REGISTRATION DOCUMENT 2018

INCLUDING THE ANNUAL FINANCIAL REPORT

ALTRAN

Items comprising the Annual Financial Report are identified in the table of contents by the pictogram AFR

REGISTRATION DOCUMENT 2018

INCLUDING THE ANNUAL FINANCIAL REPORT

Driven by the disruptive technologies of artificial intelligence, digital transformation and autonomization, and by clients' need to find new solutions for their innovation-related challenges, the Engineering and Research and Development (ER&D) services sector is moving into new, unmapped territory, at an increasingly rapid pace. These new requirements offer unprecedented growth opportunities for players in the sector, while seriously threatening existing approaches and methods. As the undisputed leader in engineering and R&D services, Altran stands poised to set the new global standard and a new approach to outsourced innovation.

#1
global leader

47,000
employees

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The 2017 Registration Document was filed with the French Monetary and Financial Authority on April 23, 2019, in accordance with Article 212-13 of the AMF General Regulations. This document may be used to support a financial transaction if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and engages the liability of its signatories.

Pursuant to Article 28 of (EC) Regulation no. 809/2004 of the European Commission, the following information is included in this Registration Document by reference:

- the consolidated financial statements of the Group relating to the financial year ended December 31, 2017 and the statutory auditor's report appearing in Chapter 6 (pages 197 to 262) of the 2017 Registration Document filed with the French Monetary and Financial Authority (Autorité des Marchés Financiers, the "AMF") on March 21, 2018 under number D.18-0154;
- the consolidated financial statements of the Group relating to the financial year ended December 31, 2016 and the statutory auditors' report appearing in section 20.3.1 (pages 108 to 157) and in Annex 2 (page 217) of the 2016 Registration Document filed with the French Monetary and Financial Authority (Autorité des Marchés Financiers, the "AMF") on March 24, 2017 under number D.17-0223;
- the statutory auditors' special report on regulated agreements and commitments of financial year ended December 31, 2017 appearing in section 3.2 (page 121) of the 2017 Registration Document;
- the statutory auditors' special report on regulated agreements and commitments of financial year ended December 31, 2016 contained in Annex 2 (on page 218) of the 2016 Registration Document;
- the management report on financial statements of the Group relating to the financial year ended December 31, 2017 appearing in chapter 5 (pages 143 to 195) of the 2017 Registration Document.
- the management report on the financial statements of the Group relating to the financial year ended December 31, 2016 appearing in chapter 9 (pages 31 to 56) of the 2016 Registration Document.

Copies of this Registration Document are available for free at the issuer's head office (96, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine), as well as on the issuer's website (www.altran.com) and on the AMF website (www.amf-france.org).

GENERAL REMARKS

In this Registration Document, unless otherwise stated, the term "Company" or "Altran Technologies" refers to Altran Technologies, a joint-stock corporation (société anonyme) headquartered at 96 avenue Charles de Gaulle (92200 Neuilly-sur-Seine) and registered with the Nanterre trade and companies register under number 702 012 956. The term "Group" or "Altran" refers to the Company and its subsidiaries.

Message from the chairman & CEO

"Altran posted a robust performance in 2018, delivering on revenue and margin growth and on deleveraging. The year was notably marked by the integration of Aricent and its margin restoration."

— Dominique Cerutti

The engineering and Research & Development market on which we operate is very dynamic and should grow by about 9% per year or to 240 billion euros by 2022. Our new strategic plan, *The High Road, Altran 2022*, lays out our goals as world leader and describes how we intend to reach them by combining our industrial expertise, innovative service models and international presence.

We now work along with our clients in 11 sectors and have garnered profound knowledge of their products and industrial processes to better assist them in the innovation cycle, as we have for the past 35 years. Moreover, we have strengthened our position in the software and internet, electronics and semiconductors, and new generation communications. Today, these areas have transverse applications and are fueling the great disruptions in all traditional industries. Our presence in these high-growth market segments, along with the automotive and life sciences sectors, will be a powerful engine for our Group's development, and they should account for 50% of our sales by 2022.

We operate three distinct service models which respond to specific needs: high value services, *Industrialized GlobalShore®* services, and mainstream engineering and Research & Development services. Our high value services are designed for our client's key areas of innovation, backed up by iconic brands such as Cambridge Consultants or frog, as well as our *World Class Centers*. Our *Global Engineering Centers*, at the heart of our *Industrialized GlobalShore® model*, comprise 17,500 engineers enabling us to offer our clients access to a worldwide pool of talents and industrialized services at competitive costs.

"The breadth and depth of Altran's service offering are unequalled. We make these strengths available to our clients for whom the speed and the cost of the innovation cycle enable them to address continual disruptions."

Our mainstream services are based on the scale, flexibility and expertise of our engineers, we have 26,000 employees close to our clients' main R&D hubs.

Altran is not only the sole player to offer all of these services, but our Group is also continuing to develop synergies among its models for our clients' benefit.

Finally, as world leader, we will continue to strengthen our international presence to derive the most from the potential offered by these markets. While confirming our position in Europe, we want to affirm our role as a leading player in the United States, and, on a selective basis, increase our presence in Asia.

The acquisition of Aricent, closed in March of 2018, was a major step for our Group and an accelerator for our strategy.

We are now focusing on execution and will continue our relentless efforts to hone our operational excellence, the single most important tool for creating value for all of our stakeholders employees, clients and shareholders.

+8.0%
revenue growth

12.1%
EBIT margin

Corporate Governance

Altran is a public limited company governed by a Board of Directors and a Global Executive Team.

Board of Directors

Altran is administered by a Board of Directors, whose members serve four-year terms. Four of Altran's Directors are independent. Both, the Audit and the Appointment and Remuneration Committees are chaired by independent directors.

4

of Altran's Directors are independent

women serve on the Board

BOARD MEMBERSHIP AS OF THIS WRITING:

Dominique Cerutti Chairman & CEO

Amboise Partners SA (formerly known as Apax Partners SA) represented by Maurice Tchenio

Christian Bret

Martha Heitzmann Crawford

Nathalie Rachou

Gilles Rigal

Renuka Uppaluri

Jaya Vaidhyanathan

Thomas de Villeneuve

Henry Capelle Censor

9* directors

44% women serve on the Board

85.3% attendance ratio

13 board meetings

* *Following the resignation of the Director representing the employees on 20 March 2019, a new Director representing the employees will be appointed.*

Global Executive Team

The *Global Executive Team* is composed of the following members:

1. **Dominique Cerutti**
   Chairman & CEO
2. **Cyril Roger**
   Senior Executive,
   Vice-President & Delegate
   Director in charge of Europe
3. **Laila Worrell**
   Executive Vice-President,
   Chief Executive Officer
   North America
4. **Pascal Brier**
   Executive Vice-President,
   Strategy, Technology
   & Innovation
5. **Daniel Chaffraix**
   Executive Vice-President,
   Engineering
   & Transformation
6. **William Rozé**
   Executive Vice-President,
   Chief Operating Officer
   Europe
7. **Albin Jacquemont**
   Executive Vice-President,
   Chief Financial Officer

Performance 2018

A robust performance positioned Altran as the undisputed leader in ER&D. Our diversified industry portfolio, steady client demand, and the integration of Aricent contributed to strong organic growth.

Financial Snapshot

€2.9Bn

Revenues (+27.1% reported year-on-year)

€165M

Adjusted net income (+11.4% year-on-year)

€352M

Operating margin (+40.9% year-on-year)

12.1%

Operating margin (+120bps year-on-year)

€82M

Free Cash Flow*

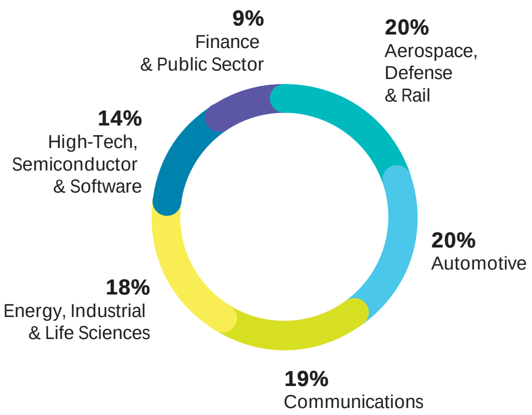
3 x EBITDA

Leverage 31 december**

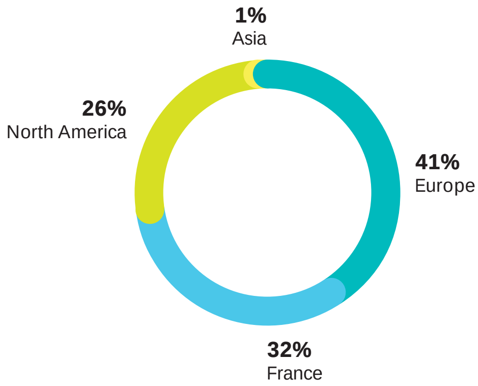
* *Free Cash Flow after paid finance cost.*
** *Pro forma EBITDA 12 months excluding acquisitions deffered payments/earn-outs.*

A balanced mix of revenue by industry and geography

BREAKDOWN BY SECTOR



GEOGRAPHICAL BREAKDOWN



Altran's international footprint as a unique advantage in today's marketplace

5 Global Engineering Centers
- India
- Mexico
- North Africa (Morocco & Tunisia)
- Portugal
- Ukraine

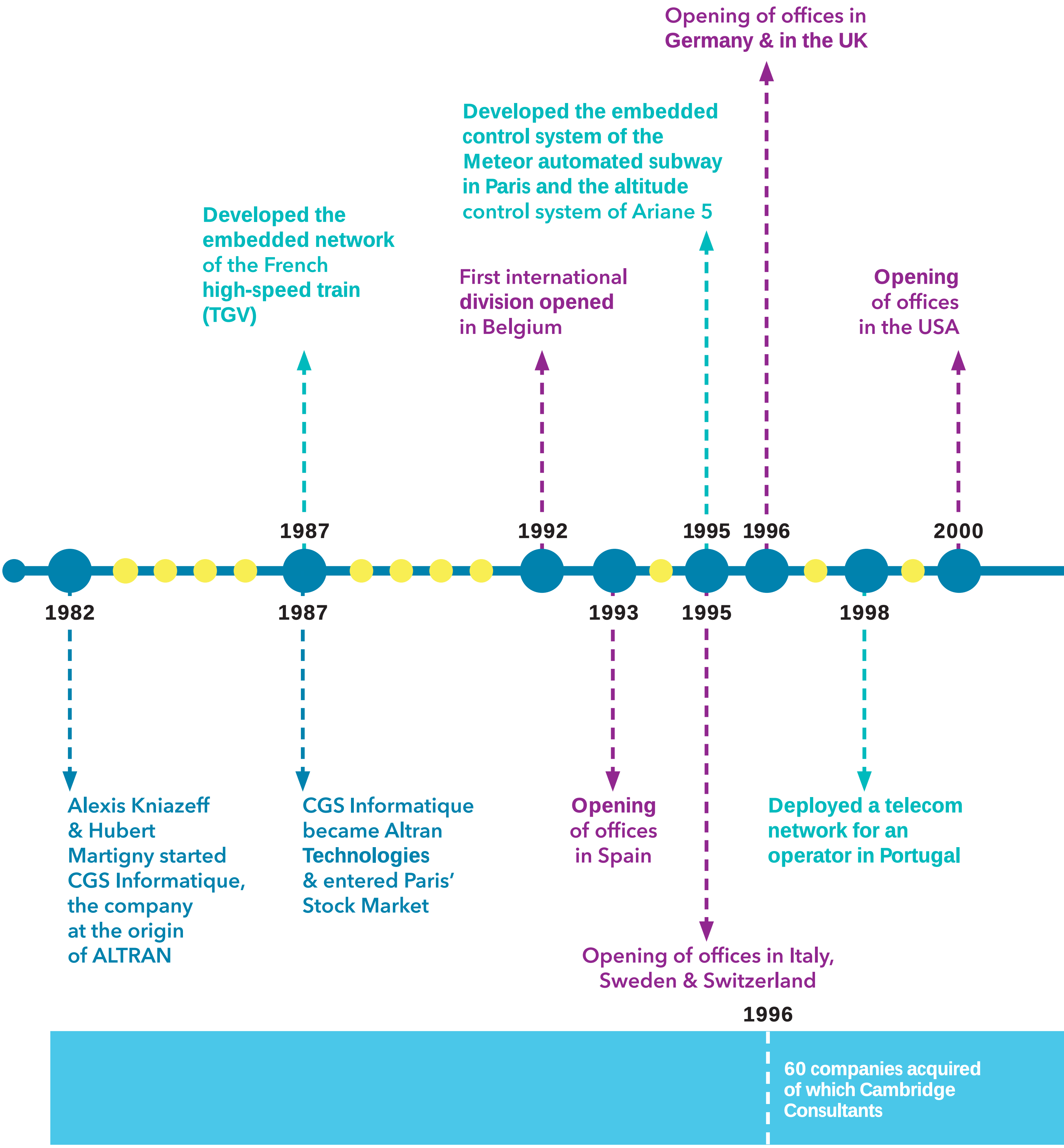
AMERICAS
Canada
Mexico
USA

EUROPE / AFRICA
Austria
Belgium
Czech Republic
Denmark
Finland
France
Germany
Hungary
Ireland
Italy
Luxembourg
Morocco
Netherlands
Norway
Portugal
Romania
Slovakia
Spain
Sweden
Switzerland
Tunisia
Turkey
Ukraine
United Kingdom

ASIA
China
India
Israel
Japan
Malaysia
Middle East
South Korea
Vietnam

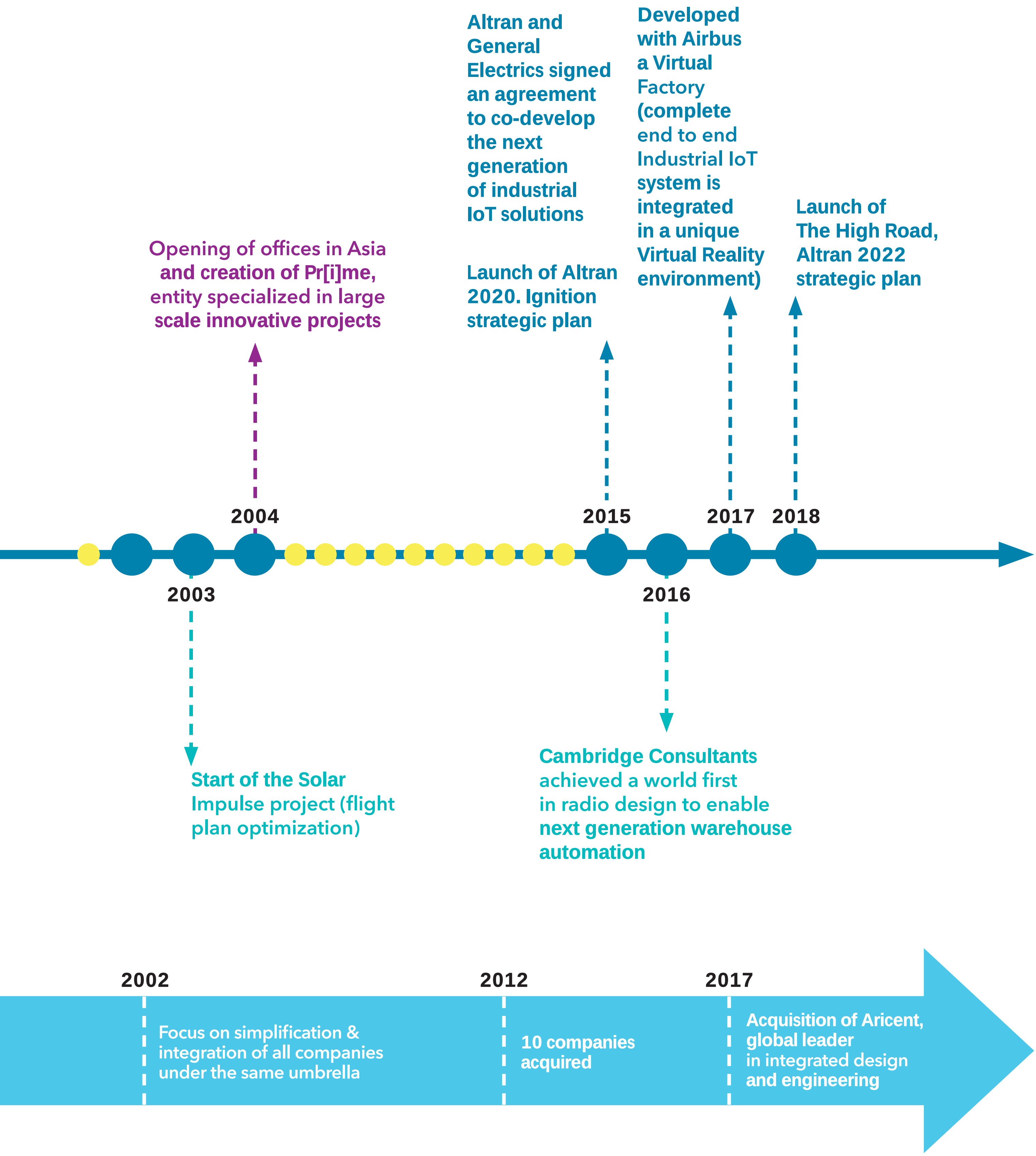
AUSTRALIA

Key Milestones In Altran's History



M&A Office Expansion Others Technology development

Sources: Altran


Opening of offices in Asia and creation of Pr[i]me, entity specialized in large scale innovative projects
Altran and General Electrics signed an agreement to co-develop the next generation of industrial IoT solutions
Launch of Altran 2020. Ignition strategic plan
Developed with Airbus a Virtual Factory (complete end to end Industrial IoT system is integrated in a unique Virtual Reality environment)
Launch of The High Road, Altran 2022 strategic plan
2004
2015
2017
2018
2003
2016
Start of the Solar Impulse project (flight plan optimization)
Cambridge Consultants achieved a world first in radio design to enable next generation warehouse automation
2002
2012
2017
Focus on simplification & integration of all companies under the same umbrella
10 companies acquired
Acquisition of Aricent, global leader in integrated design and engineering

Key Objectives

Focus on sequential performance

	H1 2018	H2 2018	FY 2018
Revenues *(€m)* **Organic growth**	1,372 +5.0%	1,544 +10.9%	2,916 +8.0%
Operating margin *(%)*	138 10.1%	214 13.8%	352 12.1%
Free Cash Flow *(€m)* o/w one-offs	(225) (116)	307 101	82 (15)

In 2018 Altran delivered a solid performance driven by accelerating organic growth in the second half, notably in France, Germany, and North America. Among the highlights: the integration of Arident and restoration of its margin, a turnaround in Germany resulting in strong growth and a positive operating margin, creation of countries' clusters in Europe for economies of scale and scope, Industrialized GlobalShore® becoming the Altran powerhouse, High Value offerings driving differentiation with significant cross-selling opportunities, and the creation of one, unified team operating under the Altran banner.

Key operational achievements

Creation of countries' clusters in Europe to deliver economies of scale & scope

Turnaround bearing fruits in Germany, delivering strong growth and positive operating margin

Industrialized GlobalShore® (IGS) becoming the Altran powerhouse

"*High-Value*" offerings driving differentiation. Significant cross-selling opportunities

Unified team acting as one under the banner of Altran, committed to deliver

1___ OVERVIEW OF THE GROUP

1.1__ The Group's activities

As a global leader in Engineering and R&D services (ER&D)[(1)], Altran offers its clients a new way to innovate by developing the products and services for tomorrow. Altran works alongside its clients on every link in the value chain of their project, from conception to industrialization. Altran has been working for more than 30 years with the big players in numerous sectors: Automotive; Aeronautics; Space, Defense and Naval; Rail, Infrastructure and Transport; Energy; Industrial and Consumer; Life Sciences; Communications; Semiconductor and Electronics; Software and Internet; and Finance and Public Sector.

1.1.1 The Group's range of services

The Group's range of services supports the entire Research and Development cycle: innovation, design, development, prototyping, testing, as well as support to industrialization, production and after-sales services.

Backed by its know-how in innovation and the unique expertise of its almost 47,000 employees and engineers[(2)], Altran meets the needs of its clients through six categories of activities:

- Altran Consulting: advices the Group's clients for the definition of their innovation strategies, their future products and services and the transformation of their operations;
- Altran Digital: assists the Group's clients in their digital transformation by drawing on its knowledge of their products and industrial processes as well as the expertise of its 14,000 engineers specializing in digital businesses;
- Altran Engineering: assists its clients in developing their new systems and products while reducing their time-to-market and related costs, as well as improving their production systems and industrial processes;
- World Class Centers: offer Altran's solutions and services in high-tech sectors through seven global excellence Centers which house the Group related investments and assets, under the technology and innovation department;
- Industrialized GlobalShore®: provides Altran's clients with global expertise that combines competitiveness with the highest quality standards. This industrial solution for delivery of the Group's ER&D services is based on five Global Engineering Centers, located near and offshore;
- Cambridge Consultants: specialist in the development of innovative products backed by high-level teams of scientists and dedicated laboratories in the United Kingdom and the United States.

These six categories of activities are complementary and provide the Group with the capacity to meet the specific needs of its clients, which vary at each phase of the innovation cycle.

Altran Consulting thus positions the Group with regard to its clients on strategic issues ahead of their innovative processes. The execution of ER&D projects is then driven globally by Altran Engineering and Altran Digital. Altran has also created World Class Centers whereby it can address the priority technical issues of its clients, and the Industrialized GlobalShore® model which specifically addresses the massive industrialization needs of their development processes. Furthermore, Cambridge Consultants positions itself as an entity capable of taking on the development of innovative products on a turnkey basis.

1.1.1.1 Altran Consulting

Disruptive digital technologies, a more stringent regulatory framework, cost pressure, the reduction of lead-times and higher profitability constraints are forcing businesses to rethink all of their activities.

In this context, the Group offers since 2016, through Altran Consulting, advisory services in innovation and transformation. For this activity, the Group leverages its expertise and deep industry knowledge to assist clients in fine-tuning their innovation strategies and generally in shaping the transformation of their operations to improve performances.

The Altran Consulting model relies on a dedicated team that has the capacity to mobilize the Group's best experts to meet the specific needs of its clients. Its objective is to be a differentiating, high value-added entry point for clients, by working with their Managers on their strategic issues pertaining to R&D. Thereafter, the Group can support the implementation of the solutions and the resulting projects.

The Group's advisory services concern in particular the following fields:

- Fundamental transformations: identification of transformational opportunities and change management pertaining to new business models, organization, operational excellence and allocation of investments, mainly in R&D;
- Innovation & Design: improvement of clients' innovation processes, through "co-creation" processes (innovation based on an ecosystem of internal and external partners) and through the use of Design Thinking methods;
- disruptive technologies and solutions: analysis of disruptive technologies and their impacts on the market and definition of the strategies to integrate these technologies into the client's portfolio of products and services.

Case study: Altran supported Engie in the design and implementation of its industrial assets digitization program

Altran has provided advisory services to Engie, a leading international player in the energy sector, in order to identify concrete cases of digital transformation of its industrial assets and to design the roadmap that can achieve savings and improve productivity.

(1) Source: HfS Engineering services Top 50 – August 2018
(2) As of December 31, 2018, the total number of employees of the Group stood at 46,693.

1.1.1.2 Altran Digital

The digital revolution brings about an in-depth transformation of all industries and gives rise to a number of challenges for businesses:

- adapting their customer relationship strategy and taking on board new consumer behaviors and expectations;
- changing their offer of services in this new technological landscape and integrating digital technology in new offerings, products, services and business models;
- optimizing and streamlining their operations by including new digital tools in the production, administration and maintenance functions.

The Group has over 14,000 engineers and specialists in digital industrial transformation who bring together the know-how necessary for the development of new services, architectures and business models of the digital world:

- digital experience: Altran helps its clients to create new digital products and services focused on the customer experience, by leveraging the Group's multidisciplinary know-how, in particular its World Class Center "Innovation & design". For example, the development of new Man-Machine Interfaces (MMI) for NATS, the leading British supplier of air traffic control services;
- Internet of Things (IoT): Altran supports businesses in all industries in the selection and development of new connected solutions, from the design of embedded systems to data aggregation on secure platforms, including the selection of the best connectivity technology and the definition of use cases which are value creators. The Group relies on its World Class Center "IoT Solutions" and its "VueForge" offering which covers the engineering of the entire IoT value chain. For example, these competencies have benefited a client in the Life Sciences sector, for the development of an artificial pancreas, a new connected device for better management of patients suffering from Type one diabetes;
- data analysis: Altran offers a range of leading-edge services for the statistical and scientific analysis of complex data, calling upon 250 data science experts brought together under the World Class Center "Analytics" and mobilizing software development capacity to design systems and algorithms for machine learning or deep learning. The tools are used by Altran clients, such as GSK, to identify numerous optimization projects for its operations, from R&D to maintenance of the industrial equipment, including marketing;
- digital applications: Altran has a comprehensive portfolio of software development services which covers amongst others the development of mobile applications, engineering of software products (including critical embedded systems, in defense and aeronautics). These services may be provided depending on projects by several on/near/off-shore development Centers of the Group. For Biovotion, a Swiss company specializing in connected health devices, Altran has developed a cloud-integrated mobile application at its development center in Portugal, after the user experience and interface were co-defined with the client and the "Innovation & Design" World Class Center;
- cyber security, infrastructure and Cloud: the Group provides digital engineering infrastructure services for its clients to design and roll-out products, services and operations leveraging digital technologies while being secure.

The acquisition of Aricent in 2018 enabled the Group to strengthen its competencies and solutions in digital, based on intellectual property developed by Aricent (for example, software components), extended over time and benefiting from a strategic positioning on emerging technologies such as artificial intelligence, cognitive systems and the Internet of Things (IoT).

These competencies will be integrated into the Group as set out in its new strategic plan, see section 1.3 "The Group's strategy".

1.1.1.3 Altran Engineering

Most global leading companies have understood that only targeted, ambitious and deliberate R&D strategies will ensure that they can differentiate themselves and/or develop a lasting competitive advantage. Besides the need to anticipate forthcoming disruptive technologies, businesses are also subject to major constraints due to the continuous reduction in time-to-market.

In this context, the Group offers businesses support across their entire product development cycle. These services are split into two main domains of expertise:

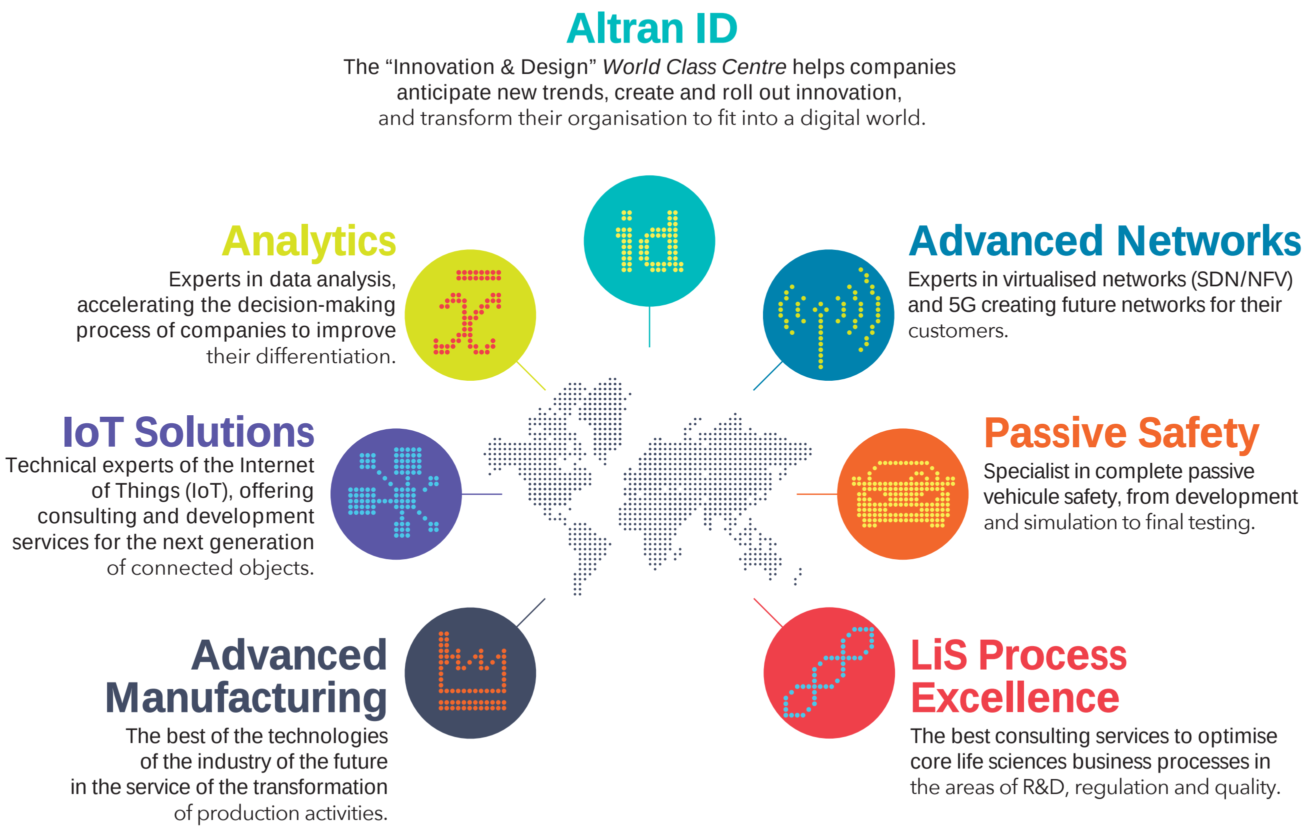
- product & systems engineering: thanks to the expertise of more than 16,000 specialist engineers, the Group supports its clients globally, both on engineering projects on a long-term basis and a one-off basis. These expertise includes product specification, prototyping, mechanical engineering, systems engineering, development of embedded systems, and testing and approval services;
- industrial operations: more than 10,000 engineers specialized in the optimization and industrial management sector are working in this field, from the design of production sites and their installation to the integration of new technologies in the manufacture and deployment of digital, smart and connected factories, as well as in the engineering, risk management and performance strategy, or the management of engineering projects and programs.

1.1.1.4 World Class Centers

Altran invests in the development of its expertise and solutions in high-tech sectors selected through seven global excellence centers (World Class Centers). Their development is managed by the technology and innovation department based on a medium-term technological roadmap. These Centers provide the Group's clients with rare expertise to accelerate their innovation and development programs by leveraging Altran's numerous assets: methodologies, tools, laboratories, technological building blocks or turnkey solutions.

Each World Class Center has a portfolio of solutions and skills, and brings together multi-disciplinary teams specializing in a technological field or in an industry capable of meeting its specific challenges.

The chart below shows the Group's portfolio of seven World Class Centers as of the end of 2018, as well as an overview of the value proposition of each of them:



At the end of 2018, the Group's seven World Class Centers are as follows:

- "Innovation & Design": a multicultural and international team of specialists in innovation, user experience and design thinking. With three studios in Spain, France and Sweden, it brings together 130 designers assisting the Group's clients in identifying new user requirements and market opportunities, co-creating new concepts of products and services and helping them transform to better integrate design and innovation in their organization. This World Class Center participates to the development of the Echopen project, together with AP-HP (french public health establishment), aiming to develop a low-cost, connected and open-source echographic probe. This device will transform and facilitate medical diagnoses both in over- and underserved areas in terms of medical infrastructures;
- "Analytics": over 250 experts in data science, most of whom are doctors in sciences, based in the United Kingdom with presence across Europe and the United States. This World Class Center specializes in the analysis of vast and complex data, in the development of artificial intelligence algorithms, and their use for operations. It has a unique experience with thousands of analytical projects already delivered to prestigious clients such as Unilever, BP, Akzonobel, GSK or Statoil, with which it has recently signed a 3-year contract to provide data analytics & artificial intelligence services, supporting the ambitious digital transformation program of this client. It also supports JUMP, with which it has developped a new tool to develop media content recommendation, based on image recognition and natural language processing;
- "IoT Solutions": this World Class Center has expertise in the businesses relating to Internet of Things networks and platforms. It advises, designs, develops and rolls-out IoT applications for the Group's clients in various fields (industrial internet of things, e-health, connected travel, etc.) and turnkey solutions (connected operator, geolocalization of industrial assets or systems for monitoring the adherence of patients to their medical treatments). It has been selected as a strategic partner by Nokia to jointly develop a solution to support the digitization of transport infrastructure operators, car manufacturers and enable smart city programs;
- "Advanced Manufacturing": a team of experts specializing in the architecture and development of factories of the future thanks to its know-how in production systems, technologies and innovation. This World Class Center has expertise and technological partners in all areas of Industry 4.0 such as advanced robotics, 3D printing, virtual reality or augmented reality. It has been selected as a strategic partner by Sanofi, a global leader in pharmaceuticals, in a consortium to digitize its production system. This partnership has been showcased at the *Usine Extraordinaire* event in Paris, where different use cases have been presented, such as augmented reality for maintenance operators or digital-enabled operating procedures;
- "Advanced Networks": this World Class Center assists the most prominent telecom operators of the world in the design and management of new network technologies thanks to the expertise of over 100 cutting-edge engineers in Software-Defined Networks (SDN), Network Functions Virtualization (NFV) and 5G. Vodafone is partnering with the World-Class Center to benefit from its know-how in system integration and software development, from its cross-industry expertise, as well as its multiple successes in project implementation. This partnership aims at demonstrating how the velocity of 5G connectivity will improve the efficiency of health, trafic, tourism and emergency services in the city of Milan;

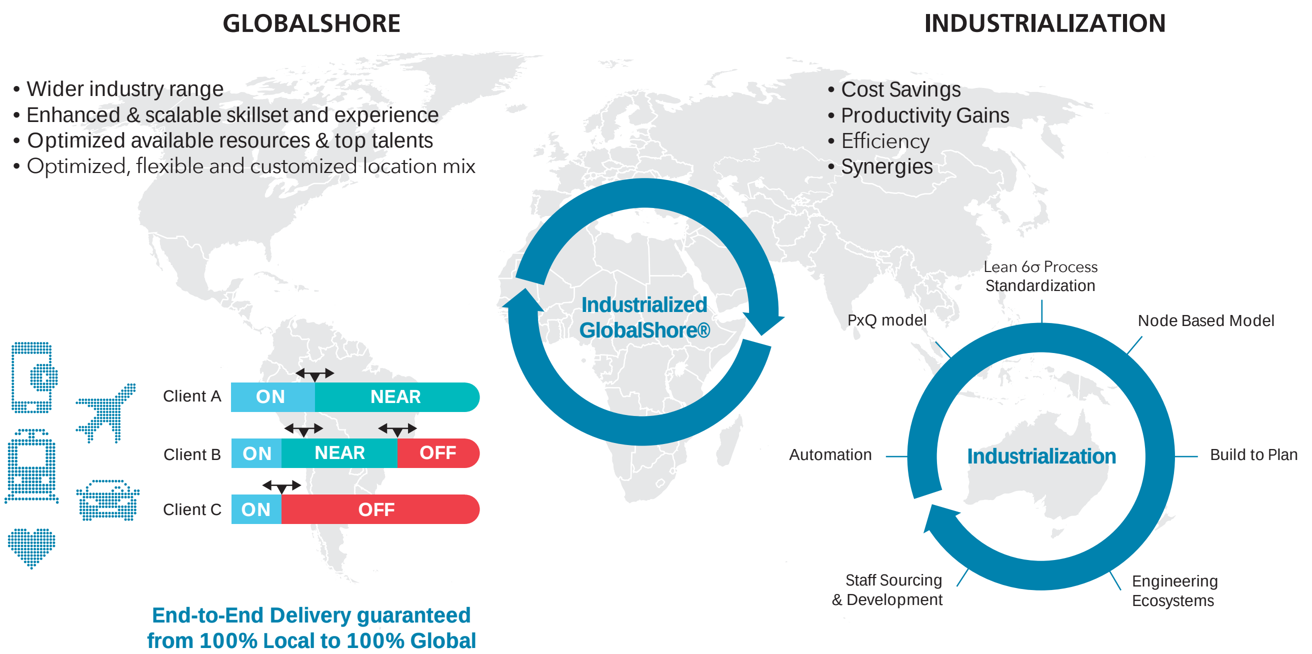
- "Passive Safety": this World Class Center specializes in the development of effective automotive safety technologies that comply with the standards of top-tier automotive manufacturers and suppliers and meet the most stringent requirements in terms of regulations. It has know-how in simulation, design of tests and automotive safety engineering, as well as latest-generation test laboratories in Graz (Austria) and in Wixom, Michigan (USA);
- "Life Sciences Process Excellence": this World Class Center is made up of expert consultants of the pharmaceutical industry. They develop methodologies and specialized tools for the management of processes, documentation, quality and compliance at pharmaceutical production sites. They provide consulting, assistance and services to global leaders in the life sciences industry, such as Sanofi-Genzyme laboratory, which the World Class Center has helped to extend its gene therapy activities at one of its largest production sites.

To these 7 World Class Centers, the Group's acquisition of Aricent added the emblematic frog trademark, one of the most emblematic design trademarks in the world, to the portfolio of high added-value entities. frog caters to clients in a number of sectors (*e.g.* automotive, industry, financial services), and is represented by over 600 design and technology specialists worldwide. Altran has announced, on February 14, 2019, that the Altran ID teams would be merged into frog.

1.1.1.5 Industrialized GlobalShore®

Thanks to its Industrialized GlobalShore® model, Altran supports its clients with a wide range of expertise while crossing borders. This model relies on the seamless integration of its teams, based on on/near/offshore regions, from the client's engineering centers to the Altran teams in the Global Engineering Centers.

Industrialized GlobalShore® relies on ER&D teams located in Global Engineering Centers located in India, North Africa, Portugal, Eastern Europe and Mexico, combining almost 17,500 engineers at the end of 2018. The Group also offers its clients competitive ER&D services, providing businesses with diversified and global expertise while meeting the highest quality standards. This solution offers great flexibility and is adaptable to the specific needs, level of maturity and geographical footprint of each client.



Altran aims at:

- industrializing its clients' processes using standardized methods, recognized technical expertise, established quality monitoring processes and the implementation of automation tools in order to offer high quality and competitive services;
- designing, establishing and operating competitive service delivery Centers for the Group's clients, providing them with access to new talent pools; and
- guaranteeing performance and quality thanks to the know-how, speed, efficiency and quality of the teams present in the Global Engineering Centers.

This model was strengthened by the acquisition of Aricent in 2018. In fact, Aricent relies on an industrialized service delivery model, by leveraging almost 8,500 engineers in India offering a wide range of expertise, which will be gradually integrated into the Industrialized GlobalShore®, model as set out in the new Group strategic plan, see section 1.3 "The Group's strategy".

__Case study: co-creation of an engineering center in Morocco to perform vehicle engineering works for PSA and enable the development of derivative models__

Since 2014, Altran delivers from its center in Morocco vehicle engineering works for PSA in the following areas: body structure, chassis, powertrain engineering, functional architecture, systems and modelling. The objectives of these works are to develop derivative vehicle versions, while optimizing the total cost of use, and to free up key resources in France.

__Case study: launch of a development center for electronic components in India to support a global telecom equipment vendor__

Altran has created an Application-Specific Integrated Circuit (ASIC) product development unit in its Global Delivery Center in India to assist a major telecom equipment vendor. This unit is responsible for providing the niche technical expertise necessary for the testing of ASICs. Thanks to this project, Altran contributes actively to the next generation of radio equipment supporting 5G technology, while offering the client enhanced R&D engineering capacity.

1.1.1.6 Cambridge Consultants

Cambridge Consultants is a globally renowned specialist in the development of innovative products on a turnkey basis, but can also assist clients at all stages of a product's development from design up to start of large-scale industrial production. Cambridge Consultants brings together over 750 high-caliber scientists in the United Kingdom and the United States, leveraging its multidisciplinary technological knowledge, a culture of excellence, cutting-edge processes and tools and over 20,000 sq.m. of laboratories housing scientific equipment and facilities for prototyping.

The areas of intervention cover mechanical engineering, software development, signal processing and algorithms, physical sciences, electronics and development of application-specific integrated circuits, wireless technologies, remote sensing technologies and synthetic biology.

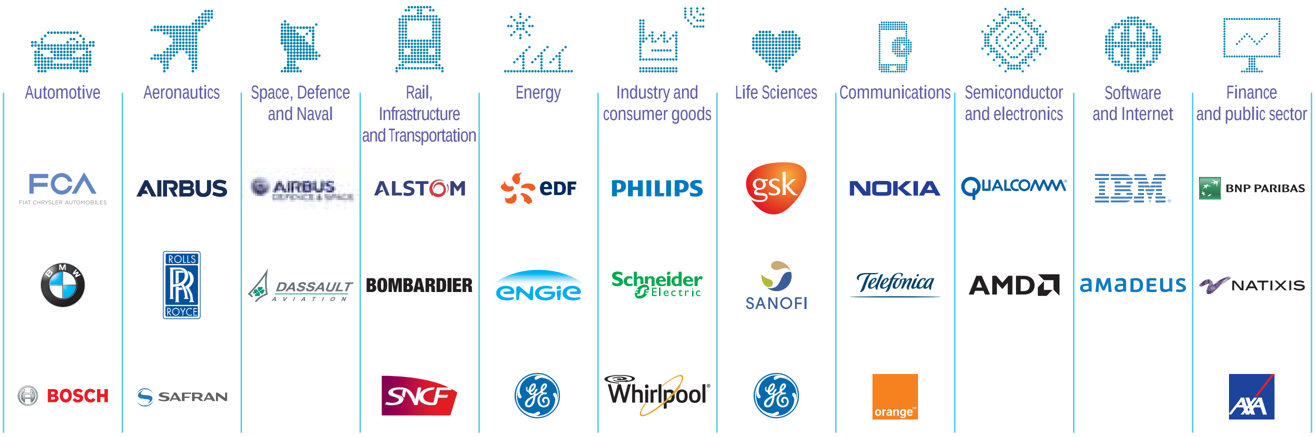
__Case study: artificial intelligence moves beyond human vision__

Cambridge Consultants has announced in 2018 DeepRay™, a ground-breaking Artificial Intelligence (AI) technology that creates clear, undistorted views of the real-world from a damaged or obscured moving image.

Based on recent advances in deep learning, DeepRay's power to see clearly in difficult, unpredictable situations could transform numerous machine vision and imaging applications, such as autonomous driving, by improving machine vision capabilities in disturbed environments.

1.1.2 The Group's industries and clients

The Group has been providing its services for more than 30 years to leaders in nine industries:



Since its creation, Altran has established itself as a key partner for all its clients; the duration of relations with the Group's top 10 clients is at least twenty years and over 30 years in the case of Airbus. Altran is the partner of choice for Airbus and PSA in engineering and has over 50 strategic partners.

For a breakdown of the Group's revenues by industry, see section 5.1.4 "Analysis of income on ordinary activities (revenues) and EBIT by operating segment for financial years ended December 31, 2018 and December 31, 2017".

1.1.2.1 Automotive

With over 8,500 automotive specialists in 20 countries, the Group supports businesses in the Automotive industry in the following areas:

- autonomous driving and connectivity: Altran supports its clients in the innovation, development and integration of autonomous driving and driver assistance systems, infotainment, man-machine interfaces, V2X (Vehicle to X) connectivity and new generation electric and electronic architectures, integrating new cybersecurity and artificial intelligence issues;
- electromobility: the Group assists its clients in developing electromobility solutions and innovative propulsion systems, from design to the full validation of the powertrain;
- complete vehicle development: Altran assists its clients in the development of complete vehicles, from the design of sub-systems (body in white, surfacing, lighting systems, passive safety) to the development of variant versions of vehicles, using innovative manufacturing processes, tests and physical or virtual prototyping.

Case study: building an offshore engineering center for a European car manufacturer

Altran has been selected by a leading European car manufacturer to build and operate an offshore engineering center in India. This center will be focused on embedded systems development, dedicated to autonomous and connected cars.

1.1.2.2 Aeronautics

With more than 4,000 engineers specialized in Aeronautics across the world, Altran provides businesses in this industry with services specifically adapted to their needs:

- advanced aircraft development: the Group assists its clients in the development of new generations of aircraft. The Group also offers them solutions to meet new challenges in the field of environment, regulations and safety, by leveraging its renowned expertise in aerostructures, fluid mechanics, thermal engineering, cabin design and innovation, physical flight modelling, safety, systems engineering and development of critical software systems;
- production ramp-up and Industry 4.0: Altran supports its major aeronautics clients in the ramp-up of their production chains and their transition to new generation smart and connected factories, thanks to the Group's expertise and recognized methods in the field of Industry 4.0, supply chain and quality management;
- disruptive services and connectivity: the Group assists its clients in the design of innovative services that enable them to create new revenues streams, in particular by drawing on the Group's experience in data analytics and connectivity, with the "VueForge" IoT solution developed by the Group.

Case study: Altran, partner of choice of NATS

Altran was named "Collaborative Partner of the Year" by NATS in 2017 for the development of FourSight, a next-generation air conflict detection tool, for which a collaborative development method was deployed. This was a contribution to NATS' commitment to the European SESAR program, a public-private inter-professional initiative to improve air traffic management efficiency in Europe.

1.1.2.3 Space, Defense and Naval

As an industry leader with over 2,000 specialist engineers across the world, Altran helps both long-standing and new industry players in the Space, Defense and Naval industries to tackle their challenges, in particular those pertaining to production and R&D:

- lead-time reduction and downsizing acceleration: Altran develops, together with its clients, disruptive products, supports them in their transition to smart and connected factories and provides services relating to quality control, satellite and launcher engineering, systems engineering and mechanical engineering and physics;
- disruptive services and connectivity: the Group helps its clients to boost their portfolio of innovative digital services, by developing new connected and smart systems (avionics, ground systems and operation, smart unmanned systems, real-time connected intelligence, global communications), by offering innovation services thanks to its World Class Center "Innovation & Design" and analytical services thanks to its World Class Center "Analytics" and digital transformation services;
- security: the Group applies big data technologies in the fields of intelligence (from cyber security to homeland security), in particular by leveraging, among others, the renowned expertise of its World Class Center "Analytics".

Case study: 3D Printing – Altran manufactures objects in space

Altran designed and manufactured the "Portable Onboard 3D Printer" in cooperation with Thales Alenia Space and the Italian Institute of Technology (IIT), with the coordination and sponsorship of the italian space agency. This system allows International Space Station (ISS) astronauts to print 3D plastic objects in a micro-gravity environment and still comply with extremely strict safety rules.

1.1.2.4 Rail, Infrastructure and Transport

With over 1,300 engineers across the world specialized in the Rail, Infrastructure and Transportation sectors, Altran supports businesses in these industries in the following areas:

- train design and innovation: Altran supports its clients in the design of trains applying innovation to new generations of train (*e.g.* the development of autonomous and intelligent trains and innovative designs, improving passengers' comfort), to rolling stock refurbishments, by offering mechanical design services (train interior and exterior), and transition of clients' production systems to Industry 4.0;
- transport operation: by its systems and its innovations, Altran supports the operations in the transportation field, in particular to optimize the major operators' service offers to their clients. Altran provides information systems development services for passengers, mobility services, and solutions to improve passengers' experience using cutting-edge connectivity technologies (*e.g.* 5G, solutions for predictive maintenance and safety);

- infrastructure project engineering and critical systems: Altran brings its systems engineering expertise to mega-projects in transport in respect of infrastructure, civil engineering and rail systems engineering; Altran provides development and certification services for new generation train control systems, by leveraging its recognized expertise in critical embedded systems, in safety and security, and its World Class Centers "Analytics" and "IoT Solutions".

Case study: COMPASS: Revolutionizing the railway customer experience

Altran was chosen by Network Rail, the British UK railway network operator, help digitize the railways. One of the objectives of the COMPASS project is to improve the functioning of the rail network during downgraded modes of operation by speeding up the transfer and analysis of information generated by trains and infrastructures. After successfully completing the two previous parts of the project, Altran is demonstrating the feasibility of the solution in the UK rail network's test facilities.

1.1.2.5 Energy

Altran brings to businesses in the energy industry the know-how of 1,800 Energy specialists throughout the world in the following areas:

- industrial engineering: Altran helps energy utilities and equipment manufacturers to increase their engineering quality and performance. In particular, Altran supports its clients in their complex industrial facilities projects (project management, design, building, dismantling) and with physics and nuclear engineering services, dismantling services, compliance/safety services, and instrumentation and control systems engineering;
- digital transformation: the Group supports energy players in their digital transformation with tailored IoT and data analytics solutions. These services aim to transform the data they generate into new revenues streams (for example in the development of smart grids) and boost industrial performance, while ensuring the cyber security of their facilities and systems;
- energy transition: Altran has developed leading-edge expertise in renewable energies (wind, solar, hydro and tidal). The Group provides technical advisory services for the design of renewable energy modules and solutions, and the engineering and optimization of renewable energy farms.

Case study: Altran supports Total towards the exploration of the future

Altran has been active in the METIS® (Multiphysics Exploration Technology Integrated System) project, launched by Total in 2014 as part of the "Earth Imaging" research program led by its Exploration & Production division.

Altran is specifically in charge of designing and integrating the sensor deployment system, made up of a fleet of five drones and a ground control station. Altran is also in charge of developing the ground control station, a veritable nerve center for the drone system governing all critical orders in the fleet.

1.1.2.6 Industrial and Consumer

With over 1,800 specialists around the world, Altran brings to businesses in the Industrial and Consumer sectors services tailored to their areas of activity:

- manufacturing equipment engineering: Altran supports the major manufacturers of industrial equipment and machines in developing their products, in a variety of businesses such as mechanical, software, mechatronic engineering or product life cycle management;
- industrial automation: Altran assists its industrial clients in modernizing and automating their production tools, by leveraging its World Class Centers "Advanced Manufacturing" and "IoT Solutions", to improve operational efficiency by taking advantage of the opportunities offered by new production technologies;
- consumer goods engineering: Altran supports the consumer goods industry's customers in the development of their products and services, from creating the concept – leveraging the World Class Centers "Innovation & Design" and frog - up to producing prototypes.

Case study: global collaboration with Itron

Altran has been collaborating with Itron/INS for more than 8 years, supporting Itron in the development of its solutions on 3 continents. Altran (through Aricent) assisted Itron in establishing its center of excellence in India in 2015, which has become one of Itron's main skill centers in the fields of low-level embedded software development. Altran and Aricent provide their experience in technical support, hardware and software development, testing and automation services.

1.1.2.7 Life Sciences

Altran brings to health care players the know-how of over 2,500 specialists all over the world in following areas:

- innovative patient-centric product development: Altran has positioned itself with regard to its clients as a partner in the development of safe and compliant medical solutions, in particular in the innovation and design of new products and services, the design of medical devices and product approval and testing. For this purpose, the Group leverages its expertise in complex system engineering, mechanical, software and electronics engineering, and in the management of human factors;
- digital transformation: Altran has positioned itself as a partner of choice to support its clients in their digital transformation with customized solutions in the Internet of Things (IoT) and data analytics with the aim of optimizing the effectiveness of the value chain, as well as with digital health solutions for patients (connected health, digital therapies, etc.);
- industrial performance and regulatory compliance: by leveraging in particular its World Class Center "Life Sciences Process Excellence", Altran provides its clients in the health care industry with services for the improvement of business and production processes, and processes for managing and adapting to quality and compliance requirements (quality management systems, quality assurance, remediation and quality control), process engineering (including commissioning and qualification) and Industry 4.0.

Case study: the augmented laboratory

Altran was selected by Sanofi as a strategic partner to support the digitization of its production system.

As part of this partnership, Altran has digitized the operators' processes and instructions, and has developped a visual man-machine interface to guide and support laboratory technicians in their daily activities.

1.1.2.8 Communications

With over 9,500 dedicated specialists around the world, Altran supports businesses in the Communications sector in the following areas:

- communications services (R&D and networks): the Group's expertise covers the entire telecom cycle, namely product and system development and testing, improvement of networks' operational performances (existing fixed/mobile technologies, 2G/3G and 4G) and advanced networks' development (4G+, SDN/NFV, Cloud, 5G);
- Digital Design services: le Group has recognized expertise in creating innovative customer experiences, leveraging its World Class Center "Innovation & Design" and frog, and supports its clients from the ideation phase to implementation;
- solutions for businesses: leveraging the World Class Centers "IoT Solutions and Analytics", the Group supports its clients in their operational efficiency improvement and in the development of services relating to the Internet of Things (IoT), with emphasis on data collection, transport and management. In particular, it provides advisory services in IoT technological architecture, IoT communication network technologies (LoRA, SigFox, etc.) and customized IoT projects development.

Case study: Deutsche Telekom and Aricent / Altran develop an Open Source EDGE computing software infrastructure

Deutsche Telekom and Altran have announced in 2018 that they would reinforce their strategic partnership over 3 years, by creating a low-latency Open Source EDGE computing platform. This platform will enable operators to develop 5G applications and services with shorter time-to-market. Through this partnership, Deutsche Telekom will leverage Altran and Aricent Engineering and R&D services on several projects.

1.1.2.9 Semiconductor and Electronics

Altran supports sector companies in the Semiconductors and Electronics sector, based on the expertise of 4,500 dedicated specialists all over the world, in the following areas:

- integrated circuit engineering: Altran offers its clients full services for all types of integrated circuits (ASIC, SoC, FPGA, etc.), from creating the development roadmap up to the design;
- platform engineering: further down the development of integrated circuits, the Group supports its clients in the development of electronic platforms in the design, implementation, integration and verification phases, with expertise in the fields of power supplies, radio-frequency, firmware/drivers, communications and platform security;
- product development: backed by the competencies of its electronics and embedded systems engineers, Altran supports its clients in the development of electronic products and systems.

Case study: development of integrated circuits for 3G, 4G and 5G modems on behalf of a major manufacturer of integrated circuits

Altran was selected as a provider of engineering services by a major player in integrated circuits, to develop integrated circuits for modems of the old and new generations (3G, 4G and 5G). This multi-year commitment covers:

- the design of circuits (Very Large Scale Integration) for 5G modems;
- the maintenance of embedded software for old generations of 3G/4G modems already deployed in telephones, computers and Machine-To-Machine communication modules;
- the full responsibility for the delivery of derived platforms for this customer.

In this context, Altran offers services for the development, adaptation and testing, as well as support, for all of the industrial use cases targeted by the customer.

1.1.2.10 Software and Internet

Following its strong development in the Software and Internet sector, today Altran has over 2,800 dedicated specialists in the sector all over the world:

- enterprise software: Altran supports leading enterprise software publishers, when modernizing and transforming their products, by integrating new functions and technologies (such as the cloud, artificial intelligence, etc.) in order to extend their useful life;
- consumer software and internet: Altran supports a large number of internet start-ups and giants, bringing to them experts recognized in the latest software technologies (user experience, cloud, data analysis, artificial intelligence, virtual/increased reality, blockchain, edge computing…), to accelerate their development and innovation;
- digital engineering: backed by its expertise in the development of software products, Altran offers product and software platform development services to players in various sectors, such as the media, mass marketing and entertainment. Altran's expertise in the software and internet sector is a key factor for success to help companies accelerate the creation of new digitized and connected products and services.

Case study: modernization and strengthening of the security of the internet site BuzzfeedCas

To manage the overhaul of its internet site, Buzzfeed called on Altran to audit and strengthen the security of its website and services, and to improve the site's general maintainability and its integration with various advertising platforms.

1.1.2.11 Finance and Public Sector

Employing over 3,500 specialists in the world, Altran provides businesses in the Banking, Insurance, Business Services industries as well as the public sector, the following services:

- core business solutions and regulatory compliance: Altran supports its clients to become regulatory compliant with more efficiency and with better risk management, in particular by integrating core business solutions in IT systems, developing specific public administration solutions, putting procedures in place to protect against financial crime and money laundering, auditing risk management processes and performing robustness tests on critical IT systems;
- digital transformation: Altran partners with its clients to reinvent the customer journey and experience and to leverage client data through design thinking, advanced data analytics techniques, IoT solutions, robotic process automation and the application of Blockchain technology;
- operational excellence: Altran supports its clients in streamlining their operations thanks to flexible commitment models that can improve efficiency while reducing operating costs, by offering lean management and process optimization services, Product Lifecycle Management (PLM) and outsourcing services, based on the Industrialized GlobalShore® model.

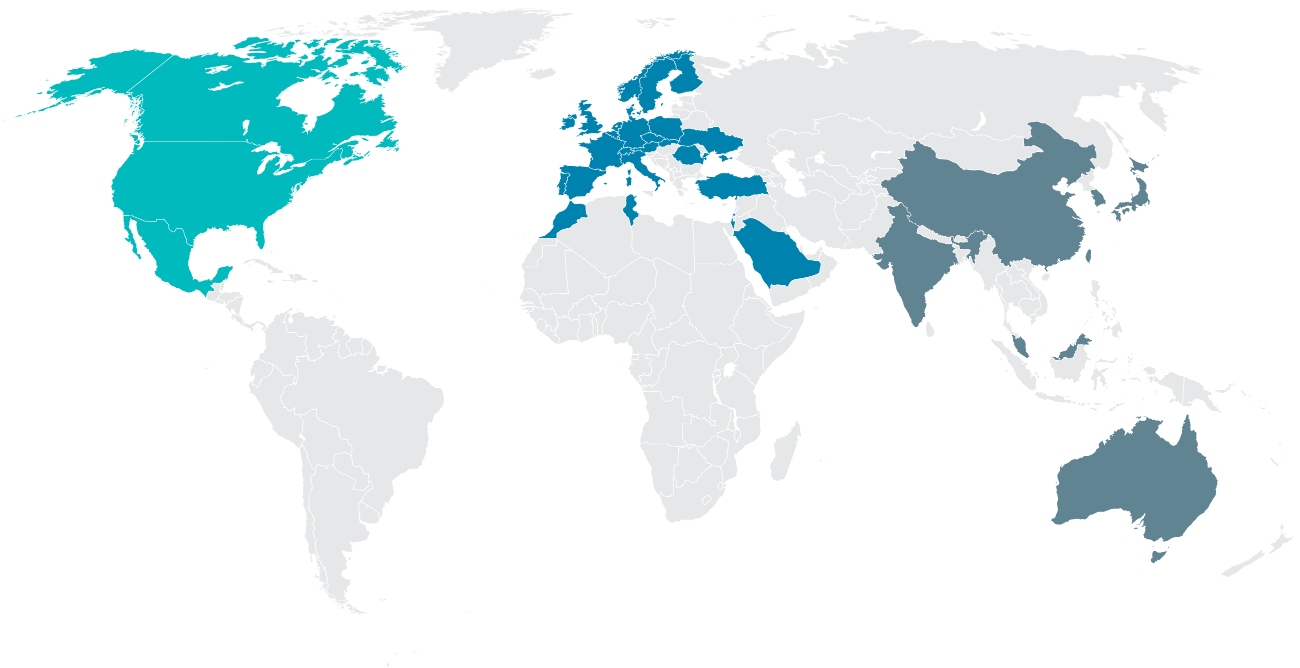
Case study: designing business and user experience strategy for the next digital e-Health platform

Altran and frog have been selected by a major insurance company to create the business and user experience strategy for their next digital e-Health platform. This ambitious project aims to create a comprehensive digital health platform that creates value to the key stkeholders of the healthcare ecosystem with an integrated proposition of services to both patients and doctors.

1.1.3 The Group's international presence

Of global scale, the Group was present in over 30 countries as of December 31, 2018. As a strategic partner, it offers its clients global project support while ensuring a consistent service level.

The Group is also very keen on maintaining a local dimension in order to provide specific support in dedicated local markets.



Source: Altran.

At December 31, 2018: the Group was present in the following countries: Australia, Austria, Germany, Belgium, Canada, China, South Korea, Denmark, United Arab Emirates, Spain, United States, France, Ireland, India, Israel, Italy, Japan, Luxembourg, Malaysia, Morocco, Mexico, Norway, Netherlands, Poland, Portugal, Czech Republic, Romania, United Kingdom, Singapore, Slovakia, Sweden, Switzerland, Tunisia, Turkey and Ukraine.

Historically present in Europe, the Group has successfully forged an international presence over the last years, both through organic growth and through acquisitions. In particular, and as announced in its strategic plan *The High Road, Altran 2022*, the Group aims to continue its reinforcement in the United States and to build a growth platform in Asia – For a description of the Group's strategy, see section 1.3 "The Group's strategy".

For a breakdown of the Group's businesses by operating segment see section 5.1.4 "Analysis of income on ordinary activities (revenues) and EBIT by operating segment for the financial years ended December 31, 2018 and December 31, 2017".

1.1.4 Customer relationship

The Group's clients have in recent years developed proactive referencing policies in order to reduce their number of partners and service providers. As a result, the Group's major clients have formed smaller panels of preferred suppliers. Although the procedures for establishing panels depend on each client, they are often structured either by technological area or by client entity (by division or cluster). The Group's organic growth is partly based on its capacity to be referenced within these panels, which represents for the Group both a protection factor and a leading edge over its competitors.

The referencing by clients generally results in the implementation of framework agreements between the Group's companies and their clients that define the general terms and conditions of the contractual relationship between the two parties and enable Group companies to participate in tender processes made by those clients. The act of entering into of framework agreements alone does not imply a volume commitment and does not entail any obligation by the client to contract consistently or exclusively with the Group, as clients typically enter into such framework agreements with most of the preferred providers selected in their panel.

Framework agreements entered into between certain Group companies and their clients generally contain change of control clauses and early termination clauses that allow the client to terminate the framework agreement and, where applicable, agreements that are currently in force. Some framework agreements may also contain so-called "reversibility" clauses that allow the client to take over or arrange for the takeover by a third party of its choice of the service that was initially entrusted to the relevant Group company. It should be emphasized, however, that such clauses are mainly used to allow ordering customers to maintain control of their production chain and are, in practice, seldom implemented by them.

The signing of framework agreements generally allows the Group to participate in tender processes made by the relevant ordering customers in the scope of the activities and businesses covered by the framework agreements that were entered into. If they win tenders, Group companies are required to provide services under specific application agreements entered into for that reason. These define the content and terms of the services to be provided (including the type of activities, the nature of the services to be provided and the resulting obligations or duration of the services). In this respect, the Group generally uses four main types of contracts, each of which corresponds to a delivery model, it being specified that these delivery modes can be combined in the context of major agreements:

- technical assistance: the Group brings technical expertise to its clients by placing its employees at their disposal to reinforce their teams and complement their expertise. Under this arrangement, the Group is paid by its clients on the basis of a daily rate and the number of employees seconded, and Altran is subject to a best-effort obligation;
- teams of experts: the Group brings to its clients a multidisciplinary and structured team of employees with varied expertise, selected from a portfolio of expertise. Under this arrangement, the Group is also paid by its clients on the basis of a daily rate and the number of employees. This contractual arrangement is backed by a service level agreement and is monitored through performance indicators ensuring that the client gets the best level of commitment and quality;
- fixed-price projects: the Group undertakes to provide a product or a service at a pre-determined price, payable in accordance with the progress of the project, with a commitment by Altran to achieve a given result;
- services center: the Group supplies a portfolio of recurrent and industrialized services based on units of work, invoiced according to a fee schedule set out in a "catalogue". This contractual arrangement is tied to a commitment by Altran to achieve a given result;
- licenses and royalties: when an end-user purchases the rights to use intellectual property belonging to Altran, license or royalty fees are charged to the customer according to a contractually determined split.

In order to focus its commercial attention on its largest clients, the Group has put in place a global commercial strategy structured primarily by strategic accounts. The list of strategic accounts is regularly updated based on the potential that each client represents and on the Group's strategy.

To better respond to the needs of these strategic accounts and Altran's numerous other clients, the Group mobilizes a sales force structured by industry and by region, made up of:

- Global and Local Account Managers, assigned to one or more of our strategic accounts; and
- Local Business Development Managers in the different countries where the Group is present to cater to all other clients of the Group and develop new ones.

The commercial organization structure is complemented by Solutions Managers, responsible for providing support to the sales teams for the sale of complex services and solutions.

Lastly, the marketing team supports the commercial organization to prepare commercial proposals, to identify clients, promote the Group's reputation and expertise, demonstrate its capacity to master the requested technologies and meet the required compliance criteria. Similarly, the technical and program departments contribute to the preparation of commercial proposals and the technical validation of proposed solutions.

The Group also participates in events and business fairs in order to enhance its visibility and establish contact with potential clients and partners. It also maintains targeted relations with industrial analysts.

1.1.5 Employees of the Group

The success of the Group's activities depends to a large extent on the expertise of its employees, whose know-how is the cornerstone of the Group's activities. The Group's capacity to grow therefore depends on its capacity to attract, motivate and retain this highly qualified personnel and to adapt its human resources to the expectations of its clients. The Group therefore pays particular attention to the recruitment, training and career development of its employees.

As part of its *The High Road, Altran 2022* strategy, Altran continued the initiatives begun in 2016 as part of the Engaged People program whose objective is to promote commitment and a sense of ownership, share enthusiasm and ensure that everyone understands their role by giving them the means to act.

The Group's total workforce on December 31, 2018 was 46,693, *i.e.* an increase of 13,028 persons during the 2018 financial year. This growth is mainly due to the acquisition of Aricent. For more detailed information on the Group's employees, please refer to section 4.2 "Social information".

1.2__ Market and competitive environment

1.2.1 Engineering and R&D services market

1.2.1.1 Introduction to the ER&D services market

The ER&D services market in which the Group operates encompasses ER&D activities which are fully or partly outsourced by businesses to service providers.

There are two main reasons why businesses outsource their ER&D services: (i) to improve their capacity to design products and reduce the time-to-market of these products, in particular through access to expertise and cutting-edge technologies rarely available in-house and (ii) to improve the efficiency of their ER&D functions and processes in terms of costs and quality.

To meet these needs, service providers provide a wide range of services, including design, prototyping, mechanical engineering, systems engineering, software engineering, testing, manufacturing, after-sales services and IT activities linked to R&D (as opposed to typical IT services which are not part of the ER&D services market).

1.2.1.2 View of R&D expenses, underpinning the ER&D services market

The evolution of the ER&D services market is closely linked to that of the global R&D market which has witnessed a sustained growth of 5% per year on average over the last ten years to reach about $1,500bn in 2017 [(1)].

The R&D intensity (defined as the ratio of R&D expenses to GDP) has seen a increase trend, allowing R&D expenses to increase in a sustained and more rapid manner than GDP.

Budgets allocated to R&D by businesses tend to better resist during an economic crisis due to their strategic importance to these businesses. For example, even during the 2008 economic crisis, R&D expenses continued to grow in spite of a major macroeconomic downturn.

GDP is expected to see moderate growth of 4% in 2019 [(2)], slightly down from the growth observed in 2018. In this context of economic growth, R&D expenses in the world should continue to grow by about 5 to 6% in 2019 [(3)]. The United States, the European Union and Asia are still the main R&D markets, accounting for about 90% of global expenses [(4)]. The United States remain the leader in terms of volume, followed by China, Japan, Germany, South Korea, France and the United Kingdom [(4)].

This sustained growth in R&D expenses is due to a number of structural factors:

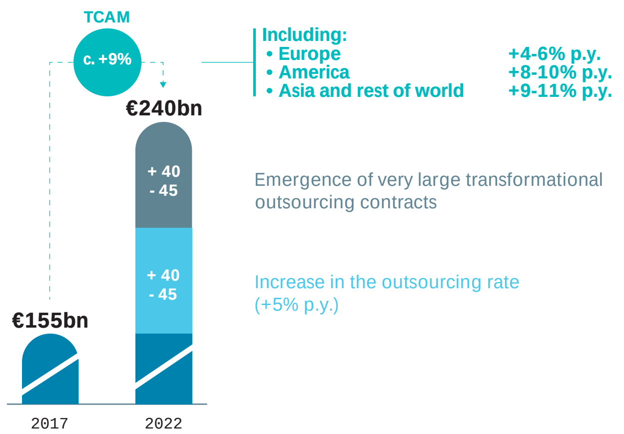
- increased need for differentiation to head off competition: businesses increasingly consider R&D as a means to stand out from their competitors. Increasingly higher R&D investment is necessary to achieve such a differentiation, whether through technology, price, quality, products and services, business models or user experience;
- the need to tackle digital disruption and technological convergence: the emergence and maturity of technologies, in particular in the digital field, is continuously accelerating. Historical players are under threat of disappearing if they cannot adapt to these disruptions, in the face of new more agile entrants, with revisited business models that are capable of leveraging these technologies. As a result, they invest massively in R&D to adapt their products and services and remain competitive;
- the imperative need to reduce time-to-market: the acceleration of consumers' speed of adoption of new products confers disproportionate benefits to first movers selling products that include the new technologies. As a result, it is imperative to shorten product development cycles and time-to-market, while broadening the range of products. For instance, in the automotive industry, the development time for a new model has gone down by 50% in 20 years;
- the need to internationalize: significant R&D expenses are also required by large enterprises for their internationalization. The opening of R&D centers across the world allows them to address the specific and varied needs of local markets (for example, in the automotive industry pollution standards are very different from one country to another) and to better integrate in the main R&D ecosystems of the world (for example, by being present in global R&D centers such as Silicon Valley or in major talent pools such as India);
- an increasingly more stringent regulatory environment: national, regional or international regulations can contribute to the increase in R&D investments. Businesses must invest to upgrade their technologies and products in order to meet regulatory requirements. For example, European Union regulations require a 33% reduction of CO_2 emissions by cars between 2010 and 2021 [(5)]. Consequently, car manufacturers must make investments to adapt their vehicle portfolio to such a transition.

(1) Source: Euromonitor (Expenditures on R&D, 2017).
(2) Source: IMF, World Economic Outlook (October 2018).
(3) Source: Altran management based on the global GDP growth forecasts by the IMF mentioned above.
(4) Source: OECD (Business Expenditures on R&D).
(5) Source: European Commission, Reducing CO2 emissions from passenger cars.

1

1.2.1.3 Size, growth outlook and concentration of the ER&D services market

Size and growth of the ER&D services market



The ER&D services market represented about €155bn in 2017 and is expected to reach €240bn in 2022, i.e. an average annual growth rate over five years of about 9% [(1)], driven by:

- the growth in R&D expenses, estimated at about 5% per year on average until 2022;
- the increase in outsourcing ER&D services by main clients, driven particularly by North America and Asia.

Furthermore, the ER&D services market is still highly fragmented with thousands of players. However, several factors are favoring market consolidation:

- clients in the different industries have themselves been consolidating since a number of years [(2)];
- the development of proactive referencing policies, which significantly reduce the number of service providers working with each client;
- the internationalization of R&D activities, which requires service providers to cater to a wide geographic coverage in order to support their clients globally;
- the expected industrialization of services, which requires working with service providers having a critical size.

This consolidation is taking place at both the geographic level (with service providers buying out competitors to expand into other geographic areas) and the operational level (with enterprises extending their activities through the acquisition of specialized and complementary service providers).

1.2.1.4 Changing clients' needs for ER&D services

The ER&D services market is developing rapidly and is gradually getting structured by the changing clients' needs, in particular those of the top 500 clients which account for about 60% of R&D expenditures [(3)]. There are four main trends today:

- increased demand for leading-edge expertise to cope with disruptive technologies: the digital revolution and related technologies, such as the Internet of Things (IoT), data sciences and security or virtual reality, compel clients to digitize their operations, products and services. They therefore allocate a growing portion of their R&D budgets to these technologies and in particular to software development. This results in increasing demand for service in these areas, particularly in a context where expertise in such businesses is scarce;
- an increasingly rapid growth in high-technology industries, in the United States and Asia: some technological sectors become crucial for clients in all industries: hence, Communications, Semiconductor and Electronics, and Software and Internet are becoming increasingly important in the development of connected and intelligent products and services. Companies in these sectors are very present in the United States and Asia (particularly China), which should lead to strong growth in these two geographic areas in the coming years;
- a shortage of talent and a geographic disconnection between supply and demand: even though the majority of expenditures on R&D is still made by companies in the United States or Western Europe, the large talent pools are now located in Eastern Europe, India or China. To access this new talent pools and to optimize its development costs, clients promoted the emergence of engineering service models using industrialized near- and offshore capacities, in addition to their onshore capacities;
- differentiated needs in terms of ER&D services: even though, historically, the ER&D services market was driven by local needs for resources, provided with flexible models, we note that our major clients have increasingly differentiated needs depending on the life cycle of the innovation. In particular, at the start of the cycle, clients need to have access to leading-edge expertise and technological solutions enabling them to accelerate their innovation process, regardless of where the intellectual service will be delivered. At the end of their products' life cycle, clients seek to streamline their ER&D processes: they look for partners that can offer them industrialized, efficient services with commitments on productivity and transformation, at the least cost.

(1) Source: Management Consultancy, Altran.
(2) This consolidation can be seen in different industries, some of which are as follows: in the automotive industry: acquisition of Mitsubishi by Renault-Nissan and acquisition of Opel by PSA; in the energy industry acquisition of the "energy" arm of Alstom by GE; in the media industry: merger between AT&T and Time Warner; in the telecom industry: takeover of Ziggo by Vodafone; and in the aerospace industry: takeover of Rockwell Collins by UTC.
(3) Source: Figure calculated by Altran based on data from the report "The EU Industrial R&D Investment Scoreboard" (2017) of IRI.

1.2.1.5 Growth outlook and main trends by industry

The Company considers the growth outlook for the ER&D services market to be positive, with specific trends in each of the following industries.

Industry	Growth outlook [(a)]	Main trends by industry
AUTOMOTIVE	++	In the Automotive industry, an increase in R&D budgets at several levels should continue to stimulate market growth: - development of autonomous and connected vehicles and tackling the related safety and security issues; - optimization of power train systems' energy efficiency and introduction of alternative solutions (electrification, hybridization); - improvement in the efficiency of the new models' development process (automation and digital).
AERONAUTICS	+	In the Aeronautics industry, the end of the major R&D programs in civil aviation, combined with the focus on incremental developments, continues to impact R&D expenses, despite the recovery of the expenses on certain issues such as: - development of new services for airlines; - improvement in industrial operations, made necessary by the ramp-up of the production chains (*e.g.* industry 4.0); - preparation of new development processes for future generations of aircrcraft (Model Based System Engineering, Design-to-X…).
SPACE, DEFENSE & NAVAL	+	In the Space and Defense industries, the growth in R&D expenses by the main operators is expected to remain moderate due to governments' budgetary restraints. In the Naval sector, demand is mainly drawn by the problems arising from the automation and digitization of the ship production process.
RAIL, INFRASTRUCTURE & TRANSPORT	++	A good growth of the ER&D services market is expected in the Rail industry, due to the modernization and automation of trains and railway infrastructures and opportunities arising from Industry 4.0.
ENERGY	+	In the equipment manufacturers sector: the development of new products and the emergence of new energy sources should lead to growth in R&D investments. In the oil and gas industry, growth should gradually resume due to increased oil prices.
INDUSTRIAL & CONSUMER	+	The Industry and Consumer Goods sector is expected to be buoyant, mainly supported by the modernization of industrial equipment driven by Industry 4.0, robotics, automation and artificial intelligence.
LIFE SCIENCES	++	In the Life Sciences industry, the complexity of developing new medicines and the need to renew patents reaching expiry for new molecules should make up for the cost reduction initiatives taken by the main pharmaceutical laboratories. Furthermore, the convergence between the pharmaceutical industry and the medical devices industry should lead to significant investments in connectivity applied to health. Lastly, an increasingly complex regulatory framework also stimulates market growth.

Industry	Growth outlook (a)	Main trends by industry
COMMUNICATIONS	+	As regards equipment manufacturers, despite cost saving initiatives, a recovery in investment is expected in the short and medium term due to developments relating to the virtualization of the network functions, 5G, and the definition of new cases of use in other sectors (*e.g.* connected vehicles). As regards operators, substantial pressure on prices and market consolidation should encourage cost control. However, these factors could also lead to a reinforcement of outsourcing policies. In the medium term, the deployment of 5G networks should stimulate demand.
SEMICONDUCTOR AND ELECTRONICS	+	In the Semiconductor and Electronics sector, growth should be sustained by the development of new platforms and integrated circuits for specific applications (*e.g.* artificial intelligence) and less energy-intensive circuits (*e.g.* for connected systems).
SOFTWARE & INTERNET	++	The Software and Internet industry is on a high growth trend and is witnessing a sustained level of R&D investment, driven by "GAFAM" (Google, Apple, Facebook, Amazon, Microsoft) and numerous start-ups. This increase in R&D investments, combined with the scarcity of resources and the development of large-scale commercial contracts for the management of products further down the development cycle should support the growth in ER&D services.

(a) According to Altran management.

1.2.2 Competitive environment

1.2.2.1 Typology of the main competitors

The ER&D services market remains particularly fragmented with thousands of enterprises. In this context, Altran's position is that of a global leader. The Group's competitors vary depending on geography, industry and nature of the project considered. It is however possible to classify these competitors into five main categories:

(i) suppliers of ER&D services, mainly European, with expertise in several industries and providing a large part of their services onshore;

(ii) players with leading-edge expertise in a particular industry or technological area. They are generally integrated with a broad range of services in prototyping, testing and product development, leveraging assets and heavy equipments such as testing benches or manufacturing equipment from their own R&D Centers, often close to their clients' sites;

(iii) Indian players, geographically remote, but with a natural capacity for offshore delivery and offering low cost outsourcing services;

(iv) leading advisory and IT players, leveraging their digital expertise and their industrialized service delivery models to develop in the ER&D services market; and

(v) mainly in the United States, suppliers of specialized services in software, digital and design, developing in ER&D services and leveraging their horizontal expertise and their capacity to outsource at low cost, mainly in India, Eastern Europe and South America.

In a competitive landscape still dominated by European actors, Altran has positioned itself as a global leader in terms of revenues.

1.2.2.2 The Group's competitive strengths and advantages

The Group enjoys key competitive advantages which have been enhanced following the Acquisition:

- **position of a global leader:** the Group's size (circa €3bn of revenues, and a workforce close to 47,000) and international presence (over 30 countries) allow it to develop strategic and long-term relations with the most important clients by being referenced as a preferred choice in their panels and to achieve significant economies of scale;
- **multi-industry expertise:** the Group's industry expertise in each of the industries in which it operates is difficult to replicate by new entrants. Furthermore, the Group's clients can import best practices and innovations from other industries thanks to the Group's cross-cutting presence in nine industries;
- **development of high value-added services:** the investments made by the Group over the years allow it to operate high value-added models. These investments in assets and intellectual property, such as excellence centers (World Class Centers) or testing laboratories (in particular Cambridge Consultants) are not easy to replicate by its competitors;
- **an industrialized service delivery model:** Altran developed the Industrialized GlobalShore® model, which integrates its onshore, nearshore and offshore platforms and allows it to respond rapidly to requests from its clients with a competitive cost structure. This model is not easily accessible to its competitors, whose presence is either onshore, or offshore;
- **robust and attractive financial profile:** the Group has proven its capacity every year to grow its revenues at a sustained pace, improve its profit margins and generate cash.

1.3__ The Group's strategy

Altran presented a new strategic plan on June 28, 2018: *The High Road, Altran 2022*. This plan, which sets out the detailed strategic and financial goals of the Group by 2022, is based on the vision of a rapidly changing market with a significant potential. It aims at reinforcing the Group's unrivaled position as global leader on the ER&D services market and creating high value for its shareholders, by raising its service model and extending its presence in the market's key sectors and regions.

1.3.1 Our Industry: shift happened

As part of the definition of its strategic plan *The High Road, Altran 2022*, the Group expects an average market growth of about 9% per year by 2022, and has identified four trends which contribute to shaping the future of the ER&D services market:

- increased demand for leading-edge expertise to cope with disruptive technologies;
- increasingly rapid growth in high-technology industries, in the United States and Asia;
- a shortage of talent and a geographic disconnection of supply and demand;
- differentiated needs in terms of engineering and R&D.

For more detailed information on the ER&D services market and its trends, please refer to section 1.2 "Market and competitive environment".

1.3.2 Our Ambition: a new league player

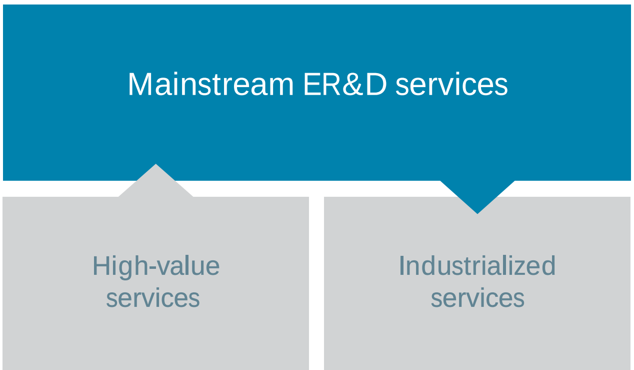
The strategic plan *The High Road, Altran 2022* focuses on three main pillars to enable the Group to best meet the new expectations of its clients:

1.3.2.1 Best-of-breed synergetic service models

The Group's clients make the distinction between activities that create a competitive edge and those that do not. They also single out activities that have an immediate impact on their performances from those that do not. To meet these specific needs, the Group has defined reinforcing its three differentiated service models as a priority objective, with a view to accelerating growth by 2022:

- <u>High-Value services</u>: In recent years, the Group has built up a portfolio of units capable of providing high added-value services in key areas for its clients, particularly: frog, Cambridge Consultants, World Class Centers and software components. These units are positioned in buoyant market segments in terms of growth and margin, and therefore a key element to ensure the Group's performance. As part of its strategic plan, Altran aims to develop synergies between these complementary units in terms of expertise, to focus the Group's commercial effort on the sale of their services, and to continue to enrich this portfolio to continually adapt to the latest disruptive technologies;

- Mainstream ER&D services: Engineering and R&D services are the main sources of the Group's revenues, and are therefore vital to Altran. Because of their significant scale and their substantial flexibility, these services are very much in line with the life cycle of the Group's clients' innovation, downstream of the high added-value services: clients' innovation, and upstream of the industrialized services designed to streamline the activities of the most mature clients. The Group's aim is to continue to develop the mainstream services model, seizing opportunities derived from the high-value service model, reinforcing discipline in carrying out projects, and using these services as a growth platform for Industrialized GlobalShore®;



- Industrialized GlobalShore®: At the end of 2018, the Group had built five global engineering centers or "Global Engineering Centers" bringing together about 17,500 engineers in nearshore and offshore regions. These centers benefit from privileged access to the largest pools of engineering resources, and substantial scale effects, enabling them to offer the Group's clients deliveries of industrialized and competitive services. As part of its new strategic plan, Altran announced its intention to strengthen Industrialized GlobalShore® and to reach circa 25,000 engineers in its Global Engineering Centers by 2022. The industrialized services model will enable Altran to strengthen its position as partner in its clients' transformation, by offering ever more competitive services (by standardizing and automating the engineering processes).

1.3.2.2 High-growth industries

In order to take advantage of the strong growth of certain industries, and in particular, advanced technological industries, the Group aims to strengthen its position in five high potential sectors, with the objective of reaching 50% of income from these sectors by 2022, a growth of about €750 m between 2017 and 2022:

- in the Software and Internet sector, the Group wants to become a major player in software product development;
- in the Semiconductor and Electronics sector, Altran wants to become the partner of choice for leading integrated circuits manufacturers' R&D transformation needs;
- in the Automotive sector, Altran intends to strengthen its position on "car of the future" issues, by developing substantial expertise in the field of autonomous and connected vehicles and in the user experience;
- in the Communications sector, the Group aims at becoming an inescapable player in the emerging technologies networks: 5G, network virtualization, Internet of Things, edge computing;
- lastly, Altran wants to accelerate its development in the Life Sciences sector, by using certain of its high added-value trademarks already present in this sector (*e.g.* Cambridge Consultants and the World Class Center "Analytics").

Developing expertise in the Semiconductor and Electronics, Software and Internet, and Communications sectors will enable the Group to create key capabilities, which will be beneficial to all the Group's sectors:

- the proliferation of electronic components in all industries requires expertise in the development of integrated circuits, electronic platforms and sensors;
- today, most products or services have integrated software to a certain extent, requiring special expertise in this area (*e.g.* in artificial intelligence);
- the massive connectivity of our clients' products requires substantial knowledge of emerging connectivity technologies (*e.g.* 5G or the Internet of Things).

Recognized expertise in these three areas will enable the Group to take a position on specific subjects in other sectors, such as the autonomous vehicle, predictive maintenance, new generation infotainment systems or connected health care.

1.3.2.3 Geographic leadership

In its strategic plan, the Group has asserted its intention to strengthen its position as global leader, and in particular:

- in Europe, by aligning its services model in all geographic units, by finalizing the return of German operations to profitability, and by continuing to improve operational excellence in conducting projects;

- in North America, by confirming Altran's position as leader by achieving $1.2bn of revenues in 2022 (including the revenues generated by the different Group's units in the United States):
  - integration into a single operational unit all the entities present on the territory and resulting from the various acquisitions made since 2014, by connecting them to the Group's various engineering and expertise centers,
  - acquisition and development of the best talent in engineering, design and the digital business,
  - acceleration of the organic growth and generation of synergies (costs and revenues);
- in Asia, by creating a growth platform in China and by gradually developing in other Asian countries.

1.3.3 Our Focus: disciplined & phased execution

To ensure implementation of *The High Road, Altran 2022* plan, the Group has given details of three operational catalysts for the implementation of the strategic plan:

- a phased convergence program, de-risking the strategy execution, its main objective being the materialization of synergies and the preparation of the roll-out of a joint Altran and Aricent operational model, focused on priority projects:
  - the second half of 2018 was focused on the unification of the go-to-market,
  - during 2019, the Group aims to align the service models in all operational units, integrate the American activities within a single unit, and harmonize the talents' management processes,
  - lastly, the global operational model will be fully implemented during 2020;
- an aligned operations' governance:
  - geographical areas:
    - a "Europe" region managed by M. Cyril Roger, supported by M. William Rozé, Chief Operating Officer, who will ensure the zone's performance, reinforce the mainstram services model while rolling out high-value services and Industrialized GlobalShore® in all European countries,
    - a "North American" region managed by Ms. Laila Worrell, who will focus on improving the zone's performance, integrating all the operational activities and achieve cost synergies,
  - industries: five Global Industry Managers were appointed to ensure implementation of the high-value services and Industrialized GlobalShore® in their respective sectors, while achieving revenues synergies between Altran and Aricent,
  - technology and innovation: a cross-functional team, reporting to M. Pascal Brier, in charge of positioning the Group on the latest technologies and accelerating the development of the high-value services,
  - engineering and transformation: a cross-functional team, reporting to M. Daniel Chaffraix, in charge of developing the Group's global engineering teams, steering the convergence program with Aricent;
- a focus on operational excellence, which remains a Group priority to enable margin improvement, particularly through the turnaround of Germany which the Group anticipates will return to an operating margin of at least 6% by 2020.

1.3.4 Our Commitment: superior & sustainable value creation

The aim of the strategic plan *The High Road, Altran 2022* is to achieve a profitable growth of operations by 2022, on a like-for-like basis; and in particular:

- revenues of around €4bn;
- an operating margin of about 14.5% of revenues [1];
- a Free Cash Flow of about 9% of revenues [2];
- a leverage ratio of less than 1.5x;
- earnings per share doubled (compared with the 2017 reported value of €0.68/share).

(1) Combining the total number of Group employees and the total number of employees of the Aricent group as of December 31, 2017 + non-recurring items + charges linked to share-based payments.
(2) Free Cash Flow (including financing costs correspond to the operating margin plus Depreciation & Amortization (D&A) plus/minus impact of non-cash items plus/minus impact of non-recurring items on the cash plus/minus change in WCR minus tax paid minus Capex net of income from the disposals minus financing costs

The financial objectives include the effect of the synergies announced when Aricent was acquired, which should generate additional revenues of €150m reflected by a recurring impact on the EBITDA of €25m, and by savings in costs and expenses of €25m. These synergies should be gradually generated over three years. The related implementation costs will represent the equivalent of one year of cost synergies (c. €25m), spread over 2018 and 2019.

The Group intends to distribute its financial resources evenly between creating value for shareholders, reinvesting in the Company and taxes and financial obligations:

- the Group's financial policy is to prioritize deleveraging, with the objective of being below 2x and 2.5x in 2020 and 1x and 1.5x in 2022. This target will be achieved by using Free Cash Flows to gradually pay back debt whilst maintaining a cash balance in excess of €250m and compensating shareholders in the same way as before;
- additionally, powerful drivers are boosting the expansion of the Group's Free Cash Flow: (i) improved operating margins, including through synergies and cost savings, a capital intensity of about 2% of revenues with a corresponding increase in our working capital requirements; (ii) the financial expenses should decrease in proportion to our debt repayment, whilst Aricent's cash liabilities will drop year-on-year and will come to an end in 2021. Lastly, the fiscal structure will be reviewed and the Group is likely to benefit from a more favorable fiscal environment.

1.3.5 At the end of 2018, initial successes in the implementation of the strategic plan

Following the announcement of the strategic plan in June 2018, the second half of 2018 was focused on the launch of initiatives aimed at ensuring that the plan is well implemented. Initial successes have already been achieved:

- reinforcement of the Group's synergetic service models:
  - unification of the Altran and Aricent sales team, enabling consistent contact with the Group's clients,
  - reinforcement of the cooperation between the Group's High-Value entities, World Class Centers and studios,
  - establishment of Global Service Lines to develop the Group's skills, assets and solutions on a global scale,
  - pooling of the Group's Research and Innovation initiatives and definition of priorities for 2019,
  - launch of the Aricent Indian teams' integration into the Altran Global Engineering Centers, thus creating the largest offshore engineering network in the world with over 17,500 engineers spread over five centers,
  - generation of revenues and cost synergies;
- development of the Group in high-growth pivotal industries:
  - appointment of five Global Industry heads, in charge of accelerating organic growth and building robust client relations in their respective sectors,
  - recognition of the Group for its expertise by several market analysts, among others:
    - acknowledged as being in Leadership Zone in a number of fields and industries by Zinnov in the report Zinnov Zones ER&D Services and Zinnov Zones IoT,
    - acknowledged as being one of the best service providers in the classification ISG Provider Lens Study 2019 – Engineering Services,
    - acknowledged as being one of the best service providers by Everest group in the reports Embedded System Engineering Services PEAK Matrix and Medical Devices Engineering Services PEAK Matrix;
- consolidation of the Group's position as global leader:
  - for the Europe and North America regions, appointment of regional Executive Vice-Presidents, with the task of accelerating the Group's organic growth, and regional Chief Operations Officers, with the main task of ensuring the smooth running and operational excellence of the Group's various service models,
  - creation of geographic clusters of countries in the Europe region to accelerate the achievement of synergies,
  - setting up a new management team in Germany, with the return to a positive operating margin as the prime objective.

1.4__ Finalization and financing of the acquisition of Aricent

On March 20, 2018, Altran finalized the acquisition of the Aricent group, thus creating the global leader in ER&D services. This announcement was made once the necessary approvals had been obtained from the competition authorities and the conditions precedent provided for by the agreement signed on November 29, 2017 between Altran and group of investors led by KKR had been met.

To finance this acquisition, Altran successively used:

- **external financing**

A Senior Facilities Agreement was signed on February 15, 2018 between the Altran group and a number of banks, providing the Company with several loans:

- a term loan of a total amount of €2,125m divided into two tranches, one of €1,880m and the other of $300m ("Term Loan B"),
- a bridging loan of €250m (the "Bridge Facility"), and
- a new multi-currency revolving credit facility of €250m (the "Revolving Credit Facility"), replacing the existing similar facility of €500m signed on July 27, 2017.

On March 20, 2018, *i.e.* the day of the closing of the acquisition of Aricent, the Term Loan B and the Bridge Facility were fully drawn and used to (i) pay the Acquisition price for Aricent ($2.1bn), (ii) to pay the fees and costs associated with the acquisition of Aricent, and (iii) to repay part of the Altran group's existing debt (including approximately €273m of medium and long term debt).

The loan agreement contains the usual clauses for this type of financing, which involve compliance by the Group with certain obligations [detailed in note 5.11 "Net debt" to the interim condensed consolidated financial statements];

- **a capital increase**

A capital increase with preferential subscription rights for existing shareholders was launched on March 22, 2018 and finalized on April 17, 2018, for a final gross amount of approximately €750m (resulting in the creation of 81,220,840 new shares).

Net income from the capital increase enabled Altran to repay the Bridge Facility in full and part of Term Loan B as described above.

2__ RISK AND CONTROL

2.1__ Risk factors

The Group conducts its business in a rapidly changing environment leading to numerous risks, among which certain ones are beyond its control.

It carried out a review of the risks that could have a significant adverse effect on its business, its financial position, its objectives, its reputation or the Company's share price, and deems that, to its knowledge, there are no other significant risks other than those presented below. However, it draws the readers' attention to the fact that the risks and uncertainties presented below are not the only ones it has to face. Other risks and uncertainties not known to it at the date of this Registration Document, or that it does not consider to be significant at the date of this Registration Document, could also have a significant adverse effect on its business, its financial position, its objectives, its reputation or the Company's share price. In particular, the Company has endeavored to describe in this section the risks that are likely to have a significant adverse effect on the position of the Group as a whole, including the Company and all of its subsidiaries, which include the Aricent group's companies since March 20, 2018, the date of closing of the Acquisition.

The mechanisms put in place by the Altran group to manage the risks to which it is exposed are described in section 2.2 "Internal control and risk management process".

2.1.1 Risks related to the Group's business sector

2.1.1.1 Risk related to changing demand for outsourced engineering and R&D services

The growth in demand for outsourced engineering and R&D services is generally linked to the international economic climate insofar as it is based on outsourced R&D expenditure by ordering customers correlated to changes in global industrial production.

The Group's financial performance could also be adversely impacted by a deterioration in economic conditions in countries where the Group operates, as well as by the international economic situation. Indeed, periods of recession, financial difficulties that could be encountered by the Group's customers and with the possible reduction of their business, could have an adverse effect on prices and, more rarely, lead customers to re-internalize engineering and R&D services.

In times of recession or crisis, ordering customers no longer reduce or suspend their R&D investments immediately, having measured the negative effect of such measures at the time of the economic recovery of their business sector. This means that changes in the demand of the Group's customers may occur with some delay in relation to changes in economic activity. Volatile or uncertain economic conditions could therefore make it difficult for the Group to make any business forecasts.

The change in demand for ER&D services varies according to the industrial sectors of the Group's customers. These sectors have different sensitivities to those of the economic cycles, such as the Aeronautics or Semi-conductor sectors. As the Group has a diversified exposure to these various industrial sectors, it is less exposed to an unfavorable economic situation which would affect one sector only, moreover as crises rarely impact several industrial sectors at the same time.

2.1.1.2 Risks related to competition in the Engineering and R&D services market

As presented in section 1.2 "Market and competitive environment", the market for ER&D services remains relatively fragmented but has tended to concentrate, which could lead to the emergence of competitors with potentially superior financial, commercial or human resources to those of the Group and which could form strategic or contractual relationships with current or potential Group customers in the markets in which the Group is present or wishes to develop. In particular, the entry of IT service providers into this market, which would have advantages in terms of size and resources, could impact the Group's competitive position.

The Group's competitors could merge or develop closer relations, and the diversified service offerings of these consolidated companies, or the increased synergies resulting from the consolidation, could increase the level of competition to which the Group is exposed, especially if the Group were unable to take part in this movement towards consolidation.

The Group cannot rule out the possibility of that new competitors, particularly in developing and low-wage countries, could develop and win market shares, to the detriment of the Group.

In the event of a more competitive environment, the Group could be forced to reduce the prices of its services or not be able to increase them to the desired level in order to increase its margins, which could, ultimately, have a significant adverse effect on the Group's business, income, financial position or outlook.

The positionning of the Group, combining industial expertise, value-added services, a strong local presence in more than 30 countries close to customers' decision-making and R&D centers, and a strong capacity for industrialization thanks to its network of Global Engineering Centers.

2.1.1.3 Risks related to the challenges of assimilating and renewing technologies, and potential impact on the Group's ability to meet the demands of its customers

The market for ER&D services is subject to rapid changes, notably as a result of technological innovations. Consequently, the Group's performance depends on its ability to adapt to frequent technological changes which could affect the various sectors in which its customers operate and to respond to their requirements. The Group's inability to adapt successfully to these changes and to assimilate to new technologies, or to renew its technologies in a timely manner, could lead to a loss of market share, decreased revenues or lower profitability, and thus have a significant adverse effect on the Group's business, income, financial position or outlook.

In addition, in the event that the Group invests in the development of technologies that ultimately prove to be ineffective, its financial resources would be allocated to unprofitable investments, which could have a significant negative effect on the Group's business, income, financial position or outlook.

Furthermore, the arrival of new products or new technologies developed by the Group's competitors could impact the Group's competitive position.

In order to keep pace with the latest technological innovations, the Group has provided a technical department, and in particular a "Research and Innovation" team, in charge of identifying the future needs of the Group's customers upstream and, as well as developing and improving the innovation roadmap for the Group. Investments are selectively made in the most promising technologies in order to constantly adapt the Group's offer of services and solutions to market developments. These investments may take the form of the recruitment of specific skills, the development of technological bricks and solutions or the acquisition of companies with cutting-edge expertise in the areas of interest of the Group's customers.

