



Making progress become reality

BOUYGUES GROUP SIGNS PURCHASE AGREEMENT WITH ENGIE TO ACQUIRE EQUANS

PRESS RELEASE

PARIS

06/11/2021



- **Acceleration of Bouygues' development in the strong growth potential multi-technical services sector, at the convergence between the energy, digital and industrial transitions.**
- **Creation of a new global leader strongly rooted in France, delivering optimum customer service via a highly complementary geographical and technical match and enhanced innovation capacity.**
- **Leveraging the expertise of Equans and of Bouygues' Energies & Services arm, as well as the close fit between the two businesses, the aim is to make the combined entity the Bouygues group's largest business segment (by sales and number of employees) and to grow based on a long-term industrial vision.**
- **Number of employees: around 96,000; Combined sales: around €16.0 billion (Pro Forma 2020¹);**
- **A deal designed to create value:**
 - **For customers**, by creating a new innovative player, with global reach and a complete range of services to support them, especially as they transition to low-carbon operations;
 - **For employees**, through the strong workforce commitments made by the Bouygues group: no compulsory redundancies in France and Europe for at least 5 years from the completion date of the deal, creation of a net 10,000 new jobs at Equans² by 2026, new career development opportunities within the Group, and development of a comprehensive training program;
 - **For shareholders**, the deal will be accretive for Bouygues group EPS from year one and there will be significant potential for synergies (estimated, under normal operating conditions, at between €120 and €200 million per year according to the scenarios). Finally, the new entity will be aiming to generate a mid-term current operating margin of over 5%.
- **Terms of the deal:** based on an enterprise value of €6.7 billion³, and given the synergies and strong growth expected in the years ahead, the multiple of enterprise value to 2026 current operating profit is 11.4x.
- **Completion of the deal is expected by the second half of 2022.** The deal has already been approved unanimously by the relevant employee representative bodies within the Bouygues group. Following the approval of employee representative bodies at Engie and Equans, the final completion of the deal will be subject to regulatory clearance (control procedure of ownership percentages and foreign investment

¹ Adjusted for the effects of Covid-19.

² In addition to the 15,000-20,000 new hires required annually to cover estimated staff turnover.

³ Equating to €7.1 billion including IFRS 16 debt.



controls in the jurisdictions where Equans operates) and to the finalisation of the constitution of Equans' business scope.

Martin Bouygues, Chairman of Bouygues, said: *"The signing of a purchase agreement with Engie to acquire Equans is very good news! It paves the way for us to create a new global leader in multi-technical services, with strong roots in France. We will extend a warm welcome to the 74,000 Equans employees, who will be joining a group with a reputation for strong ethical values and high-quality labour relations."*

Olivier Roussat, CEO of Bouygues, welcomed the deal: *"I am delighted that Engie has accepted our offer. The multi-technical services market is an up-and-coming one with strong growth potential, and will play a crucial role in the energy transition. The acquisition of Equans by Bouygues is a project that creates value for customers, for employees, and for shareholders. This activity will become a new standalone business segment within the Bouygues group, and will be the largest in terms of headcount and sales. This is the biggest acquisition Bouygues has ever made, and all our people will pull together to make it a success."*

Paris, 6 November 2021

Bouygues and Engie are today announcing that they have signed a purchase agreement according to which Bouygues has agreed to acquire all of the Equans group. The proposed merger between Equans and the Bouygues group's Energies & Services arm (Bouygues Energies & Services and Kraftanlagen München) is a unique opportunity to create a French world leader in energy, digital and industrial transition. Equans would then become the largest business segment within the Bouygues group by sales (around €16 billion) and number of employees (around 96,000).

The proposed acquisition has been approved unanimously by the Board of Directors of Bouygues.

