

Altran Technologies

Price EUR12.40

Q1 16 sales above expectations, outlook confirmed

Fair Value EUR13 (+5%)

NEUTRAL

Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	12.6 / 9.3
Market Cap (EUR)	2,179
Ev (BG Estimates) (EUR)	2,235
Avg. 6m daily volume (000)	260.8
3y EPS CAGR	14.8%

This morning Altran reported Q1 16 revenues 2% ahead of our forecasts and 1% above the consensus average, with accelerating growth momentum in France, Asia and the US. Germany is still declining but the country is expected to be back to growth in Q2 as expected. Unsurprisingly, management considers 2016 will be another year of profitable growth. We expect the share price to react positively short-term.

ANALYSIS

- Q1 16 sales above expectations.** Q1 16 sales were up 10.5% to EUR522.4m (+6% lfl, and +6.2% lfl restated from calendar effects) or 2% ahead of our estimate (EUR513.2m, +3.4% lfl) and 1% above the consensus average (EUR515m, +4.2% lfl). Growth momentum has significantly improved in France (driven by Automotive, Aerospace and Life Sciences), Asia and the US and remains solid in Southern Europe, while Germany reached its inflexion point as expected. On a lfl basis, France was up 6.8%, vs. -1.5% for Northern Europe (Germany -8.9%, Benelux -2%, UK +8.9%, Scandinavia -9.5%, Switzerland +20.7%), +11.2% for southern Europe (Italy +8.9%, Spain +15.5%, Portugal +2.4%) and +23.1% in the Rest of World region (USA +23.4%, India +42.7%, China +17%).
- Sharp headcount increase, stable invoicing rate.** On 31st March 2016, headcount was 26,681, up 746 vs. 31st December 2015, with hirings mainly spread across Southern Europe, France, Morocco and India - taking into account the ramp-up of the deal with Nokia announced in January. The "invoicing" (i.e. utilisation) rate excluding Cambridge Consultants, Foliage and Tessella was stable, at 86.7% in Q1 16 (87.3% excluding Germany), flat vs. Q1 and down 0.9ppt compared to Q4 15.
- Outlook reiterated.** In its statement, management confirmed that 2016 will be another year of profitable growth for Altran. At this stage, we expect an op. margin of 10.2% for revenues up 5% lfl. Altran is just at the start of its "Altran 2020 Ignition" plan, which aims to generate at least EUR3bn in revenues (based on an average 4.5% lfl annual revenue growth and EUR500m revenues from acquisitions) and an operating margin of c. 13% in 2020.

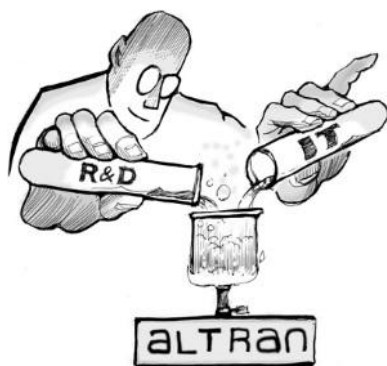
VALUATION

- Altran's shares are trading at est. 10.5x 2016 and 8.9x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR138.3m (net gearing: 19%).

NEXT CATALYSTS

Conference call today at 9am CET / 8am BST / 3am EDT (France: + 33 1 70 77 09 39; UK: + 44 20 33 67 94 59).

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Distribution of stock ratings

BUY ratings 57,6%

NEUTRAL ratings 33,8%

SELL ratings 8,6%

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