



First Half 2019 results

September 5th, 2019

ALTRAN

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01.

Highlights of the period

ALTRAn

H1 2019: Strong focus on execution yielding results

Solid growth (economic of +8.5% and organic of +7.4%)

Operating margin of 11.2%, an expansion of 110bps driven by Europe and Americas equally

Adjusted net income of €64m, +10.8% vs H1 2018 in spite of the cyber-attack

Free-cash flow of €(31)m owing to improved operational performance and deployment of Altran cash program

Good commercial momentum thanks to the deployment of our diversified service models

H1 2019 Financial snapshot

REVENUES

€1,594m

+16.1% (reported) vs. H1 2018
+8.5% (economic), +7.4% (organic)

OPERATING MARGIN

€178m

+28.7% vs. H1 2018

OPERATING MARGIN

11.2%

+ 110bps vs. H1 2018

ADJUSTED NET INCOME*

€64m

+ 10.8% vs. H1 2018

FREE CASH FLOW

€(31)m

from €(225)m in H1 2018

LEVERAGE 30 JUNE**

3.2x EBITDA

EMPLOYEES

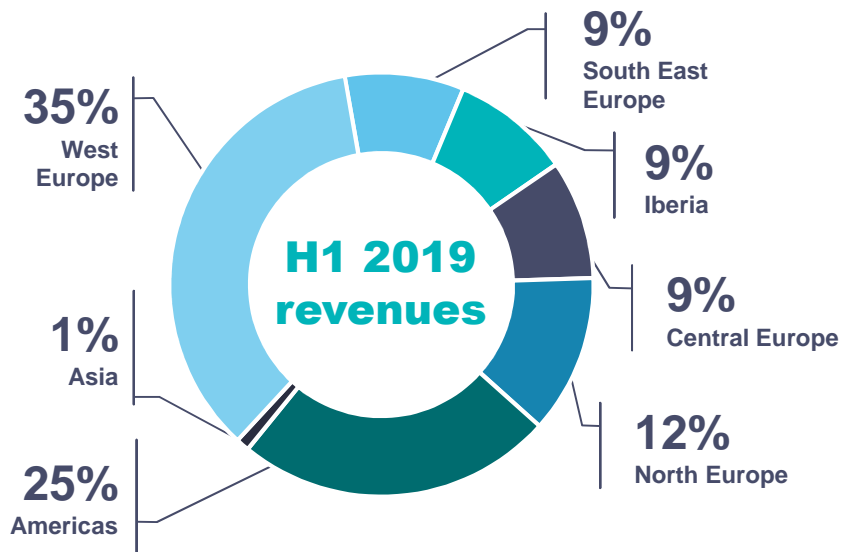
48,555

Net hiring: + 1,986

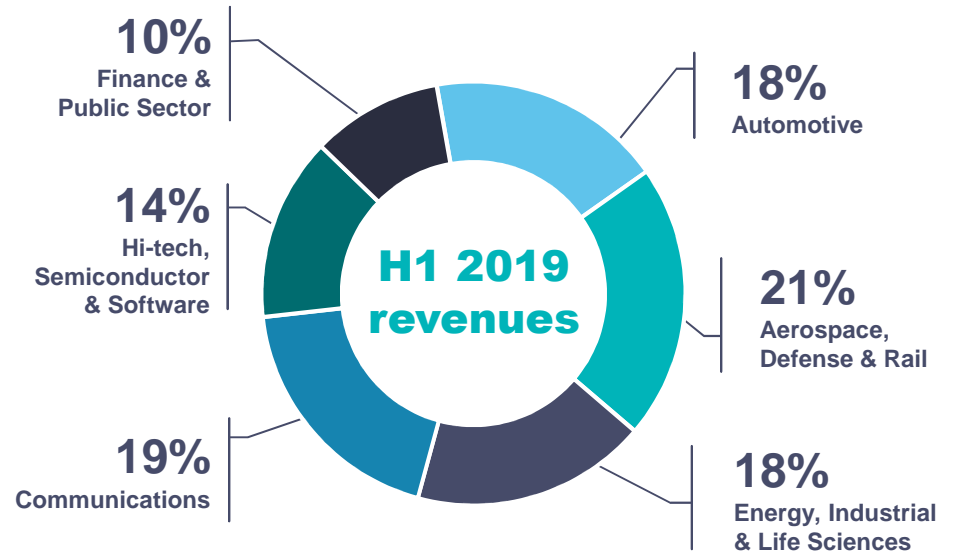
6 *adjusted for PPA arising from Aricent acquisition, acquisition fees, insurance premiums, one-offs related to the Group refinancing, integration costs, net of tax impacts.
**LTM EBITDA

Balanced revenue mix across geographies and sectors

Revenue mix per geography



Revenue mix per sector



- Europe is operating through clusters since January 1st, 2019.
- West Europe: France, Belgium, Luxemburg, Morocco, Tunisia; South East Europe: Italy, Switzerland; Iberia: Spain, Portugal; Central Europe: Germany, Austria, Czech Republic, Slovakia, Romania; North Europe: Netherlands, Scandinavia, United Kingdom

