

23rd December 2016

TMT

Altran Technologies

Price EUR13.74

Acquisition of Pricol Technologies

Fair Value EUR15 (+9%)

BUY

Bloomberg	ALT FP
Reuters	ALTR.PA
12-month High / Low (EUR)	13.7 / 9.9
Market Cap (EURm)	2,415
Avg. 6m daily volume (000)	224.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.2%	0.8%	9.1%	11.3%
Softw.& Comp.				
SVS	2.6%	-3.5%	9.6%	6.0%
DJ Stoxx 600	5.5%	3.4%	5.4%	-1.6%

	2015	2016e	2017e	2018e
P/E	19.6x	17.2x	14.5x	12.4x
Div yield (%)	1.4%	1.7%	2.0%	2.4%

ANALYSIS

- Yesterday evening Altran announced the **acquisition of Pricol Technologies**, for an undisclosed sum. Founded in 2006 as a division of Pricol Group and based in India (5 design offices in Coimbatore and Pune: 520 staff) with sales offices in Detroit, London and Japan, Pricol Technologies is an engineering solution provider with expertise in embedded systems, mechanical design, prototyping, testing support and contract manufacturing in automotive, medical, consumer and industrial products.
- **Marginally accretive to EPS**, in our view. We estimate Pricol Technologies generates **EUR10-15m** revenues and, assuming it generates decent margins, we believe its accretion to EPS will be immaterial. From a strategic standpoint, this acquisition **completes Altran's geographic footprint** with US customers (Midwest) while the recent acquisitions of Synapse and Lohika were primarily on the West Coast. When the deal is completed in January 2017, Altran will generate more than **60pc** of its international revenues in the US, while its offshore delivery capabilities will reach 4,500 engineers.

VALUATION

- Altran's shares are trading at est. 12.1x 2016 and 10x 2017 EV/EBIT multiples.

NEXT CATALYSTS

- Q4 2016 revenues on 27th January 2017 before markets open.

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