75%	10 years	State
<b>Write-offs of historic financial debt with a better fortunes clause</b>	(2)	Dropouts	163,0	-	-	Bank Pool and Martin GmbH
<b>Rearrangement of medium-term financing (2020)</b>		Réaménagement	43,8			Bank Pool, State
<i>Of which reimbursement</i>	(3)	<i>Reimbursement</i>	10,1			
<i>Of which rescheduling</i>		<i>Rescheduling</i>	33,7	Eurib+6%	2,5 ans	
<b>New line of bank guarantees</b>	(4)	Guarantee	166,4	-	30/06/22	Banking pool and insurers
<b>Restructuring of the bond issue reserved for Martin GmbH (2020)</b>	(1 et 2)	Restructuring	45,0			Martin GmbH
<i>Of which abandonment</i>		<i>Dropouts</i>	20,0			
<i>Of which rescheduling</i>		<i>Rescheduling</i>	8,7	5%	2,5 ans	
<i>Of which reimbursement via a minority stake in the share capital of LAB</i>		<i>Reimbursement</i>	16,3			

### 1. The granting by the State of two long-term FDES loans for a total amount of 125 million euros made available in particular by offsetting the FDES loan granted on March 25, 2021

In accordance with the communication of March 25, 2021, the signing of the conciliation protocol has enabled the release of the second tranche of 10 million euros under the 40 million euro loan granted by the State, made available in the form of rescue aid for its EPC business.

The French State has agreed to grant CNIM Environnement & Energie EPC and CNIM Systèmes Industriels two long-term financing facilities for a total cumulative principal amount of 125 million euros. These two loans will be granted in the form of FDES loans with the following main characteristics:

Borrower	Amount	Interest rate	Duration	Amortization	Security
CNIM E&E EPC	110.000.000 €	EURIBOR (floor at 0) + 4,75%	10 years	32 quarterly instalments (8 years) after a two-year grace period	2nd ranking of existing trusts and pledges
CNIM Systèmes Industriels	15.000.000 €				
<b>TOTAL</b>	<b>125.000.000 €</b>				

The provision of these loans is subject to the prior authorization of the European Commission in the context of its control of restructuring aid.

The loans granted will be made available, on the one hand, by compensation with the 40 million euro loan granted on March 2021 and the balance in cash in different instalments.

In addition, to cover any needs that may arise before the first tranche of the above loans is made available, the State agrees to make available an additional very short-term loan of EUR 7 million, which will be repaid by offsetting the first tranche of the loan to be granted to CNIM Environnement & Energie EPC.

## 2. The provision of a new signature commitment line

The conciliation protocol provides for a new signature commitment line of up to 166,400,000 (the "**EPS 2021 Line**") will be made available to CNIM Group and certain signatory subsidiaries (CNIM Systèmes Industriels, CNIM Environnement & Énergie Participations, CNIM Environnement & Énergie Services, CNIM Environnement & Énergie EPC, LAB, Bertin Technologies, CNIM Air Space and Winlight System). The EPS 2021 Line will allow the issuance of guarantees in the form of:

- guarantees or autonomous guarantees in favour of a third party, guaranteeing the latter the proper performance of the commercial and financial obligations contracted by CNIM Group or the signatory subsidiaries concerned;
- counter-guarantees issued in favour of a third party, and in particular in favour of another financial institution, the purpose of which is to counter-guarantee any surety or guarantee issued by the said third party in order to guarantee the proper performance, payment, return of advance payments or retention of guarantee of the financial obligations contracted by a subsidiary (if applicable, foreign); and,
- by way of exception, autonomous sureties or guarantees in favour of a third party, guaranteeing the latter the proper performance of commercial and financial obligations contracted by a subsidiary that is not a party to the conciliation protocol and that is controlled by CNIM Group or a signatory subsidiary, in particular in respect of bid, performance, payment and advance payment guarantees withholding of guarantees and subcontracting, exclusively in respect of the issues listed exhaustively in the appendix to the protocol, except in the case of LAB GmbH, for which the list is not exhaustive, but which may not lead to the total amount of the EPS 2021 line being exceeded or to the amount of the envelope devoted to the LAB activity being exceeded.

The EPS 2021 Line covers the Group's needs, and in particular the issuance of bonds for existing contracts and for future tenders, until 31 March 2022, while being available until 30 June 2022.

As security for the EPS 2021 Line by signature, CNIM Group will issue a parent company guarantee for a maximum amount of EUR 199,800,000 to guarantee the commitments of its subsidiaries.

## 3. Waiver of the historical financial debt with a better fortunes clause

The conciliation protocol dated 20 May 2021 provided for the issue of two series of bonds redeemable in shares, allowing the conversion of a substantial fraction of the financial debt into equity instruments. This provision has been abandoned in the agreement signed today, as the creditors have agreed to waive their claims with a better fortunes clause.