Multiple client success stories across our service models over H1 2019

Mainstream Engineering and R&D services



- **Network Rail:** selected for a significant new Framework with Network Rail's Group STE (Safety, Technical and Engineering Directorate), to augment internal teams through managed services **over five years**
- **Siemens-Gamesa** announced Altran as a **Category A – preferred supplier and key strategic partner** in several countries in **engineering and digital activities**
- **CNH Industrial:** project on a **parametric seating buck**, a virtually integrated device that can provide an immersive ambient to study the design and interact with the virtual machine (evaluating efficiency, visibility, and human performance).
- For a **global leader in Life Sciences:** managed services deal for the implementation & support of **industrial data management systems**
- Leading **aircraft OEM:** apps development & maintenance deal

High Value / Next Core Services



- **European car maker:** project in the **e-mobility domain**, around connected charging systems.
- For a **major European Energy utility**, frog design selected for a **user experience vision** for the future of the **US smart institution platform**
- A **nuclear player** has chosen Altran to deploy the **first asset tracking solution** for its manufacturing site
- Partnership with the **Public Hospitals of Paris** and **echOpen** to design an **echo-stethoscope connected to a smartphone**
- **Leading global software company:** partnership to apply **AI** to the development and test process
- Won Multiple projects in **Software Frameworks** related to **5G** for **NXP, FHK (Foxconn) and Lenovo** among others

Industrialized GlobalShore®



- **French car maker:** project to develop and validate **battery systems** over 3 years
- **Leading European telecom operator:** **Quality Assurance services** across multiple domains (e.g. IoT, SDN/NFV/SDWAN...)
- **Europe's largest semiconductor chip company:** signed as a new strategic partner for **automotive chip-design services** in a new India ODC
- For one of the **largest vaccine producers**, management of **C&Q documentation activities** of a new facility expected
- **Leading Network Equipment Provider:** **software product services** including Cloud & Payment applications.

02.

H1 2019 financial results

altran

H1 2019 financial highlights

Solid revenue growth (+8.5% economic, +7.4% organic, +16.1% reported) to €1,594m

H1 operating margin of €178m (11.2%, +110bps vs H1 2018)

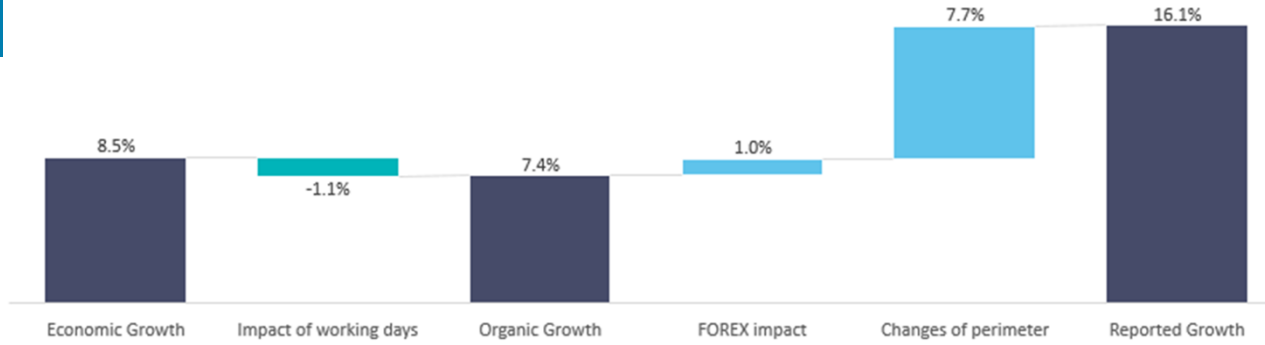
Adjusted net profit of €64m, a 10.8% increase vs H1 2018

Free-cash flow of €(31)m owing to improved operational performance and deployment of Altran cash program helping to reduce seasonality

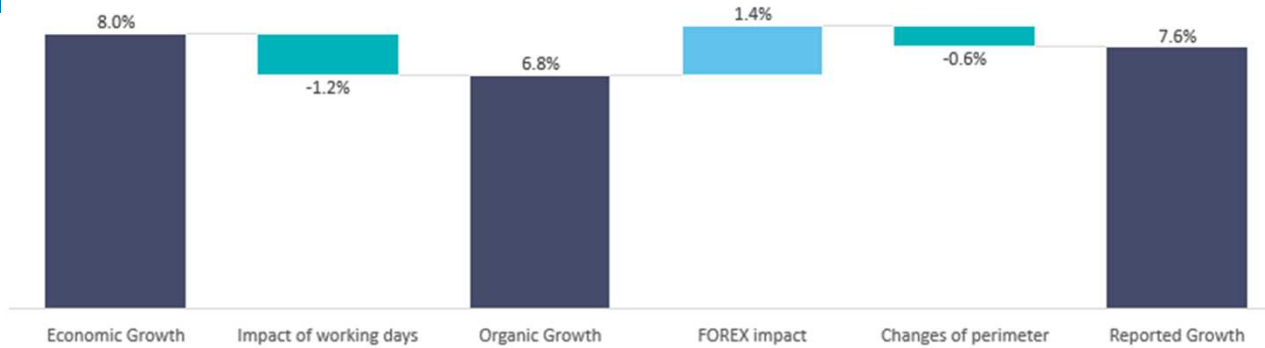
3.2x EBITDA leverage and net financial debt of €1,429m as of 30 Jun. 2019