2.1.1.4 Risk related to customers' policy of referencing ER&D service providers

Over the past ten years, the market for ER&D services has undergone a change in the contracting methods of the main ordering customers. In particular, they have developed proactive referencing policies to reduce the number of their partners and service providers. As a result, the Group's largest customers have drastically reduced the number of suppliers they can use and introduced a smaller list of preferred suppliers. Although the procedures for setting up panels depend on each customer, panels are often organized either by technological areas or by entities within the ordering customer (by subsidiary, division or hub) and for specific, defined periods of time.

As an example, the 10 largest ordering customers have set up a list of preferred suppliers and, in certain cases, reduced the number of suppliers by almost 1,000 to lists with 5 to 10 suppliers.

The Group's organic growth is based in part on its ability to be referenced in the panels of ordering customers. Therefore, if the Group is not part of the new panels of growing companies or is excluded from a panel on which it appeared (because of its positioning in terms of price or its failure to perform a service, for example) it could have a significant adverse effect on the Group's business, financial position, income and outlook.

Moreover, the Group devotes significant resources in terms of the time spent by its employees on, and the costs related to, the preparation of its proposals, notably to identify potential ordering customers, to establish the Group's reputation with them, to demonstrate to them the Group's ability to master the required technologies, and to meet the compliance criteria that may be required. The costs thus incurred may not be offset if the Group fails to obtain the desired referencing from an ordering customer.

The realization of one or more of these risks could materially affect the activity, the results, the financial situation and the prospects of the Group.

The Group's size, its recognized industrial expertise and its long-term relations with numerous ordering customers enable it to mitigate this risk. The Group succeeded in being included on a large number of its various customers' panels, and is favored by the referencing principle as it is one of the rare players in the engineering and R&D services market to offer expertise in all its customers' fields of interest.

2.1.2 Risks related to the Group's business

2.1.2.1 Risk related to the concentration of a significant portion of the Group's revenues on a limited number of customers

The nature of the Group's business and its development strategy with major accounts lead to a relative concentration of revenues on a limited number of customers.

The change in the main customers' share of Group revenues (as a percentage of total revenues) since 2016 is as follows:

	2016	2017	2018
Three main customers	19.7%	19.8%	16.0%
Five main customers	25.3%	25.2%	21.6%
Ten main customers	33.7%	33.8%	31.5%

The concentration of a significant portion of the Group's revenues on a limited number of customers and the risk of jeopardizing some contracts entered with the Group could have a significant adverse effect on the Group's business, income, financial position and outlook.

Thus, the customers may decide to end their commercial relationship with the Group in certain cases:

- financial difficulties of the customers;
- restructuring, mergers and acquisitions involving the customers; and
- changes in the strategic priorities of the customers, leading to a slowdown in certain projects that the Group is involved in or a reduced level of spending on outsourced R&D.

It should be noted in this respect that framework agreements with certain major customers may contain short-notice termination clauses and change of control clauses (see section 1.1.4 "Client relations").

In addition to this risk of contracts with its customers being brought into question, the Group may have to face pressure on its prices and margins from its main customers, which could be in a very favorable position to negotiate in view of their notable contribution to the Group's revenues, even if, with regard to these customers, the Group often benefits from the price levels set during its referencing. These pressures could reduce the Group's margins and the average prices of its services, which could have a significant adverse effect on the Group's business, income, financial position and outlook.

For a particular customer, there are in fact a number of people placing orders influencing the purchase of ER&D services (*e.g.* each division or department within a company that is a Group customer), which often act quite independently of each other, limiting the risk related to revenues being concentrated on certain customers.

Furthermore, the acquisition of Aricent in 2018 enabled the Group to diversify its portfolio of major customers, thus reducing the risk related to the concentration of revenues on a limited number of customers. Hence, the Group's three leading customers only represented 16.0% of revenues in 2018 compared with 19.8% in 2017, and the groups ten leading customers only represented 31.5% of revenues in 2018 compared with 33.8% in 2017.

2.1.2.2 Risk related to Brexit

After the United Kingdom notified the European Council of its intention to withdraw from the European Union, under Article 50 of the Treaty on European Union, the European Commission announced a preliminary agreement with the UK government on December 8, 2017, in order to deal with the consequences of Brexit, which to date has not yet been signed. It is therefore premature to express an opinion on the nature of the trade agreements that will or will not be concluded, notably with the countries remaining in the European Union, and on the tax and other measures that may be taken to retain or continue to attract investors. The Group cannot rule out that the regulatory change that will occur in the United Kingdom as a result of Brexit contributes to a decrease in local business for some of the customers, or that the increased restrictions on employee mobility will affect the Group's ability to hire employees with skills that match its clients' needs. The materialization of one or several of such risks could have an adverse effect on the Group's business and its outlook in the United Kingdom. However, these phenomena did not have any impact for the Group in 2018 and the effect of the potential risks related to Brexit is expected to be limited in view of the economic model of the Group's subsidiaries operating in the United Kingdom.

In addition, and although the depreciation of the pound sterling against the euro, especially for the subsidiary Cambridge Consultants whose customers are, for the most part, located outside the United Kingdom, the Group cannot exclude that the adverse effect of this depreciation on the contribution to income of subsidiaries located in the United Kingdom may have an adverse impact on its business, its financial position, or its cash generation. The centralization of cash requirements/surplus in pounds sterling exposes the group to a foreign exchange rate risk. This foreign exchange rate risk is hedged in the cash centralizing company according to the Group's policy.

2.1.2.3 Risk related to the pricing of services

The Group enters contracts with certain customers for the execution of projects that impose a performance obligation in return for payment by the customer of a fixed price.

Under this type of contract, which represents a stable and limited share of the services provided by the Group, the Group undertakes, for a fixed price, to provide engineering, design and production services in the framework of industrial projects. The provisions of this type of contract generally do not allow the Group to increase the price initially set for its service in order to take into account elements that are sometimes difficult to anticipate when submitting a proposal. Therefore, it is not possible to determine with certainty the margins attached to this type of contract when the Group submits an intervention proposal to its customer, or even at the very start of the contract execution phase.

The pricing procedure for a proposal is particularly important for the profitability of this type of contract entered into by the Group. This is a complex task pertaining to projects that involve the coordination of operations and people who may be geographically remote and have different skills.

The evaluation of the costs and complexity of these projects is based in part on expectations and assumptions made by the Group. If these expectations and assumptions were erroneous, additional resources would have to be allocated by the Group to the projects concerned, which would reduce the profitability of the contracts in question.

Moreover, the actual expenses resulting from the execution of such projects may vary substantially from those originally planned, for reasons beyond the control of the Group, including unforeseen production conditions, the failure of certain suppliers or subcontractors, or delays in obtaining necessary approvals or certifications. The materialization of one or more of these risks could have a significant adverse effect on the Group's margins, its income, its financial position and its outlook.

In order to limit the risk related to the pricing of services for project performance contracts, the Group has set up a Program Office department both represented at Group level and in its various operational entities.

This Program Office is involved upstream of the project performance contracts, to ensure that the risks related to each project are taken into account when drawing up the service contract, and also to secure the success of the service delivery.

The program department is dedicated to managing risk during the successive stages of establishing the price of services, negotiating contracts and monitoring the implementation of projects, with the establishment of standardized processes for monitoring and assuring quality throughout the projects.

2.1.2.4 Risk related to the Group's capacity to attract and retain qualified employees

The success of the Group's activities depends to a large extent on the skills of its employees, whose qualifications meet the needs of existing contracts between the Group and its customers, and who are therefore sought after in the labor market in their respective areas of expertise. The Group's capacity to grow depends, to a large extent, on its ability to attract, motivate and retain highly qualified personnel and its ability to adapt its human resources to customer expectations.

Despite the special attention the Group gives to the recruitment, training and career development of its employees, and although this is not the case at the date of this Registration Document, the Group could face difficulties in recruiting a sufficient number of these qualified employees in certain areas of employment and for certain specific and sought-after technologies.

Neither can the Group guarantee that it will be able to retain said employees.

If a significant number of qualified employees are unable or unwilling to continue their current duties, the Group may not be able to replace them with ease and its business may be disrupted. In this respect, the turnover rate of employees may vary depending on circumstances and on changes in the geographical distribution of the Group's workforce, regardless of the Group's management of its human resources. In addition, if a significant amount of qualified employees joined a competitor or a customer with whom they performed assignments on behalf of the Group, the Group may lose customers and know-how.

In the event of tension in the labor market, the desire to recruit and retain the most qualified employees could lead the Group to review its compensation and employment benefits policies. In the event of such a situation, the Group cannot guarantee that it will be able to pass on any costs incurred by these arrangements to the price of its services.

The realization of one or more of these risks could have a material adverse impact on the activity, the results, the financial situation and the prospects of the Group.

Recruitment is a major process for the group, which regularly develops its practices and endeavors to communicate to improve its attractiveness.

2.1.2.5 Risk related to the Group's capacity to retain the management teams

The Group's activity and competitiveness may be adversely affected by the departure of senior executives. The implementation of the Group's strategy and its continued success depend in part on its capacity to continue to benefit from the skills, efforts and motivation of its senior management team. The Group's strategy and the improvement of its efficiency notably depend on the perfect knowledge that its Senior Managers have of its activities and of key players in the various markets in which they operate.

The departure of members of the general management could disrupt the implementation of the Group's strategy, particularly if said departure, notably to competitors, leads to a dissemination of acquired knowledge and of the commercial relations developed. If one or more members of the Group's management team were unable or unwilling to continue their current employment, including for reasons of health, family reasons or other personal reasons, the Group may face difficulties in replacing them. The potential inability to attract and retain key officers could have a significant adverse effect on the Group's business, outlook, operating income and financial position.

Following on from the acquisition of Aricent and its subsidiaries, it is important for the Group to retain key officers and key employees who could have a significant impact on the business, operating income, financial position and outlook.

The implementation of multi-year compensation arrangements at three years for the Group's main executives, including one year for the Group's main executives presence and performance conditions, is one of the major measures implemented to mitigate this risk. In addition, it is the Group's policy to subject its managers in a systematic manner to clauses of non-competition within the limits of legal provisionsapplicable in the different jurisdictions in which they are operating.

2.1.2.6 Risk related to the quality of the services provided by the Group's subcontractors and suppliers

While retaining control of the overall management of the services provided to its customers, the Group resorts to subcontracting when it does not have the necessary expertise internally, when it has to perform certain services which are not part of the services offered by the Group, or when necessary to meet temporary needs. The use of subcontractors is requested by the Group's operational departments but also involves the human resources department and the purchasing department as regards the procedures and rules governing the use of subcontracting. The Group also regularly conducts reviews to confirm or question the referencing of its subcontractors and suppliers during the entire duration of their contracts with the Group.

The use of suppliers could weaken the Group's capacity to directly control the quality of the services that may be provided by these subcontractors in order to contribute to the delivery of the service due to customer. The Group is therefore exposed to the risk that its suppliers will not be able to meet the quality standards stipulated in the contract entered into between the ordering customer and the Group or, more generally, to comply with applicable the group might be the subject of claims by customers for damage involving these suppliers. Such claims could notably include additional costs for poor service or breach of contractual guarantees. These claims could give rise to the payment of damages corresponding to the harm suffered, as well as the payment of contractually agreed lump-sum payments. If not resolved amicably, these claims could result in lengthy and costly court or arbitration proceedings that could have a significant adverse effect on the Group's business, financial position, income and outlook.

Furthermore, suppliers may not be covered by an adequate insurance policy or may not have sufficient financial resources to deal with legal proceedings related to damages or losses caused to a Group customer. Any failure by these suppliers to perform their duties may impact the Group's reputation, as well as result in customer losses and additional costs that could have a significant adverse effect on the Group's business, net income, financial position and outlook. As at the date of this Registration Document, the Group has not incurred any material liability related to the materialization of the above-mentioned risks. Furthermore, the Group ensures that hiring external suppliers only represents a limited share of its projects.

2.1.2.7 Risk related to the Group's possible liability vis-à-vis its customers in the event of failure to perform contracts

The Group intervenes in certain industrial projects which are of crucial importance for the activities of its ordering customers.

Any failure in the services provided by the Group, in particular as regard to compliance with delivery deadlines or the quality of services, could give rise to claims by customers against the Group. In addition to the damages that may be due, these claims may give rise to the payment of contractually agreed lump-sum payments, which are generally limited to an amount fixed by the contract entered into between the Group and its customer (except in the case of the infringement of intellectual property rights, a field in which customers generally refuse the clauses limiting liability). These claims could also lead to the termination of the contracts concerned, to the Group exclusion from certain referencing panels, or to affect the Group's reputation.

Moreover, if not resolved amicably, such claims could result in lengthy and costly court or arbitration proceedings that could have a significant adverse effect on the Group's business, financial position, income and outlook.

As at the date of this Registration Document, the Group has not incurred any material liability related to the materialization of the above-mentioned risks.

The Group's policy is to put a ceiling on liability clauses and to limit the granting of guarantees by the parent company. Any exception must be authorized by the legal department and the Group's General Management.

2.1.2.8 Risk related to cyber security and IT systems failure

The Group depends on IT infrastructures and applications that are common to all of its activities, which notably include customer service, sales, recruitment and human resources management, accounting and billing operations, reporting and consolidation, as well as collaboration and communication solutions. The management of the Group's business is increasingly based on the use of these systems.

Any disruption or failure of the Group's information systems, notably resulting from unauthorized access, hacker attacks, viruses and malware, could lead to delays in the delivery of projects or to interruptions of services that might prompt ordering customers to turn away from the Group's services. The Group's liability may also be engaged by customers in the event of the dissemination of confidential information about them, brought about by a disruption or a failure of the Group's information systems.

In this respect, new technologies (cloud computing, software-as-a-service, etc.), new uses (social networks, mobility, "Bring Your Own Device") and increasingly targeted and complex attacks (in all their forms) on information systems and networks, expose the Group to new risks, including cybercrime.

On the January 24, 2019, Altran suffered a cyber-attack characterized by the encryption and lock of servers and workstations accompanied by a ransom request, typical of ransomware. As part of recovery, we have done several security enhancements to Altran infrastructure based on our findings and recommendations from our technology partners.

The Group is currently running a Cyber security Assessment Program with an external security partner to further strengthen security posture significantly. Preventive measures adopted include safeguarding perimeter with next generation firewalls, ATP (Advanced Threat Prevention) software, security controls introduced in various application software and stronger password policy. Altran is also adopting a comprehensive security first design approach to IT infrastructure.

The Group is also covered by insurances, like cyber insurance, subscribed at the Group level and localy since a few years.

2.1.2.9 Risk related to employee liabilities

The Group has a limited number of defined-benefit plans benefiting certain employees or former employees. These plans primarily relate to end-of contract or retirement benefits but also to Labor Medals.

The main actuarial assumptions underlying the calculation of commitments related to interest rates, the rate of return on plan assets and the inflation rate, as well as those relating to life expectancy. There is a definite risk of volatility of interest rates and of rates of return on assets that may positively or negatively impact the valuation of plans and plan assets. These differences between forecast and reality, which are normal, represent actuarial gains and losses and are included in the financial statements in accordance with the provisions of IAS 19R (see note 1.17 to the financial statements included in section 6.2 "Notes to the consolidated financial statements").

Although the Group considers that it has a low exposure to defined-benefit plans, a sharp drop in interest rates and in the rate of return on assets would have a negative impact on the Group's financial position.

In order to minimize risk exposure, the Group ensures optimal monitoring of these commitments and uses the services of a world-class actuary, who has the necessary resources and skills to best estimate the various actuarial assumptions and perform the resulting valuations

2.1.2.10 Risk related to a deterioration of labor relations

As of December 31, 2018, the Group employed 46,693 employees in over thirty countries. The Group considers that social dialogue is an essential part of a progressive social policy and contributes to the Group's successful operations.

The Group's business generates significant workforce requirements, which makes it essential for it to ensure satisfactory relations with employees, unions and other institutions representing employees. While, in the past few years, the Group has not experienced any significant disruption of its business as a result of strikes, work stoppages or other labor conflicts, any deterioration in labor relations could disrupt its activities, damage its reputation or cause a rise in salaries and the granting of additional benefits, and thus have a significant negative impact on its business, income, financial position and outlook.

The collective agreements also contain provisions that could impact the Group's capacity to restructure its payroll as well as its activities and facilities. Furthermore, the Group may not be able to extend the existing specific company agreements, to renew them under their current conditions or, after the expiry of these agreements, to negotiate new agreements on favorable terms and in a timely fashion or without causing work stoppages, strikes or other industrial action.

Following the agreement related to the functioning of a Special Negotiation Group (SNG) signed in September 2017, an agreement was signed with the social partners of the Group's European entities to set up a European Works Council in September 2018. Its first meeting was held in December 2018.

Moreover, staff representatives are present in Germany, Belgium, France, Italy, Spain, Luxembourg, Morocco, the Netherlands and the United Kingdom.

In addition, most of the Group's employees are covered by national collective agreements, particularly in Belgium, Spain (excluding interns and ACIE employees), France, Italy (excluding interns), Germany, Portugal and Sweden. These agreements supplement the legal provisions applicable to employees' working conditions, such as maximum number of hours of work, holidays, dismissal, retirement, entitlements and employment benefits. The Group cannot guarantee that the implementation of these agreements will not give rise to disagreements or disputes with its employees (see section 2.1.3.2 "Risks related to litigations").

2.1.2.11 Risk related to the integration of acquisitions

The benefits expected from the acquisition of Aricent will depend in part on the successful integration of Aricent's activities with those of the Group. One of the benefits the Group expects is to increase revenues through increased growth opportunities and to allow achieve cost savings by taking advantage of the synergies which should result from the acquisition. The acquisition should generate additional revenues of €150m resulting in a recurring impact on EBITDA of €25m and cost savings of €25m. These synergies should be achieved progressively and reach their full effect by 2020.

However, no guarantee can be given that the expected cost and revenues synergies exist or will be achieved within the planned time frame because the achievement and potential scope of the expected synergies depend on various factors and assumptions, some of which are beyond the Group's control. The Group's capacity to achieve the expected cost synergies could be compromised by the materialization of one or more of the risks related to the Group's activities described in this section. In addition, the costs incurred to achieve the cost and revenues synergies may be higher than expected or unforeseen additional costs, greater than the expected synergies, might arise, resulting in a fall in value for shareholders. Failure to achieve the expected cost and revenues synergies or manage the cost increases generated in this context could have a significant adverse effect on the Group's activities, net income, financial position and outlook.

In order to control the risk relating to the integration of Aricent, on completion of the acquisition in March 2018, the Group set up a structured program for the convergence and integration of the Aricent activities within the Group. The aim of this program, time sequenced and focused on various performance blocks, is to ensure that Aricent is well integrated and acquisition synergies are achieved.

In general, the Group cannot guarantee that an acquired business will retain the expected customer base, generate the expected margins or cash flows, or benefit from expected synergies or other expected benefits. In order to limit this risk, the Group carries out an analysis of each acquisition target but cannot guarantee that the valuations of acquisition targets and the assumptions concerning them will prove to be accurate, as actual developments may differ significantly from the results initially expected. The integration of acquired companies is also supervised by a dedicated team, in order to ensure the continuity of their commercial and technical operations meanwhile their integration into the Group.

2.1.3 Legal risks

2.1.3.1 Risk related to regulations applicable to certain sectors in which the Group conducts its activities

The Group is a multinational company that operates in a number of countries, providing services to customers who also operate worldwide, and are subject to multiple and continuously evolving laws and regulations. In particular, the activities of some of its customers sometimes require the Group to comply with the regulations to which they are subject. In highly regulated sectors, this forces the Group to dedicate a growing share of its technical and financial resources to efforts to comply with local standards. Thus, in France, in the Defense and nuclear sectors, the Group must ensure compliance with the order of November 30, 2011 approving inter-ministerial general instruction no. 1300 (IGI 1300). To comply with these regulations, the Group has appointed a "France" security officer who is accredited by the Ministry of the Armed Forces and by the Ministry of the Ecological and Inclusive Transition. In accordance with the order and its instructions, the Group is required to obtain, for legal persons operating on these facilities, the appropriate level of security clearance from the competent authorities (general secretariat for defense and national security, senior defense and security official, delegated security authorities, or prefect depending on the level of defense secrecy). The Group is also obliged to obtain clearance by the same authorities of all employees who have to operate on these facilities or consult documentation or information concerning them.

Even if the necessary means are implemented by the Group to comply with the applicable regulations, any violation, disregard or misinterpretation of the latter would expose the Group to a loss of its accreditations or clearances, termination of the contracts concerned, exclusion of the Group from certain referencing lists, or damage to its reputation, especially if the breaches of the regulation were accompanied by acts of industrial espionage such as endangerment, cyber attacks, or data losses. In particular, the diversity of applicable local laws and regulations, as well as their constant evolution, exposes the Group to the risk of breaches by insufficiently informed employees, notably those working in countries with a culture different to their own, or of indiscretions or fraud committed by these employees. The legal precautions, specifically contractual or operational, taken by the Group to protect its activities or to ensure that its employees comply with the Group's rules, however rigorous they are, can only provide reasonable assurance and in no case can they provide a guarantee of absolute security.

Furthermore, the implementation of stricter legal and regulatory provisions could have an adverse effect on the long-term growth of the sectors concerned by these provisions and to which the Group provides its services, as well as on the demand from customers operating in these sectors, which could have a significant negative impact on the Group's business, income, financial position and outlook.

Moreover, the Group is subject to various international and national regulations relating to the protection of personal data. Any voluntary or involuntary disclosure of personal data belonging to a customer or a third party could expose the Group to fines, penalties, claims and negative publicity. In this area the Group has taken different structuring actions described in the section 4.3.2.2 "Data protection".

2.1.3.2 Risk related to litigation

In the normal course of its business, the Group is involved or may be involved in a number of administrative, legal or arbitration proceedings, the most significant of which are described below.

In the case of some of these proceedings, claims of a significant amount are made or are likely to be made against the Group, and sanctions, including criminal ones, may be imposed thereon.

In the event that some of these sanctions are imposed on the Group, their application could have a significant adverse effect on the Group's business, financial position and income. Moreover, the provisions recorded by the Company or its subsidiaries in their accounts, if any, in respect of administrative, judicial or arbitration proceedings may prove to be insufficient, which could have a significant negative impact on the Group's business, income, financial position, liquidity and outlook, regardless of the merits of the underlying claim.

In general, it cannot be guaranteed that, in future, new proceedings, whether or not related to those currently underway, will be initiated against the Company or its subsidiaries. Such proceedings may be lengthy and costly and, regardless of the merits of the underlying claim, may have negative consequences on the Group's business, income, financial position, cash position and outlook.

Furthermore, the Group is involved in various labor law suits in France and abroad. In general, although none of these proceedings involve large sums taken separately, if taken together, or if they were to increase in number, they could have a material adverse effect on the Group's business, results, financial position or outlook.

To the Group's knowledge, there are no other governmental, judicial or arbitration proceedings, likely to have or which have had, in the last 12 months, significant effects on the Group and the Aricent Group's financial position or profitability other than those detailed below and in note 5.12 "Provisions" of the Group's consolidated financial statements for the year ended December 31, 2018 contained in section 6.2 "Consolidated financial statements".

1. Criminal proceedings relating to events that occurred in 2001-2002

Following the articles published in *Le Monde* in October 2002 and the results of the additional audit of the Statutory Auditors that resulted in a rectification of the half-year consolidated financial statements at June 30, 2002, the Paris Public Prosecutor's Office decided to open an investigation in relation to the charges of abuse of corporate property, dissemination of misleading information likely to affect share prices, as well as forgery and use of forgery.

The scope of the investigation was extended, first in June 2004 to include the misrepresentation of financial statements, which did not give a true and fair view of the Company's financial position, and a second time in September 2004, to include the offence of insider trading.

The Company filed a civil claim and this claim was declared admissible by an order of March 6, 2003.

The former officers and a former manager of the Group were indicted. The Company, for its part, was indicted, without its status of civil party being brought into question, on charges of disseminating misleading information likely to affect share prices, and of forgery and use of forgery.

The investigation has been closed since January 7, 2009. An order for the termination of proceedings was issued on November 29, 2011, under the terms of which the former officers and the Company, in its capacity as a legal entity, were referred to the Correctional Court (French lower criminal court hearing misdemeanor offenses committed by adults). The hearings were held from January 15 to 31, 2014. By a ruling of June 4, 2014, the Court referred the case back to the public prosecutor for the appointment of a new investigating judge.

By an order of May 11, 2015, the Vice-President in charge of the investigation referred all the parties to the Correctional Court. The hearings on the merits of the case were held at the end of November and the beginning of December 2016. On December 14, 2016, the Prosecutor requested suspended prison sentences and fines (notably €225,000 for the Company) for the offenses of forgery and use of forgery. In light of the French law of June 21, 2016 on the prevention of accumulation of procedures before the Penalties Committee of the AMF (French Financial Markets Authority), and of criminal procedures, the Public Prosecutor considered that the prosecution lapsed but only with regard to the offense of disseminating false or misleading information.

According to the terms of its decision of March 30, 2017, the Paris Correctional Court announced that the prosecution lapsed with regard to proceedings against the Company and its founders and managers indicted for forgery and use of forgery, disseminating misleading information and presenting inaccurate financial statements and therefore acquitted them. The Court applied the "*non bis idem*" principle, as crystallized by Article L. 465-3-6 arising from the law of June 21, 2016, which prevents a person being sentenced twice for the same offense. The aforementioned persons had indeed already been sanctioned by the Penalties Committee of the French Financial Markets Authority in 2007.

The Court also declared itself incompetent to rule on the civil interests and therefore dismissed the civil parties of their claims.

On April 7, 2017, the National Financial Prosecutor's Office and 64 of the 77 civil parties appealed the judgment. The hearings on the merits of the case before the Paris Court of Appeal will take place in November 2019. On February 27, 2019, 55 plaintiffs out of the 64 appealing plaintiffs have withdrawn their appeals.

Also, given the reasons for judgment on March 30, 2017, three of the plaintiffs on the date of the accounts closing in the civil courts, together claiming nearly €28 millions in damages based on tort liability.

2. Dispute on R&D Tax Credit 2011-2012

Altran Technologies was subject to a tax adjustment, notified in 2014, in respect of a portion of the R&D tax credit for 2011 and 2012. On January 22, 2019, the Versailles Administrative Court of Appeal has ruled a judgment in favour of the Company, but that was still subject to an appeal by the Tax authorities at the closing date of the financial statements as at December 31, 2018.

3. Dispute on *URSSAF* 2012-2014

Altran Technologies was subject to an French social security collection agency (URSSAF) audit, notified in 2015, under which this Administration intends French social security to make certain allowances paid to employees subject to social security contributions. The decision of the Social Security Court at the end of 2017 was generally favourable to the Company, but the Administration appealed.

4. Disputes related to the payment of overtime, undeclared work and illicit non-competition clauses

The Company was sued by employees and/or former employees who claim the payment of overtime.

Specifically, they allege that their compensation is below the annual social security cap *(PASS)*, that the applicable weekly flat-rate pay agreement covering hours worked, though separate from Arrangement no. 2 "mission completion" under the *SYNTEC* collective labor agreement, is invalid and that they are therefore entitled to overtime compensation for the hours from 35 hrs to 38.5 hrs.

Altran started negotiations to adapt the provisions of this collective labor agreement to its work organization in 2012.

After their claim was rejected initially by multiple decisions rendered in 2012, some of the plaintiffs won their case before the Toulouse Court of Appeal in September 2014 and were awarded the payment of 5 years' overtime. The Court of Cassation confirmed the ruling of the Court of Appeal by a decision of November 4, 2015.

In view of the situation created by the ruling of the Court of Cassation, and of the risks weighing on the Company in respect of all its employees benefiting from an individual flat-rate agreement of 38.5 hours, and while Altran considers that the weekly flat-rate agreements covering hours worked concluded with its employees are perfectly valid, Altran had no choice but to consider that all its employees were now subject to the common law standard of hours of work (no flat-rate weekly hours, strict application of 35 hours per week, no ceiling of days worked and therefore no additional days of rest – ADR).

In order to find a satisfactory solution for its employees, Altran signed a collective bargaining agreement on February 29, 2016 implementing, among other measures, a specific "Altran Technologies" working time arrangement (158 hours per month + 10 extra days off maximum per year), which was proposed to all employees with salaries below the French annual social security ceiling and a 35-hour work week since January 1, 2016.

The decisions of the Toulouse Court of Appeal and of the Court of Cassation have triggered a significant number of referrals (approx. 1,200) to Labor Courts, mainly from former employees.

The hearings on the merits of the case have been held since October 2016 and are currently set to continue until the end of 2020.

At December 31, 2018, contradictory rulings were handed down by various French Labor Courts (including in Toulouse, Strasbourg, Rennes, Lyon, Nanterre, Belfort, Aix-en-Provence, Versailles) and have been appealed, either by Altran Technologies or current or former employees.

In January 2018, the Toulouse Court of Appeal recently sentenced the Company, in various procedures, in relation to two charges not related to overtime: one in respect of a loyalty clause held to be unlawful on the grounds that it would be a disguised non-compete clause, and the other in respect of undeclared work for some employees. In particular, the Group firmly denies this latest accusation. As regards the undeclared work charge, according to the Court, it is based on the fact that the Company continued to apply the flat-rate to its employees after the initial judgments of 2014. The Group disputes this position because, in its view, it does not in any way reflect the reality of the facts. Following the 2014 decisions of the Court of Appeal, the Company terminated the flat-rate for the employees who were parties to these cases. The Company then appealed the decision before the Court of Cassation. After the Court of Cassation's ruling of 2015, the Company terminated the flat-rate for all employees whose remuneration was below the *PASS*, while preserving their previous remuneration. Finally, to take into account the employees' desire to continue to benefit from the days of reduced working hours (French ADR system), the Company concluded, as soon as possible, an agreement allowing, as indicated above, 3,500 of them (out of 4,000) to benefit from the ADR as part of the new working time system. Consequently, since the beginning of 2016, and especially on the day of the appeal, none of these employees were working under the criticized flat-rate arrangement. These employees are either subject to the new working time arrangement or a 35-hour work week. As far as the Group is concerned, the accusation of undeclared work is therefore totally unjustified and unfounded.

The Company has decided to appeal to the Court of Cassation for the 293 procedures concerned by the rulings of the Toulouse Court of Appeal.

In January 2019, the Colmar Court of Appeal expressly recognized that the weekly flat rate of hours of its employees, applicable within Altran, was separate from Arrangement no.2 of the *SYNTEC* collective agreement. Nevertheless, the Court considered that the Altran flat rate could not be binding on employees because it was by nature contrary to and less favorable than Arrangement no.2, notably in that it would extend the flat rate hours of employees not likely to fulfill the contractual conditions to benefit from it. The Company decided to appeal this ruling, which concerned 25 employees, before the Court of Cassation.

In two rulings of February 20 and of March 13, 2019, the Court of Cassation, in considering appeals filed against the rulings of the Toulouse Court of Appeal handed down on January 19, 2018, held that the Toulouse Court of Appeal could have deduced that the agreements concluded by the employees came under Arrangement no. 2. However, the Company obtained a favorable decision on the amount of overtime. The Court considered, given the arguments put forward by the parties, that periods of absence for paid leave and sickness should at least be deducted from the overtime claimed by the employees. The Court of Cassation also held that the employees who were not eligible for the flat-rate agreement under Arrangement no. 2 should return the money paid for the ADR granted under the agreement. The Court of Cassation consequently overturned the rulings of the Toulouse Court of Appeal which had sentenced Altran to pay overtime and compensation pursuant to undeclared work and which dismissed Altran's request for reimbursement for ADR.

5. Other disputes with Group employees and former employees

In addition to the disputes described above, the Group is in proceedings with several of its employees or former employees.

- In January 2011, a former employee sued the Company for €27m in the Paris Commercial Tribunal. Fired for gross misconduct in 1999, he and his three partners in the company he formed following his dismissal, claim damages resulting from the postponement of his company's IPO, in light of the criminal proceedings brought by the Group against him and for which he has since been discharged. After a ruling of July 7, 2014 rejected his claims, the employee appealed this decision. With his claims dismissed once again by the Paris Appeal Court, by a judgment handed down on September 29, 2016, the employee then appealed the decision with the Court of Cassation on December 14, 2016. The Court of Cassation dismissed these appeals by a judgment on September 26, 2018, and this case is therefore definitively closed.
- An employee dismissed in April 2015 filed two lawsuits against Altran Concept Tech, the Austrian subsidiary of the Group, to receive all of his bonuses for the 2014, 2015 and 2016 financial years and to claim compensation for the free shares that were not awarded to him or that he lost as a result of his dismissal, for a total amount of about €2m. The case was heard on January 22, 2018. Concerning the procedure related to the payment of bonuses, on July 3, 2018, the Graz Court dismissed the former employee, who appealed. The hearings under appeal took place on March 4, 2019 and a new hearing is scheduled for June 25, 2019. With regard to the proceedings on free shares, the Tribunal dismissed the former employee's claim. This decision was confirmed on appeal on November 27, 2018 and is no longer subject to appeal.
- In July 2014, a former employee sued the Company for damages of about €1.1m on the basis of tortious liability for the refusal to execute a letter of comfort that this former employee considered had been granted by the Group. Under the terms of a ruling dated July 4, 2017, the Tribunal rejected all the employee's claims. The employee appealed the ruling. In a decision of March 14, 2019 the Paris Court of Appeal threw out all of the claims brought by the former employee.

6. Dispute with a former officer

In August 2005, the Company was sued by a former officer seeking to reclassify his dismissal as unfair dismissal. The total amount of damages sought by this former officer is approximately €13m.

In a judgment dated March 1, 2007, the *Conseil des Prud'hommes* (French Labor Court) approved the Company's application for a stay of proceedings pending the decision to be taken in respect of the criminal proceedings against this former officer (as part of the investigation regarding the Company's 2001-2002 financial statements described in paragraph 1 "Criminal proceedings relating to events that occurred in 2001-2002" above).

7. Dispute with a supplier

From the end of 2010, and at the initiative of its former Purchasing manager, Altran entered into a number of contracts with a supplier which notably related to leasing computer equipment and copiers.

During work carried out in June 2011, Altran's internal audit team found numerous anomalies relating to contracts concluded between the Company and its supplier. Consequently, Altran's management hired an external firm to further develop the investigative work carried out by internal audit. At the end of its assignment, the firm wrote a report that revealed that the contracts relating to the equipment leases had been concluded at unfair prices with the complicity of the former head of purchasing, and that this manipulation was likely to be criminal in nature, being qualified as private bribery and fraud.

The firm's report also shows uncovered multiple incremental costs incurred as a result of the leasing of the computer and printing equipment, causing damages estimated at over €2m.

After these facts emerged, Altran lodged a complaint and filed a civil action. Altran Technologies simultaneously suspended all lease payments to the supplier in question.

The examining magistrate indicted the supplier's former managers, and must shortly give his/her order closing the investigation.

The Company was also taken to court with a view to the cancellation of the lease agreements, the return of equipment under duress, and the payment of damages in the total amount of approximately €3m. Moreover, the original lessor sued the Company in August 2012 before the Paris commercial tribunal for unilateral breach of the framework agreement and claimed damages, including for loss of income.

In view of the current investigation, the above-mentioned claims have been the subject of stay orders by the Paris Commercial Tribunal, dated June 17, 2013 and June 2, 2015.

8. Litigation with the vendor of a company

In January 2018, the vendor of a company acquired by the Group in 2013 activated the arbitration clause of the sale agreement that it entered into with the Group and claimed interest of €1.34m on the amount of the escrow account that had been frozen during a first arbitration proceeding. On November 21, 2018, the arbitral tribunal ordered the vendor to pay €120,000 to the Group.

9. Investigation by the Competition Authority

On November 8, 2018, Altran Technologies was the subject of inspection and seizure operations by the competition authority related to alleged anti-competitive practices in the sectors of engineering and technology consulting, as well as IT services and the publishing of software.

Currently, the investigation is ongoing. The inspection and seizure operations do not prejudice the outcome of the procedure or of any financial consequences.

10. Dispute related to Bangalore Campus

Aricent's main subsidiary in India, Aricent Technologies (Holding) Ltd (formerly Hughes Software Systems Limited) ("ATHL"), entered into a contract on May 19, 2003 with an owner and a promoter to develop and lease a facility in Bangalore. The contract provided for an option for ATHL to acquire the land and the installation, subject to certain conditions. In 2005, the promoter sued ATHL for rent and interest totalling US$700,000, and sought a summons to leave the premises and an order for damages against it. In February 2007, ATHL filed a lawsuit against the developer and owner seeking enforcement of a deed of sale in its favour, claiming that it had exercised its call option in January 2007 for an amount of US$3.6 million. In September 2010, the developer, then owner of the entire land, reappointed ATHL to recover damages and interest for the portion of the land and building it claimed to have purchased. All these requests were consolidated by the Bangalore City Civil Court, which ruled in favour of the developer in 2016. Aricent appealed this decision to the High Court of Karnataka and obtained a stay of the eviction order subject to a $5.1 million deposit by ATHL to the developer for the disputed rent arrears (which will be repaid to ATHL in the event that a final judgment is rendered in favour of ATHL).

In return for the stay of the deportation order, ATHL also continues to pay occupancy fees, in accordance with the lease agreement, in the amount of US$33,000 per month.

A separate eminent domain proceeding has been opened by an agency of the Karnataka State Government seeking to acquire portion of the vacant land within the property for industrial use. Aricent has filed an objection.

11. Dispute on Service Tax

ATHL has received requests for justification from the Indian Tax authorities in charge of the service tax in connection with refunds made by ATHL for:

- salaries and rents paid by several of its branches; and
- amounts due for visa and insurance services provided by several suppliers located outside India in connection with the business travel of its employees.

The claims of the Indian tax administration cover refunds made in respect of the tax years 2007 to June 2017. As at December 31, 2018, the total tax charged was US$36.6 million, with additional interest payable of US$50.9 million. For requests relating to the 2007 to 2014 fiscal years, ATHL also received injunctions from the Commissionner of Service Tax confirming the requests of the tax authorities and charging ATHL interest and a penalty equal to 100% of the service tax charged. ATHL appealed to the competent administrative Court. The court issued an order granting a stay of execution of the applications for the years 2007 to 2012 until the appeal decision. ATHL has made a mandatory filing of circa US$700,000 with the competent Court in connection with the company's appeal for the 2013 and 2014 fiscal years.

2.1.3.3 Risk related to the protection of the Group's intellectual property

The Group relies on a combination of copyright, trademark, patent, trade secret, as well as license agreements and other contractual provisions, to establish and protect its intellectual property and other proprietary rights, including the software source code.

It holds a portfolio of several granted patents (which are active and registered in France and in the US) and of trademarks which are registered in the countries in which the Group operates or is likely to operate. Copyrights are not registered.

The Group's software France work bricks are based upon Industry Standards, which may contain registered intellectual property rights of third parties.

The Aricent subsidiary in particular uses and distributes open source software in order to add functionality to its products quickly and inexpensively. A number of the products incorporate open source software, and many new-age software products and services are built upon open source software. It faces certain risks relating to use of open source software. Open source license terms may be ambiguous and may result in unanticipated or uncertain obligations, especially since many of these open source license terms have not been interpreted in a court of law. Use of certain open source software could subject certain portions of our proprietary software to the license requirements of the open source software, which may have unintended consequences, such as distribution of our proprietary code without licensing fees or royalties, obligation to make the source code publicly available for use, modification or distribution and other unfavourable licensing arrangements. Use of open source software in either products or services deliverables may also subject Group's clients to the same risks, thereby potentially harming our client relationships and creating additional liabilities under our agreements with these clients.

The Group relies on a set of legal and regulatory provisions for the constitution and protection of its intellectual property rights, but It cannot be guaranteed that the measures it has taken or is likely to take in future will be sufficient to prevent the infringement of its intellectual property rights or the opposition to these rights. Furthermore, some of the Group's intellectual property, particularly those that are not patented or registered (such as know-how, trade secrets, copyrights), may be difficult to protect.

Despite our efforts, the Group may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology or source code. Pursuing infringers of the Group proprietary rights could result in significant litigation costs and require time and attention from our technical and management personnel. Any failure to pursue infringers could result in our competitors utilizing our technology and offering similar products and services, potentially resulting in loss of a competitive advantage and decreased revenues. The costs and diversion of resources could significantly harm our business. If we fail to protect our intellectual property and other proprietary rights, or if such intellectual property and proprietary rights are infringed, misappropriated or otherwise violated, our business, results of operations or financial condition could be materially harme. If legal proceedings were to be initiated by the Group for assertion of its rights against infringers, a favourable outcome cannot be guaranteed. Negative publicity surrounding these legal proceedings could damage the Group's brand image, which could lead to a reduction in customer demand and have a significant negative impact on Aricent's business, income, financial position and outlook.

2.1.3.4 Risk of lawsuits against the Group by third parties for potential infringements of intellectual property rights

Third parties may assert claims under patent, copyright, trademark and other intellectual property rights they possess against our product and service offerings. In addition, we make use of certain third-party technologies, which could themselves be the subjects of an infringement claim. The Group could be enjoined from selling its products or services, or suffer significant litigation expense, even if these claims have no merit, which could result in material harm to the business, results of operations and financial condition. The Group may be subject to significant damages or injunctions that prevent the further development and sale of certain of our products or services that may result in a material loss in revenues and significant harm to business.

The Group cannot guarantee with certainty:

- that there are no patents or other intellectual property rights that may cover certain Group products, processes, technologies, results or activities and that third parties will not act in infringement or in violation of their rights against the Group with a view, notably, to obtaining damages and/or the cessation of its manufacturing and/or marketing activities in relation to products or processes thus incriminated;
- that Group's employees will not claim the intellectual property of certain technologies or processes that they have helped to develop as part of their contract with the Group;
- that it will not be held liable by customers against whom third parties have acted in infringement or in violation of their rights concerning technologies, products or processes used or developed by the Group to meet the needs of these customers;
- that its competitors will not make any claims relating to infringement or violation of their rights on technologies, products or processes used by the Group;
- that its customers will not start proceedings in relation to claims, infringement or violation of their rights on technologies or processes used or developed by the Group to address their needs;
- that the use of open source software will not result in infringement of any third-party intellectual property rights;
- that use of open source software in either products or services deliverables will not subject the Group's clients to any unintended consequences such as third party suing the Group clients for intellectual property infringement, distribution of clients' proprietary code without licensing fees or royalties, obligation to make clients' source code publicly available. This may result in the clients claiming damages and instituting legal proceedings against the Group.

Any such dispute could affect the Group's ability to pursue all or part of its business to the extent that it may be required to (i) attempt to obtain a license from the holder of the intellectual property rights, a license which may not be granted, or may be granted under unfavourable conditions or (ii) to review its design to avoid infringing the intellectual property rights of others.

Any proceedings brought against the Group, regardless of the outcome, could result in very substantial costs and jeopardise its reputation and financial position. Indeed, if these proceedings were brought to a conclusion and were detrimental to the Group, it could be forced to interrupt (under duress) or delay the search, development and production of the elements targeted by these proceedings, which could have a significant adverse effect on the Group's business, income, financial position, liquidity and outlook.

Although the Group has adopted processes and controls that are designed to address these risks and concerns, there is no assurance that the Group can effectively eliminate these risks. The potential risks due to such litigation is mitigated to a large extent by following:

- review and due diligence of Intellectual property rights received from third parties such as software suppliers, open source software, customer software codes;
- Group intellectual property to be marked and identified before delivery to customers;
- capping liabilities and indemnity obligations to limit our exposure through contracts;
- confidentiality agreements with customers and suppliers;
- non-disclosure and intellectual property assignment terms with employees and contractors;
- compliance with open source software process and policy;
- periodic internal review of compliance with group intellectual property policy;
- relevant trainings to employees on IPR related topics.

2.1.4 Accounting, financial and tax risk factors

General policy

Within the Group's financial department, the treasury and finance department proposes and implements rules concerning management of liquidity risk, market risk (foreign exchange and interest rate) and bank counterparty risk.

Generally, these risks are managed centrally at the level of Altran Technologies and GMTS, the company that centralizes the Group's cash. The strategies for financing, investment, identification and hedging of risks are reviewed bi-monthly by the Group's financial department, during meetings of the Treasury Committee. The treasury and finance department relies, among other things, on a cash management system for monitoring liquidity. Regular reporting statements keep the financial department informed of the risks incurred by the Group (liquidity, foreign exchange, interest rate and counterparty), as well as the details of hedging transactions implemented,

2.1.4.1 Credit and counterparty risk

Counterparty risk is the risk that one of the parties involved in a contract with the Group breaches its contractual obligations, leading to a financial loss for the Group.

Some financial assets could, by nature, expose the Group to credit risk; these are mainly trade receivables.

However, invoicing is generally prepared after acceptance by customers, which reduces the possibility of the latter disputing them. Furthermore, a procedure for monitoring and issuing reminders concerning trade receivables is implemented at the Group level to accelerate collection.

The Group has an insignificant rate of doubtful receivables ; two factors limit risk on trade receivables:

- first, the Group's customers are mainly large companies with little exposure to risk of insolvency. Furthermore, their large number disperses any risk;
- secondly, because the Group has purchased a non-recourse factoring contract combined with credit insurance that covers the main European countries.

However, it cannot be ruled out that certain activities of the Group's customers could be affected by a possible worsening of the economic environment, which could lead to an increase in credit risk.

2.1.4.2 Liquidity risk

The Group might not always have the financial resources necessary, not only to finance its current activity, but also to maintain its investment capacity.

The Group borrows on the banking and capital markets, which exposes it to a liquidity risk in the event of total or partial closure of these markets.

The Group manages liquidity risk by constantly monitoring the duration of financing, the permanence of available credit lines and the diversification of resources.

The Group uses centralized cash management (cash pooling), where permitted by local law, which reduces the liquidity risk to which it is exposed. The cash surpluses or financing needs of the subsidiaries are pooled and invested or financed by the Group's cash pooling company, GMTS. A cross-border, euro-denominated cash pooling system has been set up for eight European countries and allows daily centralized cash management. In other countries, cash pooling systems in local currencies are in place with GMTS and some countries operate on the basis of regular loans and borrowings granted to and by GMTS, including the companies within the scope of Aricent whose cash is supervised by the Aricent shared services center in India.

On December 31, 2018, the Group's cash position was €472.7m (compared to €372.9m at December 31, 2017). On December 31, 2018, this cash consisted of bank deposits in the amount of €464.8m and cash equivalents, mainly monetary investments, at €7.9m.

In addition to cash, the Group's sources of liquidity on December 31, 2018 were as follows:

- a new multi-currency revolving credit facility for €250m made available under the credit contract (Senior Facilities Agreement) concluded on February 15, 2018 for the acquisition of Aricent;
- a €500m commercial paper program, €126.6m of which was used on December 31, 2018; and
- A €452.1 European factoring program, €295.8 of which was used on December 31, 2018 (of which €201.8m of de-consolidated financing/debt).

On December 31, 2018, the Group's gross financial debt amounted to €1,784.5m (compared to €724.0m on December 31, 2017). It consisted of short-term loans of €181.2m and long-term debt of €1,603.3m.

On December 31, 2018, the average maturity of the debt stood at 5.7 years (against less than one year on December 31, 2017).

The breakdown of the net debt by contractual maturity at December 31, 2018 is presented in note 5.11 to the Group's consolidated financial statements included in section 6.2 "Consolidated financial statements for the year ended December 31, 2018".

On January 15, 2018, Standard & Poor's awarded the Company's debt a BB rating with stable outlook. Moody's assigned it Ba2 rating with a stable outlook. These ratings remained unchanged on December 31, 2018.

2.1.4.3 Interest rate risk

The Group's exposure to changes in interest rates is mainly due to its debt and its deposits and their financial conditions (fixed/variable portion).

The Group's finance department manages interest rate risk. The Group may use interest rate swaps to exchange the rate of the debt, from the origin or during the period of the loan, against a variable or fixed rate. It can also purchase caps (limit rate guarantees).

After the new financing agreements were set up, 100% of the medium and long-term financial debts (*i.e.*, over 3 years) were variable rate debts on December 31, 2018, significantly modifying the interest rate risk to which the Group is exposed. It should be understood that, under the Senior Facilities Agreement, the Company had to conclude, within a maximum deadline of 90 days from the date of realization of the acquisition of Aricent, interest rate hedging contracts so that exposure to changes in variable interest rates did not represent more than 50% of the principal amount of the Term Loan B. This is why the Group concluded the various derivatives contracts (caps), in application of which it is protected against an increase in euro and US dollar rates above a certain level.

- €1,000m is thus capped at an average rate of 0.4622%;
- $250m is thus capped at 3.10%.

For more information on the Group's debt, see the note 5.11 " "Financial resources and liabilities" of group consolidated accounts included in the section 6.2 "Consolidated financial statements 31.12.2018".

The net exposure, defined as financial assets less financial liabilities, to interest rate risk at December 31, 2018, as well as the corresponding hedges, breaks down as follows:

(in millions of euros)	<1 year	1-5 years
Financial liabilities	(181.2)	(1,603.3)
Financial assets	472.7	
Net position before hedging	291.5	(1,603.3)
Off-balance sheet (interest rate hedging)	-	1,218.3

Sensitivity to the interest rate risk on the financial expense, on the net profit/loss and on equity, is analyzed according to the following assumption: application of variation of 1% in interest rates on the portion of debt at a variable rate and on cash and cash equivalents, the Group estimating that a 1% change in interest rates is reasonably possible over one year. The table below enables an assessment to be made of the maximum impact of such an increase.

	1% rate increase before hedging	1% rate increase after hedging	1% rate decrease before hedging*	1% rate decrease after hedging*
Gross financial expenses	+€22.4m	+€15.4m	-€3.0m	-€3.0m
Net profit	-€19.1m	-€12.2m	+€1.2m	+€1.2m
Shareholder's equity	-	+€20.0m	-	-€0.7m

* Most of our finance is variable-rate floored at 0.

2.1.4.4 Exchange rate risk

1. Operational exchange rate risk

In so far as the Group conducts its business in an international context, the Group's entities may be exposed to a transaction risk in relation to purchasing or sale transactions in currencies other than their functional currency.

Following the acquisition of Aricent, the Group is present in more than 30 countries, with a large share of its revenues denominated in euros, US dollars and pounds sterling and a large share of its costs in Indian rupees. The Group's financial income and ratios are therefore more sensitive to movements in exchange rates after the acquisition. A change in exchange rates could have a negative impact on the Group's income and financial ratios, notwithstanding any hedging strategies that may exist.

It is the responsibility of the CFO of each subsidiaries of the Group to identify and hedge these risks, working closely with and with the approval of the Group's cash and financing department. To this end, the only authorized instruments are day-to-day or forward purchases and/or sales, or tunnels.

2. Financial exchange rate risk

Financial exchange rate risk relates to financial liabilities (or financial assets) in foreign currencies whose exchange rate fluctuations impact the financial income.

The Group's external financing is denominated in euros with the exception of the *USD tranche of Term Loan B* ($297.75m). Because the borrower is an American subsidiary, the functional currency is the US dollar, which consequently does not require any foreign exchange hedging.

The centralization of the financing requirements of most foreign subsidiaries outside the euro zone, and some of the Group's financing transactions, expose certain entities to a financial exchange rate risk (related to the change in the value of financial debts or receivables denominated in currencies other than the functional currency of the borrowing or lending entity). The Group's cash centralizing company is the main one concerned because it lends/borrows in the functional currencies of the subsidiaries.

The analysis of the sensitivity of the net exposure to (foreign) exchange rate risk is presented in note 5.11 of the Group's consolidated financial statements included in section 6.2 "Consolidated financial statements for the year ending December 31, 2018".

The Group finances its subsidiaries in their own currencies and systematically hedges the resulting (foreign) exchange rate risk if the long-term financing is not qualified as long-term investment.

2.1.4.5 Risk related to intangible assets

Given its activities and in accordance with IFRS, the Group assesses the value and measures the potential impairment of goodwill each year or at an intermediate date in the event of indications of impairment. In the event of impairment, the Group has to recognize expenses. Impairment may result, notably, from a decline in the Group's performance, expected lower future cash flows, adverse market conditions, unfavorable changes in applicable laws and regulations (including amendments restricting the activities of, and the services provided by, the Group's production centers) and various other factors. The amount recognized for any impairment loss is recognized immediately as an expense in the Group's income statement, and is irreversible.

Goodwill is not amortized. It is tested for impairment at least once a year on December 31, and whenever there is an indication of impairment.

The methodology and discount rates used for the value tests are presented in note 5.1 "goodwill" to the consolidated financial statements for financial year ended December 31, 2018 in section 6.2 "Consolidated financial statements for the year ended December 31, 2018".

2.1.4.6 Risk related to the Group's investments

The bank counterparty risk occurs notably in hedging transactions carried out with top-tier banks (foreign-exchange and interest-rate derivative instruments), through credit lines which could be drawn from these same banks and through liquid assets and securities deposited with financial institutions.

The Group works with top-tier financial institutions. It sets limits for each of them, in order to limit the concentration of risk

The Group's excess liquid assets are invested according to the same principles with banks, management companies and subsidiaries of top-tier financial institutions.

2.1.4.7 Tax risks

The Group is exposed to risks related to compulsory levies in the various countries in which it is present, the cost of which may exceed the amounts recognized.

In general, any breach of the tax laws or regulations applicable in the countries in which the Group operates may result in adjustments, late payment interest, fines and penalties. With this in mind, the Group carries out the usual checks and review procedures in relation to tax matters.

Moreover, the Group has to interpret the regulations, the doctrine and the administrative practice of the jurisdictions in which it operates, as well as international tax conventions. It cannot be guaranteed that such interpretations will not be called into question by the authorities concerned or that the tax treatment of any reorganizations and transactions involving the Group's companies will not be contested by the competent authorities.

Changes in local tax regulations or their interpretation could impact the Group's income, financial position, liquidity or outlook. It is even conceivable that such changes in tax matters run counter to the current organization of the Group and force it to redeploy itself to allow for continued development of its business.

Furthermore, the evolution of international tax regulations, such as the work undertaken by OECD on Basis Erosion and Profit Shifting (BEPS), and the European directives yet to come, are also likely to impact the calculation of the Group's tax burden.

In order to contain the risks, the Group has established an internal organization and calls upon the skills of external experts. Centralized management of the control of fiscal policy and control of the income tax expense was established and has covered the scope of the Aricent legal entities since acquisition in 2018. Local tax consultants of established reputation and recognized competence are appointed by the Group Tax Director and work with the entities for all required consulting missions. Their duties include determining the tax payable by the companies and preparing the subsidiaries' tax forms. Altran uses the services of one of the Big Four to advise it in the areas affecting the Group overall, such as, for example, in matters of transfer pricing.

2.1.4.8 Risk related to the insurance coverage for the Group's activities

The Group's insurance policy is coordinated by the Group's legal and corporate affairs department, which overseas a policy that is coordinated, both at the Group and local levels.

The Company has set up Group insurance programs, underwritten by leading companies, which are consistent with the Group's activities and in line with market conditions. The insurance policies subscribed by the Group contain:

- guarantee exclusions, which are general exclusions, common to the insurance policies of all insurance companies; and
- guarantee ceilings and deductibles, which are measured at the time the insurance contract is purchased and adapted to the Group's risks. These limits and deductibles are negotiated by the Group with the insurance company.

The main insurance policies, purchased from reputably solvent insurance companies with an international reputation, are as follows:

- civil liability:
  - post-delivery products and professional liability insurance: an integrated master policy, negotiated by the Company, provides all Group companies with general and professional civil liability insurance in the framework of their activities for bodily, material and immaterial damages caused to third parties,
  - aeronautical and space civil liability insurance: this policy covers the Company and its subsidiaries operating in the aeronautics and space sectors. It covers the financial consequences of the civil liability incurred for products and intellectual services in all the engineering sciences in the framework of the aeronautical and space activities of the insured party and, for aeronautical activities, in the event of flight stoppages,
  - lastly, one-off insurance can be taken out for specific contracts, such as ten-year liability insurance,
  - car fleet insurance: employees' business travel using cars is covered by local policies concluded under normal market conditions,
  - office insurance: multi-risk office policies are taken out to cover losses that may result from damages affecting the assets, movable and fixed, of the insured parties (fire, theft, water damage, machine breakdown, etc.),
  - provident, complementary health and assistance insurance: Company employees benefit from coverage in respect of provident, complementary health and individual assistance insurance in the event of a mission abroad, in line with market standards.

Lastly, one-off insurance may be taken out for specific contracts of limited duration.

The insurance programs are regularly reviewed to best adapt them to changes in Group activities and risks. Thus, in 2018, the Company purchased a cyber insurance program at the Group level.

The Group believes that it currently benefits from reasonable insurance coverage, the level of deductibles of which is consistent with the frequency of damages observed. Nevertheless, the Company cannot guarantee that all claims made against it or that all losses suffered are and will in future be covered by its insurance, nor that the policies in place will always be sufficient to cover all the costs and financial penalties that may result from a claim against it. In the event of a claim not covered by the insurance policies or significantly exceeding the insurance policy ceiling, or if the insurance companies demand substantial reimbursement, the corresponding costs and convictions could impact the Group's financial position.

2.1.5 Risks related to extra-financial performance

2.1.5.1 CSR risks

In accordance with the requirements arising from Order no. 2017-1180 dated July 19, 2017 and Decree no. 2017-1265 dated August 9, 2017, the Group's CSR approach was strengthened, particularly in terms of structure and formalization in 2018, by a wish mapping of the main risks caused by the Company's activity. See the details of the risk management system in chapter 4 "Extra-Financial Performance and CSR Data".

2.1.5.2 Data protection

To ensure compliance with the General Data Protection Regulation (GDPR) applicable in Europe from May 25, 2018 and to control the inherent risks, the Group carried out structural initiatives during the 2018 financial year described in the section 4.3.2.2 "Data protection".

2.1.5.3 Corruption risks – Sapin II Law

In particular, the Group took into account the adoption, in France on November 8, 2016, of Law no. 2016-1691, known as Sapin II, on transparency, the fight against corruption and the modernization of economic life, in the context of managing compliance with laws and regulations and potential risks in matters of corruption incurred during its activities, both at the national and international levels.

In coming into compliance with the Sapin II law, the group strengthened its existing system, updating it and supplementing it. The anti-corruption policy attached to the ethics charter was updated to include details in terms of expected and prohibited behavior, in order to optimize the supervision of authorized operational practices. Formal communication was made under the aegis of the Chairman and CEO. The map of corruption risks was prepared and the related controls identified in 2018. A training program was prepared according to the level of exposure of employees to corruption risk and is being rolled out within the Group. Automation of the process of due diligence concerning third-party customers and suppliers was initiated and will be deployed when an e-procurement tool is put in place in 2019 and 2020. An internal dedicated control framework was identified based on the recommendations of the Agence Française Anti-corruption (AFA) and the self-evaluation of the existing internal control will include a dedicated section in 2019. An Ethics Committee was established in 2018 and an automated alert tool will strengthen the existing system during 2019. The audit plan and the work program for the audit missions within the entities will specifically include tests of the 3rd level of control in 2019, to evaluate the system within the entities.

2.1.5.4 Vigilance plan

In application of Article L. 225-102-4 *et seq*. of the French Commercial Code, the Company has set up a reasonable vigilance plan, the aim of which is to identify and prevent serious harm to human rights, fundamental freedoms, health, personal safety or the environment, which could result from the activities of the consolidated companies of the Group, its suppliers and subcontractors.

The work that began in 2017 continued in 2018 and is run by a Steering Committee involving the internal audit, human resources, legal and purchasing departments.

The approach of the vigilance plan is established according to the principle of continuous improvement, and the plan is intended to evolve in the light of the results of regular evaluations carried out and developments to the Group's activities.

The plan is built around the following measures:

- the risk map;
- the evaluation procedures;
- the risk mitigation or prevention actions;
- the whistleblowing process,
- and the system for monitoring measures implemented and evaluating their effectiveness.

Risk mapping

A risk map dedicated to the vigilance plan was formalized. This map did not show any risks which had not already been identified by the Group and which would not be dealt with by existing systems.

Evaluation procedures

The Group has established procedures for the regular evaluation of subsidiaries and will deploy such evaluations for its subcontractors and suppliers. Those evaluations dedicated to vigilance plan criteria complement the objectives of existing audits.

Once a year, the subsidiaries self-evaluate their level of internal control and are subject to internal audits.

Subcontractors and suppliers are evaluated when they are selected. It is also planned for checks and audits to be carried out during the established commercial relationship.

The Group has undertaken to strengthen its policy on the referencing of suppliers and subcontractors, including the use of an evaluation questionnaire. This questionnaire will address societal, social and environmental questions.

A code of conduct for suppliers (Supplier Conduct Guidelines) was also put in place and will have to be adopted by all referenced suppliers. This code is put into contractual terms *via* the SRM (Supplier Relationship Management) module dedicated to the management of suppliers and subcontractors, which will be deployed in all Group subsidiaries by 2020. This code is based on internationally recognized principles, such as the universal declaration of human rights, the United Nations guidelines on companies and human rights, the United Nations global compact, the guidelines of the OECD for multinational companies, and the fundamental conventions of the International Labor Organization (ILO). This code requires Altran's suppliers to prohibit child labor and forced labor, to ensure decent working conditions that are healthy and free of hazards for all employees, to fight corruption, respect the environment and preserve natural resources.

Actions to mitigate or prevent risks

It is planned to gradually introduce clauses into contracts with suppliers and subcontractors making reference to the Group ethics charter and the Altran Supplier Conduct Guidelines. These clauses require the latter to make sure that their own suppliers, subcontractors and distributors also apply them.

Alert mechanism

The Group's alert mechanism was adapted to fulfill legal obligations, notably Articles 8 and 17 of the Law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life, as well as the law of March 27, 2017 on the duty of parent companies and principal companies.

The procedure is put in place at the Group level and may be subject to adaptations to ensure its compliance with local legislation.

Monitoring and evaluation system

The Steering Committee monitors progress and the effectiveness of the measures taken and adapts the plan accordingly.

2.2__ Internal control and risk management system

In the context of its operational activities, the Group faces a certain number of external and internal risks (see section 2.1 "Risk factors").

In order to optimally manage its risks, in particular through the implementation of effective internal control, the Group defines an organizational structure and a series of processes, and establishes policies and procedures aimed at identifying, assessing and controlling these risks within the limits of the expected appetite for risk. The Group also aims to allocate the necessary resources to control these risks in accordance with its strategic and operational objectives.

2.2.1 Group objectives and framework for internal control and risk management

2.2.1.1 Objectives

The purpose of the Group's internal control system is to provide reasonable assurance as to:

- compliance with procedures and instructions and applicable laws and regulations throughout the Group;
- the reliability, completeness and quality of the information produced, notably the financial information;
- the efficiency of the operations carried out and the effectiveness of the internal control processes, in particular those relating to the protection of assets;
- the achievement of strategic and operational objectives in the context of the Group's business, taking into account the identification and management of risks;
- the minimization of the risks of fraud and their impact;
- the understanding and application of controls at all levels of the Group's organization, including those aimed at controlling risks, and the adoption of appropriate measures to reduce and minimize these risks.

The internal control system aims to contribute to the protection of assets and to the control of operations and their optimization. Intrinsically, the internal control system cannot provide an absolute guarantee that these risks are eliminated and only provides a reasonable assurance that the risks of errors or frauds are under control.

The Group's management of company risks aims to provide a complete overview of the portfolio of risks incurred by the various levels of operational entities and functional decisions and to update the action plans to control them.

2.2.1.2 Framework

The Group's internal control system is developed according to the "Internal Control – Integrated Framework" promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and in accordance with the elements and principles of the "Terms of reference on risk management and internal control systems" published by the AMF on July 22, 2010, as well as with the associated application guidelines.

As regards risk management, the principles applied are consistent with professional standards: ISO 31000 and 27001; Reference Framework of the Federation of European Risk Management Associations (FERMA); "Enterprise Risk Management" Reference Framework promoted by COSO; and the recommended associated application procedures.

The Group continuously reinforces and updates its framework to take into account the evolution of its risk exposure in the context of the implementation of its strategy, its external exposure and the expectations of regulators.

2.2.2 Management of activities and implementation of internal control and risk management objectives

2.2.2.1 Control environment

1. Integrity and ethics

The Group's values and principles of action are formalized in the Group's Code of ethics and anti-corruption policy. These documents, updated in 2014 then in 2017 concerning the anti-corruption policy in the context of compliance with Article 17 of the Sapin II law, are distributed to all employees upon their arrival in the company and available on the intranet. They contain the principles of individual behavior expected of and to be observed by employees in the countries where they work for the Group. These documents are updated where applicable to comply with applicable local legislation.

In addition, the Group adheres to the *United Nations Global* Compact and is committed to respecting recognized international Human rights standards, and in particular the main conventions of the International Labor Organization (ILO), and the United Nation's voluntary principles on security and its guiding principles on business and Human rights.

In application of Law no. 2017-399 of March 28, 2017, the Steering Committee formed in 2017 established, in 2018, the vigilance plan applicable to the Group presented in section 2.1.5.4 of this Registration Document.

Some of the Group's significant subsidiaries have included an article stipulating the respect of ethical rules and environmental standards by the Group's subcontractors in their general purchasing conditions.

In view of its business and strategy, the Group requires specific behavioral commitments from employees involved in high value-added projects for itself or its customers. It requires formal non-disclosure agreements from its employees and its subcontractors, as the case may be.

A list of employees with access to "sensitive" informationinformation (financial and strategic) is continually updated. These employees are subject to "black-out" periods on all securities and instruments issued by Altran. A confidentiality agreement is also signed by all new employees appointed to a function concerned by the above or contributing to a confidential project.

2. Governance, organization, powers and responsibilities

Following the acquisition of Aricent and the announcement of the Group's new strategic plan, *The High Road, Altran 2022*, the Group is governed by the Board of Directors and the executive management, assisted by the following bodies:

- a Global Executive Team composed of the Chairman and Chief Executive Officer and 6 Executive Vice-Chairmen: the Deputy Chief Executive Officer in charge of Europe and large accounts, the Deputy Chief Executive Officer in charge of finance, the Deputy Chief Executive Officer in charge of technology strategy and innovation, the Deputy Chief Executive Officer in charge of engineering and transformation, the Deputy Chief Executive Officer in charge of North America and the Deputy Chief Executive Officer in charge of European operations;
- an Executive Committee was enlarged to receive new Directors and experts. This new Executive Committee is itself a structured in three sub-Committees, which each concentrate on one of the pillars of the strategic plan: "Operations & Industries" to control the deployment of our "mainstream", high-added-value and industrial services models (Industrialized GlobalShore®), "Technology & Innovation" to define the technological roadmap and develop offers based on breakthrough technologies, and "Engineering and Transformation", in charge of changes to the Group's engineering models and its culture of excellence;
- a Senior Leadership Team, composed of leaders and agents in the Group's transformation, who participate in its development and embody the values of the Group: perseverance and enthusiasm, trust, commitment and integrity. It is made up of the members of the Management Committees of the local operational entities and Directors of the central functions.

For the first part of 2018, the Group's governance was organized in the same way as in 2017, with an Executive Committee, a Management Committee and the Altran Business Club.

General Management ensures that the organizational structure and the hierarchical and functional lines allow the planning, execution and control of the Group's activities. The organizational structure is defined by General Management, which adapts it regularly to the Group's strategy and to changes in its activities and the environment in which they are conducted.

The Group has also defined central responsibilities covering the three lines to steer internal control and risk management:

- operations management, essentially linked to local entities and geographical areas, is responsible for the implementation of internal control and the control of operational risks;
- the support functions (such as the General Secretariat, the finance, legal, human resources, transformation – organization – information systems departments, etc.), which recommend the components of the internal control system, constantly monitor their implementation, and assist the operational staff where necessary; and
- internal audit, which prepares, with the Audit Reports and during consultancy work, recommendations to improve the effectiveness of the internal control and risk management system.

In order to support the Group's transformation and the deployment of its strategy, and to optimally control risks, the Group implemented a vertical organization of the functions which now have a dual attachment: at the Group level and the local level.

The organizational structure established by General Management is also implemented through the establishment of a "career path" repository that structures all the Group functions and makes it possible to manage all the positions related to the processes, the appointment notes, job descriptions and the delegations of legal powers and commitments.

3. Rules and procedures

By the very nature of its business sector and its international operational organization, the Group has established a formal and detailed structure in relation to its organizational, operational, functional and managerial principles, notably to enable their implementation and control within its entities and their overall management.

The Group's commitment authorization policy defines the authorized commitment levels for all Group entities. The operational scope concerned by these commitment levels covers all activities: commercial offering, contracting, personnel management, travel expenses and various management operations.

Local entities establish, as a direct result of the Group's instructions, the rules applicable to their own scopes and issue the operating procedures and methods required at the level of their organizational structures.

The internal control framework, which identifies key controls and is regularly updated, completes the process framework. It identifies in key processes the potential risks whose occurrence would impact the achievement of the process objectives, as well as the controls that make it possible to manage them and at least reduce their impact.

In strengthening the Group's internal control and risk management environment in 2018, rules and procedures specific to the financial scope were disseminated under the aegis of the financial department and the purchasing department. In 2018, continuing with the updates applied in 2017, the existing procedures were the subject of a reminder with the aim of continuously improving the quality of information and improving the analysis of financial information. Following the acquisition of Aricent, the cash policy issued in 2017 by the treasury and finance department was specifically updated to take into account the evolution of the financing structure following the acquisition.

4. Information systems

As part of the The High Road, Altran 2022 strategic plan, the information systems department continued its transformation, establishing global governance including Aricent and controlled by the Group, to ensure better alignment of IT investment plans and facilitate the deployment of new Group solutions in its functional and technical domains. In 2018, in line with the management tools deployed in previous years (management of customer relationships, recruitment, customer skills and their allocation to projects), the versions of systems were updated and functionalities were added to broaden the scope of use and optimize computerized processes.

The systems dedicated to administrative and financial management continued their updating and deployment (see 2.3.4 "Management of accounting and financial information systems").

The programs to standardize and globalize infrastructure and security services and ISO 27001 certification of operational entities were continued.

In the context of the acquisition of Aricent, a roadmap for the convergence of information systems was prepared.

2.2.2.2 Risk assessment and risk management process

The internal control procedures are part of an ongoing approach to identify, assess and manage risks that may impact the achievement of the objectives set by the Group. In particular, the assessment of risk factors helps to define appropriate control activities and the internal audit plan.

This assessment is based on the process to establish the Group's risk universe and risk map.

The risk universe is based on the compilation of risks identified by the Managers of the operational entities, communicated once a year, and on the consultation of the members of the *Global Executive Team* and the Directors of the support functions.

Risk mapping is carried out bi-annually after assessing the potential impact of risks from the risk universe, their probability of occurrence and their level of control; this leads to the definition of the degree of exposure. In 2018, the map was updated with members of the General Management and presented to the Audit Committee.

The main risks identified and their management methods are listed in section 2.1 "Risk factors". In 2018, the risks following the integration of the acquisition of Aricent were included in the Group's risks.

The entities retain responsibility for the risk management action plans most appropriate for their specific activities. However, some cross-cutting risks are directly managed or closely coordinated by the functional departments concerned.

As regards tax risks, the Group's tax department conducts a review of the tax position at each entity and oversees the preparation of declarations by ensuring compliance with applicable laws and regulations.

Tenders and contracts involving a certain level of risk, either quantitative (due to the revenues involved) or qualitative (due to their nature, notably in terms of specific commitments or constraints), have been, since the end of 2010, reviewed on a weekly basis by a Committee called the "Project Appraisal Committee" (PAC). This Committee is composed of multidisciplinary representatives of the financial, Program Office, legal and commercial departments and the Executive Directors concerned by the cases presented, and acting upon delegation from the General Management.

This review was extented to Aricent's significant projects from the fourth quarter 2018.

The integration of the entities acquired by the Group is managed according to a project mode, including risk monitoring and an alert process based on the level of criticality assessed. In 2018, in the context of the post-acquisition integration of Aricent, an enhanced system has been established. It includes specific governance and is attached to the Deputy Chief Executive Officer in charge of engineering and transformation, operational application at the scale of the functions and processes and regular control of implementation of the integration plan.

In view of its business sector, Altran does not foresee financial risks due to climate change likely to have significant consequences for the Group. Nevertheless, the Group implements a strategy to optimize its CO_2emissions, in particular through a responsible travel policy, a corporate vehicle policy, and High Environmental Quality (HEQ) buildings.

2.2.2.3 Monitoring and evaluation

The permanent control activities, conducted at all hierarchical and functional levels, aim to reduce the risks described in section 2.1 "Risk factors". They are mainly based on the application of standards, policies and procedures that help to ensure the implementation of the guidelines issued by General Management.

The management of the internal control process is attached to the audit department, which ensures the consistency of, and updates, the internal control framework in collaboration with the Process Managers. The internal control system is implemented under the responsibility of the Group's General Management.

The permanent control is rolled-out, in cascade form, by the management of the operational entities under the responsibility of the geographical Managers. The Directors of the legal entities and the Finance Directors commit to the internal control of their entities and sign letters of affirmation on the respect of the Group's internal control and management rules during the publication of the half-yearly and annual financial statements.

The Group's permanent control is based on three major components:

- the internal control framework established with the Process Managers ;
- appropriate control activities implemented by the operational and functional departments and aimed at ensuring the achievement of objectives and the control of the risks inherent to the processes ;
- and an annual self-assessment of internal control led by the internal audit department.

The annual self-assessment of internal control applied by the Group is based on a questionnaire to measure and assess the relevance and correct application of the internal control procedures by all its operating entities. In addition to the self-assessment of the level of maturity of their practices and their compliance with the Group's reference framework, the Managers of local entities prepare their action plans for bringing the entities into compliance in case of an insufficient level of maturity of their internal control practices. The implementation of these action plans and the actual degree of internal control are tested during the audit missions at the entities.

In 2018:

- the control framework was updated for communication and application from 2019 ;

- in line with the 2017 financial year, self-evaluation questionnaires were updated with the Managers of the finance and cash processes, purchasing, human resources and informatics. The scope of Aricent was integrated into the scope of the entities performing this self-evaluation. The detailed results per process will be shared during the 1st quarter with each Process Manager and the Managers of the local entities. A summary of the 2018 self-evaluation results will be presented at the 1st meeting of the Audit Committee in 2019.

2.2.2.4 Information and communication of information within the Group

General Management communicates the objectives and any other relevant information throughout the Group to enable all employees to fulfill their responsibilities and make their contribution to the Group's internal control systems and risk management in the context of the achievement of the operational and strategic objectives. The hierarchy is responsible for relaying these objectives and ensuring that they are duly understood. The RACI matrix (Responsible, Accountable, Consulted and Informed) established for all business lines promotes the dissemination of information and the complementarity of functions in the implementation of controls.

Two homogeneous professional communities, one grouping the employees and Managers in charge of large customer accounts and the other involving the Consultancy Team Managers, promote information and communication within these functional scopes, notably as regards the control objectives and the identification and control of risks.

The communication of results is essentially based on the Monthly and Quarterly Reports and performance reviews within the Group.

The main feedback system consists in monthly, Quarterly and Annual Reports based on standard formats, covering all operational activities and including operational, accounting and financial information. It provides relevant and reliable information to General Management, the operational departments of the geographical regions, and the functional departments. A database dedicated to operational reporting makes it possible to share a Group report established on the basis of information which is standardized, automated and common to all entities, and to detect variations and provide alerts on items to be analyzed.

Other reportings prepared within the departments constitutes detailed communication, such as the reporting of programs and of the integration of acquired entities, the quarterly cash reporting communicating the cash position, the financial income and expenditure, the level of debt and its average cost, the measurement of exposure to the main risks (interest rates, counterparty) and factoring. This reportings are regularly updated to enable control of the Group's strategic and operational issues. (see 2.2.3.2 "Preparation of accounting and financial information").

2.2.2.5 Controlling the system

1. Internal audit

Within the Group, any management entity, activity, process or system may be subject to an internal audit performed by the audit department, in accordance with the International Internal Audit (IIA) framework and its code of ethics.

The Group's internal audit function is centralized, and reports hierarchically to the Chairman and Chief Executive Officer and functionally to the Deputy Chief Executive Officer in charge of Finance. The role of the internal audit department is to ensure that the Group has an effective internal control system and manages its risks in a satisfactory manner. The audit department also manages the internal control and risk management processes. The Group's audit charter, applicable throughout the Group, was established and validated by the Chairman and Chief Executive Officer and the Chairwoman of the Audit Committee in 2017.

The Group's audit department carries out audit missions in relation to the annual plan with the support of internal or external resources in order to mobilize the skills required to achieve the objectives of the audit missions and to ensure an optimal evaluation of internal control and risk management.

The audit department works in consultation with the Statutory Auditors and also carries out assistance missions (consulting, analysis, methodological input, participation in regulatory compliance projects) while preserving the degree of independence required to carry out evaluation missions. In 2018, the internal audit department was strengthened through the recruitment of a senior auditor. The Aricent entity has also an audit team which carries out missions to assess the conformity of processes with internal procedures.

The annual audit plan (4), part of a four-year plan to cover all Group entities, is based on an analysis of the risks and risk management systems, on the Group's strategic challenges, and on the history of the audit missions. It is submitted annually to the Chairman and Chief Executive Officer and to the Audit Committee for their approval. The annual plan may be amended during the year due to strategic or operational imperatives and the Audit Committee is kept informed of these developments.

The conclusions of the work carried out by the audit department and the Statutory Auditors are the subject of regular reports to the Audit Committee and, through it, to the Board of Directors. The Internal Audit Director participated in all the Audit Committee meetings held in 2018. At every Committee meeting, the Audit Committee hears the Statutory Auditors without any Company representative being present.

If areas of progress are identified, action plans are drawn up by the operational staff with the support of the audit department, which monitors their implementation and reports to the Deputy Chief Executive Officer in charge in the geographical region and then to the Executive Committee and the Audit Committee. In 2018, the self-evaluation assessment of the implementation of the post-audit action plans was performed by the entities and the results were presented to the Audit Committee. From 2018, the periodicity of the self-evaluation assessment of implementation of action plans subsequent to audit missions was adapted to the criticality of the findings.

2. Board of Directors

The Board of Directors participates in internal control, notably through the work and reports of its Specialized Committees. It approves the financial statements, and reviews and approves the budget and strategic dossiers. Lastly, it ensures that the corporate bodies and the corporate governance rules function properly, and, with the support of the Audit Committee, oversees the work of the internal control bodies.

3. Audit Committee

The Audit Committee ensures that General Management sets up internal control and risk management procedures in accordance with the risks identified and with a view to achieving the Group's objectives. It keeps itself regularly informed of the evolution of the Group's internal control system. It approves the annual audit plan, and the main conclusions of the audit work presented to it. Also, it examines the significant risks and off-balance sheet commitments.

4. General Management

General Management steers the Group's internal control and risk management system. It participates in defining the internal control system, which is adapted to the Group's challenges, and supports its deployment, permanent control and timely evaluation by the audit department. It validates the risk map and oversees the implementation of the risk control and remedial action plans. It keeps itself informed of any potential significant matters in order to bring them to the attention of the Board of Directors and initiate the required corrective actions.

2.2.3 Internal control procedures relating to the development, processing and dissemination of accounting and financial information

The Group's financial and accounting information is established by the Deputy Chief Executive Officer in charge of finance, under the authority of the Chairman and Chief Executive Officer. As such, the finance department is responsible for the internal control procedures related to the preparation and processing of financial information.

To ensure the quality and reliability of the statutory and consolidated financial statements, the Group relies mainly on a set of accounting principles and standards, and on a formal accounting and management reporting process. The vertical organization of the finance function, including the hierarchical attachment of the Financial Directors of the local entities to the controlling Senior Vice-President or to the Deputy Chief Executive Officer of finance strengthened the internal financial control environment. A shared information system is used for the preparation of the consolidated financial statements by the consolidation department and for the monthly preparation of Management Reports by the financial control department. The finance department has continue to strengthen the resources and skills of the financial teams, for the purposes of continuing to strengthen the finance function, including improving internal control and control of financial risks.

2.2.3.1 Accounting standards and procedures

The consolidated financial statements are prepared in accordance with the IFRS standards adopted by the European Union and pursuant to the procedures formalizing the main applicable accounting rules and consolidation methods.

The Group's procedures aim to ensure a strict accounting and financial management of the Group's activities in relation to budgeting, reporting, consolidation, management control and the financial communication. They contribute to the production of financial information that is reliable and complies with legal and regulatory requirements and the standards defined by the Group.

The procedures established to prepare the Group's statutory and consolidated financial statements are based on:

- the Group's manual of accounting principles (Finance Book), made available to the Group's entire financial community and updated regularly in view of changes to IFRS standards, new external regulations or internal practices, and the adaptation of the Internal Financial Control Framework;
- the Group's reporting instructions, communicated in the context of the periodic consolidations by the consolidation department.

These instructions specify, notably, schedules, scopes, reporting assumptions, specific and exceptional processing procedures (*i.e.* impairment tests, off-balance sheet commitments), changes in the accounts plan and normative updates.

In 2018, the application of new "IFRS 9" and "15 a" standards gave rise to an update of the defined accounting standards and procedures. Work for compliance with the IFRS 16 standard applicable from 2019 was carried out in consultation with the financial department and the purchasing department.

2.2.3.2 Preparation of accounting and financial information

The responsibilities relating to the preparation of accounting and financial information are broken down within the different functions of the Group's Finance structure.

Within the finance structure, the controlling department monitors the consolidation, financial control and financial information systems departments.

The production and analysis of financial information is mainly based on the contribution of the consolidation, financial control and cash and financing departments.

The responsibilities of the consolidation department

Upstream of production and in respect of prescriptive and preventive internal control:

- the consolidation department owns the account plan and administers the consolidation information system. It publishes the centralized accounting framework and ensures that it is respected by the Group's entities, notably when the periodic reports are submitted. It also ensures compliance with the IFRS accounting principles applicable to Altran and monitors the degree of control of the consolidation process and system within the Group;
- it oversees the compliance of the accounts treatment of acquisition, merger and company disposal operations. It oversees the training of the financial departments of the entities newly acquired by the Group as part of the external growth strategy.

When preparing consolidated financial statements, published with the complete financial statements by entity, the consolidation department provides the justification of the financial statements for the purposes of control and certification by the regulatory control bodies (Statutory Auditors).

As part of the financial communication, the consolidation department produces the financial information (see section 2.2.3.6 "Financial and investor communication").

In 2018, the program to improve the reconciliation of inter-company accounts entries that began in 2017 was continued.

The responsibilities of the financial control department

The segment presentation of the financial statements is prepared by the Group financial control department, which reconciles this presentation with the consolidated financial statements to analyze the Group's performance and comment on it in the Management Report.

The financial control department is preparing information for dissemination to the Executive team and Board. It establishes at least monthly monitoring of the Group's financial and operational performance, with financial and operational indicators regularly updated to adapt to the requirements of controlling the Group.

The responsibilities of the cash and financing department

In coordination with the consolidation department, the cash and financing department updates the closing balances of factoring contracts on a quarterly basis and participates in the reconciliation of the Group's consolidated net financial debt. The treasury and finance department also provides quarterly information to the bearers of the company's debt and manages the relationships with the rating agencies monitoring the group (S&P Global Ratings, Moody's)

2.2.3.3 Objective setting and performance management

The financial control department oversees the reliability of the budgetary processes, the measurement of the Group's economic performance, and the analysis of the relevance of the information provided on the basis of detailed monthly reporting by entities, and prepares a summary of the management indicators for General Management.

The analyses performed and the control indicators that are specifically monitored are the revenues, average daily sales prices, invoicing rates, the workforce, the DSO, the direct margin, the gross margin, the level of indirect expenditure and the operational margin per geographical zone. Reviews, conducted monthly and quarterly based on standard reporting, aiming to analyze and control the main risks that could have an impact on the accounting and financial information published by the Group, are performed by the General Management. End-of-year forecasts are performed numerous times and are analyzed by General Management. In 2018, following the Aricent financing and acquisition operation, quarterly monitoring of the financial leverage ratio (net debt/EBTDA 12 months sliding *pro forma*) was established.

The application of and compliance with principles, rules and procedures are the responsibility of each entity's Finance Director. They must ensure, in coordination with the financial control department and the consolidation department, that the information communicated by the Group's reporting and consolidation system is consistent with the information to be published.

As part of the budgetary process, the Group's consolidated budget is subject to validation by the Board of Directors.

General Management sends each operational unit a budget letter setting out its annual objectives.

In 2018, the strengthening of internal control and risk management related to the financial performance and its management continued:

- the constituent elements and participants in quarterly performance reviews of the entities (business performance review, quantitative review and management letter) established in 2017 evolved with the Group activity in Europe;
- a Global Cash Program has been launched, aiming to optimize cash based on an improvement of the invoicing process and acceleration of collection.

2.2.3.4 Accounting and financial information systems management

The quality and reliability of financial and accounting information is based on increasingly integrated information systems (ERP type), and on a software package for Group consolidation and another for cash.

The Group and its subsidiaries use a standardized and unified informatic application for consolidation, which makes it possible to secure and standardize the processes for preparing forecast reports, monthly reports and accounting statements.

In 2018, the strengthening of internal control and the management of financial risks related to the preparation of accounting and financial information continued, with notably:

- the deployment of a new updated and improved Group reporting and consolidation information system;
- the continued deployment of the Enterprise Resource Planning application and its implementation for the Tunisian joint venture;
- the deployment of a dedicated application integrated with the purchasing and financial information systems for compliance with the IFRS 16 standard.

In the context of the acquisition of Aricent, Aricent's accounting was integrated into the Group reporting and consolidation system.

2.2.3.5 Cash and financing management

In 2018, the internal control and risk management related to cash management and financing and to the accounting and financial information relating to it, continued the improvement that began in 2017, notably by:

- continuing systematic foreign exchange hedging on intra-Group loans/borrowing from cash pooling;
- the updating of banking powers for the Aricent scope;
- the establishment of interest rate hedges consecutive to the financing for the acquisition of Aricent;
- the regular dissemination of information about external payment fraud and systematic alerts in case of attempts against a Group entity.

2.2.3.6 Financial and investor communication

The investor relations department is responsible for providing all communication to shareholders, investors, financial analysts and, more generally, to the financial markets. In particular, it ensures compliance with the procedures relating to regulated information, whether periodic or permanent, and ensures the reliability of the information communicated.

As regards periodic information, the investor relations department is responsible for the application of AMF regulations and recommendations in relation to communications, and is notably in charge of:

- the coordination and publication of financial information: quarterly revenues, and half-yearly and annual results;
- preparation of the Registration Document.

As regards permanent information, the investor relations department ensures that any information likely to have an impact on the Company's share price is communicated to the market without delay and in a comprehensive manner.

The Company's financial calendar and the calendar of the various declarations made by the Company to the financial community (presentation of results, participation in investor conferences, international road-shows with future or existing investors) are overseen by the investor relations department.

The Group's investor relations department organizes the announcement of acquisitions, disposals or significant equity investments.

In 2018, internal control and risk management related to communication to investors and markets continued improvement actions which were previously initiated:

- the reinforcement of the internal procedures relating to declarations to the financial community; this was done to centralize external requests, and ensure the equal treatment of the various shareholders or investors and the consistency of the messages issued by the Group;
- the improvement of processes for taking decisions on communication in order to perform a methodical analysis of the issues and the appropriateness of communicating.

2.2.4 Changes in 2018 and 2019 outlook

The Group sets itself a recurring objective of developing its internal control and risk management system based on:

- an environment conducive to risk analysis and the establishment of control systems;
- the responsibility of all actors, in particular Process Managers and operational staff as key actors in the processes;
- prioritization in the implementation of control as regards the level of risk incurred.

In 2018, the work of internal control contributed to the on going extension of the process of self-assessment of all Group entities while integrating Aricent, performing annual updates to the self-assessment questionnaires from internal control on the five major processes and the identification of a network of interlocutors dedicated to internal control and risk within the operational entities.

In 2019, the Group will continue its approach of continuous improvement in terms of identifying risks and updating its internal control system to adapt to the evolution of the Group and its new challenges.

The internal control and risk management system will continue its development, notably by:

- updating the Group risks map and supporting the entities in preparing local maps;
- the continued update of the internal control framework to reflect changes in respect of the Group's organization, processes and potential risks.
- the improvement of the adoption of internal control and the control of risks by the Managers of entities by organizing a network of local contact points for internal control and risk management.

3__ CORPORATE GOVERNANCE AND REMUNERATION

3.1__ Board of Directors' Report on corporate governance

In application of the provisions of Article L. 225-37 of the French Commercial Code, this section includes the report on corporate governance prepared by the Board of Directors. In addition to the elements required by the French Commercial Code for the preparation of this report, the Company has chosen to add other elements related to corporate governance required by other legal and regulatory provisions.

Pursuant to the provisions of Article L. 225-37-4(8) of the French Commercial Code, the Company declares that it voluntarily refers to the AFEP-MEDEF Corporate Governance Code for Listed Companies. A table summarizing the recommendations of said Code that have not been complied with is shown in section 3.1.1.9 "Application of the AFEP-MEDEF Code: implementation of the 'comply or explain' rule".

The AFEP-MEDEF Code is available on MEDEF's website (*www.medef.com*).

The terms of this report have been approved by the Board of Directors in its meeting of March 20, 2019, after being examined by the Appointments and Remuneration Committee in its meeting held on the previous day.

3.1.1 Corporate governance

This section describes the procedures of leadership and management of Altran Technologies, a joint stock corporation *(société anonyme)* with a Board of Directors. The Company is committed to high quality corporate governance and compliance with the principles and rules governing its activities.

It also includes information relating to regulated agreements, to the elements likely to have an impact in the event of a tender or exchange offer, as well as to the transactions on Company shares by corporate officers.

The principles of functioning as well as the missions of the corporate bodies of the Company are defined in the Articles of Association and the Rules of Procedure of the Board of Directors. The Company's Articles of Association may be viewed on the Company's website (*www.altran.com*).

The meeting of the Board of Directors held on March 28, 2019, set the resolutions to be proposed to the General Shareholders' Meeting to be held on May 15, 2019. The Board decided to propose renewing the terms of office of Mr. Dominique Cerutti and Ms. Nathalie Rachou, and to appoint Ms. Diane de Saint Victor as Directors.

3.1.1.1 Board of Directors

1. Composition of the Board of Directors

The members of the Board of Directors are appointed by the General Meeting except for the Director representing the employees.

NUMBER OF DIRECTORS *(ARTICLE 11 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 1.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Company is managed by a Board of Directors composed of at least 3 and at most 18 members (in the case of a merger, this maximum may be exceeded in the conditions and within the limits set by the French Commercial Code).

APPOINTMENT OF DIRECTORS AND TERM OF OFFICE *(ARTICLE 11 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 1.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

Directors are appointed by the General Meeting of Shareholders for a maximum term of four years, it being further specified that any Director appointed to replace another Director whose term had not expired can only serve for the remaining time of their predecessor's term.

One Director representing employees is appointed by the trade union that won the most votes in the first round of the elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code within the Company and its direct or indirect subsidiaries that are headquartered in France. When the number of Directors appointed by the General Shareholders' Meeting is greater than 12 (1), a second Director representing employees is appointed by the trade union that won the second-highest number of votes in the first round of these elections. The term of office of the Directors representing the employees is four years. Their duties end at the conclusion of the General Meeting convened to approve the financial statements of the financial year ended in the year in which their term expires.

In compliance with applicable legal provisions, the appointed Director must hold an employment contract with the Company, or with a direct or indirect subsidiary whose registered office is located in the territory of France, concluded at least two years prior to their appointment.

(1) The Director or Directors representing the employees are not taken into account in calculating the threshold of the 12 members. This threshold is evaluated on the date of appointment of the salaried Director(s).

The Works Council is represented at the Board of Directors' meetings in accordance with and pursuant to the procedures stipulated by current laws.

Directors are eligible for re-appointment. They may be revoked at any time by the Ordinary General Meeting of Shareholders.

AGE LIMIT OF DIRECTORS *(ARTICLE 11 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 1.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors cannot be composed of more than one third of Directors who are older than 75 years of age. If this proportion is exceeded because one of the active Directors exceeds the age of 75, the oldest Director is deemed to resign at the end of the next Ordinary General Meeting.

MINIMUM SHAREHOLDING OF DIRECTORS IN THE SHARE CAPITAL OF THE COMPANY *(ARTICLE 11 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 1.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

Each Director must personally own at least 3,800 shares during their term of office. This number, in compliance with the provisions of the AFEP-MEDEF Code, has material significance with respect to the attendance fees. As an exception, the Directors representing the employees are not required to own a minimum number of shares.

Information on the holding of share capital of the Company by the Directors is presented in section 3.1.1 "Corporate governance."

CHAIRMAN OF THE BOARD OF DIRECTORS *(ARTICLE 12 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors elects a Chairman, who is a physical person, from among its members, and if the Board of Directors deems it appropriate, one or two Vice-Chairmen who can preside over the Board of Director's meetings in the event that the Chairman is absent or unable to act.

The Chairman is appointed for a term that cannot exceed that of their term of office as a Director. The Chairman may be re-appointed and may be revoked at any time by the Board of Directors.

The Chairman cannot be older than 75 years of age. If the Chairman exceeds that age during their term, they are deemed to have automatically resigned.

The Chairman represents the Board of Directors, organizes and directs its work, oversees the proper functioning of the Company, ensures that the Directors are able to carry out their missions, presides over the General Meetings of Shareholders and prepares the reports required by Law.

OBSERVERS *(ARTICLE 17 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 1.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors can appoint, on the proposal of the Chairman, a panel of observers composed of a maximum of two persons. They are appointed for a term of four years and can be re-appointed to their duties. The Board of Directors, however, can revoke their duties at any time.

The observers are called to attend the meetings of the Board of Directors and take part in deliberations as advisers.

Composition of the Board of Directors at December 31, 2018

The table below provides a summary of the composition of the Board of Directors at December 31, 2018:

Name	Age (d)	Nationality	First appointment	Renewal	Expiration of term	Member of the Appointments and Remuneration Committee	Member of the Investments and Acquisitions Committee	Member of the Audit Committee
Dominique Cerutti *Chairman*	57	French	2015 OGM	-	2019 OGM called to approve the financial statements for the financial year ended 12/31/2018		•(C)	
Amboise Partners SA (a) represented by Maurice Tchenio *Director*	75	French	2008 OGM	2017 OGM	2021 OGM called to approve the financial statements for the financial year ended 12/31/2020			
Christian Bret *Director*	78	French	2012 OGM	2018 OGM	2022 OGM called to approve the financial statements for the financial year ended 12/31/2021		•	
Sylvain Michel(e) *Director representing employees*	39	French	2014 OGM	October 2018	2022 OGM called to approve the financial statements for the financial year ended 12/31/2021			
Nathalie Rachou *Independent director*	61	French	2012 OGM	2016 OGM	2019 OGM called to approve the financial statements for the financial year ended 12/31/2018	•		•(C)
Gilles Rigal *Director*	60	French	2008 OGM	2016 OGM	2020 OGM called to approve the financial statements for the financial year ended 12/31/2019	•	•	
Thomas de Villeneuve (b) *Director*	46	French	2015 OGM	-	2019 OGM called to approve the financial statements for the financial year ended 12/31/2018		•	•
Martha Heitzmann Crawford *Independent Director*	51	American	2016 OGM	-	2020 OGM called to approve the financial statements for the financial year ended 12/31/2019	•(C)		•
Renuka Uppaluri *Independent Director*	47	American	2016 OGM	-	2020 OGM called to approve the financial statements for the financial year ended 12/31/2019		•	
Jaya Vaidhyanathan (c) *Independent Director*	48	American	BD of 12/20/2017	-	2021 OGM called to approve the financial statements for the financial year ended 12/31/2020		•	
Jean-Pierre Alix *Director until April 27, 2018*								

(C) Chairman of the Committee.
(a) Formely APAX PARTNERS SA.
(b) Mr. Thomas de Villeneuve was appointed as a member of the Audit Committee on June 19, 2018.
(c) Ms. Jaya Vaidhyanathan was appointed as a member of the Investments and Acquisitions Committee on January 24, 2018.
(d) At December 31, 2018.
(e) Sylvain Michel was a director representing employees until March 20, 2019.

Observer

The Board of Directors also includes one Observer, Mr. Henry Capelle, who was appointed in March 2014, and was renewed on February 26, 2018 for a four-year term.

Attendance of the members of the Board of Directors in Board meetings and Committee meetings in 2018

Name	Board of Directors	Appointments and Remuneration Committee	Investments and Acquisitions Committee	Audit Committee
Dominique Cerutti				
Chairman	100%	-	-	-
Amboise Partners SA				
Represented by Maurice Tchenio				
Director	77%	-		-
Christian Bret				
Director	100%	-	-	-
Sylvain Michel				
Director representing employees	71%	-	-	-
Nathalie Rachou				
Director	100%	100%	-	100%
Gilles Rigal				
Director	100%	100%	-	-
Thomas de Villeneuve				
Director	77%	-	-	50% (b)
Martha Heitzmann Crawford				
Director	85%	100%	-	100%
Renuka Uppaluri				
Director	92%	-	-	-
Jaya Vaidhyanathan				
Director	77%	-	-	-
Jean-Pierre Alix				
Director until April 27, 2018	0%	-	-	0% (c)
Overall rate of attendance	**85%**	**100%**	**-** (a)	**75%**

(a) The Investments and Acquisitions Committee did not meet during the 2018 financial year.
(b) For the period starting June 19, 2018, the date of his appointment.
(c) For the period through April 27, 2018, the date of expiry of his term.

