Press release

March 9th, 2017

Publication of the 2016 results

Excellent 2016 results, net income +22% yoy
Well on track for *Altran 2020. Ignition*

- **Consolidated revenues:** €2.120bn (+9.0% yoy and +5.9% organic growth[1])
- **Current operating income:** €220m, 10.4% of revenues (+18.2% yoy)
- **Net income:** €122m (+21.9% yoy)
- **Free Cash Flow[2]:** €84m (4.0% of revenues); €119m (5.6% of revenues) pro forma[3]
- **EPS:** €0.71 per share (+22.4% on 2015)
- **Proposed dividend[4]:** €0.24 per share (+26.3% on 2015)

Commenting on the Group's 2016 results, **Dominique Cerutti, Altran Chairman and Chief Executive Officer**, said: *"Altran posted an excellent set of results in 2016, with a 9% growth, consolidated revenues over €2.1bn and a net income increase of 22%. This performance results from the combination of Altran's success across all its geographies, the encouraging turnaround of our German operations, and a balanced portfolio reflecting a higher added-value positioning. With five acquisitions announced in 2016, the Group gained new strategic assets to sustain future growth. The Group's record performance, combined with positive market trends, provides a very solid base to the deployment of our* Altran 2020. Ignition *strategic plan."*

[1] *Organic growth is the reported growth restated for the impact of perimeter and change effects*
[2] *FCF = (EBIT + D&A + non-cash P&L) – non-recurring items +/- WCC – Tax paid – Capex*
[3] *Pro forma excluding the non-recurring impact of an invoicing shift linked to an ERP project in France*
[4] *Share premium distribution*

(in millions of euros)	2016	2015	%
Revenues	**2,120.1**	**1,945.1**	**+9.0%**
Gross margin[5]	**616.4**	**558.1**	**+10.4%**
As a % of revenues	***29.1%***	***28.7%***	
Indirect costs	(396.7)	(372.2)	+6.6%
Current operating income	**219.7**	**185.9**	**+18.2%**
As a % of revenues	***10.4%***	***9.6%***	
Other non-recurring operating income and expenses	(22.4)	(25.5)	
Goodwill impairment losses and amortization of intangible assets	(2.6)	-	
Customer-relationship amortization	(4.3)	(5.4)	
Operating income	**190.4**	**155.0**	**+22.8%**
Cost of net financial debt	(13.4)	(10.7)	
Other financial income and expenses	(2.0)	(0.4)	
Tax expenses/income	(52.4)	(43.3)	
Equity share in net income of associates	-	0.1	
Net income	**122.6**	**100.7**	**+21.7%**
Minority interests	(0.1)	(0.2)	
Net income attributable to Group	**122.5**	**100.5**	**+21.9%**
EPS (in euros)	**0.71**	**0.58**	**+22.4%**

2016: solid momentum and performance across all geographies and industries

Altran continues to benefit from the trust of its major clients and to reinforce its relationship with them: the number of clients with revenues above €20M was increased by 16% in 2016 and the number of deals above €1M grew by 25%.

2016 also marked the return of organic growth to Altran's operations in Germany in the second half of the year. The turnaround was reinforced by acquisitions at the end of the year, enabling Altran to comfort its competitive position with complementary know-how.

Altran announced **five strategic acquisitions** during this period:

In the United-States, with Synapse, Lohika and Pricol Technologies*, the operations of Altran now exceed €230m on a full-year basis:*

- ***Synapse*** *gives Cambridge Consultants, Altran's subsidiary specialized in innovative product development, an access to the West Coast;*
- *With* ***Lohika,*** *Altran accesses leaders in the Silicon Valley's high-tech ecosystem, strengthens its expertise in the development of agile software products and reinforces its Industrialized GlobalShore© network;*
- *Finally,* ***Pricol Technologies*** *gives Altran a significant presence in the center of the country (Mid-West of the US), and adds a recognized and integrated delivery capability in India, serving the automotive industry.*

In Germany, with Swell and Benteler Engineering, *Altran reinforces its market position in Germany and in the automotive sector. It now benefits from dedicated design, testing and*

[5] *The gross margin is made up of the difference between the operating income (revenues and other operating income) and the consultants/projects costs*

prototyping capabilities in the Czech Republic. Germany is a priority market of the Altran 2020. Ignition *strategic plan, with the objective of achieving more than €400m in revenues by 2020.*

2016: another year of profitable growth, with excellent results

The 2016 consolidated financial statements were approved by the Board of Directors on March 8th, 2017. In accordance with the AMF regulation dated from February 5th, 2010, please note that the consolidated financial statements have been audited and that the certification report is being prepared.

Consolidated 2016 revenues rose to €2,120m. This represents a reported growth of 9.0% at the Group level, with revenues up +7.4% in France, +8.3% in Northern Europe, +8.2% in Southern Europe, and up +25.2% in the Americas and Asia. The Group generated a 5.9% organic growth, compared to the 4.5% organic compound annual growth rate planned in the *Altran 2020. Ignition* strategic plan, and a 4.2% external growth.

The **gross margin** is up at 29.1%, with an invoicing rate of 87.3%, up 10 basis points on the 2015 levels.

Indirect costs (SG&A) as a percentage of revenues decreased to 18.7% from 19.1% in 2015, as a result of the Group's tight cost management maintained over the period. This performance is all the more impressive since it takes into account SG&A impact of acquisitions completed in 2016.

The **current operating income** rose by 18.2% year-on-year to €219.7m, corresponding to 10.4% of revenues, vs. 9.6% in 2015.