Economic to reported growth

H1 2019



Q2 2019

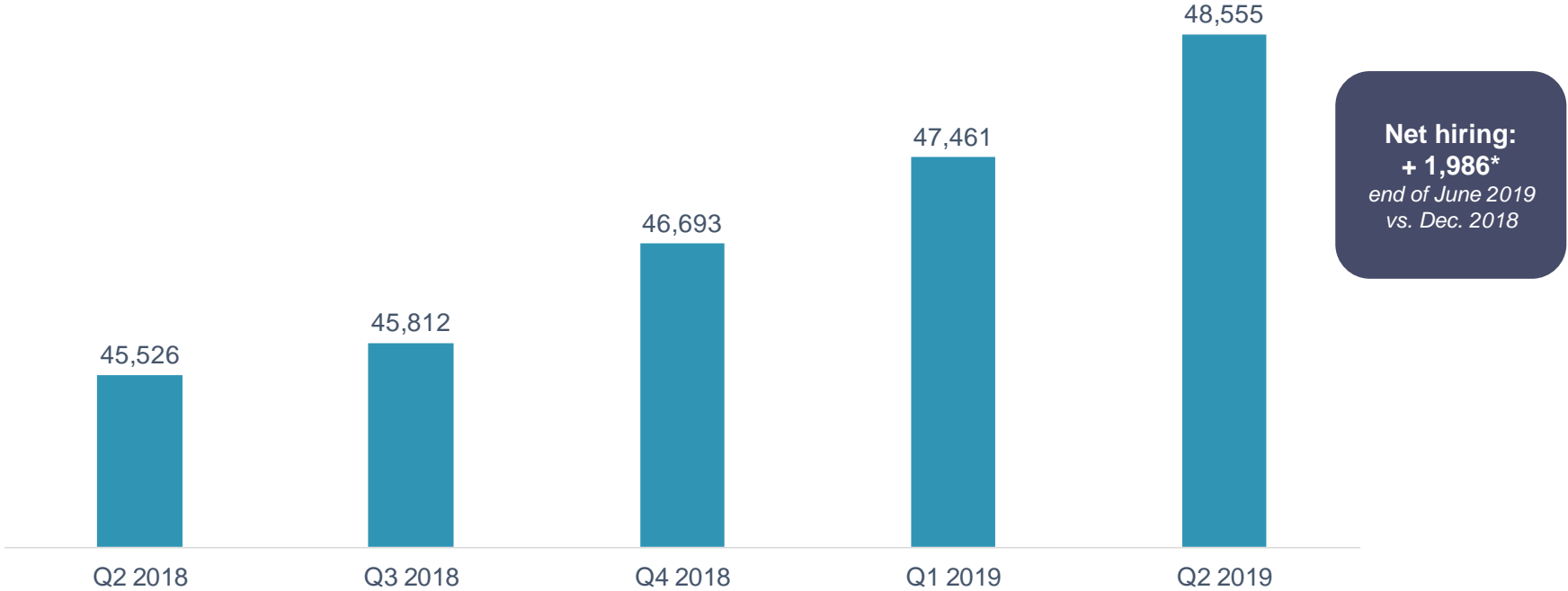


Growth per region

<i>(in €m)</i>	Second Quarter				First Half			
	Revenues	Reported Growth%	Organic Growth%	Economic Growth%	Revenues	Reported Growth%	Organic Growth%	Economic Growth%
EUROPE	592.8	7.8%	8.4%	9.5%	1,187.5	7.6%	8.1%	9.1%
West Europe	275.2	9.5%	9.5%	9.6%	553.7	6.7%	6.7%	7.5%
North Europe	93.9	5.8%	6.7%	7.1%	189.6	7.5%	7.6%	8.1%
Central Europe	72.9	-2.1%	2.3%	3.9%	148.7	2.9%	7.2%	8.0%
South East Europe	76.2	12.3%	11.5%	11.7%	148.4	10.8%	10.2%	11.1%
Iberia	74.6	10.0%	10.0%	13.5%	147.1	13.0%	13.0%	14.8%
AMERICAS	201.0	7.0%	1.8%	3.0%	388.4	54.0%	3.9%	4.9%
ASIA	9.5	7.5%	8.6%	8.9%	18.1	9.7%	9.1%	10.0%
TOTAL	803.3	7.6%	6.8%	8.0%	1,594.0	16.1%	7.4%	8.5%

- Europe is operating through clusters since January 1st, 2019.
- West Europe: France, Belgium, Luxemburg, Morocco, Tunisia; South East Europe: Italy, Switzerland; Iberia: Spain, Portugal; Central Europe: Germany, Austria, Czech Republic, Slovakia, Romania; North Europe: Netherlands, Scandinavia, United Kingdom

Resources



*restated for the impact perimeter

Strong operating performance

<i>(in €m)</i>	H1 2019	H1 2018	Change (%)
Revenues	1,594.0	1,372.7	16.1%
Net operating expenses	(1,415.8)	(1,234.2)	
Operating margin	178.2	138.5	28.7%
<i>% of revenues</i>	<i>11.2%</i>	<i>10.1%</i>	
Other operating expenses	(84.3)	(69.9)	
Operating income	93.9	68.6	36.9%
Net financial expenses	(44.6)	(53.8)	
Income tax	(15.8)	(5.0)	
Net income from discontinued operations	-	(0.2)	
Non-controlling interests	(0.3)	(0.1)	
Net income (Group share)	33.2	9.5	249.5%
Adjusted net income (Group share)	63.7	57.5	10.8%

Details of net operating expenses and other operating expenses

<i>(in €m)</i>	H1 2019	H1 2018
Cost of revenues	(1,137.9)	(995.6)
<i>o/w amortization of large software deals</i>	(15.4)	(7.3)
Selling, General & Administrative expenses	(277.9)	(238.6)
Net operating expenses	(1,415.8)	(1,234.2)

