

25th October 2016

TMT

Altran Technologies

Price EUR13.58

Acquisition of Swell: strengthening automotive engineering capabilities in Eastern Europe

Fair Value EUR15 (+10%)

BUY

Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	13.7 / 9.9
Market Cap (EURm)	2,387
Avg. 6m daily volume (000)	211.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.1%	7.1%	11.4%	10.0%
Softw.& Comp.				
SVS	-1.5%	5.9%	10.7%	7.3%
DJ Stoxx 600	-0.3%	1.2%	-1.2%	-5.9%

	2015	2016e	2017e	2018e
P/E	19.4x	17.0x	14.6x	12.5x
Div yield (%)	1.4%	1.7%	2.1%	2.4%

ANALYSIS

- **This morning, Altran announced the acquisition of Swell.** Founded in 1993 and based in The Czech republic (Hořice and Mladá Boleslav) with c. 160 staff, Swell provides product engineering, development, prototyping and testing services in the automotive sector, with Škoda Auto, Bosch, Continental, Magna and Honeywell as customers. Its core capabilities, which are complemented by prototyping skills and CAE know-how, will become part of Altran's Body-in-White offer. The deal is expected to be finalised by end 2016.
- **Very modest impact to our estimates.** Like the Benteler Engineering deal announced one week ago, the rationale of the acquisition of Swell is to rebuild Altran's capacity and capabilities for Germany, which is a strategic country within the "Altran 2020 Ignition" plan and struggles to turn around in the short term. In addition, Swell adds a nearshore platform for its automotive customers, which looks to be indispensable for being competitive. We estimate sales at c. EUR10m and the impact to our adj. EPS forecasts is likely to be very modest.

VALUATION

- Altran's shares are trading at est. 11.9x 2016 and 9.9x 2017 EV/EBIT multiples.
- Net debt on 30th June 2016 was EUR217.2m (net gearing: 27%).

NEXT CATALYSTS

Q3 2016 sales on 27th October before markets open.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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