Creation of a major global player in multi-technical services, strongly rooted in France, delivering optimum customer service via highly complementary geographical/technical profiles and enhanced innovation capacity

The acquisition of Equans forms part of the Group's aim to expand in the Energies & Services market. The multi-technical services sector notably covers electrical engineering, HVAC, refrigeration, mechanical engineering, robotics, digital, telecoms networks and facilities management. It is a strong growth potential market, forecast to grow by between 3 and 4% over the next five years⁴. The sector lies at the convergence of three key transitions: (i) energy transition, to deliver the decarbonisation that industry needs; (ii) digital transition, driven by the explosion in data and increased needs for connectivity; and (iii) industrial transition, as production facilities become increasingly automated and computerised.

It is also a resilient sector, dominated by long-term contracts with recurring revenue streams and a strong EBITDA-to-cash conversion rate, which will help underpin the Bouygues group's free cash flow.

⁴ Source: BCG.



This new entity will be built around Equans, augmented by the Bouygues group's Energies & Services arm. It will be perfectly placed to grasp new business opportunities, and to accentuate differentiation by leveraging its innovation capability, quality and local footprint.

It would have broad geographical reach, extending to over 20 countries worldwide. Equans and the Bouygues group's Energies & Services arm are a good fit geographically, with robust positions in the main European markets and promising opportunities for expansion in North America.

The new entity will also enjoy a dense branch network in France and Switzerland, thus bringing the business nearer to its customers.

Equans would offer services right across the value chain, underpinned by the respective strengths and expertise of the two groups:

- Equans is well positioned in electrical engineering and telecoms via Ineo, in climate control via Axima, and in multi-technical installations via Fabricom. Equans also has renowned expertise in some specialised segments such as public transport, process industries, and the defence and marine industries.
- Bouygues Energies & Services specialises in telecoms, transport, and energy infrastructure, alongside facilities management and industrial/property maintenance.

Equans and the Bouygues group's Energies & Services arm share the same innovation culture. Pooling their talents and research expertise would help the new entity speed up the design and roll-out of sustainable solutions.

Opportunities for the 96,000 employees of the new entity, who will be at the heart of the Bouygues group's project

Pooling the people of Equans and the Energies & Services arm of the Bouygues group would create a team of around 96,000 united by common values, constantly striving to offer customers the highest quality in service and innovation.

The deal would generate numerous attractive long-term career opportunities within the Bouygues group's business segments, both in France and internationally. Employees will have access to a high-quality skills development and training programme.

Furthermore, the Bouygues group pledges to carry out no compulsory redundancies in France and Europe for at least five years from the deal's date of the completion. In addition to the 15,000-20,000 new hires required annually to cover estimated staff turnover at the new entity, the Group also commits to create over 10,000 net new jobs over the next five years in response to the expected strong growth in demand for the various services provided by Equans.

Bouygues cares about helping young people into work, and so the Group will implement a scaled-up plan to recruit people to apprenticeships and work/study programmes, committing to hiring at least 2,000 apprentices in France by 2025.

Finally, Equans employees will have a strong incentive to drive value creation within the new entity via the phased alignment of employee benefits (welfare schemes, employee share ownership plans, and voluntary/compulsory profit-sharing) on those already offered by Bouygues.



Strong value creation

Equans will be aiming to generate a mid-term current operating margin of over 5%. This will be achieved by rolling out an operational efficiency drive within the new entity.

The potential for synergies (at current operating profit level) related to the deal is estimated, under normal operating conditions, at between €120 and €200 million per year according to the scenarios. The vast majority of those synergies are in procurement.

The deal will also be significantly accretive for Bouygues group earnings per share in year one.

Governance and management

The new entity, created by the merging of Equans and Bouygues Energies & Services, will be headed by Jérôme Stubler, the current CEO of Equans, who will report directly to Olivier Roussat, CEO of the Bouygues group. It will be Jérôme Stubler's responsibility, along with his team and with Pierre Vanstoflegatte, CEO of the Bouygues group's Energies & Services arm, to determine the organisational structure of the new entity. As with the Bouygues group's other business segments, the combined entity (Equans plus Bouygues Energies & Services) will enjoy significant autonomy.

A business segment fully in line with the Bouygues group's CSR strategy

The Bouygues group has a proactive sustainable development strategy, which is replicated in all its business segments. In 2021, the Group set itself four priorities: health and well-being in the workplace, gender balance, climate, and biodiversity.