<i>(in €m)</i>	H1 2019	H1 2018
Share-based compensation	(9.2)	(0.8)
Amortization of intangibles arising from business combinations	(31.4)	(26.4)
Restructuring costs	(12.0)	(14.8)
Acquisition & integration costs	(5.2)	(27.5)
Litigation and miscellaneous	(26.5)	(0.4)
Other operating expenses	(84.3)	(69.9)

Net financial expenses

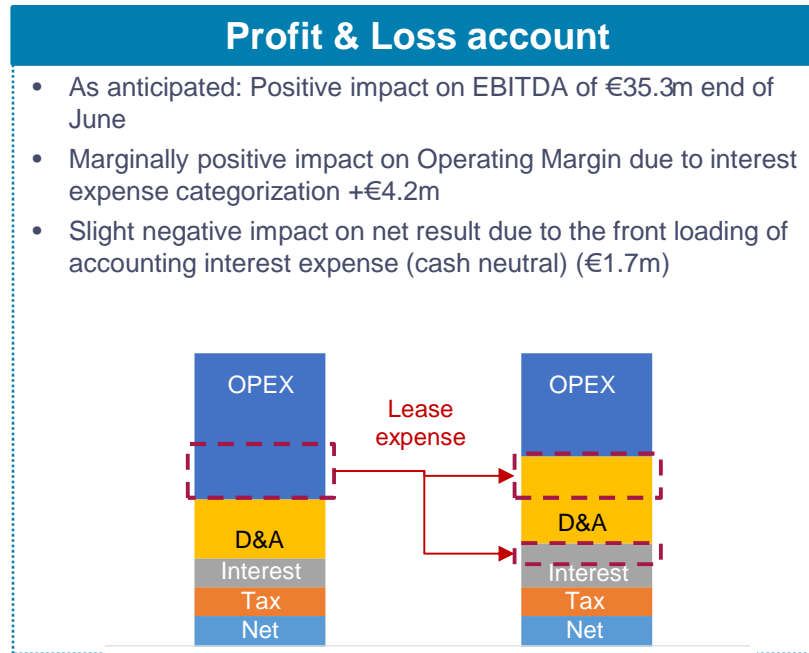
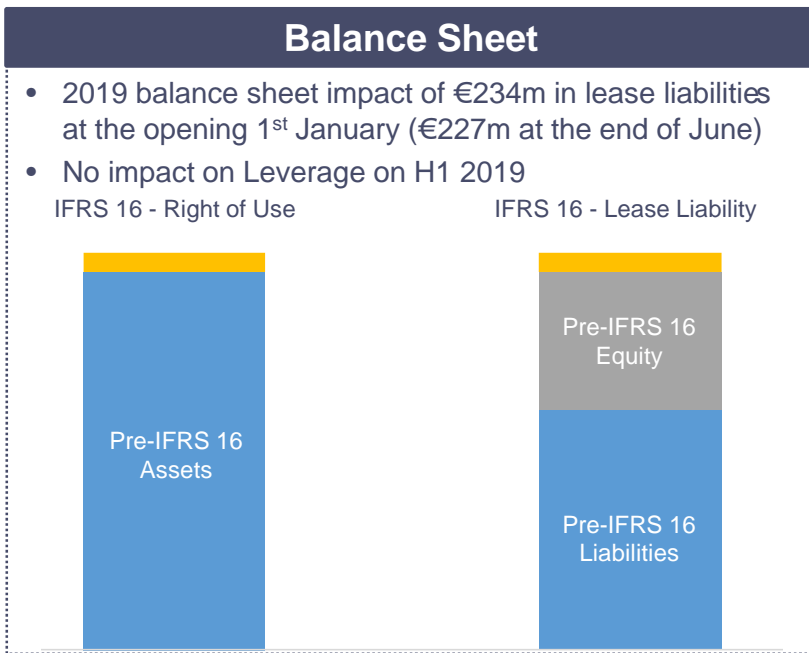
<i>(in €m)</i>	H1 2019	H1 2018
Interest expense on loans	(32.4)	(25.2)
Other interest income and expenses	(1.2)	0.3
Cost of net financial debt	(33.6)	(24.9)
Other financial items	(11.0)	(28.9)
<i>o/w lease interests</i>	(5.7)	-
Net financial expenses	(44.6)	(53.8)
<i>o/w financial items related to Aricent acquisition</i>	(5.0)	(23.9)

From Net income to Adjusted net income

<i>(in €m)</i>	H1 2019	H1 2018
Net income	33.2	9.5
Acquisitions & integration costs	6.0	24.4
Amortization of intangibles arising from business combinations	31.4	24.4
Net financial expenses	5.0	23.9
Income tax	(11.9)	(24.7)
Adjusted net income (in €m)	63.7	57.5

IFRS 16 on accounting for leases, overview of impacts as of 2019

- All leases (formerly operating leases and finance leases) to be accounted in the same way
- Every lessee to recognize an asset for the Right of Use of the leased item and liability for the present value of its future lease payments
- IFRS 16 is an accounting treatment, so cash neutral for the company by nature



Update on the cyber-attack: net impact on the Group's FY operating income expected to be marginal

