# Altran Technologies

Joint-stock corporation with a share capital of 87,900,132.50 euros
Headquartered at 96 avenue Charles de Gaulle (92200 Neuilly-sur-Seine)
702 012 956 R.C.S. Nanterre

# REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

The 2016 Registration Document was filed with the French Monetary and Financial Authority on March 21, 2017, in accordance with Article 212-13 of the AMF General Regulations. This document may be used to support a financial transaction if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and engages the liability of its signatories.

Pursuant to Article 28 of (EC) Regulation no. 809/2004 of the European Commission, the following information is included in this Registration Document by reference:

- the consolidated financial statements of the Group relating to the financial year ended 31 December 31, 2016 and the statutory auditors' report appearing in section 20.3.1 (pages 108 to 157) and in Annex 2 (page 217) of the 2016 Registration Document filed with the French Monetary and Financial Authority (Autorité des Marchés Financiers, the « AMF ») on March 24, 2017 under number D.17-0223;

- the consolidated financial statements of the Group relating to the financial year ended 31 December 31, 2015 and the statutory auditors' report appearing in section 20.3.1 (pages 106 to 157) and in Annex 2 (page 219) of the 2015 Registration Document filed with the French Monetary and Financial Authority on March 29, 2016 under number D.16-0219;

- the statutory auditors' special report on regulated agreements and commitments of financial year ended 31 December 31, 2016 contained in Annex 2 (on page 218) of the 2016 Registration Document;

- the statutory auditors' special report on regulated agreements and commitments of financial year ended 31 December 31, 2015 contained in Annex 2 (pages 220 to 222) of the 2015 Registration Document;

- the management report on the financial statements of the Group relating to the financial year ended 31 December 31, 2016 appearing in chapter 9 (pages 31 to 56) of the 2016 Registration Document; and

- the management report on the financial statements of the Group relating to the financial year ended 31 December 31, 2015 appearing in chapter 9 (pages 31 to 55) of the 2015 Registration Document.

**Copies of this Registration Document are available for free at the issuer's head office (96, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine), as well as on the issuer's website (www.altran.com) and on the AMF website (www.amf-france.org).**

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## GENERAL REMARKS

In this Registration Document, unless otherwise stated, the term “Company” or “Altran Technologies” refers to Altran Technologies, a joint-stock corporation (société anonyme) headquartered at 96 avenue Charles de Gaulle (92200 Neuilly-sur-Seine) and registered with the Nanterre trade and companies register under number 702 012 956. The term “Group” or “Altran” refers to the Company and its subsidiaries including, as of March 20, 2018, the companies of the Aricent group.

# REGISTRATION DOCUMENT 2017

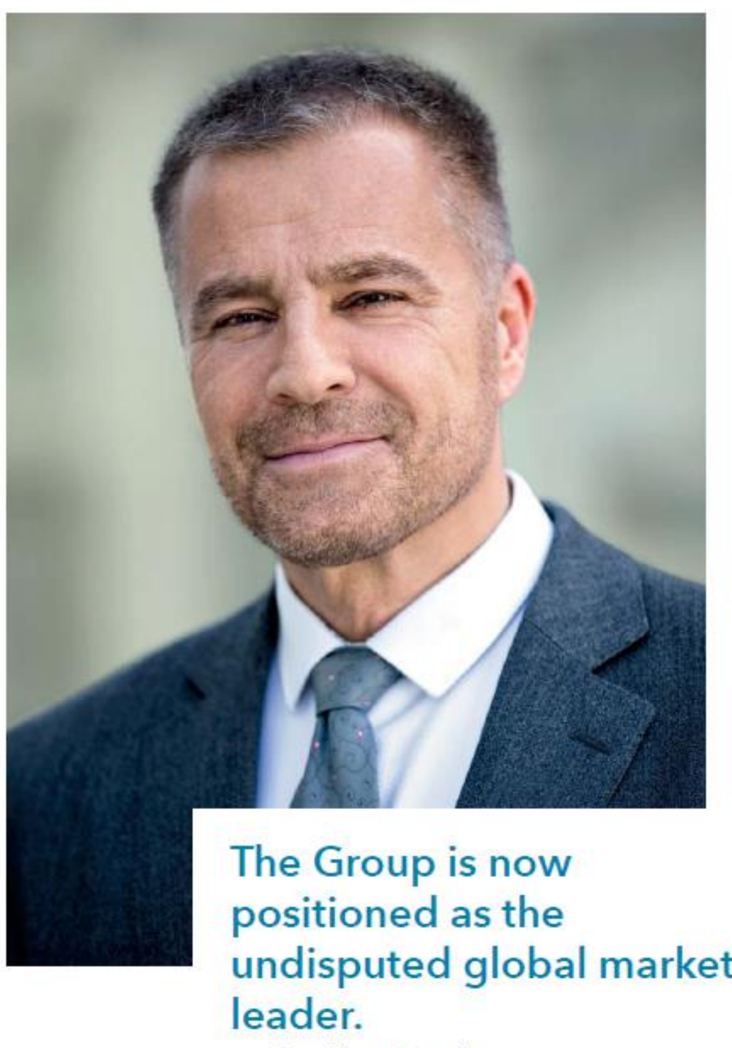
INCLUDING THE ANNUAL FINANCIAL REPORT

Driven by the disruptive technologies of artificial intelligence, digital transformation and autonomization, and by clients’ need to find new solutions for their innovation-related challenges, the Engineering and Research and Development (ER&D) services sector is moving into new, unmapped territory, at an increasingly rapid pace. These new requirements offer unprecedented growth opportunities for players in the sector, while seriously threatening existing approaches and methods. As the undisputed leader in engineering and R&D services, Altran stands poised to set the new global standard and a new approach to outsourced innovation.

| #1 | | 45,000 | |
|---|---|---|---|
| global leader | | employees[1] | |

[1] Including the employees of Aricent.

# Message from the chairman & CEO



**The Group is now positioned as the undisputed global market leader.**

—— Dominique Cerutti

The Engineering and R&D services industry is on the verge of the greatest upheaval in its history. Developments over the past two years have demonstrated the truth of the Altran analysis set out end of 2015, as leading corporations worldwide have increasingly focused their in-house resources on a limited number of core skills as the best way to meet the innovate or perish imperative. At the same time, they are intensifying their search for partners able to provide high level, cutting-edge expertise and increased agility to re-think their innovative solutions and optimize their costs.

For the past two years, the executive team at Altran has been reshaping the company in preparation to these new challenges. In 2017 we have built and nurtured numerous partnerships, from Engie and Telefonica, to Dassault Aviation, Comau and Nokia. We also considerably expanded our international presence and portfolio of expertise with acquisitions such as Pricol Technologies and GlobalEdge Software in India, IRM in the United Kingdom or Telnet in Tunisia.

The acquisition in March of Aricent, a global leader in design and engineering services, specializing in digital technology and based in the United States, ranks among the spectacular developments in Altran's strategic transformation. The two companies could not better be matched: in contrast to a product and complex systems expertise in the aeronautics, automotive or defence industries notably, Aricent brings design and engineering capabilities applied to digital mainly in the telecommunications, semiconductors and software industries.

Altran will now bring its clients unique scale and scope, a leading position in most industries, solid expertise in key technological areas and a premier global delivery model. The acquisition of Aricent boosts the Group's industrialisation capabilities and its GlobalShore model which offers a unique range of onshore, near-shore and offshore options and now mobilises more than 15,000 engineers.

## The acquisition of Aricent represents one of the most ambitious stages in the transformation of our Group.

At the same time, we continue to grow our global network of specialized World Class Centers with frog, the iconic global product strategy and design brand, benefiting from the expertise of more than 600 design and technology specialists.

Today, Altran is better placed than any other organization to seize the opportunities of this industry wide transformation. The Group is now positioned as the undisputed global market leader.

Having formally completed the Aricent transaction, Altran's senior management is now working on preparing a new strategic plan, due for release at mid-year and which aims at creating a dynamic model befitting Altran's change in status and stature.

**+10.0%**
revenue growth

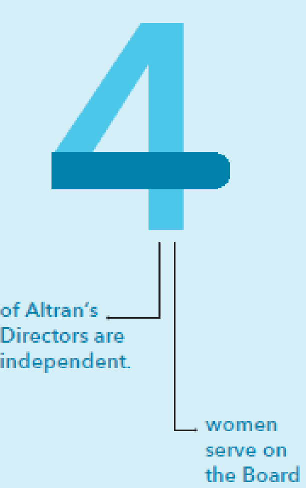
**10.8%**
EBIT margin

# Corporate Governance

**Altran is a public limited company governed by a Board of Directors and Executive Committee.**

## Board of Directors

For the past nine years, Altran has been administered by a Board of Directors, whose members serve four-year terms. Four of Altran's Directors are independent. Both the Audit and the Appointments and Remuneration Committees are chaired by independent directors. Four women serve on the Board.




of Altran's Directors are independent.

women serve on the Board

**BOARD MEMBERSHIP AS OF THIS WRITING:**

**Dominique Cerutti** Chairman & CEO
**Jean-Pierre Alix**
**Amboise Partner SA** (formerly known as Apax Partners SA)
**Christian Bret**
**Martha Heitzmann Crawford**
**Sylvain Michel** Employee representative
**Nathalie Rachou**
**Gilles Rigal**
**Renuka Uppaluri**
**Jaya Vaidhyanathan**
**Thomas de Villeneuve**
**Henry Capelle** Censor

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**11** Directors

**40%** women serve on the Board

**83.5%** attendance ratio

**16** Board meetings

# Executive Committee

Executive Committee membership as of this writing:

1. **Dominique Cerutti**
   Chairman & CEO
2. **Cyril Roger**
   Senior Executive Vice-President Europe & Delegate Director
3. **Albin Jacquemont**
   Executive Vice- President, Chief Financial Officer
4. **Daniel Chaffraix**
   Executive Vice-President in charge of Transformation, North America and India
5. **Pascal Brier**
   Executive Vice-President, Strategy & Innovation
6. **José Ramón Magarzo**
   CEO Spain
7. **Marcel Patrignani**
   CEO Italy
8. **William Rozé**
   CEO France

# Key figures

**Our 2017 Full Year results demonstrate first and foremost the effectiveness of our model and, as we continue to transform Altran, we are reaching record levels of financial performance.**

# €2,282.2M

2017 revenues (+10.0% reported growth on 2016)

# €246.3M

2017 EBIT (+13.6% on 2016)

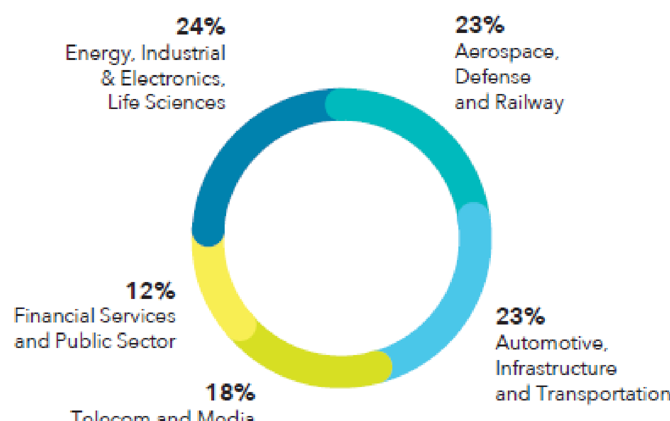
# €0.81

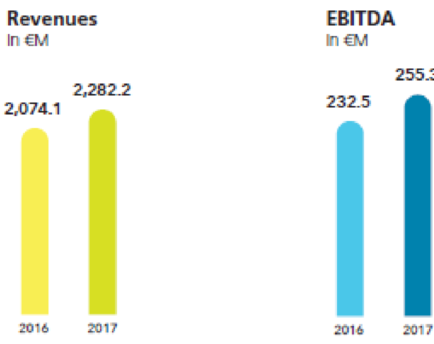
2017 EPS (+15.7% on 2016) – Continuing activities

