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## Altran: Publication of H1 2010 results

### H1 2010 Current operating income : €17.5m

- Current operating margin equivalent to 2.5% of sales

### Further reduction in indirect costs:

- Equivalent to 22.7% of sales in H1 2010

### Financial structure:

- 3-day DSO improvement on H1 2009 levels

<i>in €m</i>	H1 2009	H2 2009	31.12.2009	H1 2010
Revenues	721,1	682,6	1 403,7	709,2
<b>Recurring Operating Income</b>	<b>8,9</b>	<b>22,1</b>	<b>31,0</b>	<b>17,5</b>
<b>As % of sales</b>	<b>1,2%</b>	<b>3,2%</b>	<b>2,2%</b>	<b>2,5%</b>
Non recurring income / (losses)	(17,5)	(46,9)	(64,4)	(15,9)
Goodwill depreciation	(12,1)	(26,5)	(38,6)	(14,6)
Operating income	(20,7)	(51,4)	(72,1)	(12,9)
<b>As % of sales</b>	<b>(2,9%)</b>	<b>(7,5%)</b>	<b>(5,1%)</b>	<b>(1,8%)</b>
Net cost of debt	(5,5)	(8,8)	(14,3)	(12,6)
Other financial income / (losses)	(3,1)	(2,1)	(5,2)	4,2
Income taxes	(1,6)	17,9	16,3	(6,1)
<b>Net result of integrated companies</b>	<b>(30,8)</b>	<b>(44,5)</b>	<b>(75,3)</b>	<b>(27,5)</b>
Minority interests	0,6	-	0,6	(0,4)
<b>Group's net result</b>	<b>(30,2)</b>	<b>(44,5)</b>	<b>(74,7)</b>	<b>(27,9)</b>

\* The 2010 French Finance Act has replaced the liability of French tax-paying entities to pay business tax (taxe professionnelle) by two new contributions:

- a property contribution (Cotisation Foncière des Entreprises - CFE) assessed on the rental value of real estate assets;
- a value added contribution (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE), assessed on the value added derived from the company accounts.

In accordance with the provisions set out in IAS 12, the value added contribution (CVAE) is now recognised as a tax on income, whereas before this charge was booked as part of operating income on ordinary activities under "taxes and duties". At 30 June 2009, the value added contribution would have amounted to €4,237m. At 30 June 2010, this totalled €4,188m.

On a like-for-like basis, H1 2010 sales remained stable on year-earlier levels. This performance was underscored by a return to growth in the second quarter, notably in France (+8% over the period).

H1 2010 operating costs narrowed €18.1m on H1 2009 levels on the back of:

- A 2.5% decline in direct operating costs;
- Further reductions in indirect costs, which accounted for 22.7% of H1 2010 sales, vs 23.3% in H1 2009.

Current operating income thus improved on H1 2009 levels, rising to €17.5m in H1 2010 (equivalent to 2.5% of sales).

Altran posted an interim operating loss of -€12.9m (vs -€72.1m in 2009) after factoring in:

- A non-recurring operating loss of €15.9m stemming from additional restructuring costs; supplementary provisions booked in relation to the Personalised Voluntary Departure Plan, which resulted in a total of 601 employee departures (compared with 500 departures provisioned by the group in 2009).
- Exceptional goodwill depreciation of €14.6m, including the integral depreciation (amounting to €5.3m) of the activities of the subgroup Altran Control Solutions (ex-CSI), sold on 31 July 2010.

Compared with H1 2009 levels, net financial costs rose to €12.6m in H1 2010 resulting from the booking of interest due on the 2015 OCEANE bond.

Net profit before restructuring costs and goodwill depreciation came out at €3m compared with a loss of -€1.2m in H1 2009.

Factoring in non-recurring income and expenses, goodwill depreciation and tax, Altran posted a net loss of -€27.5m in H1 2010.

At end-June 2010, Altran had honoured all of its debt commitments; net debt stood at €208.1m (stable on year-earlier levels), the leverage ratio at 3.52 and gearing at 0.45.

## **Outlook**

The implementation of the new organisation, the improved outlook in France and the gradual recovery in Altran's foreign activities should enable the group to step up sales growth in the coming quarters.

Tough competition and pricing pressure from clients should continue to weigh on margins in the short term.

Rigorous control of indirect costs and the favourable impact of the last wave of employee departures within the context of the Personalised Voluntary Departure Plan should significantly boost the operating margin in H2 2010 compared with H1 2010 levels.

### ***For more information***

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