The impact on revenues was limited to Q1 and estimated at ~€15m

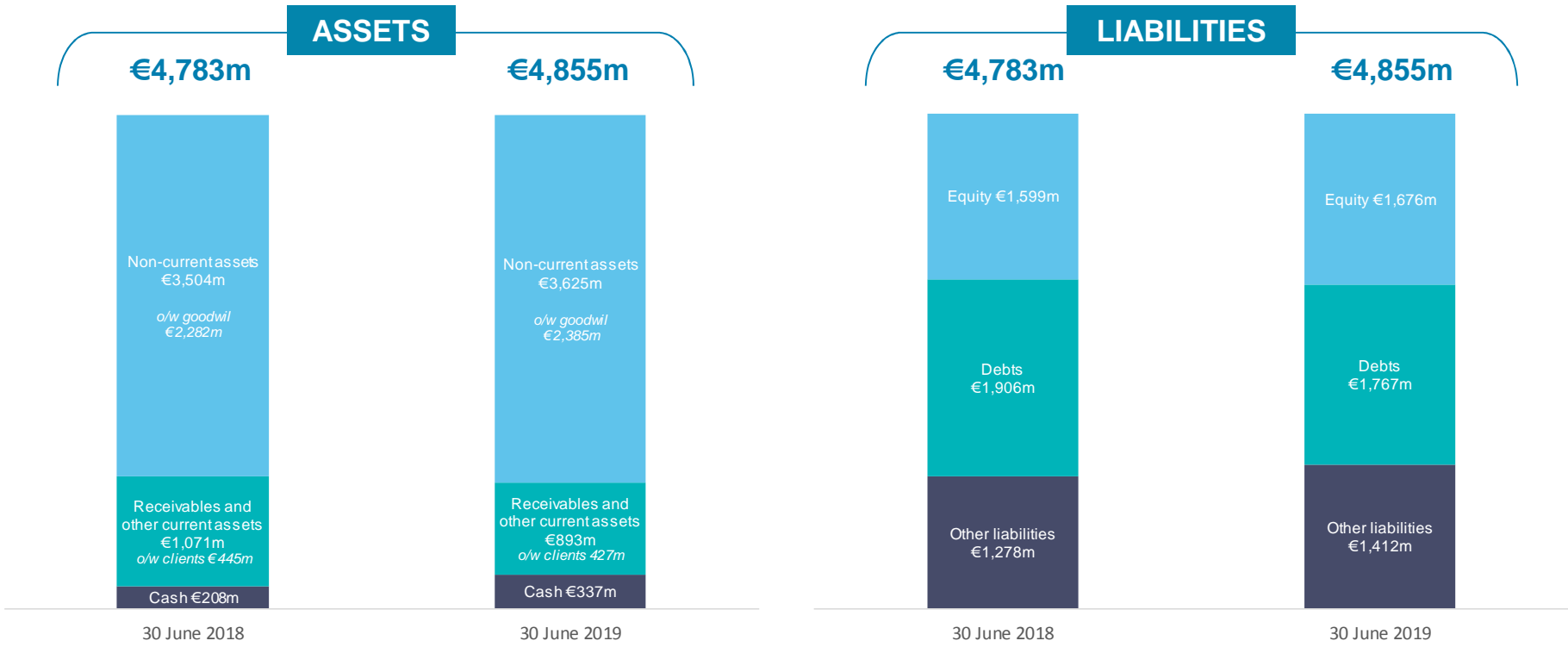
Unutilized resources as well as costs of remediation amounted to €(19)m in H1

Advanced payment of €3m received from insurance leaving a net impact of the cyber-attack in H1 non-recurring expenses at €(16)m

