

## Altran Technologies

Price EUR12.81

Q2 2016 sales slightly above expectations; outlook reiterated

Fair Value EUR13 (+1%)

NEUTRAL

Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	13.4 / 9.6
Market Cap (EUR)	2,252
Ev (BG Estimates) (EUR)	2,406
Avg. 6m daily volume (000)	234.7
3y EPS CAGR	17.0%

This morning, Altran reported Q2 2016 revenues slightly above our forecast (2%) and consensus (1%), with positive growth momentum helped by calendar effects. Unsurprisingly, management considers 2016 will be another year of profitable growth. We expect the share price to show a slightly positive reaction in the short-term.

## ANALYSIS

- Q2 2016 sales slightly above expectations.** Q2 2016 sales were up 11.1% to EUR535.2m (+9.6% lfl) or 2% above our estimate (EUR527.1m, +8% lfl) and 1% ahead of the consensus average (EUR529m). By geography, over H1 16 France was up 8.7% lfl (+6.4% excluding calendar effects), Southern Europe was up 11.9% lfl (+10.8% excluding calendar effects), Northern Europe was up 2.5% lfl (+1.1% excluding calendar effects), and the Rest of World region (USA, India, China) was up 17.4% lfl (+16.4% excluding calendar effects).
- Sustained headcount increase, increasing invoicing rate.** On 30<sup>th</sup> June 2016, headcount was 27,150, up 469 vs. 31<sup>st</sup> March 2016. The "invoicing" (i.e. utilisation) rate excluding Cambridge Consultants, Foliage and Tessella was 87.2% in Q2 2016, flat vs. Q2 2015 and up 0.5ppt compared to Q1 2016.
- Outlook reiterated.** In its statement, management confirmed that 2016 will be another year of profitable growth for Altran. At this stage, and taking into account the two acquisitions recently announced (Synapse and Lohika), we expect an operating margin of 10.3% for revenues up 6.3% 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.

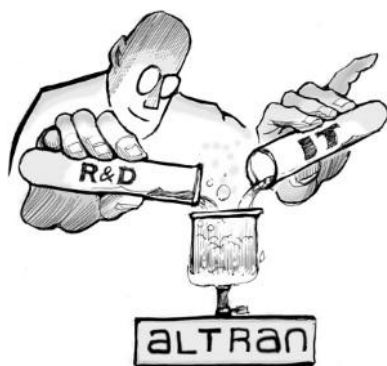
## VALUATION

- Altran's shares are trading at est. 10.9x 2016 and 9.1x 2017 EV/EBIT multiples.
- Net debt on 31<sup>st</sup> December 2015 was EUR138.3m (net gearing: 19%).

## NEXT CATALYSTS

Conference call today at 11.30am CET / 10.30am BST / 5.30am EDT (France: + 33 1 70 77 09 46; UK: + 44 20 33 67 94 59).

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BUY ratings 54,4%

NEUTRAL ratings 34,9%

SELL ratings 10,7%

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