List of offices or duties of Directors

MR. DOMINIQUE CERUTTI

Chairman and Chief Executive Officer

Date of birth: 01/03/1961

Gender: Male

Nationality: French

He held 89,868 shares of Altran Technologies as at December 31, 2018.

Chairman and Chief Executive Officer of Altran Technologies

Mr. Dominique Cerutti began his career as an engineer at Bouygues in Saudi Arabia.

He then joined the IBM group, where, for more than 20 years, he took part in the strategic transformation of the company from the United States.

In 2000, he was appointed Chief Executive Officer of IBM Global Services for Europe, Middle East and Africa, then IBM in Europe.

In 2009, he joined the NYSE Euronext group as Executive Vice-President and member of the Board of Directors, prior to becoming Chairman of the Management Board of the Euronext group in 2013.

He is a graduate of the *École spéciale des travaux publics* (ESTP).

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Chairman and Chief Executive Officer and Chairman of the Investments and Acquisitions Committee of Altran Technologies

Outside the Altran group

- Chairman of Eupheme Consulting

Abroad

Within the Altran group

- Director of Cambridge Consultants Limited (United Kingdom)

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2017: Member of the Board of Directors of Genes'ink

Abroad

Outside the Altran group

- 2015: Chairman of the Executive Board of Euronext NV (Netherlands)
- 2015: Executive Vice-President of NYSE (New York, United States)
- 2015: Member of the Board of Directors of LCH group (United Kingdom)

AMBOISE PARTNERS

Director

Amboise Partners SA held 5,662 shares of Altran Technologies as at December 31, 2018.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director of Altran Technologies

Outside the Altran group

- Manager of Société Civile TeamInvest
- Member of the Audit Committee of Thom Europe SAS
- Member of the Supervisory Committee of Thom Europe SAS

Abroad

Outside the Altran group

- Director of European Jewellers I SA (Luxembourg)
- Director of European Jewellers II SARL (Luxembourg)

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2016: Member of the Supervisory Board of InfoPro Digital SAS
- 2014: Member of the Executive Committee of Financière Season
- 2014: Member of the Supervisory Board of Royer SA
- 2018 : Manager of Société Civile Firoki

Abroad

Outside the Altran group

- 2014: Director of Wallet Investissement 1 SA (Belgium)
- 2014: Director of Wallet Investissement 2 SA (Belgium)
- 2014: Director of Wallet SA (Belgium)
- 2014: Director of Buy Way Tech SA (Belgium)
- 2014: Director of Buy Way Personal Finance Belgium SA (Belgium)

MR. MAURICE TCHENIO

Representative of the Director Amboise Partners SA

Date of birth: 01/19/1943

Gender: Male

Nationality: French

He held 967,155 shares* as at December 31, 2018.

Co-founder of Apax Partners(now Ambroise Partners). Also Chairman of the Management of Altamir and Chairman of Fondation AlphaOmega.

Mr. Maurice Tchenio began his career as an assistant professor in finance at HEC, then Project Manager at the Institut dedéveloppement industriel (IDI) in Paris, a business bank specializing in equities investments. In 1972, he founded, along withRonald Cohen and Alan Patricof, the company Apax Partners, which is today one of the world leaders in private equity. From1972 to 2010, he was the Chairman and Chief Executive Officer of Apax Partners, the French branch of the group. In 1995, hecreated Altamir Amboise, a listed private equity company, then, in 2010, he created AlphaOmega, a foundation of recognizedpublic utility.

He is a co-founder of the French Association of Capital Investors (Association française des investisseurs en capital – AFIC) and aformer Director of the European Venture Capital Association (EVCA).

Mr. Maurice Tchenio is a graduate of HEC and of the Harvard Business School, where he graduated with high distinction asBaker Scholar.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Representative of Amboise Partners SA, as Director of Altran Technologies

Outside the Altran group

- Chairman and Chief Executive Officer of Apax Partners SA
- Chairman and Chief Executive Officer of Altamir Gérance SA
- Director of Toupargel Groupe SA, a Euronext Paris listed company
- Director of Financière de l'Échiquier SA
- Chairman of the Board of Directors of Fondation AlphaOmega
- Managing partner of AlphaOmega SC
- Chairman of Amboise SAS
- Manager of Société Civile Étoile II
- Member of the Supervisory Committee of Thom Europe SAS
- Representative of Apax Partners SA, as Manager of Société Civile TeamInvest

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2014: Manager of Société Civile Moussecarrie
- 2015: Representative of Apax Partners SA, as Manager of Société Civile Carmel
- 2015: Director of Albioma
- 2016 : Observer for Lion/Seneca France 1 SAS
- 2016: Manager of Société Civile Copernic Partenaires
- 2016: Chairman of Financière Helios SAS
- 2016: Permanent representative of Financière Helios, as Manager of Albioma SA, a Euronext Paris listed company
- 2017: Manager of Société Civil Vizasat
- 2017: Manager of Société Civile Capri
- 2017: Manager of Société Civile SE Wagram
- 2017: Manager of Société Civile Cimarosa II
- 2017: Manager of Société Civile Cimarosa
- 2017: Manager of Société Civile Fac&In
- 2017: Vice-Chairman of Toupargel SASU
- 2018 : Co-Manager of Société Civile Immobilière Mauryland
- 2018 : Representative of Apax Partners SA, as Manager of Société Civile Firoki

* Shares held as part of a life insurrance contract.

MR. CHRISTIAN BRET

Director

Date of birth: 09/08/1940

Gender: Male

Nationality: French

He held 6,000 shares of Altran Technologies as at December 31, 2018.

Throughout his career, Mr. Christian Bret has worked in the information technology and communication industries.

A graduate of ESCPE-Lyon (1963), Mr. Christian Bret began his career as an engineer at IBM France and then, in 1969, turned his focus to information services. After three years at the head of the computer subsidiary of Banque Rothschild, he spent 18 years with the Sligos group of which he became the Chief Executive Officer, before becoming, in 1989, Chief Executive Officer of the CISI group, a subsidiary of CEA. In 1996, he joined France Telecom, as Executive Vice-President of the corporate branch.

In addition, Mr. Christian Bret has held many positions within professional organizations: Vice-Chairman of Syntec and Syntec-Informatique, Chairman of Convention Informatique, Chairman of AFNOR's Strategic Orientation Committee for Informatics, member of telematics and telecommunications Advisory Boards, Chairman of Institut des sciences et techniques des Yvelines.

In 2003, Mr. Christian Bret created Eulis, a strategy advising company, then, in 2004, he founded the Cercle 01 Innovation – Technologies group that includes 40 Chairmen or Chief Executive Officers of French companies on the theme of improving performance using Information and Communication Technologies (ICT).

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director and member of the Investments and Acquisitions Committee of Altran Technologies

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2016: Director of Digital Dimension
- 2016: Director, Chairman of the Remuneration Committee, and member of the Econocom group's Audit Committee
- 2018: Director and member of the Remuneration, Ethics and Governance Committees of Sopra Steria group

MR. SYLVAIN MICHEL

Employee representative

Date of birth: 7/16/1979

Gender: Male

Nationality: French

Mr. Sylvain Michel did not hold any shares of Altran Technologies as at December 31, 2018.*

Executive employed as a consulting engineer within the Altran group

Mr. Sylvain Michel holds a Masters Degree in Aeronautic Mechanical Engineering. He has professional experience in project management in the development of tooling, the installation of VIP cabins for aeronautics, and the transfer of automobile production lines.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director representing the employees of Altran Technologies

Offices and positions held in the last five years and no longer occupied

Nil.

* In accordance with the Company's Articles of Association, the Director representing the employees is not required to hold shares of Altran Technologies.

MS. NATHALIE RACHOU

Independent Director

Date of birth: 04/07/1957

Gender: Female

Nationality: French

She held 10,000 shares of Altran Technologies as at December 31, 2018.

Senior Advisor at French wealth management firm Rouvier Associés since 2015.

Up to 2015, Manager of Topiary Finance Ltd, an asset management company based in London, that she founded in 1999.

Initially, Ms. Nathalie Rachou spent 22 years with Banque Indosuez group, which later became CACIB. Foreign exchange trader from 1978 to 1982, then Manager of Assets and Liabilities Management until 1986, she then developed the Matif business line and created the brokerage subsidiary Carr Futures International. General Secretary from 1991 to 1996, she next took responsibility for the currency exchange and options and sales product line, a position that she held until 1999, the year when she founded her company.

A graduate of HEC (graduating class of 1978), Ms. Nathalie Rachou has spent half of her career in the United Kingdom.

She was an international trade adviser for France in the United Kingdom from 2001 to 2018, Trustee of the French Dispensary in London from 2015 to 2019, and is a member of the Cercle d'Outre-Manche a Franco-British think tank.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director (since 2012), Chairwoman of the Audit Committee of Altran Technologies, and member of the Appointments and Remuneration Committee

Outside the Altran group

- Director (since 2012) and Chairwoman of the Audit Committee of Veolia Environnement [(1)]
- Director (since 2008), Chairwoman of the Risks Committee and member of the Nominations and Corporate Governance Committee of Société Générale [(1)]

Abroad

Outside the Altran grocup

Nil.

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2015: Director of ARIS (Indosuez Retiree and Alumni Association)
- 2018: Director and member of the Audit Committee of LAIRD PLC (United Kingdom)

(1) Listed company

MR. GILLES RIGAL

Director

Date of birth: 05/26/1958

Gender: Male

Nationality: French

He held 3,801 shares of AltranTechnologies as at December 31, 2017.

Mr. Gilles Rigal is Chairman of Altrafin Participations SAS, which held 22,062,073 shares of Altran Technologies as at December 31, 2018.

Managing Partner of Apax Partners SAS

Mr. Gilles Rigal joined Apax Partners in 2001 as part of the TMT (Technology-Media-Telecom) team.

He began his career as an entrepreneur by creating IGL, a software and IT services company that he sold to Thalesfive years later. He then joined McDonnell Douglas Information Systems, where he became division Director, thenhe joined Systar, an international software firm based in France, of which he was successively ExecutiveVice-President for France, Europe and for world operations. In 1995, he joined BMC Software, the fifth largestsoftware publisher worldwide, as Executive Vice-President, France and Vice-Chairman of marketing and indirectsales for Europe, the Middle East and Africa.

Mr. Gilles Rigal is an ENSEEIHT (Toulouse) engineer and a holder of a DEA Degree in Robotics from the Universityof Toulouse.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director, member of the Appointments and Remuneration Committee and the Investments and Acquisitions Committee of Altran Technologies

Outside the Altran group

- Chairman of Altimus SAS
- Chairman of Altrafin Participations SAS
- Chairman of InfoVista Holding SAS
- Chairman and member of the Supervisory Committee of InfoVista Holding SAS
- Member of the Board of Directors of Willink SAS
- Director of Apax Partners SAS
- Director of Vocalcom SAS
- Representative of Altrafin Participations, as Manager of SEP Altitude
- Managing partner of Société Civile Sofaprig

Abroad

Outside the Altran group

- Director and Chairman of the Board of Directors of Magequam (Luxembourg)
- Category A Manager and Chairman of the Management Board of Vista Lux Sarl (Luxembourg)
- Sole Manager of VistaLuxManagement SARL (Luxembourg)
- Director of Business Integration Parterns SpA (Italy)

Offices and positions held in the last five years and no longer occupied

In France

Within the Altran group

End of term

- 2015: Chairman of the Board of Directors of Altran Technologies SA

Outside the Altran group

- 2016: Chairman of the Board of Directors of Willink SAS
- 2016: Chairman of Betax Participations SAS
- 2016: Chairman of Alphax Participations SAS
- 2018: Director of Comitium SAS, Chairman and Member of the Board of Directors of Itefin Participations SAS, Member of the Nomination and Remuneration Committee, Member of the Investment Committee and Member of the Strategy Committee of GFI Informatique SA, Representative of Itefin Participations within GFI Informatique SA

Abroad

Outside the Altran group

- 2016: Manager of Infofin Participations (Luxembourg)
- 2018 : Director of ManBeep SA (Luxembourg)
- 2018 : Director of Trepuntozero (Italy)
- 2018 : Director of Beep Spa (Italy)

MR. THOMAS DE VILLENEUVE

Director

Date of birth:
5/19/1972

Gender: Male

Nationality: French

He held 3,801 shares of Altran Technologies as at December 31, 2018.

Managing Partner of Apax Partners SAS

Mr. Thomas de Villeneuve joined Apax Partners in 2001. He is in charge of investments in the Technologies, Media and Telecommunications (TMT) sector. He began his career at the Boston Consulting group, where he mostly worked in the Media and Telecommmunications segment in Paris and New York. Mr. Thomas de Villeneuve is a graduate of HEC.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director and member of the Audit Committee and Investments and Acquisitions Committee of Altran Technologies

Outside the Altran group

- Director of Apax Partners SAS
- Director of Wendel-Participations SE
- Director of Clarisse SA
- Director of the We2Go association
- Managing partner of Société Civile Hermine
- Director of Comitium SAS
- Director of Comitium HoldCo SAS

Abroad

Outside the Altran group

- Director of MelitaLink Limited (Malta)
- Director of MelitaLink Advisors Limited (Malta)
- Director of MelitaLink Management Limited (Malta)
- Permanent representative of Apax Partners, as Director of MelitaLink Limited (Malta)
- Board member de Experlink B.V (Netherlands)
- Chairman and Non Executive Board member of Experlink Holding B.V. (Netherlands)
- Chairman and Board member A of ShadesofGreen Capital B.V. (Netherlands)
- Chairman and Board member A of Stichting Administratiekantoor ShadesofGreen Capital (Netherlands)

Offices and positions held in the last five years and no longer occupied

In France

Within the Altran group

End of term

- 2014: Observer on the Board of Directors of Altran Technologies

Outside the Altran group

- 2016: Member of the Supervisory Board of InfoPro Digital SAS

Abroad

Outside the Altran group

- 2016: Sole Director of Cabonitel, SA (Portugal)
- 2016: Sole Manager of Visaolinktel, Unipessoal LDA. (Portugal)
- 2016: Manager of Eiger 1 SARL (Luxembourg)
- 2016: Director of Eiger GP SA (Luxembourg)
- 2018 : Manager of Cabolink Holdco SARL (Luxembourg)
- 2018 : Manager of Cabolink Gérance SARL (Luxembourg)
- 2018 : Class A Manager of Cabolink SARL (Luxembourg)

MS. MARTHA HEITZMANN CRAWFORD

Independent Director

Date of birth: 09/30/1967

Gender: Female

Nationality: American

She held 3,800 shares of Altran Technologies as at December 31, 2018.

Martha Heitzmann Crawford holds a Doctorate Degree in Environmental and Chemical Engineering from Harvard University (United States) and an MBA from Collège des Ingénieurs (France).

From 1991 to 1999, she held several positions at the World Bank and the Asian Development Bank in environmental infrastructure and technology, before assuming, in 2007, the duties of Lead Director of the Performance and Environmental Information Division of the OECD.

She later became Vice-Chairwoman of Global R&D of the Air Liquide group before becoming, until 2014, Director of Research, Development and Innovation of Areva of which she was also member of the Executive Committee.

From 2014 to 2015, she was Executive Vice-President of Advanced Research for the L'Oréal group.

In July 2016, she joined the Harvard Business School (HBS), as a specialist in technology, innovation, and product development. She teaches technological innovation and corporate governance at the HBS.

Martha Heitzmann Crawford is a Knight of the National Merit Order *(Chevalier de l'Ordre National du Mérite)*.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director, member of the Audit Committee and Chairman of the Appointments and Remuneration Committee of Altran Technologies

Outside the Altran group

- Director, Scientific Board of the Ile-de-France Region in France
- Vice-Chairwoman, IDEX Commission (CGI Excellence Initiatives)

Offices and positions held in the last five years and no longer occupied

In France

Outside the Altran group

End of term

- 2016: Director and member of Ipsen's Strategy Committee

MS. RENUKA UPPALURI

Independent Director

Date of birth: 02/18/1971

Gender: Female

Nationality: American

She held 3,800 shares of Altran Technologies as at December 31, 2018.

Principal, R&D 360 since November 2017.

She is the founder of R&D 360 which specializes in providing consulting and advisory services for healthcare companies.

From 2015 to 2017, she was the Senior Vice President of Research and Development of Alere, a leader in rapid diagnostics. She was an officer of the company until its acquisition by Abbott Labs in 2017.

From 2009 to 2015, she was the Vice-President of Global Research and Development for a division of Covidien, a company specializing in medical technologies and solutions (Colorado, United States).

From 2007 to 2009, General Manager of Global Engineering.

She holds a Doctorate Degree in Electrical Engineering and Computer Science from the University of Iowa (United States).

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director and member of the Investments and Acquisitions Committee of Altran Technologies

Abroad

Outside the Altran group

Nil.

Offices and positions held in the last five years and no longer occupied

Nil.

MS. JAYA VAIDHYANATHAN

Independent Director

Date of birth: 02/01/1970

Gender: Female

Nationality: American

She held 3,800 shares of Altran Technologies as at December 31, 2018.

Jaya Vaidhyanathan is currently President of Bahwan Cybertek. She has prior experience as Managing Partner at Accenture and as Global Technology and Strategy Leader for Standard Chartered Bank.

She holds a degree in management from Cornell University and is a graduate in Computer Engineering. She is also a chartered Certified Financial Analyst (CFA) and a member of the New York Security Analysts Society.

A recipient of several world awards, Jaya is involved in promoting women's independence and their inclusion in organizations, and is passionate about CSR activities.

She has more than two decades of international experience, in particular in the United States, the United Kingdom and India, where she has held several positions: corporate finance, mergers and acquisitions, risk management, outsourcing, and innovation and technology consulting. She also has in-depth experience in the area of digital transformation with strategic experience in the financial, distribution and telecommunication sectors.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Director and member of the Investments and Acquisitions Committee of Altran Technologies

Abroad

Outside the Altran group

- President of Bahwan Cybertek (India)

Offices and positions held in the last five years and no longer occupied

- 2018: Director of Mahindra Sanyo Steel (India)

The professional address of all Directors, as part of their duties, is that of the Company's registered office (See section 8.1.1 "Corporate name and registered office").

Evolution of the composition of the Board during the 2018 financial year

During 2018, the composition of the Board of Directors of the Company changed as follows:

- the term of office of Mr. Jean-Pierre Alix, which had been renewed at the Combined General Meeting of April 29, 2016, expired at the end of the Combined General Meeting of April 27, 2018, called to approve the financial statements of the financial year ended December 31, 2017;
- the co-optation of Ms. Vaidhyanathan was ratified by the Combined General Meeting of April 27, 2018, for the remainder of her predecessor's term of office, *i.e.,* until the end of the Ordinary General Meeting of 2021 called to approve the financial statements of the financial year ended December 31, 2020;
- the term of office of Mr. Bret as Director was renewed at the Combined General Meeting of April 27, 2018, for a term of four years, *i.e.,* until the 2022 General Meeting of Shareholders called to approve the financial statements for the financial year ended December 31, 2021.

The terms of office of Mr. Dominique Cerutti, Mr. Thomas de Villeneuve and Ms. Nathalie Rachou will expire at the end of the 2019 General Meeting of Shareholders called to approve the financial statements for the financial year ended December 31, 2018.

Thomas de Villeneuve has informed the Board of Directors of his decision not to ask for a renewal of his term of office.

Diversity policy of the composition of the Board of Directors

The composition of the Board of Directors aims for a balance between diversity of expertise and independence and balanced representation of women and men and diversity of nationalities reflecting the international character of the Group.

The Board of Directors is committed to the diversity of its members and the policy of diversity of its composition is based on several criteria debated annually by the Board of Directors in order to determine improvements that can be made to it.

Age of the Directors

The composition of the Board of Directors is considered in terms of the age of its members. In application of the provisions of the Rules of Procedure of the Board of Directors, the Board of Directors cannot be composed by more than one third of members older than 75.

As of December 31, 2018, the average age of the members of the Board of Directors was 56.

Qualification and professional experience of the Directors

The Directors are selected on the basis of their qualifications and professional experience, in France and abroad, in order to allow them to actively participate in and enrich the discussions.

The composition of the Board of Directors is considered so that it represents a broad range of expertise, while taking into consideration the activities of the Company. The membership of the Board of Directors includes engineers and an Investment Manager. The professional experience of many Directors acquired abroad is also an advantage for the Board of Directors which helps it understand the different markets in which the Company operates.

The Board of Directors is also committed to ensuring that the Company complies with the legal and regulatory provisions with respect to the qualifications of Directors. The Board of Directors ensures that (i) in accordance with the provisions of Article L. 823-19 of the French Commercial Code, at least one independent member of the Audit Committee has special expertise in financial and accounting matters, and (ii) in accordance with the EC Recommendation of April 30, 2009, at least one member of the Appointments and Remuneration Committee has knowledge and experience in matters of remuneration policy.

Nationality of the Directors

The Company operates on many markets in Europe, North America, South America, and Asia (mainly in India). The policy governing the diversity of the composition of the Board of Directors includes this international component of the Group. The Board of Directors considers that it is essential for its members to be able to understand the challenges and risks that the Company faces in the different geographical markets in which it conducts its business or where it may conduct business.

This policy for the internationalization of the composition of the Board of Directors has been accelerating since 2017. Directors of foreign nationality now represent 33% of the Board members, whereas they represented only 18% of the Board of Directors in 2016 (it being specified that the Director representing the employees is not included in this calculation). In addition, Ms. Nathalie Rachou, who has worked in the United Kingdom for some two decades, brings international expertise to the Board of Directors.

Application of the principle of balanced representation of men and women

The Board of Directors seeks equal representation of men and women among the Board of Directors.

At 31 December 2018, the proportion of women on the Board of Directors is 44% (in accordance with legal provisions, the director representing employees is not taken into account in calculating this percentage). In accordance with Article L. 225-18-1 paragraph 1 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code, the representation of women on the Board of Directors exceeds 40%.

In order to pursue its policy of increasing the portion of women Directors, the Board of Directors proposed to the Shareholders' meeting of May 15, 2019 the appointment of Mrs. Diane de Saint Victor as Director.

Employee representation

From October 25, 2018 to March 20, 2019, Sylvain Michel was the Director representing the employees on the Board. He resigned as an employee of the Group and as a Director, and will be replaced by a new Director representing the employees in accordance with the provisions of article L. 225-27-1 III 3° of the French Commercial Code in compliance with article 11.2 of the Company's Articles of Incorporation.

The Works Council representative who attends the meetings of the Board of Directors, in accordance with the provisions of Article L. 2323-65 of the French Labor Code, is Mr. Jean-Christophe Durieux.

2. Independence of the Board of Directors

INDEPENDENT DIRECTORS (EXTRACT OF ARTICLE 1.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)

An Independent Director is one who does not have any type of relationship whatsoever with the Company, its Group or its management, that could compromise the exercise of his freedom of judgment.

The criteria that must be examined by the Appointments and Remuneration Committee in order to qualify a Director as independent and to prevent risks of conflict between the Director and the Company's management, the Company or its Group are the following:

- not be an employee or executive corporate officer of the Company, nor an employee or Director of a Group company or entity, and not have been one in the previous five years;
- not be an executive corporate officer of a company in which the Company holds, directly or indirectly, a Director position or in which an employee designated as such or an executive corporate officer of the Company (currently or having been one in the previous five years) holds a Director term;
- not be a customer, supplier, business banker, or significant financing bank of the Company or of its Group or for which the Company or its Group represents a material portion of the activity;
- not have a close family relationship with a corporate officer of the Company;
- not have been, in the previous five years, a Statutory Auditor of the Company or its Group;
- not have been a Director of the Company for at least 12 years, it being specified that the loss of the Independent Director status will only occur at the expiration of a term in which the 12-year duration would have been exceeded;
- not be or represent a shareholder holding more than 10% of the capital or voting rights of the Company or of the parent company.

The Board of Directors can deem that a Director, although meeting all of the criteria mentioned above, should not be qualified as independent, on account of their special situation or of that of the Company, with respect to its shareholders or for any other reason, and conversely.

The Independent Director qualification is subject to a discussion within the Appointments and Remuneration Committee, as well as review by the Board of Directors each year prior to the publication of the Annual Report, as stipulated by the AFEP-MEDEF Code. It is also debated at the time of the appointment of a new Director or at the time of the renewal of Director terms.

The Board of Directors meeting of March 20, 2019, approved, on the proposal of the Appointments and Remuneration Committee, the following list of Directors qualified as independent: Ms. Martha Heitzmann Crawford, Ms. Nathalie Rachou, Ms. Renuka Uppaluri and Ms. Jaya Vaidhyanathan. None of these Directors, directly or indirectly, maintains any business relations with the Company or its Group.

As of March 20, 2019, the Board of Directors of the Company is composed of nine members, four of whom are considered independent. The Company uses the criteria for independence prescribed by the AFEP-MEDEF Code. In compliance with the recommendations of the AFEP-MEDEF Code, the Directors representing employees are not taken into account in the calculation of the rate of independence that, consequentially, is established at 44% such that the Company effectively does not comply with the recommendations of the AFEP-MEDEF Code, which recommends that the Independent Directors should represent half of the members of the Board of Directors in companies with widely held capital and without a controlling shareholder. However, to the extent that the Audit Committee and the Appointments and Remuneration Committee are chaired by an Independent Director and that two-thirds of their members are Independent Directors, the Company deems that the proportion of Independent Directors on the Board of Directors does not undermine its proper functioning.

In order to increase its ratio of independent directors, the Board of Directors will propose to the Shareholders' Meeting of May 15, 2019, the appointment of Ms. Diane de Saint Victor, which would enable it to respect the proportion of independent directors recommended by the AFEP-MEDEF Code.

3. Functioning and missions of the Board of Directors

CONVENING OF THE DIRECTORS *(ARTICLE 13 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors meets at least twice per year and as often as required in the interest of the Company, upon the invitation of the Chairman, or in the case of unavailability, by one of the Vice-Chairmen or when requested of the Chairman, in writing, by at least three of its members or, lastly, by the Secretary of the Board of Directors upon request of the Chairman.

Meeting calls are made by any means, even verbally, with the understanding that in this latter case a written confirmation must be sent as soon as possible.

Directors may take part in Board meetings by the use of video-conferencing or other telecommunication means under the conditions specified in Article 2.4.3 of the Rules of Procedure of the Board of Directors.

The Directors, observers, and employee representatives receive, prior to each meeting, the agenda of the Board of Directors meeting and, when required by circumstances, any elements necessary for proper review.

RULES OF QUORUM AND MAJORITY WITHIN THE BOARD OF DIRECTORS *(ARTICLE 13 OF THE ARTICLES OF ASSOCIATION)*

The Board of Directors can only validly deliberate when at least half of its members are present.

Decisions are made on basis of the majority of the votes of the Directors present or represented. In the case of a tie, the meeting Chairman has the casting vote.

The calculation of quorum and majority of Directors at a meeting takes into consideration those Directors who take part in the meeting using video-conferencing or other telecommunication means in the conditions specified in Article 2.4.3 of the Rules of Procedure of the Board of Directors.

Meeting minutes summarizing the discussions, specifying any decisions made and mentioning the questions raised or reserves raised are drafted by the Secretary of the Board of Directors at the end of each meeting and then approved by a meeting of the Board of Directors and signed by the Chairman and a Director.

POWERS OF THE BOARD OF DIRECTORS *(ARTICLE 14 OF THE ARTICLES OF ASSOCIATION AND ARTICLES 3 AND 5 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors is a collegial body mandated by the shareholders as a whole. It exercises the authority granted to it by law to act in all circumstances in the corporate interest of the Company. It determines the focuses of the Company's business, oversees their implementation, and addresses all questions related to the proper conduct of the Company; it settles, by deliberation, the business that concerns it, audits management and oversees the quality of the information provided to the shareholders and markets through the financial statements that it approves or at the time of major transactions, and it conducts the audits and checks that it deems necessary.

The Board of Directors reviews and decides upon transactions of strategic importance, including external acquisition or disposals transactions. To best execute its mission, the Board of Directors is informed by the Audit Committee, as often as necessary, of the Company's financial situation, cash situation, and commitments, as well as of the Company's liquidity situation.

The Board of Directors calls General Meetings and sets the agenda of the meetings, appoints and revokes the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers in charge of managing the Company, and controls their management.

Each year it approves the list of Directors considered as independent.

It reviews all reports intended for the Ordinary or Extraordinary General Meeting of Shareholders.

The Board of Directors calls for a General Meeting of Shareholders of the Company whenever a transaction that it intends to carry out is of a nature to change, in fact or in law, the corporate object of the Company or if it concerns a preponderant proportion of the assets or activities of the Group.

The Non-Executive Directors meet once per year without the presence of the executive or internal Directors in order to evaluate the performances of the Chief Executive Officer and any Deputy Chief Executive Officers and to discuss the future of management.

Work of the Board of Directors in 2018

The Board of Directors meets as often as required by the interests of the Company. During the 2018 financial year, it met 13 times, with a 85.3% attendance rate. The Board meetings lasted more than two hours on average.

The resolutions placed on the agenda of the Board meetings were all discussed.

The main points on which the Board of Directors deliberated in the 2018 financial year are the following:

The Group's strategy

- the acquisition of Aricent, the financing and the share capital increase of the Company;
- the integration of Aricent;
- "*The High Road, Altran 2022*" strategic plan.

The financial statements and the budget

- the approval of the consolidated financial statements of the Group and of the individual statements of the Company for the 2017 financial year;
- the allocation of the 2017 income proposed to the General Meeting of Shareholders;
- the review of the 2018 half-year financial statements;
- the review of the quarterly revenues for the 2018 financial year;
- the review of the forecasting documents and the adoption of the Group's budget for the 2018 financial year;
- the review of the activity reports of the Board of Directors, and reports on the progress of business and the situation of the subsidiaries.

Corporate governance

- the proposal, to the General Meeting held on April 27, 2018, for the renewal of the term of office of Mr. Christian Bret as Director of the Company;
- the determination of the list of Independent Directors following the proposal from the Nomination and Remuneration Committee;
- the implementation of the share buyback program;
- the preparation for the General Meeting of April 27, 2018;
- the composition of the Committees of the Board of Directors to take into account the changes that occurred in the composition of the Board of Directors during the 2018 financial year;
- the examination of the reports delivered by the Chairman of each specialized Committee (Audit Committee, Appointments and Remuneration Committee) and of the reports delivered by the Statutory Auditors;
- the evaluation of its functioning in 2017;
- the remuneration of the corporate officers and the policy of allocation of free shares;
- the authorizations to grant concerning sureties, endorsements and guarantees.

Specialized Committees

To conduct an in-depth review of specific questions that are part of the mission of the Board of Directors, three specialized Committees have been put in place to assist the Board of Directors in its missions and work. The recommendations of the Committees are presented to the Board of Directors in the reports made at meetings by their respective Chairmen.

The functioning of the Committees is mainly defined in the Rules of Procedure of the Board of Directors.

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CREATION OF SPECIALIZED COMMITTEES *(ARTICLE 14 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 8 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Board of Directors can decide to create Committees in charge of studying the questions that the Board of Directors or its Chairman submits for their review for opinion. The Board of Directors sets the composition and the tasks of the Committees and any remuneration of their members.

The Committees have advisory power and carry out their activity under the responsibility of the Board of Directors. The Committees are not substitutes for the Board of Directors, but should be considered an extension of the Board of Directors to facilitate its work.

The mission of these Committees is to prepare the decisions of the Board of Directors, by submitting their opinions and proposals in their respective areas of responsibility. They can issue non-binding written or oral recommendations to the Board of Directors.

In each Committee, the Chairman or a member designated for this purpose, prepares a report for the Board of Directors on the work, opinions and recommendations of the Committee so that the Board of Directors can deliberate thereupon.

Appointment and Remuneration Committee

3 Number of members	4 Number of meetings
66.6% Percentage of independent directors	100% Participation rate

Members at December 31, 2018

- **Ms Martha Heitzmann Crawford** (C) (a)
- **Ms Nathalie Rachou** (a),
- **Mr. Gilles Rigal**

(C) : Chairman
(a) : Independent Director

Composition

COMPOSITION *(ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Appointments and Remuneration Committee is composed of at least three members and at most five members chosen by the Board of Directors from among its members.

The majority of the members of the Appointments and Remuneration Committee are Independent Directors.

As at December 31, 2018, the Appointments and Remuneration Committee was composed of three members, two of whom are Independent Directors, in compliance with the recommendations of the AFEP-MEDEF Code.

Because of the Committee's mission, which covers both the appointment of corporate officers and their remuneration, the Director representing the employees is not a member of that Committee, in contradiction with the AFEP-MEDEF Code. However, that representative is systematically invited to the meetings of the Committee when the subject of remuneration is addressed.

The Committee may call on outside consultants and request outside technical studies in the areas that fall within its expertise after notifying the Chairman and Chief Executive Officer or the Board that it is doing so, and it is obliged to make a report to the Board.

The Group's Senior Vice-President in charge of Human Resources and the General Secretary participate in the meetings of the Appointments and Compensation Committee.

Functioning and missions

FUNCTONING *(ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

To validly deliberate, at least half of the members of the Appointments and Remuneration Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

The Chairman and Chief Executive Officer is involved in the work of the Appointments and Remuneration Committee with respect to appointments, but is excluded, along with the other executive corporate officers, from discussions relating to their remuneration.

MISSIONS *(ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Appointments and Remuneration Committee's mission is to examine all candidates for appointment to the Board of Directors or to an executive officer position in the Company. It prepares a plan of succession of the executive corporate officers, subject to the opinion of the Chairman. It must organize a procedure intended to select future Independent Directors and carry out its own studies on the potential candidates prior to any process concerning them. The Appointments and Remuneration Committee annually debates the qualification of Independent Director.

It formulates proposals on the remuneration of the Company's Managers (amounts of the fixed remuneration and definition of the rules for setting the variable remuneration, ensuring the consistency of these rules with the annual performance evaluations of the corporate officers and with the Company's strategy and verifying the annual application of these rules). In determining these remunerations, it takes into consideration the exhaustiveness, the balance between the different elements of remuneration, the benchmark, the consistency, the intelligibility of the rules and measurements. It issues its opinion on the overall envelope of attendance fees and on its methods of distribution among the members of the Board of Directors. The Appointments and Remuneration Committee formulates proposals concerning the free share allocation plans as well as the employee profit sharing plans.

Work in 2018

During 2018, the Appointments and Remuneration Committee addressed the following issues:

Remuneration

- the determination of the remuneration of the Chairman and Chief Executive Officer for the 2018 financial year ;
- the performance conditions relating to the variable portion of the 2017 remuneration of the Chairman and Chief Executive Officer;
- the determination of the remuneration of the Senior Executive Vice President Europe and Delegate Director for the 2018 financial year ;
- the performance conditions relating to the variable portion of the 2017 remuneration of the Senior Executive Vice President Europe and Delegate Director;
- the features of the multi-year variable remuneration of the Group's executive corporate officers;
- the features of the free share allocation plans for non-corporate officer employees of the Group;
- the review of the elements of remuneration of the members of the Executive Committee;
- the payment of the balance of the attendance fees for 2017 due to the increased number of Board and Committee meetings in 2017, particularly in connection with the acquisition of Aricent.

Appointment of corporate officers and governance

- the review of the situation of the Directors with respect to the criteria for independence defined by the provisions of the AFEP-MEDEF Code and the individual equity investments of the Directors;
- the identification of the candidates for Director positions and proposal of such candidates to the Board of Directors;
- the composition of the Committees;
- the evaluation of the Board and its Committees.

Investments and Acquisitions Committee

The Committee did not meet during the 2018 financial year.

Members at December 31, 2018

- **Mr. Dominique Cerutti** (C)
- **Mr. Christian Bret**
- **Mr. Gilles Rigal**
- **Ms. Renuka Uppaluri** (a)
- **Mr. Thomas de Villeneuve**
- **Ms. Jaya Vaidhyanathan** (a) (b)

(C) : Chairwoman
(a) : Independent Director
(b) : Ms. Jaya Vaidhyanathan was appointed to the Committee on January 24, 2018

Composition

COMPOSITION *(ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Investments and Acquisitions Committee is composed of at least three members and at most five members chosen by the Board of Directors from among its members.

The Executive Vice-President in charge of Finance, the Senior Vice President Development and Mergers & Acquisitions and the General Secretary participate in the meetings of the Investments and Acquisitions Committee.

Functioning and missions

FUNCTIONING *(ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

To validly deliberate, at least half of the members of the Investments and Acquisitions Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

MISSIONS *(ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The mission of the Investments and Acquisitions Committee is to issue opinions and recommendations on the major strategic focuses of the Group in order to promote the development of its activities or new business lines in France and internationally. It examines the policy for development by internal growth (indebtedness policy and equity growth policy) and by external growth, strategic partnership projects as well as investments or disinvestments that could have a material impact on the Group.

Audit Committee

3
Number of members

4
Number of meetings

66.6%
Percentage of independent directors

75%
Participation rate

Members at December 31, 2018

- **Ms Nathalie Rachou** [(C) (a)]
- **Ms Martha Heitzmann Crawford** [(a)],
- **Mr. Thomas de Villeneuve** [(b)]

(C) : Chairman
(a) : Independent Director
(b) : Mr. Thomas de Villeneuve
was appointed as a member of the Audit Comittee
on June 19, 2018

Composition

COMPOSITION *(ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Audit Committee is composed of at least three members and at most five members chosen by the Board of Directors from among its members.

The proportion of Independent Directors in the Audit Committee must be at least two thirds. Neither the Chief Executive Officer nor any Deputy Chief Executive Officer be counted among the members of the Audit Committee. The members of the Audit Committee must have financial or accounting expertise and will receive, when appointed, information on the Company's specific accounting, financial and operating features.

As at December 31, 2018, the Audit Committee was composed of three Directors, including two Independent Directors, in compliance with the provisions of the AFEP-MEDEF Code and the Rules of Procedure of the Board of Directors.

The composition of the Audit Committee was studied so that all of its members have financial and accounting expertise or appropriate experience in areas relevant to the remit of the Audit Committee.

Ms. Nathalie Rachou, an Independent Director and Chairwoman of the Audit Committee, has pursued her career in management positions in different companies in France and abroad. This professional experience has given her an aptitude for participating in all of the discussions of the Committee.

Mr. Thomas de Villeneuve began his career at the Boston Consulting group, where he mostly worked in the Media and Telecommunications sector in Paris and New York. He is currently in charge of investments in the Technologies, Media and Telecommunications (TMT) sector at Amboise Partners. This experience allows him to actively participate in all discussions of the Committee.

Ms. Martha Heitzmann Crawford has pursued a career in the area of economics and finance, both in the service of international organizations and of French private entities. This experience allows her to actively participate in all discussions of the Committee.

The Executive Vice-President in charge of Finance, the Director of Internal Audit, and the General Secretary as well as the Statutory Auditors, participate in the meetings of the Audit Committee.

Functioning and missions

FUNCTIONING *(ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

To validly deliberate, at least half of the members of the Audit Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

MISSIONS *(ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The mission of the Audit Committee is to assist the Board of Directors in its analysis of the accuracy and fairness of the consolidated and company financial statements and oversee the quality of the internal control and financial information provided to the shareholders and the market. It reviews the annual and half-year consolidated financial statements, paying special attention to the relevancy and the permanency of the accounting principles and rules adopted. It monitors the process of preparing the financial information.

It monitors the effectiveness of the internal control and risk management systems. As such, it examines the risks that could have a material impact on the accounting and financial information, provides its opinion on the organization of the internal audit service, as well as on its work and work program.

It ensures the monitoring of the legal control of the annual and consolidated financial statements by the Statutory Auditors and ensures compliance with the rules governing their independence. It provides its opinion on their choices and issues an opinion on the definition of their mission, the amount of their fees, the scope and schedule of their intervention.

The Audit Committee may rely on external experts as needed, ensuring that they have the required expertise and their independence.

At least once per year, the Audit Committee receives the Statutory Auditors in a meeting without the presence of the Chairman and Chief Executive Officer and the General Management.

Prior to each Audit Committee meeting, a preparatory meeting is held between the members in order to exchange and prepare the meeting on the basis of the documentation that has been provided to them.

The complete files are provided at least three days before each Committee meeting, thus allowing the members to examine the financial statements in advance. Due to the travel constraints of a member of the Committee who reside abroad, the meetings of the Audit Committee are generally held in the morning on the days when the Board of Directors meets.

At the beginning of its sessions, the Audit Committee conducts an interview with the Statutory Auditors, without the presence of any Managers.

Work in 2018

In application of applicable laws and regulations as well as the AFEP-MEDEF Code, in 2018 the Audit Committee worked on the following issues:

- the review of the Group's consolidated financial statements and the 2017 annual statements of the Company, the Group's consolidated financial statements for the first half of 2018 and the consolidated quarterly revenues as well as all related financial press releases;
- the process of preparing the Group's financial statements;
- the current accounting information and its impact on the Group's financial statements, specific closing points;
- the current and deferred tax management and the risks related to the main litigations;
- the cash and indebtedness situation;
- the fraud within Aricent subsidiary;
- the internal audit action plan and the conclusions of its work;
- the review of the independence of the Statutory Auditors and the review of the budget concerning the Statutory Auditors' fees;
- the monitoring of financial risks.

Evaluation of the work of the Board of Directors and its Committees

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PROCEDURE FOR EVALUATING THE WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES *(ARTICLE 5 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

- The Board of Directors must evaluate its capacity to respond to the expectations of the shareholders by periodically analyzing its composition, organization and functioning, as well as the composition, organization and functioning of its Committees. It must analyze the processes of the functioning of the Board of Directors and its Committees, reflect on the desirable balance of their composition, periodically look into the adequacy of their organization and functioning to their tasks, make sure that the important questions are appropriately prepared and debated, and measure the effective contribution of each Director to the work of the Board of Directors, and of its Committees owint to his or her competency and involvement in the deliberations.
- For this purpose, once per year, the Board of Directors must dedicate a point on its agenda to a debate on its own functioning.
- A formal evaluation, eventually implemented under the direction of the Appointments and Remuneration Committee or by an Independent Director assisted by an external consultant, is moreover carried out at least every three years.

Once per year, the Board of Directors places on its agenda a discussion of its functioning, apart from the formal evaluation that is conducted every three years by a specialized firm. The most recently conducted formal evaluation of the Board of Directors by an external consultant having been conducted in December 2015, another evaluation was done for the 2018 financial year.

The results of this evaluation were presented to and discussed within the Appointments and Remuneration Committee before they were presented to the Board of Directors at its meeting of March 20, 2019.

This appraisal confirmed that the Board and its Committees are well run, vibrant and truly efficient.

The Board continues to pursue its policy of increasing the proportion of women and independent Directors by proposing that the general shareholders' meeting of May 15, 2019 appoint Diane de Saint Victor as an independent Director.

Further to the 2019 evaluation, the Board of Directors intends to continue diversifying the profile of its members, and is considering the appointment, by 2020, of a new Director with industrial experience, who could be appointed as Lead Director.

With respect to the individual participation of each Director in the work of the Board of Directors, the Board members deemed that the participation was satisfactory with respect to (i) the rate of attendance of the Directors in the Board meetings and Committee meetings, and (ii) the quality of their contribution to the discussions on the Board of Directors and the Committees on the topics submitted for their review.

3.1.1.2 General Management

1. Exercise of General Management duties

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APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER AND DURATION OF DUTIES *(ARTICLE 16 OF THE ARTICLES OF ASSOCIATION)*

The General Management of the Company is performed either by the Chairman of the Board of Directors (who then takes the title of Chairman and Chief Executive Officer), or by another physical person appointed by the Board of Directors and bearing the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose from among these two modes of exercising General Management.

The Board of Directors determines the term of office of the Chief Executive Officer. When the Chief Executive Officer is also a Board member, the term of his duties as such cannot exceed his term of office as a Director.

The Chief Executive Officer may be revoked at any time by the Board of Directors.

AGE LIMIT OF THE CHIEF EXECUTIVE OFFICER *(ARTICLE 16 OF THE ARTICLES OF ASSOCIATION)*

The Chief Executive Officer cannot be older than 75 years of age. If he would exceed that age, he would be deemed to have automatically resigned.

Combination of the positions of Chairman of the Board of Directors and Chief Executive Officer

On July 1, 2008, the Board of Directors decided to not separate the functions of Chairman and of Chief Executive Officer of the Company, thereby enhancing the speed and the effectiveness of decision-making.

This unity of the duties of the Chairman and the Chief Executive Officer is carried out in respect of the rules of balanced governance through, in particular:

- the existence of Independent Directors on the Board of Directors and on each of its Committees, the Chairman of the Audit Committee and of the Appointments and Remuneration Committee being provided by an Independent Director (in compliance with the recommendations of the AFEP-MEDEF Code);

- the balanced organizational relations between General Management and the Board of Directors, relying on the limitations of powers of General Management (as detailed hereinafter);
- an annual evaluation of the composition, organization and functioning of the Board of Directors and the Committees that allows for identification of any areas of improvement.

At the end of the General Meeting of Shareholders of June 18, 2015, the Board of Directors appointed Mr. Dominique Cerutti as Chairman and Chief Executive Officer and reiterated its decision to not separate the functions of Chairman of the Board of Directors and of Chief Executive Officer of the Company.

It is specified that, in compliance with the recommendations of the AFEP-MEDEF Code, Mr. Dominique Cerutti is not bound by an employment contract with the Company nor with a company that it controls.

Deputy Chief Executive Officer

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DEPUTY CHIEF EXECUTIVE OFFICERS *(ARTICLE 16 OF THE ARTICLES OF ASSOCIATION)*

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more physical persons charged with assisting the Chief Executive Officer with the title of Deputy Chief Executive Officer. There may be no more than five Deputy Chief Executive Officers.

The rules governing the age limit, term of office, and the revocation of the Chief Executive Officer are also applicable to the Deputy Chief Executive Officers.

The Board of Directors, at its meeting of October 28, 2011, appointed Mr. Cyril Roger, a company employee, to serve as Deputy Chief Executive Officer. The Board of Directors confirmed, at its meeting of April 29, 2015, the term of office of Mr. Cyril Roger as Deputy Chief Executive Officer. At the end of the General Meeting of Shareholders of June 18, 2015, the Board of Directors again confirmed the term of office of Mr. Cyril Roger as Deputy Chief Executive Officer.

Limitations to the powers of the Chief Executive Officer and the Deputy Chief Executive Officers

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POWERS OF THE CHIEF EXECUTIVE OFFICER *(ARTICLE 16 OF THE ARTICLES OF ASSOCIATION)*

The Chief Executive Officer has the broadest powers to act in the name of the Company in all circumstances. The Chief Executive Officer exercises his powers within the limits of the corporate purpose.

The Board of Directors, in appointing the Chief Executive Officer, may set, in order to limit the powers of the Chief Executive Officer, a list of decisions for which this officer must receive prior authorization from the Board of Directors. The limitations of these powers mentioned above are not enforceable with respect to third parties.

The Board of Directors has deemed sufficient the legal and regulatory limitations. Moreover, in application of the provisions of the Rules of Procedure of the Board of Directors, certain transactions or decisions of strategic importance require the prior approval of the Board of Directors. It has therefore not set additional limits to the powers of the Chief Executive Officer of the Company.

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POWERS OF THE DEPUTY CHIEF EXECUTIVE OFFICERS *(ARTICLE 16 OF THE ARTICLES OF ASSOCIATION)*

With the approval of the Chief Executive Officer, the Board of Directors determines the extent and the duration of the powers granted to Deputy Chief Executive Officers. These latter, with respect to third parties, have the same powers as the Chief Executive Officer.

The Board of Directors limited the powers of the Deputy Chief Executive Officer to Southern Europe (France, Italy, Spain and Portugal) at its meeting of December 20, 2011, by setting their framework. It extended his powers to the Middle East at its meeting of March 13, 2013, then to all of Europe at its meeting of October 28, 2015.

2. Tasks and duties of the executive corporate officers

MR. DOMINIQUE CERUTTI

Chairman and Chief Executive Officer

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The biography of Mr. Dominique Cerutti, Chairman and Chief Executive Officer of the Company, may be found in section 3.1.1.1 "Board of Directors."

MR. CYRIL ROGER

Senior Executive Vice President Europe and Delegate Director

Date of birth:
09/18/1964

Gender: Male

Nationality: French

He held
6,350 shares
of Altran Technologies
as at December 31,
2018.

Senior Executive Vice President Europe and Delegate Director of Altran Technologies, in charge of Europe and key client accounts.

A graduate of the École Centrale de Lyon and of Télécom Paris, Mr. Cyril Roger began his career at France Télécom as a commercial engineer prior to joining Adecco as Regional Director, then Olsten as Île-de-France Chief Executive Officer. From 1999 to 2006, he was Chairman of the Executive Board of Segula Technologies. From 2006 to the end of October 2011, he was part of the Executive Committee of Altran as Executive Vice-President in charge of France and the automotive, aerospace and energy industries prior to being appointed Deputy Chief Executive Officer on October 28, 2011.

Offices and positions held at December 31, 2018

In France

Within the Altran group

- Senior Executive Vice President Europe and Delegate Director of Altran Technologies, in charge of Europe and key client accounts of Altran Technologies
- Chairman of Altran Allemagne SAS

Outside the Altran group

- Manager of Valguil – civil company
- Director of Universcience Palais de la Découverte et la Villette

Abroad

Within the Altran group

- Director of Altran UK Holding Limited (United Kingdom)
- Director of Altran Belgium SA (Belgium)
- Director of Altran Netherlands BV (Netherlands)
- Director of Altran Innovación SL (Spain)
- Director of Altran Norge AS (Norway)
- Director of Altran Portugal SA (Portugal)
- Director of Altran Sverige AB (Sweden)
- Chairman and Director of Altran Telnet Corporation (Tunisia)
- Member of the Supervisory Board of Altran Management SE (Germany)
- Director of Altran Italia SpA (Italy)
- Manager of Altran Maroc SARLU (Morocco)
- Director of Altran Middle East FZ-LLC (United Arab Emirates)
- Director of MG2 Engineering SA (Morocco)

Offices and positions held in the last five years and no longer occupied

In France

Within the Altran group

End of term

- 2015: Chairman of Altran Education Services SAS

Outiside the Altran group

- 2018 : Director of Passeport Avenir (Association for the promotion of talent in the suburbs)

The professional address of the executive corporate officers, as part of their duties, is that of the Company's registered office (See section 8.1.1 "Corporate name and registered office").

3.1.1.3 Additional information on the corporate officers

Rights and obligations of the Directors

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RIGHTS AND OBLIGATIONS OF THE DIRECTORS *(ARTICLES 1.1 AND 10 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)*

The Rules of Procedure of the Board of Directors set out the main obligations of the Directors:

- each Director must agree to true secrecy going beyond the simple obligation of discretion. This obligation also applies to observers, to employee representatives and to any person invited to attend the meetings of the Board of Directors or its Committees;
- Directors must take part in all meetings of the Board of Directors and, as applicable, the Committees of which they are members, as well as the General Meetings of Shareholders;
- all Directors must inform themselves and dedicate the time and attention necessary to prepare for the meetings of the Board of Directors as well as for those of the Committees of which they are members;
- Directors must inform the Board of Directors of any situation of conflict of interest, even potential, and must abstain from voting in any corresponding deliberations.

Absence of convictions

To the knowledge of the Company, no member of the Board of Directors, nor any of the executive corporate officers of the Company has, in the last five years:

- been convicted of fraud;
- been associated with a bankruptcy, sequestration or court ordered liquidation;
- been indicted or subject to official public penalties sentenced by a statutory or regulatory authority (or by any designated professional agencies); and
- been prohibited by court order from acting as a member of an administrative, management or supervisory body of an issuer or from intervening in the management or the conduct of the business of an issuer.

Absence of conflict of interest

To the knowledge of the Company:

- there is no family relationship between the members of the Board of Directors and the General Management;
- no conflict of interest has been identified by the Board of Directors for the 2018 financial year on the basis of statements established by each Director, in compliance with the provisions of the Rules of Procedure of the Board of Directors;
- more generally, no conflict of interest exists between the private interests of the members of the Board of Directors and the General Management and their obligations with respect to the Company;
- there exists no pact or agreement between the main shareholders, customers, suppliers or others, by virtue of which a member of the Board of Directors or a member of the General Management has been appointed in that quality; and
- there is no restriction accepted by any member of the Board of Directors or General Management concerning the sale in a certain period of time of their interest in the capital of the Company, except for restrictions resulting from the Guide to the Prevention of Insider Trading appended to the Rules of Procedure of the Board of Directors (detailed in section 3.1.1.8 "Information on the transactions carried out by corporate officers in the shares of the Company"). In addition, the corporate officers who would hold shares through a company employee mutual fund (*fonds commun de placement d'entreprise* – FCPE) invested in shares of Altran Technologies may be subject to the blocking or non-assignement rules resulting from the provisions applicable to that fund.

Absence of services contracts

The corporate officers are not bound to the Company or to any of its subsidiaries by a services contract specifying the granting of benefits.

3.1.1.4 Delegations granted by the General Meeting with respect to capital increases

The delegations of authority granted to the Board of Directors to authorize capital increases are presented in section 8.3.4 "Share capital authorized but not issued".

3.1.1.5 Regulated agreements

The so-called regulated agreements *(conventions réglementées)*, including agreements between the Company and its Managers or its shareholders, are not governed by any specific statutory clauses. As such, they are subject to the regulatory and legal provisions of the French Commercial Code applicable to joint stock corporations *(sociétés anonymes)* with a Board of Directors (and in particular with the provisions of Articles L. 225-38 *et seq*. of the French Commercial Code).

Statutory Auditors' Special Report on regulated agreements and commitments

The information on regulated agreements are described in the Special Report of the Statutory Auditors, which is shown in section 3.2 "Statutory Auditors' Special Report on regulated agreements and commitments".

Agreements existing between a Manager or a significant shareholder and a subsidiary

To the knowledge of the Company, no agreement exists, directly or by intermediary, between, on the one hand, the Chief Executive Officer, the Deputy Chief Executive Officer, any Director or any shareholder owning a fraction of voting rights greater than 10%, and, on the other hand, a company of which the Company owns, directly or through an intermediary, more than half of the capital.

3.1.1.6 Shareholders participation in the General Meeting

Article 19 of the Articles of Association of the Company defines the procedures governing shareholders' participation in the General Meeting. These procedures are presented in section 8.2.4 "General Shareholders' Meetings."

3.1.1.7 Elements that are likely to have an impact in the event of a tender or exchange offer

In accordance with the provisions of Article L. 225-37-5 of the French Commercial Code, the Company must disclose and, as necessary, explain any elements listed by this provision that could have an impact in the case of a tender or exchange offer.

The elements that the Company considers as likely to have an impact in the event of a tender offer are presented in section 8.5.8 "Elements likely to have an impact in the event of a tender offer". Please see also the elements listed by Article L. 225-37-5 of the French Commercial Code to the extent that this information is shown in this Registration Document for other obligations, in particular in chapter 8.

3.1.1.8 Information on the transactions carried out by corporate officers in the shares of the Company

As part of their duties, the Board of Directors and some Company employees have access to insider information and as such are subject to the provisions of regulation (EU) no. 596/2014 of April 16, 2014, on market abuse, the provisions of which entered into force on July 3, 2016, in France (the **"Market Abuse Regulation"**) and, in particular, the provisions of Article 9 of the regulations on insider trading.

A guide to the prevention of insider trading is appended to the Rules of Procedure of the Board of Directors. This guide presents the rules of conduct that apply to all Managers, Directors, or employees of the Company and the Group who hold information referred to as "privileged", or who wish to carry out transactions on the securities or on financial instruments of the Company. It establishes restrictions on interventions involving the securities of the Company by instituting black out periods during which transactions in the shares of Altran Technologies are prohibited. The guide to the prevention of insider trading also presents the reporting obligations of transactions carried out in the Company's securities, incumbent, in particular, on the corporate officers.

The transactions in Company securities carried out in 2018 by a Manager or a person closely related to the Manager as defined in Article 3 of the Market Abuse regulation and reported to the AMF in accordance with Article L. 621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier),* Article 223-26 of the AMF General Regulation and the Market Abuse regulation appear in section 8.5.5 "Transactions carried out by the Managers and related parties."

3.1.1.9 Application of the AFEP-MEDEF Code: implementation of the "comply or explain" rule

The Board of Directors, meeting on December 12, 2008, decided that the Code of Governance followed by the Company is the AFEP-MEDEF Corporate Governance Code for Listed Companies, available on MEDEF's website (*www.medef.com*). In application of the "comply or explain" rule specified in recommendation 27.1 of the AFEP-MEDEF Corporate Governance Code for Listed Companies, the provisions of this Code that have not been complied with as well as the related explanations are summarized in the table below:

AFEP-MEDEF Recommendation	Article	Comments
Proportion of Independent Directors on the Board of Directors	Article 8.3	The Company has 44% of Independent Directors and, consequently, does not fully comply with the recommendations of the AFEP-MEDEF Code that recommends that Independent Directors comprise half of the members of the Board of Directors in companies with widely held capital and without controlling shareholders. However, to the extent that the Audit Committee and the Appointments and Remuneration Committee are presided by an Independent Director and that two-thirds of their members are Independent Directors, that proportion does not undermine the proper functioning of the Board of Directors. The Board of Directors proposes to the General Shareholders' Meeting of May 15, 2019 to increase its ratio of independent directors with the appointment of Ms. Diane de Saint Victor.
Presence of a salaried Director within the Appointments and Remuneration Committee	Article 17.1	The salaried Director is not a member of the Appointments and Remuneration Committee taking into accounts the dual nature of this Committee. He is systematically invited to the meetings of the Committee when the subject of remuneration is addressed.

3.1.2 Remuneration of the administration and management bodies

3.1.2.1 Remuneration of the members of the Board of Directors

The total annual amount of the attendance fees allocated to the members of the Board of Directors was set at €400,000 per financial year by the Combined General Meeting of Shareholders of June 28, 2013 for the current and following financial years, until otherwise decided. Pursuant to Article L. 225-45 of the French Commercial Code, the rules governing the allocation of attendance fees are set by the Board of Directors within the limit of the overall annual amount approved by the General Meeting of Shareholders.

The attendance fees, for the 2018 financial year, are allocated in accordance with a formula including a fixed and a variable part, which allows for consideration of the effective participation of each Director in the work of the Board of Directors and its Committees subject to the following conditions:

- the members of the Board of Directors receive a fixed annual amount of €15,000 and a variable amount of €15,000 depending on their attendance at the meetings of the Board of Directors;
- the members of the Committees also receive, in respect of their participation in one or more Committees, an amount of €10,000, which varies depending on their attendance at the meetings of said Committee(s); and
- the Chairmen of the Committees also receive, for chairing one or more Committees, an annual amount of €40,000, of which half depends on their attendance at the meetings of said Committee(s).

Half of the fixed part of the attendance fees, which is calculated on a *prorata temporis* basis in the event of appointment or termination of duties, is paid during the financial year for which the attendance fees are due by the Company. The other half of the fixed part and the variable part of the attendance fees are paid at the beginning of the following financial year.

The Chairman of the Board of Directors and the representatives of Amboise Partners – Maurice Tchenio, Gilles Rigal and Thomas de Villeneuve – do not receive attendance fees in connection with their mandates.

With the exception of Mr. Sylvain Michel, who received in 2018 a gross remuneration of €35,139 pursuant to his employment contract, the Non-Executive Directors did not receive any other remuneration from the Company or from a Group entity as part of their office for the 2017 and 2018 financial years.

On this basis, the total amount of attendance fees due to each member of the Board of Directors amounted to €261,076 for the 2018 financial year (compared to €399,998 in 2017 year in which the balance of directors' fees was distributed due to the increased number of Board and Committee meetings in 2017, particularly in connection with the acquisition of Aricent).

The table below presents the total remuneration and benefits of any kind received by Non-Executive Directors for 2017 and 2018 financial years.

Table of attendance fees and other remuneration due and paid to the Non-Executive Directors (Table 3 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Non-Executive Directors	Gross amount (in euros)			
		FY 2017		FY 2018
	Amounts due	Amounts received	Amounts due	Amounts received
Mr. Jean-Pierre Alix [(a)]				
Attendance fees	36,887	38,500	5,000	34,387
Other remuneration	Nil.	Nil.	Nil.	Nil.
Amboise Partners, represented by Mr. Maurice Tchenio				
Attendance fees	Nil.	Nil.	Nil.	Nil.
Other remuneration	Nil.	Nil.	Nil.	Nil.
Mr. Christian Bret				
Attendance fees	53,899	40,000	30,000	53,899
Other remuneration	Nil.	Nil.	Nil.	Nil.
Ms. Martha Heitzmann Crawford [(b)]				
Attendance fees	74,888	29,000	77,692	84,888
Other remuneration	Nil.	Nil.	Nil.	Nil.
Mr. Sylvain Michel				
Attendance fees	31,335	30,000	13,000[(f)]	28,835
Other remuneration	37,422	37,422	35,139	35,139
Ms. Florence Parly [(c)]				
Attendance fees	41,500	101,000	N/A	N/A
Other remuneration	Nil.	Nil.	N/A	N/A
Ms. Nathalie Rachou				
Attendance fees	97,340	68,333	80,000	97,340
Other remuneration	Nil.	Nil.	Nil.	Nil.
Mr. Gilles Rigal				
Attendance fees	Nil.	Nil.	Nil.	Nil.
Other remuneration	Nil.	Nil.	Nil.	Nil.
Mr. Jacques-Étienne de T'Serclaes [(d)]				
Attendance fees	14,333	56,833	N/A	N/A
Other remuneration	Nil.	Nil.	N/A	N/A
Ms. Renuka Uppaluri				
Attendance fees	49,816	30,000	28,846	49,816
Other remuneration	Nil.	Nil.	Nil.	Nil.
Ms. Jaya Vaidhyanathan [(e)]				
Attendance fees	Nil.	Nil.	26,538	7,500
Other remuneration	Nil.	Nil.	Nil.	Nil.
Mr. Thomas de Villeneuve				
Attendance fees	Nil.	Nil.	Nil.	Nil.
Other remuneration	Nil.	Nil.	Nil.	Nil.
Total	**399,998**	**393,666**	**261,076**	**356,665**

(a) Director and member of the Audit Committee until April 27, 2018.
(b) Chairman of the Appointments and Remuneration Committee since July 27, 2017.
(c) Director and Chairman of the Appointments and Remuneration Committee until June 21, 2017.
(d) Director and Member of the Audit Committee until April 28, 2017.
(e) Co-opted by the Board of Directors during its meeting of December 20, 2017.
(f) Effective as of the date of renewal of his term of office and for his entire term, Mr. Sylvain Michel waived receipt of all the attendance fees that will be awarded to him in his capacity as Director representing Company employees in favor of the trade union with which he is affiliated.

3.1.2.2 Remuneration of the executive corporate officers

3.1.2.2.1 General principles for determining the remuneration of the executive corporate officers

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, sets out the components of the remuneration due or awarded to the executive corporate officers. The Company's remuneration policy is regularly reviewed during the meetings of the Appointments and Remuneration Committee, which is chaired by Ms. Martha Heitzmann Crawford. The Board of Directors and the Appointments and Remuneration Committee ensure that the remuneration policy for executive corporate officers complies with the recommendations of the AFEP-MEDEF Code.

The remuneration policy, reviewed by the Board of Directors annually, upon the proposal of the Appointments and Remuneration Committee, is defined in accordance with the Group's overall strategy and is based on four simple principles:

Competitiveness	- In a highly competitive international market, it is essential, in order to incentivize and retain the Group's executives, to ensure that their overall remuneration, in each of its components, is competitive in comparison to the remuneration paid at French and international companies of a similar size, structure or activity. In order to determine the remuneration of the corporate officers, the Appointments and Remuneration Committee regularly examines – with the assistance of consulting firms where necessary – the components of remuneration due or awarded by comparable companies to their executive corporate officers.
Performance	- In order to recognize the individual performance of the executives as well as the Group's collective performance, the variable remuneration components represent a significant part of the total remuneration awarded to the executive corporate officers. The allocation of this variable remuneration is subject to the achievement of specific, measurable and challenging quantitative and qualitative objectives. These objectives are assessed both from a short-term perspective, notably through the allocation of an annual variable remuneration, and from a long-term perspective, through the implementation of long-term incentive plans.
Internal equity	- The Board of Directors ensures that the differences in remuneration between the executive corporate officers are justified, both in terms of amount and structure. In addition, it ensures that these differences reflect the extent of the responsibilities, experience, performance and potential of each executive and take into account market practices in this field.
Alignment with the shareholders over the long-term	- In order to strengthen the convergence of the interests of the executives and the shareholders over the long-term, a significant portion of their remuneration is allocated in the form of long-term incentive plans, such as performance units plans, whose allocation is subject to the achievement of performance objectives over several financial years.

3.1.2.2.2 Summary of the remuneration and benefits awarded to the executive corporate officers

The structure of the remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer is made up, on a recurring basis, of:

- an annual fixed remuneration;
- an annual variable remuneration determined on the basis of predefined performance criteria aligned with the Group's overall strategy; and
- a long-term variable remuneration in the form of an allocation of performance units which aims to align the interests of the executive corporate officer with those of the shareholders whose final allocation is subject to the achievement of performance criteria assessed over a cumulative three-year period, such as the average annual growth of Earnings per Share (EPS) and the Total Share Return (TSR); in addition to these performance criteria, the final vesting of the performance shares is subject to the uninterrupted presence of the beneficiary during the vesting period except in exceptional cases.

The table below presents a summary of all components of remuneration awarded to Mr. Dominique Cerutti, Chairman and Chief Executive officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the financial years ended December 31, 2017 and December 31, 2018.

Table 1 – Summary of the remuneration, options and shares awarded to each executive corporate officer (Table 1 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

(in euros, before social security expenses and taxes)	2017	2018
Mr. Dominique Cerutti – Chairman and Chief Executive Officer		
Remuneration due for the financial year (details in table 10 [(a)])	1,936,825	2,398,863
Valuation of the multi-year variable remuneration awarded during the financial year [(b)]	980,000	980,000
Valuation of the options awarded during the financial year	Nil.	Nil.
Valuation of the performance shares awarded during the financial year	Nil.	Nil.
TOTAL	**2,916,825**	**3,378,863**
Cyril Roger – Deputy Chief Executive Officer;		
Remuneration due for the financial year (details in table 10 [(a)])	725,959	1,081,725
Valuation of the multi-year variable remuneration awarded during the financial year [(b)]	321,000	321,000
Valuation of the options awarded during the financial year	Nil.	Nil.
Valuation of the performance shares awarded during the financial year	Nil.	Nil.
Total	**1,046,959**	**1,402,725**

(a) This is the remuneration due after applying the performance rate to the variable remuneration base.
(b) The valuation of the multi-year variable remuneration corresponds to an assessment at the grant date and not to remuneration received by the beneficiary during the financial year. The award of this remuneration is subject to performance and presence conditions.

3.1.2.2.3 Remuneration and benefits awarded or paid to executive corporate officers for the 2018 financial year

Remuneration of Mr. Dominique Cerutti, Chairman and Chief Executive Officer

The components of the remuneration of the Chairman and Chief Executive Officer paid or awarded for the 2018 financial year, which will be submitted to the shareholders for approval (*ex-post* vote) at the General Meeting held on May 15, 2019, pursuant to Article L. 225-100 of the French Commercial Code, are detailed below and summarized in point 5 *"Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Senior Executive Vice President and Delegate Director, for the 2018 financial year subject to the approval of the shareholders at the General Meeting held on May 15, 2019" of* section 3.1.2.2 "Remuneration of the executive corporate officers."

It should be recalled that the remuneration policy pursuant to which these components of the remuneration were allocated to the Chairman and Chief Executive Officer during the 2018 financial year was approved by the Company's shareholders (*ex-ante* vote) at the General Meeting of April 27, 2018.

Fixed remuneration

For the 2018 financial year, the annual fixed remuneration of the Chairman and Chief Executive Officer amounted to a gross amount of €700,000. It thus remained unchanged compared to the 2017 financial year.

Annual variable remuneration

The variable remuneration of the Chairman and Chief Executive Officer for the 2018 financial year was based on a certain number of specific objectives, the selection and weighting of which were decided by the Board of Directors' meeting held on February 26, 2018, upon the recommendation of the Appointments and Remuneration Committee.

For the 2018 financial year, the variable remuneration of the Chairman and Chief Executive Officer could reach 100% of the fixed remuneration, subject to the achievement of the performance objectives described below, and representing up to 160% of the fixed remuneration if the performance objectives were exceeded, *i.e.*, a maximum gross amount of €1,120,000. The Board of Directors determined that Mr. Dominique Cerutti's variable remuneration for the 2018 financial year would be based:

- for **70%** of the variable remuneration, on **quantitative objectives** aligned with the Company's strategy and long-term value creation, namely:
  - the Group EBIT for 46%,
  - Group Free Cash Flow for 12%,
  - the revenues growth at budget perimeter and exchange rate for 12%; and
- for **30%** of the variable remuneration, on **individual qualitative objectives,** namely:
  - the Altran/Aricent convergence for 20%, and
  - the implementation of the "Engaged People" program for 10%. The assessment of whether this objective is met will be made by the Directors representing employees on the Board of Directors.

Each quantifiable objective, depending on its level of achievement, could trigger from 0% to 200% of the part of the variable remuneration that it represented. The total variable compensation that may be awarded pursuant to the qualitative objectives cannot exceed 120% of the objective.

Structure of the variable remuneration of Mr. Dominique Cerutti for the 2018 financial year

In order to determine the variable portion due to the Chairman and Chief Executive Officer for the 2018 financial year, the Board of Directors, at its meeting of March 20, 2019, assessed the level of achievement of the quantifiable and qualitative objectives after consultation with the Appointments and Remuneration Committee.

Table 2 – Calculation of Mr. Dominique Cerutti's variable remuneration

Performance objectives	Weight of each objective	Percentage of achievement of each objective	Achievement as an amount (in euros)	Percentage of the fixed remuneration
Group EBIT	46%	96.23%	261,303	37.33%
Free Cash Flow	12%	0.00%	0	0.00%
Revenues growth at budget perimeter and exchange rate	12%	99.38%	81,396	11.63%
Quantifiable objectives	**70%**	**80.27%**	**342,699**	**48.96%**
Altran/Aricent convergence	20%	110.00%	154,000	22.00%
Implementation of the "Engaged People" program (employee involvement – achievement assessed by the staff representatives on the Board of Directors)	10%	90.00%	63,000	9.00%
Qualitative objectives	**30%**	**103.33%**	**217,000**	**31.00%**
Total	**100%**	**87.19%**	**559,699**	**79.96%**

For the 2018 financial year, the annual variable remuneration of the Chairman and Chief Executive Officer, set at 79.96% of the fixed portion, was therefore € 559,699 (compared with €641,293 in 2017, *i.e.* 91.61% of the fixed part).

Exceptional remuneration

No exceptional remuneration was awarded to Mr. Dominique Cerutti for the 2018 financial year.

Long-term components of remuneration – Performance units (2018-2020 Plan)

At its meeting on September 5, 2018, the Board of Directors decided, on the recommendation of the Appointments and Remuneration Committee, to grant Mr. Dominique Cerutti, as it did in previous financial years, a multi-year variable remuneration in cash in the form of an allocation of 76,893 performance units. The vesting of the performance units is subject to objectives based on (i) the average annual increase in the Earnings per Share (EPS), and (ii) the Total Shareholder Return (TSR), the achievement of which the Board of Directors will assess for a three-year period (from 2018 to 2020), and on the beneficiary's uninterrupted employment during said vesting period.

The allocation of these performance units is part of a long-term incentive plan reserved for the sole benefit of executive corporate officers. Pursuant to the remuneration policy adopted by the Board of Directors, the allocation of these performance units aims to promote the alignment of the interests of the executives with the interests of the shareholders and to closely associate the executives with the Group's results.

The accounting valuation of the performance units awarded to the Chairman and Chief Executive Officer under the 2018-2020 plan was estimated at €980,000 at the grant date. It is recalculated every reporting period.

As part of the performance units plan put in place for the 2018 financial year, Mr. Dominique Cerutti will have to reinvest a share representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of one year of the Chairman and Chief Executive Officer's net fixed remuneration.

A description of the characteristics of the 2018-2020 long-term incentive plan is presented in point 5 "Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year subject to the approval of the shareholders at the General Meeting of May 15, 2019" of section 3.1.2.2 "Remuneration of the executive corporate officers."

The table below shows, by analogy to the regime applicable to the performance shares, the performance units awarded to the Chairman and Chief Executive Officer during the 2018 financial year.

Table 3 – Performance units awarded to the Chairman and Chief Executive Officer during the financial year

Name of the executive corporate officer	Date of the plan	Number of performance units awarded during the financial year	Valuation of the performance units at the grant date	Vesting date	Availability date	Performance conditions
Mr. Dominique Cerutti – Chairman and Chief Executive Officer	09/05/2018	76,893	€980,000	09/05/2021	09/05/2021	The performance conditions are connected to objectives based on (i) the average annual increase in the Earnings per Share (EPS), and (ii) the Total Shareholder Return (TSR)

The Company did not award performance shares or stock options to Mr. Dominique Cerutti for the 2018 financial year.

Table 4 – Performance shares awarded to Mr. Dominique Cerutti during the financial year (Table 6 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Nil.

Table 5 – Stock subscription or purchase options awarded to Mr. Dominique Cerutti during the financial year (Table 4 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Nil.

Services agreement

No services agreement has been entered into between the Company and the Chairman and Chief Executive Officer. Therefore, the Company has no commitment in this respect to its Chairman and Chief Executive Officer.

Attendance fees

The Chairman and Chief Executive Officer does not receive attendance fees in respect of his duties as Director and Chairman of the Board of Directors of the Company.

Benefits in kind

The Chairman and Chief Executive Officer has a company car. The benefits in kind also include the annual contributions, in the amount of €12,516, paid by the Company for the benefit of Mr. Dominique Cerutti in respect of the social security insurance for corporate officers. It should be noted that this unemployment insurance benefit is awarded to the Chairman and Chief Executive Officer by virtue of a decision of the Board of Directors dated July 29, 2015.

Life and health insurance plan

The Chairman and Chief Executive Officer is a beneficiary of the life and health insurance plan applicable to the Group's Executive Managers and employees.

Remuneration of Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director

The components of the remuneration of the Deputy Chief Executive Officer paid or awarded for the 2018 financial year, which will be submitted to the shareholders for approval (*ex-post* vote) at the General Meeting of May 15, 2019, pursuant to Article L. 225-100 of the French Commercial Code, are detailed below and summarized in point 5 *"Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year subject to the approval of the shareholders at the General Meeting of May 15, 2019"* of section 3.1.2.2 "Remuneration of the executive corporate officers."

It should be recalled that the remuneration policy in respect of which these components of the remuneration were allocated to the Deputy Chief Executive Officer during the 2018 financial year was approved by the Company's shareholders (*ex-ante* vote) at the General Meeting of April 27, 2018.

Fixed remuneration

For the 2018 financial year, the annual fixed remuneration of the Senior Executive Vice President Europe and Delegate Director amounted to a gross amount €428,000. It thus remained unchanged compared to the 2017 financial year.

Variable remuneration

The variable remuneration of the Senior Executive Vice President Europe and Delegate Director for the 2018 financial year was based on a certain number of specific objectives, the selection and weighting of which were decided by the Board of Directors' meeting held on February 26, 2018, upon the recommendation of the Appointments and Remuneration Committee.

For the 2018 financial year, the variable remuneration of the Senior Executive Vice President Europe and Delegate Director could reach 75% of the fixed remuneration, subject to the achievement of performance objectives described below, and representing up to 120% of the fixed remuneration if the performance objectives were exceeded, *i.e.* a gross amount of €513,600. The Board of Directors determined that Mr. Cyril Roger's variable remuneration for the 2018 financial year would be based:

- for **80%** of the variable remuneration, on **quantitative objectives** aligned with the Company's strategy and long-term value creation, namely:
  - the Group EBIT for 20%,
  - the Europe zone's EBIT for 40%,
  - the DSO for the Europe zone for 10%,
  - revenues growth in the Europe zone at budget perimeter and exchange rate for 10%; and
- for **20%** of the variable remuneration, **on individual qualitative** objectives, namely:
  - the development of the Group's offshore activities for 10%, and
  - the evolution of the organization (SWAT/Industries) in the context of the convergence plan with Aricent for 10%.

Each quantitative objective, depending on its level of achievement, could trigger from 0 to 150% of the portion of the variable remuneration that it represented, with the exception of the performance objective related to Group EBIT, which could trigger up to 200% of the portion it represented. The total variable remuneration that may be paid in accordance with the qualitative criteria is capped at 120% of the target.

Structure of the variable remuneration of Mr. Cyril Roger for the 2018 financial year

In order to determine the variable portion due to the Deputy Chief Executive Officer for the 2018 financial year, the Board of Directors, at its meeting of March 20, 2019, assessed the level of achievement of the quantifiable and qualitative objectives after consultation with the Appointments and Remuneration Committee.

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Table 6 – Calculation of Mr. Cyril Roger's variable remuneration

Performance objectives	Weight of each objective	Percentage of achievement of each objective	Achievement as an amount (in euros)	Percentage of the fixed remuneration
Group EBIT	20%	96.23%	52,098	12.17%
EBIT of the Europe zone	40%	90.67%	68,501	16.01%
DSO of the Europe zone	10%	94.04%	48,150	11.25%
Revenues growth at budget perimeter and exchange rate for the Europe zone	10%	101.21%	34,042	7.95%
Quantifiable objectives	**80%**	**93.80%**	**202,791**	**47.38%**
Development of the Group's offshore activities	10%	70.00%	22,470	5.25%
Evolution of the organization (SWAT/Industries) in the context of the convergence plan with Aricent	10%	100.00%	32,100	7.50%
Qualitative objectives	**20%**	**85.00%**	**54,570**	**12.75%**
TOTAL	**100%**	**92.04%**	**257,361**	**60.13%**

For the 2018 financial year, the annual variable remuneration of the Senior Executive Vice President Europe and Delegate Director, set at 60.13% of the fixed part, was therefore €257,361 (compared with €281,535 in 2017, *i.e.*, 65.78% of the fixed portion).

Exceptional remuneration

No exceptional remuneration was awarded to Mr. Cyril Roger for the 2018 financial year.

Long-term components of remuneration – Performance units (2018-2020 Plan)

At its meeting on September 5, 2018, the Board of Directors decided, on the recommendation of the Appointments and Remuneration Committee, to grant Mr. Cyril Roger, as it did in previous financial years, a multi-year variable remuneration in cash in the form of an allocation of 25,187 performance units. The vesting of the performance units is now subject to objectives based on (i) the average annual increase in the Earnings per Share (EPS), and (ii) the Total Shareholder Return (TSR), the achievement of which the Board of Directors will assess for a three-year period (from 2018 to 2020), and to the beneficiary's uninterrupted employment during said vesting period.

The allocation of these performance units is part of a long-term incentive plan reserved for the sole benefit of executive corporate officers. Pursuant to the remuneration policy adopted by the Board of Directors, the allocation of these performance units aims to promote the alignment of the interests of the executives with the interests of the shareholders and to closely associate the executives with the Group's results.

The accounting valuation of the performance units awarded to the Senior Executive Vice President Europe and Delegate Director under the 2018-2020 plan was estimated as €321,000 at the grant date. It is recalculated every reporting period.

As part of the performance units plan put in place for the 2018 financial year, Mr. Cyril Roger will have to reinvest a share representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of six months of the Deputy Chief Executive Officer's net fixed remuneration.

A description of the characteristics of the 2018-2020 long-term incentive plan is presented in point 5 "Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year subject to the approval of the shareholders at the General Meeting of May 15, 2019."

The table below shows, by analogy to the regime applicable to the performance shares, the performance units awarded to the Senior Executive Vice President Europe and Delegate Director during the 2018 financial year.

Table 7 – Performance units awarded to the Senior Executive Vice President Europe and Delegate Director during the financial year

Name of the executive corporate officer	Date of the plan	Number of performance units awarded during the financial year	Valuation of the performance units at the grant date	Vesting date	Availability date	Performance conditions
Cyril Roger	09/05/2018	25,187	€321,000	09/05/2021	09/05/2021	The performance conditions are connected to objectives based on (i) the average annual increase in the Earnings per Share (EPS), and (ii) the Total Shareholder Return (TSR)

The Company did not award performance shares or stock options to Mr. Cyril Roger for the 2018 financial year.

Table 8 – Performance shares awarded to Mr. Cyril Roger during the financial year (Table 6 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Nil.

Table 9 – Stock subscription or purchase options awarded to Mr. Cyril Roger during the financial year (Table 4 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Nil.

Services agreement

No services agreement has been concluded between the Company and the Senior Executive Vice President Europe and Delegate Director. Therefore, the Company has no commitment in this regard to its Senior Executive Vice President Europe and Delegate Director.

Attendance fees

The Senior Executive Vice President Europe and Delegate Director is not a Director.

Benefits in kind

Mr. Cyril Roger has a company car.

Life and health insurance plan

The Senior Executive Vice President Europe and Delegate Director is a beneficiary of the life and health insurance plan applicable to the Group's Executive Managers and employees.

Table 10 – Summary of the remuneration and options and shares awarded to each executive corporate officer (Table 2 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

The gross annual remuneration before social security contributions of each executive corporate officer owed or paid by the Company, including benefits in kind, were, for the financial years ended December 31, 2017 and 2018, as shown in the table below:

	FY 2017		FY 2018	
Amount (in euros)	**Amounts due in respect of the financial year** [(a)]	**Amounts paid during the financial year** [(b)]	**Amounts due in respect of the financial year** [(a)]	**Amounts paid during the financial year** [(b)]
Mr. Dominique Cerutti – Chairman and Chief Executive Officer				
Fixed remuneration	700,000	700,000	700,000	700,000
Annual variable remuneration [(c)]	641,293	659,835 [(d)]	559,699	641,293 [(e)]
Multi-year variable remuneration	570,587 [(f)]	Nil.	1,115,006 [(j)]	Nil.
Exceptional remuneration	Nil.	Nil.	Nil.	Nil.
Attendance fees	Nil.	Nil.	Nil.	Nil.
Benefits in kind [(g)]	24,945	24,945	24,158	24,158
TOTAL	**1,936,825**	**1,384,780**	**2,398,863**	**1,365,451**
Cyril Roger – Senior Executive Vice President Europe and Delegate Director				
Fixed remuneration	428,000	428,000	428,000	428,000
Annual variable remuneration [(c)]	281,535	354,880 [(d)]	257,361	281,535 [(e)]
Multi-year variable remuneration	Nil.	Nil.	380,474[(j)]	985,600 [(h)]
Exceptional remuneration	Nil.	Nil.	Nil.	Nil.
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind [(i)]	16,424	16,424	15,889	15,889
Total	**725,959**	**799,304**	**1,081,725**	**1,711,024**

(a) The amounts due correspond to the amounts awarded.
(b) The amounts paid correspond to the amounts actually paid during the financial year and include amounts that were due for the previous financial year.
(c) For details on the parameters taken into account for the calculation of the variable portion due in respect of the 2018 financial year, please refer to the information on the variable remuneration of Messrs Dominique Cerutti and Cyril Roger in point 3 "Remuneration and benefits awarded to executive corporate officers for the 2018 financial year" in section 3.1.2.2 of this chapter, "Remuneration of the executive corporate officers."
(d) Annual variable remuneration due in respect of the 2016 financial year and paid in 2017.
(e) Annual variable remuneration due in respect of the 2017 financial year and paid in 2018.
(f) As part of the 2015-2016 long-term incentive plan (the features of which are described in section 3.1.3.3 of this chapter, "Stock option, performance share and performance unit awards to executive corporate officers"), 43,523 performance units were acquired by Mr. Dominique Cerutti. In view of the average closing price of the Altran share in December 2016 of €13.11, €570,587 in cash was paid to Mr. Dominique Cerutti at the end of a two-year retention period expiring on January 2, 2019.
(g) Mr. Dominique Cerutti's benefits in kind include a company car and the contributions paid in respect of the social security insurance for company Managers.
(h) As part of the 2013-2015 long-term incentive plan, €985,600 was paid to Mr. Cyril Roger in 2018 following the end of the retention period set in said plan.
(i) Mr. Cyril Roger's benefits in kind correspond to a company car.
(j) As part of the 2016-2017 long-term incentive plan (the features of which are described in section 3.1.3.3 of this chapter, "Stock option, performance share and performance unit awards to executive corporate officers"), 78,799 performance units were acquired by Mr. Dominique Cerutti and 26,888 performance units were acquired by Mr. Cyril Roger in 2018. In view of the average closing price of the Altran share in December 2017 of €14.15, €1,115,006 will be paid to Mr. Dominique Cerutti and €380,474 will be paid to Mr. Cyril Roger at the end of a two-year retention period expiring on January 2, 2020.

3.1.2.2.4 Employment contract, retirement benefits and compensation in the event of the termination of the duties of the Chairman and Chief Executive Officer or the Senior Executive Vice President Europe and Delegate Director

Employment contract

In accordance with the recommendations of the AFEP-MEDEF Code and those of the AMF, the Chairman and Chief Executive Officer is not bound by an employment contract with the Company or a company that it controls. Mr. Cyril Roger's employment contract with the Company has been suspended since his appointment as Deputy Chief Executive Officer on October 28, 2011. The termination of his term as corporate officer, for any reason whatsoever, would result in the reactivation of his employment contract.

Severance or non-compete compensation

In respect of their term as corporate officers, the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director receive no compensation or benefit due or that could be due as a result of the termination of, or a change in, their duties.

On the occasion of the proposed reappointment of Dominique Cerutti for a further term of office as a Director, which will be put before the general shareholders' meeting of May 15, 2019 for approval, the Board of Directors has decided, at its meeting of March 28, 2019, on the recommendation of the Nominations and Remuneration Committee, that is was in the interest of the Company to subject Dominique Cerutti to a 12-month commitment not to compete against the Company, in pursuance of legal provisions and the AFEP-MEDEP Code. In exchange for compliance with this commitment, Dominique Cerutti would – if he were to cease to be Chairman and CEO or even Chief Executive Officer of the Company, subsequent to his departure whether voluntary or otherwise, for whatever reasons, - receive a monthly indemnity equal to one-twelfth of his gross annual compensation (calculated on the basis of the average of his fixed and variable annual compensation paid during the 36 months prior to the termination of his employment). The Board of Directors could unilaterally decide to waive this clause

Mr. Cyril Roger is not subject to a non-compete clause for its corporate mandate.

Under his employment contract, should the contract be terminated at Altran's initiative and except in the event of serious misconduct or gross negligence, Mr. Cyril Roger could receive contractual severance pay equal to the amount of his remuneration (salary, bonuses and profit sharing plans) received during the 12 months preceding the termination of the contract. In addition, Mr. Cyril Roger could receive, under his employment contract, lump sum compensation in consideration for his non-compete undertaking for a period of 12 months following the termination of his employment contract, whatever the reason. This compensation would be equal to 75% of the average monthly salary, bonuses and profit-sharing received during the 12 months preceding the termination of the contract, the Company reserving the right to waive the requirement of this non-compete obligation and, thus, the payment of the corresponding compensation.

Social security insurance for corporate officers

By a decision of the Board of Directors dated July 29, 2015, the Chairman and Chief Executive Officer is a beneficiary of the social security insurance for corporate officers. This unemployment insurance allows the Chairman and Chief Executive Officer to receive compensation in the event of termination of his duties, including in the event of dismissal. The maximum compensation period that Mr. Dominique Cerutti could benefit from in this context is 12 months, for a net annual amount capped at €202,620 on the basis of 2019 social security ceiling. The contributions paid by the Company are integrated into Mr. Dominique Cerutti's remuneration as benefits in kind.

Supplementary pension plans

The executive corporate officers do not receive a specific pension plan beyond the compulsory statutory schemes. As a result, the Company has not booked a provision for pension, retirement or similar benefits for the executive corporate officers.

Table 11 – Summary of the benefits of each executive corporate officer (Table 11 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Executive corporate officers	Employment contract	Supplementary pension plan	Compensation or benefits due or likely to be due because of discontinuation or change of duties	Compensation relating to a non-competition clause
Mr. Dominique Cerutti				
Chairman and Chief Executive Officer since June 18, 2015	No	No	No	No
Mr. Cyril Roger				
Senior Executive Vice President Europe and Delegate Directorsince October 28, 2011	Yes, suspended [(a)]	No	Yes [(b)]	Yes [(b)]

(a) Mr. Cyril Roger's employment contract has been suspended since October 28, 2011.
(b) Mr. Cyril Roger would receive compensation in the event of termination of his employment contract at the initiative of Altran, as well as compensation in consideration for a non-compete clause. For additional information regarding this compensation, please refer to the description above.

3.1.2.2.5 Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year subject to the approval of the shareholders of the General Meeting of May 15, 2019

The tables below summarize the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year, as determined by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, and submitted to the approval of the Company's General Meeting of Shareholders of April 15, 2019 (*ex-post* vote) in accordance with the provisions of Article L. 225-100 of the French Commercial Code. A resolution specific to each executive corporate officer will be submitted to the approval of the shareholders. It should be noted that pursuant to Article L. 225-100 of the French Commercial Code, the variable components of the remuneration described in the tables below will only be paid to the executive corporate officers after approval of these resolutions by the General Meeting of May 15, 2019.

Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, for the 2018 financial year (ex post vote)

Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer for the 2018 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of May 15, 2019 (Article L. 225-15 of the French Commercial Code)

Components of compensation and benefits paid or awarded in respect of the 2018 financial year	Amount or accounting valuation subject to the of the shareholders (in euros)	Overview
Fixed remuneration	€700,000 (amount paid in 2018)	The fixed compensation due to Dominique Cerutti as Chairman and Chief Executive Officer in 2018 was €700,000 (unchanged by comparison with 2017).

Variable remuneration	€559,699
	(amount attributed in respect of fiscal year 2018)
		Dominique Cerutti's variable compensation as Chairman and Chief Executive Officer, for the fiscal year ended December 31, 2018 was €559,699, i.e. 79.96% of is annual fixed compensation (out of a maximum of 160% if the performance objectives were exceeded) . This annual variable compensation was set by the Board of Directors at its meeting of March 20, 2019, on the recommendation of the Nomination and Remuneration Committee and in consideration with the achievement of the objectives described below:
		- the amount of the variable portion due in respect of the quantifiable objectives is €342,699, i.e. a 80.27% of achievement of these objectives. The rates of achievement for the different quantitative objectives were as follows:
		  - 96.23% for the Group EBIT which had been set at 356 million euros (46% weighting),
		  The Board made allowances for the very high level of non-recurring expenses in fiscal year 2018, activating payment for this criterion at 81.15%.
		  - 0% for the objective relating to the Free Cash Flow which had been set at (-10) million euro (12% weighting), and
		  - 99.38% for the revenue growth at budget perimeter and exchange rate which had been set at € 2,926 million (12% weighting);
		The Board's appraisal of this criterion factored non-recurring items such as the disposal of tax assets.
		- the amount of the variable portion due in respect of qualitative objectives is €217,000, i.e. a 103.33% degree of achievement of these criteria. The rates of achievement of the different qualitative objectives were as follows:
		  - 110% concerning the Altran/Aricent integration (20% weighting), and
		  - 90% for the implementation of the *Engaged People* program on employee involvement (10% weighting).

Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer for the 2018 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of May 15, 2019 (Article L. 225-15 of the French Commercial Code)

Components of compensation and benefits paid or awarded in respect of the 2018 financial year	Amount or accounting valuation subject to the of the shareholders (in euros)	Overview
Multi-year variable compensation	€980,000 (book value at the date of attribution)	As recommanded by the Nomination and Remuneration Committee, the Board of Directors decided, at its meeting of September 5, 2018, decided to set up a long-term incentive plan based on the attribution of units of value to Dominique Cerutti. Dominique Cerutti has been attributed 76,893 units of values. Final vesting of these units of value is subject to : - performance criteria based (i) for 60% on the average annual growth of Earnings per Share (EPS) and (ii) for 40% on total shareholder return, which the Board of Directors will assess over three-year (3) period (2018 to 2020); These perfomance objectives and attribution criteria for the units of value have been defined very specifically by the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, but cannot be disclosed in greater detail for purposes confidentiality and business secrecy issues. - Dominique Cerutti's uninterrupted presence in the Company as Executive Director throughout the vesting period (notwithstanding exceptionnal circumstances duly motivated by the Board of Directors). However, except in the case of death or incapacity of the beneficiary, the condition of the presence within the Company shall be deemed fulfilled in the event of termination (except in cases of gross negligence or willful misconduct) of the Chairman and Chief Executive Officer's mandate, whether or not preceded by a change of control of the company during the vesting period. If the termination of employement is not preceded by a change of control of the Company, the number of units of value to be vested will be determinated prorata temporis. The multi-year variable compensation shall be paid out at the end of the vesting period, in an grant corresponding to the Company's average price during the month of December 2020, multiplied by the final number of units acquired by Mr. Dominique Cerutti. The book value of this multi-year variable compensation package was estimated, at the date of the grant to Dominique Cerutti, at €980,000. It is re-calculated at the end of every reporting period. In the event of payment of multi-year variable compensation, Dominique Cerutti will be under the obligation to reinvest 25% of said compensation in the purchase of shares in the Company until the value of the shares thus acquired represents the equivalent of one year net fixed compensation of the Chairman and Chief Executive Officer.
Benefits of any Kind	€24,158 (book value)	The benefits in kind attributed to the Chairman and Chief Executive Officer are a company car and the contributions paid into the social security insurance scheme for Executive Directors that the Company has subscribed for the benefit of its Chairman and Chief Executive Officer.

Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer for the 2018 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of May 15, 2019 (Article L. 225-15 of the French Commercial Code)

Components of compensation and benefits paid or awarded in respect of the 2018 financial year	Amount or accounting valuation subject to the of the shareholders (in euros)	Overview
Other elements of compensation	Nil.	The Chairman and Chief Executive Officer receives no other elements of compensation. More specifically: - the Chairman and Chief Executive Officer did not receive any exceptional compensation or attendance fees (Director's fees) in respect of fiscal year 2018; - the Board of Directors did not attribute any stock options or performance shares to the Chairman and Chief Executive Officer in 2018; - the Chairman and Chief Executive Officer did not receive any payment for termination of employment or any non-compete payment for fiscal year 2018; and - the Chairman and Chief Executive Officer does not have a supplementary pension plan.

Components of the remuneration paid or awarded to Mr. Cyril Roger, Senior Executive Vice President Europe and Delegate Director (ex post vote)

Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Senior Executive Vice President Europe and Delegate Director for the 2018 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of May 15, 2019 (Article L. 225-15 of the French Commercial Code)

Components of compensation and benefits paid or awarded in respect of the 2018 financial year	Amount or accounting valuation subject to the vote of the shareholders (in euros)	Overview
Fixed remuneration	€428,000 (amount paid in 2018)	The fixed compensation due to Cyril Roger as Senior Executice Vice President Europe and Delegate Director was €428,000 in 2018 (unchanged by comparison with the previous financial period).

Variable remuneration	€257,361
	(amount attributed in respect of fiscal year 2018)
		Cyril Roger's annual variable compensation as Senior Executive Vice President Europe and Delegate Director, for the fiscal year ended Decembre 31, 2018 was €257,361, i.e. 60.13% of his annual fixed compensation (out of a maximum of 120% if performance objectives were exceeded). This annual variable compensation was set by the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, and considering the degree of achievement of the objectives discribed below:
		- the amount of the variable portion due in respect of the quantifiable objectives was €202,791, i.e 93.80% degree of achievement of these objectives. The rates of achievement for the different quantitative objectives are as follows:
		  - 96.23% for the Group EBIT which had been set at 356 million euro (20% weighting),
		  The Board made allowances for the very high level of non-recurring expenses in fiscal year 2018, activating payment for this criterion at 81.15%.
		  - 90.67% for the Europe zone's EBIT which had been set at 232 million euro (40% weighting),
		  The Board made allowances for the very high level of non-recurring expenses in fiscal year 2018 activating payment for this criterion at 53.35%.
		  - 94.04% for the Europe zone's DSO which had been set at 77 days (10% weighting), and
		  - 101.21% for revenues growth in the Europe zone at budget perimeter and exchange rate which had been set at 2,122 million euro (10% weighting),
		  The Board appraisal of this criterion factored non-recurring item such as the disposal of tax assets.
		- the amount of the variable portion due in respect of the qualitative objectives is €54,570, i.e an 85% degree of achievement of these criteria. The rate of achievement of the different qualitative objectives were as follows:
		  - 70% concerning the development of the Group's offshore activities (10% weighting), and
		  - 100% for adopting organization (SWAT/Industries) as part of the convergence with Aricent (10% weighting).

Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Senior Executive Vice President Europe and Delegate Director for the 2018 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of May 15, 2019 (Article L. 225-15 of the French Commercial Code)

Components of compensation and benefits paid or awarded in respect of the 2018 financial year	Amount or accounting valuation subject to the vote of the shareholders (in euros)	Overview
Multi-year variable compensation	€321,000 (book value at the date of the attribution)	As recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting of September 5, 2018, decided to set up a long-term incentive plan based on the attribution of units of value with a view to the payment of multi-year variable compensation to Cyril Roger. He has been attributed 25,187 units of value. Final vesting of these units of value is subject to : - performance criteria based on (i) for 60% on the average annual growth of Earnings per Share (EPS), and (ii) for 40% on Total Shareholder Return (TSR), which the Board of Directors will assess over a three-year (3) period (from 2018 to 2020); These performance objectives and attribution criteria for the units of value have been defined very specifically by the Board of Directors, on the recommandations of the Nomination and Remuneration Committe, but cannot be disclosed in greater detail for purposes of confidentiality and business secrecy issues. - Cyril Roger's uninterrupted presence in the Company as Executive Director throughout the vesting period (notwithstanding exceptionnal circumstances duly motivated by the Board of Directors). However, except in the case of death or incapacity of the beneficiary, the condition of presence within the Company shall be deemed fulfilled in the event of termination (except cases of gross negligence or willful misconduct) of Senior Executive Vice President Europe and Delegate Director's mandate, whether or not preceded by a change of control of the company during the vesting period. If the termination is not preceded by a change of control of the Company, the number of units of value to be vested will be determinated prorata temporis. The multi-year variable compensation should be paid out, at the end of the vesting period, in an amount corresponding to the Company's average share price during the month of December 2020, multiplied by the final number of units of value acquired by Cyril Roger. The book value of this multi-year variable compensation package was estimated, at the date of grant to Cyril Roger was estimated at €321,000. It is recalculated at the end of every reporting period. In the event of payment of multi-year variable remuneration, Cyril Roger will under the obligation to reinvest 25% of said compensation in the purchase of shares in the Company until the value of the shares thus acquired reaches the equivalent of a six months net fixed compensation of the Senior Executive Vice President Europe and Delegate Director.
Benefits of all kinds	€15,889 (book value)	The Senior Executive Vice President Europe and Delegate Director has the benefit of a company car.
Other elements of compensation	Nil.	The Senior Executive Vice President Europe and Delegate Director receives no other elements of compensation . In particular: - the Senior Executive Vice President Europe and Delegate Director did not receive any exceptional compensation in respect of fiscal year 2018; - the Board of Directors did not attribute any stock options or performance shares to the Senior Executive Vice President Europe and Delegate Director in 2018; - the Senior Executive Vice President Europe and Delegate Director does not have a supplementary pension plan.

Draft resolutions: vote of the Annual Ordinary General Meeting of 2019 on the components of the remuneration paid or awarded to the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director, for the 2018 financial year (Article L. 225-100 of the French Commercial Code)

The tables above summarizing the components of the remuneration paid or awarded to Mr. Dominique Cerutti as Chairman and Chief Executive Officer and Mr. Cyril Roger as Senior Executive Vice President Europe and Delegate Director for the 2018 financial year will each be subject to a separate resolution submitted for the approval of the shareholders at the Ordinary General Meeting of May 15, 2019, pursuant to Article L. 225-100 of the French Commercial Code.

3.1.2.2.6 Remuneration policy for the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director submitted for the approval of the General Meeting of May 15, 2019, in accordance with Article L. 225-37-2 of the French Commercial Code

At its meeting of March 20, 2019, the Board of Directors set the remuneration policy applicable to the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director for the 2019 financial year, in accordance with the principles set out above, and on the recommendation of the Appointments and Remuneration Committee. Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining and allocating the components of the remuneration of the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director, presented in the tables below, are submitted for the approval of the General Meeting. A resolution specific to each executive corporate officer will be submitted to the approval of the shareholders.

It should be noted that the payment of the variable and exceptional remuneration components to the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director for the 2019 financial year is subject, in application of Article L. 225-100 of the French Commercial Code, to the subsequent approval, by an Ordinary General Meeting of the Company, of the fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer and the Senior Executive Vice President Europe and Delegate Director for the 2019 financial year.

Remuneration policy applicable to the Chairman and Chief Executive Officer submitted for the approval of the Annual Ordinary General Meeting of May 15, 2019 (ex ante vote)

Principles and criteria governing the setting, apportionment and attribution of the elements of compensation of the Chairman and Chief Executive Officer	
Annual fixed compensation	The Chairman and CEO's fixed compensation is notably determined on the basis of market practice for a company of comparable size. The Chairman and CEO's fixed compensation is only reevaluated at relatively long intervals, in accordance with the AFEP-MEDEF Code recommendations and only when a revision is justified, for example by a change in the scope of his responsibilities as Chairman and CEO or by the relative positioning of his compensation in relation to the market. Dominique Cerutti's fixed compensation will not be increased in 2019.

Annual variable compensation	The Board of Directors has decided to set the maximum amount of the annual variable compensation that may be paid to its Chairman and Chief Executive Officer for the 2019 fiscal year at 160% of his annual fixed compensation.
	
	As with the 2018 fiscal year, the Chairman and CEO's annual variable compensation for the 2019 fiscal year is subject to the achievement of quantitative and qualitative objectives recommended by the Nomination and Remuneration Committee and set by the Board of Directors, which will then assess the extent to which they have been achieved, in 2020.
	
	For the 2019 fiscal year, this compensation will be calculated as follows:
	- 70% based on quantitative objectives aligned with the Company's strategy and its long-term value creation,namely:
	  - Operating margin (35%),
	  - Revenue growth at budget perimeter and exchange rate (15%),
	  - Free Cash Flow (10%), and
	  - Deleveraging (10%).
	- 30% based on individual qualitative objectives, namely:
	  - Seamless integration of Aricent (10%);
	  - Setting up of a succession plan for the Group's Top 20 executives (10%); and
	  - Gender diversity within the group's management structure (10%).
	
	The total annual variable compensation that may be paid in respect of qualitative criteria is capped at 120% of the target compensation package.

Principles and criteria governing the setting, apportionment and attribution of the elements of compensation of the Chairman and Chief Executive Officer	
Multi-year variable compensation	On the recommendations of the Nomination and Remuneration Committee, the Board of Directors decided to grant the Chairman and CEO a cash-based multi-year variable compensation package in the form of an allocation of units of value, the final vesting of which will be subject to the fulfillment of conditions based on presence within the Company and performance. The performance objectives, which will be assessed by the Board of Directors on the basis of achievement over a three-year period (2019-2021) are as follows: - EPS (Earnings Per Share) growth (60%); and - Total Shareholder Return (40%), the grant will be triggered if the performance is equal or exceeds the median of companies in the SBF 120 index . Final attribution of units of value is also subject to the uninterrupted presence of the Chairman and CEO within the Company, as Executive Officer, throughout the period of vesting of the units of value. Units of value that are attributed but not vested shall become null and void in the event of departure of the Chairman and CEO unless otherwise decided by the Board of Directors and justified by exceptional circumstances. Except in the case of death or incapacity of the beneficiary, the condition of presence within the Company will be lifted only in the following cases: - In the event of revocation (except for gross negligence or willful misconduct) of the beneficiaries during the vesting period of the units of value, the condition of presence shall be deemed fulfilled and the number of units of value susceptible of vesting to the beneficiaries shall be calculated prorata temporis using the date of termination, subject to them satisfying the performance criteria; - In the event of revocation (except for gross negligence or willful misconduct) of the beneficiaries during the vesting period of the units of value subsequent to a change of ownership, the condition of presence shall be deemed fulfilled and the potential number of units of value susceptible of vesting to the beneficiaries shall be maintained, subject to them satisfying the performance criteria. In accordance with article L. 225-42-1 of the French Commercial Code, these two specific instances lifting the condition of presence in the event of termination of employment will be subject to approval by the shareholders in a resolution separate from the ex ante vote.
Exceptional compensation	The Board of Directors did not grant any exceptional compensation for the Chairman and Chief Executive Officer in respect of the 2019 fiscal year.
Performance shares and any other item of long-term remuneration	The Board of Directors did not grant performance shares for the Chairman and Chief Executive Officer in respect of the 2019 fiscal year or any other long-term compensation, with the exception of the multi-year variable compensation awarded to the Chairman and Chief Executive Officer in the form of units of value allocated as described above.
Attendance fees	The Chairman and Chief Executive Officer does not receive attendance fees in his capacity as Director and Chairman of the Board of Directors.
Benefits in kind	The benefits in kind awarded to the Chairman and Chief Executive Officer are a company car and the contributions paid as part of the social security insurance policy for Executive Directors that the Company has subscribed for the benefit of its Chairman and Chief Executive Officer.

Principles and criteria governing the setting, apportionment and attribution of the elements of compensation of the Chairman and Chief Executive Officer	
Sevarence payment in the event of termination	The Chairman and Chief Executive Officer would not receive a severance payment in the event of termination of his employment or change of position, with the exception the above-mentioned arrangements under the multi-year variable compensation.
Non-compete payment	The Board of Directors wanted to subject its Chairman and CEO to a non-compete commitment. On March 28, 2019, Dominique Cerutti agreed to such a commitment for a period of twelve months,in accordance with legal provisions and the AFEP-MEDEF Code. The Board of Directors has the option of unilaterally waiving this clause. In pursuance of article L. 225-42-1 of the French Commercial Code, this non-compete agreement will be subject to approval by the shareholders in a resolution separate from the ex ante vote.
Supplementary pension plan	The Chairman and Chief Executive Officer does not benefit from a supplementary pension plan.
Life and health insurance plan	The Chairman and Chief Executive Officer is covered by the life and health insurance plan applicable to the Group's Executive and employees.

Remuneration policy applicable to the Senior Executive Vice President Europe and Delegate Director submitted for the approval of the Annual Ordinary General Meeting of May 15, 2019 (vote ex ante)

Principles and criteria governing the setting, apportionment and attibution of the elements of compensation of the Senior Executive Vice President Europe an Delegate Director	
Fixed compensation	The Senior Executive Vice President Europe and Delegate Director's fixed compensation is notably determined on the basis of market practice for a company of comparable size. The Senior Executive Vice President Europe and Delegate Director's fixed compensation is only reevaluated at relatively long intervals, in accordance with the AFEP-MEDEF Code recommendations and only when a revision is justified e.g. by a change in the scope of his responsibilities as Senior Executive Vice President Europe and Delegate Director or by the relative positioning of his compensation in relation to the market. Cyril Roger's fixed compensation will not be increased in 2019.

Annual variable compensation	The Board of Directors has decided to set the maximum amount of annual variable compensation that may be paid to its Senior Executive Vice President Europe and Delegate Director for the 2019 fiscal year at 120% of his annual fixed compensation.
	
	As with the 2018 fiscal year, the Senior Executive Vice President Europe and Delegate Director's annual variable compensation for the 2019 fiscal year is subject to the achievement of quantitative and qualitative objectives recommended by the Nomination and Remuneration Committee and set by the Board of Directors, which will assess the extent to which they have been achieved in 2020.
	
	For the 2019 fiscal year, this compensation will be calculated as follows:
	- 80% based on quantitative objectives aligned with the Company's strategy and its long-term value creation, namely:
	  - Operating margin (10%),
	  - Europe zone's operating margin (40%),
	  - Revenue growth of the Europe zone at budget perimeter and exchange rate (20%),
	  - Europe zone's Free Cash Flow (10%).
	- 20% based on individual qualitative objectives, namely:
	  - The signing of significant contracts for the Group (10%), and
	  - Progress in the development of the group's offshore activities (10%).
	
	The total annual variable compensation that may be paid in respect of qualitative criteria is capped at 120% of the target compensation package.

Principles and criteria governing the setting, apportionment and attibution of the elements of compensation of the Senior Executive Vice President Europe an Delegate Director	
Multi-year variable compensation	On the recommendations of the Nomination and Remuneration Committee, the Board of Directors decided to grant the Senior Executive Vice President Europe and Delegate Director a cash-based multi-year variable compensation package in the form of an allocation of units of value, the final vesting of which will be subject to the fulfillment of conditions based on presence within the Company and performance. The performance objectives, which will be assessed by the Board of Directors on the basis of achievement over a three-year period (2019-2021) are as follows: - EPS (Earnings Per Share) growth (60%); and - Total Shareholder Return (40%), the grant will be triggered if the performance is equal or exceeds the median of companies in the SBF 120 index . Final attribution of units of value is also subject to the uninterrupted presence of the Senior Executive Vice President Europe and Delegate Director within the Company, as Executive Officer, throughout the period of vesting of the units of value. Units of value that are attributed but not vested shall become null and void in the event of departure of the Senior Executive Vice President Europe and Delegate Director unless otherwise decided by the Board of Directors and justified by exceptional circumstances. Except in the case of death or incapacity of the beneficiary, the condition of presence within the Company will be lifted only in the following cases: - In the event of revocation (except for gross negligence or willful misconduct) of the beneficiaries during the vesting period of the units of value, the condition of presence shall be deemed fulfilled and the number of units of value susceptible of vesting to the beneficiaries shall be calculated prorata temporis using the date of termination, subject to them satisfying the performance criteria; - In the event of revocation (except for gross negligence or willful misconduct) of the beneficiaries during the vesting period of the units of value subsequent to a change of ownership, the condition of presence shall be deemed fulfilled and the potential number of units of value susceptible of vesting to the beneficiaries shall be maintained, subject to them satisfying the performance criteria. In accordance with article L. 225-42-1 of the French Commercial Code, these two specific instances lifting the condition of presence in the event of termination of employment will be subject to approval by the shareholders in a resolution separate from the ex ante vote.
Exceptional compensation	The Board of Directors has not granted any exceptional compensation for the Senior Executive Vice President Europe and Delegate Director respect of the 2019 fiscal year.
Performance shares and any other item of long-term remuneration	The Board of Directors has not granted performance shares for the Senior Executive Vice President Europe and Delegate Director in respect of the 2019 fiscal year or any other long-term compensation,with the exception of the multi-year variable compensation awarded to the Senior Executive Vice President Europe and Delegate Director in the form of units of value allocated as described above.

Principles and criteria governing the setting, apportionment and attibution of the elements of compensation of the Senior Executive Vice President Europe an Delegate Director

Attendance fees	The Senior Executive Vice President Europe and Delegate Director does not receive attendance fees in his capacity as a member of the Board of Directors.
Benefits in kind	The Senior Executive Vice President Europe and Delegate Director has the benefit of a company car.
Severance payment in the event of termination	The Senior Executive Vice President Europe and Delegate Director would not receive a severance payment in the event of termination or change of position, with the exception the above-mentioned arrangements under the multi-year variable compensation.
Non-compete payment	Cyril Roger is not covered by any commitment relating to the payment of indemnities in consideration of a non-compete clause as Corporate Officer. However, if a Deputy Chief Executive Officer were to be recruited outside of the Group, the Board of Directors could decide to compensate him in consideration of a non- compete clause in accordance with article L.225-42-1 of the French Commercial Code and the provision of the AFEP-MEDEF Code.
Supplementary pension plan	The Senior Executive Vice President Europe and Delegate Director does not benefit from a supplementary pension plan.
Life and health insurance plan	The Senior Executive Vice President Europe and Delegate Director is covered by the life and health insurance plan applicable to the Group's Executive Directors and employees.

Draft resolutions prepared by the Board of Directors pursuant to Article L. 225-37-2 of the French Commercial Code submitted to the General Meeting of May 15, 2019

The tables above summarizing the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components comprising the total remuneration and the benefits of any kind that could be awarded to Mr. Dominique Cerutti as Chairman and Chief Executive Officer and Mr. Cyril Roger as Senior Executive Vice President Europe and Delegate Director for the 2019 financial year, which will each be subject to a separate resolution submitted for the approval of the shareholders at the Annual Ordinary General Meeting of May 15, 2019, pursuant to Article L. 225-37-2 of the French Commercial Code.

3.1.3 Other components of the remuneration

3.1.3.1 Remuneration of the members of the Group's management

The total gross remuneration and benefits of any kind of the members of the Global Executive Team, recorded in 2018 by the Company and the companies controlled by it, amounted to €5,856,024 (compared with €7,424,381 in 2017 for the former Executive Committee composed of 8 people). The variable portion represented 41% of this total amount.

The list of members of the Global Executive Team is as follows:

- Dominique Cerutti – Chairman and Chief Executive Officer;
- Cyril Roger – Senior Executive Vice President Europe and Delegate Director in charge of Europe and large deals development;
- Laila Worrell – Executive Vice-President, Chief Executive Officer for Altran North America;
- William Roze – Executive Vice-President, Chief Operating Officer Europe;
- Pascal Brier – Executive Vice-President, Strategy, Technology and Innovation;
- Daniel Chaffraix – Executive Vice-President, Engineering and Transformation;
- Albin Jacquemont – Executive Vice-President, Chief Financial Officer.

3.1.3.2 Long-term incentive plans: Stock options, performance shares and performance units

Stock option plan

No stock subscription or purchase options have been awarded since the last stock option plan issued during the 2007 financial year, and no stock subscription or purchase option is currently outstanding.

Performance share plan

In its fourteenth resolution, the Combined General Meeting of April 27, 2018, authorized the Board of Directors to award on one or more occasions existing or future free shares (so-called performance shares) to the employees of the Company and its related companies, up to an award limit equal to 3% of the share capital over a 38-month period, subject to performance and employment conditions, the fulfillment of which is assessed over a three-year period.

The performance share plans are set annually by the Board of Directors on the recommendation of the Appointments and Remuneration Committee. The purpose of these plans is to incentivize and retain the Group's key executives in order to maintain business continuity. These plans apply mainly to the members of the Global Executive Team and the Executive Committe. The lists of beneficiaries are drawn up on the proposal of Mr. Dominique Cerutti, Chairman and Chief Executive Officer, presented to the Appointments and Remuneration Committee, and validated or amended by it. The allocation of performance shares is then decided on during a meeting of the Board of Directors.

Pursuant to the authorization conferred on it by the fourteenth resolution of the Combined General Meeting of April 27, 2018, the Board of Directors, at its meeting of September 5, 2018, decided, on the recommendation of the Appointments and Remuneration Committee, to put in place a new performance share plan.

This performance share plan applies to the award of a maximum total number of 933,740 performance shares to 63 beneficiaries in 2018. For each beneficiary, the number of performance shares awarded is determined by applying the fixed and variable remuneration of said beneficiary to a percentage corresponding to his or her hierarchical level within the Group, namely.

As part of this plan, 275,737 free shares were awarded to the 10 employees (other than Executive and Non-Executive Directors) who, as of the date of the decision, received the largest number of performance shares.

The Board of Directors did not award performance shares to the Company's executive corporate officers during the 2018 financial year.

The vesting of the performance shares is subject to (i) a three-year vesting period, and (ii) to the performance objectives set by the Board of Directors and reflecting *the High Road, Altran 2022* strategic plan. These performance criteria are linked, for half of the shares initially awarded, to achieving the objectives in relation to group operating margin and, for the other half of the shares initially awarded, to achieving the targets in relation to Free Cash Flow. The measure of performance for each of these criteria will be calculated using the arithmetic average over a three-year period.

The final vesting of the performance shares is also subject to the uninterrupted presence of the beneficiary in the Group during the vesting period. In the event of departure from the Group prior to the vesting date of the performance shares, the beneficiary loses the performance shares that were awarded to him or her except in the event of the death, disability or retirement of the beneficiary or of a specific decision by the Chairman and Chief Executive Officer in this regard (or by the Chief Executive Officer if the positions are separate).

The beneficiaries will not acquire any shares if the achievement rate is below 90%. They will acquire 50% of the shares if the target achievement rate is 95%, and all the shares if the target achievement rate is 100%. If the target achievement rate is equal to 110%, the number of shares acquired would be equal to 120% of the number of shares awarded, it being specified that this threshold of 120% constitutes a ceiling that cannot be exceeded.

A linear progression will be applied between the minimum (90%), target (100%) and maximum (110%) thresholds.

Performance units plan

Only the Company's executive corporate officers benefit from long-term incentive plans in the form of an allocation of performance units (see section 3.1.2.2 "Remuneration of the executive corporate officers").

3.1.3.3 Stock option, performance share and performance unit awards to executive corporate officers

3.1.3.3.1 Stock option awards

The Company has not awarded stock subscription or purchase options since 2007. Mr. Dominique Cerutti therefore has not received stock subscription or purchase options since he joined the Altran group in 2015, and Mr. Cyril Roger has not received stock subscription or purchase options since his appointment as Senior Executive Vice President and Delegate Director in 2011.

Table 12 – Stock subscription or purchase options exercised during the financial year by each executive corporate officer (Table 5 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)
Nil.

3.1.3.3.2 Performance share awards

No performance shares has been awarded to Mr. Dominique Cerutti since he joined the Altran group or to Mr. Cyril Roger since his appointment as Senior Executive Vice President and Delegate Director in 2011.

Table 13 – Performance shares that became available during the financial year for each corporate officer (Table 7 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)
Nil.

3.1.3.3.3 Performance units awards

Under the 2013-2015 long-term incentive plan, 80,000 performance units awarded to Mr. Cyril Roger became available during the 2018 financial year. In view of the average closing price of the Altran share in December 2015 of €12.32, €985,600 in cash was paid to Mr. Cyril Roger at the end of the two-year retention period expiring on January 2, 2018.

In 2017, 43,523 performance units were acquired by Mr. Dominique Cerutti, *i.e.,* all the performance units that could be acquired under the 2015-2016 long-term incentive plan. In view of the average closing price of the Altran share in December 2016 of €13.11, €570,587 in cash was paid to Mr. Dominique Cerutti at the end of the two-year retention period expiring on January 2, 2019.

In addition, Mr. Dominique Cerutti acquired 78,799 performance units in 2018, and Mr. Cyril Roger acquired 26,888 performance units under the 2016-2017 long-term incentive plan. In view of the average closing price of the Altran share in December 2017 of €14.15, €1,115,006 in cash will be paid to Mr. Dominique Cerutti, and €380,474 will be paid to Mr. Cyril Roger at the end of a two-year retention period expiring on January 2, 2020.

The table below shows, by analogy to the regime applicable to the performance shares, the performance units that became available to each executive corporate officer during the 2018 financial year.

Table 14 – Performance units that became available during the financial year for each executive corporate officer (Table 7 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

Beneficiary name	Date of the plan	End-date of retention period	Number of performance units that became available during the financial year
Cyril Roger Senior Executive Vice President and Delegate Director	2013-2015 Plan of March 11, 2015	January 2, 2018	80,000

The table below presents, by analogy to the regime applicable to the performance shares, historical information on the allocations from the performance units plans in force at December 31, 2018.

Table 15 – Summary of the multi-year variable remuneration of each executive corporate officer (Table 10 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

	2013-2015 Plan	2015-2016 Plan	2016-2017 Plan	2017-2019 Plan	2018-2020 Plan
Date of the Board of Directors that decided on the allocation	03/11/2015	07/29/2015	03/09/2016	03/21/2017	09/05/2018
Total number of performance units awarded	100,000	43,523	108,912	96,799 [(d)]	102,080
Dominique Cerutti	0	43,523	78,799	72,916 [(d)]	76,893
Cyril Roger	100,000	0	30,113	23,883 [(d)]	25,187
Vesting date of the performance units	01/02/2016	01/02/2017	01/02/2018	03/20/2020	09/05/2021
End-date of retention period	01/02/2018	01/02/2019	01/02/2020	03/20/2020	09/05/2021
Total number of performance units acquired at 12/31/2018	80,000[(a)]	43,523[(b)]	105,687[(c)]	0	0
Dominique Cerutti	0	43,523	78,799	0	0
Cyril Roger	80,000	0	26,888	0	0
Number of performance units that expired	20,000	0	3,225	0	0
Number of performance units remaining at 12/31/2018	0	43,523	105,687	96,799 [(d)]	102,080
Performance conditions	Performance objective based on the average annual growth of Earnings Per Share (EPS)	Performance objective based on the average annual growth of Earnings Per Share (EPS)	Performance objective based on the average annual growth of Earnings Per Share (EPS)	Performance objective based on the average annual growth of Earnings Per Share (EPS)	Performance objectives based on (i) the average annual increase in the Earnings per Share (EPS), and (ii) the Total Shareholder Return (TSR).

(a) In view of the average closing price of the Altran share in December 2015 of €12.32, €985,600 in cash were paid to Mr. Cyril Roger at the end of a two-year retention period, i.e., on January 2, 2018.
(b) In view of the average closing price of the Altran share in December 2016 of €13.11, €570,587 in cash were paid to Mr. Dominique Cerutti at the end of a two-year retention period expiring on January 2, 2019.
(c) In view of the average closing price of the Altran share in December 2017 of €14.15, €1,115,006 will be paid to Mr. Dominique Cerutti, and €380,474 will be paid to Mr. Cyril Roger at the end of a two-year retention period, i.e., on January 2, 2020.
(d) Amount adjusted from the impact of the Company's capital increase on April 17, 2018.

3.1.3.4 Stock option plans and free share allocation plans at December 31, 2018

3.1.3.4.1 Stock option plan

No stock subscription or purchase options have been awarded since the last stock option plan issued during the 2007 financial year, and no stock subscription or purchase option is currently in circulation.

3.1.3.4.2 Free share plan

The tables below present respectively (i) historical information on the free share plans in force at December 31, 2018, and (ii) the performance shares awarded to the 10 employees (other than Executive and Non-Executive Directors) who received the largest number of performance shares for the 2018 financial year.

Table 16 – Historical information on past awards of free shares (Table 9 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

	2015 Plan [g]	2016 Plan [g]	2017 Plan [g]	2018 Plan [g]
Date of General Meeting authorization	June 1, 2012	April 29, 2016	April 29, 2016	April 27, 2018
Date of the Board of Directors that decided on the issue	03/11/2015	06/01/2016	04/28/2017	09/05/2018
Number of awarded shares [a]	325,194	506,239	408,883	778,137
Of which the 10 employees receiving the largest number of free shares	130,040	257,945	175,631	275,737
o/w corporate officers	0	0	0	0
Maximum number of shares that can be acquired [b]	N/A	576,241	487,153	933,740
Final award date (end of vesting period)	03/11/2019	10/03/2019 at the latest	10/01/2020 at the latest	09/05/2021
End-date of retention period	03/11/2019	10/03/2019 at the latest	10/01/2020 at the latest	09/05/2021
Number of shares acquired at 12/31/2018	0	20,019 [c]	0	0
Number of shares canceled or de-listed	33,424	125,079	59,392	0
Number of shares remaining at 12/31/2018 [d]	291,770	361,141 [e]	349,491	778,137
Theoretical maximum number of shares that can be acquired on 12/31/2018 [f]	N/A	433,369	419,389	933,740
Performance condition(s)	The final vesting of the free shares awarded as part of the 2015 plan was not subject to the achievement of performance conditions.	Achievement of the objectives set in relation to Group EBIT and Free Cash Flow	Achievement of the objectives set in relation to Group EBIT and Free Cash Flow	Achievement of the future objectives set in relation to Group Operating Margin and Free Cash Flow

(a) For the performance share plans set in 2016, 2017 and 2018, the number of awarded shares corresponds to the number of shares which can be acquired if the achievement rate of the established performance conditions is equal to 100%.
(b) For the performance share plans set in 2016, 2017 and 2018, the number of shares which can be acquired corresponds to 120% of the number of awarded shares if the achievement rate of the established performance conditions is equal to 110%.
(c) Anticipated final allocations following the death of the beneficiaries of the shares for the plan in question.
(d) For taking into account the performance variation, see note 6.4 of the consolidated financial statement of the Groupe for the financial year ended December 31, 2018 included in Section 6.2 "Consolidated Income Statement".
(e) After having taken into account the performance variation as regards the only shares which have been subject to an anticipated allocation in the framework of this plan.
(f) For the performance share plans set in 2016, 2017 and 2018, the theoretical maximum number of shares which can be acquired corresponds to the maximum number of shares which can be acquired by a beneficiary if its achievement rate of the established performance conditions is equal to 110%.
(g) Amount adjusted from the impact of the Company's capital increase on April 17, 2018.

Table 17 – Performance shares awarded free of charge to the 10 employees (other than Executive and Non-Executive Directors) who received the largest number of performance shares (in accordance with the provisions of Article L. 225-197-4 of the French Commercial Code)

	Number of performance shares	Date of allocation	Final award date (end of vesting period)	End-date of retention period
Performance shares awarded free of charge by decision of the Board of Directors of September 5, 2018, to the 10 employees (other than Executive and Non-Executive Directors) who, as of the date of the decision, received the largest number of performance shares [(a)]	275,737	09/05/2018	09/05/2021	09/05/2021
Performance shares awarded definitively during the 2018 financial year to the 10 employees (other than Executive and Non-Executive Directors) who, as of the date of the decision, received the largest number of performance shares	N/A	N/A	N/A	N/A

(a) These performance shares will be awarded definitively to their beneficiaries at the end of a three-year vesting period, i.e., on September 5, 2021, provided that the performance conditions are fully met.

3.2__ Statutory Auditors' report on regulated agreements and commitments

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report on regulated agreements and commitments.

We are requested to inform you, based on the information provided to us, on the main terms, conditions and the interests of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness nor ascertaining whether any other agreements and commitments exist. It is your responsibility, pursuant to article R. 225-31 of the French commercial code (*Code du commerce*) to assess the benefits resulting from the conclusion of these agreements and commitments prior to their approval.

Moreover, it is our responsibility, if any, to give you the information specified in article R. 225-31 of the French commercial code (*Code du commerce*) relating to the implementation during the past year, of agreements and commitments that have already been approved by previous Shareholders' Meetings.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Regulated agreements and commitments submitted to the approval of the shareholder's meeting

Regulated agreements and commitments authorized during the year

We inform you that we have not been given notice of any agreement or commitment authorized during the year and which would need to be approve by the general meeting pursuant to article L. 225-38 of the French commercial code (*Code du commerce*).

Regulated agreements and commitments authorized since the end of the financial year

We have been informed of the following agreements and commitments authorized since the end of the financial year.

Cases of lifting of the condition of attendance for the acquisition of value units allocated to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer as part of their long term incentive plan compensations for 2018 and 2019

Persons concerned: Mr. Dominique Cerutti and Mr. Cyril Roger, respectively Chairman and Chief Executive Officer, and Senior Executive Vice-President.

Purpose: Clarification and restriction of the cases in which the condition of attendance are lifted for the acquisition of value units allocated to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer as part of their variable long term incentive plan compensations for 2018 and 2019, only in specific cases of termination of their duties.

Terms and conditions: On the occasion of the renewal of Mr Dominique Cerutti's term of office as Director, which will be submitted to the General meeting of May 15, 2019 for approval, your Board of Directors decided, during its meeting on March 28, 2019 to clarify and restrict the cases in which the condition of attendance for the acquisition of value units allocated to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer as part of the 2018 and 2019 long term incentive plan compensations only to specific cases of termination:

- in the event of revocation (except in cases of serious misconduct) of the beneficiaries during the vesting period of the value units, the condition of presence will be deemed to have been satisfied and the number of value units likely to be vested by the beneficiaries will be determined prorata temporis, subject to the achievement of the performance conditions;
- in the event of revocation (except in cases of serious misconduct) of the beneficiaries during the vesting period of the value units following a change of control, the condition of presence will be deemed to have been satisfied and the potential number of value units likely to be acquired by the beneficiaries will be maintained, subject to the achievement of the performance conditions.

Reasons underlying the interest for the company, accepted by the board: Your Board of Directors has justified its decision because it helps to clarify and restrict the cases in which the condition of attendance only in specific cases of termination of their corporate officer duties.

Non-compete obligation of the Chairman and Chief Executive Officer

Person concerned: Mr. Dominique Cerutti, Chairman and Chief Executive Officer.

Purpose: Non-compete obligation of the CEO in the event of termination of his duties.

Terms and conditions: On the occasion of the renewal of Mr. Dominique Cerutti's term of office as Director, which will be submitted to the General Meeting of May 15, 2019 for approval, the Board of Directors, during its meeting on March 28, 2019, decided to submit Mr. Cerutti to a non-competition agreement for a period of 12 months.

In consideration of compliance with this obligation, Mr, Dominique Cerutti will receive, in the event of termination of his duties as Chairman and Chief Executive Officer or of Chief Executive Officer resulting from a voluntary or involuntary departure, for any reason, a monthly indemnity equals to one-twelfth of his gross annual compensation; this indemnity will be calculated on the basis of the :average of his fixed and variable annual compensation paid during the 36 months preceding the termination of his duties. The Board of Directors may unilaterally waive the implementation of this clause.

Reasons underlying the interest for the company, accepted by the board: Your Board of Directors justified its decision by the need to protect the interests of the company and its shareholders in the event of the departure of the Chairman and Chief Executive Officer.

Regulated agreements and commitments previously approved by the shareholders' meeting

We have not been informed of any agreements or commitments approved in prior years and which remained current during the last year.

Paris-La Défense, April 23, 2019

The Statutory Auditors

DELOITTE & Associés	MAZARS
Ambroise DEPOUILLY	Jean-Luc BARLET

4__ NON-FINANCIAL PERFORMANCE AND CSR DATA

The Group operates in more than 30 countries, principally in Europe, Asia and the Americas with 46,693 employees at December 31, 2018. Except where otherwise stated, the 2018 scope of the information presented includes the following 20 countries: Belgium, China, the Czech Republic, France, Germany, India, Italy, Luxemburg, Morocco, the Netherlands, Norway, Portugal, Romania, Spain, Sweden, Switzerland, Tunisia, Ukraine, the United Kingdom and the United States. This scope represents 86% of Group revenues in 2018 and 97% of the Group's total workforce. Detailed information regarding this scope is set out in section 4.1 "Reporting methodology" of this chapter.

This chapter fulfills the requirements of French Order n°2017-1180 dated July 19, 2017 and Decree n°2017-1265 dated August 9, 2017, transposing the European Directive dated October 22, 2014 relative to the publication of a declaration of extra-financial performance. Certain information is included in other chapters of this Registration Document – for more information, refer to appendix IV – Cross-reference table.

4.1__ Reporting methodology

4.1.1 Main extra-financial risks and indicators

A map of the main risks caused by the activity of the Company, created by its business relationships and its services, was produced concerning social and environmental consequences, respect for human rights and the fight against corruption, in accordance with the requirements arising from French Order n°2017-1180 dated July 19, 2017 and Decree n°2017-1265 dated August 9, 2017.

Based on the methodology of the Group's risks map, it categorizes the risks according to 2 criteria: probability of occurrence and impact. It also identifies 4 levels of risk: low, medium, high and maximum. This risk mapping for the reporting scope was carried out with the management teams of the main relevant functions namely, the human resources department, purchasing department, audit department, the data protection officer and the communications department. The approach took place in 3 stages:

- identification and evaluation of the risks, notably through individual interviews;
- consolidation and finalization of the map;
- identification of policies, action plans and associated performance indicators.

At the end of the approach, no risk related to the Group's economic, social and societal responsibility appeared as maximum.

Two risks were identified as high:

- the risk of attrition, meaning the difficulty of attracting and retaining staff in a business sector where employee turnover is very high and inherent in the profession of consultant;
- the risk related to matching skills to requirements, namely the ability of the Group to achieve and maintain the right level of skills within its teams to respond to the challenges of its customers and conduct business projects.

The policies adopted to limit these risks, and the associated performance indicators, are described in section 4.2 "Social information", notably 4.2.1.2 "Workforce trends", 4.2.6 "Quality of work life", and 4.2.7 "Talent acquisition and development".

Other risks were evaluated at the medium level:

- the health and safety risk, notably with the risk of work-related accidents concerning travel and the workplace environment, as well as the psycho-social risks harming the physical and mental integrity of employees. The measures put in place and the accompanying indicators are described in section 4.2.5 "Health and safety at work";
- the risk of deterioration of employee/management relationships are dealt with in section 4.2.4 "Social dialogue";
- the risk of non-respect for ethical principles in the management of human resources, such as equality of opportunity between men and women, nondiscrimination, diversity and inclusion. The policies and corresponding indicators are described in section 4.2.8 "Diversity";
- the risk of corruption by an employee of the Group. The arrangements for limiting this risk are addressed in section 4.3.2.1 "Combating corruption";
- the risk of failure to protect personal data. The initiatives carried out to ensure compliance with the GDPR (General Data Protection Regulation) are detailed in section 4.3.2.2 "Data protection";
- the risk related to the new requirements of stakeholders of the Group in environmental matters, notably investors, customers and applicants. The Group's environmental approach and its results are covered in section 4.4 "Environmental performance".

The summary of risks at the Group level is presented below for greater readability, with links to the corresponding chapters in the present document.

Issue/Type	Risks	Level of risk	2018 key indicators (non-comprehensive)	Sections of the report
HR	Attrition: difficulty of attracting and retaining staff in a business sector where employee turnover is high and inherent in the profession of consultant	High	Rate of voluntary departures Percentage of employees who have received an annual review	4.2.1.2 "Changes to the workforce" 4.2.7 "Talent acquisition and development"
HR	Matching skills to requirements: ability of the Group to achieve and maintain the right level of skills within its teams to respond to the challenges of its customers and conduct business projects	High	Number of hours of training Number of employees trained and percentage	4.2.7 "Talent acquisition and development"
Health and safety	Work-related accidents concerning travel and the working environment, notably due to the non-sedentary nature of the work of consultants	Medium	Number of work-related accidents, frequency, severity	4.2.5 "Health and safety at work"
Health and safety	Psycho-social risks, notably related to frequent changes of missions, customers and work contexts, to the rapid changes in the necessary skills and downtime between contracts	Medium	Rate of absenteeism Number of countries having a program dedicated to well-being at work	4.2.5 "Health and safety at work" 4.2.6 "Quality of work life"
Human rights and fundamental freedoms	Non-respect for ethical principles in the management of human resources, such as equality of opportunity between men and women, nondiscrimination, diversity and inclusion	Medium	Rate of feminization of the managerial bodies Percentage of disabled employees	4.2.8 "Diversity"
Human rights and fundamental freedoms	Deterioration of employee/employer relationships	Medium	Existence of local employee-representation bodies Number of collective agreements signed Percentage of employees covered by a collective agreement	4.2.4 "Social dialogue"
Human rights and fundamental freedoms	Non-respect for the protection of personal data, non-compliance with the General Data Protection Regulation	Medium	ISO 27001 certifications	4.3.2.2 "Data protection"
Responsible practices	Corruption by an employee or subcontractor of the Group	Medium	Number of alerts received *via* the whistleblowing system	4.3.2.1 "Fight against corruption"
Environment	New requirements in environmental matters from stakeholders, notably investors, customers and candidates	Medium	CO_2 emissions (travel, consumption of energy and paper) Number of sites and percentage of employees covered by ISO 14001 certification	4.4 "Environmental Performance"

The performance indicators used by the Group are in accordance with the guidelines of the Global Reporting Initiative, in its Sustainability Reporting Guidelines. These guidelines are available at *www.globalreporting.org*. According to how relevant a GRI indicator is and the availability of the corresponding information in 2018, the Company provides full information for the GRI indicators, adapts the GRI indicator, or uses an *ad hoc* Altran indicator. For more details on the equivalence of reporting indicators with the GRI guidelines, see "Cross-reference table of the CSR information" in an annex to this Registration Document.

4.1.2 Scope of the social and societal indicators

For this seventh reporting year, the Group's continuous improvement efforts have led to the definition of a scope that incorporates twenty countries for social and societal indicators.

This chapter meets the requirements of French Order no. 2017-1180 of July 19, 2017 and of Decree no. 2017-1265 of August 9, 2017, implementing the European Directive of October 22, 2014 on the publication of an extra-financial statement.

The scope of the social and societal indicators includes all subsidiaries wholly owned by the Company at January 1 and December 31, 2018 and having at least one employee. Only the subsidiaries over which the Company has, whether directly or indirectly, exclusive control are incorporated in the scope. These subsidiaries are consolidated using the full consolidation method. The social and societal indicators are consolidated at national level or by geographical region.

The list of companies incorporated within the scope of the social and societal indicators for the year is approved once a year by the Group finance department while ensuring that it does not have operational control over the social, environmental and societal policy of subsidiaries that are excluded from the reporting scope.

The scope of the social and societal indicators for 2018 includes the following subsidiaries:

- Belgium: Altran Belgium;
- China: Altran Shanghai, Altran Automotive Technologies (Shanghai), Altran Beyondsoft (Beijing) Technologies, Altran Beyondsoft (Shanghai) Information & Technologies, SiCon Tech (Shanghai);
- Czech Republic: Altran CZ;
- France: Altran Technologies, Altran Education Services, Altran Connected Solutions, Altran Lab, Altran Prototypes Automobiles;
- Germany: Altran Deutschland, Altran Service, Altran Aviation Consulting;
- India: Altran Technologies, Global Edge Software, Aricent India;
- Italy: Altran Italia;
- Luxembourg: Altran Luxembourg;
- Morocco: Altran Morocco, MG2 Engineering;
- Netherlands: Altran Netherlands, Altran Engineering;
- Norway: Altran Norge;
- Portugal: Altran Portugal;
- Romania: Altran Solutions, Altran Romania;
- Spain: Altran Innovación, Agencia de Certificacion en Innovación Española;
- Sweden: Altran Sverige;
- Switzerland: Altran Switzerland;
- United Kingdom: Altran UK Holding, Altran UK, Cambridge Consultants, IRM, Tessella, Altran Engineering Solutions Europe;
- United States: Altran US, Cambridge Consultants, Synapse Product Development, Tessella, Altran Engineering Solutions US, GlobalEdge Software US;
- Ukraine: Lohika Ltd;
- Tunisia: Altran Telnet Corporation.

The 2018 scope does not include subsidiaries that were financially consolidated during the reporting year, except where the relevant headcount has a significant impact on the reporting scope. Accordingly, Aricent India, a subsidiary financially consolidated during 2018 with 8,874 employees at December 31, 2018, has been incorporated in the scope. Aricent subsidiaries excluding India and frog are therefore deemed to be outside the CSR reporting scope.

The geographical regions correspond to the operating segments as defined in section 5.1.4 "Analysis of income on ordinary activities (revenues) and operating margin".

This scope represents 86% of Group revenues in 2018 and 97% of the Group's total workforce.

4.1.3 Scope of the environmental indicators

The scope of the environmental indicators includes Group subsidiaries in accordance with the same rules used to define the scope of the social and societal indicators.

The environmental indicators apply only to the sites owned or leased by the Group. The activities that take place at each site are office activities. Our clients' sites, where consultants may work, are not taken into account. The environmental indicators apply to the Group's main sites, selected in accordance with the workforce administratively attached to them compared with the total workforce for the country. The environmental indicators that correspond to the activity of subsidiaries at their main sites are consolidated at national level or by geographical region.

The scope includes thirteen countries for the seventh year of reporting. The scope of the indicators for 2018 includes sites to which at least 300 employees are administratively attached and located in the following cities:

- Belgium: Brussels;
- China: Shanghai;
- France: Aix en Provence, Belfort, Blot, Blagnac, Illkirch, Lyon, Puteaux, Rennes, Saint-Herblain and Vélizy-Villacoublay;
- Germany: Fellbach, Hamburg, Munich and Wolfsburg;
- India: Bangalore, Chennai, Coimbatore, Gurgaon, Hyderabad and Noida;
- Italy: Milan, Rome and Turin;
- Morocco: Casablanca;
- Netherlands: Eindhoven;
- Portugal: Fundão, Lisbon and Porto;
- Spain: Barcelona and Madrid;
- Sweden: Gothenburg;
- Ukraine: Odessa;
- United Kingdom: Cambridge.

The staff members employed at the sites included in the environmental reporting scope correspond to 73% of the Group's total workforce.

4.1.4 Period

The indicators cover the period from January 1 to December 31, 2018. The data are collected on December 31 of each year as a status report at that date or at the end of the period under consideration. To facilitate their collection and processing, some data may be collected earlier in the year. The data for any remaining months is then estimated in accordance with the assumptions set out in the description of the indicator.

4.1.5 Non-relevant information

In accordance with the Group's reporting framework, the following information does not appear to be relevant, in the light of the Group's business activity of providing intellectual services, and has not been reported:

1. **the consideration of visual and noise nuisance and any other form of activity-specific pollution:** the Group provides intellectual services. It does not create significant noise nuisance. The measures introduced to reduce the environmental impact of the business and, in particular, to manage waste and pollution sources are described in section 4.4.3.3 "Pollution, waste management and circular economy";
2. **land use:** the Group rents several office buildings or parts of office buildings. All of the sites are located in urban areas and do not therefore use arable land. Given the Group's business activity, there is no risk of land pollution;
3. **impacts on neighboring or local communities:** the Group's business activity of providing intellectual services to companies presents no significant risks or negative impacts for local communities in the countries included within the reporting scope. The Group's public interest initiatives are described in section 4.3 "Societal performance";
4. **measures taken to promote the health and safety of consumers:** the Group's business activity of providing intellectual services to companies presents no direct negative impacts or significant risks for the health and safety of consumers;
5. **combating food waste:** the Group's business activity of providing intellectual services to companies presents no direct impacts or significant risks in the area of combating food waste. Employees have access to company restaurants managed by external service providers or are provided with restaurant vouchers.

4.1.6 Framework

A framework for reporting social, environmental and societal data was introduced in 2012 and is updated annually. This framework is revised following data consolidation and verifications, comments by contributors and Statutory Auditors, the improvement plan and any change in the Global Reporting Initiative's guidelines. The framework sets out the methodologies to be used for the indicator reporting process: scope, frequency, definitions, methodological principles, calculation formulae and standard factors. The methodologies for some indicators may have limitations and be the source of uncertainties related to the estimates made for missing data, calculation errors and omissions, and simplifying assumptions.

The following should be noted for the data published in this report:

1. **total workforce within the scope:** the workforce includes employees, on fixed-term or permanent contracts, full- or part-time, and on work-study contracts and internships;
2. **recruitment and departures:** contract changes are not considered to be recruitment and departures. The reasons for departure include the conclusion of contracts, dismissals, resignations, retirement, the end of trial periods, notifications of breach of contract, early conclusion of fixed-term contracts, contractual termination of an employment agreement, death and the transfer of a subsidiary abroad;
3. **absenteeism rate:** the days of absence include absences for common illnesses, workplace and traveling accidents, occupational illnesses, and absence without leave or unpaid leave. The days of absence are calendar days starting from the date of the accident or illness except in Italy and India where working days are rather used;
4. **workplace accidents:** these include lost time workplace accidents (on duty), fatal workplace accidents and accidents occurring during business travel. The frequency rate and severity rate are calculated using the number of hours theoretically worked over the period. There is no maximum number of days recorded for the same absence;
5. **training:** training hours may include any face-to-face training, e-learning induction programs, internal workshops with a clear training objective, sessions during the performance of an assignment and training undertaken by an employee whoever the provider may be (internal or external). The training hours are those effectively completed by the employee, except in France where the hours invoiced during the period are recorded. Training hours that were invoiced during the period but that have a completion date later than December 31, 2018 represent 10% of carried over hours in France. In Spain, trainings completed at more than 75% are recorded in full;
6. **percentage of employees registered as disabled workers:** this percentage is calculated on the basis of the number of employees registered as disabled workers on December 31 of each year and the total workforce of the scope. The published percentage for France is therefore different from that reported using the official French calculation method provided by AGEFIPH (French association for the management of funds for the integration in the workplace of disabled people);
7. **paper:** paper used for printers in solely A3 or A4 format and purchased for employees working at sites included within the scope (excluding the consumption of paper by employees working at customer sites);
8. **business travel:** in India, the number of kilometers traveled by air or by train is estimated on the basis of standard journeys. While some countries allow employees to use their own vehicles, in Portugal, company cars may also be used for private purposes, at the weekend and during holidays;
9. **energy:** primary energy consumed.

4.1.7 Responsibilities and monitoring activities

The reporting activity is coordinated by the Group's communications department which defines, with the relevant Group departments and an external consultant, the list of performance indicators and the reporting framework that supports them.

Some data are available directly from the relevant Group departments or have been previously collected. The other data to be collected from subsidiaries are the responsibility of a Group Director or of the consultant. In this case, a contact point is identified in each country or subsidiary.

The Group communications department consolidates the data with the relevant Group departments and a consultant.

The Group carries out consistency checks with the previous year and between the data collected from the countries, and checks the scope, unity, completeness and implementation of the framework in order to enhance the reliability of the information published.

4.2__ Social performance

The Group's business essentially relies upon the men and women in each of its subsidiaries. The Group's human resources priorities for 2022, defined in line with the strategic plan *The High Road, Altran 2022*, and based on the Engaged People program initiated in 2016 (involvement of employees), is built around four main policies:

- "an employer of choice", including the process of integrating new employees, quality of life at work, satisfaction of employees and employee/employer dialogue;
- "unmatched global footprint and opportunities", including a focus on international mobility and project rotation;
- "promoter of meritocracy", with the performance-recognition policy and the identification of high potential, as well as diversity as a performance booster;
- "facilitator of skills development", including training and talent development.

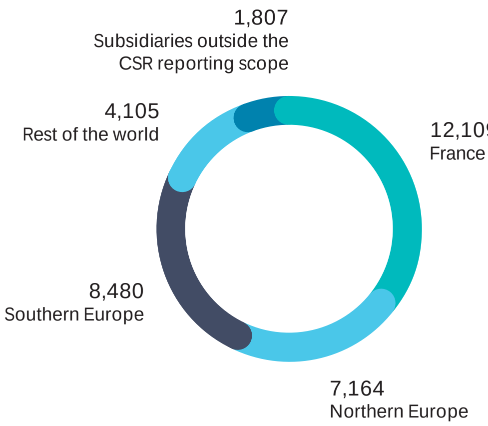
The risks related to the management of human resources are presented in sections 2.1.2.4 "Risk related to the Group's capacity to attract and retain qualified employees", 2.1.2.10 "Risk related to a deterioration of labor relations", and 4.1.1 "Main extra-financial risks and indicators".

4.2.1 Employee data

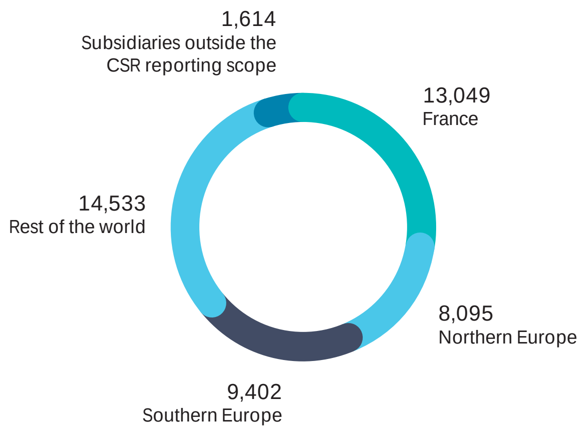
4.2.1.1 Breakdown of employees by gender, age group and geographical region

The Group's workforce included within the scope of the social, environmental and societal information[1] at December 31, 2018 (total workforce within the scope) is 45,079 employees or 97% of the Group's total workforce (46,693 employees).

The breakdown of the workforce by geographical region is as follows:



Workforce at the end of 2017



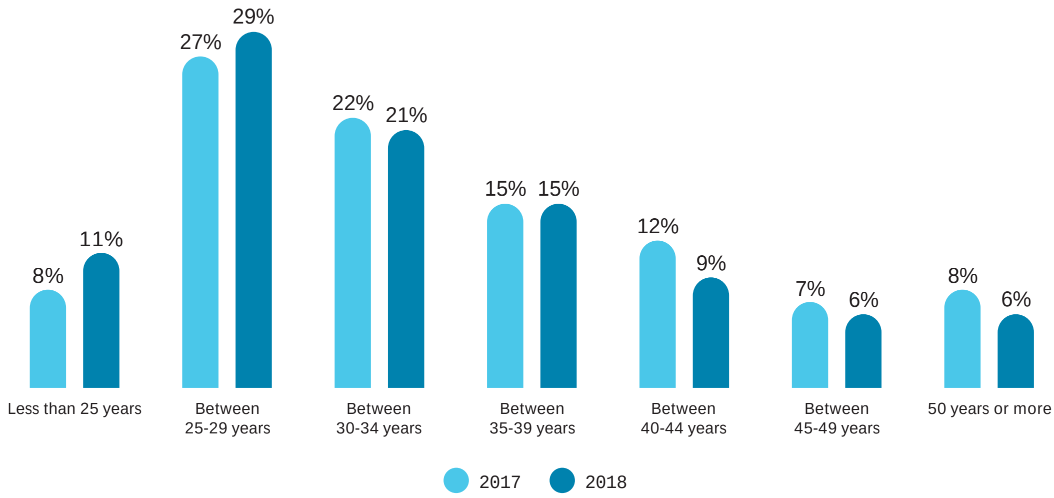
Workforce at the end of 2018

The geographical regions correspond to the operating segments as defined in section 5.1.4 "Analysis of income on ordinary activities (revenues) and operating margin" of this Registration Document. The 2018 scope does not include subsidiaries that were financially consolidated during the reporting year, except for Aricent India because of the significant impact on the number of employees.

The Group's workforce was 27.4% female in 2018 compared with 26% in 2017, *i.e.* 12,347 female employees and 32,732 male employees.

(1) See 4.1 "Reporting methodology".

Age group pyramid



The proportion of employees for whom age is incomplete or inconsistent in 2018 represents 3% of the scope's workforce.

4.2.1.2 Workforce trends

In 2018, the Group recruited 12,914[1] new employees within the subsidiaries included in the reporting scope, all types of contracts combined (interns, temporary employees, fixed-term/permanent contracts, etc. see section 4.1.6 "Framework" of this chapter). The number of leavers, for whatever reason, over the same period, was 12,343.

The rate of voluntary departures, indicator used to monitor attrition, is 24.2% for 2018 for the entire Group. It measures the resignation rate in relation to the average number of employees over the year, and helps monitor the Group's ability to retain its employees in a sector where employee turnover is very high and inherent to the consulting profession.

4.2.2 Remuneration trends

Principles

The purpose of the Group's remuneration policy is to help meet employees' expectations and to achieve the Group's ambitious objectives. It forms part of *The High Road, Altran 2022* strategic plan. The Group wants to attract, develop and retain talented people while supporting the Group's transformation.

The Group offers its employees a remuneration scheme as part of its ongoing concern to combine external competitiveness and internal fairness. For the Group, the rewarding of individual and collective performance is a vehicle for engaging with and improving the company's overall performance. Therefore, internal surveys are regularly conducted using the E-Sat (employee satisfaction) tool in the context of the Group's different geographical locations in order to confirm the Group's positioning each quarter in local markets. Moreover, Career Management Committees have been extended to all parts of the organization, thus contributing to the improved monitoring of payroll development.

Personnel expenses

The personnel expenses for the Group as a whole and the changes in comparison with the previous year are set out in section 5.1.3.2 "Net operating expenses".

Depending on local regulations, the structure of the pension plans proposed by all countries to their employees is principally based on defined-contribution pension plans.

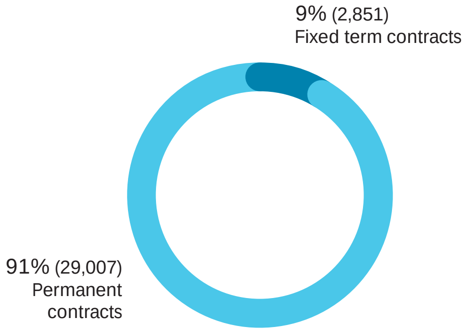
Senior management remuneration

Around 50 Senior Managers holding the highest positions within subsidiaries and at Group level benefit from individual monitoring by the human resources department in terms of their development and remuneration. The variable element of the remuneration scheme for Senior Managers is common to all countries, managed by the Group and subject to an annual review of objectives in order to ensure that it is aligned with the company's strategic direction and supports the Group's transformation.

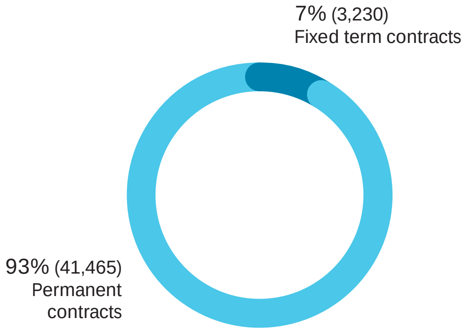
The remuneration of corporate officers is presented in section 3.1.2 "Remuneration of the administration and management bodies".

(1) Data not available for Luxembourg

4.2.3 Organization of work

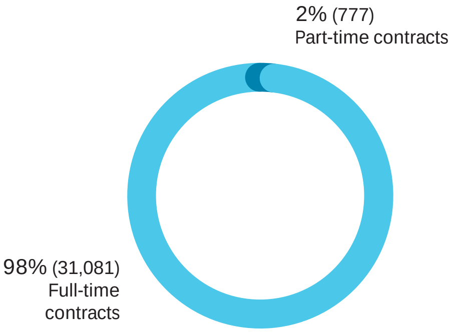


2017

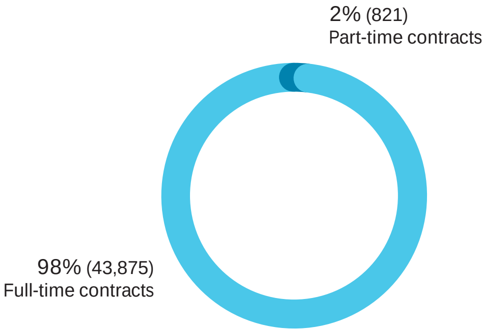


2018

Fixed-term contracts include temporary employees.



2017



2018

Interns are considered full-time.

4.2.4 Social dialogue

Within the Group

The Group considers that social dialogue is an essential part of a progressive social policy and contributes to the Group's successful operations. An ongoing social dialogue enables constructive relationships to be maintained. The Group has therefore been working with a Special Negotiation Body (SNB) to introduce a European Works Council (EWC). An agreement on how the EWC should function (membership of the Committee, scope, organization and functioning, etc) was signed with unanimous agreement in September 2018 and was the result of a constructive negotiation between the Group's management and the members representing 14 trade unions and 7 national Works Councils.

The first plenary meeting of Altran European Works Council took place on December 4, 2018. It was chaired by the Group Human Resources Director, with Dominique Cerutti, Altran's Chairman and Chief Executive Officer, the Chief Operating Officer Europe, all elected employee representatives from ten countries, and management representatives in attendance.

At the local level

In accordance with applicable legislation, the Group has employee representatives in Belgium, France, Germany, Italy, Luxembourg, Morocco, the Netherlands, Spain (Altran Innovación) and the United Kingdom (Cambridge Consultants).

49% of employees in the reporting scope are covered by a collective agreement (vs 69% in 2017). 100% of employees are covered in Belgium, Spain (excluding interns and employees of ACIE), France, Italy (excluding interns), and Sweden, 69% in Germany, 89% in Portugal and 50% in Romania.

In Italy, six collective agreements are in force. They cover working time, meal vouchers, productivity bonuses, the social aid program, sexual harassment, union relationships and days off for sick children. New collective agreements were signed during the year in Spain on training, in Belgium on the different work arrangements, in France on the European Works Council, while Germany signed 15 agreements on subjects such as equal opportunity, employee satisfaction and the employer brand.

In the other countries, employees may direct their questions or share their opinion and suggestions *via* the internal satisfaction survey tool ("e-sat") or through the Human Resource Managers.

4.2.5 Health and safety at work

The Group is committed to ensuring the health and safety of its employees and complies with all national and EU legislation and directives on this subject. The Group establishes workplace health and safety and professional risk assessment policies in each country. They cover the generic risks which concern all employees, such as professional travel, risks related to projects and sectors in which our consultants work (ionizing radiation, etc), the risks that concern the workstation and work premises, as well as psycho-social risks. Accident-prevention and information actions are regularly organized in the various countries, according to priorities: prevention of risks of falling on the premises, awareness of road-travel risk, measures to develop well-being at work (see 4.2.6 "Quality of work life").

Workplace Health and Safety Committees are mandatory in Belgium, France, Italy, Luxembourg and the Netherlands. In Germany, only safety is a legal requirement but health is nonetheless incorporated. The Group also has Health and Safety Committees in Spain, Morocco, Portugal and the United Kingdom (Cambridge).

In Spain and Italy, the workplace health and safety policies put in place are the subject of an agreement with the employee representatives.

In France, the "responsible contract" took effect on January 1, 2018 with an adaptation of health-insurance and death/disability insurance coverage.

As part of its policy on professional travel, the Group also has an assistance and repatriation contract with International SOS for all employees in France and Italy. This contract will be extended to the other countries of the Group in 2019.

	Total 2018	France	Northern Europe	Southern Europe	Rest of the World	Reminder Total 2017
Number of workplace accidents	118	44	20*	54	0*	48
Workplace accident frequency rate	1.89	2.12	1.44*	3.27	0*	0.84
Workplace accident severity rate	0.03	0.05	0.01*	0.03	0*	0.02
Absenteeism rate	3.36	2.97	5.86	2.16	1.01	2.99
Occupational illnesses	7	0	7	0	0	9

* Data not available for Aricent India, Cambridge UK and Luxembourg.

4.2.6 Quality of work life

In several countries, the Group introduces policies on quality of work life and offers activities or services that encourage workplace well-being and its employees' work-life balance. In 2018, 11 countries have developed a specific program.

In Belgium, the workplace well-being policy is based on training to combat stress or to improve time management.

In Romania and Sweden, employees have access to private medical services, health insurance and several preventative health activities.

Other countries, such as the United States, offer sports-related programs with loans of equipment (gear, smartwatches), financial support for fitness programs or sports centers.

In France, regular awareness-raising initiatives are in place. The Company Day, "J'aime ma boite", which took place in October 2018, promoted sport and well-being with the organization of a sports challenge where employees covered a total of 90,200 km. The Quality of Work Life Week in June 2018 also offered the opportunity of sharing advice on ergonomics, nutrition, health and meditation during workshops organized at various sites in France.

4.2.7 Talent acquisition and development

Talent acquisition

The Group has established a recruitment policy (*Altran Group Hiring Policy*) that defines the framework and guidelines for the hiring process, with the aim of ensuring transparency and objectivity and respect for ethical principles. It has also determined its strategic requirements for skills to fulfill the requirements of its customers (*Altran Group Strategic Resources Needs*), which is formalized in a document that is updated annually and shared with the executives and managers of local human resources. These are used to orient recruitment and the training of employees.

In order to promote internal mobility, the Group provides an online platform called ATS (*Applicant Tracking System*) to employees in Belgium, France, Germany, India, Italy, Portugal, Scandinavia, Spain, Switzerland, the United Kingdom and the United States, as well as a career page on the Group's website. This improves the visibility of offers and transparency to employees. An online co-opting functionality is also available through the ATS platform in order to involve employees in attracting talented people from the market.

The Group is particularly active in attracting external candidates, with targeted communication campaigns, recruitment events and relationships with target schools. In France, the Group also organizes "talent nights" and "innovation days" to promote knowledge of Altran and its career possibilities, and identify future talent. Talent nights were organized in 17 cities in 2018.

Talent development principles

Talent development is a key issue in the transformation and performance of the Group and has a dedicated policy (*Altran Group Learning & Development policy*). The aim is to adapt skills to requirements in the short, medium and long terms, and to retain employees by offering them training opportunities and improving their employability.

Training is a key challenge in the Group's transformation and performance. In order to meet business challenges, in 2018 the Group introduced a virtual academy (Altran Academy) comprising a number of training programs. They are supported by a varied range of training and development solutions including: face-to-face training and e-learning, online training, coaching and mentoring, webinars and access to specialist technical documentation. The Academy's structured programs include:

- the Insights Discovery program that was introduced for more than 1,000 employees from mid-2017, allowing them to identify their preferences and to improve their interactions with other people for employee and organizational development;
- a shared on-boarding process that was also launched in 2018 in most of the Company's countries to ensure that any new employee understands the Group, its strategy and its businesses. Another objective is that every new employee is able to benefit from local support from their line management and a "buddy" in order to develop a strong relationship with their working environment, colleagues and management and start working for our clients within a short time frame;
- in 2018, the Group strengthened its training for first line consultants (*Team Managers*) and for sales teams to extend their knowledge of the Group and its goals, and to strengthen their commercial and managerial skills. This five-month international program is delivered both through face-to-face and telepresence methods and by e-learning.

Every employee is invited to be active in its own development through the internal "FOCUS" (*Formal Training, On-the-Job Learning, Coaching, Unstructured Learning, Special Assignments*) model which promotes diversity in learning methods. This includes participation in conferences, discussions within trade associations or professional communities.

"Core" and "Non-Core"

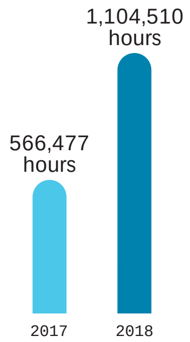
The Group human resources department ensures the consistency of the strategic guidelines at a global level in terms of training and skills development, while managing so-called "corporate" or "core" training which contributes to developing a shared foundation.

The Altran Academy training programs presented above form part of a common foundation ("core") and are in addition to training provided locally ("non-core").

The Group is a knowledge-based company, which encourages its different subsidiaries worldwide to promote training and development initiatives by business lines.

New training methods such as Massive Online Open Courses (MOOC) or Corporate Online Open Courses (COOC) have been introduced in some countries. Belgium launched its first COOC in 2017 to improve employee integration journey, program which has been extended to France as of September 2018. In Belgium again, but also in the Netherlands and Luxembourg, the Group is offering a program for high potential consultants called the "Ambassadors Program". Some 50 consultants, selected through talent reviews, have benefited from a two-year program including training and quarterly sessions with different speakers. Rewarding the exceptional performance of the consultants, this program aims to make these high-potential individuals into agents of change. The program has been developed in partnership with two Belgian business schools.

Hours of training



In 2018, 1,104,510 hours of training were provided to the employees of the subsidiaries within the reporting scope, compared to 566,477 hours in 2017. The total number of employees trained was 32,509 ie. 72% of the workforce. [1]

Performance management and identification of high-potential employees

The Group wants to develop its talented employees in order to enable them to perform at the highest possible level. The Group has therefore introduced a shared platform for annual assessment interviews based on a harmonized process across the different geographical areas. As a result, in 2018, 33,268 employees had a performance assessment interview, ie. 74% of the workforce. In order to encourage the feedback culture, employees are given the opportunity to raise with their managers major subjects such as:

- the review of annual objectives;
- the setting of new annual objectives;
- the assessment of competencies;
- the overall annual performance;
- the identification of training needs for the current position but also to support development goals in the short, medium and long term;
- career development goals (functional or geographical mobility, promotion, etc.).

In the coming years, the Group wants to capitalize on the reporting and assessment tool integrated in the platform as part of its Talent Review process by including information about employee's potential and prospective successors. Indeed, the Group is promoting internal career development and wants to be able to identify its high-potential individuals in order to prepare them to be future leaders in both local and head office positions. The Talent Review process includes succession planning which is carried out in order to ensure business continuity and to ensure that employees benefit from succession plans wherever they are based.

4.2.8 Diversity

4.2.8.1 Gender equality

Principles

In line with its ethical charter, the Group promotes diversity and inclusion, and their benefits for employees and the company, with a focus on gender equality. Actions at Group level and local level have been implemented. In addition to respecting the fundamental principle of employee equality, these initiatives are intended to:

- improve the organization's performance and well-being in the workplace;
- attract and retain talent;
- enhance its brand image and reinforce employee commitment;
- reduce regulatory risk.

Group initiatives

The "Women in Engineering" network, which was launched at the 2013 International Paris Air Show, is the result of an initiative taken by three Group Directors and several "women leaders" from Safran and PSA groups, in order to set up a global discussion platform for women executives in the world of engineering. These change agents share the ambition for concrete change and are inspired by the same performance and growth aspirations.

Local initiatives

Local initiatives are in place in several countries in order to contribute to developing gender equality within the Group. Equal pay surveys have been carried out in India, Spain, the United States and the United Kingdom.

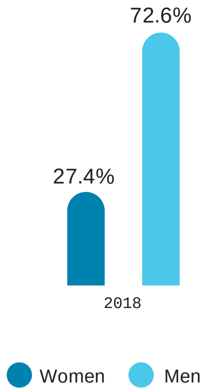
In France, an action plan on professional gender equality has been implemented. In view of social balance sheets and comparative reports on gender equality, the four principal areas of action on which are based specific measures associated to advancement undertakings or targets are remuneration, promotion, training and working conditions.

In the United Kingdom, the Group is taking part in the Women in Science & Engineering (WISE) initiative. A special committee is analyzing the statistics on women in engineering (salaries, maternity benefits, etc.) in order to define improvements in gender equality.

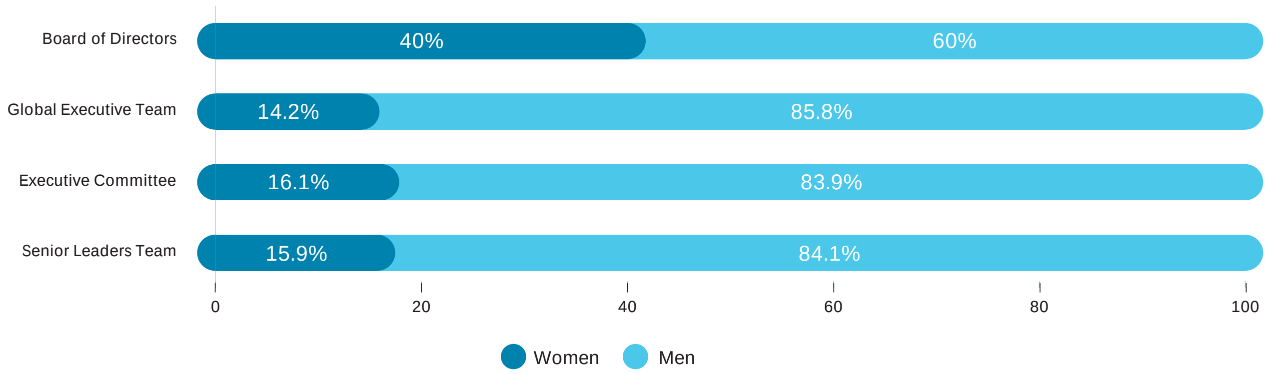
(1) Data not available for the Netherlands, Luxembourg and Cambridge USA.

Gender breakdown within the workforce

In 2018, the workforce of the scope is composed of 27.4% of women and 72.6% of men.



Gender breakdown within the administrative and executive bodies



4.2.8.2 Employment and integration of disabled people

The Group employs disabled workers in Belgium, the Czech Republic, France, Germany, India, Italy, Morocco, Portugal, Spain, the United Kingdom and Ukraine. The average number of disabled workers was 0.86%[1] of the workforce within the 2018 scope.

	Belgium	Germany	France	Italy	Morocco	Portugal	Spain	Ukraine	UK[1]	USA
Percentage of employees registered as disabled workers	0.33%	2.19%	1.84%	3.62%	0.06%	0.17%	0.26%	0.12%	0.31%	0%

After negotiations that began in 2018, the Group signed in France at the beginning of 2019 its second company agreement in favor of the employment and integration of the disabled people. As at the date of this Registration Document, the French agreement is pending administrative approval. This agreement defines the guidelines, objectives and actions to recruit and retain disabled people, collaborate with sheltered sector organizations, train disabled employees and raise the awareness of all employees about these issues.

Since the first agreement was put in place in 2016, 81 new disabled employees were recruited at the end of 2018, 75 new declarations of disability were submitted and 117 interns were hired as part of their retraining related to disability. More than 200 employees were also supported by the Disability team.

Focus on the Disability team in France: making diversity a sustainable driver of performance

Since May 2009, with the support of the Disability team in France, the Group has been promoting diversity in all its forms and making it a source of strength and wealth. The creation of the Disability team demonstrates the Group's commitment to introducing a policy to support the employment of disabled people.

(1) Data not available for the Netherlands and Cambridge UK.

As a signatory of the diversity charter, the Company is committed to introducing an active employment policy to support disabled people. Particularly in France, many employees who are registered as disabled workers are recruited and retained. Each of them enjoys a customized follow-up and management teams benefit from awareness sessions.

The Group's objectives are three-fold:

- to recognize, integrate and value differences;
- to develop partnerships with the sheltered sector;
- to change minds and behaviors in the company towards disability.

Various initiatives have been introduced in order to support Altran's disabled employees and gain acceptance for diversity in the Company:

Awareness-raising initiatives

The Group conducts awareness-raising initiatives for employees on a regular basis. During the European Disability Employment Week (EDEW), the Group proposed events at its different sites to raise the awareness of its employees and inform them about disability issues in particular through the launch of a "Handi Escape Game" about disabling illnesses.

The sheltered sector

The Group calls on companies from the sheltered sector for its subcontracting needs and has introduced concierge services at its Paris region's sites. In this way, the Group plays a role in maintaining and creating employment by offering employees from ESATs (vocational rehabilitation centers for disabled workers) the opportunity to develop in an "ordinary environment".

Partnerships

The Group has established partnerships with several associations and organizations to receive interns to promote the employment of the disabled through work-experience or training, such as HandiPlume, Many Rivers and numerous professional rehabilitation centers throughout France.

In 2018, the Disability team also took part in more than 70 forums and dedicated exhibitions, such as: Handicafés, Handijob, Forum de l'Adapt, or dedicated job dating organizations such as Cancer@work. It also established numerous partnerships with schools and universities: GEM (Grenoble), UPS (Toulouse), CRM Mulhouse, CRP Millau, ICN Business School, ICAM, ESTACA.

Since 2017, the Group has also been an "Official Partner" of the 4L Trophy through its Disability team, and supports an ESTACA handivalid crew.

4.2.8.3 Anti-discrimination policy

Anti-discrimination policies are developed locally in accordance with current legal and regulatory provisions. The Group is a signatory of the diversity charter in Belgium, France, Italy and Spain.

In France, the Group is committed to supporting the integration, maintenance in employment and improvement of the quality of work life of employees affected directly or indirectly by cancer. It has been a "pioneer" partner of the organization Cancer@Work since 2013 and was the first company to sign the charter.

Together they also organize conferences on disabling chronic illnesses in the business world with the aim of changing minds, giving people a voice and implementing pragmatic solutions.

4.2.9 Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organization

The Group is a signatory of the United Nations Global Compact and the diversity charter in Belgium, France, Italy and Spain. Commitments to eliminate employment and vocational discrimination are incorporated in the Company's ethical charter and in local ethical charters and codes.

The Group complies with all legislation on human rights and on working conditions in the countries where it operates (in particular, those relating to respect for the freedom of association and collective bargaining rights, the abolition of all compulsory labour and the effective abolition of child labor). The social risk of infringing human rights is low.

4.3__ Societal performance

The Group is committed to ethical behavior and complies with all legal and contractual provisions to combat corruption and to protect personal data. The Group ensures that, in the light of its risks and impacts, appropriate and responsible procurement policies and initiatives are implemented.

Through its patronage activities, the Group is seeking civic engagement by deploying its consultants' expertise for public interest purposes.

4.3.1 Stakeholders and local development

4.3.1.1 Basis for stakeholder dialogue

The Group's stakeholders are groups of individuals or legal entities who significantly affect or are affected by its activities, or who play a key role in maintaining the credibility and legitimacy necessary for the company:

- clients;
- employees and their representatives, applicants and alumni;
- shareholders, financial institutions and financial analysts;
- partners, suppliers and subcontractors;
- educational institutions;
- public or private research centers;
- the media;
- public national and local authorities;
- developers of innovative projects;
- sector companies;
- company associations or clubs and occupational trade unions.

Information, consultation and discussion tools are developed for these stakeholders to be available and used throughout the year, such as the Internet and Intranet sites, social networks, etc. Other discussion tools come into play once or twice a year such as satisfaction surveys, exhibitions, events, etc.

4.3.1.2 Relationships with schools and universities

The Group has special relationships with a number of "Grandes Écoles" and universities and is able to support faculty members and student associations across the curriculum. Courses, mock recruitment interviews, training and conferences: the Group shares its consultants' knowledge and expertise with students. For example, in France the Group is involved in a partnership with the Léonard de Vinci University center. This partnership is both academic through the sponsoring of 700 students and research-related through the creation of a "Big Data for Customer Experience" university chair.

The Group supports student initiatives, such as the 4L Trophy, the largest student rally in Europe, or the EDHEC Sailing Cup, a sporting event that brings together students from a number of educational institutions. It also takes part in many recruitment exhibitions and forums to have discussions with students and young graduates and to present possible development pathways.

4.3.1.3 Territorial, social and economic impact in terms of employment and regional development

The Group's development policy for its foreign subsidiaries favors the recruitment of local managers, both for senior management positions and for operating or functional managers, while maintaining its international mobility policy. 14 nationalities are represented on the Management Committee which brings together some 50 senior Group managers.

With 12,914 people recruited in 2018 and activities spread over some 150 sites within the subsidiaries in the 20 countries included within the reporting scope, the Group is a major player in developing employment in many regions in these countries. In particular, the Group has a presence in more than 20 cities in Germany and almost 30 in France with over 2,000 employees associated with the Blagnac site. The Group operates in about 15 cities in Italy with more than 500 employees in Rome and over 700 in Milan and Turin. The Group invests in local development in Morocco, where over 1,500 engineers were hired at the Casablanca site and received many hours of training. The Group is also actively engaged with local authorities in Portugal to make the city of Fundão a major technological center.

4.3.2 Fair practices and initiatives in support of human rights and fundamental freedoms

4.3.2.1 Combating corruption

The Company has been a signatory of the United Nations Global Compact since 2009 and complies with all legal and contractual provisions to combat corruption. In accordance with the requirements of the French Sapin II Act, the Company has defined a common anti-corruption policy for the Group as a whole. This policy is described in sections 2.1.5.3 "Corruption risks" and 2.2.2.1 “Control environment” of this Registration Document.

In 2018, no alert was received via the internal whistleblowing system.

The Group’s anti-corruption policy and ethical charter are available to employees on the Company’s intranet site. To facilitate access to these by external stakeholders, these documents will be published on the company's website in 2019.

The Group has also initiated an online training program on combating corruption with the first pilot courses were rolled out at the end of 2018. A priority target has been set of around 1,000 employees who are exposed to risk because of their function or status. Completing the online training in 2019 will be mandatory for these employees.

4.3.2.2 Data protection

The Group complies with the legal and regulatory provisions governing the collection, processing, retention, protection and use of data of a personal nature. Declarations to the competent authorities are made, where appropriate, by each Group company. The Group’s security management systems are certified as complying with the ISO 27001 standard in France, India, Portugal, Spain and the United Kingdom.

In order to ensure compliance with the General Data Protection Regulation (GDPR) which applies in Europe from May 25, 2018, the Group has initiated a number of strategic initiatives.

A detailed assessment was carried out with the support of an external consulting firm in order to identify variances with the regulation, risks and an associated action plan. Altran then appointed a Data Protection Officer (DPO) for the Group and declared this to the French Data Protection Authority (CNIL). The DPO is connected to the countries by local Data Privacy Leaders (DPLs). Their role is to ensure compliance with locally applicable legal requirements and to ensure that all employees are fully informed of their rights and obligations.

The DPO/DPL team works with all data controllers to upgrade the procedures deployed at Group level, in the different countries and entities. They have also identified all processing of personal data in data registers, both by data controllers and data processors, and carried out for each of them an assessment of the need to conduct a data protection impact assessment. The implementation of the internal SYNERGI tool has also been launched in order to monitor changes in registers, risks and internal control in the most standardized way possible.

The DPO/DPL team provides the necessary support to the Group’s and countries' legal teams in order to update all client and supplier contracts and to include clauses relating to personal data management and protection. Confidentiality Charters and Data Processing Agreement (DPA) forms that can be used in updating client and supplier contracts have thus been put in place.

As it is essential that all of the Group’s employees are aware of the impact of this regulation on their activities, even if they are based outside the European Union, a mandatory online training program has been launched. It will continue in 2019. The Group has also introduced on its intranet site a specific information section in order to raise awareness amongst all employees.

The Group provides regular information to its clients, partners and employee representatives in accordance with the current legislation in every country, in order to maintain this compliance over time.

4.3.2.3 The fight against tax evasion

The tax risks and the organization put in place to contain them are described in the section 2.1.4.7 “Tax Risks”.

The Group ensures compliance with the principles set forth by the OECD on the erosion of tax bases and the transfer of profit (*BEPS: Basis Erosion and Profit Shifting*). In this regard, Altran pays taxes in the countries where its activities generate value and profit. As part of its post-acquisition integration policy, the Group ensures that its best practices are extended to its new operational scopes.

4.3.3 Responsible procurement approach

The Group's activity consists of providing intellectual services. Business-related procurement involves subcontracting as well as operational and advertising procurement.

To bring its supplier relationships within a responsible purchasing process and adopt uniform practices throughout the world, in 2018, the Company structured and defined a Group purchasing policy. This frames the principles of collaboration with service providers, such as contracting, calls for tenders and performance monitoring, and includes ethical criteria. It supplements the Group's ethical charter and anti-corruption policy. This purchasing policy will be deployed in 2019 and the partners of the Group will also have to sign the new Altran supplier conduct guidelines. This approach will be facilitated by setting up a supplier database common to the entire Group, which will gradually be deployed starting in 2019.

In 2018, the Group already had a specific policy describing the reciprocal commitments with its suppliers in matters of sustainable purchasing in India, Portugal and Spain. The Group is also a signatory of the responsible supplier relationship charter in France and through its procurement department participates in the work of the Ministry of the Economy and Finances on this subject.

The Group incorporates criteria related to the assessment of environmental impacts in making decisions about several categories of procurement. According to the country, these criteria may be used when choosing paper, electronic equipment, company cars, office furniture and small presents. In France, Italy and Spain, the Group supports the employment of people registered as disabled through companies in the sheltered sector.

The tender process and/or the general procurement and subcontracting requirements in France, Germany, Italy and Spain, incorporate criteria related to the corporate responsibility. A self-assessment form is sent to suppliers in Italy, Portugal and Spain. In Portugal and Spain, the Group also informs its suppliers about its ethical procurement commitments. In France, buyers are made aware according to their type of procurement activity. Particular attention is therefore given to compliance with workplace safety procedures for operational subcontractors.

Actions implemented in accordance with the requirements of the French law on the duty of care are described in section 2.1.5.4 "Vigilance plan".

4.3.4 Patronage

The Group offers its employees the opportunity to get involved in public interest initiatives through skills sponsorship, whether at Group level or locally. Here are a few examples:

In France, the Group supported Toulouse Métropole on "The Flight of the Pioneers", a museum tracing the epic story of the French airmail service, which opened in December 2018. Our engineers designed the flight simulator for the legendary Breguet XIV aircraft.

The Group also supported the schooner Tara's scientific expedition which, during two and a half years, collected more than 36,000 samples from the Pacific's coral reefs and traveled more than 100,000 km. It was the largest scientific project devoted to this ecosystem and the schooner returned to its home port of Lorient in 2018.

The World Class Centers Analytics and IoT teams cycled 480 km from Nantes to Paris to raise funds for the charity Médecins Sans Frontières.

In India, the Group supported the Pritech Walkathon, an initiative that took place on Women's Day in order to raise funds for the Kidawai Institute of Oncology which is fighting cancer, as well as the Nishwartha Foundation supporting education for girls.

To raise awareness of male diseases, Tessella employees took part in Movember, growing moustaches and raising funds to support the Movember Foundation Charity.

4.4__ Environmental performance

Due to the Group's activity consisting of providing intellectual services, the principal environmental impacts of its business activities are related to office activities at its premises (paper and energy consumption, waste management), to employees' business travel and to the CO_2 emissions related to these activities. Generally, the Group's environmental impact remains low and the associated risks are limited. In several countries, the Group is developing policies, management systems and initiatives necessary to control its environmental impact.

Through its intellectual service offering, the Group is also supporting its customers in reducing their environmental impact. The Group is participating in researching innovative solutions offering the highest level of environmental protection.

4.4.1 Organization to take into account environmental issues

Nineteen sites in Germany, India, Italy, Romania, Spain, Sweden and the United Kingdom have environmental certifications (ISO 14001 certification or Eco-dynamic [1] Enterprise label), and have therefore introduced associated environmental management systems. More than 40% of the Group's total workforce within the reporting scope is administratively attached to these 19 certified sites.

Also, the Group develops its policies and initiatives to measure and reduce the environmental impact related to its activity, with four priorities:

- **business travel:** limit the environmental impact of travel by favoring public transport, by favoring the train rather than aircraft, and by improving the energy performance of the company vehicle fleet; limit travel through the growing use of remote working tools;
- **energy efficiency of buildings:** reduction of consumption *via* HQE (high-quality environmental) buildings and improvement of the energy mix;
- **resource consumption:** reduction in volumes of paper consumed and a purchasing policy that respects environmental standards;
- **recycling and waste management:** organized management of waste and generalization of recycling.

In accordance with its strategic plan *The High Road, Altran 2022*, the Group has set itself an objective of reducing its emissions by 10% in 2022 vs 2017.

4.4.2 Environmental training and employee awareness

In France, Germany, India, Italy, Spain, Sweden, Ukraine and the United Kingdom, the Group makes employees aware of reducing environmental impacts through various initiatives: induction seminars, involvement in specific events and conferences, the publication of best practices for eco-friendly behavior, distribution of posters or news updates on the Intranet or by email.

The training offer in Belgium, Czech Republic, France, India, Scandinavia and the United Kingdom (Cambridge) includes environmental training. In Germany, new arrivals are provided with information about environmental issues.

4.4.3 Sites

In carrying out its business activities, the Group operates at some 150 sites in the 20 countries included in the reporting scope. Of these sites, 30 are considered to be significant and are incorporated within the environmental information reporting scope. Detailed information on the sites included within the environmental information scope is presented in section 4.1.2 "Scope of the environmental indicators" of this chapter.

4.4.3.1 Paper and water

The paper consumption during 2018 at the company's sites included in the reporting scope was 63.4 tons (see section 4.1.6 "Framework"), *i.e.* an average paper consumption per employee of 1.8 kg in 2018, compared to 2.3 kg in 2017.

(1) The Eco-dynamic Enterprise label is an environmental certification developed by the Brussels Institute. The label is the equivalent of an EMAS certification.

Reducing paper consumption is encouraged by the introduction of printing monitoring tools, a default black and white and double-sided printer setting and the use of shared printers. This is the case in Portugal where the concept of secure printing with a PIN code has been introduced, or in France were printers operate by using an access badge, enabling the amount of printing to be reduced. Other initiatives have been introduced in some countries, such as using recycled paper or going paperless for certain documents (administrative management, invoices, payslips, etc.). In Italy, for example, using the DocuWare tool has enabled an electronic invoicing service to be offered since January 1, 2018. In France, payslips have gone paperless and employees have had individual online safes since 2018. In India, the expense claim management process has been reviewed with the result that printing no longer takes place automatically.

One of the 2018 objectives in Spain was to design an office that reduced paper usage to a minimum, with all types of documents being converted to a digital format. The first stage was to assess the number of printed copies by region and department. Specific measures will now be deployed in order to improve processes and reduce the amount of printing.

In the light of the Group's activities, water consumption is related to the internal use of toilets, showers and washbasins in rest rooms, sinks in kitchens, dishwashers, coffee machines, water fountains, etc. The water consumed is taken solely from municipal water networks.

4.4.3.2 Energy

Site energy consumption [(1)]

(in megawatt-hours)	Total	France	Northern Europe	Southern Europe	Rest of the World
Energy consumption (see section 4.1.6)	65,848	11,791	10,067	3,247	33,313
of which electricity consumption	63,575	11,791	8,445	2,596	33,313
Average energy consumption (in kWh/m^2)	317	222	257	112	386

By way of comparison, the average energy consumption (in kWh/m^2) was 206 in 2017.

The energy sources used to provide the electricity needed by the Group (energy mix) are 22% renewable energy sources and 78% non-renewable energy sources.

The Group is trying to reduce its energy consumption by choosing HQE (French high environmental quality standard) buildings or by reducing the surface area of its offices. The Belgian teams have, for example, moved to more modern and smart premises. This has led to a significant reduction in their energy consumption thanks, in particular, to double glazing and making it impossible for employees to set the temperature manually. According to the sites, lighting and air-conditioning systems automatically turn off outside of working hours or use sensors to measure movement and natural light levels. Where there is no automatic system a security guard checks that lights have been turned off. IRM has also chosen to replace defective or obsolete air-conditioning units with more environmentally friendly models.

4.4.3.3 Pollution, waste management and circular economy

The Group has introduced sorting and recycling of waste related to its business activity in accordance with legal requirements and local contexts.

100% of the significant sites included in the environmental information scope sort paper for recycling purposes, and 97% sort ink cartridges and other electrical and electronic equipment waste. To this end, Italy organizes awareness raising campaigns on recycling and energy consumption. The majority of sites sort in order to recycle plastic, light bulbs and tubes, metal packaging and cans, glass, batteries and refrigerants used in air-conditioning system. The air-conditioning systems installed at the sites do not use refrigerants that emit ozone depleting substances except in Eindhoven and Cambridge where small amounts are still used. At the end of 2017, new sorting areas for dry mixed waste were also installed in Cambridge in the United Kingdom.

4.4.4 Business travel

The measurement of the environmental impact of employee business travel includes three categories of transport methods: journeys by car, plane and train.

6.5%[(2)] of employees have a company car in 2018 (excluding Ukraine), compared with 10% in 2017. In 2018, 3,352,672 liters of fuel have been consumed by employees with company cars, compared to 3,272,411 liters in 2017.

With regard to the journeys made by train and plane, employees traveled a total of 116,643,800 km (excluding Morocco and excluding train journeys for Sweden and Portugal, for which data is not available). 51% of journeys were made by train and 49% by plane, compared to 65% by train and 35% by plane in 2017. Depending on the site, reducing the impact of business travel is encouraged by selecting company cars according to their CO_2 emissions, using video and audio conferencing systems, access to a car sharing website, the reimbursement of all public transport fees and by reducing plane journeys in favor of traveling by train. The number of hybrid cars is also rising.

Cambridge Consultants takes part in the Travel Plan Plus "Annual Travel To Work" survey, with the objective of collecting data on employees' daily travel to work in order to set modal split targets.

The Group also introduced an innovative immersive telepresence technology solution. It enables meetings to be organized by simulating the presence of all participants in the same room thanks to a full size display and excellent visual and sound quality. A total of 20 rooms have been installed in 14 countries.

(1) Electricity data are not available for Eindhoven, Lisbon, Fundão and Porto and gas data are not available for the Scandinavian and Belgian sites.
(2) Excluding Ukraine.

4.4.5 Climate change

The Group supports its customers in complying with ever stricter environmental regulations. Climate change is a priority issue and a technological challenge in three sectors where the Group operates: energy, automotive and aerospace. The Group is supporting energy sector companies as part of the energy transition in order to develop a low carbon energy mix and improve energy efficiency. In the automotive sector, Altran experts are opening up new avenues in terms of hybrid and electric power trains while improving traditional vehicles. In this way, the Group is playing a role in reducing the climate impacts from the manufacture and use of vehicles. The Group is helping its aerospace sector customers to reduce aircraft fuel consumption by reducing aircraft weight, optimizing engines and flight plans, and by developing the use of solar energy. Thus, in April 2018, the Group won, with Airbus, the Crystal Cabin Award (International prize dedicated to innovation inside aircraft cabins) for the "printed electrics" technology. This new digital technology uses conducting inks to print circuits transmitting data and energy, with the aim of replacing the current wiring and thus reduce the weight of the aircraft.

Because of its business sector, the Group does not envisage any regulatory risks or risks due to physical changes related to climate changes that may have significant financial consequences for the Group.

The Group conducts a carbon assessment of its activities in France, in accordance with its legal obligations. The significant sources of greenhouse gas emissions are associated with office activities at its sites (energy, paper consumption) and employee business travel (journeys by company cars, plane and train). Travel between home and work and business travel in personal cars are not taken into account because of a lack of available and reliable data. The Group has been completing the CDP climate questionnaire since 2014.

Greenhouse gas emissions:

Emission sources	Associated emissions in metric tons CO_2 eq. in 2018	Reminder of 2017 data
Site use	42,725	9,142
Business travel	32,424	22,876
Scope 1	11,123	10,922
Scope 2	42,113	8,481
Scope 3	21,912	12,615

4.4.6 Biodiversity

The activities that take place at the sites are office activities. The sites are located in urban areas. No site is located in a protected area.

4.5__ Report by the independent third party on the consolidated non-financial statement

This is a free translation into English of the Independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In our capacity as an independent third party accredited by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), member of the Mazars network, one of Altran Technologies' Statutory Auditors, we hereby report to you on the consolidated non-financial statement for the year ended 2018, December, the 31st (hereinafter the "Statement"), included in the Altran Technologies management report pursuant to the legal and regulatory requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators. The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request from the entity's head office).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;

- the fairness of the information provided in accordance with 3° of article R. 225 105 I and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;

- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;

- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2°, of the French Commercial Code;

- we verified that the Statement presents the business model and the key risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;

- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;

- we assessed the process used to identify and confirm the principal risks;

- we asked what internal control and risk management procedures the entity has put in place;

- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;

- we verified that the Statement includes a clear and reasoned explanation for the absence of policy concerning one or more of those risks;

- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;

- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes(1) that we considered to be the most important, we implemented:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;

- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities(2) and covers between 25% and 69% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;

- we assessed the overall consistency of the Statement based on our knowledge of the company.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 5 people between November 2018 and April 2019 and took a total of 5 weeks. We conducted about 10 interviews with the people responsible for preparing the Declaration, representing the General Management and in particular senior management of Communications, Internal Audit, Human Resources and Purchasing.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respect.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

Reporting perimeter is not homogeneous for all key performance indicators, due to exclusion of some cities or countries, notably impacting data comparability:

- publication perimeter of HR information covers between 78% et 97% of Group headcount at 2018, December, the 31st. To be noticed that the KPI "voluntary departures rate" is not calculated based on non-financial reporting data but on financial reporting data that covers 100% of Group headcount at 2018, December, the 31st.

- publication perimeter of environmental information covers between 69% and 73% of Group headcount at 2018, December, the 31st.

Perimeter gaps are detailed for each indicator in the Declaration.

Paris, April 12th, 2019

The independent third party

MAZARS SAS

Jean-Luc BARLET	Edwige REY
Partner	CSR Partner

(1) HR information: Headcount and attrition: headcount, split by gender in Executive Management, turnover rate; Absenteeism: absenteeism rate; Diversity: number of disabled employees; Social dialogue: number of collective agreements signed with employee representatives; Skill management: number of training hours, number of employees who benefited from a training; Health-Safety: Frequency rate of work accidents, severity rate of work accidents.
Environmental information: CO2 emissions (transport, energy and paper consumption); ISO 14001 certifications; Number of employees covered by ISO 14001 certification.

(2) Altran France: HR and environmental information - Aricent India: environmental information

5___ OVERVIEW OF INCOME AND FINANCIAL PERFORMANCE

Readers are invited to read the information below on the Group income and financial position in conjunction with the Group's consolidated financial statements (including the notes to these consolidated financial statements) for financial year ended December 31, 2018. The consolidated financial statements are presented in section 6.2 "Consolidated financial statements", including the Group's consolidated financial metrics for financial year ended December 31, 2017 to enable year-on-year comparison.

The Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements for the financial year ended December 31, 2018 have been audited by the Statutory auditors. The Statutory Auditors' Report on the consolidated financial statements is presented in section 6.1 "Statutory auditors' report on the consolidated financial statements".

In this chapter, the Group presents certain financial information and other data for the periods indicated above under the form of alternative performance indicators in order to provide a clear understanding of the Group's activity. The Group presents, in particular, indicators such as organic growth, economic growth, operating margin or Free Cash Flow, that are not recognized under IFRS and do not comply with a single generally accepted definition. The Group refers to these alternative performance measure (APM), calculated according to the method specified in this chapter, as Management uses them to measure operational performance, make presentations to the Board of Directors and develop strategic plans. However, to the extent that other market players and competitors do not calculate organic growth, economic growth, operating margin or Free Cash Flow in the same way, the presentation herein may not allow comparison with data published by other companies under the same indicator name.

5.1__ Group income

5.1.1 Overview of the year

As a global leader in Engineering and R&D [1] services (ER&D), Altran offers its clients a new way to innovate by developing the products and services for tomorrow. Altran works alongside its clients throughtout the value chain of their project, from conception to industrialization. For more than thirty years, Altran provided its expertise to key players in a variety of industries: Automotive; Aeronautics; Space, Defense and Naval; Rail; Energy; Industry and Consumer Goods; Life Sciences; Communications, Semiconductors and Electronics; Software and Internet; Finance and Public Sector.

On March 20, 2018, Altran finalized the acquisition of the Aricent group, thus reinforcing its global leader position. In 2018, the Group generated revenues of €2.9bn and relies on the skills of nearly 47,000 employees [2].