Additional upgrade costs to occur in H2 and estimated to be insignificant

Altran is expecting insurance refunds to take place before year end

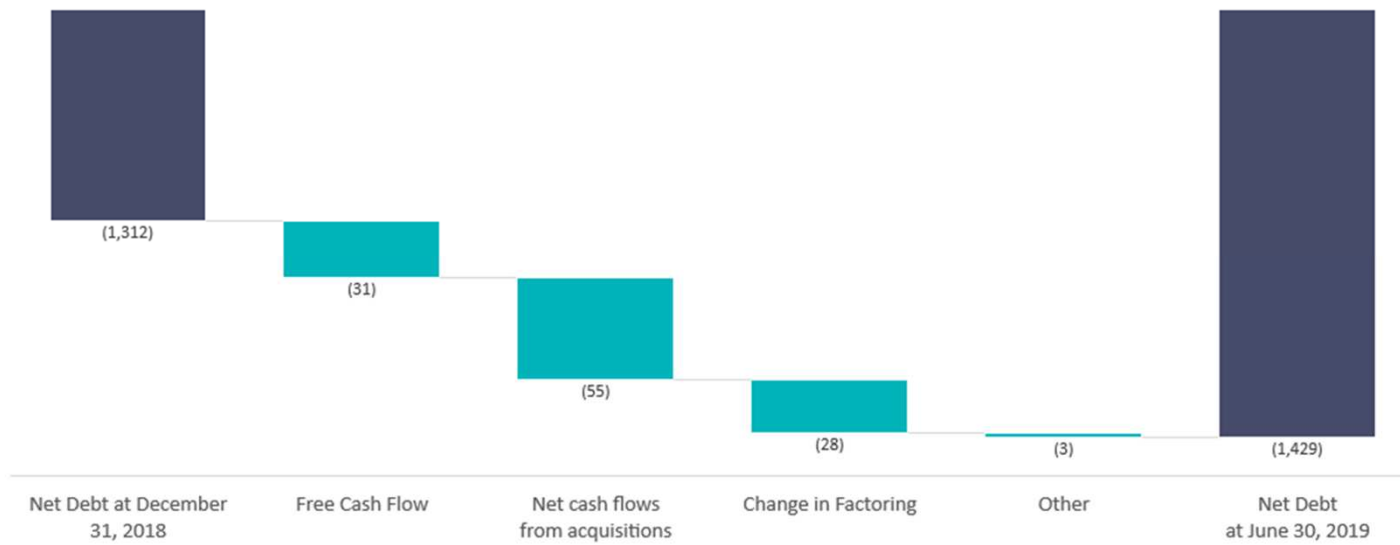
Balance sheet evolution



Improved Free Cash Flow performance

<i>(in €m)</i>	H1 2019	H1 2018
Operating margin	178.2	138.5
Depreciation, amortization and provisions	33.2	25.1
Amortization of rights of use	31.0	-
Other P&L items	(0.8)	(0.2)
Non-recurring items (cash impact)	(39.1)	(24.4)
CASH FLOW	202.5	139.0
Change in WCR	(71.4)	(168.8)
Interest paid	(34.3)	(105.5)
Lease interests	(5.7)	-
Lease liabilities reimbursement	(30.2)	-
Tax paid	(32.3)	(20.1)
Capital expenditures	(59.5)	(69.4)
<i>o/w payments on large software deals</i>	<i>(31.8)</i>	<i>(32.0)</i>
FREE CASH FLOW	(30.9)	(224.8)
As % of revenues	-1.9%	-16.4%

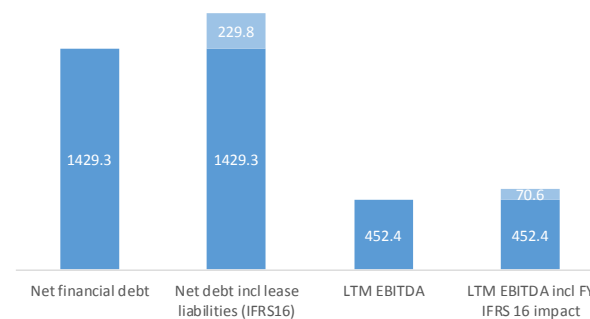
Net financial debt evolution



Net financial debt as at June 30, 2019 amounts to €1,429.3m

€m	June 2019 utilized	June 2019 committed and uncommitted	June 2019 available
Term Loan B	1,603.2	1,603.2	
Revolving Credit Facility	0.0	250.0	250.0
Commercial Paper (NEU CP)	110.0	500.0	390.0
Consolidated factoring debt	29.1		
Other debt (ST and LT)	2.2		
Accrued interest	1.7		
Overdrafts	20.5	35.0	14.5
Total	1,766.7	2,388.2	654.5
Total gross financial debt	1,766.7		
Cash & Cash Equivalents	337.4		
Consolidated financial net debt	1,429.3		
Factoring	202.5	440.3	237.8
Deconsolidated factoring (excluding security deposit)	173.4		
Consolidated factoring debt	29.1		
Total available committed and uncommitted credit lines			892.3
Lease liabilities (IFRS16)	229.8		

Financing cost 2019	
	Rate
Long term financings	3.95%
Short Term financings (factoring, CP)	1.01%
Average cost of debt	3.44%
Cash & cash equivalents avg yield	0.39%
Net cost of debt	3.38%



Net financial debt as of June 2019: €1,429.3m

Available credit lines: €892.3m

Financial Leverage ratio: 3.2x

Leverage ratio inc IFRS16: 3.2x

03.

Update on the proposed acquisition of
Altran by Capgemini

The creation of a global digital transformation leader

June 24: Agreement whereby Capgemini is to acquire Altran via a cash offer at €14.00 per share

August 11: Tender offer agreement signed by Capgemini and Altran following the completion of the required information and consultation process of the works councils at Capgemini and Altran

Next steps: Customary regulatory approvals before filing of the offer document

Process on track

A combined group with €17 billion of revenues and more than 250,000 employees, a unique combination of expertise to support the digital transformation of industrial companies

04.

Conclusion

2019, another year of focused execution

- 1 | **Good confidence in our business outlook thanks to our diversified portfolio of offerings to address clients' needs**
- 2 | **Continuous improvement of operating performance leading to further deleveraging at year end**
- 3 | **Focused to deliver our mid-term objectives by leveraging our service models**

