

CNIM Group signs a memorandum of understanding setting out the terms of a financial restructuring agreement with the French State, its historical industrial partner Martin GmbH and its creditors and credit insurers

In the continuity of the ongoing divestments of its subsidiaries O&M, Bertin IT and its biomass holdings (the closings of which are expected to take place by the end of the first half of 2021 once all respective conditions precedent have been fulfilled), CNIM Group has signed a memorandum of understanding setting out the terms of a financial restructuring agreement with its creditors and credit insurers, the French State and its historical industrial partner Martin GmbH.

This agreement meets CNIM Group's objectives of (i) financial flexibility, thanks in particular to the provision of new liquidity to strengthen its cash position, and (ii) reconstitution of its equity, which will enable it to sustain its business plan by meeting its customers' and suppliers' expectations.

Cash support from the French State

As part of the agreement, CNIM Group will benefit from a €40 million FDES (Fonds de développement économique et social) loan from the French State issued for the benefit of its EPC business. These funds will initially be made available in the form of rescue aid, of which €30 million will be paid immediately and €10 million on the date of signature of the final restructuring agreement. This rescue aid would subsequently be refinanced by a participating loan with a maturity of 10 years.

Reconstitution of CNIM Group's equity

The agreed restructuring also includes the conversion of 71% of the existing debt into quasi-equity instruments such as unlisted bonds redeemable in new shares for €163 million. The issue of these bonds, which is subject to consultation with CNIM Group's shareholders at a general meeting, is expected to take place in the first half of 2021. The debt that would be the subject of this conversion into unlisted bonds redeemable in new shares is composed of:

- €143 million in financial debt carried by the group's financial institutions, including €120 million in RCF, €18 million in medium-term loans, and approximately €5 million in overdraft facilities; and
- €20 million in bonds issued by CNIM Group and subscribed to in 2020 by Martin GmbH, the group's historical industrial partner.

The unlisted bonds redeemable in new shares would have a 6.5-year maturity and could be alternatively redeemed as follows:

- Refunds in cash, at any time, exclusively at the option of the issuer; or
- Refunds in new CNIM Group ordinary shares to be issued and immediately assimilated to the existing shares, automatically on the maturity date and at the option of each holder in case of an event of default, as determined in the context of the definitive restructuring agreement.

The parity of the unlisted bonds redeemable in new shares would be fixed in order to allow their accounting qualification as equity under IFRS. An independent expert has been appointed by the Board of Directors of CNIM Group to assess the consequences of the restructuring for the current shareholders of the company and will issue a fairness opinion.

The issuance of the unlisted bonds redeemable in new shares will give rise to a transaction note setting out the conclusions of the independent expert, which, in accordance with applicable regulations, will be submitted to the AMF for approval, taking into account the number of new securities likely to result from their refunds. Creditors will be

able to alternatively subscribe to other instruments which will reflect the guiding principles and objectives of the restructuring and which will not confer on them more rights than the unlisted bonds redeemable in new shares.

In addition, by offsetting a portion of the bonds issued in 2020 by CNIM Group and subscribed to by Martin GmbH, the latter will subscribe to a reserved capital increase of the LAB company of approximately €17.5 million, which will strengthen the Group's equity. At the end of this transaction, subject to the usual conditions precedent for a minority shareholding, Martin GmbH would thus hold 49% of the capital of LAB.

This agreement was approved by CNIM Group's Board of Directors on March 23, 2021. Its final formalization is expected by mid-April at the latest in the form of a conciliation protocol. The implementation of the final agreement would remain subject to a number of customary conditions precedent, including the approval of the necessary resolutions by CNIM Group's general meeting of shareholders, the obtaining of all necessary prior governmental authorizations and/or approvals (including the AMF's approval of the offering memorandum relating to the issuance of the unlisted bonds redeemable in new shares) and the homologation of the protocol to be concluded by the Paris Commercial Court.

Guarantees for the year 2021

The need to issue guarantees for 2021, estimated at approximately €226.4 million, will be covered by its banking partners and credit insurers.

All of these operations will enable the Group to restore its level of equity and provide it with the necessary guarantees to respond to EPC tenders.

Maintaining CNIM Group's governance and objectives

Finally, the terms of the agreement provide that CNIM Group's current governance will be maintained.

The objective of the Group's restructuring is to enable it to return to a stable situation and to achieve a sustainable business.

With the exception of the divestment processes announced on February 17, 2021, this new stage of the restructuring no longer makes further divestments its priority, but relies on the support of the State and the Group's creditors so that CNIM Group can deliver its business plan and continue to meet the demands of its business with excellence.

About CNIM Group

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 2,792 people and had 2019 revenues of €588.4 million in 2019, 48.2 % of which was from exports.

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