On June 28, 2018 Altran announced a new strategic plan: *The High Road, Altran 2022*. This plan, which presents the strategic and financial goals of the Group for 2022, is based on the vision of a fast moving market with high potential. It aims at reinforcing the Group's unrivaled position as global leader on the ER&D services by expanding its service model and extending its presence in the market's key sectors and regions. Details of the Group's strategic plan are given in section 1.3 "The Group's strategy".

Lastly, 2018 was another transformation year for the Group, marked by a large number of achievements on each of its strategic areas:

- reinforcement of the Group's three differentiated and synergistic service models: high added-value services (frog design, Cambridge Consultants, World Class Centers); traditional R&D services (Altran) and industrialized services (Global Engineering Centers);
- focussing in high growth industries, especially advanced technological industries, with the ambition to generate more than 50% of Group revenues in these high potential sectors by 2022;
- spreading the service model in all European units and by confirming Altran's leadership in North America by achieving revenues of around $1.2bn in the region in 2022.

The synergy objectives linked to the acquisition of Aricent are integrated into this strategic plan.

5.1.2 Main factors having an impact on the Group income for financial year ended December 31, 2018

5.1.2.1 Economic growth

The global economic recovery had a positive impact on the key players with which the Group does business, particularly in Europe, Altran's biggest market. Changes in the engineering and R&D services markets are closely linked to changes in global R&D.

(1) Source: HfS Engineering services Top 50 - August 2018
(2) Group Headcount at December 31, 2018. See section on personnel costs in 5.1.3.2 "Net operating expenses"

R&D intensity (defined as the ratio between R&D expenses and GDP) has been constantly increasing, allowing R&D expenditures to sustainably increase, at a faster pace than GDP. Following in the footsteps of 2017, robust growth of around 6% in the global GDP was observed in 2018, especially in Europe. In this economic context, global R&D expenses should continue to increase by 5 to 6% in 2019 [1]. The United States, Europe and Asia are still the main markets for R&D, where about 90% of worldwide expenses are concentrated [2] (see section 1.2.1.2 "View of R&D expenses, underpinning the ER&D services market").

This dynamic growth has positively impacted the industries in which Altran operates, including Automotive (development of autonomous and connected vehicles, optimization of the power efficiency of powertrain systems, improve efficiency of the new models developing process), Life Sciences (connected health, development of new medicines), Semiconductors and Electronics (artificial intelligence, Internet of Things (IoT)), Software and Internet and Rail (modernization and automation of trains and rail infrastructures, industry 4.0).

5.1.2.2 Political uncertainty

Certain political events had repercussions on R&D market in 2018:

- in the United Kingdom, following the Brexit referendum of June 23, 2016 and the ensuing uncertainty about the British Parliament vote on an agreement with the European Union with regard to the exit conditions, the pound sterling experienced bouts of volatility that are unusual for the United Kingdom currency. Recruiting engineers has become more complex as the employment market in the United Kingdom is highly dependent on European workers. Consequently, certain key investors have curbed their investment programs because of such uncertainty;
- in Italy, political instability led to a slow-down in Defense activities, a major market for Altran in this country;
- the *Gilets Jaunes* (Yellow Vests) movement in France, provoked by anger against an increase in oil price which then became centered around purchasing power, forced the French government to take a series of measures and encourage companies to contribute to their employees' purchasing power. After the vote in the National Assembly and the Senate, Altran sought to join in the government's measures at year end by providing an one-time bonus to the lowest compensations;
- in China, strained trading relations with the United States, after the new customs duties came into force, reduced visibility on the automotive market. Some equipment manufacturers in this sector were hit very hard in 2018, compelling them to issue profit warnings.

5.1.2.3 Operational human resource management

The economic recovery observed in many countries had a positive impact on the labor market and may result in heightened competition to hire the best talent and increased staff turnover rates.

Consequently, the Group income is influenced by a number of factors, including its ability to:

- recruit and retain the best talent, positioning itself as an attractive employer;
- support engineers developing their skills and advancing their careers while carefully controlling payroll;
- optimally deploy engineers depending on their seniority and know-how while maintaining a high occupation rate; and
- allow its clients access to talent pools in near-shore & offshore areas.

5.1.2.4 Favorable public policies for R&D investments

Several countries (including France, Spain, Belgium, the United Kingdom, Portugal and Morocco) have proactive public policies with regards to R&D investments. These may include encouraging the creation of skilled jobs, reducing social security contributions and tax credits. Thanks to its subsidiaries, Altran benefits from such policies. Although the terms and conditions thereof may differ (conversion of tax mechanisms into lower social security contributions in France from 2019), the policies were all sustainable components of long-term industrial programs in the countries in question.

5.1.2.5 A changing engineering services market in Germany

Since 2015, the automotive industry in Europe, and Germany in particular, has made considerable efforts to reduce its ecological footprint and industry players have decided to allocate their R&D investments to new technologies rather than combustion engines, particularly diesel. This move has particularly led to an oversupply of mechanical engineering. Consequently, engineering services prices were subject to downward pressure. Moreover, major changes in German labor market regulations (the AÜG – *Arbeitnehmerüberlassungsgesetz* reform) aimed at improving the sustainability of temporary employment have restricted engineering services invoiced based on time spent at the client's premises.

The German market is gradually moving towards a model where services are invoiced per work unit performed at the engineering service provider's premises. The change is likely to bring about more nearshoring and offshoring on the German market, which has historically been characterized by onshore engineering services.

5.1.2.6 Economic revenues growth

After scope changes (acquisitions and disposals) and changes in foreign exchange rates were restated, revenues are impacted by the growth of the Group's businesses, which varies depending on the type of business activity, geographic market and client industry.

(1) Source: Altran management based on the Global GDP growth forecasts by the IMF.
(2) Source : OECD (Business Expenditures in R&D)

The Group's revenues are also impacted by changes in the number of working days from one period to another as a significant portion of its business is invoiced on a time spent basis. For instance, the weighted number of working days on a like-for-like basis for the Group was 251.1 in 2018 compared with 249.9 in 2017. This resulted in a -0.5 pt decrease in organic growth. Hence, economic growth was 7.5% for 2018 while organic growth was 8%.

5.1.2.7 Other operations and investments made during the financial year

Finalization of Aricent acquisition

Altran's dynamic external growth policy in 2018 led to the acquisition of Aricent, the world leader in digital design and engineering services.

The Acquisition enabled the Group to reinforce itself in three main industries:

- Communications, Aricent's historic industry;
- Semiconductors and Electronics, in which Aricent is very active thanks to the acquisition of SmartPlay Technologies in 2015;
- Software and Internet, where Aricent developed a significant presence.

This major acquisition was added to those made during the previous year (Benteler Engineering Services in Germany, Pricol Technologies and Global Edge Software in India) and strengthened the Group's presence in the United States, where Aricent is particularly active. This acquisition rebalanced the Group's geographic spread across the various areas in which it operates.

On July 13, 2018, the Group announced that an anomaly related to purchase orders that proved to be fictitious was discovered at Aricent, in the context of the first closing of accounts since the takeover by Altran (half-year closing at June 30, 2018). This action was the act of an individual and concerned one client, involving about $10m and relating to the period from the 3rd quarter of 2017 to the 1st quarter of 2018.

As the incident was contained to the period prior to the Acquisition (March 20, 2018), the Group did not note any significant impact on the 2018 financial year.

Altran management considers that the strategic rationale of Aricent's acquisition is strong and is not significantly affected by this incident. Altran carried out an in-depth external investigation which confirmed that this incident was an isolated event. At the same time, an action plan was implemented to restore Aricent's margin to its historical performance level. Accordingly, Aricent showed an operating margin of 17.8% for the consolidated period.

Other operations and investments

The Group invests in new technologies to strengthen its market position, either through non-controlling interests in start-ups or co-investments with industrial partners. Such investments allow the Group to become their preferred engineering solutions provider and to acquire technology integration know-how, which it can then offer to its clients.

Since January 2018, the Group has developed a partnership with UBiqube, global leader in network and security orchestration software, to support start-ups in obtaining EC marking and regulation for their solutions which are aimed at supporting efforts to digitize service providers and companies.

On March 8, 2018, Altran took part in the consortium of industry and high-technology leaders by launching the Industrial Internet of Things and Operators (2IDO) whose aim is to develop a new and efficient global wireless communications system.

In May 2018, the Group supported Ad Scientiam, a start-up developing smartphone solutions for the self-assessment of chronic diseases. The partnership consists in participating in the development of MSCopilot®, a medical device enabling real life daily monitoring of patients suffering from multiple sclerosis.

In September, Altran joined forces with Magna International, a Canadian company specialized in automotive equipment by setting up a joint-venture. This joint-venture combines Magna International's know-how in vehicles and Altran's development capacities, from the design phase to the manufacturing phase, including systems development. This joint-venture therefore makes it possible to cover the entire value chain.

Altran also signed a partnership agreement with Wirepas to develop new geo-tracking solutions.

Finally, Cambridge Consultants acts as an incubator for certain start-ups created by its employees and in which it holds minority interests.

Investments in tangible and intangible assets.

The Group is continuing to invest in the CoherenSE project, an open and innovative software platform for the next generation of smart vehicles and machines.

Except for investments the Group made in method and tools development projects relating to product development cycles as part of multi-sector R&D in Spain, and in the development of platforms, products and solutions relating to the Internet of Things (IoT) in France, investments in tangible and intangible assets were made during the 2018 financial year. The most significant investments made concern the extension works on the Cambridge Consultants premises at a cost of €15.6m.

The Group also continued to invest in the development and implementation of ERP and ERM-type software. New investments were also made in the automotive sector and launched in 2018 to complete the Body In White (BIW) services as well as to develop tools and methods for simulation on electric vehicles.

The remainder of the investments were capacity investments in IT equipment and in fixtures and fittings for its premises, as a result of an increase in employee numbers.

5.1.3 Income analysis for the financial years ended December 31, 2018 and December 31, 2017

The following table shows the Group's financial performance for the financial years ended December 31, 2018 and December 31, 2017.

(in millions of euros)	2018	2017*	%
Revenues	2,916.4	2,295.3	+27.1%
Net operating expenses	(2,564.1)	(2,045.2)	+25.4%
Operating margin	**352.3**	**250.1**	**+40.9%**
% of revenues	**12.1%**	**10.9%**	**+1.2 pt**
Other operating expenses	(135.3)	(47.1)	n.a.
Operating income	**217.0**	**203.0**	**+6.9%**
Net financial expenses	(94.8)	(20.1)	+372.4%
Tax expenses	(41.1)	(42.8)	-3.8%
Share of net income of equity associates	0.0	(0.4)	n.a.
Net income on discontinued operations	(0.1)	(8.9)	-98.9%
Non-controlling interests	(0.4)	0.0	n.a.
NET INCOME (GROUP SHARE)	**80.6**	**130.8**	**-38.4%**
Earnings per share *(in euros)*	0.35	0.68	
Diluted earnings per share *(in euros)*	0.36	0.69	

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

5.1.3.1 Revenues

Growth in revenues

In 2018, the Group's consolidated revenues were up €621.1m (or +27.1%), rising from €2,295.3m to €2,916.4m. This increase in revenues was partly due to a scope impact of +20.0% related to the acquisitions made by the Group, of which Pricol Technologies in the first half of 2017, Global Edge Software and Information Risk Management in the second half of 2017 and Aricent on March 20, 2018.

Reported growth was impacted by the negative foreign exchange rate effect of -0.9%, primarily relating to the appreciation of the euro against the USD (+4.6%) and against the Indian rupee (+9.1%) based on average foreign exchange rates for 2018 compared with average foreign exchange rates for 2017. The Group's organic growth was +8.0% for the year, the organic growth of the Group's revenues was calculated as follows: Group growth decreased (i) by the impacts of changes in the consolidation scope (acquisitions, disposals and discontinued activities) as well as (ii) impacts of exchange rate changes.

Reported growth	**27.1%**
Scope impact	-20.0%
Foreign exchange rate impact	+0.9%
Organic growth	**8.0%**

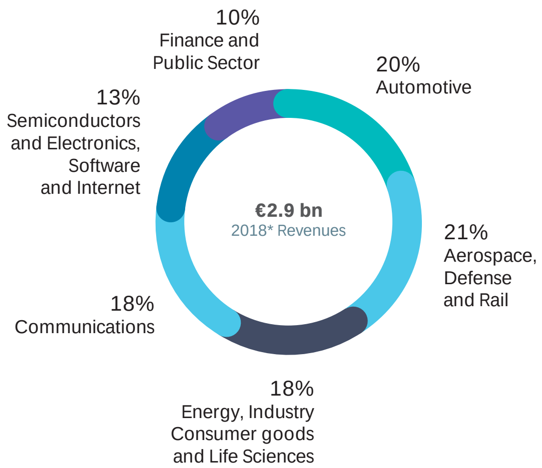
Reported growth was also affected by a greater weighted number of working days on a like-for-like basis (2017 scope), which amounted to 251.1 days in 2018, compared with 249.9 days in 2017 (*i.e.* down 0.5%).

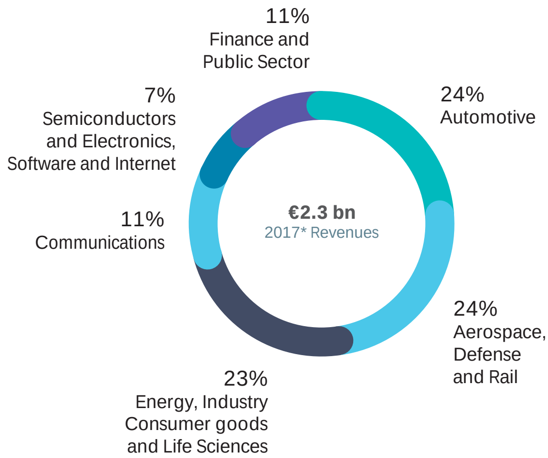
Economic growth, which corresponds to organic growth, restated for the working days effect, stood at +7.5% for the first half of 2018.

Organic growth	**8.0%**
Working days impact	-0.5%
Economic growth	**7.5%**

Breakdown of revenues by industries

The diagram below breaks down revenues by industries for the financial years ended December 31, 2018 and December 31, 2017, according to the new industry segmentation used by the Altran group following the acquisition of Aricent.





* Indicative unaudited data

The acquisition of Aricent enabled the Group to reinforce itself in three industries:

- Communications, Aricent's historic industry;
- Semiconductors and Electronics;
- Software and Internet, where Aricent developed a significant presence.

Communications

Altran mainly supports two types of clients:

- operators which propose communications services to companies and individuals;
- equipment manufacturers that develop and supply technology and platform operators.

A few years ago, the communications market was dominated by the "traditional" telecommunications players whose economic model resembled that of the public service entities.

It has now changed and has become a dynamic market driven by:

- the digital revolution and the resulting new markets;
- the growth of the integrated IoT solution and the need for secure connectivity technologies in all sectors;
- the arrival of Over The Top players offering multimedia content (video, audio or Internet data flows) to consumers directly without any operator;
- the arrival of "virtual" technologies for networks on the market and which enable operators to reduce their structural costs.

The Group's acquisition of Aricent in 2018 substantially increased its ability to meet market requirements on three points: the Group's larger presence in the United States, an increase in the operating range thanks to a balanced geographic distribution of state-of-the art centers and near- and offshore production centers for key markets and, lastly, a combination of comprehensive offers covering the whole value chain to meet clients' new requirements.

Altran now has a key position on the whole life cycle, from the initial design phase to operational support, to assist its clients in the Communications sector for the development and launch of the next generation of digital services (*e.g.*: 5G, Edge Computing, Hybrid Cloud security).

Market players reacted positively to Altran's offer and geographic cover. The number of collaborations on integrated solutions offered by Altran in the implementation of the cloud, network convergence and 5G development is in fact increasing.

For the 5G development in Italy, Vodafone partnered with Altran for its know-how in systems integration and software development. The aim of this partnership is to show how the speed and connectivity of 5G can enable an improvement in health-care, traffic, tourism and emergency services in Milan.

Semiconductors and Electronics, Software and Internet

- Semiconductors and Electronics: with a slowdown and consolidation in the sector, the market underlying semiconductor manufacturers increased by 13.4%, according to the preliminary results of the Gartner consultancy. The demand for services is driven by three main trends: the need for chipsets suitable for new uses (*e.g.* AI, IoT), the improved energy efficiency of integrated circuits, as well as adjacent industries' needs for chipsets (*e.g.* for application in cars).

The Group's continuous growth in this industry is enhanced by the proposal of an integrated offer covering all the key skills required by this changing market. Altran operates over the whole semiconductor value chain, from design and validation of integrated circuits to design and validation of platforms and electronic products.

The acquisition of Aricent places the Group in the leading rank of providers of ER&D services to companies in the sector. Hence, Altran supports 8 out of the 10 world's largest semiconductor manufacturers. Having doubled its size in this sector, Altran now benefits from sectoral expertise together with a deep understanding of cases of vertical use and customers' platforms, making it possible to provide services and solutions of a quality and depth that no other engineering service providers can equal.

This strengthened positioning enabled the Group to win several large multi-year contracts in 2018 and to take a position for rapid growth.

- Software and Internet: the shortage of qualified engineers in the latest software technologies continues to increase, while customers in the Software and Internet sector continue to spend even more on R&D, and particularly on areas for transition to the cloud, virtualization and in digital platforms.

Altran is well positioned to respond to these issues thanks to the acquisition of Lohika in 2016, which enabled the Group to grow substantially and to win a large number of contracts with companies financed by Silicon Valley venture capital.

The recent acquisition of Aricent enables the enlargement of Altran offer in the Software and Internet sector. By combining Lohika and Aricent offers, Altran is now in a position to assist all market players, from start-ups to large software companies and GAFAM.

Altran continued to grow in its historic industries during the financial year:

Automotive

In the automotive sector, R&D spending continued to increase to further strategic areas such as connectivity technologies, autonomous vehicles, the transition from combustion to electric engines, and the design and development of car-derived utility vehicles. The market's momentum also benefits from the change in industrial processes (Internet of Things (IoT), standardization of vehicle architectures, platform development).

Similarly to 2017, the Altran automotive activity was bolstered by these trends, with a strategic focus on the following areas:

- the autonomous car and connectivity technologies, a skill strengthened after the acquisition of Aricent (Vehicle to X connectivity, user experience, man-machine interface);
- electrical mobility to respond to the ever-greater obligations to reduce CO_2 emissions (in fact, new vehicles may not emit more than 95 grams/km of CO_2 from 2021);
- and the development of complete vehicles for which Magna International, a Canadian firm specialized in automotive equipment joined Altran in setting up a joint-venture. This combines Magna's know-how in vehicles and Altran offers its ability to develop, design and manufacture, including systems development, thereby covering the whole value chain.

The attested success of Altran's highly competitive Industrialized GlobalShore® model, combined with its automotive project integration know-how, reinforced its market positioning among major automotive manufacturers in this high-growth segment. This enabled the Group to win a number of large-scale projects in 2018.

Since 2014, Altran has been delivering from its center in Morocco vehicle engineering work for PSA in the following areas: body structure, chassis, powertrain engineering, functional architecture, systems and modeling. The objective of this work is to develop derivative vehicle versions, while optimizing the total cost of use, and to free up key resources in France.

Furthermore, Altran is developing a software solution, CoherenSE®, which enables and speeds up the development of advanced functions for the car, such as autonomous driving. It uses a modular approach to ensure total control of the vehicle and to manage the systems' increasing complexity during the product lifetime. Thanks to CoherenSE®, the vehicles of the future may be customized and updated similarly to smartphones, while including quality, security and cybersecurity.

Aeronautics, Space, Defense and Rail

- Aeronautics: in 2018, civil aviation market expansion was driven by increased traffic. The equipment manufacturers' backlog is still high and all the aircraft manufacturers are confronted with production problems. Despite the lack of new programs, the optimization of operating conditions forces them to invest in R&D, particularly in digitization.

Altran's unique position on the whole value chain, from design to production, including digitization, provides us with opportunities with the sector's main customers.

Technological breakthroughs also favor Altran which, thanks to R&D investments in key technologies such as the Internet of Things (IoT), 5G, drones, artificial intelligence, etc., is well positioned at aircraft and equipment manufacturers. The Group's activities in digitization continued to grow significantly in 2018.

The Industrialized GlobalShore® model also took part in the growth in 2018. Automotive successes in recent years had an impact on clients in Aeronautics and a number of projects were run from the centers in Portugal, India or Morocco.

- Space and Defense: the Space sector is increasingly attractive, supported by the growing demand for new satellite systems, nano-satellites and launchers. The main countries such as the United States, China, Russia, India and the European Union are massively investing in these new technologies.

For some years now, the global Defense and Security market has seen strong growth, which is encouraging the major military manufacturers to invest in digitization and cybersecurity solutions.

Altran's business remained steady in these two industries with its positioning focused on the modernization of products and services, against a backdrop of increased demand and digitization,

- Rail: the rail transportation industry has seen strong growth, where all the players concerned are faced with great challenges to successfully reduce costs and, simultaneously, improve the reliability, availability and sustainability of rail networks. The components in collective transportation are predominant, particularly the management of assets, active transportation, technologies of connected/autonomous vehicles, to name just a few.

Following on from 2017, Altran consolidated its position with industry leaders, maintaining its commitment to transformation projects, outsourcing development activities (such as the autonomous train) and the digitization of industrial services.

Energy, Industry & Consumer Goods and Life Sciences

- Energy: despite moderate growth, certain segments of the Energy market were dynamic in 2018, particularly oil and gas, as well as low carbon emission energies (nuclear and renewables). The main areas in which the Group's clients invest concern the digitization of industrial assets, to improve operating efficiency as well as computer security.

Despite an underlying market that is not particularly dynamic, the Group won large-scale projects in 2018, and particularly:

  - Altran was selected for project management activities for ITER (International Thermonuclear Experimental Reactor), together with Mott MacDonald, until 2022;
  - the Group signed a five-year framework contract with an energy leader for project management activities for all the client's sub-sectors (nuclear, thermal, hydro, renewables);
  - the Group was selected for a "Build, Operate, Transfer" project in India by a player in wind power.

- Industry and Consumer Goods: in a market where the increase of R&D spending is still very limited, the Group is anticipating growth in certain niche markets such as digitization of customers' products, services and operations, as well as in the transformation of service activities from an onshore model to an offshore model.

Altran is active in manufacturing equipment engineering where it supports the major machine and industrial equipment manufacturers in developing their products, on business lines as varied as mechanical, software, mechatronic engineering or the management of the products' life cycle.

The Group offers solutions in industrial automation by assisting its industrial customers in modernizing and automating their production tools, by leveraging its World Class Centers "Advanced Manufacturing" and "IoT Solutions", to improve operational efficiency, by taking advantage of the opportunities offered by new production technologies.

Lastly, Altran assists its clients in consumer goods engineering in the development of their products and services, from creating the concept – leveraging its World Class Center "Innovation & Design" and frog design to producing the prototypes.

For example, Altran is collaborating with Comau, a global manufacturer of industrial robots and industrial automation solutions, to create e.DO, an innovative, compact, modular and IoT-compatible educational robot. Using it is so simple that a teenager can understand how it works, and its features are powerful enough to meet the needs of an experienced engineer.

- Life Sciences: in 2018, increased spending on R&D in the Life Sciences sector was sustained by the digital transformation of production sites, the development of software (in the medical devices sector) and the significant need for data analysis. Furthermore, the push for the market to outsource non "core" activities is confirmed (*e.g.* for quality assurance processes or regulatory affairs).

Conversely, many customers in the sector are restructuring their activities (particularly following consolidations or product portfolio optimization), which temporarily decreases their demand for engineering and R&D services.

In this context, Altran is well placed with its World-Class Centers: "IoT Solutions", "Analytics", "Advanced Manufacturing", and the reinforcement of "Innovation & Design".

Altran is the strategic partner of a major player in the sector within a consortium seeking to implement the digitization of its production tool and is also the pharmaceutical leader's partner in creating laboratories dedicated to e-health. The Group also won a large number of projects thanks to its Industrialized GlobalShore® model with leading pharmaceutical companies, which have outsourced their quality and regulatory activities and led to the creation of a dedicated platform in Morocco.

Finance and Public Sector

Financial institutions are seeking to improve their competitiveness and their profitability. They set up new operational models, invest in emerging technologies and gradually change into technological companies, particularly by reinventing the user experience. Furthermore, a large number of companies in the Banking and Insurance sector invest in new data analysis technologies, in artificial intelligence and in automating their internal processes to improve their performance.

For its Finance and Public Sector clients, Altran has developed three service offerings to best meet these new challenges:

- core business solutions and regulatory compliance: the Group supports its clients to become regulatory compliant with more efficiency and with better risk management, in particular by integrating core business solutions in IT systems, developing specific public administration solutions, putting procedures in place to protect against financial crime and money laundering, auditing risk management processes and performing robustness tests on critical IT systems;
- digital transformation: Altran partners with its customers to reinvent the customer journey and experience and to leverage client data through design thinking, advanced data analytics techniques, IoT solutions, robotic process automation and the application of Blockchain technology;
- operational excellence: Altran supports its clients in streamlining their operations thanks to flexible commitment models that can improve efficiency while reducing operating costs, by offering Lean management and process optimization services, Product Lifecycle Management (PLM) and outsourcing services based on the Industrialized GlobalShore® model.

5.1.3.2 Net operating expenses

Net operating expenses for the period break down as follows:

(in millions of euros)	2018	2017*
Cost of revenues	(2,068.8)	(1,633.8)
o/w amortization of large software deals	*(22.3)*	*0.0*
SG&A	(495.3)	(411.4)
Net operating expenses	**(2,564.1)**	**(2,045.2)**

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

The table below provides details of net operating expenses for the 2018 and 2017 financial years.

	2018			2017*		
(in millions of euros)	Cost of revenues	SG&A	Total	Cost of revenues	SG&A	Total
Other income from operations	97.8	1.3	99.1	69.4		69.4
Cost of goods and services sold	(38.1)	(7.7)	(45.8)	(31.6)	(4.8)	(36.4)
Change in work in progress	0.4	0.0	0.4	0.9	0.0	0.9
External expenses	(446.0)	(135.0)	(581.0)	(338.8)	(116.3)	(455.1)
Personnel costs salaries **	(1,629.9)	(324.8)	(1,954.7)	(1,337.5)	(267.6)	(1,605.1)
Taxes and duties	(1.0)	(2.9)	(3.9)	0.0	(2.9)	(2.9)
Depreciation, amortization and net provisions **	(41.6)	(19.4)	(61.0)	7.6	(13.4)	(5.8)
Other operating expenses	(10.4)	(6.8)	(17.2)	(3.8)	(6.4)	(10.2)
COST OF REVENUES	**(2,068.8)**			**(1,633.8)**		
SG&A		**(495.3)**			**(411.4)**	
NET OPERATING EXPENSES			**(2,564.1)**			**(2,045.2)**

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).
** Excluding the impact of share-based compensation not covered by the definition of net operating expenses.

Other operating income

Other operating income mainly comprises operating grants (including the French research tax credit – *crédit impôt recherche*) and self-constructed assets. During 2018, these were €29.7m up (or +42.8%), rising from €69.4m to €99.1m.

Cost of goods and services sold

Cost of goods and services sold mainly comprises purchases not held in inventory, including materials, supplies and project equipment. These were €9.4m up (or +25.8%), rising from €36.4m for 2017 to €45.8m for 2018.

External expenses

(in millions of euros)	2018	2017*	Variation
Revenues	2,916.4	2,295.3	+27.1%
Total external expenses	(581.0)	(455.1)	+27.7%
% of revenues	*19.9%*	*19.8%*	*+0.1 pt*
o/w outsourcing	(225.9)	(185.1)	+22.0%
% of revenues	*7.7%*	*8.1%*	*-0.4 pt*

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

External expenses increased by €125.9m (up 27.7%), from €455.1m for the 2017 financial year, to €581.0m for the 2018 financial year. This increase primarily results from the acquisition of Aricent at €87.9m.

The change by type is mainly due to:

- outsourcing expenses amounting to €40.8m;
- transportation and travel expenses amounting to €27.2m;
- operating leases and associated costs (mainly property leases) amounting to €23.4m.

Personnel costs

(in millions of euros)	2018	2017*	Variation
Revenues	2,916.4	2,295.3	+27.1%
Personnel costs**	(1,954.7)	(1,605.1)	+21.8%
% of revenues	*67.0%*	*69.9%*	*-2.9 pts*

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).
** Excluding the impact of share-based compensation not covered by the definition of net operating expenses.

Personnel costs increased by €349.6m (up 21.8%), from €1,605.1m for the financial year 2017 to €1,954.7m for the financial year 2018. This increase reflects Group trends in staff levels, including the acquisition of Aricent. The table below shows the total headcount at end of the period and average headcount for 2018 and 2017.

	12/31/2018	12/31/2017
Total headcount at end of period	46,693	33,665

	2018	2017
Average headcount	43,785	31,109

At December 31, 2018, the Group had a total of 46,693 employees (up 38.7%), representing an increase of 13,028 employees compared with the year ended December 31, 2017.

The acquisition of Aricent alone increased the headcount by 29.8% (+10,045 employees) in 2018.

On a like-for-like basis, the Group's total headcount was up 8.8% (+2,950 employees) compared with December 31, 2017.

This momentum is particularly observed in the Group's near- and offshore platforms, with an increase of 39.8% in the workforce in North Africa, 24.5% in Portugal and 11.0% in India.

Depreciation, amortization and net provisions

Depreciation, amortization and net provisions are reported excluding the impact of share-based compensation not covered by the definition of net operating expenses, (see section 5.1.3.3. "Operating margin").

Depreciation, amortization and net provisions increased by €55.2m, rising from €5.8m in the 2017 financial year to €61.0m in the 2018 financial year.

They are comprised of:

- €35.6m of depreciation expenses relating to intangible assets, of which €22.3m for major software contracts;
- €25.3m of depreciation expenses relating to property, plant and equipment including office and IT equipment as well as general installations, fixtures and fittings;
- €0.1m net provisions.

5.1.3.3 Operating margin

The operating margin is an Alternative Performance Measure (APM) used, alongside other indicators, to measure the Group's operating performance.

The operating margin is defined as the difference between, on the one hand, revenues, and on the other, net operating expenses as detailed in section 5.1.3.2 above. "Net operating expenses."

The Group's operating margin was up €102.2m (or +40.9%), rising from €250.1m in the 2017 financial year to €352.3m in the 2018 financial year. The operating margin ratio was up 120 basis points, rising from 10.9% to 12.1% over the period. This increase can be explained by changes in scope of +€83.4m of which the Aricent contribution was €78.7m.

The table below shows the reconciliation between the Group's operating income on ordinary activities and the operating margin for the 2018 and 2017 financial years.

(in millions of euros)	**2018**	**2017**
OPERATING INCOME ON ORDINARY ACTIVITIES	**302.4**	**242.1**
Share-based compensation	(1.2)	(3.8)
o/w personnel costs	*(2.3)*	*(2.3)*
o/w depreciation, amortization and net provisions	*1.1*	*(1.5)*
Amortization of intangibles arising from business combinations	(48.7)	(4.3)
Operating margin	**352.3**	**250.1**

5.1.3.4 Other operating expenses

Other operating expenses include share-based compensation items, amortization of intangibles arising from business combinations, as well as non-recurring items likely to alter the understanding of the Group's operating performance.

Other operating income and expenses for the 2018 and 2017 financial years were as follows:

(in millions of euros)	**2018**	**2017**
Share-based compensation	(1.2)	(3.8)
Amortization of intangibles arising from business combinations	(48.7)	(4.3)
Restructuring costs	(44.1)	(17.2)
Cost and litigations related to acquisitions and legal reorganizations	(33.6)	(13.2)
Litigations and miscellaneous	(7.7)	(8.6)
Other operating expenses	**(135.3)**	**(47.1)**

Share-based compensation

The total cost of share-based payments and long-term multi-year share-based compensation plans amounted to €1.2m in 2018 compared with €3.8m in 2017 and mainly concerned free share plans set up on March 11, 2015, June 1, 2016 and April 28, 2017.

At the meeting of September 5, 2018, the Board of Directors allocated the maximum number of 933,740 free shares in favor of the Group's employees on condition of uninterrupted service (see note 6.4 "Personnel costs" of the consolidated financial statements).

Amortization of intangibles arising from business combinations

In the 2018 financial year, amortization of intangibles arising from business combinations mainly related to fixed-term intangible assets recognized upon the allocation of the Aricent purchase price of €44.5m.

Restated for this expense, amortization primarily related to customer relations recognized for acquisitions made in previous financial years. These amounted to €4.2m, compared with €4.3m in the 2017 financial year.

Non-recurring operating income and expenses

In 2018, other non-recurring operating income and expenses comprised (see also note 6.6 "Non-recurring operating income and expenses" of the consolidated financial statements):

- costs and litigations relating to acquisitions and judicial re-organizations of €33.6m (compared with €13.2m in 2017), of which an expense of €34.1m related to the acquisition of Aricent and income of €5.1m relating to the confirmation of the favorable outcome in 2018 of a dispute relating to a prior acquisition;
- a net impact of €44.1m under restructuring plans (compared with -€17.2m for the 2017 financial year) of which €24.5m in the Europe zone and €10.5m for Aricent; and
- litigations and other non-recurring costs -€7.7m (compared with -€8.6m for the financial year 2017) including -€2.1m relating to payment of an exceptional bonus to the lowest paid employees in France. In this way, the Altran group joined in the measures taken by the French government following the *Gilets Jaunes* (Yellow Vests) movement.

5.1.3.5 Net income

Net financial expenses

Over the period, net financial expenses are broken down as follows:

(in millions of euros)	2018	2017
Interest expense on borrowings	(57.3)	(8.7)
Other interest income and expenses	(2.7)	(3.1)
COST OF NET FINANCIAL DEBT	**(60.0)**	**(11.8)**
Other financial income and expenses	(34.8)	(8.3)
Net financial expenses	**(94.8)**	**(20.1)**

The cost of net financial debt increased by €48.2m up from €11.8m for the financial year ended December 31, 2017, to €60.0m for the financial year ended December 31, 2018.

The cost of net financial debt for the financial year ended December 31, 2018 corresponds to the following:

- interest income of €1.8m (compared with €2.8m for the financial year ended December 31, 2017) from cash and cash equivalent investments; and
- interest expenses relating to borrowings and other financing operations of €61.8m (compared with €14.6m for the financial year ended December 31, 2017), mainly comprising:
  - interest and expense relating to the Bridge Facility repaid in the first half and amounting to €3.1m,
  - interest and expense relating to the bond repaid in the first half-year amounting to €2.4m,
  - amortized interest and expense relating to the Term Loan B taken out during the first half-year amounting to €47.6,
  - amortized interest and expense of €2.9m relating to the Revolving Credit Facility subscribed during the first half-year, and
  - interest on factoring transactions amounting to €2.4m.

Other financial income and expenses changed as follows:

- other financial income was stable over the period (+€0.4m), rising from €9.2m for the financial year ended December 31, 2017 to €9.6m for the financial year ended on December 31, 2018. They mainly comprise realized and unrealized exchange gains;
- with regard to other financial expenses, these have increased by €26.7m, from net expense of €17.6m for the financial year ended December 31, 2017, to net expense of €44.3m for the financial year ended December 31, 2018.

The increase is mainly due to the following:

- penalties of €17.2m for early repayment of the bond;
- unamortized issue costs of €6.6m;
- foreign exchange losses of €10.8m (compared with €6.0m for financial year ended December 31, 2017); and
- discounting financial costs of €6.9m (compared with €0.5m for the financial year ended December 31, 2017).

Furthermore, we note that in 2017, the disposal of non-consolidated equity investments in the United Kingdom, led to a €7.8 expense corresponding to the net book value of the securities disposed of.

Tax expenses

Tax expenses decreased by €1.7m, from €42.8m for financial year ended December 31, 2017, to €41.1m for financial year ended December 31, 2018.

This line items mainly comprises:

- current tax expenses amounting to €65.0m (including €17.4m in "secondary" taxes, mainly comprising the French value-added business tax (CVAE) for €12.8m, and Italian production tax (IRAP) for €1.4m); and
- a deferred tax income of €23.9m.

Therefore, the Altran group's effective tax rate stands at 33.7%.

Net income (Group share) and earnings per share

The income attributable to the Group (including the disposal in 2017 of the Utilities business in the United States) for the financial year ended December 31, 2018, declined by €50.2m, down from €130.8m for the financial year ended on December 31, 2017 to €80.6m financial year ended December 31, 2018. Earnings per share for the financial year ended December 31, 2018, amounted to €0.35.

5.1.4 Analysis of income on ordinary activities (revenues) and operating margin on ordinary activities by operating segment for the financial years ended December 31, 2018 and December 31, 2017

In accordance with IFRS 8, the Group discloses the segmentation of its business activity in line with internal management reports reviewed by the Group's Chief Operating Decision Maker (CODM). Since January 1, 2018, the criterion used by the Group to assess performance by operating segment has been the operating margin, as defined in note 5.3.1.3 "Operating margin" of the annual activity report.

The Group's operating segments for the financial year were as follows:

- France: France, Luxembourg, Morocco and Tunisia;
- Europe: Germany, Austria, Belgium, Spain, Italy, Netherlands, Portugal, Czech Republic, Romania, United Kingdom, Scandinavia, Slovakia, Switzerland, and Turkey;
- Americas: North (including Aricent), and South America, India and Ukraine; and
- Asia: China, Malaysia, Japan and United Arab Emirates.

France includes the operating subsidiaries and the Group's headquarters (with the management bodies and Group-wide services).

The table below presents a breakdown of revenues and operating margin by operating segment, for the financial years ended December 2018 and 2017:

	2018		2017*				
(in millions of euros)	Total revenues	% of revenues	Total revenues	% of revenues	Variation	Organic growth	Economic growth
France	**979.8**	**33.6%**	**928.3**	**40.4%**	**+5.5%**	**+6.1%**	**+5.7%**
Europe	**1,267.1**	**43.5%**	**1,179.4**	**51.4%**	**+7.5%**	**+8.8%**	**+8.2%**
Germany & Austria	308.3	10.6%	278.4	12.1%	+10.8%	+13.4%	+13.2%
Iberia	265.4	9.1%	234.7	10.2%	+13.1%	+13.1%	+12.4%
Italia	234.5	8.0%	217.0	9.5%	+8.1%	+8.1%	+6.9%
Belgium & Netherlands	157.7	5.4%	163.8	7.1%	-3.8%	-3.4%	-3.6%
United Kingdom	205.6	7.0%	184.3	8.0%	+11.6%	+10.3%	+9.8%
Scandinavia	60.1	2.1%	68.1	3.0%	-11.6%	+0.8%	+1.2%
Switzerland	35.4	1.2%	33.1	1.4%	+7.0%	+11.5%	+11.5%
Americas	**636.1**	**21.8%**	**156.5**	**6.8%**	**+306.2%**	**+15.0%**	**+14.5%**
Asia	**33.4**	**1.1%**	**31.1**	**1.4%**	**+7.4%**	**+2.1%**	**+1.7%**
Total	**2,916.4**	**100%**	**2,295.3**	**100%**	**+27.1%**	**+8.0%**	**+7.5%**

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

	2018					2017*				
(in millions of euros)	France	Europe	Americas	Asia	Group	France	Europe	Americas	Asia	Group
Revenues	979.8	1,267.1	636.1	33.4	2,916.4	928.3	1,179.4	156.5	31.1	2,295.3
% of revenues	33.6%	43.5%	21.8%	1.1%	100.0%	40.4%	51.4%	6.8%	1.4%	100.0%
Operating margin	128.7	116.2	107.0	0.4	352.3	129.1	104.3	15.0	1.7	250.1
Operating margin (%)	13.1%	9.2%	16.8%	1.2%	12.1%	13.9%	8.8%	9.6%	5.5%	10.9%

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

France

During financial year 2018, the consolidated revenues generated in France increased by €51.5m (*i.e.* +5.5%), rising from €928.3m in 2017 to €979.8m in 2018, *i.e.* annual economic growth of 5.7%. Economic growth in the last quarter of the financial year was particularly sustained at 7.4%. The main growth activities are in the Aeronautics, Space and Defense, Life Sciences and Communications sectors as a result of clients' and partners' strong growth in these industries.

In Morocco, Altran has implemented its strong near-shoring development strategy in the Automotive segment and confirmed its ability to diversify major transformation programs in the Aeronautics and Life Sciences segments together with its most important customers in the sector.

The Group's acquisition policy abroad, and in particular the acquisition of Aricent in the first half of 2018, reduced the weight of France's contribution to the Group's consolidated revenues by 40.4% in 2017 to 33.6% in 2018.

The operating margin in France was slightly down over 2018 at €128.7m. Operating margin, excluding holding, held up well in a sustained growth context. Investments were made during the 2018 financial year to accelerate recruitment and boost the area's revenues in the long-term. Increased workforce during the first half-year of 2018 was not sufficient to seize all opportunities, recruitment therefore accelerated during the second half of the year with 1,955 employees recruited compared with 1,757 during the last half-year. At the Group's holding level, the margin decrease in 2018 resulted from significant reversals during 2017 of provisions which no longer served any purpose.

Europe

During 2018, consolidated revenues for Europe grew by €87.7m (*i.e.* +7.5%), increasing from €1,179.4m in 2017 to €1,267.1m in 2018, *i.e.* economic growth of 8.2% (of which 11.2% over the last quarter of 2018).

Europe's contribution to the Group's consolidated revenues decreased over the financial year, decreasing form 51.4% for 2017 to 43.5% for 2018.

Nevertheless, Europe remained particularly dynamic, driven mainly by:

- the German & Austrian region boosted by economic growth of 13.2% with acceleration in the Automotive sector, which indicates the expected positive effects due to the transformation plan implemented as from 2017;
- Iberia with economic growth of 12.4% boosted by strong growth in Portugal, particularly in Communications and by Aeronautics in Spain;
- the United Kingdom with economic growth of 9.8% particularly due to a high added-value positioning which, in the future, will serve as a growth platform for other countries in Europe; and
- Italy, thanks to a strong position in Communications and Finance and Public Sector, expressed by strong economic growth of 6.9%.

Scandinavia, as well as Belgium and the Netherlands, were confronted by a very competitive environment on the recruitment market. On top of it operational difficulties, in a transformation context, led the Europe zone to group countries together (Cluster) so that these countries could reach a sufficient critical size.

The operating margin grew by 11.4% compared with 2017 over the Europe zone, rising from €104.3m to €116.2m. This performance expressed both the initial tangible results from the transformation plan in Germany and the general effectiveness of the economic plan implemented within the Group.

Americas

The Americas region mainly comprises the United States and India since their performances must be interpreted together, as a large number of US projects are carried out in India.

In 2018, the Group's revenues for the Americas region was up €479.6m rising from €156.5m to €636.1m, or economic growth of 14.5%. The region's growth includes a scope impact of €466.4m corresponding to Aricent's contribution since the acquisition date on March 20, 2018, and to a lesser extent, to the whole annual contribution made by Pricol Technologies and Global Edge Software, consolidated, respectively, from February 1, 2017 and from October 1, 2017.

Due to these acquisitions, the contribution from the Americas region to the Group's consolidated revenues increased from 6.8% for the financial year ended December 31, 2017 to 21.8% in 2018, thereby rebalancing the Group's geographic presence.

On a like-for-like basis, the region benefited from strong growth in Semiconductor equipment manufacturing with the Group's large international clients. India is an important growth driver in this sector, because clients often outsource entire branches of their development processes, as well as verification and approval testing. The Software and Internet activity in the United States recorded a rise in its revenues and its operating margin driven particularly by the Group's strong competitiveness stemming from its near-shore base in Ukraine.

The Americas region operating margin increased by €92.0m, rising from €15.0m to €107.0m in 2018. The acquisition of Aricent contributed €78.7m to this increase.

Asia

During the 2018 financial year, revenues for the Asia region increased by €2.3m (*i.e.* 7.4%), rising from €31.1m in 2017 to €33.4m in 2018, and recorded economic growth of 1.7%. Business in China suffered in the Automotive sector, but recorded good performances in the Communications sector.

Between 2017 and 2018, the operating margin fell by €1.3m, dropping from €1.7m to €0.4m in 2018. The region's profitability was impacted by costs incurred to support long-term business growth.

5.2__ Group cash flow and equity

5.2.1 Overview

The main financing requirements of the Group consist of working capital requirement, capital expenditure (particularly relating to acquisitions), payment of interest expenses on loans and repayment of these loans.

The Group's main source of regular liquidity consists of its cash flows from operating activities. The Group's ability to generate future cash flows from operating activities will depend on its future operating performance, which to some extent depends on economic, financial, competitive, market, regulatory and other factors. The majority of these factors are beyond the Group's control. The Group uses its cash and cash equivalents to finance its daily funding requirements.

5.2.2 Free Cash Flow

Free Cash Flow is an alternative performance measure (APM) used by the Company to measure performance. Since 2018, the definition has changed and now refers to the cash flow generated by Group operations after payment of taxes, investments needed by the Group to carry out its business, and payment of net interest. It represents the cash flow available to repay debt, pay out dividends or carry out specific transactions, in particular growth-related operations.

Free Cash Flow is calculated as follows: operating margin plus current net depreciation and provisions linked to operations plus current charges and income without cash impact plus non-recurring charges with cash impact plus/minus change in working capital requirement minus asset investments required for operations, net of disposals plus or minus changes in payables on fixed assets minus net interest and financial expense paid minus tax paid.

Free Cash Flow is broken down as follows:

(in millions of euros)	2018	2017*	Variation
OPERATING MARGIN	**352.3**	**250.1**	**102.2**
Depreciation, amortization and changes in provisions	61.6	7.8	53.8
Non-cash P&L items	2.3	(3.4)	5.7
Non-recurring items (cash impact)	(69.0)	(29.4)	(39.6)
CASH FLOWS BEFORE NET INTEREST EXPENSES AND TAXES	**347.2**	**225.1**	**122.1**
Change in working capital requirement	(37.2)	(4.6)	(32.6)
Tax asset disposal	101.2	0.0	101.2
Net interest and financial expense paid	(142.8)	(11.7)	(131.1)
Tax paid	(43.3)	(44.9)	1.6
Capital expenditures	(143.1)	(57.5)	(85.6)
o/w payments of large software deals	*(69.6)*	*0.0*	*(69.6)*
FREE CASH FLOW	**82.0**	**106.4**	**(24.4)**
% of revenues	*2.8%*	*4.6%*	

* 2017 data were restated for the impact of IFRS 15 (see note 4 "Year-on-year comparability" of the consolidated financial statements).

Free Cash Flow decreased by €24.4m between the financial year ended December 31, 2017 and the financial year ended December 31, 2018 to amount to €82.0m (compared with €106.4m in 2017).

During the second half of financial year 2018, the Group set up a long-term cash conversion plan incorporating processes for the optimization of invoicing and cash collection, as well as the monetization of receivables (Research Tax Credit in France). This plan played a part in generating positive Free Cash Flow of 2.8% of revenues over the 2018 financial year, despite the relative impact of financing the acquisition of Aricent. This ratio is in line with the medium-term goals of Free Cash Flow and debt ratio presented in *The High Road, Altran 2022* strategic plan.

The change in the Free Cash Flow over the financial year is mainly due to:

- cash flows before net interest expenses and taxes (defined as operating income, increased by current net depreciations and provisions, charges and income without cash impact, non-recurring charges with cash impact and reduced by charges and income without cash impact) amounting to €347.2m, up €122.1m compared with the 2017 financial year;
- a negative change in working capital requirement of €32.6m over the financial year is mainly due to:
  - organic growth in revenues particularly over the last quarter of the 2018 financial year of 11.5% (compared with 5.1% over the last quarter of the 2017 financial year) which had an negative effect on the change in working capital requirement at year end,
  - impact of the Aricent transaction,
  - in part offset by the results of the cash conversion plan.

  Furthermore, the deferred collections brought about by the new ERP set up in France were beneficial for 2017;
- monetization of the Research Tax Credit refunds in France relating to financial years 2015, 2016 and 2017 for €101.2m;
- net interest and financial expenses paid -€142.8m, *i.e.* an increase of €131.1m compared with financial year 2017), comprising:
  - net interest paid of -€114.7m (compared with -€9.9m in 2017) relating to the external financing of the acquisition of Aricent,
  - the cash impact of the other income and financial charges of -€28.1m (compared with -€1.8m in 2017) mainly include one-off payments of penalties relating to the early repayment of the bonds of -€17.2m and unamortized issue costs of -€6.6m;
- net payments relating to acquisitions of property, plant and equipment and intangible assets (excluding major software contracts) of €73.5m (an increase of €16.0m) mainly corresponding to investments made in:
  - property, plant and equipment: the most significant investments made during 2018 relate to the extension of Cambridge Consultants' premises amounting to €15.6m and, to a lesser extent, to the acquisition of office and computer equipment and furniture in the different countries where the Group operates,
  - intangible assets: in 2018, the Group continued to invest in an innovative, open software platform for the next generation of intelligent vehicles and machines, in methods and tools development projects relating to product development cycles as part of multi-sector R&D in Spain, and in the development of platforms, products and solutions relating to the Internet of Things (IoT) in France (particularly the marketing of an Assets tracking offer specific to companies in partnership with a telecom operator). New investments in the Automotive sector were made in 2018 to supplement the Body In White (BIW) offers as well as services to develop methods and tools for simulation on electric vehicles.

5.2.3 Group net debt

5.2.3.1 Financial debt

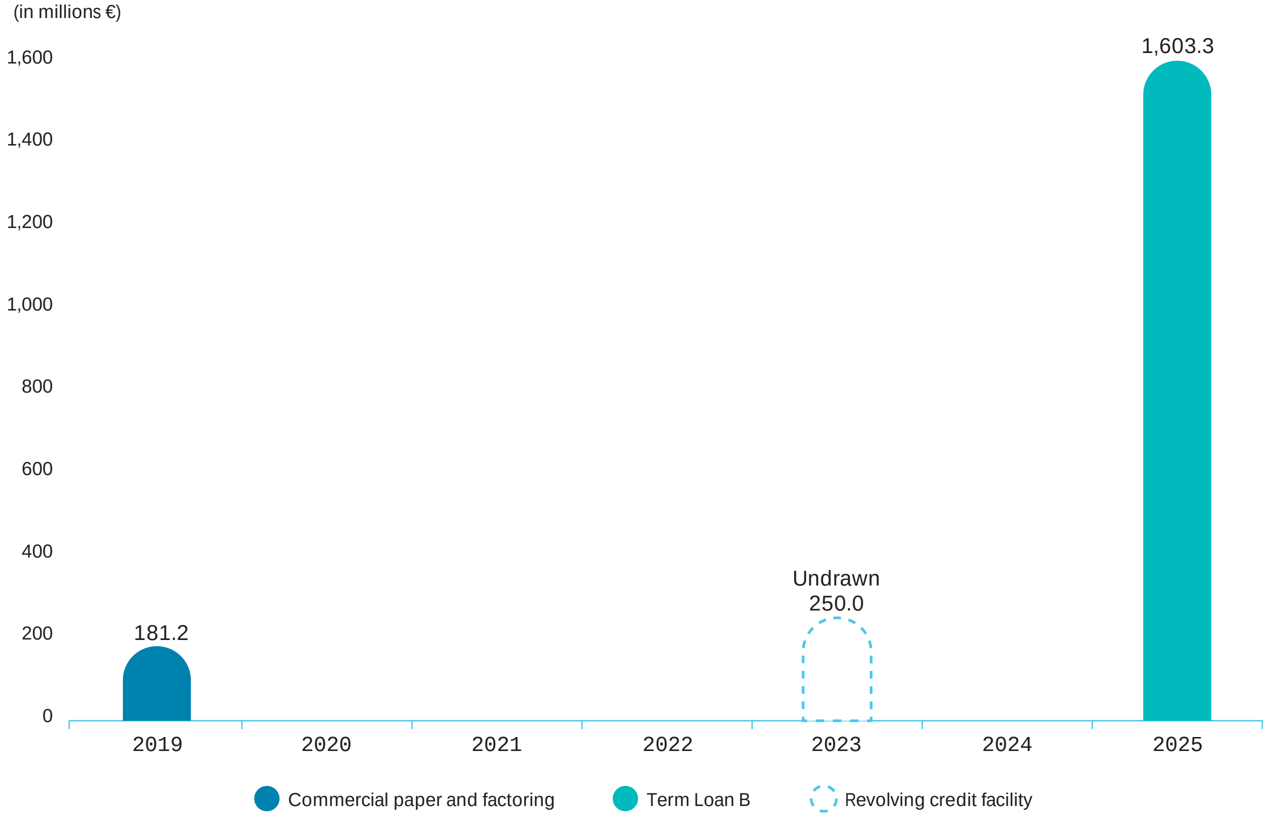
The table below presents the composition of the financial debt as well as the Group's shift to net debt for the financial years ended December 31, 2018 and December 31, 2017:

(in millions of euros)	2018	2017	Variation
Bonds	0.0	253.3	(253.3)
Long-term credit line	1,603.3	1.2	1,602.1
Short-term credit line	181.2	469.5	(288.3)
o/w factoring	*47.7*	*63.0*	*(15.3)*
GROSS FINANCIAL DEBT	**1,784.5**	**724.0**	**1,060.5**
Cash and cash equivalents	472.7	372.9	99.8
Net debt	**1,311.8**	**351.1**	**960.7**

All the financial liabilities and analysis of net debt by categories and by contractual annual maturity are described in note 5.11 "Net debt" of the consolidated financial statements.

Financial costs relating to these financial liabilities amounted to €57.3m for the financial year ended December 31, 2018, see section 5.1.3.5 "Net income".

The chart below shows the Group's debt maturity schedule (net payments) at December 31, 2018:



5.2.3.2 Ratio of financial leverage

The ratio of financial leverage published by the Group is defined as follows: net financial debt including assignment of receivables and factoring/EBITDA.

EBITDA corresponds to the operating income on ordinary activities reduced by share-based expenses and increased by depreciation, amortization and changes in net provisions, and personnel costs (IAS 19).

The Group's financial leverage ratio at the 2018 financial year is as follows:

	12/31/2018
Net financial debt*/EBITDA**	3.03

* Net financial debt excluding earn-out clauses.
** Including the 12-month pro forma acquisition EBITDA over the financial year.

5.2.3.3 Change in net debt

The table below shows the change in Group net debt in 2018 and 2017.

(in millions of euros)	2018	2017
FREE CASH FLOW	**82.0**	**106.4**
Financial Investments/Divestments	(1.4)	(2.0)
Net debt flows relating to investment operations	(1,788.0)	(111.4)
Capital increase	718.5	
Dividends paid	(60.9)	(41.5)
Treasury share transactions (purchase/sales)	0.4	(1.6)
Discontinued operations	(0.1)	(2.9)
Change in Factoring	55.6	(78.1)
Other	33.2	(10.5)
Net debt variation	**(960.7)**	**(141.6)**

In 2018 the Group's net financial debt increased by €960.7m, from €351.1m at December 31, 2017, to €1,311.8m at December 31, 2018.

Apart from the Free Cash Flow detailed in section 5.2.2, this change is mainly due to:

- external financing operations. In the context of the acquisition of Aricent, on February 15, 2018, Altran signed a Senior Facilities Agreement supported by collateral with a maximum limit of €2,125m, as well as a revolving credit facility of €250m. The main terms and conditions of the new financing facilities set up in the context of the acquisition of Aricent are described in note 5.11 "New debt" of the consolidated financial statements.

On the date of closing of the Acquisition, the Term Loan B and the Bridge Facility were fully drawn and used notably to (i) pay the Acquisition price for Aricent, (ii) pay the fees and costs associated with the Acquisition, and (iii) repay part of the Group's existing debt.

The net debt flows relating to investment operations (including related expenses and the net cash acquired) amounted to -€1,788.0m in the 2018 financial year (compared with -€111.4m in the 2017 financial year);

- the capital increase for a net amount of €718.5m. Following the external financing, on March 22, 2018, the Company carried out a capital increase with shareholders' preferential subscription rights maintained. This capital increase was finalized on April 17, 2018, with the creation of 81,220.40 new shares. Net income from the capital increase enabled Altran to repay the Bridge Facility in full and part of Term Loan B;
- €60.9m in dividend payments in the 2018 financial year (compared with €41.5m in the 2017 financial year);
- and the change in receivables assigned to the factoring bank in 2018 for €55.6m (compared with -€78.1m in 2017).

5.2.4 Consolidated cash flows

The table below summarizes the Group's consolidated cash flows for the financial years ended December 31, 2018, and December 31, 2017:

(in millions of euros)	2018	2017
Cash flows before net interest expenses and taxes	347.2	225.1
Change in working capital requirement	64.0	(4.6)
NET OPERATING CASH FLOWS	**411.2**	**220.5**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**225.0**	**161.0**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(1,927.9)**	**(169.5)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**1,807.8**	**(88.2)**
Changes in net cash	**99.8**	**(105.4)**

Net cash flows from operating activities

The table below shows the reconciliation between the Group's net cash flows per activity and the Free Cash Flow (see section 5.2.2 "Free Cash Flow") for the financial years 2018 and 2017.

(in millions of euros)	2018	2017
NET CASH FLOWS FROM OPERATING ACTIVITIES	**225.0**	**161.0**
Capital expenditures	(143.1)	(57.5)
Impact of cash flows relating to discontinued activities	0.1	3.0
Other	0.0	(0.1)
Free Cash Flow	**82.0**	**106.4**

Net cash flows from investing activities

The table below shows the reconciliation between the Group's net cash flows relating to investment operations and net debt flows relating to investment operations for the financial years 2017 and 2018 (see section 5.2.3 "Group net debt") .

(in millions of euros)	2018	2017
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(1,927.9)**	**(169.5)**
Capital expenditures	143.1	57.5
Borrowings by the companies acquired	(2.9)	0.0
Other	(0.3)	0.6
Net debt flows relating to investment operations	**(1,788.0)**	**(111.4)**

Net cash flows from financing activities

The amount of the cash flow relating to the financing activities was mainly due to external financing for the acquisition of Aricent as reported in note 3 "Significant events" of the consolidated financial statements.

During the financial year ended December 31, 2018, the net cash flows relating to the financing operations amounted to €1,807.8m (compared with -€88.2m for the financial year ended December 31, 2017) and comprise:

- proceeds from new loans of €2,390.8m, including the drawing of Term Loan B (net of debt issuance costs) of €2,137.5m;
- the capital increase finalized on April 17, 2018 for €718.5m net;
- -€1,006.3m in loan payments, including repayment of the balance of the outstanding bond loan (-€249.4m) and part of Term Loan B (-€500.0m) following the capital increase;
- -€60.9m in dividend payments in the first half of 2018 (compared with -€41.5m in the first half of 2017);
- other flows relating to financing operations for -€233.4m, including a net change in the bank facilities of +€40.4m and the subscription for commercial paper of -€273.8m.

5.2.5 Shareholders' equity

Consolidated shareholders' equity amounted to €1,692.5m, and €890.5m for financial years ended December 31, 2018 and December 31, 2017, respectively. Changes in the Group' share capital over this period is mainly due to:

- the capital increase in a net amount of €718.5m, finalized on April 17, 2018 with the creation of 81,220,840 new shares in the context of the acquisition of Aricent (see note 3 "Significant events" of the consolidated financial statements); and
- increase in the reserves attributable to parent company shareholders (net of payment to shareholders).

5.2.6 Off-balance sheet commitments

The Group's off-balance sheet commitments, amounting to €2,848m at 2018 year end are presented in note 7 "Off-balance sheet commitments" of the consolidated financial statements.

5.3__ Events subsequent to the reporting date

The significant events which occurred between the reporting date and the date of publication of the financial statements are described in note 10 "Significant events after December 31, 2018" of the consolidated financial statements.

Except for the recent events referred to in this note, no significant events concerning the Altran group's financial or commercial position occurred since December 31, 2018, the reporting date of the last financial year for which the audited financial statements were published by the Company.

5.4__ Trends and perspectives

The consolidated financial profit or loss for the financial year ended December 31, 2018 show that following the announcement of the strategic plan *The High Road, Altran 2022*, on June 28, 2018, the Group focused on the launch of initiatives aimed at ensuring that this plan is well implemented. Initial successes have already been achieved with this in mind and Altran is in line with its medium-term financial objectives.

Since its acquisition, Altran is mainly concentrating on the operational integration of Aricent and its subsidiaries.

A stable level of demand and the growth in underlying R&D expenses ensure that Altran is confident in its economic environment. In 2019, the improved operational performance together with implementation of the Altran Cash program should result in the Group continuing to reduce its debt and its financial leverage ratio, in line with the objective of a ratio of less than 2.5x set for 2020.

5.5__ Net income (Altran Technologies)

In addition to its own operational activities, Altran Technologies, as parent company of the Group, also carries out the management functions for the Group as defined in section 8.8.1 "Simplified Group organization chart".

The annual financial statements of Altran Technologies are presented in euros for the financial year 2018 in compliance with French General Accounting Plan *(plan comptable général),* which have been drawn up in accordance with regulation no. 2016.07 of the French Authority for Accounting Standards *(Autorité des normes comptables)* and its subsequent amendments.

Altran Technologies' revenues increased from €949.6m for financial year ended December 31, 2017 to €1,023.2m for financial year ended December 31, 2018, up by €73.6m (up 7.7%).

Altran Technologies' operating income remained stable, down from €67.6m for the financial year ended December 31, 2017 to €67.5m for the financial year ended December 31, 2018. It represents 6.6% of the revenues for financial year ended December 31, 2018, compared to 7.1% for financial year ended December 31, 2017.

Financial income amounts to €16.7m for the financial year ended December 31, 2018, compared with €15.6m for the financial year ended December 31, 2017, an increase of €1.1m.

Non-recuring income decreased from €32.4m, from -€13.1m for the financial year ended December 31, 2017 to -€45.5m for the financial year ended December 31, 2018.

Factoring in net tax income of €24.2m (stemming from tax consolidation and the recognition of tax credits), a net accounting profit of €62.9m was recorded for financial year ended December 31, 2018 (compared to €102.9m for financial year end December 31, 2017).

Altran Technologies' shareholders' equity amounts to €1,423.9m for the financial year ended December 31, 2018, up by €731.2m compared to the financial year ended December 31, 2017.

In respect of the 2017 financial year, dividends were not distributed. However, Altran made a partial distribution of the "Share premium" account amounting to €0.24 per share in 2017.

Income from Altran Technologies for the five previous years

(in millions of euros)	2018	2017	2016	2015	2014
I. FINANCIAL POSITION AT THE END OF THE FINANCIAL YEAR					
Share capital	128.5	87.9	87.9	87.9	87.5
Number of issued ordinary shares	257,021,105	175,800,265	175,800,265	175,800,265	174,979,045
II. OPERATIONS AND RESULTS					
Revenues (excluding taxes)	1,023.2	949.6	874.5	807.9	802.7
Profit (loss) before tax, depreciation, amortization and provisions	33.4	70.2	12.6	36.4	76.8
Corporate tax	(24.2)	(32.8)	(41.5)	(31.6)	(26.7)
Employee profit-sharing due	0.0	0.0	0.0	0.0	0.0
Profit (loss) after tax, depreciation, amortization and provisions	62.9	102.9	30.8	56.5	92.3
Dividend paid	0.0	0.0	0.0	0.0	0.0
III. EARNINGS PER SHARE *(IN EUROS)*					
Profit (loss) after tax, but before depreciation, amortization and provisions	0.22	0.59	0.31	0.39	0.59
Profit (loss) after tax, depreciation, amortization and provisions	0.24	0.59	0.18	0.32	0.53
Dividends paid per share	0.00	0.00	0.00	0.00	0.00
IV. EMPLOYEES					
Average number of employees	11,130	10,321	9,721	9,315	9,434
Total wages and salaries	483.3	442.6	421.0	397.1	408.6
Social security and other staff benefits (pensions…)	225.1	208.7	196.9	189.4	179.0

5.6__ Other information

5.6.1 Information on payment deadlines

Pursuant to Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, information regarding payment deadlines for suppliers and clients are presented in the following table:

	Article D. 441-I.-1: Received invoices unpaid at the closing date for which the payment period has expired						Article D. 441-I.-2: Issued invoices unpaid at the closing date for which the payment period has expired					
(in millions of euros)	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)	0 day (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Ranges of late payments												
Number of invoices concerned	6,383					7,107	12,208					2,918
Total amount of invoices concerned incl. VAT	29.5	7.4	2.0	1.2	2.3	12.8	229.0	4.7	4.1	2.0	4.7	15.5
Percentage of total amount of purchases incl. VAT	8.9%	2.2%	0.6%	0.4%	0.7%	3.9%						
Percentage of revenues incl. VAT							18.7%	0.4%	0.3%	0.2%	0.4%	1.3%
(B) Invoices excluded of (A) linked to litigious and non-booked payables and receivables												
Number of invoices excluded						297						257
Total amount of invoices excluded						1.4						1.6
(C) Reference payment periods used (contractual or legal periods – Article L. 441-6 or Article L. 443-1 of the French commercial code)												
The reference payment periods which are used are the contractual periods, within the legal time limit.												

5.6.2 Information on non-deductible expenses

During the financial year ended December 31, 2018, Altran Technologies recorded non-deductible expenses amounting to €12.7m, €1.1m of which were sumptuary expenses non-deductible from taxable income, in accordance with Article 39-4 of the French Tax Code *(Code général des impôts)*.

5.6.3 Other information

Information relating to R&D expenses is presented in section 8.9.1 "Research, development and innovation policy".

Key risks and uncertainties faced by the Group are described under section 2.1 "Risk factors".

Information on corporate officers (*e.g.* a list of mandates, functions, stock options and remuneration) is available in chapter 3 "Corporate governance and remuneration".

Information concerning shareholders of Altran Technologies, treasury shares and notifications of significant holdings can be found in chapter 8 "Information on the Company and the Group".

5.7__ Pro forma financial information

5.7.1 Unaudited pro forma condensed consolidated financial information

5.7.1.1 Introduction

The *pro forma* condensed consolidated financial information presented hereafter is comprised of a *pro forma* condensed consolidated income statement for the financial year ended on December 31, 2018 and explanatory notes. It was prepared with a view to representing the *pro forma* effects of Altran's acquisition of the Aricent group from a group of investors led by Kohlberg Kravis Roberts (KKR), (hereafter the "Transaction"). This Transaction was completed on March 20, 2018. The *pro forma* condensed consolidated financial information was not audited.

This *pro forma* condensed financial information was prepared on an indicative basis only with a view to providing comparative information, with full access to the Aricent financial information after the actual takeover of Aricent on March 20, 2018.

The *pro forma* condensed consolidated income statement was prepared in the assumption that the Transaction took place on the opening date of the period covered, *i.e.* January 1, 2018. By its nature, the Pro Forma Condensed Consolidated Financial Information deals with a hypothetical situation and is not intended to represent or indicate the income from operating activities which would have been that of Altran if the Transaction had taken place on the opening date of the period covered. Similarly, the *pro forma* consensed consolidated financial information is not indicative of what the future operational income of the Group will be. The *pro forma* condensed financial information is based on a certain number of assumptions deemed by Altran to be reasonable on the date of this document and in the context of the Transaction, presented hereafter in the notes to the *pro forma* condensed financial information.

The *pro forma* adjustments included in the *pro forma* condensed financial information are limited to adjustments (i) directly attributable to the Transaction, and (ii) which may be borne out by the facts.

The *pro forma* condensed consolidated financial information does not reflect the elements which could be identified or determined on the date of this document, such as the synergies, improved operational efficiency and other cost reductions likely to be generated by the Transaction.

This *pro forma* condensed consolidated financial information is derived from:

- the Altran consolidated income statement for financial year ended December 31, 2018, as given in the Altran audited consolidated financial statements presented in chapter 6 "Consolidated financial statements" in this document;
- the Aricent interim income statement for the period from January 1 to March 19, 2018 (unaudited), prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

This *pro forma* condensed consolidated financial information is limited to a *pro forma* condensed consolidated income statement on operating income from ordinary activities, and explanatory notes. The preparation of *pro forma* information beyond the income from ordinary activities would require means that the Group considered unreasonable to be implemented.

The *pro forma* condensed consolidated financial information is presented in millions of euros consistent with the accounting principles used for preparing the Altran audited consolidated financial statements at December 31, 2018.

5.7.1.2 Regulatory framework

The *pro forma* condensed consolidated financial information is presented pursuant to AMF (French Financial Market Authority) Instruction no. 2016-04 dated January 15, 2018, since the Transaction involves a change of more than 25 percent at of least one of Altran's keys indicators.

The *pro forma* condensed consolidated financial information has been prepared in accordance with Annex II of Commission Regulation (EC) no. 809/2004 "*Pro forma* Financial Information Building Block", the recommendations issued by ESMA (formerly CESR) (ESMA/2013/319 of March 20, 2013) and recommendation no. 2013-08 issued by the AMF on *pro forma* financial information.

5.7.3 Unaudited *pro forma* condensed consolidated income statement

For the financial year ended December 31, 2018

(in millions of euros)	Altran consolidated data	Unaudited *pro forma* adjustments		Unaudited *pro forma* condensed consolidated income statement
		Aricent interim data	Business combination	
	Note 1	**Note 2**	**Note 3**	
Revenues	2,916.4	109.2	0	3,025.6
Other income from operations	99.1	(0.4)	0	98.7
Revenues from ordinary operations	**3,015.5**	**108.8**	**0**	**3,124.3**
Cost of goods ans services sold	(45.8)	(1.2)	0	(47.0)
Change in work in progress	0.4	0	0	0.4
External expenses	(581.0)	(28.9)	0	(609.9)
Personnel costs salaries	(1,957.1)	(64.6)	0	(2,021.7)
Taxes and duties	(3.9)	(0)	0	(3.9)
Depreciation, amortization and net provisions	(59.9)	(8.6)	0	(68.5)
Other operating expenses	(17.2)	0	0	(17.2)
Amortization of intangibles arising from business combinations	(48.7)	(2.2)	(9.5)	(60.4)
OPERATING INCOME ON ORDINARY ACTIVITIES	**302.3**	**3.3**	**(9.5)**	**296.1**

See accompanying notes to the unaudited pro forma condensed consolidated financial information.

5.7.1.4 Notes to the unaudited *pro forma* condensed financial information

Note 1 Altran consolidated data

The column "Altran consolidated data" in the table presenting the "unaudited *pro forma* condensed consolidated income statement" corresponds to an extract from the Altran audited consolidated income statement for the financial year ended December 31, 2018. This is derived from the Altran audited consolidated financial statements for the financial year ended at December 31, 2018, prepared in accordance with IFRS international accounting standards as adopted by the European Union. It includes the Aricent contribution from March 20, 2018.

Note 2 Aricent interim data

The column "Aricent interim data" in the table presenting the "unaudited *pro forma* condensed consolidated income statement" contains an extract from the Aricent interim consolidated income statement for the period from January 1 to March 19, 2018, which has neither been audited nor reviewed to a limited degree. It was prepared in accordance with the presentation of the Altran consolidated income statement for the financial year ended on December 31, 2018.

Aricent prepared its consolidated financial statements in accordance with the US GAAP accounting framework. Altran reports its consolidated financial statements in accordance with the IFRS standards as adopted by the European Union, and which differ from the US GAAP in certain respects. The analysis conducted to identify potential variations from the accounting principles did not show any significant differences, excluding presentation reclassifications. Reclassifications were therefore made to conform to the income statement presentation selected by Altran.

Altran analyzes the effects of retention bonuses on operating income similarly to other non-recurring operating expenses, which are not part of operating income from ordinary activities.

Aricent prepared the aforementioned consolidated data in US dollars (USD). Altran reports its financial statements in euros. To convert the Aricent interim consolidated income statement into euros for the period from January 1 to March 19, 2018, the average exchange rate was used by Altran to prepare the interim consolidated financial statements at March 31, 2018 (unaudited and unpublished), *i.e.* USD 1.23 for €1.

Note 3 Business combination

The Transaction is recognized according to the acquisition method in accordance with IFRS 3 "Business Combinations".

The consideration transferred has been allocated to Aricent assets acquired and liabilities assumed based upon preliminary estimates of the fair values at March 20, 2018. These preliminary estimates reflect the latest available valuations of assets acquired and liabilities assumed, performed with the assistance of independent valuation experts, as considered in the Altran historic consolidated annual financial statements at December 31, 2018. These values are likely to be revised if new information is obtained within 12 months following the effective date of the Transaction, as facts and circumstances existing on the date of the takeover are concerned. Hence, the final allocation of the acquisition price is likely to be different from the preliminary allocation.

The column "Business combination" in the table presenting the "unaudited *pro forma* condensed consolidated income statement" includes the effect on the amortizations of the adjustment of the assets to fair value, after neutralizing the amortization expense recorded in the historic Aricent consolidated interim income statement for the period from January 1 to March 19, 2018. The effect could be detailed as follows:

(in millions of euros)	Total	o/w amortization of other intangible assets	o/w amortization of intangible rights
Amortization of fair value of intangible assets **[A]**	(16.9)	(5.2)	(11.7)
Amortization of historical intangible assets **[B]**	(7.4)	(5.2)	(2.2)
***pro forma* adjustments [A-B]**	**(9.5)**	**0**	**(9.5)**

5.7.2 Statutory auditors' report on the pro forma information

Statutory auditors’ report on the pro forma information relating to the period from January 1 to December 31, 2018

To the Chairman-Chief Executive,

In our capacity as Statutory Auditors and pursuant to EC Regulation n°809/2004, we have prepared this report on the pro forma financial information of Altran Technologies relating to the period from January 1, 2018 to December 31, 2018 included in section 5.7 of the registration document.

This pro forma financial information has been prepared solely for the purpose of illustrating the impact that the acquisition of Aricent could have had on the consolidated income statement for the year ended December 31, 2018 of Altran Technologies if this transaction had become effective as of January 1, 2018. By their very nature, this pro forma financial information describes a hypothetical situation and is not necessarily representative of the financial position or the performance which might have been recorded had the transaction or event occurred at a date prior to that of its actual or foreseeable occurrence.

This pro forma financial information has been prepared under your responsibility in accordance with EC Regulation n°809/2004 and the CESR’s recommendations relating to pro forma information.

Based on our procedures, it is our responsibility to express a conclusion, under the terms set forth in Annex II point 7 of EC Regulation N° 809/2004, on the appropriateness of the prepared pro forma financial information.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures, which do not include an audit or limited review of the financial information underlying the preparation of the pro forma financial information, have mainly consisted in verifying that the bases on which the pro forma financial information has been prepared is consistent with the relevant source documents described in the notes to the pro forma financial information, reviewing the probative elements substantiating the pro forma restatements and conducting interviews with Management of Altran Technologies to obtain information and explanations which we deemed necessary.

In our opinion :

- The pro forma financial information has been adequately prepared on the basis indicated in the notes to this information;
- This basis complies with the accounting policies adopted by the issuer.

This report is issued solely for the filing of the registration document with the French Securities Regulator (*Autorité des Marchés Financiers (AMF)*) and may not be used in any other context.

La Défense and Paris-La Défense, April 23, 2019

The Statutory Auditors

MAZARS	**DELOITTE & Associés**
Jean-Luc BARLET	Ambroise DEPOUILLY

6___ CONSOLIDATED FINANCIAL STATEMENTS

6.1 Statutory Auditors' report on the consolidated financial statements

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Altran Technologies Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Altran Technologies for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (*code de déontologie*).

Emphasis of matter

We would draw attention to note 1.1 to the consolidated financial statements setting out the method and impact of first-time application, as of January 1, 2018, of IFRS 15, *Revenue from contracts with customers*, and IFRS 9, *Financial Instruments*. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Revenue recognition for services rendered under fixed-price contracts
Notes 1.4, 1.20, 5.8 and 6.2 to the consolidated financial statements

Risk identified	Our response

The Group offers different services to its clients who operate in varied industries. The methods for contractualizing services provided by the Group fall into three categories: Time & Materials (T&M) contracts, Fixed-Price contracts and royalties.
 	
Revenue from Fixed-Price contracts, is recognized depending on the degree of progress of the project. This degree of progress is determined, depending on the contract, using the input method (based notably on costs incurred under the project and time spent) or the output method (based notably on the technical progress of deliverables). If necessary, provisions for losses on completion are recorded when it is probable that the total estimated costs of the contract will exceed the total expected revenues of the contract.
 	
We considered revenue recognition from these Fixed-Price contracts to be a key audit matter, as measuring progress requires Management to make judgments and estimates based on data to completion regarding inputs and outputs.
	We have examined the processes set up by the Group to determine data to completion used to establish the degree of progress of projects.
	
	The audit procedures carried out on the recognition of revenue from Fixed-Price contracts consisted in selecting projects, in accordance with a multi-criteria approach (volume of business or work in progress, complexity of projects, unusual variations between two periods or compared to Group standards), for which we:
	
	- assessed the reasonableness of the estimates made by Management through:
	  - interviews with project teams, the program department and management controllers in order to substantiate the analysis of the measurement of the degree of progress and the determination of the profit on completion for projects underway at the year-end date,
	  - evidence gathered enabling the financial positions of the projects to be supported (contracts, orders, client approvals and acceptance, data relating to monitoring of time and payroll);
	- carried out arithmetical controls and analytical procedures on revenue recognition and profit recognized during the fiscal year.
	
	We have verified that the notes to the consolidated financial statements provide appropriate disclosure.

Allocation of the Aricent purchase price
Notes 1.3, 1.4, 1.7, 2, 5.1 and 5.2 to the consolidated financial statements

Risk identified	Our response
On March 20, 2018, Altran acquired the Aricent group for an enterprise value of US$2.1 billion. This transaction led to the recognition of goodwill of €1,348 million, after allocation of the purchase price to identifiable assets acquired and liabilities assumed at the acquisition date. This purchase price allocation is based on estimates of the fair value of assets acquired and liabilities assumed. The Altran group commissioned independent experts to assist with the identification and valuation of Aricent's main intangible assets and contingent liabilities. We considered the Aricent purchase price allocation to be a key audit matter, as this acquisition is a major transaction of the fiscal year. Significant judgment is necessary by Group Management, notably to identify and determine the fair value of the various intangible assets acquired and contingent liabilities assumed.	To assess the reasonableness of the classifications and values adopted for the assets acquired and liabilities assumed under this acquisition, our procedures notably consisted in, with the assistance of our experts: - familiarizing ourselves with and assessing the methodology implemented by the Group and its independent experts to identify and determine the fair value of assets acquired and liabilities assumed; - examining documentation of due diligence performed at the time of the acquisition, to identify any contingent assets and liabilities not taken into account in the purchase price allocation; - studying the valuation methods used by the Group and its independent experts to determine the fair value of intangible assets and contingent liabilities; - performing a critical analysis of the appropriateness and reasonableness of valuation assumptions used, such as the discount rate, fixed asset useful lives, the expected return on assets, royalty rates, the perpetual growth rate, tax rates and tax depreciation rates. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements on the purchase price allocation.

Goodwill impairment
Notes 1.4, 1.7, 1.9 and 5.1 to the consolidated financial statements

Risk identified	Our response

In recent years, the Group continued its expansion through numerous targeted acquisitions, in different countries, in all of the activities in which it operates.

Since 2016, Altran has acquired Lohika Systems in the USA and Ukraine, Synapse Product Development in the USA and Hong-Kong, Swell in the Czech Republic, Benteler Engineering Services in Germany, Pricol Technologies and Global Edge Software Limited in India, Information Risk Management in the United Kingdom and, in 2018, the Aricent group.

These acquisitions lead to, if applicable, the recognition of goodwill, in accordance with the principles of IFRS 3, *Business combinations*, equal to the difference between (i) the consideration transferred, plus the value of any non-controlling interests in the acquired company, and (ii) the fair value of the net identifiable assets acquired and liabilities assumed.

At the reporting date, net goodwill represents nearly 51% of total Group assets.

In accordance with IAS 36, *Impairment of assets*, this goodwill is allocated, on acquisition, to the Cash-Generating Units (CGU) or groups of CGUs which should benefit from the synergies of the business combinations, at the CGU level at which the Group will monitor this goodwill for management purposes. Impairment tests on goodwill and the CGU to which it is attached are carried out based on estimates developed internally as part of the multi-annual business plans. The tests are performed at December 31 of each year, and during interim accounts closings where there is indication of loss in value. The multi-annual business plans require Management to exercise significant judgment with regard to estimates used to define business plans and financial parameters adopted to determine the recoverable amount of the CGU to which the goodwill is allocated:

- The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use determined based on the present value of cash flows that the Group expects to generate;
- An impairment is recognized when the recoverable amount of the CGU to which goodwill is allocated is less than its net carrying amount.

We considered impairment tests on goodwill (“Goodwill impairment”) to be a key audit matter given the high level of estimates and judgement made by Management, the sensitivity of the recoverable amounts to changes in forecast assumptions and the relative weight of these assets in the Group’s consolidated financial statements.

Valuation of provisions for material contingencies and liabilities
Notes 1.4, 1.16 and 5.12 to the consolidated financial statements

Risk identified	Our response
The Group is exposed to risks, notably tax and social risks and risks relating to legal proceedings instigated following the revenue fraud at the beginning of the 2000s, still underway, as described in note 5.12 to the consolidated financial statements. The estimate of risks is reviewed regularly by each subsidiary and by the relevant Group departments, with the support, if necessary, of expert advisors. The incorrect valuation of a risk may lead the Group to overstate or understate its liabilities and contingent liabilities. Corresponding provisions total €83.8 million as of December 31, 2018. They are a key audit matter given the diversity of the risks to which the Group is exposed, the degree of judgment exercised by Management to estimate these risks and the amounts recognized in provisions.	Our audit approach consisted notably in: - examining the procedures implemented by the Group to identify the risks to which it is exposed and obtaining confirmation from all of the Group's external experts/advisors of our understanding of the litigation, and claims; - familiarizing ourselves with the risk analysis carried out by the Group and the corresponding documentation and assessing its consistency with the responses to direct confirmations from external experts/advisors; - assessing the main identified risks and examining the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized, with, if necessary, the support of our experts in the areas concerned by the risks. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements.

Recoverability of deferred tax assets
See notes 1.4, 1.19 and 6.9. to the consolidated financial statements

Risk identified	Our response
The Group recognizes deferred tax assets when it is likely that the relevant subsidiaries or tax consolidation groups will generate sufficient future taxable income to enable their offset. The Group's ability to recover its deferred tax assets is assessed by Management at the year-end based on forecasts of future taxable income. The correct valuation of the Group's deferred tax assets is conditional on the quality of its future taxable income forecasts. The ability to recognize deferred tax assets and the assessment of their recoverability is a key audit matter, given the importance of judgment exercised by Management in forecasts of taxable income and the materiality of the amounts.	Our audit approach consisted of assessing the Group's ability to benefit from future tax relief. We therefore analyzed taxable profit forecasts of the relevant subsidiaries or tax consolidation groups underlying the recognition and valuation of deferred tax assets. In particular, we: - reviewed the attainment of previous forecasts, - verified, with the support of our tax experts, the appropriateness of the model and assumptions used, with regard to the applicable local tax rules and applicable voted regulatory changes, - assessed the relevant subsidiary's ability to reach the objectives defined in the medium term plan prepared by Management, by verifying the consistency of the assumptions used to determine these forecasts with those used to determine the business plans used for impairment tests of goodwill. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements.

Specific Verifications

As required by law and regulations, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors' management report.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the Group information presented in the management report. Pursuant to Article L. 823-10 of this Code, we have not verified the fair presentation or consistency of the information contained in this statement with the consolidated financial statements. A report will be issued on this information by an independent their-party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Altran Technologies by the Shareholders' Meeting of June 28, 2004 for Deloitte & Associés and June 29, 2005 for Mazars.

As of December 31, 2018, Deloitte & Associés was in its 15th year of uninterrupted engagement and Mazars in its 14th year, including 15 and 14 years, respectively, since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L.823-10-1 of the French Commercial Code (*code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

La Défense and Paris-La Défense, April 12, 2019

The Statutory Auditors,

MAZARS	**DELOITTE & Associés**
Jean-Luc BARLET	Ambroise DEPOUILLY

6.2__ Consolidated financial statements

ALTRAN TECHNOLOGIES SA

Public limited company (*Société anonyme*) with a Board of Directors and share capital of €128,510,552.50

Head office: 96, avenue Charles de Gaulle – 92200 Neuilly-sur-Seine

Registration number: 702 012 956 Nanterre Trade and Companies Register

Business Activity Code: 7112B

FINANCIAL STATEMENTS AT DECEMBER 31, 2018

1. Consolidated financial statements

Assets

(in thousands of euros)	Notes	Dec. 2018 Net Value	Dec. 2017* Net value
Goodwill	5.1	2,363,178	901,762
Intangible assets	5.2	679,515	89,989
Tangible assets	5.3	144,074	92,187
Non-current financial assets	5.4	50,217	39,239
Deferred tax assets	6.9	101,070	96,231
Other non-current assets	5.5	96,856	122,011
TOTAL NON-CURRENT ASSETS		**3,434,910**	**1,341,419**
Inventory and work in progress	5.6	2,044	2,086
Trade accounts and other receivables	5.7	527,570	493,073
Assets linked to customer contracts	5.8	202,100	128,432
Current financial assets	5.9	22,525	12,954
Cash and cash equivalents	5.11	472,706	372,926
TOTAL CURRENT ASSETS		**1,226,945**	**1,009,471**
Total assets		**4,661,855**	**2,350,890**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

Shareholders' equity and liabilities

(in thousands of euros)	Notes	Dec. 2018	Dec. 2017*
Capital	*5.10*	128,511	87,900
Share premium		1,040,425	351,331
Reserves attributable to parent company shareholders		449,420	399,286
Foreign currency translation reserve		42,218	(48,678)
Net income attributable to the owners of the parent		80,590	130,768
Equity attributable to the owners of the parent		**1,741,164**	**920,607**
Non-controlling interests		(48,707)	(30,100)
SHAREHOLDER'S EQUITY		**1,692,457**	**890,507**
Non-current financial liabilities	*5.11*	1,603,329	1,187
Non-current provisions for contingencies and liabilities	*5.12*	61,165	47,661
Non-current employee benefits	*5.13*	64,473	38,941
Deferred tax liabilities	*6.9*	169,029	19,270
Other long-term liabilities	*5.14*	66,071	38,525
TOTAL NON-CURRENT LIABILITIES		**1,964,067**	**145,584**
Trade accounts and other payables	*5.15*	648,271	472,296
Liabilities linked to customer contracts	*5.8*	99,581	96,389
Provisions for short-term risks and charges	*5.12*	22,668	17,056
Current liabilities for securities	*5.16*	53,608	6,249
Current financial liabilities	*5.11*	181,203	722,809
TOTAL CURRENT LIABILITIES		**1,005,331**	**1,314,799**
Total shareholders' equity and liabilities		**4,661,855**	**2,350,890**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

2. Consolidated income statement

(in thousand of euros)	Notes	Dec. 2018	Dec. 2017*
Revenues	*6.1 & 6.2*	2,916,416	2,295,257
Other income from operations		99,111	69,412
REVENUES FROM ORDINARY OPERATIONS		**3,015,527**	**2,364,669**
Cost of goods and services sold		(45,788)	(36,377)
Change in work in progress		390	912
External expenses	*6.3*	(580,970)	(455,057)
Personnel costs	*6.4*	(1,957,051)	(1,607,425)
Taxes and duties		(3,955)	(2,879)
Depreciation, amortization and net provisions	*6.5*	(59,953)	(7,333)
Other operating expenses		(17,167)	(10,165)
Amortization of intangibles arising from business combinations		(48,673)	(4,263)
OPERATING INCOME ON ORDINARY ACTIVITIES		**302,360**	**242,082**
Other non-recurring operating income and expenses	*6.6*	(85,375)	(39,007)
OPERATING INCOME		**216,985**	**203,075**
Cost of net financial debt	*6.7*	(60,017)	(11,782)
Other financial income	*6.8*	9,551	9,216
Other financial expenses	*6.8*	(44,296)	(17,594)
NET INCOME BEFORE TAX		**122,223**	**182,915**
Income tax	*6.9*	(41,163)	(42,780)
Share of net income of associates			(414)
NET INCOME BEFORE DISCONTINUED OPERATIONS		**81,060**	**139,721**
Net income from discontinued operations	*6.10*	(101)	(8,885)
NET INCOME		**80,959**	**130,836**
of which attributable to:			
- the owners of the parent		80,590	130,768
- non-controlling interest		369	68
Earnings per share			
Earnings per share *(in euros)*		0.35	0.68
Diluted earnings per share *(in euros)*		0.36	0.69
Earnings per share on continuiting activities *(in euros)*		0.35	0.73
Diluted earnings per share on continuiting activities *(in euros)*		0.36	0.74
Eranings per share on discontinued operation *(in euros)*		0.00	(0.05)
Diluted earnings per share on discontinued operation *(in euros)*		0.00	(0.05)

* 2017 data were restated for the impact of IFRS 15 (see note 4).

3. Consolidated Statement of Comprehensive Income

(in thousands of euros)	Dec. 2018	Dec. 2017
NET INCOME FOR THE PERIOD	**80,959**	**130,836**
Cash flow hedging	(5,044)	960
Exchange differences on translation of foreign operations	92,601	(36,998)
Deferred tax on recyclable items	(15,490)	3,907
Other comprehensive income that may subsequently be reclassified to profit	***72,067***	***(32,131)***
Actuarial gain and losses on retirement plans and post employment benefits	182	(1,105)
Deferred tax on non-recyclable items	(212)	2,210
Other comprehensive income that will not be reclassified to profit	***(30)***	***1,105***
Other comprehensive income for the year, net of tax	**72,037**	**(31,026)**
TOTAL COMPREHENSIVE INCOME	**152,996**	**99,810**
of which attributable to:		
- the owners of the parent	151,924	100,142
- non-controlling interest	1,072	(332)

4. Consolidated statement of changes in shareholders' equity

(in thousands of euros)	Number of shares	Capital	Premium	Resources	Change in fair value & other	Exchange rate differences	Net profit	Total Group share	Minority interests	Total
12/31/2016	**172,699,074**	**87,900**	**392,306**	**271,588**	**(630)**	**(12,223)**	**122,483**	**861,426**	**913**	**862,339**
Comprehensive income for the period				5,342	630	(36,598)	130,768	100,142	(332)	99,810
Capital increase								-	1,874	1,874
Share-based payments			2,052					2,052		2,052
Change in treasury shares	(104,650)		(1,567)					(1,567)		(1,567)
Net income appropriation				122,483			(122,483)	-		-
Dividends			(41,460)					(41,460)		(41,460)
Other changes				(129)		143		14	(32,555)	(32,541)
12/31/2017	**172,594,424**	**87,900**	**351,331**	**399,284**	**0**	**(48,678)**	**130,768**	**920,607**	**(30,100)**	**890,507**
Comprehensive income for the period				(16,843)	(3,742)	91,919	80,590	151,924	1,072	152,996
Capital increase	81,220,840	40,611	688,623					729,234		729,234
Share-based payments			1,033					1,033		1,033
Change in treasury shares	(97,732)		(561)					(561)		(561)
Net income appropriation				130,768			(130,768)	-		-
Dividends				(60,914)				(60,914)		(60,914)
Other changes				(159)				(159)	(19,679)	(19,838)
12/31/2018	**253,717,532**	**128,511**	**1,040,426**	**452,136**	**(3,742)**	**43,241**	**80,590**	**1,741,164**	**(48,707)**	**1,692,457**

5. Consolidated Statement of cash flows

(in thousands of euros)	Déc. 2018	Dec. 2017
OPERATING INCOME FROM CONTINUING ACTIVITIES	**216,985**	**203,075**
Goodwill impairment and amortization of customer-relationship intangible assets	48,673	4,263
Depreciation, amortization and net operating provisions	40,156	10,286
Income and expenses relating to share-based payments	1,033	2,309
Gains or losses on disposals	1,446	(233)
Other gains and charges	38,875	5,476
CASH FLOWS BEFORE NET INTEREST EXPENSES AND TAXES	**347,168**	**225,176**
Change in inventory and work in progress	(379)	(341)
Change in trade accounts and other receivables	38,005	(24,139)
Change in trade accounts and other payables	26,370	19,852
Change in working capital requirement	**63,996**	**(4,628)**
NET OPERATING CASH FLOWS	**411,164**	**220,548**
Net interest paid	(114,713)	(9,912)
Tax paid	(43,290)	(44,866)
Cash impact of other financial income and expenses	(28,060)	(1,773)
Net cash flows from discontinued operations	(100)	(2,966)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**225,001**	**161,031**
Cash outflows for acquisitions of property, plant & equipment and intangible assets	(144,231)	(57,973)
Proceeds from disposals of property, plant & equipment and intangible assets	1,134	436
Cash outflows for acquisitions of financial assets (unconsolidated investments)	(1,429)	(2,801)
Proceeds from disposals of financial assets (unconsolidated investments)	-	801
Earn-out disbursements	100	(425)
Impact of scope-of-consolidation changes	(1,785,128)	(108,684)
Change in loans and advances granted	503	(2,719)
Other flows from investing activities	1,102	1,904
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(1,927,949)**	**(169,461)**
Capital increase	718,528	-
Proceeds from the exercise of stock options	-	(257)
Purchase and sales of treasury stocks	422	(1,646)
Liquidity contract	(1,325)	105
Dividends paid to owners of the parent	(60,914)	(41,460)
Proceeds from new loans	2,390,837	874
Reimbursement of loans	(1,006,297)	(127,371)
Other flows from financing activities	(233,423)	81,557
NET CASH FLOWS FROM FINANCING ACTIVITIES	**1,807,828**	**(88,198)**
Impact of variations in exchange rates	(5,100)	(8,776)
CHANGES IN NET CASH	**99,780**	**(105,404)**
Opening cash balance	372,926	478,330
Closing cash balance	472,706	372,926
Changes in net cash	**99,780**	**(105,404)**

Notes to the consolidated financial statements

Note 1 Accounting policies

Altran Technologies is a public limited company *(société anonyme)* incorporated in France and subject to French laws and regulations governing commercial companies, including the provisions of the French Commercial Code.

1.1 Basis of preparation of the financial statements

In accordance with regulation (EC) no. 1606/2002 of July 19, 2002 on the application of international accounting standards, the consolidated financial statements of Altran Technologies ("Altran") for the financial year ended December 31, 2018 have been prepared in accordance with the international standards issued by the International Accounting Standards Board (IASB) applicable at December 31, 2018 and adopted by the European Union. These international standards comprise International Accounting Standards Board (IASB), International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

Standards, amendments and interpretations whose application is mandatory in 2018

The Group has applied the standards presented below, whose application is mandatory for the financial years open from January 1, 2018.

IFRS 15 "Revenues from ordinary operations drawn from the contracts concluded with customers"

The new standard IFRS 15 replaces IAS 18 "Revenues from ordinary operations" and IAS 11 "Construction contracts" and draws up a new model in five steps, which is applicable to income from contracts concluded with clients.

As per this standard, applicable as of January 1, 2018, the income is recognized to reflect the transfer of goods and services promised to clients for amounts that reflect the consideration that an entity expects to receive in exchange of these goods and services.

In 2016, Altran set up a task force on IFRS 15 issues.

The transition project was coordinated by the Group's teams and comprised several phases. These included identifying contract types per country, raising awareness, training the financial, legal and operating teams in the countries concerned, and performing diagnostics and analyses on complex contracts (the latter directly by the country teams).

The main topics identified pursuant to IFRS 15 concerning Altran's business and which were the subject of a specific analysis, are as follows:

- timing of revenues recognition (recognition at completion for certain contracts). No identified impact considering the following elements (i) the majority of contracts are performed on a Time and Materials (T&M) basis, (ii) fixed-rate contracts are generally short-term in nature, (iii) the right to payment for performance completed to date can generally be justified by (iii.1) the regular invoicing of services, and by (iii.2) the contract terms and local legislation;
- presentation of expenses (excluding margins) reinvoiced to customers, which must be presented under revenues in accordance with IFRS 15. Under IAS 18, they were deducted from external costs. These expenses amounted to €13.1m for financial year 2017;
- other specific areas for analysis, with no identified impact: costs of setting up significant contracts and accounting treatment of the transition phases at the beginning of contracts with no customer deliverables, distinguishing between the agent and the principal in subcontracted and jointly-performed contracts; recognizing license fees, using the practical expedient from the paragraph 121 of the IFRS 15 standard, with an expected duration of less than one year for most of the contracts.

Altran has adopted the full retroactive transition method for IFRS 15. As a result, the financial statements for 2018 are presented only under the IFRS 15 standard and 2017 was restated.

IFRS 9 "Financial instruments"

This standard defines new principles in matters of classification and evaluation of financial instruments, depreciation of financial assets for credit risk and hedge accounting. The Group has applied the "classification, valuation and depreciation" components. It has applied the "hedge accounting" component prospectively. The Group had no instruments qualified as hedge accounting still outstanding on January 1, 2018 during the transition. The Group chose not to restate the comparisons, as the standard allows.

IFRS 9 requires the classification and valuation of financial assets based on their category, the characteristics of their contractual cash flows and their management model. For equity instruments, the IFRS 9 standard enables the irrevocable option for each instrument to be recognized either at fair value through the income statement or fair value in other elements of comprehensive income not recyclable to profit/loss. The Group made use of this option for the equity instruments held for strategic reasons.

The new standard does not significantly change the classification and valuation of financial liabilities.

