

## Press release

8 September 2016

### Publication of H1 2016 results

## Strong growth and sharp rise in profitability

- Revenues: €1,057.6m (+11%)
- Operating income on ordinary activities: €92.0m (+28%)
- Net income: €51.6m (+36%)

Commenting on the Group's H1 2016 results, Altran Chairman and Chief Executive Officer Dominique Cerutti declared: *"Altran experienced an excellent first half of 2016, both in terms of business growth and increased profitability. We are especially proud to report this strong performance, as it was achieved while actively transforming our Group, as per our Altran 2020. Ignition strategic plan. Combined with the recently finalized acquisitions of two US companies, Lohika and Synapse, which endows the Group with new strategic assets for its future development, these results reinforce our ambition with determination to meet our strategic objectives for 2020."*

(in millions of euros)	H1 2016	H1 2015	%
<b>Revenues</b>	<b>1,057.6</b>	<b>954.5</b>	<b>+10.8%</b>
Gross margin	285.2	256.7	+11.1%
<b>As a % of revenues</b>	<b>27.0%</b>	<b>26.9%</b>	
Overheads	(193.2)	(184.6)	+4.7%
<b>Operating income on ordinary activities</b>	<b>92.0</b>	<b>72.1</b>	<b>+27.6%</b>
<b>As a % of revenues</b>	<b>8.7%</b>	<b>7.6%</b>	
Other non-recurring operating income and expenses	(10.7)	(10.7)	
Amortization of customer-relationships and other intangible assets	(2.1)	(2.2)	
<b>Operating income</b>	<b>79.2</b>	<b>59.2</b>	<b>+33.8%</b>
Financial income / (expenses)	(6.4)	(3.9)	
Tax (expenses) / income	(21.2)	(17.2)	
<b>Net income</b>	<b>51.7</b>	<b>38.1</b>	
Minority interests	(0.1)	(0.1)	
<b>Net income attributable to Group</b>	<b>51.6</b>	<b>38.0</b>	<b>+35.8%</b>
EPS (in euros)	0.30	0.22	

## Results

Altran reported H1 2016 **revenues** of €1,057.6m vs €954.5m in H1 2015 (up 10.8%), representing organic<sup>1</sup> growth of 7.9% and economic<sup>2</sup> growth of 6.2%.

The Group's **gross margin** stood at €285.2m, or 27.0% of revenues vs. the prior year's level of 26.9%. This stability is consistent with the trend observed in invoicing rates, which remained at a level comparable to last year's.

**Indirect costs** as a percentage of revenues fell to 18.3% in H1 2016 vs. 19.3% in H1 2015, on the back of a very tight cost management over this period of strong business growth.

The Group's **operating income on ordinary activities** (EBIT) came in at €92.0m, representing 8.7% of revenues, or a 110bps increase compared to H1 2015 when the EBIT (at €72.1m) was 7.6% of revenues.

The Group's **non-recurring expenses** remained at H1 2015 levels of €10.7m, and are largely attributable to restructuring charges in Germany and Benelux (€5.8m vs. €6.9m last year), acquisition charges (€1.7m) and other expenses.

Thanks to these favourable elements, the Group's **net income** advanced from €38.0m at end-June 2015 to €51.6m in H1 2016, representing a growth of almost 36%.

## Cash and debt

Altran significantly reduced its DSO levels to 83.3 days vs. 90 days in June 2015.

The Group's WCR recorded an increase in H1 2016 due in part to its seasonal business cycle but above all to a sharp rise in organic growth in H1 2016 (+7.9%), which further accelerated in Q2 2016 (+9.6%).

At the end of H1 2016, the Group's **free cash flow**<sup>3</sup> was -€37m vs. -€25m at end-June 2015.

The Group's **net debt** came out at €208m in H1 2016, versus the year-earlier level of €212m and €138m at end-December 2015.

At the end of H1 2016, the Group had **available cash** of €423m, vs. €383m at end-June 2015.

## Acquisitions of Synapse and Lohika

Over the summer period, Altran finalized (closing) the strategic acquisition of two companies based on the US West coast: Synapse and Lohika, both fully aligned with implementation of the *Altran 2020. Ignition* strategic plan:

- The acquisition of Synapse allows the Group to accelerate the growth of Cambridge Consultants, which aims to have a global workforce of over 1,000 innovative product development specialists;
- With the integration of Lohika, the Group takes a new step towards positioning Altran as a leader in software engineering and R&D in North America;

<sup>1</sup> *Organic growth = like-for-like growth at constant exchange rates*

<sup>2</sup> *Economic growth = organic growth restated for the change in the number of working days*

<sup>3</sup> *Free Cash-Flow = (EBIT + depreciation and amortisation) - exceptional costs - tax - capex +/- change in WCR*

- The United States is now the second largest business area for Altran, in keeping with the Group's objective of achieving €500m in revenues by 2020.

These combined capabilities will be offered to the Group's clients across the various sectors and regions where it maintains a presence, improving Altran's overall global value proposition.

## Outlook

Based on the information currently at its disposal, Altran expects 2016 to be another year of profitable growth.

## Additional information

Altran's Board of Directors met on 7 September 2016 to approve the H1 2016 financial statements. The Statutory Auditors have performed a limited review of the Group's H1 2016 and H1 2015 financial data.

## Financial calendar

27 October 2016: Q3 2016 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 2015, the Altran group generated revenues of €1.945bn. With a headcount of more than 27,000 employees, Altran is present in more than 20 countries.

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