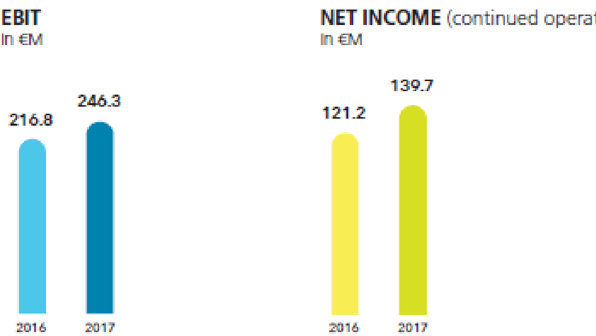
## key activities

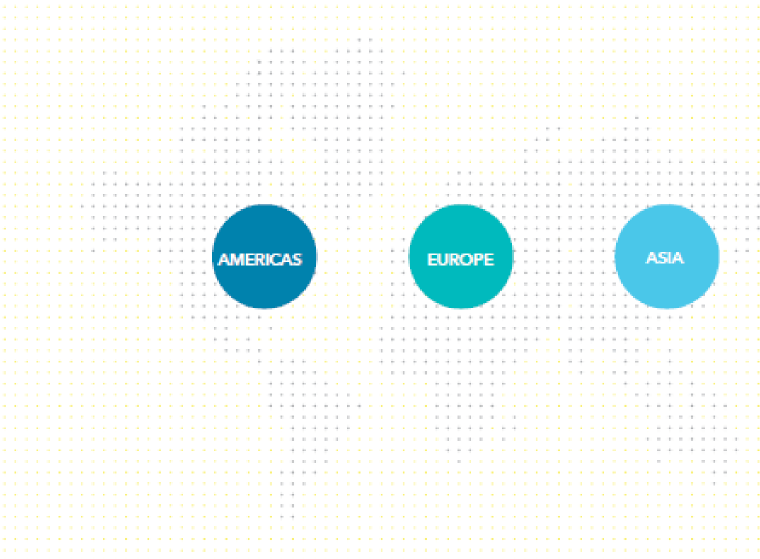
Consulting
Digital
Engineering
World Class Centers
Industrialized GlobalShore®
Cambridge Consultants

REVENUE BREAKDOWN BY SECTOR





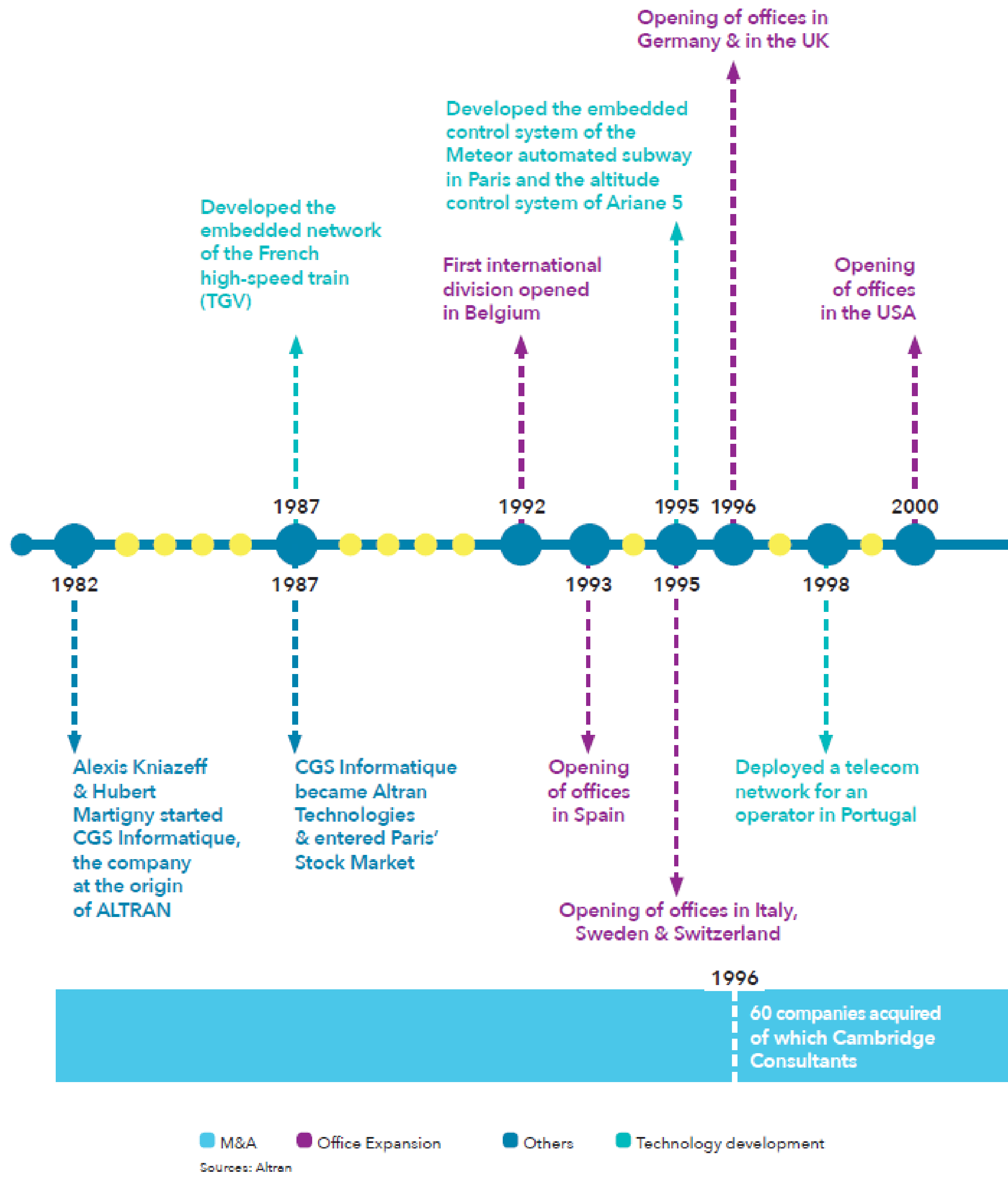

## Altran's international footprint as a unique advantage in today's marketplace

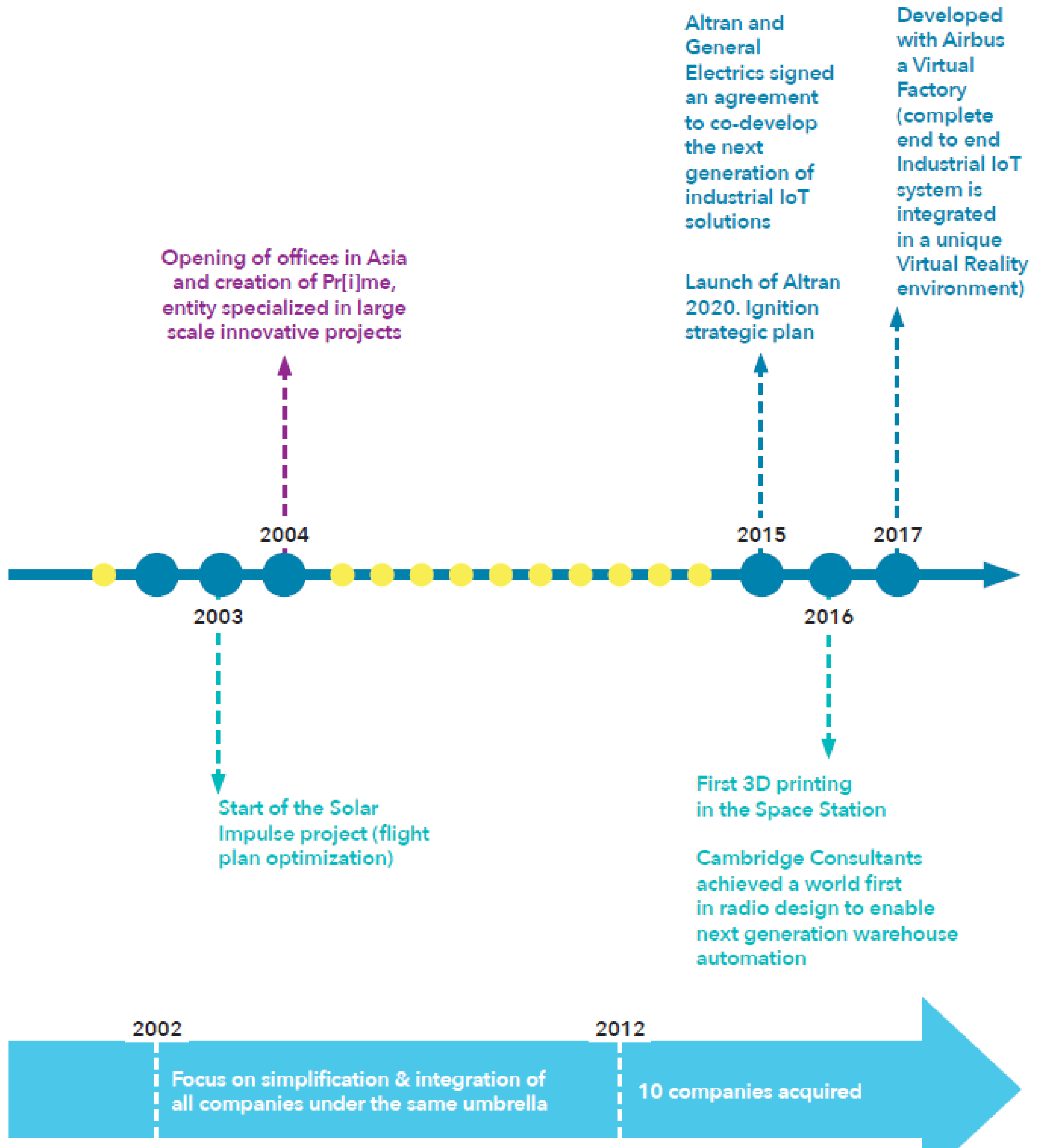
**AMERICAS**
Canada
Mexico
USA

**EUROPE**
Austria
Belgium
Czech Republic
France
Germany
Italy
Luxembourg
Morocco
Netherlands
Norway
Portugal
Romania
Spain
Sweden
Switzerland
Ukraine
United Kingdom

**ASIA**
China
India
Malaysia
Middle East

# Key Milestones in Altran's History




Altran and General Electrics signed an agreement to co-develop the next generation of industrial IoT solutions
Launch of Altran 2020. Ignition strategic plan
Developed with Airbus a Virtual Factory (complete end to end Industrial IoT system is integrated in a unique Virtual Reality environment)
Opening of offices in Asia and creation of Pr[i]me, entity specialized in large scale innovative projects
2004
2015
2017
2003
2016
Start of the Solar Impulse project (flight plan optimization)
First 3D printing in the Space Station
Cambridge Consultants achieved a world first in radio design to enable next generation warehouse automation
2002
2012
Focus on simplification & integration of all companies under the same umbrella
10 companies acquired

# 1 Presentation of the Group

## 1.1 The Group's activities

As a global leader in Engineering and R&D services (ER&D) [2], Altran offers its clients a new way to innovate by helping them to develop or by developing for them the products and services of tomorrow. Altran works alongside its clients on every link in the value chain of their project, from conception to industrialisation. For over 30 years, Altran has provided its expertise to key players in several industries: automotive; aeronautics; space, defence and naval; railway; energy; industrials and electronics; life sciences; telecom and media; software; finance and public sector. The Aricent group's activities are presented in section 1.4.1 "Presentation of Aricent"

### 1.1.1 The Group's range of services

The Group's range of services supports the entire Research and Development cycle: innovation, design, development, prototyping, testing, as well as support to industrialisation, production and after-sales services.

Backed by its know-how in innovation and the unique expertise of its over 33,000 employees and engineers [3], Altran meets the needs of its clients through six categories of activities:

- Altran *Consulting*: advices the Group's clients for the definition of their innovation strategies, their future products and services and the transformation of their operations;
- Altran *Digital*: assists the Group's clients in their digital transformation by drawing on its knowledge of their products and industrial processes as well as the expertise of its 7,000 engineers specialising in digital businesses;
- Altran *Engineering*: assists its clients in developing their new systems and products while reducing their time-to-market and related costs, as well as improving their production systems and industrial processes;
- *World Class Centers*: offer Altran's solutions and services in high-tech sectors through seven global excellence centers which house the Group related investments and assets, under the technology and innovation department;
- *Industrialized GlobalShore®*: provides Altran's clients with global expertise that combines competitiveness with the highest quality standards. This industrial solution for delivery of the Group's ER&D services is based on four Global Delivery Centers, located near and offshore;
- *Cambridge Consultants*: specialist in the development of innovative products backed by high-level teams of scientists and dedicated laboratories in the United Kingdom and the United States.

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[2] Source: HfS Engineering services Top 20: Leading Engineering Service Providers 2016.