The IFRS 9 rules in matters of depreciation require the recognition of expected credit losses from the initial recognition of receivables, or from the granting of loans or financial guarantees. Altran carried out an analysis on the quality of its client portfolio over the last 10 financial years. Given the quality of the counterparties involved, no significant impact related to the initial implementation of IFRS 9 has been identified in this regard.

The Group makes use of financial instruments that it documents when the conditions of the standard are fulfilled in terms of hedging exchange rates and interest rates. Thus, in accordance with IFRS 9, the variation in the effective part of the fair value of caps is recognized in other elements of comprehensive income recyclable to profit/loss and the variation in the ineffective part is recognized in the income statement. For financial instruments used for hedging exchange rates, the variations in fair value are recognized in financial profit/loss.

Other standards and interpretations whose application had no impact on the financial statements of the Group

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- amendment IFRS 2 "Share-based payments": "Classification and Measurement of Share-based Payment Transactions";
- IAS 40 "Investment property": Transfers in the category "investment property" or outside this category;
- IAS 28 "Investments in associates": Interactions between evaluation of the fair value and the equity method (investment entities, risk capital companies or investment funds).

Standards, amendments and interpretations whose application is optional in 2018

The following standards, amendments and interpretations will not be applied to the consolidated financial statements until they become mandatory:

IFRS 16 "Leases"

The standard IFRS 16 "Leases", which replaces the standard IAS 17 and the related interpretations, will come into force on January 1, 2019. It provides a single principle for the recognition of lease contracts for lessees, with the recognition of an asset (representing the right to use the leased asset during the period of the contract) and a debt (the obligation to pay rent).

Altran has identified about 2,540 lease contracts that would come within the scope of IFRS 16 composed of vehicle lease contracts (2,275 contracts), property leases (225 contracts) and IT and other equipment (40 contracts).

Concerning the first application of the standard on January 1, 2019, the Group plans to apply the simplified retrospective transition method, recognizing the cumulative effect of the initial application of the standard at the date of first application, without restatement of the comparative periods. In this context, the Group plans:

- to use a discount rate corresponding to the marginal loan rate for the contract. This corresponds to the interest rate that Altran would have had to pay to borrow, for a similar guarantee and duration, the necessary funds to obtain an asset of similar value to the usage right in a similar economic environment;
- to apply the following practical simplifications without restating the financial position:
  - new lease contracts for which the period is less than 12 months,
  - contracts related to assets of low value (less than $5,000).

Also, the Group plans to use the following simplification measures on January 1, 2019 specified by the standard in the transition arrangements:

- the application of paragraph 8 B2 of IFRS 16 leading to the recognition of an asset amount equivalent to that of the debt;
- the recognition as short-term lease contracts for which the residual period is less than 12 months.

The quantified impact is in the process of being determined and audited. On January 1, 2019, the net debt will increase by about €220m to €270m. The recognition of lease contracts on the balance sheet will also lead to an increase in non-current assets.

The Group expects a positive impact on the EBITDA of between €55m and €65m, due to the change in the method of recognizing lease contracts. The impact on the financial leverage ratio should be marginal. The impact on net profit/loss should not be significant.

At the same time, the future presentation of the consolidated statement of cash flows will be modified due to the positioning of the repayment of rental debt at the level of financing activities.

The estimated amounts of the rental debt are consistent with the off-balance-sheet commitments communicated according to IAS 17, excluding:

- the main effects related to conversion to current value;
- effects on duration because the off-balance-sheet commitments use the minimum contract period, while the rental debt may take into account the renewal options that the Group considers reasonably certain that it will use;
- simplification assumptions explained above.

IFRIC 23 "Uncertain tax positions"

This new interpretation, adopted by the EU on October 24, 2018 is applicable on January 1, 2019, with early application authorized.

It concerns the interpretation of IAS 12 concerning the recognition of uncertainties concerning the calculation of income tax.

The effects of the application of the IFRIC 23 interpretation are currently being analyzed.

The consolidated financial statements for the year ended December 31, 2018, as well as the notes thereto were approved by the Board of Directors of Altran Technologies on March 20, 2019.

1.2 Consolidation

Subsidiaries over which Altran exercises exclusive control, either directly or indirectly, are fully consolidated.

Companies that are not controlled by Altran but over which Altran exercises significant influence, as well as joint arrangements (within the meaning of IFRS 11), are accounted for using the equity method.

1.3 Business combination

Since January 1, 2010, the acquisition method has been used to account for business combinations.

Consideration transferred is measured at fair value. This includes deferred and contingent consideration, which is also measured at fair value at the acquisition date, taking into account associated performance probabilities. Consideration transferred may be classified under liabilities or shareholders' equity, according to its type. Obligations classified under liabilities are subsequently remeasured at fair value and recognized in the income statement.

Costs directly attributable to the acquisition are expensed during the period in which they were incurred.

In the case of partial acquisitions, non-controlling equity investments are valued on a case-by-case basis for each business combination:

- on the basis of their proportionate share of fair value of the assets and liabilities acquired; or
- at their fair value.

In the event of step acquisitions (*i.e.* assets acquired in several stages), the previously-held ownership interest is remeasured at fair value at the acquisition date. The difference between fair value and carrying amount is recognized directly in profit and loss for the year.

At the acquisition date:

- identifiable assets, liabilities and contingent liabilities meeting IFRS criteria are recognized at fair value;
- non-current assets classified as held for sale are measured at fair value less costs to sell.

Goodwill is the difference between:

- consideration transferred, plus the value of any non-controlling interests; and
- the fair value of net identifiable assets acquired and liabilities assumed.

For each business combination, goodwill can be determined in one of two ways:

- goodwill represents the percentage interest acquired by the Group (partial goodwill method);
- goodwill represents the Group's percentage interest and non-controlling interests' share of the fair value or proportionate share of fair value of the identifiable net assets acquired.

If expert analysis or measurement of identifiable net assets is still in progress at the acquisition date, a provisional fair value may be recognized. In this case, adjustments to the carrying amount made within the 12-month period from the acquisition date are recognized as goodwill adjustments and correspond to events that existed prior to the acquisition date. If made beyond the 12-month allocation period, adjustments are directly recognized as income or expenses unless they correspond to corrections of errors.

1.4 Use of estimates

The preparation of the Company's financial statements requires the use of estimates and assumptions that may have an impact on the carrying amount of certain balance sheet and income statement items, as well as the disclosures in certain notes to the financial statements. Altran regularly reviews these estimates and assessments to take into account past experience and other factors considered relevant with regard to the economic environment.

Estimates, assumptions and assessments are made based on available information or the actual situation when the financial statements are prepared. Consequently, they may subsequently differ from reality.

These estimates mainly concern provisions (€83.8m), the valuation at fair value of intangible assets identified in the context of business combinations (€354.1m), valuation at fair value of financial assets (€11.8m), assumptions adopted for preparing business plans used for impairment tests on intangible assets (€3,042.7m), the recognition of deferred tax assets (€101.1m) and liabilities (€169.0m), long-term personnel benefits (€64.5m) and the recognition of revenues concerning contracts in project mode.

1.5 Translation of foreign subsidiaries' financial statements

The Group's consolidated financial statements are presented in euros.

Translation of foreign subsidiaries' financial statements

The balance sheets of companies whose functional currency is not the euro are translated into euros at the exchange rates effective at the reporting date. Income statement and cash flow statement items are translated at the average exchange rate for the financial year. Foreign currency translation differences are recognized directly in shareholders' equity in the line item "Foreign currency translation reserve".

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Accordingly, they are reported in the entity's functional currency and translated at the exchange rate effective at the reporting date.

Transactions in foreign currencies

Transactions in foreign currencies are recognized at the exchange rates effective at the transaction dates. Assets and liabilities in foreign currencies are translated using the exchange rate effective at the reporting date.

The corresponding foreign currency translation gains and losses are recognized in the income statement, under:

- operating income for commercial transactions;
- financial income and expense for financial transactions.

Long-term financial advances in foreign currencies granted by the Group to its foreign subsidiaries with a holding activity are treated as equity when these amounts are used to finance the acquisition of equity investments, earn out payments and capital increases. These advances are translated at the exchange rate effective at the reporting date. The resulting translation differences and the corresponding deferred taxes are recognized in shareholders' equity under "Foreign currency translation reserve", in accordance with IAS 21 on net investments in foreign operations.

1.6 Presentation of financial statements

Consolidated balance sheet

IAS 1 "Presentation of Financial Statements" provides for the separate presentation of current and non-current items on the balance sheet. Assets and liabilities relating to the operating cycle and those that are due within less than twelve months are presented as current items. All other assets and liabilities are recognized as non-current items.

Deferred tax assets and liabilities are recognized as non-current items.

Consolidated income statement

The Group presents its income statement by type of income.

"Operating income" and "Operating income from ordinary activities" comply with French National Accounting Board (CNC) recommendation 2009-R-03.

Operating income includes all income and expenses that do not arise from financing activities and tax.

Other non-recurring operating income and expenses arise from activities that, by their nature, amount and/or frequency cannot be considered to be part of the Group's regular activities and earnings.

It particularly concerns acquisition expenses for consolidated securities, restructuring expenses, expenses or income relative to litigation or any other non-current element affecting the comparability of the profit/loss from one period to another.

Amortization of intangible assets (such as customer relationships) recognized when allocating acquisition prices is presented in profit/loss from continuing operations.

Goodwill impairment is presented under non-recurring operating expense.

1.7 Goodwill

Goodwill is initially recognized during a business combination as described in note 1.3.

After initial recognition, it is not amortized but is subject to an impairment test on December 31 of each year and during interim reporting where there is any indication of impairment. The procedures for these tests are presented in note 1.9.

1.8 Intangible assets

Intangible assets mainly include intangible rights (customer relationships, order books and trademarks), licenses, software, and capitalized development costs (and technology). They are recognized at their acquisition or production cost or their fair value in the case of business combinations.

Intangible rights (customer relationships, order books & trademarks)

Customer relationships and registered trademarks recognized in connection with business combinations are classified as intangible assets.

Customer relationships and order books are valued according to the "surplus earnings" method, which consists of adding the future operational margins attributable to the contracts, after tax and payment of support assets.

Customer relationships are amortized on a straight-line basis over the estimated useful life for each business combination.

The order books are amortized on a straight-line basis over a period of two years.

Trademarks developed internally are not capitalized.

Trademarks acquired through business combinations are valued according to the license fees method and are not amortized.

Software

IBM licenses are valued based on discounted future disbursements and amortized according to the payment terms, which do not exceed 10 years.

Other software acquired is amortized on a straight-line basis over its useful life (9 years maximum).

Patents

Patents acquired are amortized on a straight-line basis over their expected useful lives.

Capitalized development costs and technology

Capitalized development costs

Development costs that fulfill all criteria defining development expenses according to the IAS 38 standard are recognized as intangible assets and amortized over the lifetime of the project.

Other expenses are considered as research costs and are recognized as expenses.

Technology

In allocating the acquisition price of the Aricent group, the Group recognized the technology as an intangible asset and is amortizing it on a straight-line basis over a period of 3 years. This technology generates license fees each year. It is valued according to the discounted future cash flow method.

Impairment tests

Intangible assets are subject to an impairment test according to the principles stated in note 1.9.

1.9 Impairment test on goodwill and intangible assets

The impairment test consists of evaluating the recoverable value of each entity generating its own cash flows (Cash-Generating Units – CGU).

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Thus, CGU identified in the Group are legal entities or operational entities with common management and a unified business plan.

A CGU must belong exclusively to one of Altran's operating segments, in accordance with IFRS 8.

The recoverable amount of a CGU is the higher of its fair value less costs to sell (when this can be determined) and its value in use.

Fair value less costs to sell is the best estimate of the net cash flows to be received (or paid) for the disposal of an asset in an arm's length transaction between knowledgeable, willing parties. This estimate is determined on the basis of available market information taking into account any specific contexts.

Value in use applied by Altran is determined based on the present value of cash flows of the CGUs in question. They are determined on the basis of the following economic assumptions and operating forecasts:

- the cash flows are derived from the business plans of the entities concerned available on the measurement date, for a four-year forecast period;
- beyond the forecast period, the terminal value is calculated by applying a perpetual growth formula to the last cash flow from the forecast period;
- the discount rate per country is the weighted average cost of capital after tax. The after-tax rate is applied to cash flows after-tax. It is used to determine a recoverable amount identical to that obtained by applying a pre-tax rate to cash flows with no tax impact.

To determine goodwill impairment, the recoverable amounts of assets, essentially based on value in use, are compared with the carrying amounts.

1.10 Tangible assets

Property, plant and equipment are recognized at acquisition cost. Depreciation is calculated based on the expected pattern of consumption of the future economic benefits embodied in the asset on the basis of acquisition cost, less any residual value.

The straight-line method is applied over the following periods:

- fixtures and fittings 10 years;
- IT and office equipment 4 years;
- office furniture 10 years.

Depreciation periods are reviewed annually and changed if expectations differ from previous estimates.

Property assets are amortized according to the approach by component. Depreciation of each component is evaluated according to the following useful lives:

- buildings 20 to 50 years;
- fixtures and fittings 10 to 30 years.

1.11 Inventories and work in progress

Goods and supplies

Inventories are measured at the lower of acquisition cost and net realizable value.

Transition and/or transformation costs

Costs incurred during the initial stages of certain contracts with customers (transition and/or transformation costs) can be deferred when they are:

- specific to said contracts;
- related to an activity likely to generate future economic benefits;
- recoverable.

These costs are therefore classified as costs of obtaining or performing a contract and reversed to profit/loss as the economic benefits are received.

In the event that a contract becomes loss-making, all transition costs are written down to the amount of the expected loss and an additional provision for losses on completion is recognized, if necessary.

1.12 Financial assets

Financial assets comprise non-current loans and receivables, operating receivables, various other receivables and short-term investments. The classification and evaluation of financial assets depends

- of the management model: the IFRS 9 standard defines three different economic models. A first economic model, the aim of which is to hold assets in order to receive contractual cash flows, a second model, the economic aim of which is achieved both by the reception of contractual cash flows and by the sale of financial assets, and the "other" economic models;
- contractual characteristics of instruments: the analysis of the characteristics of contractual cash flows aim to determine whether these flows are "only repayments of principal and payments of interest on the principal remaining due" (known as the "SPPI" test, meaning Solely Payment of Principal and Interest).

In application of the IFRS 9 standard, at their initial recognition, financial assets are classified at fair value through profit/loss unless they are eligible for amortized cost or fair value through equity not recyclable to profit/loss.

Financial assets, non-current loans and receivables

Certain equity investments, which are not consolidated or accounted for by the equity method, are presented in the financial assets at fair value through profit/loss, in accordance with the Group's management policy. These assets are valued at fair value at their initial recognition and subsequently.

The IFRS 9 standard enables an irrevocable choice of presenting, in other elements of comprehensive income, the variations in fair value of an investment in an equity instrument which is not held for transaction purposes. This choice is made instrument by instrument (meaning security by security). The amounts presented in the other elements of comprehensive income must not subsequently be transferred to profit/loss, including to profit/loss upon disposal. The dividends for such investments are recognized in profit/loss unless the dividend clearly represents the recovery of part of the investment cost.

Thus, equity investments that are not consolidated or accounted for by the equity method and are not held for transaction purposes are, with the occasional exception, presented in financial assets at fair value through equity not recyclable to profit/loss. These assets are valued at fair value at their initial recognition and subsequently. At the closure dates, for listed instruments, the fair value is determined based on the market prices on the date of closure in question. For unlisted securities, the fair value is evaluated from valuation models based mainly on the latest market transactions, the updating of dividends or cash flows and the net asset value.

Financial loans and receivables are valued according to the amortized cost method if the management model consists of holding the instrument in order to collect contractual cash flows until maturity, flows only composed of payments relative to principal and its interest. This mainly concerns "construction-effort" loans and deposits and guarantees. A provision for impairment is recognized if there is an objective indication of impairment. Social housing loans do not bear interest and are measured at their fair value, determined using the market discount rate for a similar instrument over a 20-year period. The effects of discounting and the unwinding of discounts are recognized in the income statement.

Operating and other receivables

The trade receivables, the assets related to customer contracts and other receivables are recognized at their transaction prices according to the meaning of the IFRS 15 standard.

They are the subject of depreciation tests in accordance with the provisions of the IFRS 9 standard on the expected credit losses.

Receivables that are due within less than one year and/or less than an operating cycle are reported under "Current assets".

Short-term investments

Short-term investments or cash equivalents are measured at their fair value at each reporting date. Cash surpluses are invested in monetary instruments for which the sensitivity and volatility is less than 1% per year. Realized and unrealized gains and losses are recognized in the income statement under "Income from cash and cash equivalents".

1.13 Financial liabilities

Financial liabilities comprise bonds, bank loans and borrowings, bank overdrafts and other current and non-current liabilities.

Bank loans and borrowings and bonds

When derivatives are qualified as hedging transactions according to the criteria defined by the IFRS 9 standard, their accounts treatment has the following consequences:

the fair-value hedging of existing assets or liabilities consists of hedging the exposure to variations in the fair value of an asset or liability recognized (or of an identified part of this asset or liability), which is attributable to a foreign exchange risk and/or interest rate risk that would affect the profit/loss.

The hedged parts of these elements are revalued at fair value in the statement of financial position. The variation in this fair value is recognized against profit/loss, where it is compensated, within the limit of the effectiveness of the hedge, by the symmetrical variations in the fair value of the financial instruments used for hedging;

the hedging of future cash flows hedges the exposure to variations in cash flows which are attributable to an interest rate risk and/or foreign exchange risk associated with an asset or liability recognized, or a highly-probable planned transaction which would affect the profit/loss.

As the hedged element is not recorded in the statement of financial position, the effective part of the variation in the fair value of the hedging instrument is recognized against the other elements of comprehensive income. It is then reversed to profit/loss when the hedged element (financial asset or liability) affects the profit/loss. The ineffective part is recognized in financial profit/loss.

Bank overdrafts

Bank overdrafts are recognized at nominal value.

Other financial liabilities

These line items mainly include conditional advances relating to Research and Development efforts, and the valuation of forward foreign exchange derivatives and interest rate caps.

1.14 Derivative instruments

As revenues and expenses from providing intellectual services are generally denominated in the same currency (as they are generated in the same country), there is no currency hedging policy.

Measurement and presentation

Derivatives are initially measured and recognized at fair value. Fair value is re-measured at each reporting date based on market conditions.

Recognition of hedging derivatives

When derivatives are qualified as hedging transactions according to the criteria defined by the IFRS 9 standard, their accounts treatment has the following consequences:

- the fair-value hedging of existing assets or liabilities consists of hedging the exposure to variations in the fair value of an asset or liability recognized (or of an identified part of this asset or liability), which is attributable to a foreign exchange risk and/or interest rate risk that would affect the profit/loss.

  The hedged parts of these elements are revalued at fair value in the statement of financial position. The variation in this fair value is recognized against profit/loss, where it is compensated, within the limit of the effectiveness of the hedge, by the symmetrical variations in the fair value of the financial instruments used for hedging;
- the hedging of future cash flows hedges the exposure to variations in cash flows which are attributable to an interest rate risk and/or foreign exchange risk associated with an asset or liability recognized, or a highly-probable planned transaction which would affect the profit/loss.

As the hedged element is not recorded in the statement of financial position, the effective part of the variation in the fair value of the hedging instrument is recognized against the other elements of comprehensive income. It is then reversed to profit/loss when the hedged element (financial asset or liability) affects the profit/loss. The ineffective part is recognized in financial profit/loss.

The Group designates the hedging instrument and hedged item when the instrument is set up. It formally documents the hedging relationship in order to monitor its effectiveness over the period in question.

Recognition of derivatives that do not qualify as hedges

Derivatives that do not qualify as hedges are initially and subsequently measured at fair value. Changes in fair value are recognized in the income statement, in financial profit/loss for financing transactions and in operating profit/loss for commercial transactions.

1.15 Treasury shares

Treasury shares refer to Altran Technologies' shares included a share buyback program. The program comprises a liquidity contract entered into in 2011 to enhance liquidity and regular trading of the Company's shares on the Euronext Paris stock exchange.

Treasury share purchases are recognized as a deduction in shareholders' equity at acquisition cost until they are sold. When treasury shares are sold, all after-tax gains or losses are recognized in consolidated reserves. Consequently, they do not contribute to net income for the year.

1.16 Provisions

Pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized if, at the reporting date, the Group has an obligation to a third party and it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation. Risk estimates are frequently revised by each subsidiary and department within the Group, with the assistance, if necessary, of consultants.

The main provisions that Altran has to recognize, other than retirement commitments, include:

- estimated costs for litigation, lawsuits and claims brought by third parties or former employees;
- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Company announces, draws up or starts implementing a detailed restructuring plan before the reporting date.

Non-current provisions relate to liabilities due in more than 1 year. It includes provisions for disputes. The portion of provisions maturing in less than one year is recorded under current provisions on the balance sheet.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation if it is not probable that an outflow of resources will be required to settle it. Except in the case of IFRS 3, contingent liabilities are not provisioned but are disclosed in note 5.12.

1.17 Employee benefits

Altran participates in various defined benefit plans, and also provides other post-employment and termination benefits to its employees. The specific characteristics of the plans depend on the regulations in force in the countries concerned.

Termination and post-employment benefits are generally lump sum payments calculated based on the employee's number of years of service and annual salary on the date of termination/retirement.

Pursuant to revised IAS 19R, the contributions paid into defined contribution plans are recognized as expenses for the year and all employee benefits are measured annually using the projected unit credit method, taking into account the economic conditions specific to each country. The related assumptions are set out in note 5.13 and include mortality, staff turnover, salary increase rate, discount rate and expected rate of return on plan assets.

Altran's retirement benefit obligations are covered either by pension funds to which Altran contributes, or by provisions recognized on the balance sheet as and when the related rights vest.

The obligation net of plan assets is recorded on the balance sheet under "Other current and non-current post-employment benefits".

The annual expense is recognized under:

- personnel costs ("Non-current employee benefits") for the portion relating to current service cost;
- financial income or expense ("Employee benefit provisions") for the amount pertaining to interest cost and return on plan assets;
- shareholders' equity, in other comprehensive income, for the portion relating to actuarial gains and losses.

1.18 Share-based Payment

In accordance with IFRS 2 "Share-based Payment", share purchase and subscription options as well as employee share issues (including free shares) are measured at the grant date. New shares are issued at the maturity of the plan or drawn from treasury stock reserved for future plans.

Free shares

When free share plans are set up, Altran uses the model recommended by the CNC to measure employee benefits, whereby employees:

- borrow an amount equal to a defined share price and pay interest on the loan;
- sell forward their call options to a bank.

The expense recognized is the difference between the strike price and interest expense.

It is recognized in the income statement under "Personnel costs" on a straight-line basis over the vesting period with an offsetting entry in shareholders' equity.

1.19 Income taxes

Taxes that are not covered by IAS 12 "Income Taxes" or Revised IAS 19 "Employee Benefits" (social security contributions) are recognized as an expense when the obligating event that gives rise to a liability to pay a levy (as identified by legislation) actually occurs, in accordance with IFRIC Interpretation 21.

Income taxes comprise current tax expense (income) for the financial year and deferred tax expense (income). Tax is reported on the income statement unless it relates to items recognized directly under shareholders' equity.

Current tax is the estimated amount of tax due on income for the period, measured at the tax rate enacted or substantially enacted at the reporting date, as well as any tax adjustments for prior periods.

In France, since 2010, French value-added business tax (CVAE), which is based on the added value derived from the parent company financial statements, has been classified as an income tax item. Deferred taxes are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities and their tax bases, and for tax loss carryforwards.

The following items do not qualify for deferred tax recognition: the initial recognition of goodwill, the initial recognition of assets and liabilities that are not part of a business combination and do not affect accounting profit or taxable profit, and temporary differences associated with investments in subsidiaries insofar as they will not be reversed in the foreseeable future.

Altran offsets deferred tax assets and liabilities by tax entity. In compliance with IAS 12, deferred tax assets and liabilities are not discounted to present value.

The Group recognizes deferred tax assets, relating to tax loss carryforwards, when it is likely that the subsidiaries or consolidated tax groups concerned will have sufficient future taxable profit available to be able to use them. Management assesses the Group's ability to recover these assets at year-end. Altran takes the following into account:

- estimated future taxable income, according to local tax requirements;
- tax loss carryforwards arising before and after tax consolidation.

The correct measurement of the Group's deferred tax assets depends on how well it estimates future taxable income.

1.20 Revenue recognition

Revenues corresponds to sales of services, sales of goods and licenses made by all consolidated companies of the Group.

The accounting method used to recognize revenues and costs depends on the nature of the services.

Moreover, when the result of a transaction cannot be estimated reliably and the recovery of costs incurred is unlikely, revenues are not recognized and the costs incurred are expensed.

When the Group acts as an agent, the transaction is recognized on a net basis.

If the expected delay between recognition of the revenues and the payments from customers is greater than 12 months, the Group determines whether a financing benefit has been granted to the customer or received from it and, if the impact is significant, recognizes it separately from revenues.

Time and material contracts

The majority of the Group's contracts are carried out on a T&M basis.

These contracts, which are subject to a best efforts clause, have a variable price determined according to the time spent and the seniority of the staff employed by Altran for these projects.

Revenues generated by Time and Material (T&M) contracts is recognized as the services are performed.

Fixed-price contracts

These contracts, which have a performance obligation, either provide for a fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the customer as the project is performed.

Revenues from fixed-price contracts is recognized based on the stage of completion and the expected profit on completion. Depending on the contract, the degree of progress is determined according to the input method (notably according to the costs borne by the project and hours spent) or the output method (notably according to the deliverables made). In the event of an expected excess of total contract costs over total contract revenues, the expected losses on completion are provisioned. This method is compliant with the progress method defined by the standard IFRS 15 "Income from ordinary activities".

Royalties

Altran receives license fees from IBM. These license fees are calculated based on rates defined previously in contracts, applied to sales made by IBM with its final customers.

1.21 Non-recurring income

Other non-recurring operating income and expenses arise from activities, which by their nature, amount and/or frequency cannot be considered part of the Group's ordinary activities and earnings, since they impair the understanding of operating performance. They relate to income or expenses that are unusual, infrequent and of a significant amount.

These mainly comprise:

- capital gains or losses (net of costs) from disposals and impairment of current and non-current intangible assets or property, plant and equipment;
- restructuring costs and provisions, which impair the clarity of operating income from ordinary activities due to their size and unusual nature;
- other operating income and expenses considered as unusual or infrequent (such as acquisition costs).

1.22 Forex gains and losses

Realized and unrealized foreign exchange gains and losses from operations are recognized under "Other income from operations" or "Other operating income and expenses". Those resulting from financing operations or the hedging of investing and financing activities are recognized under "Cost of gross financial debt" and under "Other financial income and expenses".

1.23 Operating grants

Depending on their maturity, grants used to offset expenses incurred by the Group are systematically recognized either as operating income in the income statement in the period during which the expenses are incurred, as deferred tax assets, or other receivables. Operating grants mainly relate to research tax credits.

1.24 Earnings per share

The Group presents both basic and diluted earnings per share.

Undiluted earnings per share (basic earnings per share) corresponds to the net earnings attributable to shareholders of the Group related to the weighted average number of shares outstanding during the financial year, reduced by treasury shares.

Diluted earnings correspond to net income attributable to Group shareholders, net of the financial cost of dilutive debt instruments, the effect of employee profit-sharing, and corresponding tax. The number of shares used to calculate diluted earnings factors in the conversion into ordinary shares of dilutive instruments outstanding at the reporting date (free shares) when they are likely to have a dilutive effect. This is the case for share warrants, when their strike price is lower than their market price (average price of Altran Technologies' shares over the year).

Diluted and undiluted earnings per share are identical when earnings per share is negative. To ensure comparability of earnings per share, the weighted average number of shares outstanding during prior years is adjusted to take into account any capital increases carried out at a share price lower than the market price. Treasury shares deducted from consolidated shareholders' equity are not taken into account in calculating earnings per share.

1.25 Assets and liabilities held for sale and discontinued operations

IFRS 5 defines the accounting treatment, presentation and disclosure for assets held for sale (or disposal groups) and discontinued operations. A discontinued operation is a component of an entity that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

The standard requires separate disclosure on the balance sheet if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable (within one year of the reporting date).

Assets classified as held for sale and discontinued operations are measured and recognized at the lower of carrying amount and fair value less costs to sell, and deprecation on such assets ceases.

Net income from discontinued operations, after eliminating intra-Group transactions, is presented as a separate line item on the income statement. It includes the post-tax profit or loss of discontinued operations and the post-tax gain or loss on disposal of the assets or disposal group(s) constituting the discontinued operation, for the current and prior years used for year-on-year comparison.

The net cash flows from discontinued operations are also presented as separate line items on the cash flow statement, including the cash flows generated by the operations until disposal as well as the post-tax cash flows generated on disposal of the assets or disposal group(s) constituting the discontinued operation, for the current and prior years used for year-on-year comparison.

At December 31,2018 no assets and liabilities held for sale and discontinued operations are booked in consolidated Financial Statements.

Note 2 Changes in scope

During the 2018 financial year, the Group performed several transactions that changed its scope of consolidation, the main one being detailed below.

Acquisitions

During the 1st half of 2018, Altran finalized the acquisition of the Aricent Group for an entreprise value of $2.1bn. The Group acquired full ownership of Aricent Technologies Cayman on March 20, 2018 from a group of investors led by KKR.

The acquisition-related costs, amounting to €34.1m, have been recognized as non-recurring expenses.

The amount of goodwill recognized in the financial statements is €1,449.8m (including €102.5m of exchange rate difference).

The assets and liabilities assumed at the date of acquisition are the following:

- capital assets for €628.9m of which €343.6m are related to the allocation of acquisition prices (see note 5.2);
- non-current assets for €92.2m;
- accounts receivable and other current assets for €274.4m;
- liquid assets for €36.8m;
- cash and cash equivalents for €1,092.5m; and
- accounts payable and other current liabilities for €390.0m.

The contribution of this acquisition since March 20, 2018 represents €445.0m in revenues and €34.2m in operating income on ordinary activities, of which -€44.5m consists of amortization of intangible assets related to the business combination.

The completion of this transaction in March 2018 had a net impact of -€1,748m on the Group's cash flow of which:

- -€896.0m as payment for the securities of Aricent Technologies Cayman;
- -€822.9m as repayment for the pre-existing debt;
- -€65.9m as payment towards transaction costs;
- +€36.8m as net cash acquired on March 20, 2018.

Note 3 Significant events

Finalization and financing of the acquisition of Aricent

On March 20, 2018, Altran finalized the acquisition of the Aricent group, thus creating the global leader in ER&D services. This announcement was made once the necessary approvals had been obtained from the competition authorities and the conditions precedent provided for by the agreement signed on November 29, 2017 between Altran and a group of investors led by KKR had been met.

Founded in 1991, Aricent has a workforce of around 10,500 employees and operates 24 engineering centers and design studios serving some 360 clients worldwide.

Aricent differentiates itself from other market players by the following features:

- the iconic Frog brand, offering the world-renowned expertise of its 600 employees in design, customer experience and prototyping and meeting, through integration into the company's engineering services, the new needs of clients in the ER&D services market;
- a high level of industry expertise in three main industries with solid growth potential: telecom, semiconductors and software development;
- recognized digital expertise and solutions, historically based on a portfolio of intellectual property rights (for example, software building blocks) enhanced over the years and strategically positioned on emerging technologies such as artificial intelligence, cognitive systems and the Internet of Things (IoT);
- an industrialized service delivery model mainly by leveraging almost 8,500 engineers in India offering a broad range of expertise;
- proven know-how in the implementation of significant outsourcing contracts with top-tier clients; and
- the status as a partner of choice for its clients, with which Aricent has successfully developed long-standing relations.

Altran is now aiming to devise new global standards for the ER&D service sector. The Group will offer services of unprecedented magnitude and variety:

- an unequalled size: ER&D service sector leader with revenues of just under €3bn, nearly 45,000 employees in around 30 countries and exceptional market positioning;
- a leading position in key industries: Aeronautics, Automotive, Semiconductors, Software & Internet, Telecoms, Electronics and Industry, Life Sciences and Energy;
- an industrialized and globalized engineering services model: a unique portfolio of expertise, local to customers due to world technology and innovation centers and GEC (Global Engineering Centers) with 15,000 employees, in India, North Africa, Eastern and Southern Europe; and
- cutting-edge expertise in critical technological fields: development of innovative products, digital transformation, mechanical and systems engineering, digital & software, and unique design skills thanks to Frog.

To finance this acquisition, Altran successively used:

- external financing.

A Senior Facilities Agreement was signed on February 15, 2018 between the Altran group and a number of banks, providing the Company with several loans:

  - a term loan of a total amount of €2,125m divided into two tranches, one of €1,880m and the other of $300m ("Term Loan B");
  - a bridge loan of €250m (the "Bridge Facility"); and
  - a new multi-currency revolving credit facility of €250m (the "Revolving Credit Facility"), replacing the existing similar facility of €500m signed on July 27, 2017.

On March 20, 2018, *i.e.* the day of the closing of the acquisition of Aricent, the Term Loan B and the Bridge Facility were fully drawn and used (i) to pay the acquisition price for Aricent ($2.1bn), (ii) to pay the fees and costs associated with the acquisition of Aricent, and (iii) to repay part of the Altran group's existing debt (including approximately €273m of medium and long-term debt).

The loan agreement contains the usual clauses for this type of financing, which involve compliance by the Group with certain obligations detailed in note 6.12 "Net financial debt";

- a capital increase.

A capital increase with preferential subscription rights for existing shareholders was launched on March 22, 2018 and finalized on April 17, 2018, for a final gross amount of approximately €750m (resulting in the creation of 81,220,840 new shares).

Net income from the capital increase enabled Altran to repay the Bridge Facility in full and part of Term Loan B as described above.

Launch of the new strategic plan: *The High Road, Altran 2022*

On June 28, 2018, Altran announced the launch of *The High Road, Altran 2022*, its new five-year strategic plan aimed at raising the profile of its service model and extending its presence in key sectors and regions to respond to demand from its clients and to current major technological breakthroughs.

The High Road, Altran 2022 is banking on projected growth of about 9% per year in the ER&D market, with contrasting geographical growth patterns.

The application of the strategic plan "*The High Road, Altran 2022*" should improve, in 2022:

- the revenues;
- the operating margin;
- the Free Cash Flow (including financial costs);
- the debt ratio;
- the earnings per share.

The details of this new strategic plan were made public *via* a press release dated June 28, 2018.

Note 4 Year-on-year comparability

4.1 Acquisition of the Aricent group

If the acquisition of the Aricent group had taken place before January 1, 2018:

The contribution of the Aricent group to the main aggregates of the Group would have been:

- revenues = €554.2m;
- operating income on ordinary activities = -€28.0m, including -€56.2m for amortization of the intangible rights arising from business combinations.

The main aggregates of the Group would have been:

- revenues = €3,025.6m;
- operating income on ordinary activities = -€296,2m, including -€60.4m for amortization of the intangible rights arising from business combinations.

The Group is not in a position to provide accurate restated figures beyond the operating income on ordinary activities, in particular the net income. The complexity and the numerous transactions to restate would have required too much resource.

The contribution over 12 months corresponds to:

- the contribution to the Group's consolidated financial statements since the acquisition date of March 20, 2018;
- the estimated contribution from January 1, 2018 to March 19, 2018.

The estimated contribution of the Aricent group was based on the following elements:

- aggregates of Aricent over the period, corrected by changes in nature of expenses between operating income on ordinary activities and non-recurring income;
- extrapolation of the impact of the allocation of the strike price, taking into account:
  - amortization of the customer relationship, technologies and backlog recognized following the valuation of acquired assets and liabilities,
  - amortization of insurance premiums,
  - changes in the valuation of provisions.

4.2 IFRS 15: "Revenues from ordinary operations drawn from the contracts concluded with customers"

IFRS 15 is a mandatory standard applied to the financial years beginning on or after January 1, 2018. The Group has adopted the retroactive transition method for IFRS 15. As a result, the information presented for 2017 has been restated.

The expenses reinvoiced to customers, excluding margins, are now recognized under revenues in accordance with IFRS 15, whereas under IAS 18, they were deducted from external costs.

For the impact on the figures, refer to paragraph 4.3.

4.3 Impact on the 2017 consolidated financial statements

4.3.1 Impact on the 2017 income statement

(in thousand of euros)	Dec. 2017 Published	IFRS 15	Change in presentation	Dec. 2017 Restated
Sales	2,282,195	13,062		2,295,257
Other income from operations	69,412			69,412
REVENUES FROM ORDINARY OPERATIONS	**2,351,607**	**13,062**	**-**	**2,364,669**
Cost of goods and services sold	(36,377)			(36,377)
Change in work in progress	912			912
External expenses	(441,995)	(13,062)		(455,057)
Personnel costs	(1,607,425)			(1,607,425)
Taxes and duties	(2,879)			(2,879)
Depreciation, amortization and net provisions	(7,333)			(7,333)
Other operating expenses	(10,165)			(10,165)
Amortization of intangibles arising from business combinations	0		(4,263)	(4,263)
OPERATING INCOME ON ORDINARY ACTIVITIES	**246,345**	**-**	**(4,263)**	**242,082**
Other non-recurring operating income and expenses	(39,007)			(39,007)
Goodwill impairment	0			0
Amortization of intangibles arising from business combinations	(4,263)		4,263	0
OPERATING INCOME	**203,075**	**-**	**-**	**203,075**
Cost of net financial debt	(11,782)			(11,782)
Other financial income	9,216			9,216
Other financial expenses	(17,594)			(17,594)
NET INCOME BEFORE TAX	**182,915**	**-**	**-**	**182,915**
Tax expenses/income	(42,780)			(42,780)
Share of net income of associates	(414)			(414)
NET INCOME BEFORE DISCONTINUED OPERATIONS	**139,721**	**-**	**-**	**139,721**
Net profit/loss on discontinued operations	(8,885)			(8,885)
NET INCOME	**130,836**	**-**	**-**	**130,836**
Non-controlling interests	(68)			(68)
Net income attributable to the Group	**130,768**	**-**	**-**	**130,768**

In accordance with the recommendation of the AMF, amortization of intangibles arising from business combinations are presented in operating income on ordinary activities.

4.3.2 Impact on the 2017 balance sheet

(in thousand of euros)	Dec. 2017 Published	IFRS 15	Dec. 2017 estated
Inventory and work in progress	7,103	(5,017)	2,086
Trade accounts and other receivables	616,488	(123,415)	493,073
Assets linked to customer contracts	-	128,432	128,432
Current financial assets	12,954		12,954
Cash	372,926		372,926
Total current assets	**1,009,471**	**-**	**1,009,471**

(in thousand of euros)	Dec. 2017 Published	IFRS 15	Dec. 2017 Restated
Trade accounts and other payables	568,685	(96,389)	472,296
Liabilities linked to customer contracts	-	96,389	96,389
Provisions for short-term risks and charges	17,056		17,056
Current liabilities for securities	6,249		6,249
Current financial liabilities	722,809		722,809
Total current liabilities	**1,314,799**	**-**	**1,314,799**

NoteF 5 Notes relating to balance sheets items

5.1 Goodwill

Changes in the carrying amount of goodwill can be analyzed as follows (in thousands of euros):

At 12/31/2017	
Gross value at opening	1,089,699
Depreciation and provisions at opening	(187,937)
NET VALUE AT OPENING	**901,762**
Change in scope	1,349,382
Loss in value	-
Exchange rate differences	107,524
Other changes	4,510
Total changes (net value)	**1,461,416**

At 12/31/2018	
Gross value at closing	2,552,929
Depreciation and provisions at closing	(189,751)
Net value at closing	**2,363,178**

The item "Change in scope" includes:

- an increase of €1,347.3m due to the acquisition of companies of the Aricent group mainly in India and the United States. These values may be modified depending on the finalization of work on the purchase price allocation;
- an increase of €2.2m due to the acquisition of the companies Sitz! and Eco! in Germany; and
- an increase of €0.3m due to an adjustment on the acquisition of Information Risk Management in Great Britain, acquired in 2017.

The line item "Other changes" includes an increase of €4.5m attributable to the acquisition of a business in France.

The balance sheet items contributed by the acquired groups and companies are currently being analyzed.

The Cash-Generating Units (CGUs) that have contributed the most to goodwill are listed below:

Main contributors (in thousands of euros)	
	1,449,781
Germany/Austria/Czech Republic [(a)]	173,014
United States/Canada [(b)]	142,597
France [(c)]	133,995
Netherlands	106,058
Italia	60,303
Cambridge [(d)]	59,336
Spain	50,721
Tessella	48,224
United Kingdom	40,502
Global Edge	30,235
India	18,032
Belgium [(c)]	12,435
China	2,687
Others	35,258
Total	**2,363,178**

(a) The goodwill of Microsys Technologies, the Canadian subsidiary of Altran Concept Tech (Austria), is included in the CGU Austria/Germany/Czech Republic.
(b) The goodwill of Lohika, American subsidiary of Altran US, is included in the USA/Canada CGU.
(c) The France CGU now includes Luxembourg (previously with Belgium).
(d) The goodwill of Synapse Product Development, Cambridge Consultants' American subsidiary, is included in the Cambridge CGU.

The item "Others" mainly includes the goodwill of the CGUs that are not very significant.

For performing the impairment tests on goodwill on December 31, 2018, a perpetual revenues growth rate of 2% was adopted and a discount rate after tax per CGU (WACC) is presented below:

	Discount Rate	
	Dec. 2018	Dec. 2017
Aricent	7.60%	NA
Germany/Austria/Czech Republic	6.90%	6.50%
USA / Canada	7.60%	7.20%
France	6.70%	6.63%
Netherlands	5.42%	6.11%
Italia	8.00%	8.10%
Cambridge	7.30%	6.90%
Spain	7.60%	7.80%
Tessella	7.30%	6.90%
UK	7.30%	6.90%
Global Edge	7.60%	7.20%
India	11.20%	12.66%
Belgium	6.04%	6.25%
Chine	8.70%	9.76%
Others	5.58%-8.3%	5.58%-9.76%

On this basis, no depreciation of goodwill was recognized at the 2018 financial year-end.

6

Sensitivity tests on rates of WACC and perpetual revenues growth rates were performed for each CGU, which led to the results below concerning the Aricent CGU (in thousands of euros):

WACC Rate			-1.00%	WACC	+1.00%
Perpetual growth rate	2.00%	UGT Aricent	0	0	310,200
	1.00%	UGT Aricent	0	253,500	495,600

Also, a sensitivity analysis to a variation in the EBIT adopted in the business plans showed, for the China CGU and the Aricent CGU, that a reduction:

- of 1 point in this rate would lead to a depreciation of €76.0m of goodwill for the Aricent CGU;
- of 2 points in this rate would lead to a depreciation of €158.9m in goodwill for the Aricent CGU, as well as €0.2m for the China CGU;
- of 3 points in this rate would lead to a depreciation of €241.8m in goodwill for the Aricent CGU, as well as €4.1m for the China CGU.

5.2 Intangible assets

(in thousands of euros)	Intangible rights and patents	Capitalized development costs	Software	Other	TOTAL
At 12/31/2017					
Gross value at opening	54,204	21,407	78,758	10,730	165,099
Amortization and provisions at opening	(19,742)	(5,241)	(49,250)	(877)	(75,110)
Net value at opening	**34,462**	**16,166**	**29,508**	**9,853**	**89,989**
Changes during the period:					
Acquisitions	12	15,439	8,622	9,942	34,015
Disposals	-	-	(48)	(89)	(137)
Net amortization and provisions	(40,847)	(9,929)	(32,606)	(882)	(84,264)
Change in scope	315,011	28,731	252,290	-	596,032
Exchange rate differences	23,499	1,912	18,544	15	43,970
Other changes	62	(34)	2,030	(2,148)	(90)
TOTAL CHANGES (NET VALUE)	**297,737**	**36,119**	**248,832**	**6,838**	**589,526**
At 12/31/2018					
Gross value at closing	393,705	67,525	413,870	18,530	893,630
Amortization and provisions at closing	(61,506)	(15,240)	(135,530)	(1,839)	(214,115)
Net value at closing	**332,199**	**52,285**	**278,340**	**16,691**	**679,515**

In the context of the Aricent business combination, intangible assets related to the allocation of the acquisition price stood at €343.6m and are composed of the following elements:

- technologies developed for €28.7m;
- customer relations for €216.2m;
- a trademark for €46.3m;
- order books for €52.4m.

The change in scope of software for €252.3m is mainly related to the IBM licenses of the Aricent group.

For the 2018 financial year, net amortization and provisions related to intangible assets stood at €84.3m and are presented in the income statement on the following lines:

- €35.6m in "Depreciation, amortization and net provisions", and
- €48.7m in "Amortization of intangibles arising from business combinations".

5.3 Tangible assets

(in thousands of euros)	Land	Constructions	General facilities, fixtures and furnishings	Office & computer equipment & furniture	Other	Total
At 12/31/2017						
Gross value at opening	1,088	47,416	57,257	82,259	5,019	193,039
Depreciation and provisions at opening	-	(7,168)	(30,435)	(60,541)	(2,708)	(100,852)
Net value at opening	**1,088**	**40,248**	**26,822**	**21,718**	**2,311**	**92,187**
Changes during the period:						
Acquisitions	-	16,773	5,330	13,755	10,760	46,618
Disposals	-	-	(1,456)	(1,340)	(44)	(2,840)
Net depreciation and provisions	-	(921)	(8,045)	(15,370)	(978)	(25,314)
Change in consolidation scope	4,747	59	12,045	14,862	1,152	32,865
Exchange rate differences	33	(494)	566	221	91	417
Other changes	-	916	1,284	1,704	(3,763)	141
TOTAL CHANGES (NET VALUE)	**4,780**	**16,333**	**9,724**	**13,832**	**7,218**	**51,887**
At 12/31/2018						
Gross value at closing	5,868	65,547	85,412	160,902	15,696	333,425
Amortization and provisions at closing	-	(8,966)	(48,866)	(125,352)	(6,167)	(189,351)
Net value at closing	**5,868**	**56,581**	**36,546**	**35,550**	**9,529**	**144,074**

The Group owns buildings and land, mainly in the United Kingdom, the Czech Republic and in India for net amounts of respectively €50.1m, €5.5m and €4.8m.

For the 2018 financial year, net depreciation and provisions related to tangible assets stood at €25.3m fully included in the line on the income statement "Depreciation, amortization and net provisions on ordinary activities".

5.4 Non-current financial assets

The components of non-current financial assets are as follows:

(in thousands of euros)	**Dec. 2018**	**Dec. 2017**
Equity investments	9,669	10,456
Fair value through other components of comprehensive income	**9,669**	**10,456**
Equity investments	2,158	1,595
Fair value through profit and loss	**2,158**	**1,595**
Deposits and guarantees	20,119	9,960
Construction-effort loans	18,268	16,551
Other receivables	3	677
Amortized cost assets	**38,390**	**27,188**
Total	**50,217**	**39,239**

The equity investments recognized at fair value through other elements of comprehensive income not recyclable to profit/loss are mainly composed of:

- purchase of non-controlling interests in H2SCAN in the United States for €2.4m;
- purchase of equity interests in Telnet Holding in Tunisia through Titan Engineering for €1.0m;
- purchase of non-controlling interests in Divergent Technologies in the United States for €4.8m; and
- several minority equity investments in frog design for €1.3m.

The equity investments recognized at fair value through profit/loss are mainly composed of Evonetix securities.

The variation in "construction effort" loans by +€1.7m is mainly explained by the payments made pursuant to the 2018 financial year.

5.5 Other non-current assets

Other non-current assets stood at €96.9m (against €122m in 2017) and are essentially composed of:

- tax receivables for which the due date is greater than one year for an amount of €75.3m (against €117.2m in 2017) and;
- prepaid expenses at one year for insurance policies purchased for €11.9m.

The reduction in tax receivables compared to 2017 is mainly explained by the fact that the Group has monetized its research tax credit receivables for the financial years 2016 to 2017 for an overall amount of €68.1m. After deducting the cost of financing, the Group received a net amount of €67.3m. (1)

5.6 Inventories

Inventories and work in progress can be broken down as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017*
Raw materials	1,921	1,977
Finished and semi-finished goods	157	141
Provisions for inventories	(34)	(32)
Total	**2,044**	**2,086**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

5.7 Trade accounts and other receivables

Trade accounts and other receivables break down as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017*
Advance to suppliers	595	303
Trade receivables and related accounts	397,080	363,539
Other receivables	144,486	135,287
Total Gross value	542 161	499 129
Provision for trade receivables and related accounts	(11,527)	(5,638)
Provision for othe receivables	(3,064)	(418)
Total provisions	(14,591)	(6,056)
Total trade accounts and other receivables	**527,570**	**493,073**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

Trade receivables and related accounts

Trade receivables are due within one year.

(in thousands of euros)	Dec. 2018			Dec. 2017*		
	Total	Matured	Not matured	Total	Matured	Not matured
Trade receivables and related accounts, net	385,553	91,356	294,197	357,901	69,264	288,637

* 2017 data were restated for the impact of IFRS 15 (see note 4).

(1) *The total amount received for monetizing the research tax credit receivables during the 2018 financial year stands at €101.2m, of which €33.9m in other current receivables (note 5.7) and €67.3m in other non-current assets (note 5.5).*

Changes in provisions for trade receivables and related accounts:

(in thousands of euros)	Dec. 2017	Additions	Reversals	Exchange rate differences	Change in scope	Other changes	Dec. 2018
Provision for trade receivables and related accounts	(5,638)	(5,378)	4,213	(308)	(4,639)	223	(11,527)

Overdue trade receivables, net of impairment, can be analyzed as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017*
Less than one month overdue	43,276	43,529
Between one and three months overdue	32,058	12,790
More than three months overdue	16,022	12,945
Total trade receivables	**91,356**	**69,264**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

The Group has entered into several receivables factoring arrangements, mainly in Europe. The main characteristics of these contracts are listed below:

- guarantee ceiling for each trade receivable transferred to the factoring company, requiring prior consent from the bank;
- guarantee against insolvency, should the debtor go into receivership or be liquidated by court order;
- waiver of all recourse to claims against the factoring company within the limit of the authorized guarantee ceilings (factoring without recourse);
- opening of a cash collateral account which is refundable on termination of the contract and where the amount is adjusted to match the level of guaranteed trade receivables assigned to the factor without recourse;
- the contract is open-ended and may be terminated at any time:

(1) by the Group, with one months' notice for the receivables factoring contract signed with BNP Paribas Factor, covering France, Portugal, the Netherlands, Switzerland, Sweden, the United Kingdom, Italy, Spain, Belgium and Germany,

(2) by the factor, if the Group fails to honor its obligations (regularity of receivables factored, significant deterioration in the Group's financial position, decrease in the Group's share capital, or if its business assets are placed under lease management).

The Group had factoring facilities amounting to €452.1m at December 31, 2018. The amount of receivables transferred under the factoring arrangements amounted to €295.8m.

The derecognition of the share of receivables financed, without recourse and which come within the limits for approvals and guarantee ceilings delivered, affected the financial statements as follows (in thousands of euros):

Assets	Dec. 2018	Dec. 2017
Trade receivables and related accounts	(218,781)	(156,314)
Security deposit	16,987	10,303
	(201,794)	**(146,011)**

Liabilities	Dec. 2018	Dec. 2017
Current financial liabilities	(201,794)	(146,011)
	(201,794)	**(146,011)**

The receivables for which the Group retains the attached risks and benefits or that do not come within the factoring guarantees are kept on the asset side with compensation in "Current financial liabilities" (see 5.11).

The recognition of these items had the following effect on the financial statements (in thousands of euros):

Assets	Dec. 2018	Dec. 2017
Trade receivables and related accounts	77,053	83,674
o/w unfunded portion of trade receivables and cancellation of deposits	(29,315)	(20,707)
	47,738	**62,967**

Liabilities	Dec. 2018	Dec. 2017
Current financial liabilities	47,738	62,967
	47,738	**62,967**

Other receivables

Other receivables stand at €144.5m and include tax receivables, prepaid expenses, personnel and social security receivables and other operating receivables.

The Group monetized its research tax credit receivables for the 2015 financial year for €34m. After deducting the cost of financing, the Group received a net amount of €33.9m. (1)

The Group has entered into a factoring arrangement for €18.2m of its 2018 French payroll tax credit (CICE) receivables, which expires on August 13, 2022. After deducting the security deposit and interest, Altran Technologies received a net amount of €17m.

5.8 Assets and liabilities related to customer contracts

(in thousands of euros)	Dec. 2018	Dec. 2017*
Inventory and work in progress	5,463	5,017
Clients – Invoices to be issued	196,637	123,415
Assets linked to customer contracts	**202,100**	**128,432**

(in thousands of euros)	Dec. 2018	Dec. 2017*
Advances to suppliers	14,710	10,020
Clients – Credit memos to be issued	10,598	12,329
Deferred income	74,273	74,040
Liabilities linked to customer contracts	**99,581**	**96,389**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

As of January 1, 2017 contract assets and liabilities were about respectively €108m and €88m.

5.9 Current financial assets

This line item includes deposits and guarantees with maturities shorter than one year (such as the security deposit for the non-recourse factoring contracts amounting to €17m) and the fair value of foreign exchange derivative instruments.

(1) The total amount received for monetizing the research tax credit receivables during the 2018 financial year stands at €101.2m, of which €33.5m in other current receivables (note 5.7) and €67.7m in other non-current assets (note 5.5).

5.10 Shareholders' equity and earnings per share

At December 31, 2018, Altran's share capital amounted to €128,510,552.50, divided into 257,021,105 ordinary shares. During the financial year, the weighted average number of ordinary shares outstanding amounted to 230,156,303 and the weighted average number of ordinary and dilutive shares amounted to 231,213,987.

Breakdown of share capital	Number	Nominal value
Number of shares at January 1	175,800,265	€0.50
Capital increase	81,220,840	€0.50
Cancellation of treasury shares	(3,303,573)	€0.50
Number of shares at December 31 (excluding treasury shares)	**253,717,532**	**€0.50**

The Board of Directors, at its meeting of March 20, 2018, using the delegation of authority granted according to the 1st resolution of the Extraordinary General Meeting of January 26, 2018, and after having ascertained the full payment of the registered capital, decided to proceed with a capital increase, maintaining shareholders' preferential rights, for a gross amount, including the issue premium, of €749,668,353.20 through the issue of 81,220,840 new ordinary shares of a value of €0.50 each, at a rate of 8 new shares for 17 existing ordinary shares.

On April 17, 2018, the Chief Executive Officer noted that the 81,220,840 new shares were fully subscribed, that their subscription price was fully paid up in cash, in accordance with the conditions of the issue, and that consequently, the capital increase was definitively completed.

At the Combined General Meeting of April 27, 2018, the shareholders approved (resolution no. 6) the implementation of a share buyback program, in order:

- to ensure an active market for the Altran Technologies share through a provider of investment services *via* a liquidity contract in accordance with the code of conduct recognized by the French Financial Markets Authority or any other applicable provisions;
- make use of the share options assigned to employees of the Altran group pursuant to the plans implemented according to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, to make allocations of free shares according to the provisions of Articles L. 225-197-1 and following of the Commercial Code or in the context of any other form of assignment, allocation, disposal or transfer of shares for the benefit of employees of the Altran group;
- to issue shares when rights attached to securities giving access to the Company's share capital are exercised by redemption, conversion, exchange, presentation of a warrant or in any other way, immediately or in future, and to perform any hedging transaction related to these transactions, under the conditions set by the law;
- to cancel them, pursuant to the provisions of the 11th resolution of the Combined General Meeting of April 27, 2018 or to an authorization of the same nature;
- to use all or part of the shares acquired for retention and subsequent presentation in exchange or payment as part of any external growth transactions in accordance with the applicable regulations; or
- more generally, to perform any transaction that is accepted, or that has just been authorized or accepted by the law or the regulations in force, or by the French Financial Markets Authority.

In the context of this implementation, the General Meeting fixed:

- the maximum unit purchase price at €20 (excluding acquisition expenses);
- the maximum number of shares that may be acquired at €10m (namely nearly 6% of the shares composing the Company's share capital on December 31, 2017);
- the total maximum amount that the Company may devote to buying back its own shares at €200m (excluding acquisition expenses).

In case of transactions on the capital, notably by incorporation of reserves and the allocation of free shares, split or consolidation of securities, the maximum number of shares and the maximum unit purchase price per share indicated above will be consequently adjusted.

This share buyback program was approved for a period of 18 months, from April 27, 2018. It will be implemented until October 26, 2020 at the latest.

At December 31, 2018

- 280,500 shares were held by Altran Technologies under the Exane-BNP Paribas liquidity contract for €2.2m booked to equity. Net capital gains made on treasury shares for -€1.0m in 2018 were booked to consolidated reserves;
- Altran Technologies also held 3,023,073 treasury shares amounting to €25.9m recognized in shareholders' equity.

The base earnings per share and diluted earnings per share were as follows:

(in thousands of euros)	**Dec. 2018**	Dec. 2017
Net income (Altran Technologies)	**80,590**	**130,768**
Effect of dilutive share-based payments	2,295	2,309
Ordinary shares (weighted average number)	230,156,303	191,955,747
Dilutive options granted	1,057,684	641,181
Earnings per share *(in euros)*	**0.35**	**0.68**
Diluted earnings per share *(in euros)*	**0.36**	**0.69**

(in thousands of euros)	**Dec. 2018**	Dec. 2017
Net income on continuing activities (Altran Technologies)	**80,691**	**139,653**
Effect of dilutive share-based payments	2,295	2,309
Ordinary shares (weighted average number)	230,156,303	191,955,747
Dilutive options granted	1,057,684	641,181
Earnings per share *(in euros)*	**0.35**	**0.73**
Diluted earnings per share *(in euros)*	**0.36**	**0.74**

(in thousands of euros)	**Dec. 2018**	Dec. 2017
Net income on discontinued operations (Altran Technologies)	**(101)**	**(8,885)**
Effect of dilutive share-based payments	-	-
Ordinary shares (weighted average number)	230,156,303	191,955,747
Dilutive options granted	1,057,684	641,181
Earnings per share *(in euros)*	**0.00**	**(0.05)**
Diluted earnings per share *(in euros)*	**0.00**	**(0.05)**

The earnings per share and the diluted earnings per share for the 2017 financial year are adjusted according to the 2018 capital increase, in accordance with the accounting principles laid down in note 1.24.

The free shares assigned with dilutive effect concern the plans put in place:

- on March 11, 2015 covering a maximum of 291,770 securities;
- on June 1, 2016, covering a maximum of 143,265 securities;
- on April 28, 2017 covering a maximum of 125,083 securities; and
- on September 5, 2018 covering a maximum of 732,305 securities.

The characteristics of the Group’s free share plans are provided in paragraph 6.4.

5.11 Net debt

Net debt is the difference between total financial liabilities and cash and cash equivalents.

(in thousands of euros)	**Dec. 2018**	**Dec. 2017**
Cash	464,809	169,015
Cash equivalents	7,897	203,911
CASH AND CASH EQUIVALENTS	**472,706**	**372,926**
Long-term borrowings and credit line	1,601,936	54
Other non-current financial liabilities	1,393	1,133
Non-current financial liabilities	**1,603,329**	**1,187**
Current bonds	-	253,340
Short-term borrowings and credit line	(1,562)	174
Short-term loans and bank overdrafts	180,279	469,300
Other current financial liaibilities	2,486	(5)
Current financial liabilities	**181,203**	**722,809**
GROSS FINANCIAL DEBT	**1,784,532**	**723,996**
Net debt	**(1,311,826)**	**(351,070)**

Compared to December 31, 2017, the Group's net debt increased by €960.8m to stand at €1,311.8m on December 31, 2018. The change in net debt is presented as follows:

(in thousands of euros)		**Net debt**
AT 12/31/2017		**(351,070)**
	Changes in net cash	99,780
Cash flow	Proceeds from new loans	(2,390,837)
	Reimbursement of loans	1,006,297
	Other flows from financing activities	233,423
	Change in factoring	55,597
	Change in scope	(2,942)
Non-cash flow	Exchange rate differences	(4,658)
	Others	42,584
At 12/31/2018		**(1,311,826)**

Short-term and bank credits

The table below shows a breakdown of short-term and bank credits:

(in thousands of euros)	**Dec. 2018**	**Dec. 2017**
Banking facilities	5,941	6,333
Factored debts	47,738	62,967
Commercial paper	126,600	400,000
Short-term loans and bank overdrafts	**180,279**	**469,300**

Factored debts relate to unsecured receivables assigned to the factor, which amounted to €424.6m at December 31, 2018, compared with €344m at December 31, 2017.

Cash equivalents

At December 31, 2018, the market value of cash equivalents amounted to €7.9m, and can be broken down as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017
Certificates of deposit and others	-	203,911
Marketable securities	7,897	-
Total	**7,897**	**203,911**

Net debt maturity schedule

The table below shows the breakdown of the Group's net debt per category and contractual maturity, including accrued interest, and taking into account the effect of hedging instruments:

(in thousands of euros)	<1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Bank loans and borrowings (>1 year)		(3,620)	(4,294)	(9,764)	(4,418)	1,624,032
Other non-current financial liabilities		(2,339)	(1,489)	4,520	32	669
Non-current financial liabilities	-	(5,959)	(5,783)	(5,244)	(4,386)	1,624,701
Short-term borrowings and credit line	(1,562)					
Short-term loans and bank overdrafts	180,279					
Other current financial liabilities	2,486					
Current financial liabilities	181,203	-	-	-	-	-
Total	**181,203**	**(5,959)**	**(5,783)**	**(5,244)**	**(4,386)**	**1,624,701**

Gross financial debt is 90% in the long term.

Principal changes in credit lines

The Group renegotiated its medium-term credit agreement, so all prior commitments were repaid in March 2018.

On February 15, 2018, Altran signed a syndicated senior secured Term Loan B with sureties of a maximum of €2,125m divided into two tranches, one of €1,880m and the other of $300m, as well as a revolving credit facility of €250m. This syndicated loan was used to pay the Aricent group's acquisition price and to repay the Group's medium and long term debt early.

The characteristics of the Term Loan B are the following:

- maturity: 7 years from the provision of the funds, namely March 20, 2025;
- maximum interest of the Term Loan B in EUR: EURIBOR +3.25%;
- maximum interest of the Term Loan B in USD: LIBOR +2.75%;
- repayment of Term Loan B in EUR: in fine;
- repayment of Term Loan B in USD: quarterly repayment of 0.25% of the amount remaining due, then repayment in fine;
- repayment right: partial or total at any time, for a minimum amount of €1m;
- interest: payable at maturity according to a period of 1, 3 or 6 months agreed between the borrower and the lender. The maturities were defined at March 20, June 20, September 20 and December 20;
- interest-rate hedging: conclusion, within 90 days of the provision of the funds, of interest-rate hedging contracts so that the exposure to changes in variable interest rates do not represent more than 50% of the principal of the Term Loan;
- dividends: the ability of the Company to distribute dividends to its shareholders is likely to be restricted because beyond a leverage rate of 2.5, part of the excess cash flow (as this term is defined in the Senior Facilities Agreement) must be assigned to the early repayment of loans: at 25% if the leverage rate is between 2.5 and 3.0/at 50% if the leverage rate exceeds 3.0;
- others: certain restrictions have just been applied, notably concerning new acquisitions and significant disposals of assets, significant investments or the conclusion of new loans.

During 2018, Altran Technologies made:

- early repayment of €500m, bringing the balance of the EUR tranche on December 31, 2018 to €1,380m;
- the contractual repayment of $2.25m, bringing the balance of the USD tranche on December 31, 2018 to $297.75m.

The characteristics of the revolving credit facility are the following:

- maturity: 5 years, namely March 20, 2023;
- maximum remuneration: EURIBOR +3.25%;
- interest payable at maturity according to a period of 1, 3 or 6 months agreed between the borrower and the lender;
- covenant: compliance with a "Financial debt/EBITDA" ratio that is less than or equal to 5.25 until maturity and only if more than €100m are drawn at the end of each quarter.
  - The EBITDA adopted is the last consolidated and audited EBITDA for a period of 12 months adjusted on a *pro forma* basis of 12 months so as to integrate the EBITDA related to any "Eligible Company" acquired under an external growth transaction carried out during said period. Potential synergies could be taken into account in the 18 months following the acquisition of the Aricent group.
  - The net financial debt corresponds to the net financial debt to which the sellers' loans and the price supplement clause relating to an external growth operation are added, excluding payments subject to performance conditions (earn outs and other contingent conditions).

Altran Technologies did not draw on the credit line during the 2018 financial year.

Furthermore, several sureties were granted by the parent company and some of its subsidiaries for the benefit of lenders under these new financing arrangements:

- the parent company pledged the securities that it holds in some of its subsidiaries, including the shares in Global Management Treasury Services (GMTS), the entity in which most of the cash of the Altran group is centralized;
- the parent company has pledged its bank accounts and the largest receivables held in other entities of the Group;
- the parent company and the largest subsidiaries have guaranteed, to lenders, debtors' commitments pursuant to these new financing arrangements.

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Margin level and financial ratio

The margin level of the Term Loan B and new revolving credit is reviewed quarterly according to the consolidated financial leverage ratio (net financial debt/EBITDA).

Marge applicable	*Term Loan B (€)*	*Term Loan B ($)*	Crédit révolving
Ratio >= 4,00	3,25% l'an	2,75% l'an	3,25% l'an
Ratio < 4,00	3,00% l'an	2,50% l'an	3,00% l'an
Ratio < 3,50	2,75% l'an	2,25% l'an	2,75% l'an
Ratio< 3,00	2,75% l'an	2,25% l'an	2,50% l'an

Ratio of financial leverage

The Group also determines and publishes a financial leverage ratio, as follows:

	Dec. 2018	Dec. 2017
Net financial debt (excl. debt on investments) / EBITDA proforma	3.03	1.50

Derivative financial instruments

Interest rate derivatives

The majority of financial debts to lending institutions are contracted at variable rates essentially indexed on the reference EURIBOR or LIBOR rates. In accordance with the credit contract, interest-rate hedging was put in place on the Term Loan B.

	Date départ	Date échéance	Type	Taux fixe	Nominal (en devise)	Taux initial	Devise
Morgan Stanley	06/20/2018	03/18/2022	CAP	0.47%	400,000,000	Euribor3M	EUR
Goldman Sachs	06/20/2018	03/18/2022	CAP	0.458%	400,000,000	Euribor3M	EUR
CACIB	06/20/2018	03/18/2022	CAP	0.455%	200,000,000	Euribor3M	EUR
CACIB	06/20/2018	03/18/2022	CAP	3.10%	250,000,000	Libor3M	USD

The change in the fair value of interest rate caps is recognized in other items of comprehensive income recyclable as income for a net negative amount of -€3.7m, including -€5.0m of gross valuation and -€1.3m in deferred taxes;

The CAP fair value is booked in the net debt for €2.6m.

Foreign exchange derivatives

The centralization of surplus cash in foreign currencies exposes the Group to an exchange rate risk. This exchange-rate risk is hedged in the cash centralizing company (GMTS) *via* foreign exchange swaps and forward contracts for the most significant currencies.

The variations in fair value are recognized in the income statement, in financial profit/loss. The fair value of these instruments on December 31, 2018 is -€1.0m.

The main features of these derivatives are presented below:

Type	Currency A	Curreny B	Nominal Amount* *(in millions of euros)*
Forwards & Swaps	CAD	EUR	(3.0)
Forwards & Swaps	CZK	EUR	(9.8)
Forwards & Swaps	GBP	EUR	6.8
Forwards & Swaps	SEK	EUR	(2.8)
Forwards & Swaps	USD	EUR	(90.1)

* Negative amount = Sell currency A / Buy currency B.
Positive amount = Buy currency A / Sell currency B.

The companies of the Aricent group hedge their commercial transactions in foreign currencies (mainly USD/INR). This risk is hedged on behalf of each entity at the level of the central cash management of the Aricent entities in India. The hedge accounting will be applied from January 1, 2019.

Changes in fair value are recognized in the income statement, in current operating profit/loss. The fair value of these instruments at December 31, 2018 was +€1.6m.

The features of these instruments are shown below:

Type	Currency A	Curreny B	Nominal amount* *(in millions of euros)*
Forwards	AUD	USD	(1.4)
Forwards	EUR	USD	(25.0)
Forwards	GBP	USD	(5.1)
Forwards	USD	INR	(182.7)
Tunnel	USD	INR	(6.6)

* Negative amount = Sell currency A / Buy currency B.
Positive amount = Buy currency A / Sell currency B.

Sensitivity analysis of net exposure to foreign exchange rate risk

A 10% appreciation of the euro on December 31, 2018 would have the following effects on profit/loss and equity:

(in million s of euros) Currency	Asset	Liability	Net foreign currency position	Currency rate as at 12/31/2018	Net position in euro before hedging	Derivative instruments	Net position in euro after hedging	Profit and Loss Gain/Loss	Equity Gain/Loss
AED	10.3	0.0	10.3	4.2033	2.4	0.0	2.4	0.2	0.0
CAD	5.1	0.0	5.1	1.5605	3.2	(3.0)	0.2	0.0	0.0
CHF	5.6	(5.9)	(0.4)	1.1269	(0.3)	0.0	(0.3)	(0.0)	0.0
CZK	523.7	(3.6)	520.1	25.7240	20.2	(9.8)	10.4	0.1	1.0
GBP	90.6	(12.1)	78.4	0.8945	87.7	6.8	94.5	0.3	9.2
INR	1,452.9	0.0	1,452.9	79.7298	18.2	0.0	18.2	0.1	1.8
MXN	3.5	0.0	3.5	22.4921	0.2	0.0	0.2	0.0	0.0
NOK	6.8	0.0	6.8	9.9483	0.7	0.0	0.7	0.1	0.0
SEK	29.4	0.0	29.4	10.2548	2.9	(2.8)	0.0	0.0	0.0
SGD	112.9	(0.0)	112.9	1.5591	72.4	0.0	72.4	0.4	6.9
TRY	0.8	0.0	0.8	6.0588	0.1	0.0	0.1	0.0	0.0
USD	2,114.0	(12.4)	2,101.7	1.1450	1,835.5	(90.1)	1,745.4	0.8	173.7

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5.12 Provisions

Changes in short and long-term provisions over the period can be broken down as follows:

(in thousands of euros)	Dec. 2017	Additions	Reversals (used)	reversals (not used)	Exchange rate differences	Scope of consolidation changes	Other changes	**Dec. 2018**
Provisions for disputes	1,222	549	(186)	(226)	-	-	-	1,359
Provisions for other contingencies	41,327	503	(15,062)	(12,950)	914	6,164	(361)	20,535
Provisions for restructuring	4,823	184	(1,315)	-	(7)	-	500	4,185
Provisions for other liabilities	289	4,110	(1,037)	-	452	30,405	867	35,086
TOTAL NON-CURRENT PROVISIONS	**47,661**	**5,346**	**(17,600)**	**(13,176)**	**1,359**	**36,569**	**1,006**	**61,165**
Provisions for disputes	6,193	5,374	(1,254)	(1,211)	-	-	-	9,102
Provisions for warranties	43	116	-	-	51	924	-	1,134
Provisions for other contingencies	3,764	895	(2,156)	(969)	97	1,428	866	3,925
Provisions for restructuring	5,871	6,032	(3,677)	(1,953)	(12)	-	(550)	5,711
Provisions for other liabilities	1,185	2,479	(57)	-	57	-	(868)	2,796
Total current provisions	**17,056**	**14,896**	**(7,144)**	**(4,133)**	**193**	**2,352**	**(552)**	**22,668**

The line item "Other changes" mainly relates to reclassifications between "non-current" and "current" items, following changes in the expected dates of outflows of resources.

For the year 2018, net reversals of provisions stood at -€21.8m, of which -€1.9m in current operating profit/loss and -€19.9m in non-recurring profit/loss.

The changes in scope reflect mainly provisions identified in the context of the acquisition of the Aricent Group.

The provisions recognized mainly cover labor and tax disputes, and restructuring costs.

- In 2014, Altran Technologies received a tax reassessment notice relating to part of its R&D tax credits for 2011 and 2012. On January 22, 2019, the Versailles Administrative Court of appeal rendered a favorable judgment for the Company but which was still likely to be appealed by the tax authorities at the date of closing of the financial statements.
- Altran Technologies was subject to a French social security collection agency (URSSAF) audit in 2015. The tax authorities wanted to subject certain benefits paid to employees to social security contributions. The decision of the social security tribunal given at the end of 2017 was globally favorable to the Company but the administration appealed.

- The Company was sued by employees and/or former employees who claim the payment of overtime.

  They notably allege that their compensation is below the annual social security cap (PASS), that the applicable flat-rate pay agreement covering hours worked, though separate from Arrangement no. 2 "mission completion" of the SYNTEC collective labor agreement, is invalid and that they are therefore entitled to overtime compensation for the hours from hour 35 to hour 38.5.

  Altran started negotiations to adapt the provisions of this collective labor agreement to its work organization in 2012.

  After their claim was rejected initially by multiple decisions rendered in 2012, some of the plaintiffs won their case before the Toulouse Court of Appeal in September 2014 and were awarded the payment of 5 years' overtime. The Court of Cassation confirmed the ruling of the Court of Appeal by a decision of November 4, 2015.

  Given the situation created by the decision of Court of Cassation, and the risks for the Company with regard to its employees covered by an individual 38.5 hours/week agreement, and although Altran Technologies considers that fixed hours/week agreements are perfectly valid, Altran Technologies had no other choice but to subject all of its employees to ordinary law with regard to working hours (no fixed hours/week, strict application of the 35-hour work week, no cap on working days and, consequently, no Additional Days of Rest - ADR).

  In order to find a satisfactory solution for its employees, Altran signed a collective bargaining agreement on February 29, 2016 implementing, among other measures, a specific "Altran Technologies" working time arrangement (158 hours per month +10 ADR maximum per year), which was proposed to all employees with salaries below the French annual social security ceiling and a 35-hour work week since January 1, 2016.

  The decisions of the Toulouse Court of Appeal and of the Court of Cassation nevertheless triggered a significant number of referrals (approx. 1,200) to Labor Courts, mainly from former employees.

  The hearings on the merits of the case have been held since October 2016 and are currently set to continue until the end of 2020.

  At December 31, 2018, contradictory rulings were handed down by various French Labor Courts (including in Toulouse, Strasbourg, Rennes, Lyon, Nanterre, Belfort, Aix-en-Provence, Versailles) and have been appealed, either by Altran Technologies or current or former employees.

  In January 2018, the Toulouse Court of Appeal sentenced the Company, in various procedures, in relation to two charges, other than overtime: one in respect of a loyalty clause judged to be unlawful on the grounds that it was in fact a disguised non-compete clause, and the other in respect of concealed work for some of the employees concerned. Altran Technologies firmly denies this latest accusation. As regards the concealed work charge, according to the Court, it is based on the fact that the Company continued to apply the flat-rate to its employees after the first judgments of 2014. The Group disputes this position because, in its view, it does not in any way reflect the reality of the facts. As of the appeal court decisions in 2014, the Company ceased the fixed hours/week agreement for the employees concerned. The Company then filed an appeal with Court of Cassation. Once the court handed down its decision in 2015, the Company ceased the fixed hours/week agreement for all employees with salaries below the French annual social security ceiling, while maintaining their previous remuneration. Finally, to take into account the employees' desire to continue to benefit from the French ADR system (additional paid vacation days given to employees who work more than the statutory 35-hour week), the Company concluded, as soon as possible, an agreement allowing, as indicated above, 3,500 employees (out of 4,000) to benefit from the ADR as part of the new working time system. Consequently, since the beginning of 2016, and especially on the day of the appeal, none of these employees were working under the criticized flat-rate arrangement. These employees are either subject to the new working time arrangement or a 35-hour work week. The Company therefore considers the undeclared work accusation to be completely unjustified and unfounded.

  The Company has decided to appeal to the Court of Cassation for the 293 procedures concerned by the rulings of the Toulouse Court of Appeal.

  In January 2019, the Colmar Court of Appeal expressly recognized that the weekly flat rate of hours of its employees, applicable within Altran, was separate from Arrangement no. 2 of the SYNTEC collective agreement. Nevertheless, the Court considered that the Altran flat rate could not be binding on employees because it was by nature contrary to and less favorable than Arrangement no. 2, notably in that it would extend the flat rate hours of employees not likely to fulfill the contractual conditions to benefit from it. The Company decided to appeal to the Court of Cassation against this ruling, which concerned 25 employees.

  In two rulings dated February 20, 2019 and March 13, 2019, the Court of Cassation, in considering appeals made against the rulings of the Toulouse Court of Appeal dated January 19, 2018, judged that the Toulouse Court of Appeal was able to deduce that the agreements concluded by the employees came under Arrangement no. 2. However, the Company obtained a favorable decision on the amount of overtime. The Court considered, given the arguments put forward by the parties, that periods of absence for paid leave and sickness should at least be deducted from the overtime claimed by the employees. The Court of Cassation also judged that the employees who were not eligible for the flat-rate agreement under Arrangement no. 2 should return the payment for the days of reduced working time granted under the agreement. The Court of Cassation consequently annulled the rulings of the Toulouse Court of Appeal which sentenced Altran to pay overtime and compensation pursuant to undeclared work and which dismissed Altran's request for reimbursement for days of reduced working time.
- An employee dismissed in April 2015 filed two lawsuits against Altran Concept Tech, the Austrian subsidiary of the Group, to receive all of his bonuses for the 2014, 2015 and 2016 financial years and to claim compensation for the free shares that were not awarded to him or that he lost as a result of his dismissal, for a total amount of about €2m. The case was heard on January 22, 2018. Concerning the procedure related to the payment of bonuses, on July 3, 2018, the Court at Graz dismissed the former employee from his claim, who appealed. The hearings under appeal took place on March 4, 2019 and a new audience is planned on June 25, 2019. Concerning the procedure related to free shares, the Court dismissed the former employee. This decision was confirmed on appeal on November 27, 2018 and is no longer subject to appeal.
- As of the end of 2010, and at the initiative of its former Purchasing manager, Altran entered into a number of contracts with a supplier the main object of which concerned leasing computer equipment and copy machines.

In June 2011, Altran Technologies' internal audit division noted numerous anomalies relating to the contracts entered into with the Company's supplier. Consequently, management called upon an external firm to continue the investigative work started by the internal audit division. At the end of its assignment, the firm wrote a report that revealed that the contracts relating to the equipment leases had been concluded at unfair prices with the complicity of the former head of purchasing, and that this manipulation was likely to be criminal in nature, being qualified as private bribery and fraud.

The firm's report also highlighted numerous cost overruns generated by the lease of IT and photocopying equipment, generating an estimated loss of over €2m.

After these facts came to light, the Company lodged a complaint and filed a civil action. Altran Technologies simultaneously suspended all lease payments to the supplier in question.

The examining magistrate indicted the supplier's former managers, and must shortly give his/her order closing the investigation.

The Company was also taken to court with a view to the cancellation of the lease agreements, the return of equipment under duress, and the payment of damages in the total amount of approximately €3m. Moreover, the original lessor sued the Company in August 2012 before the Paris commercial tribunal for unilateral breach of the framework agreement and claimed damages, including for loss of income.

In view of the current investigation, the above-mentioned claims have been the subject of stay orders by the Paris Commercial Tribunal, dated June 17, 2013 and June 2, 2015.

- Aricent's principal subsidiary in India, Aricent Technologies (Holdings) Ltd. (formerly known as Hughes Software Systems Limited) ("ATHL"), entered into an agreement on May 19, 2003 with a land owner and a developer for the development and lease of a facility in Bangalore. The agreement contained an option for ATHL to purchase the land and facility subject to certain conditions. The developer filed a lawsuit in 2005 seeking recovery of rent and interest in an aggregate amount of $700,000 and sought to have ATHL vacate the premises and pay damages. In February 2007, ATHL filed a lawsuit against both the developer and the land owner directing them to execute a sale deed in favor of ATHL, claiming ATHL had exercised its contractual option to purchase the premises in January 2007 for $3.6m. In September 2010, the developer, which by this point had acquired the entire interest in the property from the landowner, filed another lawsuit against ATHL seeking recovery of damages and interest representing the portion of the land and building that the developer claims to have purchased from the land owner. All three suits were consolidated in the Civil City Court of Bangalore and disposed in 2016 in favor of the developer. Aricent has filed appeals in the High Court of Karnataka and a stay on the eviction order was granted subject to deposit of $5.1m by ATHL to the developer in respect of the disputed rent arrears (which deposit will be recoverable in the event of a final judgment in ATHL's favor). ATHL continues to pay occupancy charges in an amount of $33,000 per month as a further condition of the stay on the eviction order. The matter remains pending before the High Court of Karnataka.

  A separate eminent domain proceeding has been opened by an agency of the Karnataka State Government seeking to acquire portion of the vacant land within the property for industrial use. Aricent has filed an objection.

- ATHL received, from the Indian tax authorities in charge of the tax on services, requests for justification concerning reimbursements made by ATHL covering:
  - salaries and rent paid by several of its subsidiaries; and
  - amounts due for the provision of these and insurance services provided by several suppliers located outside India related to professional travel by its employees.

  The requests by the Indian tax administration cover reimbursements made during financial years 2007 to 2017. As of December 31, 2018, the total tax demanded stood at $36.6m, with additional interest payable of $50.9m. For the demands for fiscal years 2007 through 2014, ATHL has also received orders from the Commissioner of Service Tax confirming the tax demand and imposing interest and a penalty equivalent to 100% of service tax demanded. ATHL appealed to the competent Administrative Tribunal. The tribunal issued a stay order on the demand for fiscal years 2007 through 2012 until disposal of the appeal. ATHL has made a mandatory deposit of circa $700,000 with the adjudicating tribunal in respect of filing of appeal before the tribunal for fiscal year 2013 and fiscal year 2014 demands.

Contingent liabilities

- Following the articles published in *Le Monde* in October 2002 and the results of the additional audit of the Statutory Auditors that resulted in a rectification of the half-year consolidated financial statements at June 30, 2002, the Paris Public Prosecutor's Office decided to open an investigation in relation to the charges of abuse of corporate property, dissemination of misleading information likely to affect share prices, as well as forgery and use of forgery.

  The scope of the investigation was extended, first in June 2004 to include the misrepresentation of financial statements, which did not give a true and fair view of the Company's financial position, and a second time in September 2004, to cover insider trading.

  The Company filed a civil claim and this claim was declared admissible by an order of March 6, 2003.

  Several former executives and a former manager of the Group were indicted. The Company, for its part, was indicted, without its status of civil party being brought into question, on charges of disseminating misleading information likely to affect share prices, and of forgery and use of forgery.

  The investigation was closed on January 7, 2009. An order for the termination of proceedings was issued on November 29, 2011, under the terms of which the former officers and the Company, in its capacity as a legal entity, were referred to the Correctional Court (French lower criminal court hearing misdemeanor offenses committed by adults). The hearings were held from January 15 to 31, 2014. By a ruling of June 4, 2014, the court referred the case back to the public prosecutor for the appointment of a new investigating judge.

  By an order of May 11, 2015, the Vice-Chairman in charge of the investigation referred all the parties to the Correctional Tribunal. The hearings on the merits of the case were held at the end of November and the beginning of December 2016. On December 14, 2016, the Prosecutor requested suspended prison sentences and fines (notably €225,000 for the Company) for the offences of forgery and use of forgery. In the light of the French Act of June 21, 2016 to prevent the accumulation of procedures before the Penalties Committee of the French financial markets authority and criminal procedures, the Public Prosecutor considered that the prosecution lapsed but only with regard to the offense of disseminating false or misleading information.

According to the terms of its decision of March 30, 2017, the Paris criminal Court announced that the prosecution lapsed with regard to proceedings against the Company and its founders and managers indicted for forgery and use of forgery, disseminating misleading information and presenting inaccurate financial statements and therefore discharged them. The Court applied the *non bis in idem* principle, as crystallized by Article L. 465-3-6 arising from the law of June 21, 2016, which prevents a person being sentenced twice for the same offense. The aforementioned persons had indeed already been sanctioned by the Penalties Committee of the French financial markets authority in 2007.

The court also declared itself not competent to rule on the civil interests and therefore dismissed the civil parties of their claims.

On April 7, 2017, the National Financial Prosecutor's Office and 64 of the 77 civil parties appealed the judgment. Hearings on the merits of the case will take place in November 2019 before the Paris Court of Appeal. On February 27, 2019, 55 civil parties out of the 64 appellant civil parties dropped their appeal.

Moreover, as the reasons for judgment of March 30, 2017,three of the civil parties, at the date of closing of the financial statements, have assigned the Company to the civil courts and claim together about €28m as damages on the basis of liability tort.

All of the aforementioned proceedings concern events that took place between 2001 and 2002.

- In August 2005, the Company was sued by a former officer seeking to reclassify his dismissal as unfair dismissal.

  In a judgment dated March 1, 2007, the *Conseil des Prud'hommes* (French Labor Court) approved the Company's application for a stay of proceedings pending the decision to be taken in respect of the criminal proceedings against this former officer (as part of the investigation regarding the Company's 2001-2002 financial statements described above).

- On November 8, 2018, Altran Technologies was the subject of inspection and seizure operations by the competition authority related to alleged anti-competitive practices in the sectors of engineering and technology consulting, as well as IT services and the publishing of software.

  Currently, the investigation is ongoing. The inspection and seizure operations do not prejudice the outcome of the procedure or of any financial consequences. In the absence of evaluation of the risk that is currently incurred, no provision has been constituted in this regard on December 31, 2018.

- The Group is in dispute with several of its current and former employees.

The Group is doing everything in its power to limit the impact of these risks on its financial statements.

Restructuring provisions

Changes in the Group's restructuring provisions can be broken down as follows:

(in thousands of euros)	Dec. 2017	Additions	Reversals	Exhange rate differences	Scope of consolidation changes	Reallocation	Dec. 2018
Payroll expenses	9,451	5,909	(5,900)	(6)	-	-	9,454
Property lease rationalization	609	261	(515)	(13)	-	-	342
Other	634	46	(530)	-	-	(50)	100
Total restructuring plans	**10,694**	**6,216**	**(6,945)**	**(19)**	**-**	**(50)**	**9,896**

5.13 Non-current employee benefits

The Group's total obligations regarding retirement plans and post-employment benefits, recognized under "Non-current employee benefits" amounting to €63.9m, primarily concern France, India, Italy, Switzerland and Germany. They break down as follows:

Reconciliation of provisions

	France		Other – Euro zone		India		Switzerland		Total	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Provisions at opening	(22,188)	(19,999)	(11,254)	(7,970)	(1,351)	(657)	(3,811)	(4,091)	(38,604)	(32,717)
Acquired/Sold/Transferred/ Terminated plans	-	-	(2,722)	(2,203)	(19,270)	(616)	-	-	(21,992)	(2,819)
Recognized (expense)/revenues	(1,914)	(2,218)	(1,064)	(1,627)	(3,860)	(363)	(1,458)	(901)	(8,296)	(5,109)
Gains/(Losses) recognized through equity	(2,330)	(393)	279	(476)	1,685	11	547	(247)	181	(1,105)
Employer contributions	-	-	778	548	1,847	229	1,082	1,090	3,707	1,867
Benefits paid	375	422	425	474	783	-	-	-	1,583	896
Exchange-rate differences	-	-	-	-	(292)	45	(142)	338	(434)	383
PROVISIONS AT DECEMBER 31	**(26,057)**	**(22,188)**	**(13,559)**	**(11,254)**	**(20,458)**	**(1,351)**	**(3,782)**	**(3,811)**	**(63,856)**	**(38,604)**

Financial position

	France		Other – Euro zone		India		Switzerland		Total	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Commitments	(26,057)	(22,188)	(35,535)	(34,319)	(21,083)	(1,897)	(19,135)	(17,911)	(101,810)	(76,315)
Value of hedging assets	-	-	21,976	23,065	625	546	15,353	14,100	37,954	37,711
(Deficit)Surplus	**(26,057)**	**(22,188)**	**(13,559)**	**(11,254)**	**(20,458)**	**(1,351)**	**(3,782)**	**(3,811)**	**(63,856)**	**(38,604)**
Surplus cash reserve	-	-	-	-	-	-	-	-	-	-
PROVISIONS AT DECEMBER 31	**(26,057)**	**(22,188)**	**(13,559)**	**(11,254)**	**(20,458)**	**(1,351)**	**(3,782)**	**(3,811)**	**(63,856)**	**(38,604)**

In France, retirement benefit obligations relate to plans under which employees are awarded lump-sum payments upon retirement. The latter are based on the employee's salary and length of service on their date of departure.

Other plans in the euro zone concern Germany, Belgium, Italy and the Netherlands.

In India, the commitments are relative to the gratuity and leave encashment schemes. The significant growth of the provision between 2017 and 2018 is attributable to the acquisition of the Aricent group.

In Italy, the obligations relate to the employment termination scheme *Trattamento di Fine Rapporto* (TFR). This is a mandatory scheme whereby all employees leaving the Company (for whatever reason, including retirement) receive a lump-sum payment based on the employee's salary and length of service. No benefit rights have vested since 2007.

In Switzerland, the obligations relate to pension and supplementary health plans, as provided for by Swiss Pension Law (*Loi sur la prévoyance professionnelle* – LPP). They are managed by a collective foundation. The benefits awarded under Altran's pension scheme for retirement (lump sum payments or retirement annuities) and supplementary health insurance (covering death and invalidity) are higher than the minimum required under Swiss Pension Law. The scheme is a cash balance type in which contributions to the pension savings fund are split between the employer and the employee. The employer's insurance contract guarantees the minimum interest rate as well as the pension annuity rate at retirement.

Evaluation of obligations and provisions

Reconciliation of obligations

	France		Other - Euro zone		India		Switzerland		Total	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Obligation at January 1	22,188	19,998	34,320	17,880	1,897	841	17,911	19,437	76,316	58,156
Current service cost	2,102	1,848	957	1,378	2,518	295	1,353	1,180	6,930	4,701
Net interest	412	371	635	564	1,383	89	114	90	2,544	1,114
Employee contributions	-	-	430	446	-	-	752	845	1,182	1,291
Administration costs	-	-	-	-	-	-	-	81	-	81
Actuarial (gains)/losses	2,330	393	(2,778)	(156)	(1,639)	(17)	(39)	358	(2,126)	578
Benefits paid by employer	(375)	(422)	(439)	(473)	(783)	-	-	-	(1,597)	(895)
Benefits paid by fund	-	-	(98)	(65)	(1,931)	(142)	(1,657)	(2,094)	(3,686)	(2,301)
Plan amendments, curtailments, settlements	(600)	-	(215)	(27)	-	-	-	249	(815)	222
Acquisitions/(Disposals)	-	-	2,722	2,566	19,365	895	-	-	22,087	3,461
Transfer/Change in method	-	-	-	12,206	-	-	-	(631)	-	11,575
Exchange rate differences	-	-	-	-	273	(64)	701	(1,604)	974	(1,668)
Obligation at December 31	**26,057**	**22,188**	**35,534**	**34,319**	**21,083**	**1,897**	**19,135**	**17,911**	**101,809**	**76,315**

Reconciliation of financial assets

	France		Other - Euro zone		India		Switzerland		Total	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Market value of assets at opening	-	-	23,065	9,910	546	184	14,100	15,346	37,711	25,440
Return on hedging assets	-	-	398	323	41	21	87	67	526	411
Actuarial gains/(losses)	-	-	(2,520)	(666)	46	(6)	507	111	(1,967)	(561)
Administration costs	-	-	(64)	-	-	-	(77)	-	(141)	-
Employer contributions	-	-	778	548	1,847	229	1,082	1,090	3,707	1,867
Employee contributions	-	-	430	446	-	-	752	845	1,182	1,291
Services paid	-	-	(111)	(65)	(1,931)	(142)	(1,657)	(2,095)	(3,699)	(2,302)
Acquisitions/(Disposal)	-	-	-	363	95	280	-	-	95	643
LiquidationTransfer / Change in method	-	-	-	12,206	-	-	-	-	-	12,206
Exchange-rate differences	-	-	-	-	(19)	(20)	559	(1,264)	540	(1,284)
Market value of assets at December 31	**-**	**-**	**21,976**	**23,065**	**625**	**546**	**15,353**	**14,100**	**37,954**	**37,711**

Balance sheet commitments

(in thousands of euros)	France		Other - Eur zone		India		Switzerland		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Funded or partially-funded pension plans	-	-	26,524	27,811	17,023	1,897	19,135	17,911	62,682	47,619
Unfunded pension plans	26,057	22,188	9,010	6,508	4,060	-	-	-	39,127	28,696
TOTAL	**26,057**	**22,188**	**35,534**	**34,319**	**21,083**	**1,897**	**19,135**	**17,911**	**101,809**	**76,315**

Actuarial assumptions

	Eur zone		India		Switzerland	
	2018	2017	**2018**	2017	**2018**	2017
Discount rate	1.90%	1.70%	7.60%	7.05%	0.90%	0.60%
Inflation rate	1.85%	1.85%	N/A	N/A	1.00%	1.00%
Salary increase rate	1,70%-2,50%	1,50%-2,25%	6,00%-10,00%	10.00%	1.50%	1.50%

Duration of plans

	Germany	Belgium	France	India	Italy	Netherlands	Switzerland
Duration	14.1	20.9	15.7	7.0	6.1	23.3	14.0

Sensitivity to discount rates

A. Sensitivity to a -0.25% increase in discount rates

	Impact in thousands of euros on obligation at 12/31/2018	Impact as a % of obligation at 12/31/2018
France	1,030	3.95%
Other – Euro zone	1,622	4.56%
India	411	1.95%
Switzerland	602	3.15%
Total	**3,665**	**3.60%**

B. Sensitivity to a +0.25% increase in discount rates

	Impact in thousands of euros on obligation at 12/31/2018	Impact as a % of obligation at 12/31/2018
France	(980)	-3.76%
Other – Euro zone	(1,520)	-4.28%
India	(398)	-1.89%
Switzerland	(560)	-2.93%
Total	**(3,457)**	**-3.40%**

C. Sensitivity to a 0.25% decrease in salary increase rates

	Impact in thousands of euros on obligation at 12/31/2018	Impact as a % of obligation at 12/31/2018
France	(1,000)	-3.84%
Other – Euro zone	(26)	-0.07%
India	(399)	-1.89%
Switzerland	(12)	-0.06%
Total	**(1,437)**	**-1.41%**

D. Sensitivity to a +0.25% variation in salary increase rates

	Impact in thousands of euros on obligation at 12/31/2018	Impact as a % of obligation at 12/31/2018
France	1,047	4.02%
Other – Euro zone	28	0.08%
India	411	1.95%
Switzerland	11	0.06%
Total	**1,497**	**1.47%**

Allocation of financial assets

	Other – Eur zone		India		Switzerland		TOTAL	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017
Shares	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Other (insurance company assets)	21,976	23,065	625	546	15,353	14,100	37,954	37,712
Total	**21,976**	**23,065**	**625**	**546**	**15,353**	**14,100**	**37,954**	**37,712**

No financial plan assets are invested in financial instruments, property assets or other Group assets.

	Other – Eur zone		India		Switzerland		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Shares	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Other (insurance company assets)	57.90%	61.16%	1.65%	1.45%	40.45%	37.39%	100.00%	100.00%
Total	**57.90%**	**35.33%**	**1.65%**	**1.45%**	**40.45%**	**37.39%**	**100.00%**	**100.00%**

Experience differences on financial assets

	Other – Eur zone		India		Switzerland		TOTAL	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017
Expected return	398	323	41	21	87	67	526	411
Actual return	(2,122)	(343)	87	15	594	178	(1,441)	(150)
Gains/ (losses) in finaNcial assets	**(2,520)**	**(666)**	**46**	**(6)**	**507**	**111**	**(1,967)**	**(561)**

Historical trends

Actuarial gains and losses

(in thousands of euros)	2018	2017	2016	2015	2014
Present value of obligation	101,810	76,315	58,157	51,013	39,525
Fair value of hedges	37,954	37,712	25,440	22,173	11,410
(DEFICIT)/SURPLUS	**(63,856)**	**(38,603)**	**(32,717)**	**(28,840)**	**(28,115)**
Assumption differences					
- Demographic assumptions	3,723	177	(551)	(2,028)	(1,549)
- Financial assumptions	(3,199)	(201)	3,199	(453)	3,365
Experience differences	(2,653)	601	682	144	(276)
Experience differences on hedges	1,967	561	(1,403)	(191)	27

Expected employer contributions in 2018

(in thousands of euros)	France	Other – Eur zone	India	Switzerland
Expected services for unfunded plans	85	1,075	581	-
Expected employer contributions for funded plans	-	1,926	2,130	1,777

The impact on consolidated operating income from ordinary activities was as follows:

	France		Other – Eur zone		India		Switzerland		TOTAL	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Current service cost	2,102	1,847	957	1,378	2,518	295	1,353	1,180	6,930	4,700
Plan amendments, curtailments, settlements	(600)	-	(215)	(27)	-	-	-	249	(815)	222
Interest on commitments	412	371	635	565	1,383	89	114	89	2,544	1,114
Interest on assets	-	-	(398)	(323)	(41)	(21)	(86)	(67)	(525)	(411)
Interest on non recoverable surplus	-	-	-	-	-	-	-	-	-	-
Administration costs	-	-	64	-	-	-	77	81	141	81
Recognition of (gains)/losses	-	-	21	34	-	-	-	-	21	34
Transfer/change in method	-	-	-	-	-	-	-	(631)	-	(631)
Net expense/(income) recognized	**1,914**	**2,218**	**1,064**	**1,627**	**3,860**	**363**	**1,458**	**901**	**8,296**	**5,109**

5.14 Other long-term liabilities

(in thousands of euros)	Dec. 2018	Dec. 2017
Non-current liabilities for fixed assets	47,684	93
Non-current liabilities for securities	-	32,853
Other long-term liabilities	18,387	5,579
Total long-term liabilities	**66,071**	**38,525**

Other non-current liabilities correspond to liabilities with maturities greater than 12 months.

