Press release
28.02.2018

Full Year results 2017:
the “*Ignition*” transformation bears its fruits

- **A solid set of results:**
    - **Revenues: €2,282.2m (+10.0% reported and +5.6% economic growth[1] y/y[2])**
    - **EBIT: €246.3m (+13.6% y/y), margin of 10.8% of revenues**
    - **Net income from continued operations: €139.7m (+15.3% y/y)**
    - **Free Cash Flow[3]: €118.1m in 2017, 5.2% of revenues**
    - **EPS[4]: €0.81 per share (+15.7% y/y)**
- **Proposed dividend: €0.24 per share, subject to shareholders’ approval**

Commenting on the Group’s 2017 results, Altran Chairman and Chief Executive Officer Dominique Cerutti declared: *“Our 2017 Full Year results demonstrate first and foremost the effectiveness of our model and, as we continue to transform Altran, we are reaching record levels of financial performance. We have a solid foundation on which to build with Aricent and set new standards for the global ER&D industry. In 2018 we look forward to addressing the technological and innovation transformation needs of our clients with an undisputed value proposition.”*

Over the year 2017, Altran delivered consolidated revenues of €2,282.2m, up +10.0% year on year, with an organic[5] growth of +4.8% and an economic[1] growth of +5.6%.

The Group’s EBIT[6] came in at €246.3m, representing a solid 10.8% margin, or a 13.6% increase compared to 2016. Noticeably this margin expansion was achieved in a year characterized by strong headwinds (among which the lower number of working days and forex impact), demonstrating the strength of Altran’s business model.

The Group’s non-recurring expenses included restructuring cost (€17.2m this year, down from €18.2m in 2016), litigation costs (€8.6m, compared to a positive €2.0m in 2016, related to a legacy overtime litigation which the Group has appealed), and M&A costs (€13.2m mainly due to the Aricent acquisition, vs. €5.5m last year).

As a result, the Group’s net income from continued operations increased by 15.3%, to €139.7m up from €121.2m in 2016.

EPS on continued operations increased by 15.7%, from €0.70 to €0.81.

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1 *Organic growth adjusted for working days effect*

2 *All reported figures exclude discontinued US utilities business that has been treated as discontinued operations, as per IFRS 5 rule. 2016 financial statements have been restated for this divestment for comparison purposes.*

3 *FCF = (EBIT + D&A + non-cash P&L) + non-recurring items +/– change in WCR – Tax paid – Capex*

4 *From continued operations*

5 *Growth at constant forex and perimeter*

6 *Operating income on ordinary activities*

Detailed analysis of revenues

Geographic breakdown of 2017 performance:

(in millions of euros)	2017	Reported Growth%	Organic Growth%[5]	Economic Growth%[1]
FRANCE	**920.2**	**6.8%**	**6.8%**	**7.6%**
NORTHERN EUROPE	**758.2**	**13.3%**	**2.2%**	**3.0%**
Germany & Austria	275.0	24.7%	5.9%	7.2%
Benelux	166.3	5.7%	-3.3%	-2.9%
UK	216.1	7.9%	2.0%	2.3%
Scandinavia	67.9	19.8%	6.4%	7.2%
Switzerland	32.9	-4.4%	-2.7%	-2.1%
SOUTHERN EUROPE	**449.4**	**4.5%**	**4.5%**	**5.4%**
Italy	216.6	0.1%	0.2%	1.0%
Iberia	232.8	8.9%	9.0%	9.7%
REST OF THE WORLD	**154.4**	**36.4%**	**5.4%**	**5.8%**
USA[7]	83.4	39.9%	-6.9%	-6.3%
India[7]	40.0	70.2%	34.0%	34.4%
China	31.0	3.0%	7.2%	7.8%
TOTAL	**2,282.2**	**10.0%**	**4.8%**	**5.6%**

- **France**: +7.6% economic growth, driven by positive dynamics across all industries.
- **Northern Europe**: +3.0% economic growth. The momentum in Germany continues (+24.7% reported growth and +7.2% economic growth in the Germany – Austria area) in a market environment still proving to be challenging. Scandinavia showed a good performance with 7.2% economic growth while the UK achieved +2.3% economic growth in spite of uncertainties arising from the Brexit. The improvement expected in Benelux is still due to materialize while Switzerland posted a positive economic growth in Q4.
- **Southern Europe**: +5.4% economic growth, with strong performance in Spain and Portugal, while Italy returned to growth starting March 2017, as expected.
- **Rest of the world:** +5.8% economic growth and +36.4% reported growth. India and USA combined showed a +5.2% economic growth, with an acceleration in the fourth quarter, in line with expectations, with a 8.3% reported growth combined.