[3] As of December 31, 2017, the total number of employees of the Group stood at 33,665. The total number of employees of the Group including the Aricent group is close to 45,000, bearing in mind that other figures on the number of employees or engineers contained in this section do not include Aricent's employees.

These six categories of activities are complementary and provide the Group with the capacity to meet the specific needs of its clients, which vary at each phase of the innovation cycle.

*Altran Consulting* thus positions the Group with regard to its clients on strategic issues ahead of their innovative processes. The execution of ER&D projects is then driven globally by *Altran Engineering* and *Altran Digital*. Altran has also created *World Class Centers* whereby it can address the priority technical issues of its clients, and the Industrialized GlobalShore® model which specifically addresses the massive industrialisation needs of their development processes. Furthermore, *Cambridge Consultants* positions itself as an entity capable of taking on the development of innovative products on a turnkey basis.

#### 1.1.1.1 Altran Consulting

Disruptive digital technologies, a more stringent regulatory framework, cost pressure, the reduction of lead-times and higher profitability constraints are forcing businesses to rethink all of their activities.

In this context, the Group offers since 2016, through Altran Consulting, advisory services in innovation and transformation. For this activity, the Group leverages its expertise and deep industry knowledge to assist clients in fine-tuning their innovation strategies and generally in shaping the transformation of their operations to improve performances.

The Altran Consulting model relies on a dedicated team that has the capacity to mobilise the Group's best experts to meet the specific needs of its clients. Its objective is to be a differentiating, high value-added entry point for clients, by working with their Managers on their strategic issues pertaining to R&D. Thereafter, the Group can support the implementation of the solutions and the resulting projects.

The Group's advisory services concern in particular the following fields:

- fundamental transformations: identification of transformational opportunities and change management pertaining to new business models, organisation, operational excellence and allocation of investments, mainly in R&D;
- *Innovation & Design*: improvement of clients' innovation processes, through "co-creation" processes (innovation based on an ecosystem of internal and external partners) and through the use of Design Thinking methods;
- disruptive technologies and solutions: analysis of disruptive technologies and their impacts on the market and definition of the strategies to integrate these technologies into the client's portfolio of products and services.

  *Case study: Altran supports Engie in the design and implementation of its industrial assets digitisation programme*

  *Altran provides advisory services to Engie, a leading international player in the energy sector, in order to identify concrete cases of digital transformation of its industrial assets and to design the roadmap that can achieve savings and improve productivity.*

#### 1.1.1.2 Altran Digital

The digital revolution brings about an in-depth transformation of all industries and gives rise to a number of challenges for businesses:

- adapting their customer relationship strategy and taking on board new consumer behaviours and expectations;
- changing their offer of services in this new technological landscape and integrating digital technology in new offerings, products, services and business models;
- optimising and streamlining their operations by including new digital tools in the production, administration and maintenance functions.

The Group has over 7,000 engineers and specialists in digital industrial transformation who bring together the know-how necessary for the development of new services, architectures and business models of the digital world:

- digital experience: Altran helps its clients to create new digital products and services focused on the customer experience, by leveraging the Group's multidisciplinary know-how, in particular its World Class Center "Innovation & Design". For example, the development of new Man-Machine Interfaces (MMI) for NATS, the leading British supplier of air traffic control services;
- Internet of Things (IoT): Altran supports businesses in all industries in the selection and development of new connected solutions, from the design of embedded systems to data aggregation on secure platforms, including the selection of the best connectivity technology and the definition of use cases which are value creators. The Group relies in particular on its World Class Center "IoT Solutions" and its "VueForge" offering which covers the engineering of the entire IoT value chain. These competencies have in particular benefited a client in the Life Sciences sector, for the development of an artificial pancreas, a new connected device for better management of patients suffering from Type one diabetes;
- data analysis: Altran offers a range of leading-edge services for the statistical and scientific analysis of complex data, calling upon 250 data science experts brought together under the World Class Center "Analytics" and mobilising software development capacity to design systems and algorithms for machine learning or deep learning. The tools are used by Altran clients, such as GSK, to identify numerous optimisation projects for its operations, from R&D to maintenance of the industrial equipment, including marketing;
- digital applications: Altran has a comprehensive portfolio of software development services which covers amongst others the development of mobile applications, engineering of software products (including critical embedded systems, particularly in defence and aeronautics). These services may be provided depending on projects by several on/near/off-shore development Centers of the Group. For Biovotion, a Swiss company specialising in connected health devices, Altran has developed a cloud-integrated mobile application at its development centre in Portugal, after the user experience and interface were co-defined with the client and the "Innovation & Design" World Class Center.
- cyber security, infrastructure and Cloud: the Group provides digital engineering infrastructure services for its clients to design and roll-out products, services and operations leveraging digital technologies while being secure.

#### 1.1.1.3 Altran Engineering

Most global leading companies have understood that only targeted, ambitious and deliberate R&D strategies will ensure that they can differentiate themselves and/or develop a lasting

competitive advantage. Besides the need to anticipate forthcoming disruptive technologies, businesses are also subject to major constraints due to the continuous reduction in time-to-market.

In this context, the Group offers businesses support across their entire product development cycle. These services are split into three main domains of expertise:

- Product & Systems Engineering: thanks to the expertise of more than 12,000 specialist engineers, the Group supports its clients globally, both on major engineering projects on a long-term basis and a one-off basis. These expertise includes product specification, prototyping, mechanical engineering, systems engineering, development of embedded systems, and testing and approval services;

- Manufacturing & Operations: this includes the Group's activities in the field of industrial optimisation and management, from the design of production sites and their installation to the integration of new technologies in manufacturing processes and the roll-out of digital, smart and connected factories;

- Industrial Enterprise: the services proposed in this field contribute to the improvement of the overall operational management of the Group's industrial clients, in areas as varied as engineering strategy, risk and performance management, or project management and engineering programmes.

#### 1.1.1.4 World Class Centers (WCCs)

Altran invests in the development of its expertise and solutions in high-tech sectors selected through seven global excellence centers (World Class Centers). Their development is managed by the technology and innovation department based on a medium-term technological roadmap. These Centers provide the Group's clients with rare expertise to accelerate their innovation and development programmes by leveraging Altran's numerous assets: methodologies, tools, laboratories, technological building blocks or turnkey solutions.

Each World Class Center offers a combination of specialised solutions and experts and brings together multi-disciplinary teams specialising in a technological field or experts in an industry, capable of meeting specific challenges.

The chart below shows the Group's portfolio of seven World Class Centers as of the end of 2017, as well as an overview of the value proposition of each of them:

At the end of 2017, the Group's seven World Class Centers are as follows:

- "*Innovation & Design*": a multicultural and international team of specialists in innovation, user experience and design thinking. With three studios in Spain, France and Sweden, it brings together 120 designers assisting the Group's clients in identifying new user requirements and market opportunities, co-creating new concepts of products and services and helping them transform to better integrate design and innovation in their organisation. This *World Class Center* was selected as Airbus's innovation partner, to support the development of ProtoSpace, a global network of think-tanks in aeronautics;

- "*Analytics*": over 250 experts in data science, most of whom are doctors in sciences, based in the United Kingdom with presence across Europe and the United States. This *World Class Center* specialises in the analysis of vast and complex data and its use for business purposes. It has a unique experience with thousands of analytical projects already delivered to prestigious clients such as Unilever, BP, Akzonobel with which it received the price "*Big Data & Analytics*" of the year for its work on the optimisation of paints used in the naval sector. Exploiting billions of different data points, the application developed by the *World Class Center* for this client can simulate the energy and renovation costs of fleets over their entire life cycle;

- "*IoT Solutions*": this *World Class Center* has expertise in the businesses relating to *Internet of Things* networks and platforms. It advises, designs, develops and rolls-out IoT applications for the Group's clients in various fields (industrial internet of things, e-health, connected travel, etc.) and turnkey solutions (connected operator, geolocalisation of industrial assets or systems for monitoring the adherence of patients to their medical treatments). It is also the leader of the 2IDO consortium made up of 11 industrialists including Orano, Framatome, ArianeGroup, Arkema and Total and working on the development of a new global wireless communication

system suitable for severely constrained industrial environments, leveraging technological building blocks designed for the industry of the future;

- "*Advanced Manufacturing*": a team of experts specialising in the architecture and development of factories of the future thanks to its know-how in production systems, technologies and innovation. This *World Class Center* has expertise and technological partners in all areas of Industry 4.0 such as advanced robotics, 3D printing, virtual reality or augmented reality. Its know-how was proven with the Airbus's virtual and interactive plant project. Revealed at the Paris Air Show in 2017, this project consists in the creation of a virtual avatar of Airbus' plant in Puerto Real, whereby the main production indicators can be visualised and managed in real time from a virtual and photo-realistic environment, and training can be given to operators on the maintenance of some of the equipments used in the plant. For the first time, it also includes mind control functions applied in an industrial context;

- "*Advanced Networks*": this *World Class Center* assists the most prominent telecom operators of the world in the design and management of new network technologies thanks to the expertise of over 100 cutting-edge engineers in Software-Defined Networks (SDN), Network Functions Virtualisation (NFV) and 5G. The *World Class Center* participates in particular in the innovation project *Mobilizer 5G* in partnership with Altice Labs and financed by the P2020 programme which involves more than a dozen companies, universities and R&D Centers. The objective is to study, develop and create reference products and services for future 5G networks and the related business sectors;

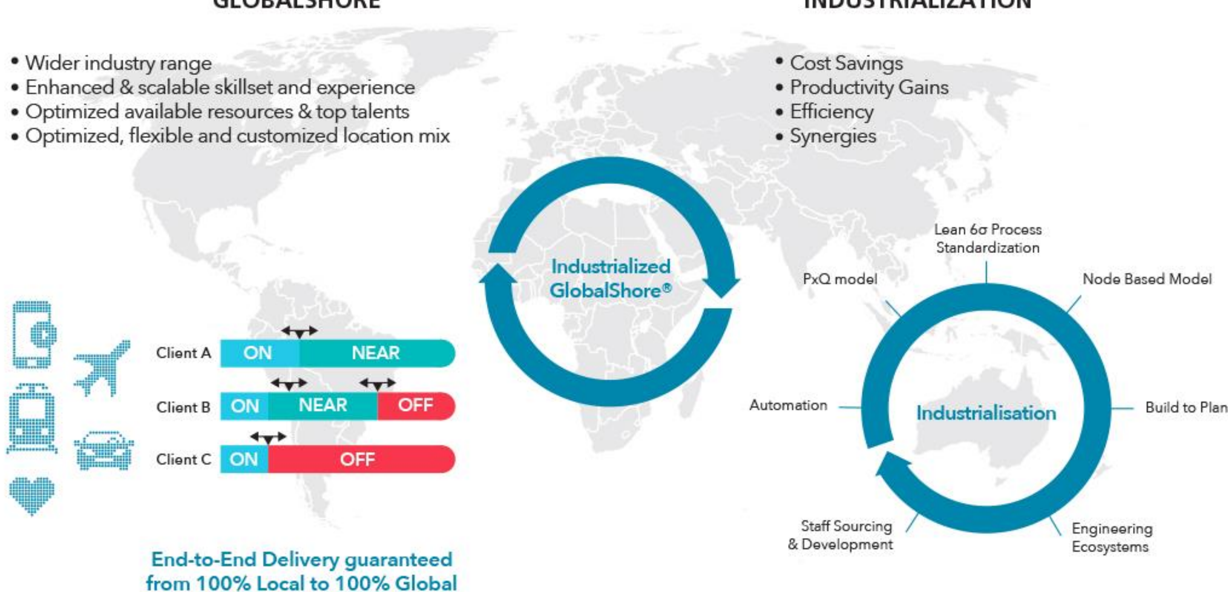
- "*Passive Safety*": this *World Class Center* specialises in the development of effective automotive safety technologies that comply with the standards of top-tier automotive manufacturers and suppliers and meet the most stringent requirements in terms of regulations. It has know-how in simulation, design of tests and automotive safety engineering, as well as latest-generation test laboratories in Graz (Austria) and in Wixom, Michigan (USA);

- "*Life Sciences Process Excellence*": this *World Class Center* is made up of expert consultants of the pharmaceutical industry. They develop methodologies and specialised tools for the management of processes, documentation, quality and compliance at pharmaceutical production sites. They provide consulting, assistance and services to global leaders in the life sciences industry, such as Sanofi-Genzyme laboratory which the *World Class Center* has help to extend its gene therapy activities at one of its largest production sites.

