

Regulated information – Paris, 30 August 2019

### First-half 2019 consolidated financial statements

In its 16 May 2019 press release, the Group announced that the recurring income of the “Environment & Energy EPC\*” Division (one of the Group’s six operating divisions) had been adversely affected by significant losses due to problems on certain contracts.

In the UK, the problems were due mainly to penalties for delay caused by civil engineering service providers failing to fulfil their contractual obligations. This had a significant impact on two major contracts.

In the Middle East, the Group suffered significant additional costs on the civil engineering scope of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key marketing opportunity for the Group.

The Group has deeply analyzed these problems and consequently strongly reinforced its supply chain management strategy as regards, in particular, the civil engineering supply chain for its entire Environment & Energy EPC business.

Due to the above, the Group made a loss for the first half of 2019. However, the Innovation & Systems sector, which comprises the Group’s activities for the defense, space, nuclear power and semiconductor market, is forecasting a profit for the year as a whole.

The Group – as a key player in thermal engineering services and environmental impact reduction – is continuing its expansion in the environment and energy sectors with the acquisition of Cométal France and widened its offer in the defense and security sectors, notably with the acquisition of Airstar Aerospace.

#### Acquisition of Cométal France

On 29 May, CNIM S.A. acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, specialises in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants. The company also sells spare parts.

With this acquisition, CNIM expands and strengthens its retrofit and spare parts related offer of services, in its preferred markets.

\*EPC: Turnkey plants

## Acquisition of Airstar Aerospace

On 22 March, CNIM S.A. acquired 85% of Airstar Aerospace from the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the Stratobus™ stratospheric airship programme.

Airstar Aerospace is a leading designer and manufacturer of tethered balloons, stratospheric balloons (including aerostats able to ascend to and travel in the stratosphere), airships and thermal insulation for satellites.

Through this acquisition, CNIM intends to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications.

## Results

Consolidated financial statements (in € millions)	1st half 2019	1st half 2018
Revenues	271.8	322.5
Recurring operating income/(loss)	(67.2)	6.1
Non-recurring operating income/(loss)	(14.9)	9.5
Operating income/(loss)	(82.2)	15.5
Pre-tax income/(loss)	(84.2)	18.3
<b>Net income/(loss) attributable to owners of the parent</b>	<b>(79.8)</b>	<b>15.9</b>

*The consolidated financial statements for the period from 1 January 2019 to 30 June 2019 have been subject to a limited review by our statutory auditors, who have issued their report on the first-half financial information.*

CNIM's Supervisory Board met on 30 August 2019 to examine the first-half 2019 consolidated financial statements as approved by the Management Board.

The problems described above affecting the E&E EPC activity had a severe, detrimental impact on the Group, which generated a recurring operating loss of €67.2 million for the half year.

The non-recurring loss for the first half of the year includes asset impairments (in respect of plants dedicated to the removal and recovery of metals from ash resulting from household waste incineration, whose results are affected by movements in non-ferrous metal prices, and the development and pre-executing costs of a contract awarded to the Group but whose enforcement, subject to the final approval of a local political instance, has been further delayed.

The Group's net loss for the half year was €79.8 million.

## Order intake and backlog

(in € millions)	Order intake 1st half 2019	Order intake 1st half 2018	Backlog at 30.06.2019
Environment & Energy	489.8	101.6	1,022.3
Innovation & Systems	55.0	70.6	232.2
<b>Group total</b>	<b>544.8</b>	<b>172.2</b>	<b>1,254.5</b>

Order intake for the first half of 2019 was €544.8 million as against €172.2 million in the first half of 2018 and €365.9 million in the first half of 2017. It included, in particular, the orders for the waste-to-energy plants in Lostock (UK) and Rambervillers (France) recorded during the period.

The backlog at 30 June 2019 was 27.8% higher than that at 1 January 2019.

### Cash

The Group had net debt of €137.3 million at 30 June 2019, of which €19.9 million related to the first-time application of IFRS 16 on leases.

The Group's cash position was adversely affected by the losses generated and the timing of billing milestones related to the take-over of the main close to completion E&E EPC contracts, payable after the end of the first half year. The Group had cash of €36.1 million at 30 June 2019.

### Outlook

The Group forecasts, for the full year 2019:

- a consolidated recurring operating loss of around €45 million (and therefore a profit in the second half of the year);
- a non-recurring loss similar to that generated in the first half;
- a high level of order intake, for the second consecutive year, and therefore a greatly increased backlog at the end of the year;
- a negative cash net of all debt position at year end 2019, however reduced compared to the 30 June 2019 position.

In view of its long-term performance record, and the level of the backlog, the Group is forecasting a recurring operating profit for 2020.

### About the CNIM Group

CNIM Group develops, designs and produces turnkey industrial solutions with high technological content and provides expertise, services and operations in the areas of the environment, energy, defense and industry.

Contact: [info-communication@cnim.com](mailto:info-communication@cnim.com)

Financial calendar available at [www.cnim.com](http://www.cnim.com)