[7] *USA performance should be read in conjunction with the one of India, as a growing part of US projects are carried out from India.*

(in millions of euros)	2017	2016[2]	%
Revenues	**2,282.2**	**2,074.1**	**+10.0%**
Gross margin[8]	660.7	610.4	
Indirect costs/SG&A	(414.4)	(393.6)	
Operating income on ordinary activities (EBIT)	**246.3**	**216.8**	**+13.6%**
Non-recurring income / (losses)	(39.0)	(21.7)	
Thereof restructuring costs	*(17.2)*	*(18.2)*	
Intangible assets amortization / Goodwill depreciation	(4.3)	(6.9)	
Operating income	**203.0**	**188.2**	**+7.9%**
Financial result	(20.1)	(15.4)	
Income tax	(42.8)	(51.7)	
Equity share in net income of associates	(0.4)	0.1	
Net income before discontinued operations	**139.7**	**121.2**	**+15.3%**
Net profit/loss on discontinued operations[9]	(8.9)	1.4	
Minority interests	0.0	(0.1)	
Net income (Group share)	**130.8**	**122.5**	**+6.8%**
EPS from continued operations (in euros)	**0.81**	**0.70**	**+15.7%**

Invoicing rate

The invoicing rate was broadly flat at 87.1%, despite the rapid development of the Industrialized Globalshore™ model. This indicator will no longer be published starting 2018 as its relevance reduces in the context of the expansion of the Ignition model (Industrialized GlobalShore™, Augmented Value), and of the acquisition of Aricent.

Cash and debt

At the end of 2017, the Group's reported free cash flow has improved to €118.1m, vs. €83.6m in 2016.

The Group's net debt came out at €351.1m in 2017, compared to €209.6m at end-December 2016, in line with the recent acquisitions. At the end of 2017, the Group had cash and cash equivalent of €372.9m, vs. €478.3m at end 2016, after the €41.5m shareholder distribution.

At the end of 2017, the Group has significantly reduced its off balance sheet factoring, which had a negative impact of €78.5m on the net debt. The Group expects to continue to use off balance sheet factoring in the future.

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

[9] *2017 saw a negative €8.9m result from discontinued operations following the divestment of the US utilities business which was completed in December 2017.*

Acquisitions of the period

Altran announced two bolt-on acquisitions during this period:

- **GlobalEdge Software** increases Altran's presence in the USA and India, reinforcing significantly the Group's Industrialized GlobalShore™ end-to-end delivery capabilities, and is aligned with Altran's strategy to reinforce its operations with the Industrial & Electronics, Telecom, Automotive and Software/Internet industries;

- The acquisition of **Information Risk Management** in the UK significantly enhances Altran's skills and expertise in Cyber Security, a growing and strategic global market with best-in-class accreditations and certifications, enabling Altran to advise both commercial and governmental entities.

After a series of bolt-on acquisitions over the past three years, time had come for a transformational deal. Altran announced on November 30th, 2017 it had entered into a definitive agreement to acquire **Aricent**, a global digital leader in design and engineering services, from a group of investors led by KKR, for a total enterprise value of €1.73 billion or $2.0 billion in an all-cash transaction.

Since the announcement of the acquisition of Aricent, Altran has swiftly undertaken the key steps leading to completion of this transaction.

- Employee representative bodies in France, Germany, Spain and the Netherlands have all been informed and/or consulted and delivered a positive opinion;

- Authorization from the United States and German antitrust authorities have been obtained;

- On January 26th, 2018 during an Extraordinary General Assembly, Altran shareholders expressed strong support for a proposed capital increase in the amount of €750m, which proceeds are to be used for a partial early repayment of the debt incurred by the Company in the context of the acquisition;

- On February 15th, 2018, Altran successfully completed the syndication of its €2,125m equivalent Senior Secured Term Loan B together with a €250m Bridge Facility, to be used to pay the purchase price of the Aricent acquisition and to early redeem the Group's existing medium and long term debt. The financing was largely oversubscribed at attractive conditions.

The antitrust process in India is moving forward and is expected to be cleared before the end of the 1st quarter 2018, leading to the closing of the transaction to be expected during this same quarter, as previously announced.

Trends in staff levels

As of 31 December 2017, total headcount of the Altran group was 33,665 employees, compared with 28,950[10] at 31 December 2016. With Aricent, the Group will have a total headcount close to 45,000 employees.