The new entity will define pledges in line with the Group's CSR strategy.

Fully committed deal financing

The acquisition of 100% of the shares of Equans will be financed from the Bouygues group's existing resources and a fully committed loan from partner banks, which will ultimately be refinanced through bond issuance. The bank loan will not be subject to any financial covenants or ratings clauses.

Conditions and timescale for completing the deal

The deal has already been approved unanimously by the relevant employee representative bodies within the Bouygues group (Bouygues SA, Bouygues Construction and Bouygues Energies & Services, and the Bouygues European Works Council).

The process of informing and consulting the employee representative bodies of Engie and Equans will be conducted in accordance with the relevant legislation.



Completion of the deal is subject to the finalisation of the constitution of Equans' business scope and to the customary suspensive conditions, particularly regulatory clearance (control procedure of ownership percentages and foreign investment controls in the jurisdictions where Equans operates).

Final completion of the deal is expected by the second half 2022.

DEAL ADVISORS

Financial advisors: Greenhill & Co, Crédit Agricole CIB

Legal advisors: Darrois Villey Maillot Brochier, Flichy Grangé

Financial, fiscal, legal, Carve-out, IT, HR and ESG due diligence: KPMG

Insurance due diligence: Marsh

Strategic consultants: Oliver Wyman

Human resources consultants: Topics

INVESTORS RELATIONS DEPARTMENT:

INVESTORS@bouygues.com • Tél. : +33 (0)1 44 20 10 79

PRESS CONTACT:

Pierre Auberger – pab@bouygues.com • Tél. : +33 (0)1 44 20 12 01

presse@bouygues.com

Image Sept - ameaux@image7.fr • Tél. : 06 89 87 61 76

ABOUT BOUYGUES

Bouygues is a diversified services group operating in over 80 countries with 129,000 employees all working to make life better every day. Its business activities in construction (Bouygues Construction, Bouygues Immobilier, Colas), media (TF1) and telecoms (Bouygues Telecom) are able to drive growth since they all satisfy constantly changing and essential needs. (Euronext Paris, compartement A : ISIN : FR0000120503)



DISCLAIMER

This press release contains projections and forward-looking statements about future performances of the combined entity.

Such statements are sometimes identified by the use of the future tense or conditional mood, and by the use of forward-looking words such as “estimates”, “aims”, “forecasts”, “intends to”, “is expected to”, “has the ambition to”, “considers”, “believes”, “could”, and any other similar expression. Such statements are based on data, assumptions or estimates that the Bouygues group regards as reasonable. Actual future results could differ substantially from the projected or expected results presented in the forward-looking statements, in particular due to the inherent uncertainties regarding (i) the possibility that the synergies and value creation arising from the deal may not be achieved within the expected timeframe; (ii) the risk that the businesses may not be successfully integrated; (iii) that the deal will not obtain the required regulatory clearances; (iv) that such clearances may be obtained later than expected, or may be contingent on measures that would have an adverse impact on the expected benefits of the deal; and (v) the possibility that the deal may not occur.

Any forward-looking statement contained in this press release must be read in conjunction with the present disclaimer. Forward-looking statements speak only as of the date they are made, and the Bouygues group undertakes no obligation to publish any update or revision of the information, objectives, forecasts or forward-looking statements in this press release.

No information contained in this press release may be construed as an earnings forecast or estimate for any period. Persons reading this press release are urged not to place undue reliance on such forward-looking statements.

This press release is provided for information purposes only and constitutes neither an offer or invitation to exchange or sell, nor a solicitation of applications to subscribe or purchase, nor an invitation to purchase or subscribe, shares in some or all of the activities or assets described in the presents or any other interest, nor to solicit a vote or approval in any jurisdiction whatsoever, whether in relation to the proposed deal or otherwise. This press release may in no circumstances be construed as a recommendation to the reader.

This press release is neither a prospectus, nor an information document relating to financial instruments, not any other offer document within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 as amended from time to time and implemented in each Member State of the European Economic Area and in accordance with French laws and regulations.