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PRESS RELEASE

Regulated information – Paris, 21 May 2021

2020 financial statements and signing of a second conciliation protocol with the Group's creditors

Following the signing of the second conciliation protocol, CNIM's Board of Directors has approved the 2020 financial statements. The protocol's main stipulations and changes since the 25 March 2021 press release are set out below.

In a context marked by the continuing effects of the COVID-19 pandemic, and the impact of Brexit on UK projects, the Group generated negative EBITDA in 2020. A second restructuring was therefore required, supported by the French State and the Group's creditors. Its aim is to restore the Company's equity while enabling the Group to maintain the broadest possible scope of activities (including EPC business) and obtain additional liquidity.

This second protocol provides for €40 million of new funding from the French State, the conversion of a large part of the Group's debt into equity instruments and the provision of a new line of signature commitments for a maximum amount of €228.3 million.

Key figures:

Order intake:	Revenues:	Recurring operating income (loss):
€1,196.3 million	€632.9 million	€(101.1) million

EBITDA:	Net income (loss):	Equity:	Net debt:
€(83.6) million	€(130.9) million	€(136.7) million	€144.0 million

Order intake

(in € millions)	2020		2019	
	Order intake	Backlog at 31.12.2020	Order intake	Backlog at 31.12.2019
Environment & Energy	234.6	901.1	792.2	1,113.2
Innovation & Systems	169.8	295.2	242.6	314.7
Other	0.9	-	-	-
Group total	**405.2**	**1,196.3**	**1,034.8**	**1,428.0**

The Group's order intake in 2020 was 60.8% lower than in 2019:

- Order intake was down 70.4% for the Environment & Energy operating segment: due to the Group's uncertain financial situation in 2020, no orders for turnkey plants were recorded in 2020, unlike in 2019 when significant contracts were obtained in the UK and Serbia. By contrast, LAB's flue gas treatment business doubled its order intake during 2020;

- Order intake was down 30.0% for the Innovation & Systems operating segment: export business was directly affected by the health crisis.

Revenues and recurring operating income (loss) "ROI"

(in € millions)	2020			2019		
	Revenues	EBITDA	ROI	Revenues	EBITDA	ROI
Environment & Energy	446.7	(90.3)	(94.5)	391.7	(149.7)	(158.2)
Innovation & Systems	185.3	5.5	(4.0)	196.7	19.4	7.3
Other	0.9	1.2	(2.7)	-	-	-
Group total	**632.9**	**(83.6)**	**(101.1)**	**588.4**	**(130.3)**	**(150.9)**

Revenues for 2020 totalled €632.9 million, including €446.7 million for the Environment & Energy operating segment and €185.3 million for the Innovation & Systems operating segment.

Loss from recurring operations generated by the Environment & Energy operating segment in 2020 (€94.5 million) were nearly €64 million lower than in 2019. These losses relate mainly to the design/construction of turnkey waste-to-energy plants. Significant provisions have had to be recognized, due mainly to additional losses affecting several projects in the UK.

Two external events significantly amplified the increases in the costs of turnkey projects during 2020: the pandemic, which extended the duration of projects by about three months and increased some costs, and Brexit, which created tension in the UK labour market.

CNIM

Non-recurring operating income (loss)

The Group generated non-recurring operating income of €1.7 million, resulting mainly from exceptional restructuring costs, goodwill impairment in the Innovation & Systems operating segment and the gain on the sale of the Group's registered office premises (rue Bassano, in the eighth *arrondissement* of Paris).

Net income (loss)

(in € millions)	2020	2019
Revenues	632.9	588.4
Recurring operating income (loss)	(101.1)	(150.9)
Operating income (loss)	(99.4)	(181.7)
Pre-tax income (loss)	(127.2)	(185.6)
Net income (loss) attributable to owners of the parent	**(130.9)**	**(200.7)**

The consolidated financial statements for the year ended 31 December 2020 have been audited by our Statutory Auditors, who have issued their reports.

As a result of the above, the Group generated a net loss attributable to owners of the parent of €130.9 million compared with a net loss of €200.7 million in 2019.

Cash position

At 31 December 2020, the Group had gross cash and net debt of €143.1 million and €144.0 million respectively.

Dividend

As in 2019 and 2020, no dividend will be proposed at the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2020.

Key elements of the conciliation protocols

On 29 April 2020, following an initial conciliation procedure, the Company entered into a conciliation protocol with its creditors. The aim was to enable the Company to meet its commitments, most of which arose as a result of the bankruptcy of its civil engineering subcontractor Clugston and relate to projects for the construction of turnkey plants in the UK.