The change in long-term debts on fixed assets mainly concerns the debts related to the acquisition of IBM licenses.

The change in debt on long-term securities is related to their transfer into debt on short-term securities, in accordance with the payment schedule.

5.15 Trade accounts and other payables

(in thousands of euros)	Dec. 2018	Dec. 2017*
Trade payables and related accounts	158,474	135,918
Taxes payable	136,689	111,087
Current employee benefits	271,711	214,464
Current liabilities for fixed assets	62,423	4,277
Other current liabilities	18,974	6,550
Total trade accounts and other payables	**648,271**	**472,296**

* Les données 2017 sont retraitées de l'impact de la norme IFRS 15 (cf.note4).

Trade payables and related accounts

	Dec. 2018			Dec. 2017		
(in thousands of euros)	Total	Matured	Not matured	Total	Matured	Not matured
Trade payables and related accounts	158,474	50,377	108,097	135,918	27,278	108,640

Overdue trade payables and related accounts can be analyzed as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017
Less than one month overdue	30,160	16,241
Between one and three months overdue	13,549	7,501
More than three months overdue	6,668	3,536
Total matured	**50,377**	**27,278**

5.16 Current liabilities for securities

Current liabilities for securities comprise outstanding earn-out and other payments due, which amounted to €53.6m compared with €6.2m at the end of 2017. The change is mainly related to the transfer from debt on long-term securities, in accordance with the payment schedule.

5.17 Fair value

		Dec. 2018			Dec. 2017		
(in thousands of euros)	Fair value	Amortized cost	Fair value in income statement	Fair value in shareholders' equity	Amortized cost	Fair value in income statement	Fair value in shareholders' equity
Assets							
Unconsolidated investments	Level 3	-	2,158	9,669	10,456	-	1,595
Loans and receivables	Level 2	58,504	-	-	10,637	16,551	-
Cash equivalents	Levels 1 & 2	-	7,897	-	-	203,911	-
Derivative instruments	Level 2	-	2,411	-	-	-	-
TOTAL ASSETS		**58,504**	**12,466**	**9,669**	**21,093**	**220,462**	**1,595**
Liabilities							
Bonds	Level 1	-	-	-	250,000	-	-
Term Loan B	Level 1	1,640,049	-	-	-	-	-
Derivative instruments	Level 2	-	1,792	(2,640)	-	(650)	-
Total LIABILITIES		**1,640,049**	**1,792**	**(2,640)**	**250,000**	**(650)**	**-**

Level 1: Quoted prices (not adjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

Note 6 Notes to the income statement

6.1 Segment information at December 31, 2018

In accordance with IFRS 8 "Operating Segments", the Group is required to disclose segment financial information based on Internal Management Reports, which the Chief Operating Decision Maker (CODM) uses to assess the performance of each operating segment and allocate resources.

Altran has identified four geographical areas within the primary segment division.

in 2018, the main operational decision-maker reorganized the operational segments as presented below:

- France: France, Luxembourg, Morocco and Tunisia;
- Europe: Germany, Austria, Belgium, Spain, Italy, the Netherlands, Portugal, Czech Republic, Romania, United Kingdom, Scandinavia, Slovakia, Switzerland and Turkey;
- Americas: North America (including Aricent) and South America, India and Ukraine;
- Asia: China, Malaysia, Japan and the United Arab Emirates.

The information related to operating segments for the period is the following:

At 12/31/2018 (in millions of euros)	France	Europe	Americas	Asia	Inter-segment eliminations	Total
Revenues						
External	979.8	1,267.1	636.1	33.4	-	2,916.4
Inter-segment eliminations	73.7	44.4	13.4	2.0	(133.5)	-
TOTAL REVENUES	**1,053.5**	**1,311.5**	**649.5**	**35.4**	**(133.5)**	**2,916.4**
Total operating income	1,101.3	1,357.2	655.1	35.4	(133.5)	3,015.5
Total operating expenses	(973.8)	(1,243.3)	(594.4)	(35.1)	133.5	(2,713.1)
Operating income on ordinary activities	127.5	113.9	60.7	0.3	-	302.4
Operating income on ordinary activities (in %)	**12.1%**	**8.7%**	**9.3%**	**0.8%**	**0.0%**	**10.4%**
Assets by region	3,624.4	1,029.5	2,540.6	69.7	(2,602.3)	4,661.9
Total assets	**3,624.4**	**1,029.5**	**2,540.6**	**69.7**	**(2,602.3)**	**4,661.9**

At 12/31/2017* (in millions of euros)	France	Europe	Americas	Asia	Inter-segment eliminations	Total
Revenues						
External	928.3	1,179.4	156.5	31.1	-	2,295.3
Inter-segment eliminations	55.2	33.2	11.3	1.2	(100.9)	-
TOTAL REVENUES	**983.5**	**1,212.6**	**167.8**	**32.3**	**(100.9)**	**2,295.3**
Total operating income	1,025.8	1,238.7	168.5	32.6	(100.9)	2,364.7
Total operating expenses	(900.5)	(1,136.7)	(155.4)	(30.9)	100.9	(2,122.6)
Operating income on ordinary activities	125.3	102.0	13.1	1.7	-	242.1
Operating income on ordinary activities (in %)	**12.7%**	**8.4%**	**7.8%**	**5.3%**	**0.0%**	**10.5%**
Assets by region	1,980.5	957.5	158.7	68.5	(814.3)	2,350.9
Total assets	**1,980.5**	**957.5**	**158.7**	**68.5**	**(814.3)**	**2,350.9**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

France includes the operating subsidiaries and the Group's headquarters (with the management bodies and Group-wide services).

Altran is continuing its growth with an increase of 27.1% in its revenues, which stood at €2,916.4m compared with €2,295.3m in 2017.

The Group's profit/loss from continuing operations stood at €302.4m and 10.4% of revenues.

6.2 Revenues

The following is a breakdown of revenues :

(in thousands of euros)	Dec. 2018	Dec 2017*	% Change
Sales of goods	38,375	17,778	+115.9%
Sales of services	2,802,507	2,275,863	+23.1%
Royalties	75,534	1,616	+4,574.1%
Total	**2,916,416**	**2,295,257**	**+27.1%**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

The majority of the Group's contracts are performed on a T&M and fixed-price basis, based on a service catalog.

Fixed-price contracts account for a small portion of services delivered by the Group.

6.3 External expenses

The following is a breakdown of external expenses at December 31, 2018:

(in thousands of euros)	Dec. 2018	Dec 2017*	% Change
Outsourcing	225,873	185,120	+22.0%
Operating leases and related expenses	95,784	72,427	+32.2%
Training	13,477	13,209	+2.0%
Professional fees and external services	36,882	25,652	+43.8%
Transport and travel expenses	113,922	86,757	+31.3%
Other purchases and external services	95,032	71,892	+32.2%
Total	**580,970**	**455,057**	**+27.7%**

* 2017 data were restated for the impact of IFRS 15 (see note 4).

External expenses developed in accordance with the growth of the Group's reported revenues. The year 2018 was particularly affected by the entry of the Aricent group.

6.4 Personnel costs

The following is a breakdown of personnel costs, including CICE (French payroll tax credits), at December 31, 2018:

(in thousands of euros)	Dec. 2018	Dec. 2017	% Change
Salaries & payroll	1,947,940	1,601,066	+21.7%
Expenses related to share-based payments	2,295	2,309	-0.6%
Non-current employee benefits	5,383	2,380	+126.2%
Employee benefit provisions	1,433	1,670	-14.2%
Total	**1,957,051**	**1,607,425**	**+21.8%**

The average workforce of the Group was the following:

	Dec. 2018	Dec. 2017
Average headcount	43,785	31,109

The increase in average workforce is mainly related to the entry of the Aricent group, for 10,484.

a) Share-based payments

The total cost of share-based payment was €2.3m for the free shares plans vested or vesting on December 31, 2018 (€2.3m for the 2017 financial year).

At December 31, 2018, the key characteristics of vested and vesting share grant schemes were as follows:

	Free shares 2015	Free shares 2016	Free shares 2017	Free shares 2018
Date of General Meeting	06/01/2012	04/29/2016	04/29/2016	04/27/2018
Date of Board of Directors meeting	03/11/2015	06/01/2016	04/28/2017	09/05/2018
Total number of shares available for allocation on the date of attribution	291,959	519,395	437,366	933,740
o/w available to corporate officers	-	-	-	-
o/w available to 10 highest paid employees	*116,750*	*231,583*	*157,681*	*330,881*
Issue date of free shares	03/11/2019	At latest 10/03/2019	At latest 10/01/2020	09/05/2021
End of lock-in period for free shares	03/11/2019	At latest 10/03/2019	At latest 10/01/2020	09/05/2021
Reference share price (in euros)	€8.53	€13.35	€15.88	€9.29
Valuation method used	Binomial	Binomial	Binomial	Binomial
Number of shares available for allocation at 12/31/2017	261,959	247,166	195,144	-
Number of shares available for allocation at 12/31/2017 adjusted after 2018's capital increase [(a)]	291,770	287,108	233,755	-
Rights created in 2018	-	-	-	778,137
Rights forfeited in 2018	-	(29,839)	(28,489)	-
Rights granted in 2018	-	-	-	-
Performance stock valuation	-	(114,004)	(80,183)	(45,832)
Number of shares available for allocation at 30/09/2018	**291,770**	**143,265**	**125,083**	**732,305**
o/w available to corporate officers	-	-	-	-
o/w available to 10 highest paid employees	*130,037*	*51,338*	*41,947*	*259,496*

(a) The adjustments were calculated in accordance with the method specified in Article R. 228-91.1 b) of the French Commercial Code, taking into account the number of shares issued which give an entitlement to an old share, the issue price of these securities and the value of the securities before detachment of subscription rights, it being understood that this value is equal to the weighted average of the prices of the last three trading sessions preceding the start date of the issue.

2018 Plan

At their meeting on September 5, 2018, the Board of Directors agreed to grant a maximum of 933,740 free shares to employees, conditional on their continued employment by the Group.

This decision was taken in the context of the authorization given to the Board by the Combined General Meeting of April 27, 2018 (14th resolution) to proceed, within a period of 38 months, in one or more stages, with the assignment of free shares, existing or to be issued, for the benefit of members of salaried personnel (or certain categories thereof) both of the parent company Altran Technologies and the companies and economic interest consortia that are related to it, directly or indirectly.

The total number of shares that may be assigned freely may not represent more than 3% of Altran Technologies' equity capital on the day granting the free shares by the Board of Directors.

The granting of free shares to the beneficiaries will become definitive following a vesting period of 3 years and is subject to meeting several performance conditions, assessed over a minimum period of three consecutive financial years and fixed by the Board of Directors at the time of the allocation decision according to several criteria including the operating income on ordinary activities of the Group and its Free Cash Flow.

No free shares were granted to the Group's corporate officers;

In 2018, the value of the free share scheme was measured at the grant date using the binomial option pricing model, as recommended by the French Accounting Standards Board.

The main market parameters used to calculate the notional retention period cost of the free shares at the grant date were the following:

- the spot price of the Altran Technologies share on September 4, 2018: €9.29;
- rights vesting period: 3 years;
- employee's fully vested rights conditional on 3 years of continued employment by the Group.

As a percentage of the spot price, the notional retention period cost of the shares at the grant date was negligible.

b) Non-current employee benefits

See note 5.13.

6.5 Depreciation, amortization and net provisions

(in thousands of euros)	Dec. 2018	Dec. 2017	% Change
Depreciation and amortization of property, plant & equipment and intangible assets	(60,954)	(24,199)	+151.9%
Provisions for current assets	(874)	305	-386.6%
Provisions for contingencies and liabilities	803	18,056	-95.6%
Provisions for contingencies and liabilities – Share based compensation	1,072	(1,495)	-171.7%
Total	**(59,953)**	**(7,333)**	**+717.6%**

6.6 Non-recurring operating income and expenses

(in thousands of euros)	Dec. 2018	Dec 2017
Costs and litigations related to acquisitions and legal reorganizations	(33,600)	(7,593)
Restructuring costs	(44,131)	(17,223)
Litigations	6,126	(13,597)
Others	(13,770)	(594)
Total	**(85,375)**	**(39,007)**

In 2018, costs and disputes related to acquisitions and legal reorganization mainly concerned the acquisition of the Aricent group for -€34.1m.

The restructuring charges by category are the following:

(in thousands of euros)	Dec. 2018	Dec 2017
Salaries	(41,838)	(14,715)
Property lease rationalization + furnishing writte - offs	(2,232)	(1,419)
Others	(61)	(1,089)
Total net expenses of restructuration costs	**(44,131)**	**(17,223)**

The disputes are mainly employment-related.

The other non-recurring income/expenditure for -€13.8m mainly corresponds to costs related to reorganizations carried out in Germany, the Czech Republic and Aricent for about -€4.5m and to retention bonuses and the exceptional bonus (known as the Macron bonus) for a total of €6.9m.

6.7 Cost of net debt

The cost of net debt of -€60.0m on December 31, 2018 includes the interest on loans at -€54.9m and the interest paid on other financing transactions for -€4.5m.

(in thousands of euros)	Dec. 2018	Dec 2017
Interest income from cash and cash equivalents	1,788	2,808
Income from cash and cash equivalents	**1,788**	**2,808**
Interest expense relating to bonds	(2,399)	(8,703)
Interest expense relating to loans	(54,911)	-
Interest expense relating to other financing operations	(4,495)	(5,887)
Cost of gross financial debt	**(61,805)**	**(14,590)**
Cost of net financial debt	**(60,017)**	**(11,782)**

The interest expenses on other financing transactions mainly concern the interest paid pursuant to factoring contracts and disposals of receivables and pursuant to commercial paper and expenses and commissions for financing the CICE and the CIR.

6.8 Other financial proceeds and expenses

(in thousands of euros)	**Dec. 2018**	Dec 2017
Gains on other financial asset disposals	-	801
Financial gains from conversion to present value	151	492
Forex gains	9,076	2,526
Write-backs of provisions for non-consolidated assets and other non-current financial assets	70	5,395
Other financial income	254	2
Financial income	**9,551**	**9,216**
Loss on disposal of unconsolidated investments and other financial asset	-	(7,791)
Employee benefit provisions	(2,179)	(818)
Forex losses	(10,791)	(6,023)
Financial expense on measurement to present value	(6,897)	(495)
Other financial expenses	(24,429)	(2,467)
Financial expenses	**(44,296)**	**(17,594)**
Other financial expenses and income	**(34,745)**	**(8,378)**

Other financial expenses include €6.6m in expenses related to setting up the Term Loan B and €17.7m in expenses relating to the repayment of the previous loans (of which €17.5m pursuant to bond loans).

The foreign exchange income is impacted by the fair value of exchange rate derivative instruments.

6.9 Tax expenses

Analysis of deferred taxes on the balance sheet

The following tables show the net change in deferred taxes reported on the balance sheet (in thousands of euros):

(in thousands of euros)	Dec. 2017	Earnings impact	Other changes	Equity impact	Change in scope	Translation adjustments	**Dec. 2018**
Deferred tax assets	96,231	20,215	(19,605)	1,691	1,843	695	101,070
Deferred tax liabilities	19,270	(3,641)	(1,971)	602	146,667	8,102	169,029
Total	**76,961**	**23,856**	**(17,634)**	**1,089**	**(144,824)**	**(7,407)**	**(67,959)**

This breakdown takes into account the compensation between deferred tax assets and liabilities at the level of each tax consolidated entity.

Deferred taxes recognized under equity for the financial year were as follows:

(in thousands of euros)	**Dec. 2018**
Fair value reserve: IAS32/39	1,301
Revised IAS 19 reserve	(212)
Total	**1,089**

The details of deferred tax assets and liabilities, before any compensation, are the following at the financial year-end:

(in thousands of euros)	Dec. 2018	Dec. 2017
Employee benefits	19,712	11,946
Provisions for contingencies and liabilities	8,962	-
Unused tax losses	87,433	84,874
Other	27,550	9,365
Deferred tax assets	**143,657**	**106,185**
Assets	(143,205)	(26,952)
Provisions for contingencies and liabilities	(68,411)	(2,272)
Others	0	0
Deferred tax liabilities	**(211,616)**	**(29,224)**
NET ASSETS	**(67,959)**	**76,961**

The change in net deferred taxes is mainly related to the entry of the Aricent group.

Tax loss carry-forwards that are likely to be used against future profit within a 10-year period amounted to €357.9m. Their activation represents tax savings of €87.4m.

Tax deficits that gave rise to recognizing deferred tax assets and provisioned on December 31, 2018 due to the uncertain character of their recovery stood at €67.8m:

Tax losses	Dec. 2018
- expiring in less than 1 year	223
- expiring in 1 to 5 years	4,507
- expiring in over 5 years	26,503
- with no expiration date	36,541
Total	**67,774**

Analysis of income tax expenses

The tax expense breaks down as follows:

(in thousands of euros)	Dec. 2018	Dec. 2017
Current taxes	**(65,083)**	**(32,278)**
For the period	(46,891)	(18,632)
Adjustment of current taxes based on previous reporting periods	(763)	(1,076)
Other taxes on earnings	(17,429)	(12,570)
Deferred taxes	**23,920**	**(10,502)**
Deferred taxes relating to changes in taxable base	23,312	15,550
Deferred taxes relating to changes in rate	(238)	(22,880)
Adjustment of current taxes based on previous reporting periods	(42)	(1,251)
Change in amortization of deferred tax assets	888	(1,921)
TOTAL	**(41,163)**	**(42,780)**

The other tax payable on income corresponds mainly to secondary tax paid in France (€12.8m).

The deferred tax expense breaks down as follows:

(in thousands of euros)	**Dec. 2018**	**Dec. 2017**
Timing differences	2,566	(7,705)
Tax losses	598	(13,583)
Consolidation adjustments	20,756	10,786
Total	**23,920**	**(10,502)**

Effective tax rate

Differences between reported corporate income tax and the theoretical tax expense calculated using the French tax rate are shown in the following table:

(in thousands of euros)	**Dec. 2018**	**Dec. 2017**
Net income attributable to the Group	80,590	130,768
Non-controlling interests	(369)	(68)
Net profit on discontinued operations	(101)	(8,885)
Tax expenses/income	(41,163)	(42,780)
Share of equity-accounted investments	-	(414)
Pre-tax profit before goodwill impairment losses	**122,223**	**182,915**
Theoretical tax expense at rate applied to parent company (33.33%)	(40,741)	(60,971)
- *Other taxes on earnings*	*(17,429)*	*(12,570)*
- *Change in amortization of deferred tax assets*	*888*	*(1,921)*
- *Difference in tax artes in foreign countries*	*845*	*8,332*
- *Other permanent differences*	*15,274*	*24,350*
Effective tax recognized	**(41,163)**	**(42,780)**
Effective tax rate	**33.7%**	**23.4%**

6.10 Income from discontinued operations

In application of the IFRS 5 standard, the elements of the income statement related to the American "Utilities" activity transferred in 2017 are presented on a dedicated line "Net profit/loss of discontinued activities" for the financial years 2017 and 2018, after elimination of intra-Group profit/loss.

The following table shows the change in net income (loss) from discontinued operations:

(in millions of euros)	**Dec. 2018**	**Dec. 2017**
Revenues	-	20.7
Operating income on ordinary activities	-	0.9
Operating income	(0.1)	(12.0)
Financial income	-	-
Tax expenses/income	-	3.1
Net income on discontinued operations	**(0.1)**	**(8.9)**

Note 7 Off-balance sheet commitments

The following table shows all existing commitments at December 31, 2018:

(in thousands of euros)	12/31/2018	< 1 year	1-5 years	> 5 years	12/31/2017
COMMITMENTS GRANTED					
Pledges, security deposits and guarantees					
- *for recurring operations*	*59,991*	*8,892*	*10,976*	*40,123*	*31,533*
- *for financing operations*	*2,496,849*	*8,254*	*410*	*2,488,185*	*16,536*
Operating lease (property, furniture)					
- *Minimum future payments (see note 6.3)*	*284,451*	*77,354*	*159,557*	*47,540*	*229,061*
Non-compete clause concerning former employees:	**1.732**	**1.732**			**1.686**
- gross amount	1,353	1,353			1,316
- social security contributions	379	379			370
COMMITMENTS RECEIVED					
Pledges, security deposits and guarantees					
- *for recurring operations*	*3,507*	*1,557*	*1,450*	*500*	*5,206*
- *for financing operations*	-				-

Undertaking to buy back non-controlling equity interests

There are no undertakings to buy back non-controlling equity interests or non-consolidated *ad hoc* entities.

Note 8 Related party transactions

Compensation of key management personnel

The gross compensation and benefits of any kind of Directors and members of the Group's Global Executive Team recognized by the company and its controlled companies stood at €5.9m for the 2018 financial year:

- short-term benefits: €5,592,536;
- post-employment benefits: €26,935;
- other long-term benefits: nil;
- employment contract termination benefits: nil;
- share-based payments (free share expenses): €236,554.

Commitments granted to corporate officers

Additional compensation for the Senior Executive Vice-President – Long-term Incentive Plan 2013-2015

Based on the recommendation of the Appointments and Remuneration Committee, at their meeting on March 11, 2015, the Board of Directors agreed to set up a long-term incentive plan. The plan provides for deferred additional compensation in cash to Mr. Cyril Roger, on condition that the Company meets its average earnings per share growth target.

The plan, decided by the Board of Directors, is for a duration of three years, divided into two sub-periods:

- a vesting period between January 1, 2015 and January 2, 2016;
- a two-year retention holding, which begins at the end of the vesting period (January 2, 2016 – January 2, 2018).

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors:

- set the number of units used to calculate the additional compensation due to the Senior Executive Vice-President if all targets are achieved at 100,000;
- decided that additional compensation of the Senior Executive Vice-President would vest based on percentage achievement of the share performance target (assessed at the beginning of the retention period);
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation is paid after the aforementioned two-year retention period. The amount corresponds to the Company's average share price traded on the stock market during December 2015, multiplied by the number of units set by the Board of Directors.

At their meeting on March 9, 2016, the Board of Directors determined that the number of units granted to Mr. Cyril Roger was 80,000, reflecting 80% achievement of performance targets. Given the average closing price of the Altran share in December 2015, namely €12.32, an amount of €985,600 was paid to Mr. Cyril Roger at the end of the vesting period of 2 years expiring on January 2, 2018.

Additional compensation for the CEO – Long-term Incentive Plan 2015-2016

Based on the recommendation of the Appointments and Remuneration Committee, at their meeting on July 29, 2015, the Board of Directors agreed to set up a long-term incentive plan. The plan provides for deferred additional compensation in cash to Mr. Dominique Cerutti, on condition that the Company meets its average earnings per share growth target.

The long-term incentive plan agreed by the Board of Directors is for a duration of nearly four years, comprising two sub-periods:

- a vesting period between July 29, 2015 and January 2, 2017;
- a two-year retention period after the vesting period (January 2, 2017-January 2, 2019).

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors:

- set the number of units used to calculate the additional compensation due to the CEO if all targets are achieved at 43,523;
- decided that additional compensation rights for the CEO vest based on percentage achievement of performance targets (which is assessed at the beginning of the retention period);
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation will be paid after the aforementioned two-year retention period. The amount corresponds to the Company's average share price traded on the stock market during December 2016, multiplied by the number of units set by the Board of Directors.

Given the rate of achievement of performance objectives (100%), the Board of Directors set at 43,523 the number of value units acquired by Mr. Dominique Cerutti. In view of the average closing price of the Altran share in the month of December 2016, *i.e.* €13.11, €570,587 will be paid to Mr. Dominique Cerutti at the end of a 2-year retention period expiring on January 2, 2019.

Additional compensation for the CEO and the Senior Executive Vice-President – Long-term Incentive Plan 2016-2017

Based on the recommendation of the Appointments and Remuneration Committee, at their meeting on March 9, 2016, the Board of Directors agreed to set up a long-term incentive plan. The plan provides for deferred additional compensation in cash to Mr. Dominique Cerutti and Mr. Cyril Roger, on condition that the Company meets its average earnings per share growth target.

The long-term incentive plan agreed by the Board of Directors is for a duration of nearly four years, comprising two sub-periods:

- a vesting period between March 9, 2016 and January 2, 2018;
- a two-year retention period after the vesting period (January 2, 2018 to January 2, 2020).

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors:

- set the number of units to be used to calculate additional compensation for the CEO and the Senior Executive Vice-President if all targets are achieved at 78,799 and 30,113, respectively;
- decided that additional compensation rights for the CEO and the Senior Executive Vice-President would vest based on percentage achievement of performance targets (assessed at the beginning of the retention period);
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation will be paid after the aforementioned two-year retention period. The amount corresponds to the Company's average share price traded on the stock market during December 2017, multiplied by the number of units set by the Board of Directors.

Given the rate of achievement of performance objectives, the Board meeting of June 19, 2018 fixed at 78,799 the number of value units acquired by Mr. Dominique Cerutti and 26,888 the number of value units acquired by Mr. Cyril Roger. Given the average closing price of the Altran share in December 2017, namely €14.15, an amount of €1,115,006 will be paid to Mr. Dominique Cerutti and an amount of €380,474 will be paid to Mr. Cyril Roger following a vesting period of 2 years expiring on January 2, 2020.

Additional compensation for the CEO and the Senior Executive Vice-President – Long-Term Incentive Plan 2017-2019

Following the recommendation of the Appointments and Remuneration Committee, at their meeting on March 21, 2017, the Board of Directors decided to set up a long-term incentive plan to provide additional compensation to Mr. Dominique Cerutti and Mr. Cyril Roger. The deferred additional compensation is to be paid in cash and is conditional on achievement of the average annual Earnings Per Share (EPS) growth target.

The long-term incentive plan agreed by the Board of Directors is for a vesting period between March 21, 2017 and March 20, 2020.

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors:

- set the number of units to be used to calculate additional compensation for the CEO and the Senior Executive Vice-President if all targets are achieved at 65,464 and 21,442, respectively. The number of value units adjusted for the impact of the increase in the equity capital of the Company occurring in April 2018 now stands at 72,916 for Mr. Dominique Cerutti and 23,883 for Mr. Cyril Roger;

- decided that additional compensation rights for the CEO and the Senior Executive Vice-President would vest based on percentage achievement of performance targets (assessed at the beginning of the retention period);
- set specific performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets;
- set a rate of 25% of the amount allocated to the purchase of Altran Technologies shares.

The additional compensation is paid after the above-mentioned three-year retention period. The amount corresponds to the Company's average share price traded on the stock market in December 2019, multiplied by the number of units determined by the Board of Directors.

At year-end 2018, a provision of €327,099 was recognized for Mr. Dominique Cerutti and €107,138 for Mr. Cyril Roger.

Additional compensation for the CEO and the Senior Executive Vice-President – Long-term Incentive Plan 2018-2020

On proposal from the Appointments and Remuneration Committee, the Board of Directors, meeting on September 5, 2018 decided to create a long-term incentive plan providing additional deferred cash compensation that may be assigned to Mr. Dominique Cerutti and Mr. Cyril Roger subject to achievement of targets based on (i) the annual average growth in earnings per share and (ii) the total shareholder return.

The long-term incentive plan agreed by the Board of Directors is for a vesting period between September 5, 2018 and September 5, 2021.

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointments and Remuneration Committee, the Board of Directors:

- set the number of units to be used to calculate additional compensation for the CEO and the Senior Executive Vice-President if all targets are achieved at 76,893 and 25,187, respectively;
- decided that the additional compensation rights for the CEO and Senior Executive Vice-President would vest based on percentage achievement of performance targets (which will be assessed at the beginning of the retention period);
- set specific performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets;
- set a rate of 25% of the amount allocated to the purchase of Altran Technologies shares.

The additional compensation is paid after the above-mentioned three-year retention period. The amount corresponds to the Company's average share price traded on the stock market in December 2020, multiplied by the number of units determined by the Board of Directors.

At year-end 2018, a provision of €74,316 was recognized for Mr. Dominique Cerutti and €24,343 for Mr. Cyril Roger.

Other commitments granted to the Senior Executive Vice-President

The employment contract signed by Mr. Cyril Roger with Altran Technologies on the day of his appointment was suspended as of October 28, 2011 for the duration of his term of office. Termination of his term of office would lead to the reactivation of his employment contract. In the event of contract termination by the Company, except in the event of serious misconduct or gross negligence, Mr. Cyril Roger would receive:

- a contract severance payment equivalent to his compensation package (salary, bonus, and incentive-based compensation) for the 12 months preceding the contract termination;
- a lump-sum payment in return for the non-compete agreement applicable for the 12-month period following contract termination, regardless of the cause; the payment is equal to 75% of average monthly salary, bonuses and incentive-based compensation for the 12-month period prior to contract termination. The Company reserves the right to waive the non-compete requirement, and consequently cancel the associated lump-sum payment.

Transactions with shareholders with controlling interests

Nil.

Other

Nil.

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Note 9 Exposure to risk and risk management procedures

General policy

Within the Group's financial department, the treasury and finance department proposes and implements rules concerning management of liquidity risk, market risk (foreign exchange and interest rate) and bank counterparty risk

Generally, these risks are managed centrally at the level of Altran Technologies and GMTS, the company that centralizes the Group's cash. The strategies for financing, investment, identification and hedging of risks are reviewed bi-monthly by the Group's financial department, during meetings of the Treasury Committee. The treasury and finance department relies, among other things, on a cash management system for monitoring liquidity. Regular reporting statements keep the financial department informed of the risks incurred by the Group (liquidity, foreign exchange, interest rate and counterparty), as well as the details of hedging transactions implemented

9.1 Credit and counterparty risk

Counterparty risk is the risk that one of the parties involved in a contract with the Group breaches its contractual obligations, leading to a financial loss for the Group.

Certain financial assets could, by nature, expose the Group to credit risk; these are mainly trade receivables.

However, invoicing is generally prepared after acceptance by customers, which reduces the possibility of the latter disputing them. Furthermore, a procedure for monitoring and following up trade receivables is implemented at the Group level to accelerate collection.

The Group has an insignificant rate of doubtful receivables; Two factors limit risk on trade receivables:

- firstly, the Group's customers are mainly large companies with little exposure to risk of insolvency. Furthermore, their large number disperses any risk;
- secondly, because the Group has purchased a non-recourse factoring contract combined with credit insurance that covers the main European countries.

However, it cannot be ruled out that some of the Group's customers' activities could be affected by a possible deterioration of the economic climate, which could lead to an increase in credit risk.

9.2 Liquidity risk

The Group might not always have the necessary financial resources available, not only to finance its routine activities, but also to maintain its investment capacity.

The Group borrows on the banking and capital markets, which exposes it to a liquidity risk in the event of total or partial closure of these markets.

The Group manages liquidity risk by constantly monitoring the duration of financing, the permanence of available credit lines and the diversification of resources.

The Group uses centralized cash management (cash pooling), where permitted by local law, which reduces the liquidity risk to which it is exposed. The cash surpluses or financing needs of the subsidiaries are pooled and invested or financed by the Group's cash pooling company, GMTS. A cross-border, euro-denominated cash pooling system has been set up for eight European countries and allows daily centralized cash management. In other countries, cash pooling systems in local currencies are in place with GMTS and some countries operate on the basis of regular loans and borrowings granted to and by GMTS, including the companies within the scope of Aricent whose cash is supervised by the Aricent shared services center in India

On December 31, 2018, the Group's cash position was €472.7m (compared to €372.9m at December 31, 2017). On December 31, 2018, this cash consisted of bank deposits in the amount of €464.8m and cash equivalents, mainly monetary investments, at €7.9m.

In addition to cash, the Group's sources of liquidity on December 31, 2017 were as follows:

- a new multi-currency revolving credit facility for €250m made available under the credit contract (Senior Facilities Agreement) concluded on February 15, 2018 for the acquisition of Aricent;
- a €500m commercial paper program, €126.6m of which was used on December 31, 2017; and
- a €452.1m European factoring program, €295.8m of which was used on December 31, 2018 (including €201.8m of deconsolidated financing/debt).

On December 31, 2018, the Group's gross financial debt amounted to €1784.5m (compared to €724.0m on December 31, 2017). It consisted of short-term loans of €181.2m, long-term debt of €1,603.3m.

On December 31, 2018, the average maturity of the debt was 5.7 years (against less than one year on December 31, 2017).

The breakdown of the net debt by contractual maturity on December 31, 2018 is presented in note 5.11 to the present chapter.

On January 15, 2018, Standard & Poor's awarded the Company's debt a BB rating with stable outlook. Moody's assigned it Ba2 rating with a stable outlook. These ratings remained unchanged on December 31, 2018.

9.3 Interest rate risk

The Group's exposure to variations in interest rates is mainly due to its debt and its deposits and their financial conditions (fixed/variable part).

The Group's finance department manages interest rate risk. The Group may use interest rate swaps to exchange the rate of the debt, from the origin or during the period of the loan, against a variable or fixed rate. It can also purchase caps (limit rate guarantees).

After the new financing agreements were set up, 100% of the medium and long-term financial debts (that is to say, over 3 years) were variable rate debts on December 31, 2018, significantly modifying the interest rate risk to which the Group is exposed. It should be understood that, under the Senior Facilities Agreement, the Company had to conclude, within a maximum deadline of 90 days from the date of realization of the Acquisition, interest rate hedging contracts so that exposure to changes in variable interest rates did not represent more than 50% of the principal amount of the Term Loan B. This is why the Group concluded the various derivatives contracts (caps), in application of which it is protected against an increase in euro and US dollar rates above a certain level.

- €1,000m is thus capped at an average rate of 0.4622%;
- $250m is thus capped at 3.10%.

The net exposure, defined as financial assets less financial liabilities, to interest rate risk at December 31, 2018, as well as the corresponding hedges, breaks down as follows:

(in millions of euros)	<1 year	1-5 years
Financial liabilities	(181.2)	(1,603.3)
Financial assets	472.7	-
Net position before hedging	**291.5**	**(1,603.3)**
Off-balance sheet (interest rate hedging)	-	1,218.3

Sensitivity to the interest rate risk on the financial expense, on the net profit/loss and on equity, is analyzed according to the following assumption: application of an increase or reduction of 1% in interest rates on the portion of debt at a variable rate and on cash and cash equivalents, the Group estimating that a variation of 1% in interest rates is reasonably possible over one year. The table below enables an assessment to be made of the maximum impact of such an increase;

(in millions of euros)	Rate increase of 1% before hedging	Rate increase of 1% after hedging	Rate decrease of 1% before hedging *	Rate decrease of 1% after hedging *
Gross financial expenses	22.4	15.4	-3.0	-3.0
Net profit	-19.1	-12.2	+1.2	+1.2
Shareholder's equity	-	20.0	-	0.7

* Most of our financing is at variable rates with a floor of 0.

9.4 Exchange rate risk

1. Operational exchange rate risk

In so far as the Group conducts its business in an international context, the Group's entities may be exposed to a transaction risk in relation to purchasing or sale transactions in currencies other than their functional currency.

Following the acquisition, the Group is present in more than 30 countries, with a large share of its revenues denominated in euros, US dollars and pounds Sterling and a large share of its costs in Indian rupees. The Group's financial income and ratios are therefore more sensitive to movements in exchange rates after the acquisition. A change in exchange rates could have a negative impact on the combined group of the Group and the Aricent group's income and financial ratios, notwithstanding any hedging strategies that may exist.

It is the responsibility of the CFO of each company of the Group to identify and hedge these risks, working closely with and with the approval of the Group's cash and financing department. To this end, the only authorized instruments are day-to-day or forward purchases and/or sales, or tunnels.

2. Financial exchange rate risk

Financial exchange rate risk relates to financial liabilities (or financial assets) in foreign currencies whose exchange rate fluctuations impact the financial income.

The Group's external financing is denominated in euros with the exception of the USD tranche of Term Loan B ($297.75m); as the borrower is an American subsidiary, the functional currency is the US dollar, which consequently does not require any foreign exchange hedging.

The centralization of the financing requirements of most foreign subsidiaries outside the euro zone, and some of the Group's financing transactions, expose certain entities to a financial exchange rate risk (related to the change in the value of financial debts or receivables denominated in currencies other than the functional currency of the borrowing or lending entity). The Group's cash centralizing company is the main one concerned because it lends/borrows in the functional currencies of the subsidiaries.

The analysis of the sensitivity of the net exposure to the exchange-rate risk is presented in note 5.11.

The Group finances its subsidiaries in their own currencies and systematically hedges the resulting exchange-rate risk if the long-term financing is not qualified as long-term investment.

9.5 Risk related to intangible assets

Given its activities and in accordance with IFRS, the Group assesses the value and measures the potential impairment of goodwill each year or at an intermediate date in the event of indications of impairment. In the event of impairment, the Group has to recognize expenses. Impairment may result, notably, from a decline in the Group's performance, lower expected future cash flows, adverse market conditions, unfavorable changes in applicable laws and regulations (including amendments restricting the activities of, and the services provided by, the Group's production centers) and various other factors. The amount recognized for any impairment loss is recognized immediately as an expense in the Group's income statement, and is irreversible.

Goodwill is not amortized. It is tested for impairment at least once a year on December 31, and whenever there is an indication of impairment.

The methodology and discount rates used for the value tests are detailed in note 5.1 "Goodwill".

9.6 Risk related to the Group's investments

The bank counterparty risk occurs notably in hedging transactions carried out with top-tier banks (foreign-exchange and interest-rate derivative instruments), through credit lines which could be drawn from these same banks and through liquid assets and securities deposited with financial institutions.

The Group works with top-tier financial institutions. It sets limits for each of them, in order to limit the concentration of risk

The Group's excess liquid assets are invested according to the same principles with banks, management companies and subsidiaries of top-tier financial institutions.

9.7 Tax risks

The Group is exposed to risks related to compulsory levies in the various countries in which it is present, the cost of which may exceed the amounts recognized.

In general, any breach of the tax laws or regulations applicable in the countries in which the Group operates may result in adjustments, late payment interest, fines and penalties. With this in mind, the Group carries out the usual checks and review procedures in relation tax matters.

Moreover, the Group has to interpret the regulations, the doctrine and the administrative practice of the jurisdictions in which it operates, as well as international tax conventions. It cannot be guaranteed that such interpretations will not be called into question by the authorities concerned or that the tax treatment of any reorganizations and transactions involving the Group's companies will not be contested by the competent authorities.

Changes in local tax regulations or their interpretation could impact the Group's income, financial position, liquidity or outlook. It is even conceivable that such changes in tax matters run counter to the current organization of the Group and force it to redeploy itself to allow the continued development of its business.

Furthermore, the evolution of international tax regulations, such as the work undertaken by OECD on Basis Erosion and Profit Shifting (BEPS), and the European directives yet to come, are also likely to impact the calculation of the Group's tax burden.

In order to contain the risks, the Group has established an internal organization and calls upon the skills of external experts. Centralized management of the control of fiscal policy and control of the income tax expense was established and has covered the scope of the Aricent legal entities since acquisition in 2018. Local tax consultants of established reputation and recognized competence are appointed by the Group Tax Director and work with the entities for all required consulting missions. Their duties include determining the tax payable by the companies and preparing the subsidiaries' tax forms. Altran calls upon the services of one of the Big Four to advise it in the areas affecting the Group overall, such as, for example, in matters of transfer pricing.

Note 10 Significant events after December 31, 2018

The following significant events occurred between December 31, 2018 and March 20, 2019, when the Group's financial statements were approved by the Board of Directors:

Cyber attack

On January 24, 2019, Altran was the target of a cyber attack affecting its operations in several European countries. Thanks to immediate action, the malware was quickly isolated.

As confirmed by technical experts and an independent investigation, there was no possible risk of contamination or propagation to customers and no data was stolen or lost.

Altran launched a restore procedure which is now completed. All systems and devices are fully operational.

Altran was constantly in communication with its customers in order to keep them duly informed of the conclusions of the investigations carried out, of the various stages of the restoration process and the rigorous security measures implemented during the restore operations.

The incident is now resolved and its impact is the subject of in-depth monitoring and appears to be limited for the 2019 financial year.

Altran will be able to estimate and communicate concerning the financial impact of this event during the publication for the first quarter of 2019.

The *ad hoc* insurance policies were activated.

The preliminary assessment shows that, although the revenues for the 1st quarter 2019 should be slightly affected, this difference should be compensated by the momentum of our activity over subsequent quarters.

Furthermore, there should be no significant consequence for the operating margin of the Group for the whole of 2019.

Note 11 Scope of consolidation

The consolidated financial statements include the financial statements of Altran Technologies and its subsidiaries. The Group fully consolidates its subsidiaries.

			Closing			Opening			
			Method	Control rate	Interest Rate	Method	Control rate	Interest Rate	Variation
France	France	ALTRAN TECHNOLOGIES	IG	100	100	IG	100	100	
		ALTRAN EDUCATION SERVICES	IG	100	100	IG	100	100	
		GMTS	IG	100	100	IG	100	100	
		LOGIQUAL	IG	100	100	IG	100	100	
		ALTRAN PROTOTYPES AUTOMOBILES	IG	100	100	IG	100	100	
		ALTRAN PARTICIPATIONS	IG	100	100	IG	100	100	
		ALTRAN ALLEMAGNE	IG	100	100	IG	100	100	
		ALTRAN PARTICIPATIONS 1	IG	100	100	IG	100	100	
		ALTRAN PARTICIPATIONS 2	IG	100	100	IG	100	100	
		ALTRAN CONNECTED SOLUTIONS	IG	100	100	IG	100	100	
		ALTRAN LAB	IG	100	100	IG	100	100	
	Luxembourg	ALTRAN LUXEMBOURG	IG	100	100	IG	100	100	
	Morocco	ALTRAN MAROC	IG	100	100	IG	100	100	
		MG2 ENGINEERING	IG	50.00	50.00	NI			New entity
	Tunisia	TITAN ENGINEERING	IG	100	100	IG	100	100	
		ALTRAN TELNET CORPORATION	IG	70.00	70.00	IG	70.00	70.00	
Europe	Germany	ALTRAN DEUTSCHLAND	IG	100	100	IG	100	100	
		ALTRAN SERVICE	IG	100	100	IG	100	100	
		ALTRAN AVIATION CONSULTING	IG	100	100	IG	100	100	
		ALTRAN ROMANIA	IG	100	100	IG	100	100	
		ALTRAN MANAGEMENT	IG	100	100	IG	100	100	
		ALTRAN ENGINEERING	NI			IG	100	100	Merged
		SITZ!	NI			NI			Acquired and merged
		ECO!	NI			NI			Acquired and merged
	Austria	ALTRAN CONCEPT TECH	IG	100	100	IG	100	100	
		MICROSYS TECHNOLOGIES	IG	100	100	IG	100	100	
	Belgium	ALTRAN BELGIUM	IG	100	100	IG	100	100	

			Closing			Opening			
			Method	Control rate	Interest Rate	Method	Control rate	Interest Rate	Variation
Europe	Spain	ALTRAN INNOVACIÓN	IG	100	100	IG	100	100	
		AGENCIA DE CERTIFICACION INNOVACION ESPANOLA	IG	100	100	IG	100	100	
	Italy	ALTRAN ITALIA	IG	100	100	IG	100	100	
		ALTRAN INNOVATION	IG	100	100	IG	100	100	
	Norway	ALTRAN NORGE	IG	100	100	IG	100	100	
	The Netherlands	ALTRAN INTERNATIONAL	IG	100	100	IG	100	100	
		ALTRAN ENGINEERING	IG	100	100	IG	100	100	
		ALTRAN TESTING	NI			IG	100	100	Merged
		ALTRAN NETHERLANDS	IG	100	100	IG	100	100	
	Portugal	ALTRANPORTUGAL	IG	100	100	IG	100	100	
	Czech Republic	ALTRAN CZ	IG	100	100	IG	100	100	
		ALTRAN TECHNOLOGIES CZECH REPUBLIC	NI			IG	100	100	Merged
		KON	NI			IG	100	100	Merged
	Romania	ALTRAN SOLUTIONS	IG	100	100	IG	100	100	
	United Kingdom	ALTRAN UK HOLDING	IG	100	100	IG	100	100	
		ALTRAN UK	IG	100	100	IG	100	100	
		CAMBRIDGE CONSULTANTS	IG	100	100	IG	100	100	
		CAMBRIDGE CONSULTANTS USA	IG	100	100	IG	100	100	
		CAMBRIDGE CONSULTANTS (SINGAPORE)	IG	100	100	IG	100	100	
		CAMBRIDGE CONSULTANTS (INDIA) PRODUCT DEVELOPMENT	IG	100	100	IG	100	100	
		CAMBRIDGE CONSULTANTS JAPAN	IG	100	100	IG	100	100	
		SYNAPSE PRODUCT DEVELOPMENT HK	IG	100	100	IG	100	100	
		SYNAPSE PRODUCT DEVELOPMENT	IG	100	100	IG	100	100	
		TESSELLA HOLDING	IG	100	100	IG	100	100	
		TESSELLA (UK)	IG	100	100	IG	100	100	
		TESSELLA (USA)	IG	100	100	IG	100	100	
		INFORMATION RISK MANAGEMENT	IG	100	100	IG	100	100	

			Closing			Opening			
			Method	Control rate	Interest Rate	Method	Control rate	Interest Rate	Variation
Europe	United Kingdom	ALTRAN ENGINEERING SOLUTIONS (EUROPE)	IG	100	100	IG	100	100	
	Slovakia	ALTRAN SLOVAKIA	IG	100	100	IG	100	100	
	Sweden	ALTRAN SVERIGE	IG	100	100	IG	100	100	
	Switzerland	ALTRAN SWITZERLAND	IG	100	100	IG	100	100	
	Turkey	ALTRAN INOVASYON VE TEKNOLOJI	IG	100	100	IG	100	100	
America	Canada	ALTRAN SOLUTIONS	IG	100	100	IG	100	100	
	United States	ALTRAN US	IG	100	100	IG	100	100	
		GLOBAL EDGE SOFTWARE	IG	100	100	IG	100	100	
		LOHIKA SYSTEMS	IG	100	100	IG	100	100	
		ALTRAN ENGINEERING SOLUTIONS	IG	100	100	IG	100	100	
		FOLIAGE	IG	100	100	IG	100	100	
		OCTAVIA HOLDCO	IG	100	100	NI			New entity
		ARICENT TECHNOLOGIES (Cayman)	IG	100	100	NI			Acquired
		ARICENT HOLDINGS MAURITIUS INDIA	IG	100	100	NI			Acquired
		ARICENT HOLDINGS MAURITIUS	IG	100	100	NI			Acquired
		ARICENT HOLDINGS CYPRUS	IG	100	100	NI			Acquired
		ARICENT HOLDINGS (GIBRALTAR)	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES HOLDINGS	IG	98.25	98.25	NI			Acquired
		ARICENT MAURITIUS ENGINEERING SERVICES	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES IRELAND	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES UK	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES US	NI			NI			Acquired and merged
		ARICENT TECHNOLOGIES MAURITIUS	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES DENMARK	IG	100	100	NI			Acquired

			Closing			Opening			
			Method	Control rate	Interest Rate	Method	Control rate	Interest Rate	Variation
America	United States	ARICENT TECHNOLOGIES SWEDEN	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGY (SHENZHEN)	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES AUSTRALIA	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES GERMANY	IG	100	100	NI			Acquired
		ARICENT TECHNOLOGIES	IG	98.25	98.25	NI			Acquired
		ARICENT TECHNOLOGIES SERVICES	IG	100	100	NI			Acquired
		ARICENT JAPAN	IG	100	100	NI			Acquired
		ARICENT ACQUISITION	NI			NI			Acquired and merged
		ARICENT SOFTWARE US	IG	100	100	NI			Acquired
		ARICENT HOLDINGS LUXEMBOURG	IG	100	100	NI			Acquired
		ARICENT BELGIUM	IG	100	100	NI			Acquired
		ARICENT ISRAEL	IG	100	100	NI			Acquired
		ARICENT POLAND	IG	100	100	NI			Acquired
		ARICENT US	IG	100	100	NI			Acquired
		ARICENT IRELAND	IG	100	100	NI			Acquired
		ARICENT N.A.	IG	99.11	99.11	NI			Acquired
		ARICENT SPAIN	IG	100	100	NI			Acquired
		FROG DESIGN MAURITIUS	IG	100	100	NI			Acquired
		FROG DESIGN	IG	99.98	99.98	NI			Acquired
		FROG DESIGN EUROPE	IG	100	100	NI			Acquired
		FROG DESIGN	IG	100	100	NI			Acquired
		FROG STRATEGY AND DESIGN	IG	100	100	NI			Acquired
		FROG BUSINESS CONSULTANCY	IG	100	100	NI			Acquired
		FROG DESIGN	IG	100	100	NI			Acquired
		FROG DESIGN GROUP UK	IG	100	100	NI			Acquired
		FROG DESIGN PTY	IG	100	100	NI			Acquired

			Closing			Opening			
			Method	Control rate	Interest Rate	Method	Control rate	Interest Rate	Variation
America	United States	SMART PLAY TECHNOLOGIES (CANADA)	IG	99.11	99.11	NI			Acquired and liquidated
		SMART PLAY TECHNOLOGIES (SINGAPORE)	IG	99.11	99.11	NI			Acquired
		ARICENT TECHNOLOGIES MALAYSIA	IG	100	100	NI			Acquired
		ARICENT VIETNAM	IG	100	100	NI			Acquired
		ARICENT COMMUNICATION	IG	100	100	NI			Acquired
	Mexico	ALTRAN SOLUTIONS DE MEXICO	IG	100	100	IG	100	100	
	India	ALTRAN TECHNOLOGIES INDIA	IG	100	100	IG	100	100	
		ATIPL ALTRAN TECHNOLOGIES	NI			IG	100	100	Merged
		GLOBAL EDGE SOFTWARE	IG	100	100	IG	100	100	
	Ukraine	LLC LOHIKA	IG	100	100	IG	100	100	
Asia	United Arab Emirates	ALTRAN MIDDLE EAST	IG	85.51	85.51	IG	80.00	80.00	
	Saudi Arabia	ALTRAN MIDDLE EAST	IG	85.51	85.51	NI			Acquired
	Hong Kong	ALTRAN CHINA	IG	100	100	IG	100	100	
	Korea	ALTRAN TECHNOLOGIES KOREA	IG	100	100	IG	100	100	
	Singapore	ALTRAN (SINGAPORE)	IG	100	100	IG	100	100	
	China	ALTRAN SHANGHAI	IG	100	100	IG	100	100	
		ALTRAN AUTOMOTIVE TECHNOLOGY	IG	100	100	IG	51.00	51.00	
		ALTRAN BEYONDSOFT TECHNOLOGIES (BEIJING)	IG	100	100	IG	100	100	
		SICON DESIGN TECHNOLOGIES SHANGHAI	IG	100	100	IG	100	100	
		ALTRAN BEYONDSOFT INFORMATION TECHNOLOGIES (SHANGAI)	IG	100	100	IG	100	100	
		ALTRAN XI AN TECHNOLOGY	IG	100	100	NI			New entity
	Malaysia	ALTRAN MALAYSIA	IG	100	100	IG	100	100	
	Japan	ALTRAN ENGINEERING SOLUTIONS	IG	100	100	IG	100	100	
	Australia	ALTRAN AUSTRALIA	NI			IG	100	100	Liquidated

Note 12 Statutory audit fees

Statutory audit fees for the 2018 financial year stood at €3.7m (excluding out-of-pocket expenses). Details are presented below:

(in thousands of euros)	Mazars	Deloitte	Other
For certifying the financial statements	1,127	2,140	164
Other services (SACC)	274	29	
Total	**1,401**	**2,169**	**164**

7___ 2018 ANNUAL RESULTS

7.1__ Statutory Auditors' report on the financial statements at December 31, 2018

Statutory auditors’ report on the financial statements for the year ended December 31, 2018

This is a translation into English of the statutory auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors’ report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Altran Technologies Shareholders’ Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying financial statements of Altran Technologies for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (*code de déontologie*).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Revenue recognition for services rendered under fixed-price contracts
See notes 2.2, 2.12 and 4.1. to the financial statements

Risk identified	Our response

The Company offers different services to its clients who operate in varied industries. The methods for contractualizing services provided by the Group fall into two categories: Time & Materials (T&M) contracts and Fixed-Price contracts.
 	
Revenue from Fixed-Price contracts, is recognized depending on the degree of progress of the project and the expected profit on completion. If necessary, provisions for losses on completion are recorded when it is probable that the total estimated costs of the contract will exceed the total expected revenues of the contract.
 	
We considered revenue recognition from Fixed-Price contracts to be a key audit matter, as it is based on judgments and estimates made by Management concerning profit on completion and the expected financial risks on these contracts.
	We have examined the processes set up by the Company relating to profit on completion forecasts and the degree of progress of Fixed-Price contracts at the year-end date.
	
	The audit procedures carried out on the measurement of revenue from Fixed-Price contracts consisted in selecting projects, in accordance with a multi-criteria approach (volume of business or work in progress, complexity of projects, unusual variations between two periods or compared to Company standards), for which we:
	
	- assessed the reasonableness of the estimates made by Management through:
	  - interviews with project teams, the program department and management controllers in order to substantiate the analysis of the profit on completion and the degrees of progress of projects underway at the year-end date,
	  - evidence gathered enabling the financial positions of the projects to be supported (contracts, orders, client approvals and acceptance, data relating to monitoring of time and payroll);
	- carried out arithmetical controls and analytical procedures on the measurement of revenue and profit recognized during the fiscal year.
	
	We have verified that the notes to the consolidated financial statements provide appropriate disclosure.

Impairment of equity holdings
See notes 2.2, 2.5, 3.1, 3.2 and 8 to the financial statements.

Risk identified

In recent years, the Company continued its expansion through numerous targeted acquisitions, in different countries, in all of the activities in which it operates.

As of December 31, 2018, equity interests were recorded in assets for a net carrying amount of €451.5 million, representing 13.5% of total assets. They are recognized at their date of entry at acquisition cost including the expenses directly attributable to fixed assets.

As indicated in the “Accounting policies” note to the financial statements, the inventory value of each equity holding corresponds to the value in use at the year-end date. This is determined taking into account the company’s valuation based on forecast information prepared by the Company, according to the profitability outlook based on business plans and adjusted for debt.

The inventory value of each equity holding is determined based on assumptions and estimates prepared by Management and notably the cash flow projections set forth in 5-year business plans, the growth rate used for these cash flow projections and the discount rate applied. In the absence of available data on these aggregates, the value in use correspond to the net worth. An impairment is recognized when the inventory value is less than the acquisition cost of the equity holding.

We considered the impairment of equity holdings to be a key audit matter, given the weight of equity holdings on the balance sheet, the level of estimates and judgments used by Management and the sensitivity of the inventory values to changes in forecast assumptions.

Our response

We have familiarized ourselves with the work relating to impairment tests carried out by the Company and the conclusions resulting therefrom.

To assess the reasonableness of the inventory value estimate of equity holdings, based on the information communicated to us, our work mainly consisted in:

- confirming the appropriateness of the valuation model adopted with regard to the nature of the equity holding tested;
- familiarizing ourselves with the methods for calculating inventory value and, in particular, cash flows forecasts taken from the business plans prepared by Management based on the 2019 budget approved by the Board of Directors;
- assessing and examining the reasonableness of the assumptions used for these cash flow forecasts. This notably consisted in interviewing Management, reviewing the attainment of prior year business plans and assessing the assumptions used as part of the projections considered in the business plans;
- verifying, with the support of our valuation experts, the reasonableness of the financial parameters used in connection with impairment tests, in particular, the method for determining the discount rate and the terminal value used in the business plans (perpetual capitalization of the plan’s last year) with market analyses and the consensus observed;
- verifying the recognition of a contingency provision where the Company has undertaken to bear the losses of a subsidiary with negative equity.

Should this data not be available, verifying that the equity used is consistent with accounts of the entities that were audited or subject to analytical procedures and verifying the arithmetical calculation.

We also assessed the appropriateness of the disclosures in the notes to the financial statements.

Valuation of provisions for material contingencies and liabilities
See notes 2.2, 2.9, 3.2 and 5 to the financial statements.

Risk identified	Our response
The Company is exposed to risks inherent in its activity, notably concerning tax and social risks, as well as its history, due to legal proceedings instigated following the revenue fraud at the beginning of the 2000s. These proceedings are still underway as described in note 5 to the financial statements in the "information on significant ongoing litigation and claims" section. The estimate of these risks is reviewed regularly by the Management of the Company with the support, if needed, of expert advisors. The incorrect valuation of a risk may lead the Company to overstate or understate its liabilities and contingencies. Provisions for contingencies totaled €28 million as of December 31, 2018 and are a key audit matter given the diversity of risks to which the Company is exposed, the degree of judgement exercised by Management to estimate these risks and the amounts recognized in provisions.	Our audit approach consisted notably in: - examining the procedures implemented by the Company to identify the risks to which it is exposed and obtaining confirmation from all of the Company's external experts/advisors of our understanding of the litigation, and claims; - familiarizing ourselves with the risk analysis carried out by the Company and the corresponding documentation and assessing its consistency with the responses to direct confirmations from external experts/advisors; - assessing the main identified risks and examining the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized, with, if necessary, the support of our experts in the areas concerned by the risks. We also assessed the appropriateness of the disclosures in the notes to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French legal and regulatory texts.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents on the financial position and the financial statements provided to shareholders.

We attest to the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D. 441-4 of the French Commercial Code (*code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the items that your Company considered likely to have an impact in the event of a tender or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*code de commerce*), we have verified their compliance with the underlying documents which have been communicated to us. Based on our work, we have no comment to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning participating and controlling interests, the identity of shareholders and the holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Altran Technologies by the Shareholders' Meeting of June 28, 2004 for Deloitte & Associés and June 29, 2005 for Mazars.

As of December 31, 2018, Deloitte & Associés was in its 15th year of uninterrupted engagement and Mazars in its 14th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L.823-10-1 of the French Commercial Code (*code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

La Défense and Paris-La Défense, April 12, 2019

The Statutory Auditors,

MAZARS	**DELOITTE & Associés**
Jean-Luc BARLET	Ambroise DEPOUILLY

7.2__ Parent company financial statements for the financial year ended December 31, 2018

Balance Sheet - assets

		12/31/2018			12/31/2017
(in euros)	Notes	Gross	Deprec./Amort. & Prov.	Net	Net
NON-CURRENT ASSETS	*3.1 & 3.2*	**2,335,611,694**	**55,816,033**	**2,279,795,662**	**654,655,961**
Intangible assets					
Patents, licenses, trademarks		47,649,457	26,052,055	21,597,402	21,051,270
Other intangible assets		123,521,693		123,521,693	119,011,383
Intangible assets in progress		1,094,695		1,094,695	2,118,767
Tangible assets					
Other tangible assets		26,726,253	18,245,473	8,480,780	8,592,606
Tangible assets in progress		464,367		464,367	331,878
Financial assets					
Equity investments and related receivables		461,232,232	9,667,053	451,565,179	453,460,962
Loans and other financial assets		1,674,922,997	1,851,452	1,673,071,546	50,089,095
CURRENT ASSETS		**1,020,482,672**	**4,535,261**	**1,015,947,412**	**1,037,699,056**
Raw materials and supplies		57,439		57,439	46,617
Work in progress		3,644,867		3,644,867	3,683,260
Finished goods		2,797		2,797	10,547
Advances paid		12,851		12,851	30,715
Trade receivables and related accounts	*3.2 & 3.3*	140,055,592	987,771	139,067,821	110,358,453
Other receivables	*3.2 & 3.3*	860,414,329	3,547,490	856,866,840	912,689,509
Cash and marketable securities		16,294,798		16,294,798	10,879,955
ADJUSTMENT ACCOUNTS		**55,768,093**		**55,768,093**	**9,314,149**
Prepaid expenses	*3.3 & 3.13*	55,723,586		55,723,586	9,213,009
Unrealized foreign exchange losses		44,507		44,507	101,140
Total assets		**3,411,862,460**	**60,351,293**	**3,351,511,167**	**1,701,669,166**

Balance Sheet - shareholders' equity and liabilities

(in euros)	Notes	12/31/2018	12/31/2017
SHAREHOLDERS' EQUITY	***3.4***	**1,423,931,086**	**692,717,597**
Capital	3.5	128,510,553	87,900,133
Additional paid-in capital		1,044,232,310	355,609,841
Statutory reserve		8,790,013	8,790,013
Retained earnings		179,055,591	137,075,686
Net income for the year		62,865,154	102,893,499
Tax-driven provisions		477,465	448,425
GOVERNMENT LOANS		**38,016**	
PROVISIONS FOR CONTINGENCIES AND LIABILITIES	***3.2***	**64,315,775**	**77,922,873**
LIABILITIES		**1,780,749,248**	**908,690,964**
Bonds	*3.7 & 3.9*		253,932,607
Bank borrowings	*3.7 & 3.9*	1,508,691,772	400,269,289
Other loans and borrowings	*3.9*	3,178	3,001,075
Advances received		526,807	259,085
Trade payables and related accounts	*3.9*	64,870,487	64,579,781
Tax and social security liabilities	*3.9*	192,090,630	171,991,790
Current liabilities for fixed assets	*3.9*	1,945,169	2,526,628
Other liabilities	*3.9*	12,621,206	12,130,710
ADJUSTMENT ACCOUNTS		**82,477,042**	**22,337,733**
Deferred income	*3.9 & 3.13*	22,770,378	22,329,352
Unrealized foreign exchange gains		59,706,664	8,381
Total shareholders' equity and liabilities		**3,351,511,167**	**1,701,669,166**

Income statement

(in euros)	Notes	12/31/2018	12/31/2017
Revenues	*4.1*	1,023,212,313	949,634,406
Increase in finished goods and work in progress		(38,393)	(164,389)
Self-constructed assets		472,380	621,009
Operating grants		239,944	607,796
Reversals of depreciation, amortization, provisions and expenses transferred		66,779,191	32,013,990
Other income		8,961,540	5,520,032
Operating income		**1,099,626,974**	**988,232,844**
Other purchases and external expenses		(281,288,783)	(238,353,343)
Taxes and duties		(30,341,230)	(29,014,456)
Salaries & payroll taxes		(483,276,537)	(442,557,573)
Social security contributions		(210,030,026)	(190,541,795)
Allowances for depreciation, amortization and provisions		(11,899,432)	(11,324,261)
Other expenses		(15,255,187)	(8,845,039)
Operating expenses		**(1,032,091,196)**	**(920,636,466)**
OPERATING INCOME		**67,535,778**	**67,596,378**
Profit allocated or loss transferred			
Financial income		95,922,973	39,059,626
Financial expenses		(79,254,381)	(23,489,379)
FINANCIAL INCOME	*4.2*	**16,668,591**	**15,570,247**
INCOME FROM ORDINARY ACTIVITIES		**84,204,370**	**83,166,625**
Non-recurring income		16,676,697	23,351,802
Non-recurring expenses		(62,177,523)	(36,454,784)
NON-RECURRING INCOME (EXPENSE)	*4.3*	**(45,500,826)**	**(13,102,982)**
Corporate income tax	*4.4*	24,161,610	32,829,856
Net income		**62,865,154**	**102,893,499**

Notes to the financial statements

Note 1 Significant events

Altran Technologies' revenues increased from €949.6m for financial year ended December 31, 2017 to €1,023.2m for the financial year ended December 31, 2018, up by €73.6m (or 7.7%).

Operating income was stable at €67.5m for the financial year ended December 31, 2018, down from €67.6m for the financial year ended December 31, 2017. It represents 6.6% of revenues for the financial year ended December 31, 2018, compared to 7.1% for the financial year ended December 31, 2017.

Financial income was €16.7m for the financial year ended December 31, 2018, compared with €15.6m for the financial year ended December 31, 2017, an increase of €1.1m.

Exceptional income decreased from €32.4m, from -€13.1m for the financial year ended December 31, 2017 to -€45.5m for the financial year ended December 31, 2018, notably as a result of the expenses incurred for the Aricent acquisition.

Factoring in net tax income of €24.2m (stemming from tax consolidation and the recognition of tax credits), a net accounting profit of €62.9m was recorded for the financial year ended December 31, 2018 (compared to €102.9m for the financial year ended December 31, 2017).

Acquisitions

Aricent: Completion of the acquisition and financing

Altran finalized the acquisition of the Aricent group on March 20, 2018 *via* an American subsidiary, thus creating the global leader in ER&D services. This acquisition was completed once the necessary approvals had been obtained from the competition authorities and the conditions precedent provided for by the agreement signed on November 29, 2017 between Altran and a group of investors led by KKR had been met.

To finance this acquisition, Altran successively used:

External financing

A credit agreement ("Senior Facilities Agreement") signed on February 15, 2018 between the Altran group and several banks, which provided Altran Technologies with a number of loans:

- a term loan ("Term Loan B") in the amount of €1,880m;
- a bridging loan of €250m (the "Bridge Facility"); and
- a new revolving credit facility of €250m (the "Revolving Credit Facility"), which replaced a similar facility of €500m entered into on July 27, 2017.

On March 20, 2018, *i.e.* the day of the completion of the Aricent acquisition, the Term Loan B and the Bridge Facility were fully drawn and used to (i) pay the Aricent acquisition price, (ii) pay the fees and costs associated with the acquisition of Aricent, and (iii) repay part of the existing debt (including the bonds).

The loan contract contains the usual clauses for this type of financing, which require that Altran Technologies meet certain commitments.

A capital increase

A capital increase with preferential subscription rights for existing shareholders was launched on March 22, 2018 and finalized on April 17, 2018, for a final gross amount of approximately €750m (resulting in the creation of 81,220,840 new shares).

The net income from the capital increase enabled Altran Technologies to repay the Bridge Facility in full and part of Term Loan B (€500m) as described above.

Altran Middle East (U.A.E.)

Altran Technologies increased its stake in Altran Middle East from 80.00% to 85.51% in February 2018.

MG2 Engineering (Morocco)

Atran Technologies and Magna International created a joint venture in Morocco in September 2018. Each company holds 50% of the joint company based in Casablanca operating under the name MG2 Engineering.

Launch of the new strategic plan: *The High Road, Altran 2022*

On June 28, 2018, Altran announced the launch of *The High Road, Altran 2022*, its new five-year strategic plan aimed at raising the profile of its service model and extending its presence in key sectors and regions to respond to demand from its clients and to current major technological breakthroughs.

Note 2 Accounting policies

2.1 Basis of preparation of the financial statements

The 2018 financial statements are presented in euros in accordance with the general principles set out in the French Chart of Accounts, based on regulation no. 2017.07 of the French Accounting Standards Board (ANC) and its subsequent amendments, as well as with the measurement methods described below.

The general accounting policies for preparing and presenting financial statements were applied in accordance with the principle of prudence and the following basic assumptions:

- going concern;
- year-on-year consistency of methods;
- independence of financial years; and
- in accordance with the general rules on the preparation and presentation of annual financial statements.

Accounting items were measured using the historical cost method.

2.2 Use of estimates

The preparation of the Company's financial statements requires the use of estimates and assumptions that may have an impact on the carrying amount of certain balance sheet and income statement items, as well as on the disclosures in certain notes to the financial statements. Altran Technologies regularly reviews these estimates and assessments to take into account past experience and other factors considered relevant with regard to the economic environment.

Estimates, assumptions and assessments are made based on available information or the actual situation when the financial statements are prepared. Consequently, they may subsequently differ from reality.

The estimates mainly relate to provisions for contingencies and liabilities, revenues from contracts in progress and the assumptions made to prepare the business plans used to measure equity investments and certain intangible assets (notably business goodwill).

2.3 Intangible assets

Intangible assets primarily comprise trademarks, licenses, software, business goodwill and technical losses on merger. They are recognized at their acquisition or production cost.

2.3.1 Trademarks

Trademarks concern brand and logo registration costs (primarily for Altran Technologies). They are not amortized.

2.3.2 Software

Software includes purchased or developed software.

Software developed for internal use or sale is generally recognized as an expense when incurred. However, capitalization is possible if the following conditions are met:

- the project is clearly identified and monitored in a specific, reliable way;
- technical success is highly probable;
- commercial profitability is highly probable for software intended to be leased, sold or marketed;
- the Company expresses its intention to develop, market or use the software internally;
- capitalized expenses are direct expenses, whether internal or external, incurred during the systems design, programming, testing and development phases.

Amortization is calculated using the straight-line method, based on the software's expected useful life, ranging from one to eight years.

2.3.3 Other intangible assets

Other intangible assets include:

- business goodwill acquired or contributed by the merged companies, recognized at historical cost;
- technical losses on merger, corresponding to the difference between the net value of the merged companies' shares recorded under assets in the surviving company's balance sheet and the carrying amount contributed by these companies.

These primarily relate to technical losses on the merger of 26 companies in 2006, 11 companies in 2013 and the transfer of all of Oxo's assets and liabilities in 2018. As they are fully included in business goodwill, the technical losses on merger are not amortized but are tested annually for impairment, based on the discounting of forecast cash flows from the Company's business.

2.4 Property Plant and Equipment

Tangible assets relate to fixtures and fittings, office and IT equipment and furniture.

They are measured at acquisition cost, including all directly attributable expenses.

Depreciation is primarily calculated using the straight-line method, depending on the asset's expected useful life:

- buildings	10 to 30 years
- fixtures and fittings	9 to 10 years
- transport equipment	5 years
- office and IT equipment	2 to 5 years
- office equipment	9 to 10 years

2.5 Financial assets

Financial assets comprise equity investments and non-current loans and receivables.

The gross value of equity investments and other financial assets on the balance sheet is based on their acquisition cost, including all directly attributable expenses.

The fair value of equity investments at the reporting date reflects their value in use for the Company. It is calculated using a business valuation based on the profitability prospects (revenues, EBIT, cash flow, growth rate) of five-year business plans (application of the discounted cash flow method, a perpetual growth rate and a discount rate). In the absence of available data on these measures, value in use corresponds to the net position.

An impairment loss is recognized when the fair value thus defined falls below acquisition cost.

2.6 Inventories and work in progress

2.6.1 Goods and supplies

Inventories are measured using the weighted average cost method.

The gross value of goods and supplies comprises the purchase price and related expenses, with the exception of any added value.

An impairment loss is recognized when fair value is less than the nominal amount.

2.6.2 Transition and/or transformation costs

Costs incurred during the initial stages of certain contracts (transition and/or transformation costs) may be deferred if they are:

- specific to the contracts in question;
- related to an activity likely to generate future economic benefits;
- recoverable.

Such costs are classified as work in progress and expensed as the associated economic benefits are realized.

In the event that a contract becomes loss-making, all transition costs are written down to the amount of the expected loss and an additional provision for losses on completion is recognized, if necessary.

2.7 Receivables and payables

Receivables and payables are measured at their nominal amount.

An allowance for impairment is recognized when their fair value (excluding advances to subsidiaries), based on probability of collection, falls below their carrying amount. Advances to subsidiaries are impaired in the same way as for equity investments.

2.8 Treasury shares

In accordance with the approvals, limits and objectives set by the shareholders at their General Meetings, Altran Technologies can purchase, exchange or transfer its own shares.

The method used to recognize and impair treasury shares depends on the acquisition's underlying objective.

2.8.1 Explicit allocation for the granting of free shares to employees

Shares vested in order to be freely granted to beneficiaries are recorded on the balance sheet at their repurchase price in sub-accounts of "Cash and marketable securities".

Shares covered by a provision are not impaired, as their net carrying amount remains equal to their acquisition cost until delivery to the beneficiaries.

Shares that are not covered by a provision are impaired as usual. An impairment loss is recognized when the acquisition cost of shares is higher than their present value based on the average share price during the last month of the financial year.

2.8.2 Other objectives

Repurchased shares are recorded on the balance sheet at their repurchase price in the sub-account "Loans and other financial assets".

An impairment loss is recognized when the acquisition cost of shares is higher than their present value based on the average share price during the last month of the financial year.

2.9 Provisions for contingencies and liabilities

Provisions for contingencies and liabilities are recognized if, at the reporting date, the Company has an obligation to a third party and it is probable or certain that an outflow of resources will be required to settle the obligation, without, at least, any equivalent counterpart expected from the third party.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation. The company uses independent experts to estimate these amounts.

The main provisions for contingencies and liabilities that the Company is required to recognize include:

- estimated costs for disputes, lawsuits and claims brought by third parties, governments or former employees;
- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Company announces, draws up or starts implementing a detailed restructuring plan before the reporting date.

2.10 Commitments relating to retirement benefits

In accordance with recommendation 2013-R02 of the French Accounting Standards Board, the Company adopted the preferred method for recognizing retirement benefits, which consists of recognizing a provision in its annual financial statements for the related obligation.

Retirement benefits, based on legal requirements and the provisions of the SYNTEC collective bargaining agreement, are measured by independent actuaries.

The expense, which exclusively relates to retirement benefits, is measured using the projected unit credit method and recognized:

- under operating income or expense for the portion relating to service cost and the amortization of actuarial gains and losses;
- under financial income or expense for the amount relating to interest cost.

The differences between the measured and previously estimated pension benefit obligation (as a result of new projections or assumptions) are referred to as actuarial gains and losses. Differences in the pension benefit obligation due to changes in assumptions are also included in actuarial gains and losses.

Actuarial gains and losses are recognized in the income statement using the corridor rule. This rule requires actuarial gains or losses exceeding 10% of the greater of the pension benefit obligation or the fair value of plan assets, to be amortized gradually over the residual period of employment of the beneficiaries.

The actuarial assumptions relate to the following data (see note 3.2.2):

- mortality;
- staff turnover;
- discount rate(s);
- inflation rate;
- salary increase rate.

2.11 Foreign currency transactions and translation adjustments

Foreign currency income and expense are recorded at their exchange value at the transaction date. Receivables, payables and cash in foreign currencies are recorded on the balance sheet at their exchange value at the reporting date.

At the reporting date, foreign currency translation adjustments relating to receivables and payables are recorded on the balance sheet for currencies outside of the euro zone. A provision is recorded for unrealized foreign exchange losses.

2.12 Long-term transactions and revenues recognition

Revenues corresponds to sales of services provided by the Company.

The accounting method used to recognize revenues and costs depends on the nature of the services.

Moreover, when the result of a transaction cannot be reliably estimated and the recovery of costs incurred is unlikely, revenues are not recognized and the costs incurred are expensed.

Time and material contracts

These contracts, which are subject to a best efforts clause, have a variable price determined according to the time spent and the seniority of the staff employed by Altran Technologies for these projects.

Revenues generated by Time and Material (T&M) contracts is recognized as the services are performed.

Fixed-price contracts

These contracts, which have a performance obligation, either provide for a fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the client as the project is performed.

Revenues from fixed-price contracts is recognized based on the stage of completion and the expected profit on completion. In the event of an expected excess of total contract costs over total contract revenues, the expected losses on completion are provisioned.

2.13 Corporate income tax and tax consolidation

A consolidated tax group was set up in 2004, headed by Altran Technologies.

All of the French subsidiaries are included in the tax consolidation scope.

All of the tax agreements include the following points:

General principle

The tax consolidation agreement in force within the Altran group is based on the principle of tax neutrality, according to which each subsidiary is required to recognize in its financial statements, throughout the consolidation period, tax income or expense as if it were not consolidated.

Corporate income tax

The subsidiaries recognize, for each financial year, the tax that they would have had to pay if they had never been consolidated.

The subsidiaries calculate the tax due after allocating previous tax loss carryforwards.

Recognizing this tax creates an Altran Technologies receivable against the subsidiaries of an identical amount.

The subsidiaries cannot opt for a loss carryback while they are part of the consolidated tax group.

Tax credits

Tax credits, whether or not they generate a tax refund, are charged against income tax due by the subsidiaries.

Loss carrybacks

Tax refunds generated by a loss carryback prior to the tax consolidation period may not be charged against income tax due by the subsidiaries.

However, the subsidiaries may assign the tax refunds to Altran Technologies under the conditions set out in Article 223G of the French Tax Code.

Tax payment methods

In the financial year in which they are consolidated, the subsidiaries pay the four income tax advances directly to their own tax authorities and the advances of contributions due, where applicable.

As of the second year of consolidation, the subsidiaries pay Altran Technologies income tax advances, additional contributions and liquidation costs under the conditions set out under ordinary law.

No interest is generated when Altran Technologies records these amounts in the subsidiaries' current account.

Term

The agreement, whose initial term reflects the subsidiaries' consolidation period, *i.e.* five years as of January 1, 2004, is automatically renewed every five years.

Terms and conditions for leaving the consolidated tax group

Subsidiaries leave the consolidated tax group if they no longer meet one of the conditions required by Article 223A of the French Tax Code governing membership of the consolidated tax group.

The effects of deconsolidation apply retroactively to the first day of the financial year in which the deconsolidation takes place.

The subsidiaries become taxable separately on the income and long-term net capital gains at the reporting date of the period during which the event triggering deconsolidation took place.

Altran Technologies keeps the tax income resulting from use of the tax losses of consolidated subsidiaries in the event of the subsidiary's deconsolidation.

2.14 French payroll tax credit (CICE)

The French payroll tax credit (CICE) has been applied since January 1, 2013.

It is calculated based on gross remuneration paid during the calendar year if said remuneration does not exceed 2.5 times the French minimum wage (SMIC). In 2018, the CICE rate was 6% for eligible remuneration.

The French payroll tax credit may be charged against corporate income tax and the portion that is not charged is a receivable against the State that may be used to pay corporate income tax in the following three years. At the end of this three-year period, the unused portion is refunded.

The receivable may be sold to a bank:

- when it arises, as for any other receivable;
- when it is still uncertain, *i.e.* not yet acquired.

The CICE is deducted from personnel costs in a dedicated sub-account.

2.15 Financial instruments

Altran Technologies applies the regulation from the French Accounting Standards Board n° 2015-05 dated July 2, 2015 relative to forward financial instruments and hedging transactions.

In this regard, the profit/loss generated on financial instruments constituting hedging transactions are recognized symmetrically in profit/loss on the elements hedged.

The premiums paid for hedging transactions are staggered over the period of hedging in the income statement.

Note 3 Notes relating to certain balance sheets items

3.1 Fixed assets and amortization

Fixed assets *(in euros)*	**Gross value at opening**	**Acquisitions**	**Sold/discarded/ transferred assets**	**Gross value at closing**
Intangible assets				
Patents, licenses, trademarks	42,557,727	5,165,155	73,425	47,649,457
Goodwill	23,012,083	4,510,310		27,522,393
Other intangible assets [(a)]	95,999,300			95,999,300
Intangible assets in progress [(b)]	2,118,767	1,028,788	2,052,860	1,094,695
TOTAL 1	**163,687,877**	**10,704,253**	**2,126,285**	**172,265,845**
Tangible assets				
Other tangible assets	24,379,969	2,346,284		26,726,253
Tangible assets in progress	331,878	464,367	331,878	464,367
TOTAL 2	**24,711,847**	**2,810,651**	**331,878**	**27,190,620**
Financial assets				
Equity investments and related receivables	461,393,601	13,632	175,001	461,232,232
Loans and other financial assets [(c)]	50,196,784	1,646,443,202	21,716,989	1,674,922,997
TOTAL 3	**511,590,385**	**1,646,456,833**	**21,891,990**	**2,136,155,229**
Total (1+2+3)	**699,990,109**	**1,659,971,737**	**24,350,152**	**2,335,611,694**

(a) The €93m recognized under "Other intangible assets" mainly relate to technical losses resulting from Altran Technologies' merger with 26 companies in 2006, 11 companies in 2013 and one company in 2017.
(b) Intangible assets in progress primarily relate to purchased or produced software under development.
The aggregate amount breaks down as follows:
External development for: €1,022k
External acquisitions: €839k
Intra-Group acquisitions: €183k
Internal development for: €72k
I.e. a total of: €1,095k.
(c) The increase in loans and other financial assets corresponds for €1,566.7m to a group loan with Octavia Holdco Inc.

Amortization, depreciation/provisions for non-current assets (in euros)	**Opening amount**	**Increase**	**Decrease**	**Closing amount**
Intangible assets				
Patents, licenses, trademarks	21,506,457	4,571,297	25,699	26,052,055
TOTAL 1	**21,506,457**	**4,571,297**	**25,699**	**26,052,055**
Tangible assets				
Other tangible assets	15,787,363	2,458,110		18,245,473
TOTAL 2	**15,787,363**	**2,458,110**		**18,245,473**
Total (1+2)	**37,293,820**	**7,029,407**	**25,699**	**44,297,528**

3.2 Provisions and impairment

(in euros)	Opening amount	Increase	Decrease	Closing amount
Equity investments and related receivables	7,932,639	1,776,081	41,668	9,667,053
Other financial assets	107,689	1,836,452	92,689	1,851,452
TOTAL FINANCIAL ASSETS	**8,040,328**	**3,612,533**	**134,357**	**11,518,504**
TRADE RECEIVABLES	**739,944**	**286,537**	**38,710**	**987,771**
OTHER RECEIVABLES	**3,547,490**			**3,547,490**
Provisions for liabilities and disputes	42,882,898	6,323,417	21,123,631	28,082,685
Provisions for pensions and other post-employment obligations	34,938,834	1,624,296	374,547	36,188,583
Provisions for foreign exchange losses	101,140	44,507	101,140	44,507
TOTAL PROVISIONS FOR CONTINGENCIES AND LIABILITIES	**77,922,873**	**7,992,220**	**21,599,318**	**64,315,775**
Total	**90,250,634**	**11,891,290**	**21,772,384**	**80,369,540**

3.2.1 Provisions for contingencies and liabilities

(in euros)	Reversed and used amount	Reversal of unused amount	Total
Liabilities and disputes	17,797,414	3,326,217	21,123,631
Pensions and other post-employment obligations	374,547		374,547
Foreign exchange losses		101,140	101,140
Total	**18,171,961**	**3,427,357**	**21,599,318**

3.2.2 Provisions for pensions and other post-employment obligations

Changes in the financial year (in euros)

(in euros)	
Service cost	1,971,616
Interest cost	361,544
Amortization of past service costs	(768,825)
Amortization of actuarial gains and losses	214,054
Write-downs during the financial year	**1,778,389**
Used	374,547
Reversals during the financial year	**374,547**

Actuarials assumptions

	Expenses 2018	Commitments at 12/31/2018
Mortality table	TH TF 12-14	TH TF 12-14
Employee turnover	differentiated rate by age group	differentiated rate by age group
Discount rate	1.90%	1.90%
Inflation rate	1.85%	1.85%
Salary increase rate	differentiated rate by age group	differentiated rate by age group

Actuarials gains and losses (in euros)

(in euros)	
Amount of unrecognized actuarial gains/(losses)	13,823,821
Amount of unrecognized past service costs	(844,141)

3.3 Maturity of receivables

(in euros)	Gross amount	Up to 1 year	More than 1 year
Non-current receivables	**1,675,240,550**	**1,317,726**	**1,673,922,824**
Receivables from equity investments	319,553	306,261	13,291
Loans	1,648,471,973	371,042	1,648,100,931
Other financial assets	26,449,025	640,423	25,808,602
Current receivables	**1,056,193,507**	**983,029,505**	**73,164,002**
Trade receivables	140,055,592	138,465,592	1,590,000
Personnel and social security	1,322,057	1,322,057	
State	54,250,772	24,260,164	29,990,608
Group and associates	789,864,130	789,864,130	
Other receivables	14,977,370	10,734,572	4,242,798
Prepaid expenses	55,723,586	18,382,989	37,340,597
Total	**2,731,434,057**	**984,347,231**	**1,747,086,827**

The Company has entered into a factoring arrangement for €18,160 thousand of its 2018 French payroll tax credit (CICE) receivables, which expires on August 13, 2022. After deducting the security deposit and interest, Altran Technologies received a net amount of €17,005 thousand.

The Company has also monetized its R&D tax credit receivables for financial years 2015 to 2017 for a total amount of €102,085 thousand within the scope of the "Dailly" assignment mechanism. After deducting the cost of financing, Altran Technologies received a net amount of €101,198 thousand.

Altran Technologies uses factoring to a significant extent. Outstanding receivables sold to a factor recorded under off-balance sheet commitments at December 31, 2018 for €145,737 thousand, compared with €168,567 thousand at December 31, 2017 (see note 6).

Informations relating to factoring transactions

(in euros)	**2018**	**2017**
Outstanding trade receivables	145,736,547	168,567,323
Current account and factor guarantees	10,133,037	11,283,834
Short term advance from factor	135,603,511	157,283,488

3.4 Changes in shareholders' equity

Shareholder's equity	Opening value	Changes during the period		Prior year net income appropriation	Net income for the year	Closing value
		Increase	Reduction			
Social or individual capital	87,900,133	40,610,420				128,510,553
Share premium	283,971,514	688,622,469				972,593,983
Merger premium	71,638,327					71,638,327
Revaluation reserve						
Statutory reserve	8,790,013					8,790,013
Retained earnings	137,075,686		(60,913,594)	102,893,499		179,055,591
Net income (loss) for the year	102,893,499			(102,893,499)	62,865,154	62,865,154
Tax-driven provisions	448,425	29,041				477,465
Shareholders' equity	**692,717,597**	**729,261,929**	**(60,913,594)**		**62,865,154**	**1,423,931,086**

3.5 Breakdown of share capital

At December 31, 2018, Altran Technologies' share capital amounted to €128,510,552.50 divided into 257,021,105 ordinary shares.

Breakdown of share capital	Number	Nominal value
Number of shares at January 1	175,800,265	€0.5
Share capital increase	81,220,840	€0.5
Number of shares in the financial year	257,021,105	€0.5

The Board of Directors, at its meeting of March 20, 2018, using the delegation of competence granted according to the 1st resolution of the Extraordinary General Meeting of January 26, 2018, and after having ascertained the full payment of the registered capital, decided to proceed with a capital increase, maintaining shareholders' preferential rights, for a gross amount, including issue premium, of €749,668,353.20 through the issue of 81,220,840 new ordinary shares with a value of €0.50 each, at a rate of 8 new shares for 17 existing ordinary shares.

On April 17, 2018, the Chief Executive Officer ascertained that the 81,220,840 new shares were fully subscribed, that their subscription price was fully paid up in cash, in accordance with the conditions of the issue, and that consequently, the capital increase was definitively completed.

At the Combined General Meeting of April 27, 2018, the shareholders approved (resolution no. 6) the implementation of a share buyback program, in order:

- to ensure an active market for the Altran Technologies share through a provider of investment services *via* a liquidity contract in accordance with the code of conduct recognized by the French Financial Markets Authority or any other applicable provisions;
- make use of the share options assigned to employees of the Altran group pursuant to the plans implemented according to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, to make allocations of bonus shares according to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code or in the context of any other form of assignment, allocation, disposal or transfer of shares for the benefit of Altran group employees;
- to issue shares when rights attached to securities giving access to the Company's or one of its subsidiaries' share capital are exercised by redemption, conversion, exchange, presentation of a warrant or in any other way, immediately or in future, and to perform any hedging transaction related to these transactions, under the conditions set by the law;
- to cancel them, by virtue of the 11th resolution of the Combined General Shareholders' Meeting of April 27, 2018, or any other similar authorization;
- to use all or part of the shares acquired for retention and subsequent presentation in exchange or payment as part of any external growth transactions in accordance with applicable regulations; or
- more generally, to perform any transaction that is accepted, or will be authorized or accepted by the law or the regulations in force, or by the French Financial Markets Authority.

In the context of this implementation, the Shareholders' Meeting fixed:

- the maximum unit purchase price at €20 (excluding acquisition expenses) ;
- the maximum number of shares that may be acquired at 10,000,000 (namely nearly 6% of the shares composing the registered capital of the Company on December 31, 2017);
- the total maximum amount that the Company may devote to buying back its own shares at €200,000,000m (excluding acquisition expenses).

In case of transactions on the capital, notably by incorporation of reserves and the allocation of bonus shares, splits or consolidation of securities, the maximum number of shares and the maximum unit purchase price per share indicated above will be adjusted accordingly.

This share buyback program was approved for a period of 18 months as of the date of the Combined General Meeting of April 27, 2018. It will be in effect until October 26, 2019 at the latest.

At December 31, 2018:

- Altran Technologies held 280,500 treasury shares under the Exane-BNP Paribas liquidity contract, amounting to €2,208k. Net losses from treasury shares amounted to €1,322k in 2018;
- Altran Technologies also held 3,023,073 shares amounting to €25,908k.

3.6 Share subscription options and free share grants

The total cost of share-based compensation for share grant schemes vested or vesting was €1,033k at December 31, 2018, up from (€2,309k in 2017).

As of December 31, 2018, the key characteristics of vested and vesting share grant schemes were as follows:

	Free shares 2015	Free shares 2016	Free shares 2017	Free shares 2018
Date of General Meeting	06/01/2012	04/29/2016	04/29/2016	04/27/2018
Date of Board of Directors meeting	03/11/2015	06/01/2016	04/28/2017	09/05/2018
Total number of shares available for allocation on the date of attribution	291,959	519,395	437,366	933,740
o/w available to corporate officers	*0*	*0*	*0*	*0*
o/w available to 10 highest paid employees	*116,750*	*231,583*	*157,681*	*330,881*
Issue date of free shares	03/11/2019	10/03/2019 at the latest	10/01/2020 at the latest	09/05/2021
End of lock-in period for free shares	03/11/2019	10/03/2019 at the latest	10/01/2020 at the latest	09/05/2021
Reference share price (in euros)	8.53€	13.35€	15.88€	9.29€
Valuation method used	Binomial	Binomial	Binomial	Binomial
Number of shares available for allocation at 12/31/2017	261,959	247,166	195,144	0
Number of shares available for allocation at 12/31/2017 adjusted for the impact of the 2018 capital increase (*)	291,770	287,108	233,755	0
Rights created in 2018	0	0	0	778,137
Rights forfeited in 2018	0	(29,839)	(28,489)	0
Rights granted in 2018	0	0	0	0
Performance stock valuation	*0*	*(114,004)*	*(80,183)*	*(45,832)*
Number of shares available for allocation at 12/31/2018	*291,700*	*143,265*	*125,083*	*732,305*
o/w available to corporate officers	*0*	*0*	*0*	*0*
o/w available to 10 highest paid employees	*130,037*	*51,338*	*41,947*	*259,496*

(*) The adjustments were calculated in accordance with the method specified in Article R. 228-91.1 b) of the French Commercial Code, taking into account the number of shares issued which give an entitlement to an old share, the issue price of these securities and the value of the securities before detachment of subscription rights, it being understood that this value is equal to the weighted average of the prices of the last three trading sessions preceding the start date of the issue.

2018 Plan

At the meeting of September 5, 2018, the Board of Directors agreed to grant a maximum of 933,740 bonus shares to employees, conditional on their continued employment by the Group.

This decision was taken in the context of the authorization given to the Board by the Combined General Meeting of April 27, 2018 (14th resolution) to proceed, within a period of 38 months, in one or more stages, with the assignment of free shares, existing or to be issued, for the benefit of members of salaried personnel (or certain categories of them) both of the parent company Altran Technologies and the companies and economic interest consortia that are related to it, directly or indirectly.

The total number of bonus shares that may be granted may not represent more than 3% of the equity capital of Altran Technologies on the day onw hich the bonus shares are granted by the Board of Directors.

The granting of bonus shares to the beneficiaries will become definitive following a vesting period of 3 years. It is subject to meeting several performance conditions, assessed over a minimum period of three consecutive financial years and fixed by the Board of Directors at the time of the grant decision according to several criteria including the consolidated operating profit/loss of the Group and its Free Cash Flow.

No free shares were granted to the Group's corporate officers.

In 2018, the value of the free share scheme was measured at the grant date using the binomial option pricing model, as recommended by the French Accounting Standards Board.

The main market parameters used to calculate the notional holding period cost of the bonus shares at the grant date were the following:

- the spot price of the Altran Technologies share on September 4, 2018: €9.29;
- the rights acquisition period: 3 years;
- fully vested rights conditional on 3 years of continued employment by the Group.

As a percentage of the spot price, the notional holding period cost of the shares at the grant date was negligible.

3.7 Borrowings

3.7.1 Borrowings

Altran Technologies totally renewed its financing structure as part of its financing of the Aricent group acquisition. As a result, the Company made early repayment on all of its bonds in the total amount of €250m in March 2018:

- bond in the amount of €135m issued on July 16, 2013 remunerated at 3.75% for an initial period of six years with repayment of interest annually on the due date of July 16 of each year;
- bond in the amount of €10m issued on July 17, 2014 remunerated at 2.81% for an initial period of six years with payment of interest annually on the due date of July 17 of each year;
- bond in the amount of €105m issued on July 17, 2014 and August 1, 2014 remunerated at 3.00% for an initial period of seven years with repayment of interest annually on the due date of July 17 of each year.

The financial charge for the bonds for the 2018 financial year was €19,514k, of which €17,234k for early repayment.

3.7.2 Term Loan B and revolving credit facility

Altran Technologies signed the following with a group of banks on February 15, 2018:

1) a senior term loan syndication contract (Term Loan B) with guarantees in the amount of €2,125m (of which €1,880m subscribed directly by Altran Technologies and $300m raised by the American subsidiary for the Aricent entities.

The syndicated loan was used to pay Aricent's acquisition price and to repay the Group's medium- and long-term debt early (primarily the bonds listed above).

The characteristics of the Term Loan B, denominated in euros and subscribed by Altran Technologies are as follows:

- maturity: 7 years from the provision of the funds, *i.e.* March 20, 2025;
- maximum remuneration: EURIBOR +3.25%;
- amortization: one payment;
- repayment right: partial or total at any time, for a minimum amount of €1m;
- interest: payable at maturity according to a period of 1, 3 or 6 months agreed between the borrower and the lender. The maturities were defined as March 20, June 20, September 20 and December 20;
- interest-rate hedging: conclusion, within 90 days of the provision of the funds, of interest-rate hedging contracts so that the exposure to changes in variable interest rates does not represent more than 50% of the principal of the Term Loan;
- dividends: the ability of the Company to distribute dividends to its shareholders is likely to be restricted because, beyond a leverage rate of 2.5, part of the excess cash flow (as this term is defined in the Senior Facilities Agreement) must be assigned to the early repayment of loans: at 25% if the leverage rate is between 2.5 and 3.0/at 50% if the leverage rate exceeds 3.0;
- others: certain restrictions have just been applied, notably concerning new acquisitions and significant disposals of assets, significant investments or the conclusion of new loans.

Altran Technologies made an early repayment of €500m in 2018 bringing the balance on December 31, 2018 to €1,380m.

The interest charge for the financial year was €48,150k.

2) A revolving credit facility of €250m with the following characteristics:

- maturity: 5 years, *i.e.* March 20, 2023;
- maximum remuneration: EURIBOR +3.25%;
- interest payable at maturity according to a period of 1, 3 or 6 months agreed between the borrower and the lender;
- covenant: compliance with a "Financial debt/EBITDA" ratio that is less than or equal to 5.25 until maturity and only if more than €100m are drawn at the end of each quarter.

The EBITDA adopted is the last consolidated and audited EBITDA for a period of 12 months adjusted on a *pro forma* 12-month basis,so as to integrate the EBITDA related to any "Eligible Company" acquired under an external growth transaction carried out during said period. Potential synergies could be taken into account in the 18 months following the acquisition of the Aricent Group.

The net financial debt corresponds to the net financial debt to which the sellers' loans and the price supplement clause relating to an external growth operation are added, excluding payments subject to performance conditions (earn outs and other contingent conditions).

Altran Technologies did not draw on the credit line during the 2018 financial year.

The 2018 financial charge for the revolving credit was €2,668k (primarily for commitment fees).

In addition, Altran Technologies granted several guarantees as part of the new financing:

- pledging of the securities that it holds in some of its subsidiaries, including the shares in Global Management Treasury Services (GMTS), the entity in which most of the cash of the Altran group is centralized;
- pledging of its bank accounts and of the largest claims it holds for other companies of the Group;
- guarantee to lenders for the debtor commitments with respect to new financing.

Margin level and financial ratio

The margin level of Term Loan B and the new revolving credit is reviewed quarterly according to the consolidated financial leverage ratio (net financial debt/EBITDA).

