



Press release

Saint-Quentin-Fallavier - March 17, 2022 - 6pm

Consequences of the war in Ukraine

Like you, we are profoundly shocked by the extent of the crimes committed by the Russian army and do not wish to contribute in any way to its war effort. As a result, we have decided to stop honouring orders for equipment that is clearly intended for export to Russia. This loss of about €1m turnover is relatively insignificant for the Group.

What could be significant however, are the cumulative indirect consequences of this war.

Gas and fuel costs amounted to €192k in 2021 and increases will only be felt from 2023 onwards due to a contract that guarantees us price stability in 2022.

Maritime transport prices are likely to remain at very high levels with the closure of the Silk Road. We face a likely hike in road transport prices given the price of diesel fuel.

Prices of metals such as copper, steel, aluminium and nickel are already forcing some of our suppliers to introduce further price increases. For example, products made mainly from stainless steel account for approximately 11% of our consolidated turnover (the stainless steels commonly used in our businesses contain chromium, nickel and molybdenum).

Exchange rates (euro, dollar, yuan) are totally unpredictable and we manage our dollar hedges in the short term, with almost immediate consequences on 35% of our purchases.

After the increases passed on to customers in 2021 and those applied at the beginning of 2022, our subsidiaries will most probably have to announce new price increases as early as April and to ensure that their customers do not artificially inflate their orders before those increases are implemented.

Our business model is resilient by nature since a lot of what we sell is directly linked to basic needs: drinking water, heating, and the food processing, pharmaceutical, chemical and petrochemical industries. Our personnel showed their amazing capacities of adaptation in 2020 and stand ready to get through this dramatic period of turmoil by relying on the stocks they managed to replenish at the end of 2021.

We are of course extremely concerned, but we remain confident in our ability to face these new challenges together.