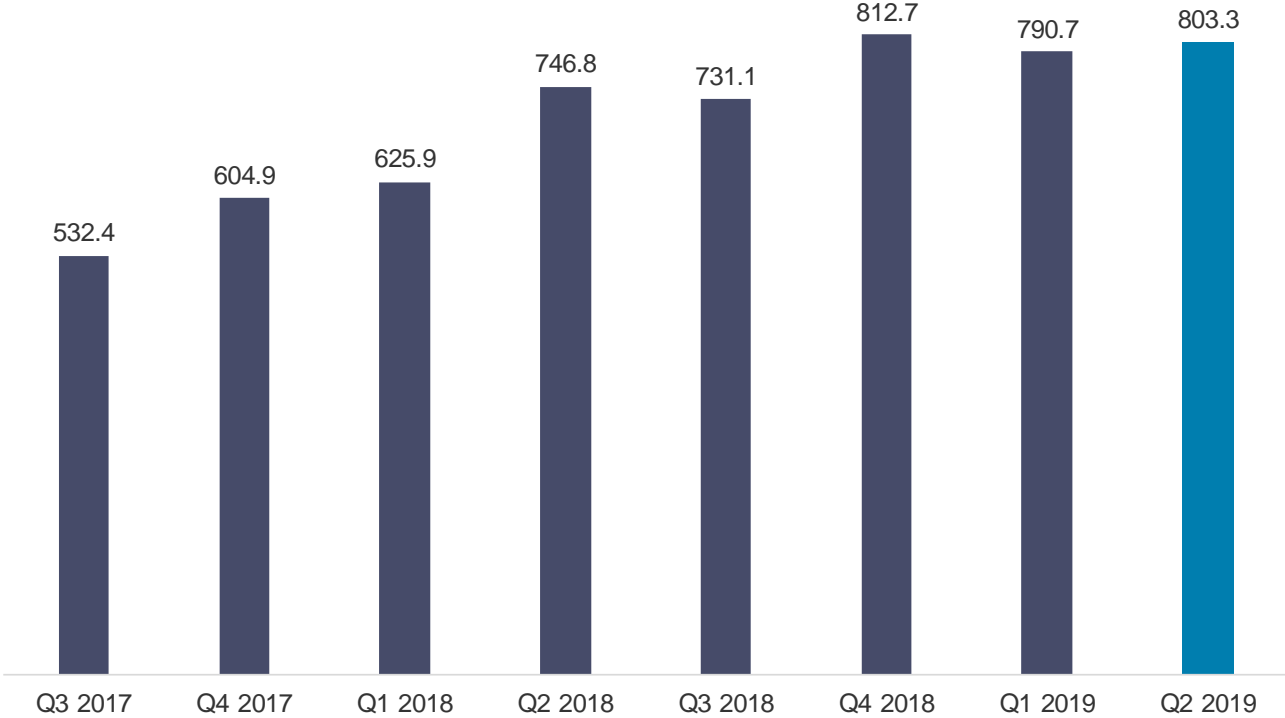
Appendix

GLOSSARY

In accordance with the AMF's position « DOC 2015-12 » applicable as of July 3, 2016, please find below the definitions of the alternative performance indicators

- **Organic growth** is the reported growth decreased by the impact of changes in the consolidation scope and the impact of exchange rate changes
- **Economic growth** is the organic growth restated for the variation in the number of working days
- **Operating margin** is made up of the difference between the revenues and the net operating expenses
- **Free Cash Flow:** (operating margin + D&A + amortization of rights of use + current income and expenses without cash impact) - non-recurring items +/- change in WCR - net interest and financial expense paid – lease interests - tax paid - Capex - repayment of lease liabilities
- **Adjusted Net Income:** Net Income adjusted for PPA expenses from Aricent acquisition, acquisition fees, insurance premium, one-offs related to the Group refinancing, integration costs, net of tax impacts
- **Adjusted EPS:** Adjusted Net Income divided by the average number of shares outstanding over the period
- **EBITDA:** operating margin - share-based compensation + amortization, depreciation & changes in net provisions + personnel costs (IAS 19)
- **Financial leverage ratio:** Net financial debt divided by LTM EBITDA

Quarterly revenues change (in €m)



Revenues growth per region Q2 and H1

<i>(in €m)</i>	Second Quarter					First Half				
	Q2 2019	Q2 2018	Reported Growth%	Organic Growth%	Economic Growth%	H1 2019	H1 2018	Reported Growth%	Organic Growth%	Economic Growth%
EUROPE	592.8	550.1	7.8%	8.4%	9.5%	1,187.5	1,104.0	7.6%	8.1%	9.1%
West Europe	275.2	251.3	9.5%	9.5%	9.6%	553.7	519.1	6.7%	6.7%	7.5%
North Europe	93.9	88.7	5.8%	6.7%	7.1%	189.6	176.3	7.5%	7.6%	8.1%
Central Europe	72.9	74.4	-2.1%	2.3%	3.9%	148.7	144.5	2.9%	7.2%	8.0%
South East Europe	76.2	67.9	12.3%	11.5%	11.7%	148.4	133.9	10.8%	10.2%	11.1%
Iberia	74.6	67.8	10.0%	10.0%	13.5%	147.1	130.2	13.0%	13.0%	14.8%
AMERICAS	201.0	187.9	7.0%	1.8%	3.0%	388.4	252.2	54.0%	3.9%	4.9%
ASIA	9.5	8.8	7.5%	8.6%	8.9%	18.1	16.5	9.7%	9.1%	10.0%
TOTAL	803.3	746.8	7.6%	6.8%	8.0%	1,594.0	1,372.7	16.1%	7.4%	8.5%

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Balance sheet - assets (in €m)

	June 2019	June 2018	Dec. 2018
	Net Value	Net value	Net value
Goodwill	2,385	2,282	2,363
Intangible assets	639	749	680
Right-of-Use	216	-	
Tangible assets	136	140	144
Non-current financial assets	54	56	50
Deferred tax assets	105	101	101
Other non-current assets	90	177	97
Total non-current assets	3,625	3,504	3,435
Inventory and work in progress	2	2	2
Trade accounts and other receivables	591	769	527
Assets related to customer contracts	276	290	202
Current financial assets	23	11	23
Cash and cash equivalents	337	208	473
Total current assets	1,229	1,280	1,227
TOTAL ASSETS	4,855	4,783	4,662