The search for short-term backing from financial or industrial partners, as specified in the conciliation protocol in 2020, did not achieve the set objectives.

At the same time, the losses incurred and cash advances used on contracts due the 2020 crisis have increased the Group's 2021 cash requirements, which have not been offset to date by the award of major new projects.

In this context, and given the need to replenish equity, the Group continued its financial restructuring and asked the President of the Commercial Court to initiate a second conciliation procedure, which was granted by the order of 4 February 2021.

Subject to approval by the Commercial Court and fulfilment of the procedures stipulated therein, the protocol, which was signed by all the parties involved on 21 May 2021, sets forth measures that focus on the following key priorities:

(1) Conversion of existing financial debt into bonds redeemable in shares (ORA), qualifying as equity instruments;

(2) Partial repayment of medium-term debt using proceeds from the divestment of O&M and Bertin IT businesses and rescheduling of the residual amount;

(3) Grant by the French State of a €40 million participating loan offsetting the FDES (*Fonds de développement économique et social*) loan granted on 25 March 2021; and

(4) Provision of a new line of signature commitments.

		Type	**Principal amount** (in € millions)	**Interest**	**Maturity/ effective date**	**Counterparty**
Conversion of existing financial debt into bonds redeemable in shares (ORA)	(1)	Conversion into equity	163.0	Euribor +4.75% to 5% (Including non-conversion premium)	6.5 years	Banking pool and Martin GmbH
Restructuring of medium-term financing (2020)		Restructuring	43.8			Banking pool, French State
Of which repayment	(2)	*Repayment*	*23.9*			
Of which rescheduling		*Rescheduling*	*19.9*	*Euribor +6%*	*2.5 years*	
New financing in the form of a participating loan	(3)	Financing	40.0	4.75%	10 years	French State
New bank guarantees	(4)	Guarantee	228.3	-	31/03/22	Banking pool and insurers
Restructuring of the bond issue reserved for Martin GmbH (2020)	(1 and 2)	Restructuring	45.0			Martin GmbH
Of which conversion into ORA		*Conversion*	*20.0*			
Of which rescheduling		*Rescheduling*	*7.5*	5%	*2.5 years*	
Of which redemption via a minority stake in the share capital of LAB		*Redemption*	*17.5*			

1. The conversion of existing financial debt into bonds redeemable in shares (ORA) qualifying as equity instruments

The conciliation protocol provides for two issues of bonds redeemable in shares, enabling the conversion of a substantial portion of financial debt into equity instruments.

These two simultaneous issues, for €35 million and €128 million respectively, will have similar characteristics, notably:

- Nominal value: €1;
- Subscription procedures: subscription pro rata to the principal amount of outstanding financial debt, offsetting receivables;
- Maturity date: redemption by the issuance of CNIM Group ordinary shares at the end of a period of six years and six months from the date of each bond issue;
- Interest rate: Euribor (floor at 0) plus a margin paid annually in cash equal to 1% for issue A bonds (ORA) and 0.75% for issue B bonds (ORA);
- Conversion price (conversion by CNIM Group): €15.40 per share, i.e. a conversion ratio of 0.065 new ordinary shares for one bond (ORA); and
- Non-conversion premium: 4% per year of the aggregate nominal value of the bonds (ORA), with full capitalisation of the amounts accrued annually, which will be due and paid only in the event of redemption in cash by CNIM Group.

Shareholders	**At 31 December 2020**		**Following conversion of the bonds (ORA)**	
	Share capital	Voting rights	Share capital	Voting rights
Soluni S.A.	1,708,633 56.43%	3,417,266 65.41%	1,708,633 12.54%	3,417,266 21.60%
C. Dmitrieff	1,295 0.04%	2,590 0.05%	1,295 0.01%	2,590 0.02%
Other members of the Dmitrieff family	2,811 0.09%	5,618 0.11%	2,811 0.02%	5,618 0.04%
Sub-total: Dmitrieff family group	1,712,739 56.56%	3,425,474 65.56%	1,712,739 12.57%	3,425,474 21.65%
Franeli S.A.	452,750 14.95%	905,500 17.33%	452,750 3.32%	905,500 5.72%
Frel S.A.	1,700 0.06%	3,400 0.07%	1,700 0.01%	3,400 0.02%
F. Herlicq	12,985 0.43%	25,050 0.48%	12,985 0.10%	25,050 0.16%
Sub-total: Herlicq family group	467,435 15.44%	933,950 17.88%	467,435 3.43%	933,950 5.90%
Sub-total: family groups	**2,180,174** **72.00%**	**4,359,424** **83.44%**	**2,180,174** **16.00%**	**4,359,424** **27.56%**
CNIM Participation / FCPE	59,602 1.97%	119,204 2.28%	59,602 0.44%	119,204 0.75%