Drop-outs represent 163 million, broken down as follows:

<b>CNIM Group</b>	<b>Date</b>	<b>Abandoned amounts</b>
RCF Credit Line	13-dec.-17	120 000 000 €
2017 Loan	13-dec.-17	18 000 000 €
CEPAC Overdraft facility	21-nov.-18	5 000 000 €
2020 Bonds (Martin GmbH)	11-june-20	20 000 000 €
	<b>TOTAL</b>	<b>163 000 000 €</b>

The 30-year financial recovery clause will apply to (i) the proceeds from the sale of assets within the group, (ii) the recognition of liquidation surpluses of the company or its subsidiaries and (iii) 30% of the consolidated net accounting result. This clause will apply after the repayment of the financing granted in 2020 and the long-term FDES loans provided for in this conciliation protocol.

#### **4. Partial repayment of the medium-term debt thanks to the proceeds from the sale of the O&M and Berlin IT activities and the rescheduling of the remaining amount**

The banking pool and the State have each agreed to modify the terms of their respective medium-term financing (representing to date the sum of EUR 41.75 million) in order to:

- allocate to the banks a share limited to 20% of the proceeds from the sale of the assets being sold to reimburse the principal amounts of these financings, the balance remaining at the disposal of CNIM Group; and
- define a progressive quarterly amortization schedule starting on 11 December 2021, which gives these financings a new final maturity date of 11 September 2023.

About the 25 million in simple bonds issued to Martin GmbH, their reimbursement will represent around 16.3 million euros via a 49% minority stake in the share capital of CNIM Group's subsidiary LAB. 25 million of cash injected by Martin GmbH in the 2020 financial year will be repaid according to a progressive quarterly schedule starting in June 2022.

Finally, the Company will repay a moratorium on social and tax liabilities of approximately €24m over a period of 24 months starting in October 2021.

#### **5. Disposal programme**

In order to achieve the objectives of the financial restructuring, which are (i) the sustainability of the CNIM Group's activities, (ii) the reduction of outstanding commitments by signature and (iii) the repayment of the financing granted by the CNIM Group's financial partners, CNIM Group has undertaken to continue its search for buyers and investors, in particular for the group's EPC business.

CNIM Group appointed the consulting bank Rothschild & Co to assist it in this search.

CNIM Group has already completed the sale of its O&M business in France and Azerbaijan, which includes its subsidiaries specializing in the operation and maintenance of energy recovery

centres, to the Paprec group, following the fulfilment of the various usual conditions precedent to the transaction (as announced in our press release of 28 January 2021).

This sale, following those of Bertin IT, Vecsys and the biomass activity of the Akuo group, marks the completion of the operations presented in the press release of 17 February 2021.

The sale of its UK O&M business to Paprec remains subject to conditions precedent.

## **6. Other provisions**

In addition, in the event of full exercise of the better fortunes clause allowing the full repayment of the waived receivables, the Group's creditors who participated in the restructuring will also receive an additional lump sum payment of 20 million euros in proportion to their efforts.

In addition, the conciliation protocol provides that a profit-sharing mechanism for employees and managers may be put in place according to principles yet to be determined.

Finally, as an extension of the 2020 restructuring operations, the existing trusts relating to the various CNIM Group divisions will be maintained and will guarantee, in addition to the existing guaranteed obligations, all payment and repayment obligations of all principal sums owed by CNIM Group or its subsidiaries, in particular under the long-term FDES loans, the better fortunes clause and the EPS 2021 Line.

The implementation of the conciliation protocol remains subject to several conditions, in particular:

- the homologation of the conciliation protocol under the terms of a judgment of the Paris Commercial Court, cleared of any appeal that may be brought by a person not benefiting from the time limits for distance;
- the State has obtained the European Commission's authorisation to make available long-term FDES loans of EUR 125 million under State aid regulations
- the satisfaction of the usual conditions to allow the completion of the acquisition of Martin GmbH's equity stake in LAB; and
- the signature of all execution documentation by all parties involved.

Its implementation also requires the fulfilment of certain conditions relating to the conclusion of a protocol between Soluni, the group's reference shareholder, and its financial partners.

The signature of this new agreement was authorized by the Board of Directors of CNIM Group at its meeting on 26 July 2021. The implementation of the final agreement would remain subject to several customary conditions precedent, including, in particular, obtaining the authorization of the European Commission, all prior governmental authorizations and all necessary approvals and the approval of the conciliation protocol to be concluded by the Paris Commercial Court, the hearing of which is scheduled for 5 August 2021.

The half-yearly accounts will be presented to the Board of Directors by mid-September and a communication to the market will then take place.

This new agreement should enable the Group to face a year 2021 which would remain in deficit. The liquidity projections allow for sufficient liquidity over the 2021-2024 horizon.

## About CNIM

Founded in 1856, CNIM is a French equipment manufacturer and industrial contractor operating on a worldwide basis. The Group provides its products and services to major public and private sector organizations, local authorities and national governments in Environment, Energy, Defense, and High Technology markets. Technological innovation is at the core of equipment and services

designed and manufactured by the Group. They contribute to produce cleaner and more competitive energy, to limit environmental impacts of industrial activities, to secure sensitive facilities and infrastructures, and to protect individuals and nation states. CNIM is listed on the Euronext exchange in Paris. It relies on a stable family-based majority shareholding structure committed to its development. The Group employs 2,585 people as of March 31, 2021 and had revenues of €632.9 million in 2020, 47.8% of which was from exports.

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