#### 1.1.1.5 Industrialized GlobalShore®

Thanks to its *Industrialized GlobalShore®* model, Altran supports its clients with a wide range of expertise while crossing borders, thanks to the seamless integration of its teams based on/near/offshore, from the client's engineering centers up to Altran's teams in its *Global Delivery Centers*.

*Industrialized GlobalShore®* relies on ER&D teams located in *Global Delivery Centers* located in India, North Africa, Portugal and Eastern Europe. The Group also offers its clients competitive ER&D services, providing businesses with diversified and global expertise while meeting the highest quality standards. This solution offers great flexibility and is adaptable to the specific needs, level of maturity and geographical footprint of each client.




Altran aims at:

- industrialising its clients' processes using standardised methods, recognised technical expertise, established quality monitoring processes and the implementation of automation tools in order to offer high quality and competitive services;

- designing, establishing and operating competitive service delivery Centers for the Group's clients, providing them with access to new talent pools; and

- guaranteeing performance and quality thanks to the know-how, speed, efficiency and quality of the teams present in the Global Delivery Centers.

  *Case study: co-creation of an engineering centre in Morocco to perform vehicle engineering works for PSA and enable the development of derivative models*

  *Since 2014, Altran delivers from its centre in Morocco vehicle engineering works for PSA, in particular in the following areas: body structure, chassis, powertrain engineering, functional architecture, systems and modelling. The objectives of these works are to develop derivative vehicle versions, while optimising the total cost of use, and to free up key resources in France.*

  *Case study: launch of a development centre for electronic components in India to support a global telecom equipment vendor*

  *Altran has created an Application-Specific Integrated Circuit (ASIC) product development unit in its Global Delivery Centre in India to assist a major telecom equipment vendor. This unit is responsible for providing the niche technical expertise necessary for the testing of ASICs. Thanks to this project, Altran contributes actively to the next generation of radio equipment supporting 5G technology, while offering the client enhanced R&D engineering capacity.*

#### 1.1.1.6 Cambridge Consultants

*Cambridge Consultants* is a globally renowned specialist in the development of innovative products on a turnkey basis, but can also assist clients at all stages of a product's

development from design up to start of large-scale industrial production. *Cambridge Consultants* brings together over 750 high-calibre scientists in the United Kingdom and the United States, leveraging its multidisciplinary technological knowledge, a culture of excellence, cutting-edge processes and tools and over 20,000 sq.m. of laboratories housing scientific equipment and facilities for prototyping.

The areas of intervention notably cover mechanical engineering, software development, signal processing and algorithms, physical sciences, electronics and application-specific integrated circuits, wireless technologies, remote sensing technologies and synthetic biology.

*Case study: new generation satellite telephone*

*Iridium, whose satellite telephones need to ensure high quality communication in places where no other telephone works, entrusted Cambridge Consultants with the role of technical authority to design a pioneering telephone platform, improving on the performance of previous models while meeting the stringent requirements of Iridium and its users.*

*Case study: new-generation warehouse automation for Ocado*

*Ocado, the largest online supermarket, is developing a revolutionary warehouse automation solution to push the boundaries of efficiency, modularity and scalability. To achieve this, Cambridge Consultants developed the densest mobile network in the world, from the definition of the system to its regulatory approval and its integration at client locations.*

Furthermore, *Cambridge Consultants* is regularly recognised by analysts and by its peers for its expertise and, in particular, received two *iF Design Awards* in 2017 (for the surgery system *Chimaera* and for the concept of smart medical packaging *AudioPack*), and two *Red Dot Design Awards* in 2015 (for the concept *KiCoPen*) and in 2016 (for a mobile and connected medicine injection pump).

## 1.1.2 The Group's industries and clients

The Group has been providing its services for more than 30 years to leaders in nine industries:

Since its creation, Altran has established itself as a key partner for all its clients; the duration of relations with the Group's top 10 clients is at least five years and over 30 years in the case of Airbus. Altran is the partner of choice for Airbus and PSA in engineering and has over 50 strategic partners.

For a breakdown of the Group's revenue by industry, see section 5.1.4 "Analysis of income on ordinary activities (revenue) and EBIT by operating segment for financial years ended December 31, 2017 and December 31, 2016"

#### 1.1.2.1 Automotive

With over 7,300 automotive specialists in 15 countries, the Group supports businesses in the automotive industry in the following areas:

- autonomous driving and connectivity: Altran supports its clients in the innovation, development and integration of autonomous driving and driver assistance systems, infotainment, connectivity and new generation electric and electronic architectures;

- powertrain and electromobility: the Group develops or supports its clients in their development of innovative propulsion systems, in particular in hybrid and electric powertrains, from the design to the full validation of the powertrain;

- complete vehicle development: Altran assists its clients in the development of complete vehicles, from the design of sub-systems (body in white, surfacing, lighting systems, passive safety) to the development of variant versions of vehicles, using innovative manufacturing processes.

  *Case study: development of a Hardware In the Loop testing environment to support Maserati in the validation of ADAS systems*

  *Altran managed the development of a Hardware In the Loop (HIL) testing environment relating to radio frequency sensors for the Maserati brand's driving assistance functions. Thanks to this testing environment, Maserati and Altran can validate ADAS solutions through automated and repeatable tests.*

#### 1.1.2.2 Aeronautics

With more than 3,500 engineers specialised in aeronautics across the world, Altran provides businesses in this industry with services specifically adapted to their needs:

- advanced aircraft development: the Group assists its clients in the development of new generations of aircraft. The Group also offers them solutions to meet new challenges in the field of environment, regulations and safety, in particular by leveraging its renowned expertise in aerostructures, fluid mechanics, thermal engineering, cabin design and innovation, physical flight modelling, safety, systems engineering and development of critical software systems;

- production ramp-up and Industry 4.0: Altran supports its major aeronautics clients in the ramp-up of their production chains and their transition to new generation smart and connected factories, thanks to the Group's expertise and recognised methods in the field of Industry 4.0, supply chain and quality management;

- disruptive services and connectivity: the Group assists its clients in the design of innovative services that enable them to create new revenue streams, in particular by drawing on the Group's experience in data analytics and connectivity, with the "VueForge" IoT solution developed by the Group;

  *Case study: Altran, partner of choice of NATS:*

  *Altran was named "Collaborative Partner of the Year" by NATS in 2017 for the development of FourSight, a next-generation air conflict detection tool, for which a*

*collaborative development method was deployed. This was a contribution to NATS' commitment to the European SESAR programme, a public-private inter-professional initiative to improve air traffic management efficiency in Europe.*

#### 1.1.2.3 Space, defence and naval

As an industry leader with over 1,800 specialist engineers across the world, Altran helps both long-standing and new industry players in the space, defence and naval industries to tackle their challenges, in particular those pertaining to production and R&D:

- lead-time reduction and downsizing acceleration: Altran develops, together with its clients, disruptive products, supports them in their transition to smart and connected factories and provides services relating to quality control, satellite and launcher engineering, systems engineering and mechanical engineering and physics;

- disruptive services and connectivity: the Group helps its clients to boost their portfolio of innovative digital services, by developing new connected and smart systems (avionics, ground systems and operation, smart unmanned systems, real-time connected intelligence, global communications), by offering innovation services thanks to its World Class Center "Innovation & Design" and analytical services thanks to its World Class Center "Analytics" and digital transformation services;

- security: the Group applies big data technologies in the fields of intelligence (from cyber security to homeland security), in particular by leveraging the renowned expertise of its World Class Center "Analytics";

  *Case study: 3D printing – Altran manufactures objects in space:*

  *Altran designed and manufactured the Portable Onboard 3D Printer in cooperation with Thales Alenia Space and the Italian Institute of Technology (IIT), with the coordination and sponsorship of the Italian Space Agency. This system allows International Space Station (ISS) astronauts to print 3D plastic objects in a micro-gravity environment and still comply with extremely strict safety rules.*

#### 1.1.2.4 Rail, infrastructure and transportation

With over 750 engineers across the world specialised in the rail, infrastructure and transportation sectors, Altran supports businesses in these industries in the following areas:

- digitisation and train control: Altran provides its clients with development and certification services for new generation train control systems (transport information systems and applications or predictive maintenance solutions), in particular by leveraging its renowned expertise in critical embedded systems, in safety and security, and its *World Class Center* "Analytics" and "IoT solutions";

- train design and innovation: Altran supports its clients in the design of trains applying innovation to new generations of train and to rolling stock refurbishments, by offering mechanical design services (train interior and exterior), electrical and electronic engineering, system engineering, and transition of clients' production systems to Industry 4.0;

- infrastructure project engineering: Altran brings its systems engineering expertise to mega-projects in transport in respect of infrastructure and civil engineering and rail systems engineering;

*Case study: COMPASS: Revolutionising the railway customer experience:*

*Altran was chosen by Network Rail, the UK Railway Network Operator, to help digitise the railways. One of the objectives of the COMPASS project is to improve the functioning of the rail network during downgraded modes of operation by speeding up the transfer and analysis of information generated by trains and infrastructures. After successfully completing the two previous parts of the project, Altran is demonstrating the feasibility of the solution in the UK rail network's test facilities.*

#### 1.1.2.5 Energy

Altran brings to businesses in the energy industry the know-how of 2,300 energy specialists from over 15 countries in the following areas:

- industrial engineering: Altran helps energy utilities and equipment manufacturers to increase their engineering quality and performance. In particular, Altran supports its clients in their complex industrial facilities projects (project management, design, building, dismantling) and with physics and nuclear engineering services, decommissioning services, compliance/security services, and instrumentation and control systems engineering;

- energy digitisation: the Group supports energy players in their digital transformation with tailored IoT and data analytics solutions. These services aim to transform the data they generate into new revenue streams (for example in the development of smart grids) and boost industrial performance, while ensuring the cyber security of their facilities and systems;

- energy transition: Altran has developed leading-edge expertise in renewable energies (wind, solar, hydro and tidal). The Group provides technical advisory services for the design of renewable energy modules and solutions, and the engineering and optimisation of renewable energy farms.

*Case study: electromechanical dismantling of nuclear facilities for EDF*

*Altran works for EDF on several dismantling programmes, such as that of BCOT, in the upstream phase of the project (such as drafting the electromechanical dismantling scenario, then scheduling and managing all operations).*

#### 1.1.2.6 Industrials and electronics

With over 2,900 specialists around the world, Altran brings to businesses in the industrials, electronics and semiconductors industries services tailored to their areas of activity:

- electronics and semiconductors: the Group's services and solutions support the entire semiconductor value chain and R&D cycle, from the design and approval of integrated circuits to the design and validation of electronic platforms and products;

- consumer goods: Altran provides innovative end-to-end solutions from concept to operational prototype for manufacturers of consumer goods;

- industrial automation: the Group offers its clients support services for all issues relating to Industry 4.0 and in particular relating to the creation of new high value-added products and services, notably by leveraging its expertise in Innovation & Design, data science, industrial IoT and in systems engineering.

*Case study: development of e.DO, a modular industrial robot:*

*Altran is collaborating with Comau, a global manufacturer of industrial robots and industrial automation solutions, to create e.DO, an innovative, compact, modular and IoT-compatible educational robot. Using it is so simple that a teenager can understand how it works, and its features are powerful enough to meet the needs of an experienced engineer.*

#### 1.1.2.7 Life sciences

Altran brings to health care players the know-how of over 2,500 specialists in the following areas and in over 15 countries:

- innovative patient-centric product development: Altran has positioned itself with regard to its clients as a partner in the development of safe and compliant medical solutions, in particular in the innovation and design of new products and services, the design of medical devices and product approval and testing. For this purpose, the Group leverages its expertise in complex system engineering, mechanical, software and electronics engineering, and in the management of human factors;

- life sciences digitisation: Altran has positioned itself as a partner of choice to support its clients in their digital transformation with customised solutions in the Internet of Things (IoT) and data analytics as well as connected health services (development of health systems infrastructure and specific software applications);

- industrial performance and regulatory compliance: by leveraging in particular its *World Class Center* "Life Sciences Process Excellence", Altran provides its clients in the health care industry with services for the improvement of business and production processes, and processes for managing and adapting to quality and compliance requirements (quality management systems, quality assurance, remediation and quality control), process engineering (including commissioning and qualification) and Industry 4.0.