Shareholders	At 31 December 2020		Following conversion of the bonds (ORA)	
Treasury shares	188,449	-	188,449	-
	6.22%	-	1.38%	-
Liquidity contract (Exane BNP Paribas)	15,262	-	15,262	-
	0.50%	-	0.11%	-
Sub-total: other interests	263,313	119,204	263,313	119,204
	8.70%	2.28%	1.93%	0.75%
Public	584,623	745,959	584,623	745,959
	19.31%	14.28%	4.29%	4.72%
CNIM's current lenders	-	-	10,595,000	10,595,000
	-	-	77.77%	66.97%
Total	**3,028,110**	**5,224,587**	**13,623,110**	**15,819,587**
	100.00%	**100.00%**	**100.00%**	**100.00%**

The above dilution table does not yet reflect the dilutive impact of the performance-based remuneration scheme for employees and managers described in point 5 below.

2. **The partial repayment of medium-term debt using proceeds from the divestment of O&M and Bertin IT businesses and rescheduling of the residual amount**

The banking pool and French State have both agreed to amend the terms of their respective medium-term financing so as to:

- allocate only a portion of the proceeds from disposing of assets held for sale to the repayment of principal of the financing, with the balance remaining at the disposal of CNIM Group. Under the repayment terms, more than 50% of the principal of 2020 medium-term financing will have been repaid; and

- define a quarterly straight-line repayment schedule as of 11 December 2021, which resets the final maturity date for the financing to 11 September 2023.

For the bonds totalling €25 million issued to Martin GmbH, a very significant portion will be redeemed through a minority 49% stake in the share capital of CNIM Group's subsidiary LAB. The €25 million balance of the cash injected by Martin GmbH in 2020 will be paid back based on a schedule that is closely in line with the schedule agreed with the banking pool and the French State.

3. **Grant by the French State of a €40 million participating loan offsetting the FDES (*Fonds de développement économique et social*) loan granted on 25 March 2021**

As indicated in the 25 March 2021 press release, the signing of the conciliation protocol is likely to enable the release of the second €10 million tranche of the €40 million loan granted by the French State as a recovery aid for the Group EPC business.

The French State has agreed to grant the Group €40 million of long-term financing in the form of a participating loan with a ten-year maturity. The provision of this participating loan remains subject to prior authorisation by the European Commission during its control of restructuring aid.

The French State will provide the Company with up to €40 million in long-term financing, with a principal repayment moratorium for the first five years, at a fixed annual rate of 4.75%, in addition to a future profit-sharing clause.

It will be made available on the date on which all the restructuring operations have been completed, offsetting the loan granted on 25 March 2021.

4. The provision of a new line of signature commitments

The conciliation protocol stipulates that a new line of signature commitments for a maximum amount of €228,248,000 (the "**2001 EPS Line**") will be made available to CNIM Group and certain subsidiaries that are party to the protocol (CNIM Systèmes Industriels, CNIM Environnement & Énergie Participations, CNIM Environnement & Énergie Services, CNIM Environnement & Énergie EPC, CNIM Environnement & Énergie O&M for the sole purpose of a limited issue, LAB SA, Bertin Technologies, CNIM AIR SPACE and Winlight System). The 2021 EPS Line will enable guarantees to be issued in the form of:

- personal guarantees or autonomous guarantees for third parties, guaranteeing the proper performance of the commercial and financial obligations agreed to by CNIM Group or the relevant signatory subsidiaries;

- counter-guarantees issued for third parties, particularly other financial institutions to counter-guarantee a guarantee issued by a third party to secure the proper performance, payment, repayment of down-payments or security deposits in connection with the financial obligations agreed to by a subsidiary (where relevant, a foreign subsidiary).

The 2021 EPS Line will cover the Group's requirements and, in particular, the issues of guarantees for existing contracts and for future tenders until 31 December 2021, although it will be available until 31 March 2022.