Applicable margin	*Term Loan B (in euros)*	Revolving credit facility
Ratio >= 4.00	3.25%	3.25%
Ratio < 4.00	3.00%	3.00%
Ratio < 3.50	2.70%	2.75%
Ratio < 3.00	2.75%	2.50%

Ratio of financial leverage:

The Altran Group defines and reports a leverage ratio as follows:

	Dec. 2018	Dec. 2017
Net financial debt (excluding debt)/Pro-forma EBITDA	3.03	1.50

3.8 Other credit lines and cash management

3.8.1 Factoring transactions

At December 31, 2018, Altran Technologies had a credit line of €145.7m in connection with its factoring contracts. The latter, which do not constitute a fixed-term commitment, are automatically renewed.

3.8.2 Cash management

Altran Technologies' cash and cash equivalents are managed by the Group's cash pooling subsidiary GMTS, allowing the Group to reduce its exposure to liquidity risk.

The Group set up a procedure to define the rules governing the use of cash at the subsidiary and Group level. The recommendations are based on two key principles:

- all subsidiary cash surpluses are invested exclusively in the Group's cash pooling subsidiary GMTS (Global Management Treasury Services), a company incorporated in France;
- GMTS invests these cash surpluses in money market instruments with sensitivity and volatility rates of less than 1% per annum.

Altran Technologies also issues commercial paper (with maximum maturities of one year) in connection with a program registered with the Banque de France. The ceiling for the commercial paper program is €500m.

The Group's finance department manages interest rate risk.

3.9 Maturity of payables

(in euros)	Gross amount	Up to 1 year	Between 1 and 5 years	More than 5 years
Bonds				
Bank borrowings	1,508,691,772	128,691,772		1,380,000,000
Other loans borrowings	3,178	3,178		
Trade and related payables	64,870,487	64,870,487		
Tax and social security liabilities	192,090,630	191,916,028	174,602	
Payables to suppliers of non-current assets	1,945,169	1,945,169		
Other liabilities	12,621,206	12,621,206		
Deferred income	22,770,378	22,770,378		
Total	**1,802,992,819**	**422,818,217**	**174,602**	**1,380,000,000**

3.10 Related parties and equity investments

Assets and liabilities relating to associates and equity investments *(in euros)*	
Equity investments	458,545,327
Impairment of equity investments	(9,636,696)
Receivables from equity investments	306,261
Loans and accrued interest	1,624,464,241
Trade receivables and related accounts	64,411,522
Other receivables and prepaid expenses	789,942,367
Provisions for contingencies and liabilities	1,059,499
Trade and related payables	11,928,728
Deferred income and prepaid expenses	11,294

Income and expenses relating to associates and equity investments *(in euros)*	
Operating income	104,068,691
Operating expenses	90,577,079
Financial income	95,593,516
Financial expenses	2,163,877
Non-recurring income	47,386
Non-recurring expenses	1,838,403

There is no information to be provided on related party transactions within the meaning of Article R. 123-198 11 of the French Commercial Code, as all such transactions were entered into under arm's length conditions.

3.11 Accrued income

(in euros)	**Amount**
Trade receivables and related accounts	40,736,541
Other receivables	379,586
Tax and social security receivables	4,498,625
Group and associates	3,250,000
Total	**48,864,752**

3.12 Accrued expenses

(in euros)	**Amount**
Bank borrowings	2,009,653
Trade payables	21,905,684
Tax and social security liabilities	98,246,111
Payables to suppliers of non-current assets	1,206,480
Other liabilities	8,390,149
Total	**131,758,078**

3.13 Deferred income and expenses

(in euros)	Expenses	Income
Operating expenses/Income	15,191,074	22,770,378
Financial expenses/Income	40,532,512	
Total	**55,723,586**	**22,770,378**

3.14 Finance leases

Nil.

3.15 Financial instruments

Interest rate derivatives

The majority of financial debts to lending institutions are contracted at variable rates essentially indexed on the reference EURIBOR or LIBOR rates. In accordance with the credit contract, interest-rate hedging was put in place on Term Loan B.

The fair value at December 31, 2018 was €2,057k.

	Date of departure	Maturity date	Type	CAP	Nominal	Reference rate	Currency
Morgan Stanley	06/20/2018	03/18/2022	CAP	0.470%	400,000,000	Euribor3M	EUR
Goldman Sachs	06/20/2018	03/18/2022	CAP	0.458%	400,000,000	Euribor3M	EUR
CACIB	06/20/2018	03/18/2022	CAP	0.455%	200,000,000	Euribor3M	EUR

Note 4 Notes to the income statement

4.1 Breakdown of net revenues

(in euros)	**12/31/2018**
By activity segment	
Sales of bought-in goods	1,627,496
Sales of goods & services	1,021,584,817
TOTAL	**1,023,212,313**
By geographical segment	
Sales in France	932,153,553
Sales abroad	91,058,760
Total	**1,023,212,313**

4.2 Financial income

(in euros)	Financial expenses	Financial income
Interest on commissions	8,249,091	
Interest on bank overdrafts	164,963	
Interest on bonds	2,279,712	
Interest on borrowings	40,559,028	
Interest on revolving loans	2,668,281	
Interest on commercial paper	161,545	
Interest on hedging instruments	990,370	
Interest on trade receivables	93,481	
Discounts granted	49,122	
Foreign exchange losses	912,891	
Financial expenses on factoring activities	1,274,291	
Other financial expenses	17,487,212	
Losses on receivables related to Group equity investments	(6)	
Expenses/Sale of marketable securities	2,518	
Provision for treasury shares	1,836,452	
Provision for equity investments	1,776,081	
Provision for negative net position in subsidiaries	387,802	
Provisions for pension obligations	361,547	
Dividends received		37,336,488
Revenues from receivables related to Group equity		57,286,089
Interest on Group current account		929,272
Reversal of provision for impairment of treasury shares		91,165
Reversal of provision for impairment of equity investments		43,192
Forex gains		11,010
Trade receivables		1,893
Other financial income		223,865
TOTAL	**79,254,381**	**95,922,973**

4.3 Non-recurring income

(in euros)	Non-recurring expenses	Non-recurring income
Restructuring expenses	8,303,549	
Other expenses from non-Group operations	50,185,512	
Other expenses from Group operations	1,838,403	
Net carrying amounts on disposal of fixed assets	1,680,363	
Provisions for restructuring contingencies and liabilities	140,656	
Provisions for accelerated depreciation	29,041	
Other exceptional income generated by non-Group operations		
Other exceptional income generated by Group operations		47,386
Income on fixed asset disposals		308,697
Write back of restructuring provisions		1,316,560
Write back of other exceptional provisions		15,004,053
TOTAL	**62,177,523**	**16,676,697**

Non-recurring restructuring expenses (€8,304 thousand) primarily relate to operating expense transfers (including salaries, fees, and sundry expenses) which, after analysis, are reclassified under non-recurring income or expense.

4.4 Corporate income tax and impact of tax consolidation

(in euros)	Pre-tax accounting income (loss)	Income tax	Net income/(loss)
Recurring income	84,204,370	(28,041,457)	56,162,913
Non-recurring income (expense)	(45,500,826)	15,166,942	(30,333,884)
Pre-tax accounting income (loss)	**38,703,543**	**(12,874,514)**	**25,829,029**
Permanent differences	(45,775,159)	15,258,386	(30,516,773)
Temporary differences	58,300,250	(19,433,417)	38,866,833
Separate taxable income (tax loss)	**51,228,634**	**(17,049,545)**	**34,179,090**
Tax consolidation adjustments	*24,384,338*	*(8,128,113)*	*16,256,225*
Use of tax loss carryforwards	*(22,722,756)*	*7,574,252*	*(15,148,504)*
Taxable income of consolidated tax group	**52,890,216**	**(17,603,405)**	**35,286,811**
Additional contributions		(555,733)	(555,733)
Corporate tax and contributions from profit-making subsidiaries		9,095,564	9,095,564
Tax credits		33,031,683	33,031,683
Prior year tax		193,501	193,501
Net income	**38,703,543**	**24,161,610**	**62,865,153**

The tax consolidation agreement in force within the Altran group is based on the principle of tax neutrality, which requires each subsidiary to determine its income tax expense and contribute to the Group's income tax as if it were not consolidated. The income tax due by each subsidiary is not modified as a result of consolidation.

The tax savings, or excess tax generated by the tax consolidation system, are recognized by the parent company, Altran Technologies.

As the consolidated tax group was profit-making in 2018, the parent company recognized a Group tax expense of €17,603k.

The contribution of profit-making subsidiaries to the Group' tax expense was recognized under income in Altran Technologies' income statement in the amount of €9,096k.

4.5 Increase and decreases in future tax liabilities

Increases/decreases in the deferred tax base (in euros)	Amount	Tax
French C3S	1,445,000	373,171
Provisions for retirement benefits	36,188,583	9,345,702
Other provisions for contingencies and liabilities	1,219,107	314,834
Tax-group loss carry-forwards	172,663,552	44,590,362
DEFERRED TAX ASSET BASE	**211,516,242**	**54,624,070**
Allocation of tax losses to tax consolidated subsidiaries	*22,383,766*	*5,780,608*
Deferred tax liability base	**22,383,766**	**5,780,608**

Altran Technologies, as head of the consolidated tax group, uses the tax losses generated by its consolidated subsidiaries. In accordance with the tax neutrality principle in its tax consolidation agreements, Altran Technologies is required to return the benefit of the tax losses to the subsidiaries when they become profit-making.

The increase in future tax liability reflects this obligation.

4.6 Headcount

Average employee headcount

Category	2018	2017
Management	9,869	9,115
Other employees	1,261	1,001
TOTAL	**11,130**	**10,116**

4.7 Compensation of corporate officers

The total compensation paid to the corporate officers of Altran Technologies in 2018 amounted to €3,428k, including €357k in attendance fees.

No loan or advance was granted to corporate officers in 2018.

Note 5 Information on significant ongoing litigation and claims

- Following the articles published in Le Monde in October 2002 and the results of the additional audit of the Statutory Auditors that resulted in a rectification of the half-year consolidated financial statements at June 30, 2002, the Paris Public Prosecutor's Office decided to open an investigation in relation to the charges of abuse of corporate property, dissemination of misleading information likely to affect share prices, as well as forgery and use of forgery.

  The scope of the investigation was extended, first in June 2004 to include the misrepresentation of financial statements, which did not give a true and fair view of the Company's financial position, and a second time in September 2004, to include the offence of insider trading.

  The Company filed a civil claim and this claim was declared admissible by an order of March 6, 2003.

  Several former executives and a former manager of the Group were indicted. The Company, for its part, was indicted, without its civil party claim being brought into question, on charges of disseminating misleading information likely to affect share prices, and of forgery and use of forgery.

  The investigation was closed on January 7, 2009. An order for the termination of proceedings was issued on November 29, 2011, under the terms of which the former officers and the Company, in its capacity as a legal entity, were referred to the Correctional Court (French lower criminal court hearing misdemeanor offenses committed by adults). The hearings were held from January 15 to 31, 2014. By a ruling of June 4, 2014, the court referred the case back to the public prosecutor for the appointment of a new investigating judge.

  By an order of May 11, 2015, the Vice-President in charge of the investigation referred all the parties to the Correctional Court. The hearings on the merits of the case were held at the end of November and the beginning of December 2016. On December 14, 2016, the Prosecutor requested suspended prison sentences and fines (notably €225,000 for the Company) for the offenses of forgery and use of forgery. In light of the French law of June 21, 2016 on the prevention of accumulation of procedures before the Penalties Committee of the AMF (French Financial Markets Authority), and of criminal procedures, the Public Prosecutor considered that the prosecution lapsed but only with regard to the offense of disseminating false or misleading information.

  According to the terms of its decision of March 30, 2017, the Paris Correctional Court announced that the prosecution lapsed with regard to proceedings against the Company and its founders and managers indicted for forgery and use of forgery, disseminating misleading information and presenting inaccurate financial statements and therefore acquitted them. The Court applied the *non bis in idem* principle, as defined in Article L. 465-3-6 of the Law of June 21, 2016 which prohibits a person from being sentenced twice for the same offense. The aforementioned persons had indeed already been sanctioned by the Penalties Committee of the French Financial Markets Authority in 2007.

  The Court also declared itself incompetent to rule on the civil interests and therefore dismissed the civil parties of their claims.

  At the closing date given the reasons for judgment of March 30, 2017, three of the civil parties had already brought the Company before the civil courts, together claiming nearly €28m in damages based on tort liability.

  On April 7, 2017, the National Financial Prosecutor's Office and 64 of the 77 civil parties appealed the judgment.

  A procedural hearing is scheduled for February 27, 2019 and the hearings on the merits of the case will likely take place in fall 2019.

  All of the aforementioned proceedings concern events that took place between 2001 and 2002.

- In August 2005, the Company was sued by a former executive seeking to reclassify his dismissal as unfair dismissal.

  In a judgment dated March 1, 2007, the *Conseil des Prud'hommes* (French Labor Court) approved the Company's application for a stay of proceedings pending the decision to be taken in respect of the criminal proceedings against this former executive (as part of the investigation regarding the Company's 2001-2002 financial statements described above).

- As of the end of 2010, and at the initiative of its former Purchasing manager, Altran entered into a number of contracts with a supplier the main object of which concerned leasing computer equipment and copy machines.

  In June 2011, Altran Technologies' internal audit division noted numerous anomalies relating to the contracts entered into with the Company's supplier. Consequently, Altran's management hired an external firm to further develop the investigative work carried out by internal audit. At the end of its mission, the firm prepared a report that revealed that the contracts relating to the equipment leases had been concluded at unfair prices with the complicity of the former head of purchasing, and that this manipulation was likely to be criminal in nature, being qualified as private bribery and fraud.

  The firm's report also shows uncovered multiple incremental costs incurred as a result of the leasing of the computer and printing equipment, causing damages estimated at over €2m.

  After these facts emerged, Altran lodged a complaint and filed a civil action. Altran Technologies simultaneously suspended all lease payments to the supplier in question.

  The examining magistrate indicted the supplier's former managers, and must shortly give his/her order closing the investigation.

  The Company was also taken to court with a view to the cancellation of the lease agreements, the return of equipment under duress, and the payment of damages in the total amount of approximately €3m. Moreover, the original lessor sued the Company in August 2012 before the Paris Commercial Court for unilateral breach of the framework agreement and claimed damages, including for loss of income.

  In view of the current investigation, the above-mentioned claims have been the subject of stay orders by the Paris Commercial Court, issued on June 17, 2013 and June 2, 2015.

- The Company was sued by employees and/or former employees who claim the payment of overtime.

  Specifically, they allege that their compensation is below the annual social security cap (*PASS*), that the applicable weekly flat-rate pay agreement covering hours worked, though separate from Arrangement no. 2 "mission completion" under the *SYNTEC* collective labor agreement, is invalid and that they are therefore entitled to overtime compensation for the hours from 35 hours to 38.5 hours.

  Altran started negotiations to adapt the provisions of this collective labor agreement to its work organization in 2012.

  After their claim was initially rejected by multiple decisions rendered in 2012, some of the plaintiffs won their case before the Toulouse Court of Appeal in September 2014 and were awarded payment of five years' overtime. The Court of Cassation confirmed the ruling of the Court of Appeal by a decision of November 4, 2015.

  In view of the situation created by the ruling of the Court of Cassation, and of the risks weighing on the Company in respect of all its employees benefiting from an individual flat-rate agreement of 38.5 hours, and while Altran considers that the weekly flat-rate agreements covering hours worked concluded with its employees are perfectly valid, Altran had no choice but to consider that all its employees were now subject to the common law standard of hours of work (no flat-rate weekly hours, strict application of 35 hours per week, no ceiling of days worked and therefore no Additional Days of Rest – ADR).

  In order to find a satisfactory solution for its employees, Altran signed a collective agreement, on February 29, 2016, introducing, among other measures, a specific "Altran" working time arrangement (158 hours per month + a maximum of 10 ADR days per year), which was proposed to all employees with salaries below the French annual social security ceiling and a 35-hour work week.

  The decisions of the Toulouse Court of Appeal and of the Court of Cassation have triggered a significant number of referrals (approximately 1,200) to Labor Courts, mainly from former employees.

  The hearings on the merits of the case have been held since October 2016 and are currently set to continue until the end of 2020.

  As of December 31, 2018, contradictory rulings have been handed down by various French Labor Courts (including in Toulouse, Strasbourg, Rennes, Lyon, Nanterre, Belfort, Aix-en-Provence, Versailles, and others) and have been appealed, either by Altran Technologies or current or former employees.

  In January 2018, the Toulouse Court of Appeal sentenced the Company, in various procedures, in relation to two charges not related to overtime: one in respect of a loyalty clause held to be unlawful on the grounds that it would be a disguised non-compete clause, and the other in respect of undeclared work for some employees. In particular, Altran Technologies firmly denies this latest accusation. As regards the undeclared work charge, according to the Court, it is based on the fact that the Company continued to apply the flat-rate to its employees after the initial judgments of 2014. The Group disputes this position because, in its view, it does not in any way reflect actual facts. Following the 2014 decisions of the Court of Appeal, the Company terminated the flat rate for the employees who were parties to these cases. The Company then appealed the decision before the Court of Cassation. Once the Court of Cassation handed down its decision in 2015, the Company terminated the fixed hours/week agreement for all employees with salaries below the French annual social security ceiling, while maintaining their previous remuneration. Finally, to take into account the employees' desire to continue to benefit from the French ADR system (additional paid vacation days given to employees who work more than the statutory 35-hour week), the Company concluded, as soon as possible, an agreement allowing, as indicated above, 3,500 employees (out of 4,000) to benefit from the ADR as part of the new working time system. Consequently, since the beginning of 2016, and *a fortiorio* on the day of the appeal, none of these employees were working under the flat-rate arrangement in question. These employees are either subject to the new working time arrangement or a 35-hour work week. The Company therefore considers the undeclared work accusation to be completely unjustified and unfounded.

  The Company decided to appeal to the Court of Cassation for the 293 procedures concerned by the rulings of the Toulouse Court of Appeal.

  In January 2019, the Colmar Court of Appeal expressly recognized that the weekly flat-rate hours of employees applicable within Altran was separate from Arrangement no. 2 of the SYNTEC collective agreement. Nevertheless, the Court considered that the Altran flat rate could not be binding on employees because, it was, by nature contrary to, and less favorable than, Arrangement no. 2, notably in that it would extend the flat-rate hours to employees not likely to fulfill the contractual conditions to benefit from it. The Company decided to appeal this ruling, which concerned 25 employees, before the Court of Cassation.

  In two rulings dated February 20, 2019 and March 13, 2019, the Court of Cassation, in considering appeals filed against the rulings of the Toulouse Court of Appeal handed down on January 19, 2018, held that the Toulouse Court of Appeal could have deduced that the agreements concluded by the employees came under Arrangement no. 2. However, the

Company obtained a favorable decision on the amount of overtime. The Court considered, given the arguments put forward by the parties, that periods of absence for paid leave and sickness should at least be deducted from the overtime claimed by the employees. The Court of Cassation also deemed that the employees who were not eligible for the flat-rate agreement under Arrangement no. 2 should return the money paid for the ADR days granted under the agreement. The Court of Cassation consequently annulled the rulings of the Toulouse Court of Appeal which had sentenced Altran to pay overtime and compensation pursuant to undeclared work and which dismissed Altran's request for reimbursement for ADR days.

- In 2014, Altran Technologies received a tax reassessment notice relating to part of its R&D tax credit for 2011 and 2012. On January 22, 2019, the Administrative Division of the Versailles Court of Appeal ruled in favor of the Company but this judgment was still subject to an appeal by the tax authorities at the closing date of the financial statements as at December 31, 2018.
- Altran Technologies was subject to a French social security collection agency (*URSSAF*) audit in 2015. The tax authorities wanted to subject certain benefits paid to employees to social security contributions. The decision rendered by the social security court at the end of 2017 was favorable in all points to the Company but the administration appealed.
- A manager dismissed in April 2015 filed two lawsuits to obtain all of the bonuses due for 2014, 2015 and 2016 and claim compensation for the free shares that he was not granted or that did not vest as a result of his dismissal, in the total amount of approximately €2m. The case was heard on January 22, 2018. Concerning the procedure related to the payment of bonuses the Court dismissed the former employee on July 3, 2018. He appealed and the hearings under appeal took place on March 4, 2019 with a new hearing planned on June 25, 2019. The Court dismissed the former employee with respect to the procedure for free shares. This decision was confirmed on appeal on November 27, 2018 and is no longer subject to appeal.
- On November 8, 2018, Altran Technologies was the subject of inspection and seizure operations by the competition authority related to alleged anti-competitive practices in the engineering and technology consulting sectors, as well as IT services and software publishing.

  The investigation is currently ongoing. The inspection and seizure operations do not prejudice the outcome of the procedure or of any financial consequences. In the absence of an assessment of the risk currently incurred, no provision has been constituted in this regard as of December 31, 2018.
- Altran Technologies is in dispute with several of its current and former employees.

Altran Technologies is doing everything in its power to limit the impact of these risks on its financial statements.

Note 6 Off balance sheet commitments

6.1 Commitments given

(in thousands of euros)	Total	Directors	Subsidiaries	Investments	Related parties	Others
Rents & office equipment	64,152					64,152
Deposits and guarantees	128,263		4,502			123,761
Term Loan B pledge	406,451					406,451
Swap/Cap/Tunnel	1,000,000					1,000,000
Factoring commitments	145,737					145,737
Other commitments: vehicle hire	7,303					7,303
Other commitments: employees	959	959				
Non-compete clauses	773	719				54

6.2 Commitments received

(in thousands of euros)	Total	Directors	Subsidiaries	Investments	Related parties	Others
None						

Note 7 Significant post-balance sheet events

The following significant events occurred between December 31, 2018 and February 27, 2019, the date on which the Board of Directors approved the financial statements:

Cyber attack

On January 24, 2019, Altran was the target of a cyber attack affecting its operations in several European countries. Thanks to immediate action, the malware was quickly isolated. As confirmed by technical experts and independent investigation, there was no possible risk of contamination or propagation to customers and no data was stolen or lost. Altran launched a restore procedure which is now complete. All systems and devices are fully operational. Altran was constantly in communication with its customers in order to keep them duly informed of the conclusions of the investigations carried out, of the various stages of the restore process and of the rigorous security measures implemented during the restore operations.

The incident is now resolved. Its impact is the subject of in-depth monitoring and appears to be limited for the 2019 financial year. Altran will be in a position to assess and communicate the financial impact of this event when it reports on Q1 2019. The *ad hoc* insurance policies were activated.

The preliminary assessment shows that, although revenues for Q1 2019 will be slightly affected, this should be offset by the momentum of our activity over subsequent quarters. Furthermore, there should be no significant impact on the Company's operating margin for the whole of 2019.

Note 8 Table of subsidiaries and equity interests

Company	Capital	Other shareholder equity	Ownership interest (%)	Carrying amount of equity investments		Loans & advances granted by the company still outstanding	Guarantees provided by the company	Previous year net revenues	Previous year net profit/(loss)	Dividends received by the company over the period
				Gross	Net					
1 - STAKES OF MORE THAN 50% IN FRENCH SUBSIDIARIES *(in thousands of euros)*										
Altran Allemagne	10	(289)	100%	10					(98)	
Altran Connected Solutions	10,000	(6,569)	100%	9,993	3,431			5,512	(1,732)	
Altran Education Services	550	(1,323)	100%	3,063				1,937	(288)	
Altran Lab	20,000	12,328	100%	23,762	23,762			47,751	2,507	
Altran Participations	37	70	100%	37	37				(3)	
Altran Participations 1	1	(5)	100%	1					(1)	
Altran Participations 2	1	(5)	100%	1					(1)	
Altran Prototypes Automobiles	20	1,278	100%	54	54			13,439	1,286	
GMTS	200	22,969	80%	160	160	778,194			18,640	
Logiqual	37	1,103	100%	37	37			1,356	336	
2 - STAKES OF LESS THAN 50% IN FRENCH SUBSIDIARIES *(in thousands of euros)*										
R2I				16						
3 - STAKES OF MORE THAN 50% IN FOREIGN SUBSIDIARIES *(in thousands of euros)*										
Altran Belgium (Belgium)	62	54,915	99.84%	31	31			70,301	3,343	
Altran Innovación (Spain)	2,000	121,273	100%	84,142	84,142	3,250		222,164	13,348	9,000
Altran International (The Netherlands)	125,000	37,401	100%	124,998	124,998				1,661	
Altran Italia (Italy)	5,000	79,952	100%	70,305	70,305			237,560	14,873	19,875
Altran Middle East (UAE)	69	(9,283)	86%	5,902	5,902	306		11,878	(7,415)	
Altran Norge (Norway)	250	1,593	100%	2,350	2,350			20,968	(2,530)	
Altran Sverige (Sweden)	596	141,263	100%	12	12			607,889	17,614	
Altran Switzerland (Switzerland)	1,000	8,856	100%	2,397	2,397			41,907	6,064	5,211
Altran Telnet Corporation (Tunisia)	19,507	3,687	70%	5,104	5,104			19,392	2,487	
Altran UK Holding (UK)	22,500	3,203	100%	32,927	32,927			5,590	(652)	
Altran US (United States)	100,300	(33,209)	100%	90,352	90,352			49,455	(13,544)	
MG2 Engineering (Morocco)	300	3,129	50%	14	14	600		24,907	3,129	
TITAN Engineering (Tunisia)	3,604	539	100%	2,894	2,894				539	
4 - EQUITY INVESTMENTS *(in thousands of euros)*										
CQS	-	-	-	1						
H2scan	-	-	-	2 350	2 350					

8__ INFORMATION ON THE COMPANY AND THE GROUP

8.1__ General information about the Company

8.1.1 Corporate name and registered office

The Company's corporate name is Altran Technologies.

The Company's registered office is located at 96, avenue Charles de Gaulle – 92200 Neuilly-sur-Seine (France).

8.1.2 Legal form and applicable law

The Company is a French joint stock corporation with a Board of Directors *(société anonyme à Conseil d'administration),* governed by the legal and regulatory provisions applicable in France (and particularly those of Book II of the French Commercial Code) and by its Articles of Association.

8.1.3 Place of registration and registration number

The Company is registered in the trade and companies register of Nanterre under number 702 012 956.

Its Siret number is 702 012 956 00653 and its APE code is 7112 B.

8.1.4 Date and term of incorporation

The Company was incorporated on February 14, 1970 for a duration of 75 years from its date of registration in the trade and companies register, *i.e.* until March 18, 2045, unless dissolved in advance or extended.

8.1.5 Place for consulting the corporate documents

The legal documents relating to the Company, and in particular its Articles of Association, financial statements, reports submitted in the General Shareholders' Meeting by the Board of Directors, and more generally all the documents to be sent or made available to the shareholders and referred to in Articles L. 225-115, L. 225-116 and L. 225-117 of the French Commercial Code can be consulted at the Company's registered office located at 96, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine (France) (telephone: +33 (0)1 46 41 70 00).

In addition, historical financial information as well as the items and documents to be included in the Group's regulated information can also be accessed on the Company's website (*www.altran.com*).

8.2__ Articles of Association

The Articles of Association were drawn up in accordance with the legal and regulatory provisions applicable to a public limited company with a Board of Directors governed by French law. The principal stipulations of the Articles of Association described below come from the Company's Articles of Association as revised on April 17, 2018. For a description of the main statutory provisions relating to the composition, organization, remuneration and functioning of the corporate bodies, please see chapter 3 "Corporate governance and remuneration" of this Registration Document.

8.2.1 Corporate purpose

The Ordinary and Extraordinary General Shareholders' Meeting held on June 23, 2009, by adopting its 5th resolution, decided to modify the corporate purpose in order to make a more clear-cut distinction between the Company's various activities.

Since the adoption of this resolution, Article 3 of the Articles of Association reads as follows:

"The Company's purpose is to exercise the following activities in France and abroad:

- technology and innovation consulting;
- organization and information systems consulting;
- strategy and management consulting;
- design and marketing of software and/or software packages;
- component and equipment design, supply, production and/or distribution;
- provision of related support services including maintenance, human-resource consulting and/or training;
- more generally, all industrial, commercial, financial, movable or immovable activities that are, or could be, directly or indirectly associated with the activities included in the corporate purpose listed above or which are likely to facilitate their development and expansion."

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8.2.2 Financial year

In accordance with Article 20 of the Company's Articles of Association, the financial year runs from January 1 to December 31 of each calendar year.

8.2.3 Rights, privileges and restrictions attached to the shares

In addition to voting rights, each share entitles the holder, in proportion to the number of shares issued, to the ownership of the corporate assets, profit-sharing and the liquidation proceeds, under the conditions provided for by the applicable legal and regulatory provisions and by the Articles of Association (Article 9 of the Articles of Association). Subject to the double voting rights, no privilege is attached to any specific category of shares or a specific category of shareholders.

8.2.3.1 Double voting rights (Article 9 of the Articles of Association)

Double voting rights were adopted by the General Shareholders' Meeting held on October 20, 1986.

Each share in the Company carries with it the right to vote in General Shareholders' Meetings. The number of votes attached to shares is proportional to the percentage of the Company's capital that the shares represent, each share carrying one vote.

However, holders of registered shares (or their representatives) have double voting rights at Ordinary and Extraordinary General Shareholders' Meetings if the shares have been registered in their name for at least 4 years and are fully paid-up, or if the shares arise from the reverse stock split of fully paid-up shares that have all been registered in their name for at least four years.

All shares converted to bearer shares or transferred to another shareholder lose the double voting rights mentioned above.

However, share transfers resulting from inheritance, liquidations of spouses' jointly-owned assets, or inter vivo donations to spouses or family members entitled to inherit, do not entail loss of acquired rights or interrupt the time limits mentioned above.

8.2.3.2 Statutory allocation of earnings (Article 20 of the Articles of Association)

At least 5% of the Company's net annual earnings (less previous losses, if any) are first allocated to the legal reserve until this reserve reaches 10% of the Company's share capital.

The remainder, plus any retained earnings from previous years and minus any other reserve allocations required either by law or by the Articles of Association, constitutes the distributable earnings for the year.

Upon the recommendation of the Board of Directors, the General Shareholders' Meeting may decide whether or not to carry forward all or part of these distributable earnings to the next year, or to allocate them to one or more general or special reserve funds.

The remainder, if any, is then divided in full among the Company's shareholders.

The General Shareholders' Meeting may decide to distribute funds drawn from the available reserves. In this case, the decision must explicitly indicate from which reserves the funds are to be taken.

If necessary, an exception may be made to this Article for the allocation of earnings to a special employee profit-sharing reserve, pursuant to the legal conditions.

Upon the recommendation of the Board of Directors, the General Shareholders' Meeting may decide to carry forward all or part of the annual earnings to the next year, or to allocate all or part of the retained earnings to one or more reserves.

8.2.3.3 Dividend payment procedure (Article 20.5 of the Articles of Association)

The General Shareholders' Meeting held to approve the annual financial statements may give shareholders the option to receive some or all of the distributed dividend in the form of cash or new shares to be issued in accordance with the law. This option also applies to advance payments granted on dividends.

Shareholders may claim dividends up to five years after the dividend distribution date. After a period of five years, any unclaimed dividends become the property of the French treasury department, as required by law.

8.2.3.4 Modification of the shareholders' rights

The shareholders' rights may be modified under the conditions provided for by the legal and regulatory provisions. There is no specific stipulation governing the modification of the shareholders' rights that is stricter than the law.

8.2.4 General Shareholders' Meetings

8.2.4.1 Provisions of the Articles of Association common to all General Meetings of Shareholders (Article 19 of the Articles of Association)

The General Shareholders' Meetings are convened and deliberate under the conditions provided for by law.

These meetings are held either at the registered office or at another location specified in the convening notice. The Board of Directors may decide, when convening the meeting, to broadcast the entire meeting through a video-conferencing and/or remote transmission system, subject to the legal and regulatory provisions in force. In this event, the decision will be stated in the notice of meeting and the convening notice.

The Works Council may appoint two of its members to attend General Shareholders' Meetings. The opinions of these members must, at their request, be heard in connection with all resolutions requiring unanimous shareholders' approval.

An intermediary, having satisfied the criteria set forth in the 7th and 8th paragraphs of Article L. 228-1 of the French Commercial Code, may, under a general power of attorney for management of securities, transmit a shareholder's votes or proxy to a General Shareholders' Meeting. Prior to delivering the proxy or casting the shareholder's vote at the General Shareholders' Meeting, the intermediary must, upon the request of the Company or the Company's agent, provide a list of the non-resident shareholders to which these voting rights are attached. This list must meet all the conditions required by the regulations in force. Votes or proxies submitted by an intermediary who is not declared as such or who does not disclose the identity of the shareholders represented will not be taken into account.

All shareholders may attend General Shareholders' Meetings, regardless of the number of shares owned, provided that their shares are fully paid up. All shareholders may vote irrespective of the number of shares owned, upon proof of identity and shareholder ownership, and providing that the number of shares held is recorded by the Company no later than midnight (Paris time), two working days before the General Shareholders' Meeting, as follows:

- registered shares are recorded under the name of the holder in the registered-share register held by the Company;
- bearer shares are recorded under the name of the intermediary acting on behalf of the shareholder in the bearer-share register kept by the authorized intermediary.

If necessary, all information pertaining to the holder's identity must be submitted to the Company, in accordance with the provisions in force. The recording of shares in the bearer-share register held by the authorized intermediary is attested to by a certificate of participation delivered by the intermediary in accordance with the applicable legal and regulatory dispositions. The right to participate in General Shareholders' Meetings is subject to the respect of the conditions laid down by the legislative and regulatory texts in force.

All shareholders may vote by mail. The conditions under which the voting-by-mail form may be obtained are indicated in the convening notice.

Under French law, the conditions for a quorum at General Shareholders' Meetings depend on the type of meeting and the number of shares with voting rights attached. Votes submitted by mail will only be taken into account in the calculation of the quorum provided that the Company receives the voting forms, correctly completed, within the time-frame specified by decree of the Council of State.

Likewise, if they wish, shareholders may submit questions to be discussed at the meeting. All questions must be addressed in writing to the Board of Directors, in accordance with Article L. 225-108 of the French Commercial Code, and be received by the Board of Directors within the legal deadline.

Depending on the type of General Shareholders' Meeting, the conditions for a majority are based on the number of voting rights attached to the shares owned by the shareholders present, represented, or voting by mail.

Any undeclared shares belonging to a shareholder failing to meet the disclosure requirements stipulated in Article L. 233-7 of the

French Commercial Code will be deprived of their voting rights attached to the number of undeclared shares, upon the request of one or more shareholders owning at least 5% of the Company's share capital.

The Chairman of the Board of Directors, or the Vice-Chairman in the Chairman's absence, presides over General Shareholders' Meetings. If neither is available, a Director will be specially delegated by the Board of Directors to preside over the meeting. Failing this, the President will be elected by the members of the meeting.

The Board of Directors may decide, when convening the General Shareholders' Meeting, to broadcast the entire meeting through a video-conferencing or any other authorized remote transmission system, including the Internet. In this event, the decision will be stated in the notice of meeting published in the French Journal of Mandatory Legal Announcements (*Bulletin d'annonces légales obligatoires* – BALO).

If the Board of Directors so decides, all shareholders may participate in General Meetings *via* a videoconferencing or other remote transmission systems, including the Internet, in accordance with the legislative and regulatory conditions in force at that time of broadcasting. In this event, the decision will be stated in the notice of meeting published in the BALO.

The minutes of General Shareholders' Meetings are drawn up and copies thereof are duly certified and delivered in accordance with the law.

8.2.4.2 Conditions to which the amendment to the Articles of Association is subject

Pursuant to Article L. 225-96 of the French Commercial Code, the Extraordinary General Shareholders' Meeting is the only body authorized to amend all of the provisions of the Articles of Association.

Therefore, the Articles of Association may only be amended under the conditions of quorum and legal majority applicable to Extraordinary General Shareholders' Meetings. The required quorum therefore corresponds to one fourth of the shareholders on first call, and one fifth on the second, whereas the required majority is two thirds of the votes of the shareholders present or represented.

8.2.5 Provisions of the Articles of Association likely to have an impact on the occurrence of a change of control

There is no provision in the Company's Articles of Association that is likely to have an impact in case of occurrence of a change of control.

8.2.6 Crossing of legal and statutory thresholds

Pursuant to Articles L. 233-7 *et seq*. of the French Commercial Code, any shareholder, acting alone or in concert, who exceeds the thresholds of holding 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's shares or voting rights must inform the Company and the AMF of the number of shares and voting rights held. The same applies where a shareholder's holding falls below the thresholds indicated above.

Furthermore, pursuant to Article 7.3 of the Company's Articles of Association, any shareholder, acting alone or in concert, who exceeds the threshold of holding, directly or indirectly, 0.5% of the Company's shares, voting rights, or securities giving future access to the Company's share capital, must notify the Company, within five days of exceeding the threshold, by registered mail stating the total number of shares, voting rights, or securities giving access to the Company's share capital that it holds either alone or in concert, directly or indirectly.

Failure to comply with these provisions will result in the suspension of the voting rights attached to the undeclared shares. The suspension of voting rights will be applied at all General Shareholders' Meetings held during the two-year period following the date of regularization of the aforementioned notification, if the application of this sanction is requested by one or more shareholders owning a minimum of 5% of the capital or voting rights of the Company. This request will be recorded in the minutes of the General Shareholders' Meeting.

Intermediaries, authorized in accordance with paragraph 7 of Article L. 228-1 of the French Commercial Code, are bound, without prejudice to the obligations of the shareholder, to make the appropriate declarations in accordance with the present article for the entire number of shares that they have recorded in the register.

The sanctions provided for under Article L. 228-3-3 of the French Commercial Code will be applied if this obligation is not respected.

Any shareholder, acting alone or in concert, whose capital stake or voting rights fall below any one of the thresholds mentioned in the 2nd paragraph of this section must notify the Company within five days.

8.2.7 Identification of shareholders and holders of securities giving access to the capital

8.2.7.1 Identification of bearer shareholders

In order to facilitate the identification of bearer shareholders, the Company may ask the securities clearing agent for the information outlined in Article L. 228-2 of the French Commercial Code.

8.2.7.2 Identification of holders of securities giving access to the capital

In the case of registered securities giving immediate or future access to the capital, an intermediary registered under the conditions provided for by the French Commercial Code is required to disclose the identity of the owners of such securities at the request of the Company or its representative, which may be submitted at any time.

8.2.8 Changes in the share capital

Insofar as the Articles of Association contain no specific provisions concerning its changes, the share capital may be increased, decreased or redeemed using any means or methods permitted by law.

8.3__ Information about the Company's capital

8.3.1 Amount and composition of the share capital

On December 31, 2018, the Company's share capital stood at €128,510,552.50, composed of 257,021,105 fully paid-up shares with a nominal value of €0.50, all of the same category.

8.3.2 Changes in the share capital over the last three financial years

The following table presents the changes in the Company's share capital over the last four financial years:

Date	Nature of the operation	Change in the number of shares	Nominal change in the share capital *(in euros)*	Amount of the share capital after the operation *(in euros)*	Issue or contribution premium *(in euros)*	Number of shares constituting the capital after the operation
April 17, 2018	Capital increase	81,220,840	40,610,420.00	128,510,552.50	709,057,933.20	257,021,105

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8.3.3 Company shares controlled by the Company and treasury shares

At December 31, 2018, the Company held 3,303,573 treasury shares, representing 1.29% of the Company's share capital (on the basis of the share capital at December 31, 2018) and registered on closure of the financial year at a gross value of €28,116,034 (€1,651,787 of nominal value), held as treasury shares or under a liquidity contract (see section 8.4 "Share buybacks"). These shares have no voting rights.

Furthermore, none of the companies controlled by the Company owns shares in the latter: there are no company shares controlled by the Company.

8.3.4 Share capital authorized but not issued

8.3.4.1 Delegations of authority and financial authorizations granted by the Board of Directors and available at December 31, 2018

Nature of the delegations and authorizations granted to the Board of Directors	Ceiling	Authorization date, resolution no. and duration	Expiry date
Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the Company's share capital, with preferential subscription rights	€20m	April 27, 2018 12th resolution (26 months)	June 27, 2020
Delegation of authority to the Board of Directors to carry out capital increases reserved for the employees of the Company and Group companies who are part of a company savings plan, without preferential subscription rights for shareholders	€3m in nominal value	April 27, 2018 13th resolution (26 months)	June 27, 2020
Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, by way of a public offering	nominal €7.5m for the shares [(a)] nominal €112.5m for the other securities [(b)]	April 28, 2017 15th resolution (26 months)	June 28, 2019
Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, as part of an offer referred to in II of Article L. 411-2 of the French Financial and Monetary Code	nominal €7.5m for the shares [(a)] nominal €112.5m for the other securities [(b)]	April 28, 2017 16th resolution (26 months)	June 28, 2019
Delegation of authority to the Board of Directors to issue, up to 10% of the capital, shares and/or securities giving access to the capital, to remunerate the contributions in kind granted to the Company and comprising securities	nominal €7.5m for the shares [(a)] nominal €112.5m for the other securities [(b)]	April 28, 2017 18th resolution (26 months)	June 28, 2019
Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, in the event of a public offering implemented by the Company on the securities of another listed company	nominal €7.5m for the shares [(a)] nominal €112.5m for the other securities [(b)]	April 28, 2017 19th resolution (26 months)	June 28, 2019
Delegation of authority to the Board of Directors to increase the capital through incorporation of reserves, profits, premiums or similar	€20m nominal value [(c)]	April 28, 2017 17th resolution (26 months)	June 28, 2019
Share buyback	10,000,000 shares Maximum unit price: €20 Maximum amount of the acquisitions: €200,000,000	April 27, 2018 6th resolution (18 months)	October 27, 2019
Reduction of the share capital through cancellation of treasury shares	10% of the amount of the share capital by 24-month periods	April 27, 2018 11th resolution (18 months)	October 27, 2019
Authorization to grant existing or to-be-issued free shares to employees of the Company and companies linked to it	3% of the number of shares comprising the share capital on the grant date	April 27, 2018 14th resolution (38 months)	June 27, 2021
Authorization to grant existing or to-be-issued free shares, without preferential subscription rights for shareholders, to the corporate officers of the Company	3% of the number of shares comprising the share capital on the grant date	April 29, 2016 25th resolution (38 months)	June 29, 2019

(a) This amount shall be included in the global nominal ceiling of €7.5m applied to several authorizations.
(b) This amount shall be included in the global nominal ceiling of €112.5m applied to issuances of securities giving access to the share capital.
(c) This amount shall be included in the global nominal ceiling of €750m applied to several authorizations.

In accordance with the aforementioned authorizations, the Board of Directors carried out the following operations in the 2018 financial year:

- concerning the grant of free shares:
  - at its meeting of September 5, 2018, the Board of Directors voted to grant a maximum of 933,740 free shares to Group employees subject to their uninterrupted presence in the Company,
  - this decision was taken within the context of the authorization granted to the Board of Directors, by the Combined General Meeting of April 27, 2018 (14th resolution), to grant, within 38 months, existing or to-be-issued free shares to staff members (or certain categories thereof) of the parent company Altran Technologies and companies linked to it. The number of shares granted was capped at 3% of the share capital of Altran Technologies on the date of granting the free share by the Board,
  - no free shares were granted to the Group's corporate officers;
- concerning the share buyback:
  - 1,523,954 Altran Technologies shares were acquired at an average unit price of €10.22 and 1,426,222 shares were sold at an average price of €10.29 as part of the Exane-BNP Paribas liquidity contract,
  - the Board of Directors did not buy back shares outside of the liquidity contract.

8.1.4.2 Delegations of authority and financial authorizations will be submitted to the Board of Directors on May 15, 2019

During the Combined General Meeting convened for May 15, 2019, shareholders will be called to decide on the renewal of the share buyback program, as well as on certain financial approvals that are expiring in 2019 and are listed in the table included in section 8.3.4.1 "Delegations of authority and financial authorizations granted to the Board of Directors and available on December 31, 2018".

8.3.5 Information relating to potential capital dilution

8.3.5.1 Free shares

In 2015, 2016, 2017 and 2018, the Company implemented free share grant plans, the principal characteristics of which are described in sections 3.1.3.2 "Long-term incentive plans: Stock options, performance shares and performance units" and 3.1.3.4.2 "Performance share plan".

Nature of the potentially dilutive instruments	Date of attribution of the rights	Potential dilution in the attribution of rights [(a)]	Theoretical maximum number of shares which can be acquired on December 31, 2018	Rate of dilution
Free shares	03/11/2015	325,194	291,770	0.11%
Free shares	06/01/2016	[(b)] 578,520	[(c)] 433,369	0.17%
Free shares	04/28/2017	[(b)] 487,153	[(c)] 419,389	0.16%
Free shares	09/05/2018	[(b)] 933,740	[(c)] 933,740	0.36%
Total		**2,324,607**	**2,078,268**	**0.81%**

(a) Adjusted amount of the impact of the Company's capital increase on April 17, 2018
(b) For the performance share plans set in 2016, 2017 and 2018, the number of rights corresponds to the number of shares which can be acquired, namely 120% of the number of awarded shares if the achievement rate of the established performance conditions is equal to or greater than 110%.
(c) For the performance share plans set in 2016, 2017 and 2018, the theoretical maximum number of shares which can be acquired corresponds to the maximum number of shares which can be acquired by a beneficiary if its achievement rate of the established performance conditions is equal to or greater than 110%.

8.3.5.2 Other potentially dilutive instruments

On the date of this Registration Document, the Company had not issued any share subscription options or securities giving immediate or future access to the Company's capital.

8.3.6 Pledges

On December 31, 2018, the Company's shares were not subject to any pledges.

8.4__ Share buybacks

8.4.1 Share buyback program

The Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2018, ruling under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, resolved in the 6th resolution to terminate, with immediate effect, for the unused portion, the share buyback authorization granted by the Ordinary and Extraordinary General Shareholders' Meeting held on April 28, 2017. It granted the Board of Directors, for a period of 18 months, the power to buy back, exchange or transfer a maximum of 10,000,000 of the Company's shares, *i.e.* almost 6% of the number of shares comprising the share capital on December 31, 2017, at a maximum purchase price of €20 per share. This share buyback authorization was granted by the General Shareholders' Meeting for the purposes of:

- ensuring an active market of the Company's shares *via* a liquidity contract concluded with an investment service provider in accordance with a charter of ethics approved by the AMF or any other applicable provision;
- granting share purchase options to employees of the Group within the context of the plans implemented pursuant to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code;
- granting free shares to employees of the Group pursuant to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code or according to any other forms of allocation, sale or transfer of shares to the benefit of employees of the Altran group;
- to deliver shares, when exercising rights attached to these securities issued by the Company or one of its subsidiaries, giving access to the Company's share capital, by redemption, conversion, exchange, presentation of a coupon or in any other way, immediately or at maturity, as well as to carry out any hedging operation relating to these operations, under the conditions laid down by the law;
- to cancel them, by virtue of the 11th resolution of the Combined General Shareholders' Meeting of April 27, 2018, or any other authorization of the same type;
- to use all or part of the shares acquired for retention and subsequent delivery as exchange or in payment in the context of external growth operations in accordance with the application regulations; or
- more generally, to carry out any other eligible operation, or which has been authorized or accepted by the law or the regulations in force, or the Financial Markets Authority subsequent to the Meeting.

The table below presents the transactions carried out by the Company under the share buyback program in 2018:

Opening treasury shares on January 1, 2018 (number of shares)	**3,205,841**
Number of shares acquired in 2018	1,523,954
Number of shares sold in 2018	1,426,222
Number of shares canceled in the last 12 months	0
Treasury shares directly or indirectly held on December 31, 2018 (number of shares)	**3,303,573**
Market value of the portfolio on December 31, 2018 (in euros)	23,141,529

A resolution proposing the renewal of this share buyback program will be proposed at the next General Shareholders' Meeting of May 15, 2019.

8.4.2 Liquidity contract

In July 2011, the Company entrusted Exane-BNP Paribas with the implementation of a liquidity contract in accordance with the ethics charter drawn up by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI) on March 8, 2011, and approved by AMF on March 21, 2011. The purpose of this contract, which is still in force, is to enhance the liquidity of transactions, stabilize the share price and prevent any price swings not justified by market trends. €2m were allocated to the implementation of the liquidity contract and credited to the liquidity account. On December 31, 2018, the 280,500 shares were fully allocated to the liquidity objective and represented a gross value of €2,207,703.

8.4.3 Balance of the treasury shares at year-end

On December 31, 2018, the shares held by the Company were distributed as follows:

- 280,500 shares were owned by the Company as part of the Exane-BNP Paribas liquidity contract; and
- 3,023,073 shares were also held by the Company.

8.5__ Company's shareholding

8.5.1 Distribution of the capital and voting rights

Based on the legal declarations establishing a holding of more than 5% of the capital or voting rights at year-end pursuant to the provisions of Article L. 233-7 of the French Commercial Code, and based on the declarations of the Company's Managers, the distribution of the share capital on December 31, 2018, December 31, 2017 and December 31, 2016 was as follows:

	December 31, 2018						December 31, 2017				December 31, 2016			
	Number of shares	% of the share capital	Number of theoretical voting rights	% of the theo-retical voting rights	Number of voting rights that can be exercised in General Meeting	% of voting rights that can be exer-cised in General Meeting	Number of shares	% of the share capital	% of the theo-retical voting rights	% of voting rights that can be exer-cised in General Meeting	Number of shares	% of the share capital	% of the theo-retical voting rights	%of voting rights that can be exer-cised
Altrafin Participations	22,062,073	8.58%	30,338,152	11.25%	30,338,152	11.39%	14,796,677	8.42%	12.26%	12.47%	29,593,354	16.83%	20.12%	20.46%
Alexis Kniazeff & family [(a)]	3,669,926	1.43%	5,310,630	1.97%	5,310,630	1.99%	2,493,100	1.42%	2.20%	2.23%	4,981,242	2.83%	3.52%	3.58%
Hubert Martigny [(a)]	3,661,015	1.42%	5,297,864	1.97%	5,297,864	1.99%	2,489,495	1.42%	2.19%	2.23%	4,978,989	2.83%	3.52%	3.57%
TOTAL INITIAL CONCERT	**29,393,014**	**11.44%**	**40,946,646**	**15.19%**	**40,946,646**	**15.38%**	**19,779,272**	**11.25%**	**16.65%**	**16.94%**	**39,553,585**	**22.50%**	**27.15%**	**27.61%**
Managers-	105,350	0.04%	194,350	0.07%	194,350	0.07%	89,000	0.05%	0.05%	0.05%	101,092	0.06%	0.05%	0.05%
Amboise Partners and related [(b)]	972,818	0.38%	972,819	0.36%	972,819	0.37%	373,000	0.21%	0.20%	0.20%	373,000	0.21%	0.20%	0.20%
TOTAL CONCERT	**30,471,182**	**11.86%**	**42,113,815**	**15.62%**	**42,113,815**	**15.82%**	**20,241,272**	**11.51%**	**16.90%**	**17.19%**	**40,027,677**	**22.77%**	**27.41%**	**27.87%**
Treasury shares	3,303,573	1.29%	3,303,573	1.23%	0	0.00%	3,205,841	1.82%	1.70%	0.00%	3,101,191	1.76%	1.65%	0.00%
Floating	[(c)] 233,246,350	86.86%	[(c)] 224,156,739	83.15%	[(c)] 224,156,739	84.18%	152,353,152	86.66%	81.40%	82.81%	132,671,397	75.47%	70.95%	72.13%
TOTAL SHARES OUTSTANDING	**257,021,105**	**100.00%**	**269,574,127**	**100.00%**	**266,270,554**	**100.00%**	**175,800,265**	**100.00%**	**100.00%**	**100.00%**	**175,800,265**	**100.00%**	**100.00%**	**100.00%**

(a) Access to voting rights attributed to Altrafin Participations.

(b) Including Mr. Maurice Tchenio.

(c) Including Select Equity Group L.P. which reported holding 16,283,150 shares (and the same number of voting rights) as at December 31, 2018.

In accordance with Article 223-11 of the General Regulations of the AMF, the theoretical voting rights presented in the table above take into account all the voting rights attached to the outstanding shares, including the Company's private shares with voting rights (in respect of treasury shares). This number of theoretical voting rights therefore differs from the number of voting rights that can be effectively exercised in the General Shareholders' Meeting.

It is further specified that a double voting right is granted to shares held in registered form by a shareholder for a minimum period of four years pursuant to Article 9 of the Company's Articles of Association (see section 8.2.3.1 "Double voting rights (Article 9 of the Articles of Association)").

Altrafin Participations acts in concert with :

- the founders of the Company, Mr. Alexis Kniazeff (and his family) and Mr. Hubert Martigny;
- certain members of the *Executive Committee* of the Group through Altimus, shareholder of Altrafin Participations; and
- Mr. Maurice Tchenio, Amboise Partners SA as a Board member represented by Mr. Maurice Tchenio, and Mr. Gilles Rigal in his quality of member of the Board of Directors.

Altrafin Participations is a French *société par actions simplifiée of which FCP*I Apax France VII holds 54.73%, of which Altamir (previously Altamir Amboise) holds 41.29%, of which Altimus holds 2.44% and of which AlphaOmega holds 1.54%.

On December 31, 2018, the shares held by the concert represented 11.86% of the capital, 15.62% of the theoretical voting rights and 15.82% of the voting rights that can be exercised by the Company.

8.5.2 Double voting rights

On December 31, 2018, 12,553,022 shares benefited from a double voting right in accordance with Article 9 of the Company's Articles of Association, the stipulations whereof are described in section 8.2.3.1 "Double voting rights (Article 9 of the Articles of Association)".

8.5.3 Control of the Company

On December 31, 2018, none of the shareholders held, directly or indirectly, alone or in concert, control of the Company or were deemed to exercise control of the Company.

8.5.4 Declarations of crossing thresholds

On December 31, 2018, the concert comprising Altrafin Participations, Mr. Alexis Kniazeff and his family, Mr. Hubert Martigny, Mr. Maurice Tchenio, Amboise Partners SA and some of its associate directors, as well as Company's managers held 30,471,182 Altran Technologies shares representing 42,113,815 voting rights, *i.e.* 11.86% of the Company's share capital and 15.62% of its voting rights.

Select Equity Group L.P.:

- declared on September 10, 2018 to have crossed the 5% threshold and to hold 5.13% of the share capital and 4.89% of the voting rights;
- held 16,283,150 shares on December 31, 2018, representing 6.34% of the share capital and 6.04% of the voting rights;
- notified the Company on March 7, 2019, in accordance with Article 7.3 of its Articles of Association, to hold 19,322,078 shares, representing 7.52% of the share capital and 7.17% of the voting rights.

To the Company's knowledge, there are no other shareholders holding directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights.

8.5.5 Transactions carried out by Managers and related parties

Pursuant to Article L. 621-18-2 of the French Financial and Monetary Code, Article 223-26 of MAR regulation, the transactions carried out on the Company's securities by the Managers and closely related persons as defined in Article 3 of the MAR regulation must be the subject of a declaration to the AMF in accordance with Articles 223-22-A *et seq*. of the General Regulations of the AMF and under the conditions stipulated by Article 19 of the MAR regulation during the financial year ended December 31, 2018.

To the Company's knowledge, 11 transactions submitted to this reporting obligation have been carried out on the Company's securities by a manager or a closely related person as defined in Article 3 of the MAR regulation during the financial year ended December 31, 2018. The characteristics of these transactions are the following ones:

Last name, First name Position	Transaction date	Transaction nature	Number of shares	Unit price (in euros)	Description of the financial instrument	Reference of the declaration to the AMF
Jaya Vaidhyanathan, Director	03/26/2018	Acquisition	3,800	11.9606	Shares	2018DD543157
Martha Heitzmann Crawford, Director	04/04/2018	Disposal	3,800	1.2366	Subscription rights	2018DD544329
Nathalie Rachou, Director	04/17/2018	Acquisition	1,792	9.2300	Shares	2018DD546234
Amboise Partners SA, Director	04/17/2018	Acquisition	1,861	9.2300	Shares	2018DD547641
Dominique Cerutti, Chairman & CEO	04/17/2018	Subscription	20,467	9.2300	Shares	2018DD571304
Dominique Cerutti, Chairman & CEO	09/17/2018	Acquisition	27,750	7.1800	Shares	2018DD576290
Nathalie Rachou, Director	09/19/2018	Acquisition	10,000	7.2779	Shares	2018DD576567
Cyril Roger, Deputy CEO; Senior Executive Vice-President	09/24/2018	Acquisition	5,350	7.6000	Shares	2018DD577403
Cyril Roger, Deputy CEO; Senior Executive Vice-President	09/25/2018	Acquisition	1,000	7.7500	Shares	2018DD577405
Nathalie Rachou, Director	09/25/2018	Disposal	5,592	7.7805	Shares	2018DD577355
Maurice Tchenio, Director	11/09/2018	Acquisition	411,000	8.4615	Shares	2018DD583922

To the Company's knowledge and with regard to the declarations made to the AMF, no transaction was carried out on the company' shares by the executives and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code and Article 19 of regulation (EU) no. 596/2014 of the European Parliament and Council of April 16, 2014 between the end of the financial year and the date of this Registration Document.

8.5.6 Employee and corporate officers' participation in the share capital

On December 31, 2018, the employees held 710,675 shares, representing 0.28% of the outstanding shares and 0.26% of the voting rights of the Company, through a company employee mutual fund (*fonds commun de placement d'entreprise* – FCPE).

The employees' participation in the Company's capital is essentially linked to the employee shareholding operation implemented in the first half of 2006.

Furthermore, on December 31, 2018, the Chief Executive Officer, the Deputy Chief Executive Officer and the Directors held 1,104,037 shares, representing about 0.43% of the Company's outstanding shares.

On December 31, 2018, the interests of the executive corporate officers and Directors in the share capital of Altran Technologies are as follows:

Corporate officers	Number of shares	Percentage of the share capital
Dominique Cerutti	89,868	0.03%
Cyril Roger	6,350	NS
Amboise Partners SA	5,662	NS
Maurice Tchenio	967,155	0.38%
Christian Bret	6,000	NS
Nathalie Rachou	10,000	NS
Gilles Rigal [(a)]	3,801	NS
Thomas de Villeneuve	3,801	NS
Martha Heitzmann Crawford	3,800	NS
Renuka Uppaluri	3,800	NS
Jaya Vaidhyanathan	3,800	NS
Sylvain Michel [(b)]	-	-
Total	**1,104,037**	**0.43%**

(a) Gilles Rigal is Chairman of Altrafin Participations SAS, which itself holds 22,062,073 of Altran Technologies' shares at December 31, 2018.
(b) In accordance with the Company's Articles of Association, the Director representing the employees is not required to own shares of Altran Technologies.

8.5.7 Other information concerning the capital

8.5.7.1 Agreements that may lead to a change in control of the Company

On the date of this Registration Document, and to the Company's knowledge, there was no shareholders' pact or agreement, the implementation whereof could, at a later date, lead to a change in the control of the Company.

8.5.7.2 Conditional or unconditional options or agreements on the capital of the Company or its subsidiaries

On the date of this Registration Document, there was no option on the capital of the Company or its subsidiaries subject to an option or a conditional or unconditional agreement providing for placing it under options (including the identity of the persons that they refer to).

8.5.8 Elements likely to have an impact in case of a tender offer

8.5.8.1 Agreements having an impact in case of change in the control of the Company

The Senior Facilities Agreement concluded on February 15, 2018 between the Company and several banks as part of the acquisition of Aricent comprises provisions pursuant to which a change of control of the Company, characterized by one or more shareholders holding, acting alone or together, more than 30% of the Company's voting rights, might give rise to acceleration of the maturity of all the new loans arranged under the *Senior Facilities Agreement* (see section 1.4 "Finalization and financing of the acquisition of Aricent".)

In addition, the contracts concluded between Aricent and IBM, as well as most of the contracts concluded by the Group companies with its clients, contain a change of control clause that might, in some cases and under certain conditions, be implemented in case of a tender offer leading to a change of control that would be initiated on the Company (for a description of the contracts concluded between Aricent and IBM, refer to section 8.8.4.2 "Contracts concluded between Aricent and IBM").

8.5.8.2 Shareholders' agreements

To the best of the Company's knowledge, the shareholders' agreement concluded on June 24, 2008 between Altrafin Participations, Mr. Hubert Martigny, Mr. Alexis Kniazeff and his family, the company Altamir Amboise and the Apax France VII fund as indicated on the AMF's website (*www.amf-france.org,* reference 208C1233) could have an impact in the event of a public offering.

It is noted that the conclusion, on July 4, 2013, of the shareholders' agreement pertaining to Altrafin Participations between the Apax France VII fund and the companies Altamir, AlphaOmega and Altimus (in which some members of the Global Executive Team are direct or indirect shareholders) resulted in the creation of a multi-party shareholders' agreement between Altrafin Participations, its above-mentioned associates, Mr. Hubert Martigny and Mr. Alexis Kniazeff and his family.

8.5.8.3 Agreements providing for compensation for corporate officers if they resign or are dismissed without just and serious cause

There are no agreements providing for compensation for corporate officers if they resign without any just and serious cause.

8.6__ Dividends and other distributions

8.6.1 Distribution policy

The Company determines the amount of future distributions by taking into account various factors, including, in particular, the environment in which the Company operates and especially its strategic objectives, financial situation, opportunities it wishes to seize and the applicable regulation.

Moreover, the Company's ability to distribute dividends to its shareholders is likely to be restricted pursuant to the provisions of the financing agreement (*Senior Facilities Agreement*) entered into as part of the acquisition of Aricent (see section 1.4 "Finalization and financing of the acquisition of Aricent").

Subject to all the elements mentioned above, the Company plans to remunerate the shareholders in line with past practices, it being specified that any distribution would be subject to the vote of the shareholders during each Annual General Meeting, and upon the recommendation of the Board of Directors.

The Board of Directors will propose the distribution of a dividend of €0.24 per share at the Ordinary and Extraordinary Shareholders' General Meeting to be held on May 15, 2019.

It must be specified that unclaimed dividends are prescribed in favor of the State after a period of five years from their payment date.

8.6.2 Dividends paid out to shareholders over the last three financial years

The Company did pay out a €0.24 per share dividend during the year ended December 31, 2018. During the years ended December 31, 2016 and December 31, 2017 the Company did not pay out any dividend strictly speaking, *i.e.* by drawing on its profit or reserves.

However, the Shareholders' General Meeting held on April 29, 2016 decided to distribute a sum of €33,402,050.35, *i.e.* €0.19 per share, fully drawn on an issue premium account, which was paid on May 11, 2016.

The Shareholders' General Meeting held on April 28, 2017 decided to distribute a sum of €42,192,063.60, *i.e.* €0.24 per share, fully drawn on an issue premium account, which was paid on May 11, 2017.

Following the votes of the Shareholders' General Meeting which took place during financial years ended December 31, 2016 December 31, 2017, and December 31, 2018 respectively, the Company has actually distributed the following sums:

	Sums distributed during financial year ended December 31, 2016	Sums distributed during financial year ended December 31, 2017	Sums distributed during financial year ended December 31, 2018
Number of outstanding shares at the date of the Annual Shareholders' General Meeting (including treasury shares)	175,800,265	175,800,265	257,021,105
Distributed amount per share (excluding tax credit)	€0.19	€0.24	€0.24
Global amount voted by the Shareholders' General Meeting	€33,402,050.35	€42,192,063.60	€61,685,065.20
Global amount actually distributed and registered in the financial statements	€32,921,920.16	€41,459,686.08	€60,913,593.60

The difference between the global amount voted by each Annual Shareholders' General Meeting and the global amount actually distributed by the Company and registered in the financial statements is due to the absence of distribution as regards treasury shares.

8.7__ Information on the share price

8.7.1 Listing place

The Company is listed on the stock market in compartment A of the regulated market of Euronext in Paris.

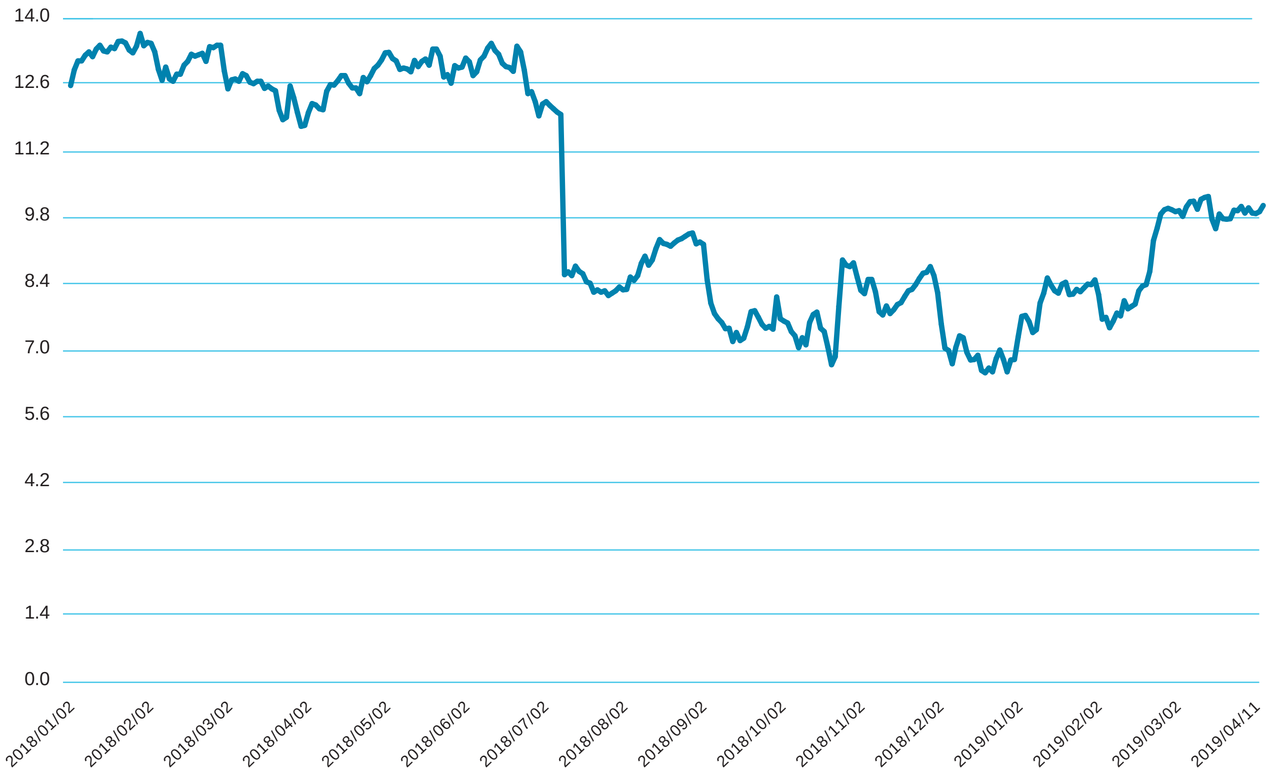
Data sheet of the Altran Technologies share:

- ISIN value code: FR0000034639;
- listing places: Trading consistently on Euronext Paris (Compartment A);
- number of shares outstanding at December 31, 2018: 257,021,105;
- closing price on December 31, 2018: €7.01;
- stock market capitalization at December 31, 2018: €1,800m.

8.7.2 Volume and price change

	High *(in euros)*	Low *(in euros)*	Average stock price *(in euros)*	End-of-month stock price (last trading day of the month) *(in euros)*	Number of shares traded per month	Daily average of shares traded	End-of-month market capitalization *(in millions of euros)*
January 2018	13.69	12.52	13.29	13.50	10,510,067	477,730	3,469
February 2018	13.67	12.22	13.12	13.44	11,303,609	565,180	3,455
March 2018	13.41	11.64	12.58	12.02	15,653,131	745,387	3,089
April 2018	13.02	11.63	12.39	12.80	18,010,688	900,534	3,290
May 2018	13.50	12.57	13.06	12.64	10,431,624	474,165	3,249
June 2018	13.52	12.42	13.11	12.42	14,991,612	713,886	3,192
July 2018	12.52	8.15	10.05	8.16	36,775,527	1,671,615	2,096
August 2018	9.51	8.13	8.88	9.48	20,337,148	884,224	2,437
September 2018	9.60	7.11	7.99	7.47	39,848,927	1,992,446	1,920
October 2018	8.94	6.50	7.61	8.77	50,242,156	2,184,442	2,254
November 2018	9.21	7.58	8.26	8.77	25,045,464	1,138,430	2,253
December 2018	8.97	6.35	7.16	7.01	21,990,514	1,157,395	1,800
January 2019	8.58	6.51	7.74	8.24	23,566,542	1,071,206	2,117
February 2019	9.96	7.38	8.13	9.32	23,732,342	1,186,617	2,395
March 2019	10.34	9.27	9.92	9.78	21,605,641	1,028,840	2,514
April 2019	10.13	9.76	9.92	10.06	5,467,726	607,525	2,586

*as of April 11, 2019



8.7.3 ADR *(American Depositary Receipt)* Altran Technologies

The Altran Technologies share is part of a Level-1 ADR program (American Depositary Receipt) in the United States with the code 02209U108. The exchanges on this instrument are highly limited and irregular.

8.8__ Information on the Group

8.8.1 Simplified Group organization chart

As at December 31, 2018, the simplified organizational chart of the Company is as follows:

EUROPE

Austria
Altran Concept Tech

Belgium
Altran Belgium / Aricent Belgium

Cyprus
Aricent Holdings Cyprus

Czech Republic
Altran CZ

Denmark
Altran Denmark

France
Altran Allemagne / Altran Connected Solutions / Altran Education Services / Altran Lab / Altran Participations / Altran Participations 1 / Altran Participations 2 / Altran Prototypes Automobiles / Global Management Treasury Services / Logiqual

Germany
Altran Aviation Consulting / Altran Deutschland / Altran Management / Altran Service / Aricent Technologies Germany / frog design Europe

Gibraltar
Aricent Holdings (Gibraltar)

Hungary
Aricent Technologies Services

Ireland
Aricent Ireland / Aricent Technologies Ireland

Italy
Altran Innovation / Altran Italia / frog design

Luxembourg
Altran Luxembourg / Aricent Holdings Luxembourg

Netherlands
Altran Engineering / Altran International / Altran Netherlands / frog design

Norway
Altran Norge

Poland
Aricent Poland

Portugal
AltranPortugal

Romania
Altran Romania / Altran Solutions

Slovakia
Altran Slovakia

Spain
Agencia de Certificación en Innovación Española / Altran Innovación / Aricent Spain

Sweden
Altran Sverige / Aricent Technologies Sweden

Switzerland
Altran Switzerland

United Kingdom
Altran Engineering Solutions (Europe) / Altran UK / Altran UK Holding / Aricent Technologies UK / Cambridge Consultants / frog design Group / Information Risk Management / Tessella / Tessella Holdings

Ukraine
Lohika LTD

Note: All subsidiaries are 100% held (in capital and voting rights) and fully consolidated, unless otherwise mentioned.

AMERICAS

Canada
Altran Solutions / Microsys Technologies

Cayman Islands
Aricent Technologies

Mexico
Altran Solutions de Mexico

United States of America
Altran Engineering Solutions / Altran US / Aricent N.A. / Aricent Software US / Aricent US / Cambridge Consultants / Foliage / frog design *(99,98% held)* / Global Edge Software USA / Lohika Systems / Octavia HoldCo / Synapse Product Development / Tessella

ASIA

China
Altran Automotive Technology / Altran-Beyondsoft (Beijing) Technologies / Altran-Beyondsoft (Shanghai) Information Technologies / Altran Shanghai / Altran Xi'an / Aricent Technology (Shenzhen) / frog Business Consultancy (Shanghai) / Sicon Design Technologies (Shanghai)

Hong-Kong
Altran China / Synapse Product Development HK

India
Altran Technologies India / Aricent Communications / Aricent Technologies *(98,25% held)* / Aricent Technologies (Holdings) *(98,25% held)* / Cambridge Consultants (India) Product Development / Global Edge Software

Israel
Aricent Israel

Japan
Altran Engineering Solutions Japan / Aricent Japan / Cambridge Consultants Japan

Malaysia
Altran Malaysia / Aricent Technologies Malaysia

Saudi Arabia
Altran Middle East *(85,51% held)*

Singapore
Altran (Singapore) / Cambridge Consultants (Singapore) / frog Strategy and Design / SmartPlay Technologies (Singapore)

South Korea
Altran Technologies Korea

Turkey
Altran Inovasyon ve Teknoloji

United Arab Emirates
Altran Middle East *(85,51% held)*

Vietnam
Aricent Vietnam

AFRICA

Mauritius Island
Aricent Holdings Mauritius / Aricent Holdings Mauritius India / Aricent Mauritius Engineering Services / Aricent Technologies Mauritius / frog design Mauritius

Morocco
Altran Maroc / MG2 Engineering *(50% held)*

Tunisia
Altran Telnet Corporation *(70% held)* / Titan Engineering

OCEANIA

Australia
Aricent Technologies Australia / frog design

8

8.8.2 Role of the Company towards its subsidiaries

As the parent company of the Group, the Company, manages and supervises the activities of its different subsidiaries. These management and supervision functions are in particular ruled by the management agreements described in section 8.8.7 “Management fees and royalties”.

Furthermore, the Company let its subsidiaries benefit from the advantages resulting from the size and the reputation of the Group, in particular by enabling them to use the trademark Altran in exchange for royalties (see section 8.8.7 “Management fees and royalties”).

Besides, the subsidiary Global Management Treasury Services (GMTS) is responsible for centralizing the cash of all the companies of the Group, including the Company (see section 8.8.6 “Centralized cash management”).

8.8.3 Major subsidiaries of the Group

The Group’s subsidiaries on December 31, 2018 are listed in note 11 “Consolidation scope” attached to the parent company’s consolidated statements in section 6.2 “Consolidated financial statements”.

8.8.4 Material contracts

8.8.4.1 Financing contracts

In connection with the acquisition of Aricent, a Senior Facilities Agreement was signed on February 15, 2018 particularly between the Company and several banks. The following components of this Agreement are still in force:

- a term loan (Term Loan B) divided into two tranches, one of €1,380m and the other of $298m;
- a multi-currency revolving credit facility (Revolving Credit Facility) of €250m.

A number of sureties have been granted by the Company and some of its subsidiaries to lenders in the context of the new financing contracts.

A description of the principal terms and conditions of these loans can be found in note 5.11 to the consolidated financial statements (see section 6.2 “Consolidated financial statements").

8.8.4.2 Contracts concluded between Aricent and IBM

Between September 2016 and March 2018, Aricent and IBM entered into four product engineering partnerships, pursuant to which Aricent was granted licenses on certain software products of IBM under software license agreements for a total amount of $377.1m payable until June 2021.

The following table includes the schedule of payments to be made by Aricent under the IBM software license agreements, as at December 31, 2018:

Financial year	Amounts due *(in millions of US dollars)*
2019	63.6
2020	41.8
2021	20.9
Total	**126.3**

Under related agreements, Aricent undertakes to further develop and upgrade the software products, IBM being then primarily responsible for the commercialization of the further developed and upgraded software products. The proceeds from the sale of the software licenses and services are then shared between IBM and Aricent on the basis of a contractually agreed-upon ratio.

These licenses are granted in perpetuity and irrevocable unless terminated by IBM for certain specified events such as (i) non-payment of the license fee by Aricent, (ii) if Aricent is liquidated or permanently ceases to do business except in the case of an internal reorganization of Aricent and (iii) non-compliance (default) by Aricent with specific material terms of the agreements such as compliance with applicable anti-bribery laws.

8.8.5 Related-party transactions

Details of the transactions with related parties, as referred to in the norms adopted in accordance with the European EC Regulation no. 1606/2002, concluded by Group companies in 2016, 2017 and 2018, can be found in note 8 of the Appendix to the consolidated accounts (see section 6.2 "Consolidated financial statements"). For the Statutory Auditors' special report on regulated agreements and commitments, see section 3.2. "Special report by the Statutory Auditors on regulated agreements and commitments".

These transactions mainly concern the remuneration of the corporate officers.

8.8.6 Centralized cash management

The Company, like other Group companies, manages its bank facilities through Global Management Treasury Services (GMTS), a subsidiary of the Company, wherein the Group's cash is centralized pursuant to a cash management agreement. On a day-to-day basis, GMTS pays cash surpluses or, conversely, covers overdrafts from Group companies. In addition, in the event that GMTS is no longer controlled, directly or indirectly, by the Company, the cash management agreement will be terminated automatically.

8.8.7 Management fees and royalties

As the parent company, the Company bears the costs of various support functions and services (executive management, strategy, the marketing, legal and technical departments, communications, information systems, human resources, etc.). The Company then bills the costs of these services to its subsidiaries in the form of services fees. Billing is calculated on a "cost +" basis and divided between the subsidiaries according to their operating revenues and use of resources.

The Company also charges a royalty fee for the use of the Altran trademark. These royalties are calculated as a percentage of revenues (for a description of the Group's trademarks and patents, refer to section 8.9 "Trademarks and patents").

For 2018, the Company invoiced a total of €43.9m as management fees and royalties. The non-invoiced part of the recurring costs of various services borne by the Company in 2018 amounted to €1.4m.

8.9__ Trademarks and patents

The Group participates in R&D projects on behalf of its clients and also carries out R&D activities and innovation with its own funds.

8.9.1 Research, development and innovation policy

The R&D and innovation activities that the Altran group conducts with its own funds help it to improve the services and integrated solutions that it offers to its clients. As a result, these activities enable it to respond in a more agile and efficient manner to the current and future needs of its clients, thus delivering augmented value.

The Altran group's very active R&D and innovation policy also enables it to explore and develop new models of co-innovation in the context of international and multi-sectoral ecosystems, such as the European Institutes of Technology and Innovation (EIT) Health and Urban Mobility.

This policy notably materialized, during the year 2018 and further to the acquisition of Aricent, through the deployment of the world organization "Technology and Innovation", whose objectives are as follows:

- generate and ensure a constant flow of innovations throughout the Group. This flow of innovation aims at developing and enriching the range of integrated solutions and multi-sectorial expertise offered, particularly in six specific strategic areas that address the key technological challenges of the Company's clients;
- lead and coordinate the global R&D strategy; and
- manage the Group's Word Class Centers.

In addition, at December 31, 2018, more than 120 Research and Development projects, structured within strategic programs, were underway.

Thus, the Altran group continued to develop its technological assets, particularly by leveraging its World Class Centers and its network comprising a number of expertise centers and several Global Delivery Centers. The R&D costs incurred by the Group amounted to €67.5m for the financial year ended December 31, 2018 (versus €21.4m for the financial year ended December 31, 2017).

8.9.2 Intellectual property

The Group offers innovation consulting services to its clients who usually retain sole ownership of the developments in which their teams participate.

Nevertheless, pursuant to its R&D and innovation policy, the Group may be prompted to develop patented assets on its own behalf, particularly within its subsidiary Cambridge Consultants, its World Class Centers and its local Expertise Centers.

It should be pointed out that, when projects are driven by co-investment with clients or partners, the intellectual property rights related to the co-produced elements can also be shared.

The Altran group also owns the intellectual property rights on software products stemming from contracts concluded between Aricent and IBM. For a description of the contracts concluded between Aricent and IBM and relating to intellectual property rights, see section 8.8.4.2 "Contracts concluded between Aricent and IBM".

The Group owns the trademarks that it uses.

Pursuant to Article L. 611-7 of the French Intellectual Property Code and Article 75 of the SYNTEC Collective Agreement, inventors compensation was established for the Company's employees, and then applied in France.

8.9.3 Licenses

The Group's Integrated Solutions for client assignments, based on its technology assets and proprietary intellectual property assets, are deployed under license.

That is the case, for example, for the solutions using the IoT platform "VueForge" or certain Software Frameworks and Solutions by Aricent.

9__ ADDITIONAL INFORMATION

9.1__ Publicly available documents

The financial information comprises all of the information published periodically or on an ongoing basis as set out in Article 221-1 of the General Regulations of the AMF: quarterly, half-yearly and annual publications, financial report, communications related to Shareholders' Meetings and, more generally, any information that may affect the share price. All of this financial information is available on the Group's website *(www.altran.com)*.

9.1.1 Summary of principal financial information published since January 1, 2018

Publication	Date
Fourth quarter 2017 revenues and 2017 full-year results	February 28, 2018
First quarter 2018 revenues	April 26, 2018
Annual Shareholders' General Meeting	April 27, 2018
Second quarter 2018 revenues and first half-year 2018 results	February 6, 2018
Third quarter 2018 revenues	October 26, 2018
Full-year 2018 results	**February 28, 2019**

In addition to these regular publications, during 2018 the Altran group reported the various stages relating to the completion of the acquisition of Aricent announced on November 30, 2017 (arrangement of financing, approval of the acquisition by the shareholders at an Extraordinary Shareholders' Meeting, launch of a capital increase). The Altran group also informed the market that a financial incident was identified at Aricent on July 13, 2018.

Finally, during an investor day on June 29, 2018, the Altran group unveiled its new strategic plan, *The High Road, Altran 2022*. This plan was announced in a press release.

9.1.2 Publication schedule

Publication	Date
First quarter 2019 revenues	April 25, 2019
Annual Shareholders' General Meeting	May 15, 2019
Second quarter 2019 revenues and first half-year 2019 results	September 5, 2019
Third quarter 2019 revenues	October 31, 2019

9.2__ Annual information document

All of the Group's historical financial information about its assets and liabilities, financial position and results is included in the Registration Documents from prior years which have been filed with the AMF and may be consulted on the Company's website (*www.altran.com*), as well as on the AMF's website (*www.amf-france.org*).

9.3__ Person responsible for the document

9.3.1 Statement by the person responsible for the 2018 Registration Document

I certify, after having taken all reasonable measures to this effect, that the information in this Registration Document is, to the best of my knowledge, accurate and that no information has been omitted that would change the interpretation of the information provided.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated operations, and that all of the information within the management report and set out in the cross-reference table in annex III of this Registration Document faithfully reflects changes in the business, the results and financial position of the Company and all consolidated operations and describes the main risks and uncertainties they are facing.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read the entire Registration Document.

Dominique CERUTTI

Chairman and Chief Executive Officer

9.3.2 Person responsible for the financial information

Albin JACQUEMONT

Executive Vice-President and CFO

9.4__ Statutory Auditors

9.4.1 Principal Statutory Auditors

The principal Statutory Auditors are members of the *Compagnie Régionale de Versailles* (regional institute of Statutory Auditors).

Deloitte & Associés

Represented by Mr. Ambroise Depouilly

6, place de la Pyramide

92908 Paris-La Défense Cedex

Date of first appointment: June 28, 2004.

Date appointment ends: on the date of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending December 31, 2021.

Mazars

Represented by Mr. Jean-Luc Barlet

Tour Exaltis – 61, rue Henri Régnault

92075 La Défense Cedex

Date of first appointment: June 29, 2005.

Date appointment ends: on the date of the Ordinary General Meeting called in 2020 to approve the financial statements for the financial year ending December 31, 2019.

9.4.2 Alternate Statutory Auditors

The alternate Statutory Auditors are members of the *Compagnie Régionale de Versailles* (regional institute of Statutory Auditors).

BEAS

6, place de la Pyramide

92908 Paris-La Défense Cedex

Date of first appointment: June 28, 2004.

Date appointment ends: on the date of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ending December 31, 2021.

Mr. Olivier Thireau

Tour Exaltis – 61, rue Henri Régnault

92075 La Défense Cedex

Date of first appointment: June 28, 2013.

Date appointment ends: on the date of the Ordinary General Meeting called in 2020 to approve the financial statements for the financial year ending December 31, 2019.

9.4.3 Amount of the Statutory Auditors' fees

	Mazars				Deloitte et Associés				Others			
	Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		en %	
(in thousands of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Audit												
Statutory Auditors, certification, review of individual and consolidated financial statements[a]	1,127	980	80%	89%	2,140	1,073	99%	93%	164	0	100%	-
Altran Technologies	*577*	*441*			*920*	*447*			*0*	*0*		-
Subsidiaries	*550*	*539*			*1,220*	*626*			*164*	*0*		-
Other work and services related to the Statutory Auditors' assignment[b]	274	121	20%	11%	29	83	1%	7%	0	0	0 %	-
Altran Technologies	*212*	*68*			*0*	*83*			*0*	*0*		-
Subsidiaries	*62*	*53*			*29*	*0*			*0*	*0*		-
SUB-TOTAL (I)	**1,401**	**1,101**	**100%**	**100%**	**2,169**	**1,156**	**100%**	**100%**	**164**	**0**	**100%**	**-**
Other services provided to subsidiaries												
Legal, tax, employment[c]												-
Other[d]												-
SUB-TOTAL (II)												**-**
TOTAL = (I) + (II)	**1,401**	**1,101**	**100%**	**100%**	**2,169**	**1,156**	**100%**	**100%**	**164**	**0**	**100%**	**-**

(a) Auditing services include all of the services invoiced by the Statutory Auditors in respect of the audit of the annual consolidated financial statements and the services provided by these Auditors as part of the Group's legal or regulatory obligations or commitments including, in particular, reviewing the interim financial statements and audits of the financial statements of the Company and its subsidiaries.
(b) Other services related to the Statutory Auditors' assignment include, for example, advice on the applicable accounting standards for the publication of financial information and investigations carried out as part of acquisition transactions.
(c) Tax advice represents all of the services invoiced in the context of complying with tax rules and tax advice provided as part of actual or proposed transactions, the treatment of expatriate employees or the analysis of transfer pricing.
(d) Other services include advice on human resources, cost control, asset valuation in the context of disposals made in accordance with the provisions of Article 24 of the Ethics Code.

10__ ANNEX

Annex 1. Cross-reference table for Annex 1 of European Commission Regulation no. 809/2004

This cross-reference table uses the main headings provided by European Commission Regulation no. 809/2004 of April 29, 2004 and refers to the pages of this Registration Document where the information under each of these headings appears.

No. – Heading in Annex I of EC Regulation no. 809/2004	Section(s)	Page(s)
16. Functioning of the administrative and management bodies	**3.1.1.1**	**58 and seq.**
16.1 Date appointments end	3.1.1.1	58 and seq.
16.2 Service contracts for the members of the administrative and management bodies	3.1.1.3	82
16.3 Information on the Audit Committee and Remuneration Committee	3.1.1.1	58 and seq.
16.4 Statement on corporate governance	3.1.1.9	83
17. Employees		
17.1 Number of employees	4.2.1	119 and seq.
17.2 Shareholdings and stock options	8.5.6	272
17.3 Agreement involving employees in the capital of the issuer	N/A	N/A
18. Major shareholders		
18.1 Identification of major shareholders	8.5.1	269 and seq.
18.2 Existence of different voting rights	8.5.2	270
18.3 Control of the issuer	8.5.3	270
18.4 Agreement which if implemented could result in a change in control of the issuer	8.5.7.1	272
	8.8.5	**279**
19. Related-party transactions	**6.2 - Note 8**	**217 and seq.**
20. Financial information on the issuer's assets and liabilities, financial position and profits and losses		
20.1 Historical financial information	5.5	154 and seq.
20.2 Pro forma financial information	5.7	157 and seq.
	6.2	168 and seq.
20.3 Financial statements	7.2	235 and seq.
	6.1	162 and seq.
20.4 Auditing of historical annual financial information	7.1	230 and seq.
20.5 Date of the latest financial information		12/31/2018
20.6 Interim and other financial information	N/A	N/A
20.7 Dividend policy	8.6.1	273
20.7.1 Amount of dividends	8.6.2	274
20.8 Legal and arbitration proceedings	2.1.3	40 and seq.
20.9 Significant change in the financial or trading position	5.3	154

No. – Heading in Annex I of EC Regulation no. 809/2004	Section(s)	Page(s)
21. Additional information		
21.1 Share capital		
21.1.1 Amount of the subscribed capital	8.3.1	265
21.1.2 shares not representing capital	N/A	N/A
21.1.3 shares held by the issuer itself	8.3.3	265
21.1.4 Convertible, exchangeable securities or securities with warrants	N/A	N/A
21.1.5 Information about any acquisition rights and/or obligations over subscribed capital, but not paid up, or an undertaking to increase the capital	8.3.4	266 and seq.
21.1.6 Information about the capital of any member of the Group which is under an option or a conditional or unconditional agreement to be put under option	N/A	N/A
21.1.7 History of the share capital	8.3.2	265
21.2 Memorandum and Articles of Association		
21.2.1 Description of the issuer's corporate purpose	8.2.1	261
21.2.2 Summary of any provisions of the issuer's Memorandum and Articles of Association with respect to the members of its administrative, management and supervisory bodies	3.1.1	58 and seq.
21.2.3 Description of the rights, preferences and restrictions attaching to each class of shares	8.2.3	261 and seq.
21.2.4 Description of what action is necessary to change the rights of shareholders	8.2.3.4	262
21.2.5 Description of the conditions governing the manner in which Annual General Meetings and Extraordinary General Meetings are called	8.2.4.1	262 and seq.
21.2.6 Description of any provision that would have an effect of delaying, deferring or preventing a change in control of the issuer	8.2.5	263
21.2.7 Indication of any provision setting the threshold above which shareholder ownership must be disclosed	8.2.6	263
21.2.8 Description of conditions governing changes in the capital where such conditions are more stringent than is required by law	8.2.8	264
22. Material contracts	**8.8.4**	**278 and seq.**
23. Third-party information, statements by experts and declarations of any interest	**N/A**	**N/A**
24. Publicly available documents	**8.1.5**	**260**
	9.1	**282**
25. Information on shareholdings	**8.8.3**	**278**

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Annex 2. Cross-reference table of the annual financial report

This Registration Document includes all the information of the financial report as set out in Articles L. 451-1-2 of the French Monetary and Financial Code and as required by Article 222-3 of the General Regulations of the AMF. The table below outlines the information in the financial report.

Annex 3. Cross-reference table of the management report

This cross-reference table allows the identification, in this Registration Document, of information from the management report as at December 31, 2017 required by legal and regulatory provisions.

Heading of the management report	Section(s)	Page(s)
Activity		
Analysis of changes in the business, the results and the financial situation, in particular of its debt situation, with regard to the volume and complexity of the business	5.1	136 and seq.
Situation and activity of the Company, its subsidiaries and the companies that it controls during the previous financial year	5.1	136 and seq.
	5.5	154 and seq.
Potential changes in the situation	5.1	136 and seq.
	5.4	154
Major post-closing events	5.3	154
Research and Development activity	8.9	280
Key financial and, where applicable, non financial performance indicators	Key figures	6 and seq.
Existing branches	N/A	N/A
Table of subsidiaries and equity investments	7.2 - Note 8	258
Significant acquisitions or takeovers in companies headquartered in France	N/A	N/A
Risks		
Description of the principal risks and uncertainties	2.1	56 and seq.
Objectives and policy regarding hedging, as well as its exposure to price, credit, liquidity and cash risk	2.1.5	84 and seq.
Information on rate risks, exchange risks and risks on stocks and other financial instruments	2.1.5	84 and seq.
Principal characteristics of internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information	2.2	92 and seq.
Legal information and shareholding		
Distribution of the share capital and company shares, if any	8.5.1	269 and seq.
	8.3.3	265
Calculation factors and results of the adjustment of the conversion bases and the conditions for subscription or exercise of the securities giving access to the capital or stock subscription or purchase options	8.3.5	267
Information relating to the acquisition of own shares by the Company with a view to allocating them to employees or managers	8.4.1	268
Statement of employee (and possibly manager) shareholding in the Company	8.5.6	272
Summary statement of the transactions carried out on their securities by managers, senior managers or by persons to whom they are closely related	3.1.1.8	83
	8.5.5	271
Restrictions imposed by the Board of Directors with respect to the exercise of options granted or the sale of free shares awarded to managers	3.1.2.2	87 and seq.
In case of decision of the Competition Authority to this effect, injunctions or financial penalties for anti-competitive practices	N/A	N/A
Supplementary report of the Board of Directors which made use of a delegation of authority or a delegation of powers of the General Meeting	N/A	N/A

Heading of the management report	Section(s)	Page(s)
Financial information		
Table of the Company's results for the last five financial years	5.5	154 and seq.
Amount of dividends distributed for the last three financial years	8.6.2	274
Information on the payment periods of the Company's suppliers and customers whose financial statements are certified by a Statutory Auditor	5.6.1	156
Amount of loans of less than two years granted by the Company to micro-enterprises, SMEs or mid-size companies with which it has economic links justifying it	N/A	N/A
Amount of expenditure on luxuries	5.6.2	156
Reintegration of overhead expenses in the taxable income	5.6.2	156
Social and environmental information		
Manner in which the company takes into account the social and environmental consequences of its activity including the consequences of climate change of its activity and the use of the goods and services it produces	4.4	130 and seq.
Company's commitments in favour of sustainable development, the circular economy, combating food waste and anti-discrimination policy and promotion of diversity	4	113 and seq.
Collective agreements concluded within the Company and their impact on its economic performance as well as on employees' working conditions	4.2.4	121 and seq.
If the Company operates a "Seveso upper tier" classified establishment, policy for prevention of the risk of technological accident, ability to cover its civil liability and means implemented to ensure the management of compensation to victims in the event of an accident	N/A	N/A
Vigilance plan to identify risks and prevent serious violations of human rights and fundamental freedoms, health, safety and the environment resulting from the activity of the Company and the companies it controls and the activities of subcontractors and suppliers	2.2.2	93
Information on the financial risks related to the effects of climate change and overview of the measures taken by the Company to reduce them by implementing a low-carbon strategy in all the components of its activity	2.1.5.4	49
Opinion of the Independent Auditor	4.5	133 and seq.
Corporate governance report		
List of offices and positions held by each corporate officer	3.1.1	58 and seq.
Regulated agreements	3.1.1.5	82 and seq.
	3.2	101 and seq.
Summary of the delegation of authority and powers granted by the General Meeting to the Board of Directors in the area of capital increases	8.3.4	266 and seq.
Body chosen for exercising General Management of the Company (Chairman of the Board of Directors or Chief Executive Officer)	3.1.1.2	79 and seq.
Information on remuneration and benefits of any kind to corporate officers	3.1.2	85 and seq.
Summary and explanation of the elements that are likely to have an impact in the event of a public offering	8.5.8	273
Composition and conditions for preparing and organising the work of the Board of Directors, application of the principle of balanced representation of men and women among its members	3.1.1.1	72 and seq.
Provisions of the Corporate Governance Code that were eliminated and reasons for this (pursuant to "comply or explain")	3.1.1.9	83 and seq.
Specific procedures for shareholder participation in the General Meeting or reference to the provisions of the Articles of Association that provide for these procedures	8.2.4	262 and seq.
Any restrictions placed by the Board of Directors on the powers of the Chief Executive Officer	3.1.1.2	79 and seq.
Overview of the draft resolutions related to "say on pay"	3.1.2.2	87 and seq.
Items of variable or exceptional remuneration awarded to managers during the previous financial year	3.1.2	85 and seq.

Annex 4. Cross-reference table of the CSR information

Cross-reference table between the requirements of the declaration of extra-financial performance and the indicators of the Global Reporting Initiative (GRI).

Elements of the Declaration of Extra-Financial Performance		Registration Document section	GRI
Business model		**1.**	**102-1 to 102-9**
Main extra-financial risks and indicators		**4.1.1**	**102-15**
Fight against corruption	Description of risk	4.1.1	205-1
	Policies applied, due diligence procedures and results	4.3.2.1	205.2
Respect for human rights	Description of risk	4.1.1 4.2.4 4.2.8	412
	Policies, due diligence procedures and results	4.3.2.2	
Social and societal consequences	Workforce trends	4.2.1.2	401-1
	Organization of employee/employer dialogue, collective agreements signed and impacts	4.2.4	407 102-41
	Health and safety at work: absenteeism, work-related accidents and agreements signed with employee representatives	4.2.5	403-1 to 403-4 102-41
	Quality of work life	4.2.6	
	Talent Acquisition and Development	4.2.7	404
	Diversity, equality between men and women, the fight against discrimination and initiatives in favor of the disabled workers	4.2.8	405; 406
	Other information		
	Distribution of employees	4.2.1.1 4.2.2	401-1
	Remuneration trends	5.1.3.2; 3.1.2	102-35; 102-36
	Organization of work	4.2.3	
	The fight against food waste	Non-relevant, given the activity of the Group	
	The fight against food insecurity, respect for animal well-being, responsible, equitable and sustainable food supply	Non-relevant, given the activity of the Group	

Elements of the Declaration of Extra-Financial Performance		Registration Document section	GRI
	Relationships with stakeholders and impacts in matters of local development	4.3.1	102-40; 413-1
	Patronage	4.3.4	
	Responsible procurement approach	4.3.3; 2.2.2.1	204
Environmental consequences	Objective of reduction of emissions	4.4.1	305-5
	Consumption of raw materials	4.4.3.1	301-1
	Consumption of energy	4.4.3.2	302-1
	Greenhouse gas emissions	4.4.4; 4.4.5	305-1 to 305-3
	Use of soils	Non-relevant given the activity	
	Biodiversity protection	4.4.6	304-1 to 304-4
	Other information		
	Organization and environmental certification	4.4.1	307; 103
	Adaptation of the activity and services of the company to issues of climate change	4.4.5	G4-EC2
	Circular economy: management of waste and recycling	4.4.3.3	301-2
	Raising the awareness of employees concerning environmental issues	4.4.2	
Fight against tax evasion	Description of risk	2.1.4.7	
	Policies, due diligence procedures and results	2.1.4.7 4.3.2.3	

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