The **operating income** increased nearly by 22.8% on the 2015 levels. This includes the non-recurring costs of €22.4m booked over the period.

Overall, the **net income** came out at €122.6m, up +21.7% in 2015. EPS increased to €0.71 from €0.58 in 2015.

Maintained financial headroom

Altran generated a **free cash flow**[6] of €84m, corresponding to 4.0% of revenues. This performance reflects the non-recurring impact of an ERP project in France at the end of 2016, the deployment of which led to a deterioration of the average DSO levels of the Group to 83.7 days, compared to 77.5 in 2015.
Excluding this element, the pro-forma free cash flow amounts to €119m, equivalent to 5.6% of revenues. Furthermore, the management took immediate action and increased the use of non-recourse factoring to ensure there would be no cash impact.

The volatility observed on the free cash flow will be progressively reduced in 2017 and does not impact the 2020 objective of 7% for the Group's revenues, corresponding to a conversion rate of more than 50% of the current operating income.

At the end of 2016, Altran reported a net financial debt of €210m (vs. €144m at end-2015), implying a leverage ratio of 0.94x, well below its covenant at 2.5x of the EBITDA, even after investing a total of

---

[6] *FCF = (EBIT + D&A + non-cash P&L) – non-recurring items +/– WCC – Tax paid – Capex*

€139m in acquisitions (Synapse, Lohika, Swell and Benteler Engineering[7]), as well as financing a €33m dividend payout[8], and a total amount of €7m of share buybacks.

These results provide the company with a solid financial base to further implement the *Altran 2020. Ignition* strategic plan.

Proposed shareholder payout

At the General Shareholders Meeting on April 28th, 2017, the Altran Board of Directors will propose the **distribution of a €0.24 per-share payout** to be financed from the share premium account. This represents a 26% increase on the 2015 payout of €0.19 per-share.

Altran 2020. Ignition "in motion"

Delivering augmented value

In 2016, Altran focused on augmenting the added value provided to its clients. Seven "World Class Centers" are already up and running, among which two were launched at the end of the year in the fields of Advanced Manufacturing and Innovation & Design respectively.

Examples of Altran's achievements also include the revenues generated by VueForge® IoT solutions, the deployment and extension to a broader ecosystem of the **CoherenSE®** electronic platform with Jaguar Land Rover, and the minority investments in Divergent 3D and H2Scan start-ups which serve our major clients like PSA or ABB.

Finally, this year, Altran created Altran Consulting, structured around three practices, and was recently selected by ENGIE for its industrial digital transformation.

Industrialized GlobalShore®

In 2016, Altran continued to develop **its Industrialized GlobalShore® model** on a large scale, with 4,500 experts in its four Global Delivery Centers in India, Morocco, Portugal and Ukraine. The Group also expanded its Global Delivery footprint with new facilities in Chennai and Pune in India, and in Portugal with Porto.

Altran had early successes in the fields of automotive and aerospace, in Morocco where the Group passed the symbolic 1,000-engineer mark, in India with semiconductors, and in Portugal in the sectors of telecoms and financial services.

Outlook for 2017

On the basis of the information currently at its disposal, the management board expects **2017 to be another year of profitable growth** for the Group.

---

[7] *Pricol Technologies not included, its acquisition having been closed in February 2017*
[8] *Financed from the share premium account*

Financial calendar

28 April 2017: Q1 2017 revenues
28 April 2017: Shareholders' Annual General Meeting
28 July 2017: Q2 2017 revenues
7 September 2017: H1 2017 revenues
27 October 2017: Q3 2017 revenues

About Altran

As a global leader in Engineering and R&D services (ER&D), Altran offers its clients a new way to innovate by developing the products and services of tomorrow. Altran works alongside its clients on every link in the value chain of their project, from conception to industrialization. For over thirty years, the Group has provided its expertise to key players in the Aerospace, Automotive, Defence, Energy, Finance, Life Sciences, Railway, and Telecoms sectors, among others. In 2016, the Altran group generated revenues of €2.120bn. With a headcount of more than 30,000 employees, Altran is present in more than 20 countries.

www.altran.com
Read all our news on the Altran press hub

Contacts

Altran Group
Albin Jacquemont
Executive Vice-President and CFO
Tel: + 33 (0)1 46 41 71 89
comfi@altran.com

Marine Boulot
Group Vice-President Communications
Tel: + 33 (0)1 46 41 71 73
marine.boulot@altran.com

Press relations
Shan
Candice Baudet Depierre, directeur conseil
Tel: +33 (0)1 44 50 51 71
candice.baudetdepierre@shan.fr

Anne Vernois, directeur associé
Tel: + 33 (0)1 44 50 51 75
anne.vernois@shan.fr

Follow-us on Twitter: @Altran #Altran2020

DISCLAIMER

This press release contains forward-looking statements (as defined in the United States Private Securities Litigation Reform Act, as amended) based upon current management expectations. Numerous risks, uncertainties and other factors (including, risks relating to: government legislation affecting our businesses; competition; our ability to manage rapid technological change in the industries in which we compete; litigation risks, labour issues; unanticipated costs from disposals or restructuring) may cause actual results to differ materially from those anticipated, projected or implied in or by the forward-looking statements. Many of the factors that will determine our future results are beyond our ability to control or predict. These forward-looking statements are subject to risks and uncertainties and, therefore, actual results may differ materially from our forward-looking statements. You should not place undue reliance on forward-looking statements which reflect our views only as of the date of this presentation. We undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.