To secure the 2021 EPS Line, CNIM Group will issue an autonomous first demand guarantee to back the signature commitments issued by CNIM Group's subsidiaries for a maximum amount of €273,897,600.

5. Other provisions

Moreover, in the event of full redemption in cash of the bonds (ORA), the Group's creditors involved in the restructuring will also receive an additional lump sum compensation of €20 million allocated in proportion to their efforts.

In addition, the conciliation protocol provides for a performance-based remuneration scheme for employees and managers, the principle of which will be submitted to the General Meeting of Shareholders for approval. The terms and conditions, currently under discussion, will be determined by the Board of Directors on the advice of the Remuneration Committee. Consequently, the dilution table as previously presented does not yet reflect the dilutive impact of these instruments.

Lastly, following the 2020 restructuring operations, the existing trusts relating to the various business divisions of the CNIM Group, will be maintained and will guarantee, in addition to the existing secured obligations, all payment and/or repayment obligations of all principal sums owed by CNIM Group or its subsidiaries, in particular under the participating loan, the bonds (ORA) (subject to certain conditions) and the 2021 EPS Line.

The conciliation protocol will have the following effects on the equity and liabilities in CNIM's balance sheet:

- reduction in gross debt of nearly €160 million; and
- replenishment of equity by nearly €200 million[1].

A prospectus will be prepared for the issuance of the bonds (ORA), providing details of their terms and conditions as well as information on CNIM Group's operating and financial position. It will be submitted for approval to the AMF ("Autorité des Marchés Financiers" being the French stock markets regulator) and to the General Meeting of Shareholders, which is expected to be held on 25 June 2021. The Company has appointed Finexsi as an independent expert to produce a report analysing the terms and conditions of the conversion of the bonds (ORA), including the conversion ratio adopted. The report will present the underlying assumptions of the analysis and will be made public at least ten days before the General Meeting.

The bonds (ORA), the existing trusts and the line of signature commitments will have standard default clauses, as well as cross-default clauses linked to the situation of Soluni, the holding company that owns the majority of CNIM Group's share capital. The cross-default clauses relating to Soluni's situation cover in substance four assumptions: Soluni (i) decides to no longer support CNIM's financial restructuring, (ii) defaults on its payment obligations in respect of its debt, (iii) undergoes collective proceedings, or (iv) initiates legal action to prevent or delay the repayment at maturity of its debt or to call into question the validity or effectiveness of the sureties it has granted.

Implementation of the conciliation protocol remains subject to several conditions including:

- approval of the conciliation protocol by way of a judgement by the Commercial Court of Paris against which no appeals may be admitted;
- French State obtaining the European Commission's authorisation for the provision of the €40 million participating loan under the State aid regulations;
- obtaining all prior governmental authorisations and/or approvals necessary for the implementation of the conciliation protocol (including the approval of the prospectus by the AMF);
- approval by the Company's General Meeting of Shareholders;
- fulfilment of the usual conditions to enable Martin GmbH to acquire a stake in LAB's share capital; and
- signing all the implementation documentation by all the parties concerned.

Its implementation also assumes the fulfilment of certain conditions relating to the confirmation of the restructuring of Soluni's debt.

[1] Taking into account the indicative gains on disposal anticipated by the Group that are expected to total nearly €[37] million.

Impact of restructuring on the Group's capital structure

Gross debt (in € millions)	31 December 2019	*Change*	31 December 2020	*Change*	31 December 2020 adjusted for restructuring
Debt					
Participating loan	-	-	-	+40	40
New Money: Banks	-	+35	35	(19)	16
New Money: Martin	-	+25	25	(18)	7
New Money: FDES	-	+9	9	(5)	4
Revolving credit facility ("RCF")	120	(1)	119	(119)	-
Old Money: Martin	-	+20	20	(20)	-
Overdraft	6	+0	6	(6)	-
BPI & Ademe loans	-	+9	9	-	9
Exensor debt	24	(6)	18	(18)	-
Factor	-	-	-	+21	21
Research tax credit ("CIR") & tax credit for competitiveness and employment ("CICE")	31	(2)	29	-	29
Leases	21	(3)	17	-	17
Other([1])	32	(32)	-	+9	9
Gross debt	**234**	**+53**	**287**	***(135)***	**152**
Cash	(101)	(47)	(147)	(109)	(256)
Net debt	**133**	**+7**	**140**	***(244)***	**(104)**
Equity[2]	**(19)**	***(118)***	**(137)**	***+200***	**63**

