Press release

30/08/2012

Publication of H1 2012 results

Record net income and positive free cash flow

In accordance with IFRS standards, the results of Arthur D. Little (divested in December 2011) are no longer included in Altran's consolidated revenues. The Group's 2011 revenues have been restated to take this factor into account.

- **Operating income on ordinary activities: €55.4m, up 14.5% on H1 2011 level of €48.4m**
- **Record net income: €30.1m vs. loss of €27.7m in H1 2011**
- **Free cash flow on a 12-month rolling basis(1) equivalent to 5.1% of H1 2012 sales vs. 0.9% in H1 2011**

Commenting on the Group's H1 2012 results, Philippe Salle, Chairman and Chief Executive of the Altran Group declared « *Altran's interim performance in terms of revenue and margins, combined with the strengthening of its financial structure, underscores the relevance of the strategic plan and the pertinence of all of the efforts carried out over the past year. This reinforces our determination to accelerate the transformation of the Group in order to reach our 2015 targets. Although we remain attentive to general trends in the economic environment, we are still confident that the Group will be able to deliver profitable growth in 2012* ».

(€ million)	H1 2012	H1 2011
Revenues	**732.6**	**712.9**
Gross margin	200.2	197.5
As % of sales	***27.3%***	***27.7%***
Indirect costs	(144.8)	(149.1)
Operating income on ordinary activities	**55.4**	**48.4**
As % of sales	**7.6%**	**6.8%**
Other non-recurring operating income and expenses	(2.4)	(8.0)
Operating income	53.0	40.4
Financial income / expenses	(8.1)	(19.0)
Tax income / charges	(12.3)	(12.1)
Net income before discontinued operations	**32.6**	**9.3**
Net income on discontinued operations	(2.4)	(37.0)
Net income attributable to the Group	**30.1**	**(27.7)**

(1) Free cash flow = Ebitda – restructuring costs – tax– changes in WCR – Capex

Results

H1 2012 revenues came out at €732.6m, implying organic growth of 4.5% on H1 2011 levels (€712.9m).

Consolidated gross margin reached €200.2m (equivalent to 27.3% of sales), up 1.4% on the H1 2011 level of €197.5m (27.7% of sales).

At the same time, **indirect costs** (marketing and overheads) narrowed by around 3% and now account for less than 20% of sales.

Thanks to this improvement in gross margin and tight control of indirect costs, Altran reported **operating income on ordinary activities** of €55.4m (7.6% of sales), up 14.5% on H1 2011 (€48.4m).

Non-recurring operating income and expenses narrowed from -€8m in H1 2011 to -€2.4m at end-June 2012.

Financial expenses also improved significantly, coming out at -€8.1m in H1 2012 compared with -€19.0m in the year-earlier period. The €3.5m reduction in the cost of net financial debt stemmed from the Group's improved financial structure and the non-recurrence of costs incurred on a hedging instrument which expired at the beginning of 2012.

As a result of these elements , Altran reported **income before tax and discontinued operations** of €44.9m in H1 2012 vs. €21.4m in H1 2011.

After tax and income on discontinued operations (Arthur D Little), **net income attributable to the Group** came out at €30.1m, vs. a loss of €27.7m in H1 2011.

Geographic split of revenues

A breakdown of Altran's H1 2012 performance by geographic zone shows that the Group reported:

- **Organic revenue growth** of 4.1% in France, 5.9% in Northern Europe, 0.9% in Southern Europe and 34.1% in the Rest of the World (RoW) zone.
- **An Operating margin** (excluding Group royalties)(2) of 11.0% in Southern Europe (Spain, Italy and Portugal), which is a remarkable performance and slightly higher than levels recorded in Northern Europe (10.4%) and France (10.3%). The Rest of the World, which is an investment zone for the Group, turned in a margin of 1.2% (using the same definition).

Cash and debt

Thanks to this good level of profitability, tight WCR management and the absence of exceptional items, the Group generated positive free cash flow of €11.5m in the first half, vs. -€8.6m in H1 2011. This performance confirms the trend observed in H2 2011.

Free cash flow generation is one of the three key financial objectives set out in the strategic plan.

On a 12-month rolling basis, Altran generated free cash flow equivalent to 5.1% of sales, and is set to surpass its 2015 objective (4%) as of 2012.

This cash generation led to a reduction of more than €50m in the Group's net financial debt, from €221m in H1 2011 to €170m at end-June 2012. Due to the highly seasonal nature of WCR in the first half, net financial debt in H1 2012 remained stable on end-2011 levels.

(2) Management accounts

This performance improved the leverage(3) ratio which came out at 1.17, compared to 1.24 at end-2011 and 1.80 at end-June 2011.

Outlook

Based on the information currently available to the Group, Management has confirmed Altran's ability to deliver profitable growth in 2012, in line with the targets set out in the 2015 strategic plan.

About Altran

As global leader in innovation and high-tech engineering consulting, Altran accompanies its clients in the creation and development of their new products and services. Altran has been providing services for thirty years to key players in the Aerospace, Automotive, Energy, Railways, Finance, Healthcare and Telecoms sectors. Covering every stage of project development from strategic planning through to manufacturing, Altran's offers capitalise on the Group's technological know-how in four key areas: Product Lifecycle Management, Mechanical Engineering, Systems Engineering and Embedded Systems, and IT Systems.
In 2011, the Group generated sales of €1,420m. Altran has a staff of more than 17,000 employees worldwide (including 15,000 consultants) and 500 major clients.
www.altran.com

Financial calendar

- 31 October 2012 Q3 2012 sales

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(3) Leverage ratio» : Net financial debt / Ebitda