Dividend

At the General Shareholders Meeting on April 27th, 2018, the Altran Board of Directors will propose the distribution of a €0.24 per-share dividend, stable compared to the amount paid in 2017.

[10] *Excluding US utilities business.*

Outlook

2017 financial results demonstrate that the transformation initiated in 2015 when the strategic plan was released bears its fruits. In the context of the Aricent acquisition, the financial objectives that had been released for 2020 have become irrelevant. Altran will release a new strategic plan during its Investor Day scheduled on June 28th, 2018.

Additional information

Altran's Board of Directors met on February 26th, 2018 to approve the full year 2017 financial statements. The Statutory Auditors have performed a review of the Group's 2017 and 2016 financial data.

The Group's annual report will be available on the Company website www.altran.com before the end of March 2018.

Financial calendar

26 April 2018: Q1 2018 revenues
27 April 2018: Shareholders' Annual General Meeting
28 June 2018: Investor Day
6 September 2018: First half 2018 results and Q2 2018 revenues
26 October 2018: Q3 2018 revenues

Investor Calls Details

Investor meeting & conference call on February 28, 2018 at 8:30 am Paris time (CET) in Altran HQ,

located 96, Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine

Telephone numbers: +33172727403 or +442071943759

Confirmation Code: 83292874#

A conference call dedicated to US investors will be held at 3:00 pm Paris time (CET)

Telephone numbers: +33172727403 or +18442860643

Confirmation Code: 82250588#

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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 2017, the Altran group generated revenues of €2.282 billion. With a headcount of more than 33,000 employees, Altran is present in more than 20 countries.

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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.

Appendix:

1. Quarterly trends in Group revenues are as follows (post IFRS 5):

(in millions of euros)	Q4 2016[2]	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Revenues, excluding contributions from companies acquired and/or divested (A)	524.5	548.0	529.0	505.9	573.7
Contribution of companies acquired and/or divested (B)	25.7	35.5	39.3	23.5	27.3
Total Revenues (A)+(B)	**550.2**	**583.5**	**568.3**	**529.4**	**601.0**

Changes of perimeter concern Pricol Technologies, Benteler, Lohika, Synapse, Swell, Information Risk Management and Global Edge.

2. Alternative Performance Measures:

a. Organic growth and economic growth for the 4th quarter

(in €m)			
Revenues Q4 2017	601.0		
Change of perimeter	-27.3		
FOREX impact	4.5		
Revenues at constant perimeter and forex	578.2	+ 5.1%	Organic growth*
Impact of working days	4.5		
Revenues at constant perimeter, forex and working days	582.7	+ 5.9%	Economic growth**
Revenues Q4 2016		550.2	

b. Organic growth and economic growth for the year

(in €m)			
Revenues 2017	2,282.2		
Change of perimeter	-125.5		
FOREX impact	16.1		
Revenues at constant perimeter and forex	2,172.8	+ 4.8%	Organic growth*
Impact of working days	17.3		
Revenues at constant perimeter, forex and working days	2,190.1	+ 5.6%	Economic growth**
Revenues 2016		2,074.1	

*Organic growth is calculated on a constant perimeter and forex (use of the last year average rate)
** Economic growth is calculated on organic growth at constant working days (use of last year working days)

c. Free Cash Flow

Free cash flow is an alternative indicator used by the Company to measure performance. Free cash flow represents the cash the Group is able to generate after taking into account capital expenditures such as income tax and investments necessary for its activities, before taking into account net interest payments. Accordingly, this is cash flow available to be used to pay down the Company's debt, pay out dividends and finance specific endeavors, particularly growth operations.

Free cash flow is calculated as follows: operating income from ordinary activities plus depreciation, amortization and net operating provisions, current income and expense, plus non-recurring expenses with a cash impact, minus capital expenditure necessary for operations, net of disposals, minus income tax paid, plus/minus changes in working capital requirement.

All reported figures exclude discontinued US utilities business that has been treated as discontinued operations, as per IFRS 5 rule. 2016 financial statements have been restated for this divestment for comparison purposes.

(in €m)	2017	2016
EBIT	**246.3**	**216.8**
Depreciation & Amortization & Provisions	9.3	13.6
Non-cash P&L	(1.1)	3.8
Non recurring items (cash impact)	(29.4)	(21.5)
Cash Flow	**225.1**	**212.7**
Change in WCR	(4.6)	(61.0)
Tax paid	(44.9)	(31.5)
Capex	(57.5)	(36.6)
Free Cash Flow	**118.1**	**83.6**
As % of revenues	*5.2%*	*4.0%*