  *Case study: development of an artificial pancreas*

  *Altran supported one of its clients in the Life Sciences sector in the design of a smart device to treat diabetes, by developing a comprehensive platform for an artificial pancreas. This device centralises patient data into a secure database certified by health authorities, in order to adjust the insulin doses delivered by the system.*

#### 1.1.2.8 Telecom and media

With over 3,900 dedicated specialists around the world, Altran supports businesses in the telecom and media industry in the following areas:

- telecom services (R&D and networks): the Group's expertise covers the entire telecom cycle, namely product and system development and testing, improvement of networks' operational performances (Legacy Fixed/Mobile technologies, 2G/3G and 4G) and advanced networks' development (4G+, SDN/NFV, Cloud, 5G);

- Over The Top & Internet services: the Group has developed key skills in connected TV/video and multimedia (*e.g.* in the development of digital decoders), in the development of new digital services and in software applications (including mobile and new OTT services);

- IoT and analytics services: leveraging the *World Class Centers* "*IoT Solutions*" and "*Analytics*", the Group supports its clients in their operational efficiency improvement and in the development of services relating to the Internet of Things (IoT), with emphasis on data collection, transport and management. In particular, it provides advisory services in IoT technological architecture, IoT communication network technologies (LoRA, SigFox, etc.) and customised IoT projects development.

  *Case study: Altran partners with Telefónica for the virtualisation of its network infrastructure in connection with the UNICA project*

  *Altran partners with Telefónica, the Spanish multinational telecom group, for the design and implementation of the virtualisation of its end-to-end network infrastructure. UNICA is Telefónica's telecom cloud architecture the objectif of which is to automatically virtualise network functions.*

#### 1.1.2.9 Finance and public sector

Employing over 3,000 specialists in the world, Altran provides businesses in the banking, insurance, business services industries as well as the public sector, the following services:

- core business solutions and regulatory compliance: Altran supports its clients to become regulatory compliant with more efficiency and with better risk management, in particular by integrating core business solutions in IT systems, developing specific public administration solutions, putting procedures in place to protect against financial crime and money laundering, auditing risk management processes and performing robustness tests on critical IT systems;

- digital transformation: Altran partners with its clients to reinvent the customer journey and experience and to leverage client data through design thinking, advanced data analytics techniques, IoT solutions, robotic process automation and the application of Blockchain technology;

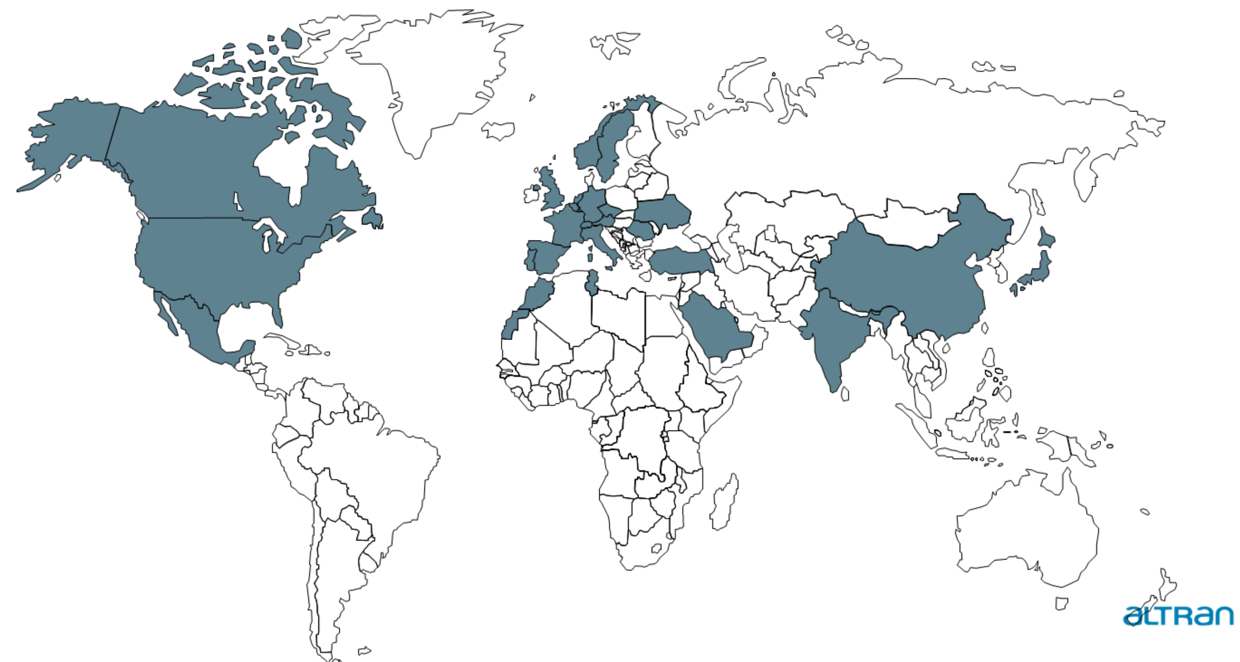
- operational excellence: Altran supports its clients in streamlining their operations thanks to flexible commitment models that can improve efficiency while reducing operating costs, by offering lean management and process optimisation services, Product Lifecycle Management (PLM) and outsourcing services, based on the *Industrialized GlobalShore®* model.

  *Case study: creation of an information systems centre in Portugal for a financial services client*

  *Altran has been selected by a leading financial services player to create an excellence centre in Portugal, with the aim of reaching 600 individuals by 2019. The objective of this ambitious project is to reduce IT costs while improving the quality of the services delivered.*

### 1.1.3 The Group's international presence

Of global scale, the Group was present in over twenty countries as of December 31, 2017. As a strategic partner, it offers its clients global project support while ensuring a consistent service level. The Group is also very keen on maintaining a local dimension in order to provide specific support in dedicated local markets.




*Source: Altran*

As of December 31, 2017, the Group was present in the following countries: Austria, Germany, Belgium, Canada, China, the United Arab Emirates, Spain, the United States, France, India, Italy, Japan, Luxembourg, Morocco, Mexico, Norway, the Netherlands, Portugal, the Czech Republic, Romania, the United Kingdom, Sweden, Switzerland, Tunisia, Turkey and Ukraine.

The closing of the acquisition of Aricent (the **"Acquisition"**) enables the Group to expand its geographical presence and to be present in the following countries: Australia, South Korea, Finland, Ireland, Israel, Poland, Mauritius and Taiwan.

Historically present in Europe, the Group has successfully forged an international presence over the last years, both through organic growth and through acquisitions. In particular and as announced in its strategic plan *Altran 2020. Ignition,* the Group has been growing since 2015 in the United States, India and Germany – For a description of the Group's strategy, see section 1.3 "The Group's strategy".

The Acquisition, which is presented in detail in section 1.4 "Acquisition of Aricent by Altran", is fully in keeping with the Group's internationalisation, which allows it to truly change dimension in the United States and to significantly reinforce its presence in India and generally in the Asia-Pacific region (particularly in Japan and South Korea).

For a breakdown of the Group's businesses by operating segment see section 5.1.4 "Analysis of income on ordinary activities (revenue) and EBIT by operating segment for the financial years ended December 31, 2017 and December 31, 2016".

### 1.1.4 Client relations

The Group's clients have in recent years developed proactive referencing policies in order to reduce their number of partners and service providers. As a result, the Group's major clients have formed smaller panels of preferred suppliers. Although the procedures for establishing panels depend on each client, they are often structured either by technological area or by client entity (by division or cluster). The Group's organic growth is partly based on its

capacity to be referenced within these panels, which represents for the Group both a protection factor and a leading edge over its competitors.

The referencing by clients generally results in the implementation of framework agreements between the Group's companies and their clients that define the general terms and conditions of the contractual relationship between the two parties and enable Group companies to participate in tender processes made by those clients. The act of entering into of framework agreements alone does not imply a volume commitment and does not entail any obligation by the client to contract consistently or exclusively with the Group, as clients typically enter into such framework agreements with most of the preferred providers selected in their panel.

Framework agreements entered into between certain Group companies and their clients generally contain change of control clauses and early termination clauses that allow the client to terminate the framework agreement and, where applicable, agreements that are currently in force. Some framework agreements may also contain so-called "reversibility" clauses that allow the client to take over or arrange for the takeover by a third party of its choice of the service that was initially entrusted to the relevant Group company. It should be emphasised, however, that such clauses are mainly used to allow ordering customers to maintain control of their production chain and are, in practice, seldom implemented by them.

The signing of framework agreements generally allows the Group to participate in tender processes made by the relevant ordering customers in the scope of the activities and businesses covered by the framework agreements that were entered into. If they win tenders, Group companies are required to provide services under specific application agreements entered into for that reason. These define the content and terms of the services to be provided (including the type of activities, the nature of the services to be provided and the resulting obligations or duration of the services). In this respect, the Group generally uses four main types of contracts, each of which corresponds to a delivery model, it being specified that these delivery modes can be combined in the context of major agreements:

- technical assistance: the Group brings technical expertise to its clients by placing its employees at their disposal to reinforce their teams and complement their expertise. Under this arrangement, the Group is paid by its clients on the basis of a daily rate and the number of Altran employees seconded, and Altran is subject to a best-effort obligation;

- teams of experts: the Group brings to its clients a multidisciplinary and structured team of employees with varied expertise, selected from a portfolio of expertise. Under this arrangement, the Group is also paid by its clients on the basis of a daily rate and the number of employees. This contractual arrangement is backed by a service level agreement and is monitored through performance indicators ensuring that the client gets the best level of commitment and quality;

- fixed-price projects: the Group undertakes to provide a product or a service at a pre-determined price, payable in accordance with the progress of the project, with a commitment by Altran to achieve a given result;

- services centre: the Group supplies a portfolio of recurrent and industrialized services based on units of work, invoiced according to a fee schedule set out in a "catalogue". This contractual arrangement is tied to a commitment by Altran to achieve a given result.

In order to focus its commercial attention on its largest clients, the Group has put in place a global commercial strategy structured primarily by strategic accounts. The list of strategic

accounts is regularly updated based on the potential that each client represents and on the Group's strategy.

To better respond to the needs of these strategic accounts and Altran's numerous other clients, the Group mobilises a sales force structured by industry and by region, made up of:

- Global and Local Account Managers, assigned to one or more of our strategic accounts; and
- Local Business Development Managers in the different countries where the Group is present to cater to all other clients of the Group and develop new ones.

The commercial organisation structure is complemented by Solutions Managers, responsible for providing support to the sales teams for the sale of complex services and solutions.

Lastly, the marketing team supports the commercial organisation to prepare commercial proposals, to identify clients, promote the Group's reputation and expertise, demonstrate its capacity to master the requested technologies and meet the required compliance criteria. Similarly, the technical and programme departments contribute to the preparation of commercial proposals and the technical validation of proposed solutions.

The Group also participates in events and business fairs in order to enhance its visibility and establish contact with potential clients and partners. It also maintains targeted relations with industrial analysts.

### 1.1.5 Employees of the Group

The success of the Group's activities depends to a large extent on the expertise of its employees, whose know-how is the cornerstone of the Group's activities. The Group's capacity to grow therefore depends, in particular, on its capacity to attract, motivate and retain this highly qualified personnel and to adapt its human resources to the expectations of its clients. The Group therefore pays particular attention to the recruitment, training and career development of its employees.

As part of its *Altran 2020. Ignition* strategy, Altran initiated in 2016 the Engaged People programm whose objective is to promote commitment and a sense of ownership, share enthusiasm and ensure that everyone understands their role by giving them the means to act.

The Group's total workforce on December 31, 2017 was 33,665, *i.e.* an increase of 4,715 persons[4] during the 2017 financial year. For more detailed information on the Group's employees, please refer to section 4.2 "Social information".

[4] « *Utilities business* » in the United States not included.

# 1.2 Market and competitive environment

## 1.2.1 Engineering and R&D services market

### 1.2.1.1 Introduction to the ER&D services market

The ER&D services market in which the Group operates encompasses ER&D activities which are fully or partly outsourced by businesses to service providers.

There are two main reasons why businesses outsource their ER&D services: (i) to improve their capacity to design products and reduce the time-to-market of these products, in particular through access to expertise and cutting-edge technologies rarely available in-house and (ii) to improve the efficiency of their ER&D functions and processes in terms of costs and quality.

To meet these needs, service providers provide a wide range of services, including design, prototyping, mechanical engineering, systems engineering, software engineering, testing, manufacturing, after-sales services and IT activities linked to R&D (as opposed to typical IT services which are not part of the ER&D services market).

