

## Press release

07.09.2017

### H1 2017: a solid set of results

- **Revenues: €1,151.8m (+11.4% reported and +5.4% economic<sup>1</sup> growth vs. H1 2016)**
- **EBIT: €105.2m (+16.6% vs. H1 2016)**
- **40 bps EBIT margin expansion driven by gross margin performance and cost control**
- **Net income from continued operations: €54.1m (+6.7% vs. H1 2016)**
- **Improved cash generation: Free Cash Flow<sup>2</sup> -€8m in H1 2017, vs. -€36m in H1 2016**

Commenting on the Group's H1 2017 results, Altran Chairman and Chief Executive Officer Dominique Cerutti declared: "Altran experienced a solid first half of 2017, both in terms of business growth and increased profitability while absorbing the adverse effect of working days. We are pleased to report this strong performance, as it was achieved while actively transforming our Group. Market patterns confirm the industry scenario anticipated in Altran 2020. Ignition and we are ahead in executing our transformation."

All reported figures exclude discontinued US utilities business, which, as announced in the Q2 2017 revenues publication, is non-core and which Altran has decided to divest. Therefore, this business is treated as discontinued operations, as per IFRS5 rule.

| (in millions of euros)                                | H1 2017        | H1 2016        | %             |
|---|----------------|----------------|---------------|
| <b>Revenues</b>                                       | <b>1,151.8</b> | <b>1,034.3</b> | <b>+11.4%</b> |
| Gross margin <sup>3</sup>                             | 314.4          | 281.8          | +11.6%        |
| <b>As a % of revenues</b>                             | <b>27.3%</b>   | <b>27.2%</b>   |               |
| Indirect costs/SG&A                                   | (209.2)        | (191.6)        | +9.2%         |
| <b>Operating income on ordinary activities (EBIT)</b> | <b>105.2</b>   | <b>90.2</b>    | <b>+16.6%</b> |
| <b>As a % of revenues</b>                             | <b>9.1%</b>    | <b>8.7%</b>    |               |
| Other operating income and expenses                   | (11.5)         | (10.4)         |               |
| <i>Thereof restructuring costs</i>                    | (7.3)          | (5.5)          |               |
| Intangible assets amortization                        | (2.2)          | (2.1)          |               |
| <b>Operating income</b>                               | <b>91.5</b>    | <b>77.7</b>    | <b>+17.8%</b> |
| Financial result                                      | (14.1)         | (6.4)          |               |

<sup>1</sup> Organic growth adjusted for working days effect

<sup>2</sup> FCF = (EBIT + D&A + non-cash P&L) – non-recurring items +/- WCR – Tax paid – Capex

<sup>3</sup> The gross margin is made up of the difference between the operating income (revenues and other operating income) and the consultants/projects costs

|  |             |             |              |
|--|-------------|-------------|--------------|
| Income tax                                       | (23.1)      | (20.6)      |              |
| Equity share in net income of associates         | (0.2)       | 0.0         |              |
| <b>Net income before discontinued operations</b> | <b>54.1</b> | <b>50.7</b> | <b>+6.7%</b> |
| Net profit/loss on discontinued operations       | 0.6         | 1.0         |              |
| Minority interests                               | 0.0         | (0.1)       |              |
| <b>Net income (Groupshare)</b>                   | <b>54.7</b> | <b>51.6</b> | <b>+6.0%</b> |
| <b>EPS (in euros)</b>                            | <b>0.32</b> | <b>0.30</b> | <b>+6.7%</b> |

## Results

Altran reported robust H1 2017 **revenues** of €1,151.8m vs €1,034.3m in H1 2016 (up 11.4%), representing organic<sup>4</sup> growth of 4.9% and economic growth of 5.4%.

The Group's **gross margin** stood at €314.4m, to 27.3% of revenues vs. the prior year's level of 27.2%, more than offsetting the effect of the lower number of working days. This performance is consistent with the invoicing rate remaining at a level comparable to last year's.

**SG&A** as a percentage of revenues decreased to 18.2% in H1 2017 vs. 18.5% in H1 2016, on the back of a very tight cost management in conjunction with strong business growth.

The Group's **operating income on ordinary activities (EBIT)** came in at €105.2m, representing 9.1% of revenues, or a 40bps increase compared to H1 2016 when the EBIT (at €90.2m) was 8.7% of revenues. This increase was driven both by revenue performance and cost control.

The Group's **non-recurring expenses** amounted to €11.5m compared to €10.4m last year, and are largely attributable to restructuring expenses (€7.3m vs. €5.5m last year).

H1 2017 financial result of -€14.1m (compared to -€6.4m in H1 2016) reflects some one-offs this semester.

Thanks to these favorable elements, the Group's **net income from continued operations** advanced from €50.7m in H1 2016, to €54.1m in H1 2017, representing a 6.7% growth.

## Cash and debt

The Group's working capital requirement is positively impacted by the 2016 shift of invoicing (one time event).

At the end of H1 2017, the Group's **free cash flow** has significantly improved to -€8m, vs. -€36m at end-June 2016.

The Group's **net debt** came out at €384.6m in H1 2017, versus the year-earlier level of €217.2m and €209.6m at end-December 2016, in line with the recent acquisitions.

At the end of H1 2017, the Group had **available cash** of €395m, vs. €423m at end-June 2016, after the €4m shareholder distribution.

<sup>4</sup> Growth at constant forex and perimeter

## Outlook

The market patterns confirm the industry scenario anticipated in *Altran 2020. Ignition* and the Group is ahead in executing its business model transformation.

This improvement in our economic model shows in the Group's strong H1 2017 performance and should translate into a full year 2017 performance broadly in line with our long-term objectives.

## Additional information

Altran's Board of Directors met on 6 September 2017 to approve the H1 2017 financial statements. The Statutory Auditors have performed a limited review of the Group's H1 2017 and H1 2016 financial data.

The Group's semi-annual report will be available on the Company website [www.altran.com](http://www.altran.com) on September 7<sup>th</sup>, 2017.

## Financial calendar

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 Telecom 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](http://www.altran.com)

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