[1] *Including the interest portion of the bonds (ORA) recognised as debt.*
[2] *The €200 million increase in post-restructuring equity results from the planned debt conversion of €163 million and €37 million of anticipated gains from asset disposals in progress. The redemption of a portion of the bonds held by Martin GmbH by way of offset against its subscription to LAB's capital increase is not taken into account.*

Asset disposals

As part of its 2020 financial restructuring and the affiliation and divestment program, which was the subject of press releases on 29 April 2020 and in March 2021, the Group carried out the following divestments:

(in € millions)	Date:	Disposal proceeds net of disposal costs	Accounting gain or loss
Paris registered office premises	17/04/20	40.7	31.9
Minority equity stakes in DWS, HWS and WWS	23/07/20	1.5	(1.4)
Bertin Technologies' "Bertin Energie Environnement" business	30/09/20	*1.3*	*(0.1)*
Minority equity stake in Technoplus Industrie	04/11/20	2.0	(3.4)

In addition, as announced on 25 March 2021, the disposals of the O&M business, the non-consolidated equity investments held by CNIM Groupe in Picardie Biomasse Energie, Kogeban and CBEM Companies, and the Bertin IT business, are underway, and are expected to be finalised by the end of the first half of 2021, following the fulfilment of the respective conditions precedent.

Impact of COVID-19 on the Group's activities

The COVID-19 pandemic continued throughout 2020, accentuating its effects on the Group's performance.

The main risks the Group has had to face as a result of this health crisis are:
- Employee health (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Delayed delivery of key equipment or products;
- Lower productivity due to home office;
- Cancellation or deferral of new orders or potential contract amendments.

Since the start of the pandemic, the Group has made it a priority to set up all appropriate measures to protect the health of its employees, customers and all third parties working with the Group, and to ensure that it remains a going concern.

To date, the main impacts of the crisis on the Group have been:
- Although operations have continued in most of the Group's plants, workshops and customer worksites, projects have suffered delays of between three and five months depending on their location;
- The vast majority of employees of the Group's administrative sites in France have been working remotely. The level of work carried out at various times during the year has varied depending on the specific lockdown provisions;
- The Group has been able to benefit from certain elements of the state support measures available to French and UK companies, notably short-time working and the deferral of tax and social security payments.

Subsequent events

The Environment & Energy EPC business division's turnkey plant design and construction business continues to face certain challenges:

- The increase in costs at completion of certain projects in the UK following the exceptional changes in the economic environment during 2021 relating to the appearance of the UK COVID-19 variant, the Brexit enforcement and an approximately €15 million increase in the price of raw materials;

- A technical incident that occurred in 2021 concerning a plant accepted by the client and for which the cost of repair could reach €5 million. The Company does, however, intend to seek compensation from its suppliers and/or insurers.

Outlook

The Group's future path remains highly dependent on the Environment & Energy operating segment's ability to contain the losses incurred on current contracts and to obtain two to three new EPC contracts annually. This is an ambitious target in the current environment. The Group's forecast for 2021 remains highly cautions given the ongoing limited visibility regarding the health crisis, and fragile recovery of commercial momentum, particularly due to uncertainties surrounding the Group's financial position. Management is striving to implement all the necessary, including structural, measures, to ensure CNIM's ability to continue as a going concern[1].

The Group's recovery, particularly that of its Environment and Energy operating segment, will be slower than initially expected, which does not enable the Group to expect positive EBITDA in 2021. In addition, cash management will remain very sensitive, particularly in 2021, due to inverted working capital compared with 2020 on projects, resulting in particularly high cash consumption. As a result, the Group is ramping up its plan to reduce non-recurring costs and overheads and is consolidating the risk management processes it has put in place.

[1] See Note 1, section B, of the 2020 consolidated financial statements on going concern: the Statutory Auditors' report states that there is material uncertainty as to the Group's ability to continue as a going concern.

About CNIM Group

Founded in 1856, CNIM is a French global industrial equipment manufacturer and supplier. The Group supplies products and services to major public and private sector organizations, local authorities and national governments in the Environment, Energy, Defence, and high technology markets. Technological innovation is at the heart of the equipment and services designed and produced by the Group. They contribute to the production of cleaner and more competitive energy, to limiting the environmental impacts of industrial activities, to making sensitive facilities and infrastructures safer and protecting individuals and nation states. The Group 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 2,706 staff and had revenues of €632.9 million in 2020, 47.8% of which came from exports.

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