### 1.2.1.2 View of R&D spend, underpinning the ER&D services market

The evolution of the ER&D services market is closely linked to that of the global R&D market which has witnessed a sustained growth of 5% per year on average over the last ten years to reach about $1,500bn in 2017 [5].

The growth of R&D expenses is itself correlated with economic growth. The R&D intensity (defined as the ratio of R&D expenses to GDP) has also increased. Consequently, R&D expenses have increased in a sustained and more rapid manner than GDP.

Budgets allocated to R&D by businesses tend to better resist during an economic crisis due to their strategic importance to these businesses. For example, even during the 2008 economic crisis, R&D expenses continued to grow in spite of a major macroeconomic downturn.

In keeping with 2017, a robust global GDP growth rate of 6% is expected for 2018 [6], particularly in Europe. However, some uncertainties persist, in particular as regards possible regulatory changes, the conduct and impact of Brexit and certain geopolitical risks. These uncertainties are giving rise to some amount of prudence. See section 2.1 “Risk factors”.

In this context of economic growth, R&D expenses in the world should continue to grow by about 6% in 2018 [7]. The United States, the European Union and Asia are still the main R&D markets, accounting for about 90% of global expenses [8]. The United States remain the leader in terms of volume, followed by China, Japan, Germany, South Korea, France and the United Kingdom[4].

This sustained growth in R&D expenses is due to a number of structural factors:

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[5] Source: Euromonitor (*Expenditures on R&D*, 2017)

[6] Source: IMF, World Economic Outlook (October 2017).

[7] Source: Altran management based on the global GDP growth forecasts by the IMF mentioned above.

[8] Source: OECD (Business Expenditures on R&D)

- increased need for differentiation to head off competition: businesses increasingly consider R&D as a means to stand out from their competitors. Increasingly higher R&D investment is necessary to achieve such a differentiation, whether through technology, price/quality ratio, products and services, business models or user experience;

- the need to tackle digital disruption and technological convergence: the emergence and maturity of technologies, in particular in the digital field, is continuously accelerating. Historical players are under threat of disappearing if they cannot adapt to these disruptions, in particular in the face of new more agile entrants, with revisited business models that are capable of leveraging these technologies. As a result, they invest massively in R&D to adapt their products and services and remain competitive;

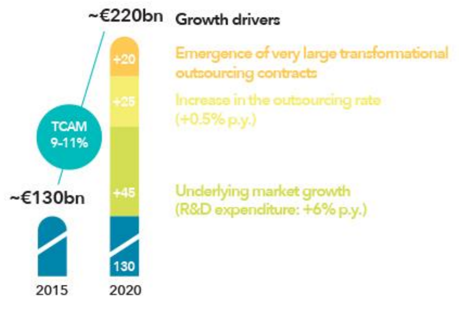
- the imperative need to reduce time-to-market: the acceleration of consumers' speed of adoption of new products confers disproportionate benefits to first movers selling products that include the new technologies. As a result, it is imperative to shorten product development cycles and time-to-market, while broadening the range of products. For instance, in the automotive industry, the development time for a new model has gone down by 50% in 20 years;

- the need to internationalise: significant R&D expenses are also required by large enterprises for their internationalisation. The opening of R&D centers across the world allows them to address the specific and varied needs of local markets (for example, in the automotive industry pollution standards are very different from one country to another) and to better integrate in the main R&D ecosystems of the world (for example, by being present in global R&D centers such as Silicon Valley or in major talent pools such as India);

- an increasingly more stringent regulatory environment: national, regional or international regulations can contribute to the increase in R&D investments. Businesses must invest to upgrade their technologies and products in order to meet regulatory requirements. For example, European Union regulations require a 33% reduction of CO2 emissions by cars between 2010 and 2021 [9]. Consequently, car manufacturers must invest to adapt their vehicle portfolio to such a transition.

#### 1.2.1.3 Size, growth outlook and concentration of the ER&D services market

Size and growth of the ER&D services market




[9] Source: European Commission, Reducing CO2 emissions from passenger cars.

The ER&D services market represented about €130bn in 2015 and is expected to reach €220bn in 2020, *i.e.* an average annual growth rate over five years of between 9 and 11% [10], driven by:

- the growth in R&D expenses, estimated at about 6% per year on average until 2020;
- the increase in outsourcing, with an estimated growth rate of 0.5% per year by 2020, driven in particular by North America and Asia; and
- the development of transformational outsourcing: clients are entering into partnerships with their service providers to outsource entire sections of their R&D functions or processes to achieve significant gains.

Furthermore, the ER&D services market is still highly fragmented with thousands of players. However, several factors are favouring market consolidation:

- clients in the different industries have themselves been consolidating since a number of years[11];
- the development of proactive referencing policies, which significantly reduce the number of service providers working with each client;
- the internationalisation of R&D activities, which requires service providers to cater to a wide geographic coverage in order to support their clients globally;
- the expected industrialisation of services, which requires working with service providers having a critical size.

This consolidation is taking place at both the geographic level (with service providers buying out competitors to expand into other geographic areas) and the operational level (with enterprises extending their activities through the acquisition of specialised and complementary service providers).

#### 1.2.1.4 Changing clients' needs for ER&D services

The ER&D services market is developing rapidly and is gradually getting structured by the changing clients' needs, in particular those of the top 500 clients which account for about 60% of R&D spent[12]. There are four main trends today:

- wider and more specific expectations: historically, clients call upon service providers to complement their teams with engineers contributing to only part of their R&D programmes. Now, they look for long-term partnerships with service providers having deep industry expertise and capable of offering a wide portfolio of services, including advice in innovation, delivery of turnkey projects, setting up of service centers or the end-to-end outsourcing of product development. In order to support them across the

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[10] Source: Zinnov, McKinsey, Altran.

[11] This consolidation can be seen in different industries, some of which are as follows: in the automotive industry: acquisition of Mitsubishi by Renault-Nissan and acquisition of Opel by PSA; in the energy industry acquisition of the "energy" arm of Alstom by GE; in the media industry: merger between AT&T and Time Warner; in the telecom industry: takeover of Ziggo by Vodafone; in the semiconductors industry: acquisition of NXP by Qualcomm and in the aerospace industry: takeover of Rockwell Collins by UTC.

[12] Source: Figure calculated by Altran based on data from the report "*The EU Industrial R&D Investment Scoreboard*" (2017) of IRI.

full life cycle of their products, service providers must develop their own assets and intellectual property rights, such as centers of excellence or testing laboratories;

- increased demand for leading-edge expertise in the digital and software fields: the digital revolution and the related technologies, such as the Internet of Things (IoT), data sciences and data security, or virtual reality, compel clients to digitise their operations, products and services. They therefore allocate a growing portion of their R&D budgets to these technologies and in particular to software development. This results in increasing demand for service in these areas, particularly in a context where expertise in such businesses is scarce;

- convergence of the worlds of design and engineering: users' experience has become key to promoting product adoption. Clients therefore aim to increasingly integrate design and users' experience into their innovation approach. As a result, they expect their service providers to be capable of placing design at the heart of the engineering approach;

- development and influence of offshore: by seeking to optimise their development costs, clients have promoted the emergence of offshore pools of R&D engineers. The result is that service providers are now expected to offer a competitive pricing and costing structure, in particular by leveraging their industrialized near and offshore capacities, in addition to their onshore capacities.

#### 1.2.1.5 Growth outlook and main trends by industry

The Company considers the growth outlook for the ER&D services market to be positive overall, with specific trends in each of the following industries.

| Industry | Growth outlook[13] | Main trends by industry |
|---|---|---|
| AUTOMOTIVE | ++ | In the automotive industry, an increase in R&D budgets at several levels should stimulate market growth:<br>• development of autonomous and connected vehicles and tackling the related safety and security issues;<br>• environmental issues (energy efficiency, electric vehicle) and development of so-called "green" mobility;<br>• search for new mobility models. |
| AERONAUTICS | + | In the aeronautics industry, the end of major R&D programmes in civil aviation, combined with the focus on incremental developments, is expected to impact R&D expenses although thinking has started on the next generations of aircraft.<br>Furthermore, the ramp-up of production chains is creating new engineering needs (*e.g.* Industry 4.0). |
| SPACE, DEFENSE & NAVAL | + | In the space and defence industries, the growth in R&D expenses by the main operators is expected to remain moderate in spite of a more favourable defence budget trend for some countries such as the United States and France. |

[13] According to Altran management.

| | | |
|---|---|---|
| RAIL, INFRASTRUCTURE & TRANSPORTATION | ++ | A significant growth of the ER&D services market is expected in the rail industry, due to the modernisation and automation of trains and railway infrastructures and opportunities arising from Industry 4.0. |
| ENERGY | + | In the equipment manufacturers segment: the development of new products and the emergence of new energy sources should lead to growth in R&D investments.<br>In the utilities segment: moderate growth is expected due to the need for operators to reduce their costs of production and operation. Growth should however be boosted by investments in digitisation.<br>In the oil and gas segment, growth should be weak due to persisting low oil prices and the uncertain outlook. |
| INDUSTRIALS & ELECTRONICS | ++ | The industry segment is expected to be buoyant, mainly supported by the modernisation of industrial equipment driven by Industry 4.0, robotics, automation and artificial intelligence.<br>In the electronics and semi-conductors segment, growth should be driven by the search for electronic components that are more rapid, miniaturised, mobile and low in energy consumption, on the one hand, and by the development of embedded systems, particularly for the automotive industry, and connectivity with the Internet of Things (IoT), on the other hand. |
| LIFE SCIENCES | ++ | In the life sciences industry, the complexity of developing new medicines and the need to renew patents reaching expiry for new molecules should make up for the cost reduction initiatives taken by the main pharmaceutical laboratories.<br>Furthermore, the convergence between the pharmaceutical industry and the medical devices industry should lead to significant investments in connectivity applied to health.<br>Lastly, an increasingly complex regulatory framework also stimulates growth of the services market across all segments. |
| TELECOM & MEDIA | + | As regards equipment manufacturers, in spite of cost cutting initiatives, a recovery in investment is expected in the short and medium term due to developments relating to 5G.<br>As regards operators, substantial pressure on prices and market consolidation should encourage cost control. However, these factors could also lead to a reinforcement of outsourcing policies. In the medium term, the deployment of 5G networks should stimulate demand.<br>In the media industry, growth should be driven by the high demand for expertise in software for the development of new digital contents (“OTT”). |
| SOFTWARE & INTERNET | ++ | The software and Internet industry is on a high growth trend and is witnessing a sustained level of R&D investment, driven by “GAFAM” (Google, Apple, Facebook, Amazon, |

| | | Microsoft) and numerous start-ups.<br>This increase in R&D investments, combined with the scarcity of resources and the development of large-scale commercial contracts for the management of products further down the development cycle should support the growth in ER&D services. |
|---|---|---|

## 1.2.2 Competitive environment

### 1.2.2.1 Typology of the main competitors of the Group

The ER&D services market remains particularly fragmented with thousands of enterprises. In this context, Altran's position is that of a global leader. The Group's competitors vary depending on geography, industry and nature of the project considered. It is however possible to classify these competitors into five main categories:

(i) suppliers of ER&D services, mainly European, with expertise in several industries and providing a large part of their services onshore;

(ii) players with leading-edge expertise in a particular industry or technological area. They are generally integrated with a broad range of services in prototyping, testing and product development, leveraging assets and heavy equipments such as testing benches or manufacturing equipment from their own R&D Centers, often close to their clients' sites;

(iii) Indian players, geographically remote, but with a natural capacity for offshore delivery and offering low cost outsourcing services;

(iv) leading advisory and IT players, leveraging their digital expertise and their industrialized service delivery models to develop in the ER&D services market; and