Balance sheet - liabilities (in €m)

	June 2019	June 2018	Dec. 2018
Shareholders' equity	1,676	1,599	1,692
Non-current financial liabilities	1,607	1,593	1,603
Non-current provisions for contingencies and liabilities	70	89	61
Non-current employee benefits	79	61	65
Non-current lease liabilities	168	-	-
Deferred tax liabilities	169	174	169
Other long-term liabilities	41	82	66
Other non-current liabilities	527	406	361
Total non-current liabilities	2,134	2,000	1,964
Trade payables and related accounts	714	716	648
Current lease liabilities	62	-	-
Liabilities related to customer contracts	87	81	100
Suppliers and other current payables	864	798	748
Provisions for short-term risks and charges	22	18	23
Current liabilities for securities	-	57	53
Current financial liabilities	160	312	182
Other current liabilities	181	387	258
Total current liabilities	1,045	1,184	1,006
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,855	4,783	4,662

Consolidated Income statement (in €m)

	H1 2019	H1 2018
Revenues	1,594.0	1,372.7
Other income from operations	45.1	37.1
REVENUES FROM ORDINARY OPERATIONS	1,639.2	1,409.8
Purchases & external expenses	(304.3)	(298.5)
Personnel costs	(1,097.0)	(950.0)
Taxes	(2.9)	(2.3)
Amortization and provisions	(65.9)	(21.3)
Customer-relationship amortization / Goodwill depreciation	(31.5)	(26.4)
OPERATING INCOME ON ORDINARY ACTIVITIES	137.6	111.3
Non recurring income/losses	(43.7)	(42.7)
OPERATING INCOME	93.9	68.6
Cost of net financial debt	(33.6)	(24.9)
Other financial income / expense	(11.0)	(28.9)
Income tax	(15.8)	(5.0)
Net income from discontinued operations		(0.2)
Non-controlling interest	(0.3)	(0.1)
NET INCOME (GROUP SHARE)	33.2	9.5
ADJUSTED NET INCOME	63.7	57.5

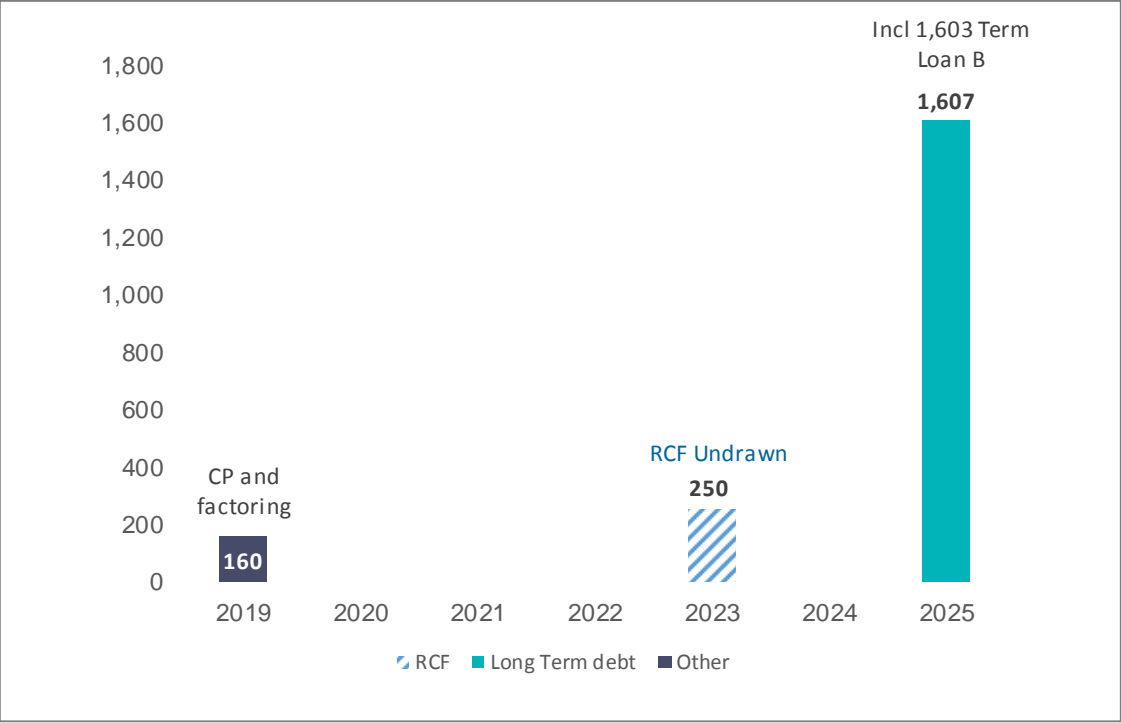
Income statement (in €m) / Geographical data – IFRS 8

	Revenues			Operating margin		Operating margin (in %)	
	H1 2019	H1 2018	%	H1 2019	H1 2018 *	H1 2019	H1 2018
Europe	1,187.5	1,104.0	+7.6%	120.2	102.6	10.1%	9.3%
Americas	388.4	252.2	+54.0%	58.0	36.0	14.9%	14.3%
Asia	18.1	16.5	+9.7%	0.0	-0.1	0.0%	-0.8%
TOTAL	1,594.0	1,372.7	+16.1%	178.2	138.5	11.2%	10.1%

35 * Operating Margin has been aligned with the Interim financial report : Europe includes 100% of the Group's headquarters.

No significant debt maturity until 2025

(in €m)



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