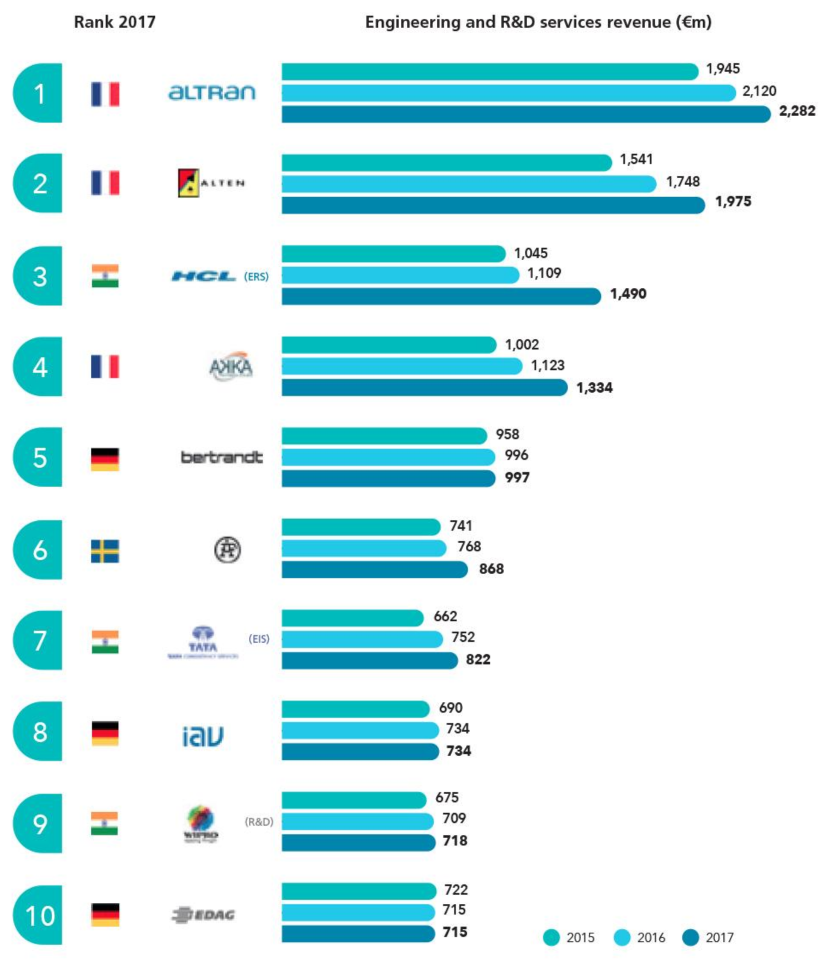
(v) mainly in the United States, suppliers of specialised services in software, digital and design, developing in ER&D services and leveraging their horizontal expertise and their capacity to outsource at low cost, mainly in India, Eastern Europe and South America.

In a competitive landscape still dominated by European actors, Altran has positionned itself as a global leader in terms of revenue. Altran is followed by:

- The French generalist group Alten, whose geographical and industry presence is close to that of Altran: strong footprint in the automotive and aeronautics sectors with over 50% of its revenue generated outside France in 2017 (mainly in Germany, Scandinavia and North America);
- The « *Engineering and R&D Services* » (ERS) branch of the Indian group *HCL Technologies*, very active on the American continent and developing rapidly since the last two years notably through external growth operations;
- The French generalist group *AKKA Technologies*, mainly located in France and in Germany in mobility-related sectors (automotive, aeronautics);
- *Bertrandt AG*, a German specialist of the automotive industry, whose activity is mainly located in Germany;

- *AF Consult* (excluding its Infrastructure activity), a Swedish group mainly located in Northern Europe;
- The « *Engineering & Industrial Services* » (EIS) branch of the Indian *Tata Consultancy Services* group, mainly working in North America;
- The German automotive specialist IAV Automotive Engineering;
- The « *R&D business* » (R&D) activity of the Indian group *Wipro*, mainly working in North America;
- The *EDAG Engineering GmbH* group, a German automotive specialist.

The chart below shows the ranking of the 10 most important ER&D services providers in terms of revenue for the financial year ended December 31, 2017[14], as well as the evolution of their revenue since 2015.[15]




[14] Except for EDAG and IAV whose revenues for the financial year ended December 31, 3017 was not available at the date of this Regsitration Document.

[15] Source: financial publications of the relevant companies (for the 2017 revenues), European Central Bank (for the exchange rate), Altran's management's assessment (for the share of ER&D services in the revenues of HCL Technologies, AF Consult, Tata Consultancy Services and Wipro).

The Acquisition will enable the Group to reinforce its position in this competitive landscape along to two lines:

- reinforcement of its geographical footprint: Aricent's strong presence in the United States will enable the Group to reinforce its presence in this zone and will balance its geographical mix between the different zones where it operates;

- reinforcement of its industries: the Acquisition will enable the Group to reinforce itself in mainly three industries:

  - Telecom & Media, the historic industry of Aricent,

  - Industrials & Electronics and notably the semiconductor sector, in which Aricent is very active thanks to the acquisition of SmartPlay Technologies in 2015,

  - Software & Internet, where Aricent developed a significant presence during the last months.

See section 1.4.2.2 "*Strategic rationale of the Acquisition*".

#### 1.2.2.2 The Group's competitive strengths and advantages

The Group enjoys key competitive advantages which have been enhanced following the Acquisition:

- **position of a global leader:** the Group's size (almost €3bn of consolidated revenue, based on *pro forma* financial information presented in section 5.8 "*Pro forma financial information*" and a workforce close to 45,000[16]) and international presence (over 30 countries) allow it to develop strategic and long-term relations with the most important clients by being referenced as a preferred choice in their panels and to achieve significant economies of scale;

- **multi-industry expertise:** the Group's industry expertise in each of the industries in which it operates is difficult to replicate by new entrants. Furthermore, the Group's clients can import best practices and innovations from other industries thanks to the Group's cross-cutting presence in nine industries;

- **development of high value-added services:** the investments made by the Group over the years allow it to operate high value-added models. These investments in assets and intellectual property, such as excellence centers (*World Class Centers*) or testing laboratories (in particular Cambridge Consultants) are not easy to replicate by its competitors;

- **an industrialized service delivery model:** Altran has developed the *Industrialized GlobalShore*® model which integrates its onshore, nearshore (North Africa, Eastern Europe and Portugal) and offshore (mainly India) platforms, and allows it to respond rapidly to requests from its clients with a competitive cost structure. This model is not easily accessible to its competitors, whose presence is either onshore, or offshore;

- **robust and attractive financial profile:** the Group has proven its capacity every year to grow its revenue at a sustained pace, improve its profit margins and generate

[16] Taking into account the total number of employees of the Group and the total number of employees of the Aricent group as of December 31, 2017.

cash. Thanks to the implementation of its strategy and industrial model, it achieved new levels in 2017: revenue of €2,282.2m; EBITDA margin of 11.2%; EBIT margin of 10.8% and Operating Free Cash Flow [17] of €163.0m. This profile, which was further reinforced by the Acquisition, gives it the status of partner of choice for its clients and allows it to invest along with them;

- **a management team focused on the Group's operational excellence and growth:** the Group is managed by an Executive Committee whose vision of the market is fully in line with the changes taking place in the industry and with hands-on experience of business transformation. It relies on a broader management team centred on clients and on operational excellence. It is complemented by the Aricent team which brings in a higher international dimension (for a detailed description of the Aricent management team, see section 1.4.1.3 "Experienced Management").

# 1.3 The Group's strategy

In November 2015, Altran announced a new strategic plan: *Altran 2020. Ignition*.

This plan, which sets out the detailed strategic and financial goals of the Group by 2020, is based on the vision of a rapidly changing market with a significant potential. It aims at positioning the Group as a unique global leader in the ER&D services market and creating high value for its shareholders.

2017 financial results demonstrate that the transformation initiated in 2015 when the strategic plan was released bears its fruits. In the context of the Aricent acquisition, the financial objectives that had been released for 2020 have become irrelevant.

The Company will therefore release a new strategic plan during its Investor Day scheduled on June 28th, 2018.

## 1.3.1 Market scenario: a very promising and changing market

As part of the definition of the *Altran 2020. Ignition* strategic plan, the Group has identified five trends which contribute to shaping the future of the ER&D services market:

1. sharp expansion of the ER&D services market, on a globalisation and consolidation trend;

[17] As defined in section 5.2.4 "*Operating Free Cash Flow*".

2. development of commitment models with higher value added by providers of ER&D services in order to meet the new needs of their clients;

3. commercialization of engineering solutions that can integrate and promote assets developed by suppliers of ER&D services, so as to optimise development cycles;

4. emergence of offshore pools of R&D engineers that can optimise clients' R&D budgets and change the market's global structure;

5. adaptation of the offerings and services of providers so as to support their clients over the entire product lifecycle and thus meet their needs; these needs are becoming both larger and more specific.

For more detailed information on the ER&D services market and its trends, please refer to section 1.2 "Market and competitive environment".

### 1.3.2 The pillars of the Altran 2020. Ignition strategic plan

The *Altran 2020. Ignition* strategic plan focuses on four main pillars to enable the Group to best meet the new expectations of its clients:

- *Augmented Value*: Altran has decided to fine-tune its value creation models so as to, in particular, address highly specific technical subjects and reinforce its position in high value-added market segments, through:

  - the setting up of global expertise Centers, the World Class Centers, designed to bring together the Group's expertise, assets and intellectual property in selected fields, whether horizontal or specific to certain industries;

  - the creation of Altran Consulting, to bring to the Group's clients experts capable of supporting them in their innovation and transformation strategies;

  - the reinforced capacity to develop innovative products, *via* its subsidiary Cambridge Consultants;

  - the creation of teams dedicated to the conclusion of major transformational outsourcing contracts supporting the large-scale transformation of clients' R&D function.

- *Industrialized GlobalShore®*: the Group has announced the creation of an integrated industrialized model of ER&D services, on/near/off-shore, relying on a first-class global network of Global Delivery Centers in competitive locations where there are large talent pools such as India, North Africa or Eastern Europe. The Group's objective is to generate around 15% of its revenue with this model and to bring together some 10,000 engineers in its Global Delivery Centers by 2020;

- *Geographical Expansion*: Altran has announced its plan to diversify its geographic footprint while positioning itself in areas with strong growth potential, with a particular focus on four countries:

  - The United States, with the objective of achieving €500m of revenue in 2020;

  - Germany, by continuing to invest there, particularly in the automotive industry, with the objective of achieving revenue in excess of €400m in 2020;

- China, by supporting the development of international clients and reinforcing its partnership with local players, in particular in the automotive industry;

- India, by developing its local base of engineers to make India the cornerstone of its Industrialized GlobalShore® model, given its amazing pool of engineers and scientists.

- Operational Excellence: Altran has aligned its organisation structure on its strategic goals by redefining its principles of operations (corporate governance, matrix structure combining geography, industries and service lines). The Group will also continue its search for excellence in the management of its activities and the satisfaction of its clients, in particular through the detailed management of key performance indicators:

  - the growth in revenue in respect of key accounts;

  - the increase in the average size of client contracts;

  - the clients' satisfaction monitored through *Net Promoter Score®*;

  - the share of revenue generated by the *Industrialized GlobalShore®* model;

  - Days Sales Outstanding.

The Engaged People dimension is also part of the implementation of the *Altran 2020. Ignition* plan with the desire to ensure that employees of the Group adhere to this strategy and to reinforce Altran's appeal as an employer.

### 1.3.3 At the end of 2017, transformation in line with the strategy

As announced in 2015 in the strategic plan, 2016 and 2017 were two transformative years for the Group. They were marked by several achievements in each of the pillars:

- Augmented value:

  - creation of Altran Consulting in 2016 and first commercial successes,

  - appointment of a Chief Technology Officer and setting up of a technology and innovation department,

  - reinforcement of the geographic footprint of Cambridge Consultants in the United States with the acquisition of Synapse in 2016,

  - establishment of seven operational World Class Centers and preparation of the launch of new Centers in 2018,

  - acquisition in 2017 of Information Risk Management, a UK-based company specialising in cyber security,

  - signature of a number of partnerships in priority areas with start-ups and R&D players including Divergent 3D, Engie, H2scan and Comau, as mentioned in section 1.5.3 "Main investments",

    - Recognition of the Group by several market analysts, and acknowledged as being in "Leadership zone" in a number of industries in the "Zinnov Zones Product Engineering Services 2017";

- *Industrialized GlobalShore®*:

    - significant development of Global Delivery Centers since January 2015 with an increase in engineers from 500 to 6,500 at the end of 2017,

    - these 6,500 engineers are spread across four Global Delivery Centers (India, Portugal, Eastern Europe and North Africa) reinforced by the acquisition in 2016 of Lohika (Ukraine) and Swell (Czech Republic) and in 2017 of Pricol Technologies (India) and Global Edge Software (India), as well as the strengthening of the joint venture with Telnet Holding (Tunisia),

    - a good momentum was also observed in terms of the development of major transformational outsourcing contracts, with proven levels of success,

- *Geographical Expansion*:

    - Altran has laid the foundations for its growth platform in the United States, structured around three main regions: the west coast for the high-tech industry (software, semi-conductors, Internet of Things (IoT)) and the development of innovative products, the central region for the automotive industry, and the east coast for life sciences,

    - at the end of 2017, Altran refocused its portfolio in the United States on high value-added activities with the disposal of its US utilities services division,

    - as announced in the strategic plan, the Group has successfully implemented a recovery plan for its operations in Germany and now benefits from a growth momentum supported in particular by the acquisition in 2017 of Benteler Engineering Services, an automotive engineering company;

- *Operational Excellence*:

    - Altran has defined and adopted new principles of operations that enables accelerating the growth of its different models,

    - Altran has pursued its "key accounts" approach, which resulted in sustained growth of revenue generated by these clients and the development of high value-added partnerships with them,

    - Altran has continued to strengthen its management team in some key departments (finance, human resources, legal affairs),

    - the search for excellence in the management of activities and the monitoring of operational and financial key performance indicators remains a priority for the Group.

Furthermore, the Acquisition is fully in line with the achievement of the strategic goals of the *Altran 2020. Ignition* plan (see section 1.4.2.2 "Strategic rationale of the Acquisition").

In the context of this Acquisition, the financial objectives that had been released for 2020 in respect of the *Altran 2020. Ignition* plan have become irrelevant. Altran will therefore release a new strategic plan during its Investor Day scheduled on June 28th, 2018.

Following the Acquisition, the Company intends to focus primarily on the operational integration of Aricent and its subsidiaries (see section 1.4.2.3 "Integration plan") and on its organic growth. The cash of the combined Group including Aricent will be mainly used to reduce its leverage ratio with the objective that it will be 2.5x within two years of the date of closing of the Acquisition. However, it is possible for the Group to make targeted acquisitions during this period with the goal of acquiring certain specific skills being sought.

More information on the acquisitions and partnerships mentionned above is available in section 1.5.1 "Acquisitions and partnerships".

# 1.4 Acquisition of Aricent by Altran

On March 20, 2018, Altran completed the Acquisition of Aricent, a global leader in design and engineering services with significant expertise in digital technology, from a group of investors led by KKR.

This Acquisition resulted in the creation of the global leader in ER&D services [18]. This new type of leader has a unique combination of four key characteristics, offering new growth opportunities:

- an unmatched scale and scope;
- leadership across industriy verticals;
- leading-edge expertise in key technology domains; and
- industrialized and global ER&D services delivery model.

The pro forma financial information appearing in section 5.8 "Pro forma financial information" shows: revenue of the group made of the Group and the Aricent group of €2.9bn, representing an EBITDA margin of 14.4% of revenue.

For a description of the Group's strategy, see section 1.3 "The Group's strategy". For more details on the pro forma financial information, please refer to section 5.8 "Pro forma financial information".

## 1.4.1 Presentation of Aricent

### 1.4.1.1 Profile of Aricent

**Aricent is a global digital leader in design and engineering services**

Founded in 1991 and headquartered in Santa Clara (California), Aricent is a global leader in design and engineering services. In particular, the company has recognised expertise in digital technologies, the telecom and semiconductors industries, and in software development.

Aricent provides services to its clients to reduce the time to market of their products, adapt their core products to the digital transition and create new revenue streams.

[18] In terms of revenue (Source : HSF Engineering Services Top 20)

Aricent has a workforce of approximately 10,500, of which 1,200 employees in North America, 8,800 in Asia and 500 in Europe. It operates 24 engineering centers and design studios catering to some 360 clients across the world.

Aricent differentiates itself from other market players by the following features:

1. the iconic frog brand, offering the world-renowned expertise of its 600 employees in design, customer experience and prototyping and meeting, through integration into the company's engineering services, the new needs of clients in the ER&D services market;

2. deep industry expertise in three main industries with solid growth potential: telecom, semiconductors and software development;

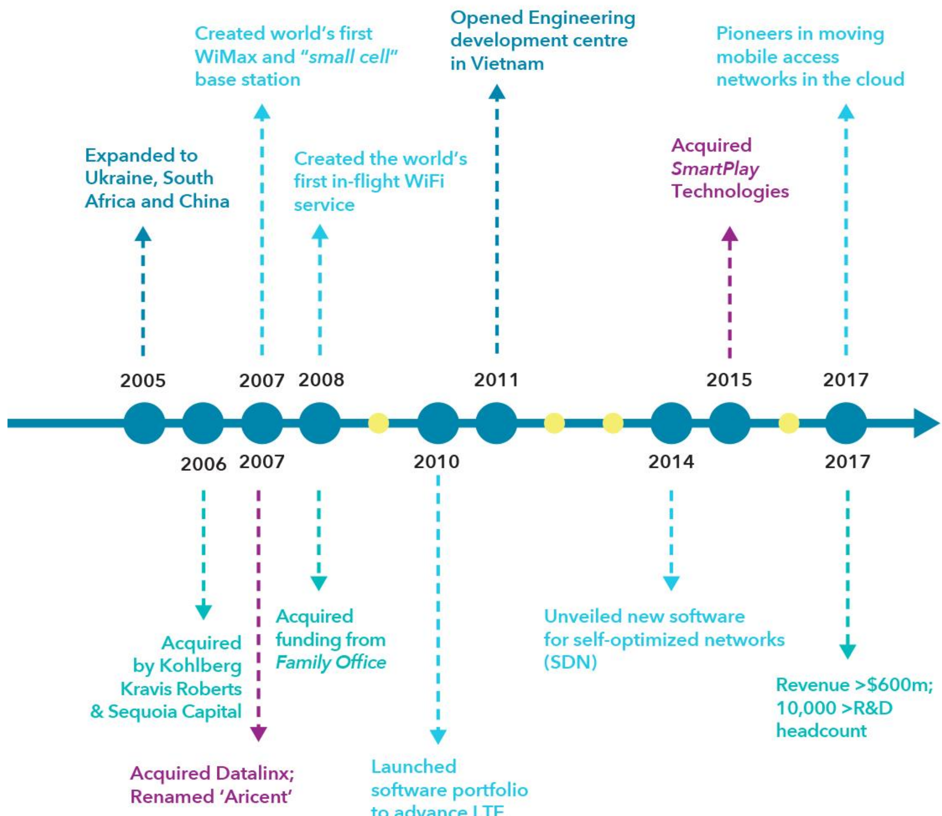
3. recognised digital expertise and solutions, historically based on a portfolio of intellectual property rights (for example, software building blocks) enhanced over the years and strategically positioned on emerging technologies such as artificial intelligence, cognitive systems and the Internet of Things (IoT);

4. an industrialized service delivery model mainly by leveraging almost 8,500 engineers in India offering a broad range of expertise;

5. proven know-how in the implementation of significant outsourcing contracts with top-tier clients;

6. the status as a partner of choice for its clients, with which Aricent has successfully developed long-standing relations.

### Key milestones in Aricent's history




From 2014 to 2017, Aricent successfully rolled out a transformation plan that places the company in a position of rapid growth. This transformation plan was implemented in two key phases:

- a consolidation phase, streamlining the portfolio of activities with the removal of IT services and discontinuing its activities in certain geographical areas. This first phase was accompanied by an improvement in operational performance through better management of performance indicators and of the sales performance, through the redefinition of the corporate culture to make it client-centric and the renewal of sales teams;

- a phase of gradual construction, one industry at a time, based on the reinforcement of the management team and the implementation of a new business model centred on the conclusion of larger contracts and the development of new lines of service. This phase was accompanied by diversification into the semiconductors industry (with in particular the acquisition of SmartPlay), then the software development industry (with notably the acquisition of the intellectual property rights of IBM software. For a full description of the contracts entered into between Aricent and IBM, see section 8.8.4.2 "Contracts concluded between Aricent and IBM").

Aricent can now leverage this platform to generate growth in the coming years thanks to opportunities in the digital industry, its design integrated model, its presence in strong growth industries and its continuous search for large-scale high value-added partnerships. Aricent

also intends to expand into other industries on the path of digitisation where it was not present (such as the automotive industry).

#### 1.4.1.2 Aricent's businesses

1. Aricent's portfolio of services

The services offered by Aricent to its clients are based on an approach that integrates engineering and design:

- product sustenance and maintenance: Aricent enables its clients to extend the life span of their core products by offering them services for continuous improvement, virtualisation (transition to Cloud) and complete revamping;

- software framework and solutions: Aricent develops turnkey software building blocks by marketing licenses to its clients, enabling them to dramatically accelerate their product development;

- software product development: On behalf of its clients, Aricent develops software products and innovative services by taking advantage of emerging trends such as the Cloud or artificial intelligence;

- testing services: Aricent is a partner of choice for top-tier companies in the field of software testing services (for example, unit, functional or integration testing) and differentiates itself by using artificial intelligence and machine learning technologies;

- digital design services: Aricent offers digital design services covering different phases: origination of ideas, software development and industrial design;

- systems and silicon development: Aricent assists its clients in the development process of silicon systems and products, from chip design to printed circuit board design;

- product services and support: Aricent supports its clients in the product post-development phase, in particular by providing them with network engineering services and software platforms, technical assistance and software implementation.

2. Aricent's industrial sectors

Aricent's businesses hinge on four operational units, the first three of which target specific industrial sectors:

- “communications and technology systems”, targeting the following industries:
  - network equipment providers,
  - telecommunication networks operators,
  - technology systems providers (*e.g.* data storage);

- “semiconductors and industrial”, resulting mainly from the acquisition by Aricent of SmartPlay in 2015, a recognised specialist in the development of semiconductors;

- “enterprise software & Consumer Internet”, recently developed by Aricent due to the high appeal of this market and Aricent's proven expertise in software development;

- *frog* (*design*), one of the leading global design brands, which caters to clients in a number of industries (*e.g.* automotive, industrial, financial services) and based on which Aricent can forge major commercial relationships with prestigious clients in each of the above-mentioned three industries.

The company relies on a portfolio of clients who are among the largest investors in R&D in its market segments. Aricent works for well-known customers such as Nokia, Cisco, AT&T, Vodafone, Intel, Qualcomm and IBM.

Aricent has more than 360 clients with which it has been in a business relationship for 12 years on average. These solid relationships are the result of the success of the many projects and commitments for which Aricent supported its customers and Aricent's ability to deliver innovative, high-quality services and solutions in a short time frame.

3. Contractual arrangements

The vast majority of Aricent's revenues come from the provision of engineering and R&D services. Aricent also makes a portion of its revenues from the sale of software component licences (including support and maintenance agreements). Lastly, Aricent generates a portion of its revenues through the sharing with its customers of royalties paid in connection with software intellectual property rights.

The main contractual arrangements used to date by Aricent are the following:

- "Time spent & material delivered": the customer is billed by Aricent based on the resources committed to the project and the time spent on it;

- "Fixed price": the customer is billed at a price jointly determined prior to the project according to the type of services to be performed. Revenues are made in proportion to the overall progress of the project. In the particular case of the sale of software components, the licence for use is billed upon delivery of the software, and maintenance, support and warranty activities are billed over the period of use of the licence;

- "Royalty sharing": when an end-user purchases software whose intellectual property rights were acquired by Aricent from a partner, the resulting revenues are shared between the partner and Aricent according to a contractually determined split.

See section 8.8.4 "*Material contracts*".

4. Implementation model and geographic coverage

Aricent employs approximately 10,500 people worldwide (90% of whom are engineers), including approximately 1,200 people in North America (mainly in the United States), 500 people in Europe (mainly in the United Kingdom, Germany, the Netherlands and Italy) and 8,800 people in Asia (mainly in India and China). In particular, India represents about 80% of the total number of Aricent employees.

Thanks to its 24 development centres and design studios, Aricent has a flexible execution model based on a combination of onshore resources and low-cost offshore areas. Aricent's breadth in the various market segments in which it operates enables it to offer its customers access to leading engineering and design resources while optimising costs and without sacrificing the quality of services provided or development turnaround times.

#### 1.4.1.3 Experienced management

Since he joined in 2012, Aricent's Chief Executive Officer, Frank Kern, has managed to create a management team with significant experience in the services sector and in the industries where Aricent is present. As part of his succession plan, he has in particular recruited Laila Worrell as Chief Operating Officer. Backed by the successful transformation of the Company, this team, with international backgrounds, is determined to contribute to Aricent's new phase of development within Altran. The management teams of Altran and Aricent share the same vision of the ER&D services market, the same values and a strong commitment to their respective clients. Altran has in fact been successful in retaining key members of Aricent's management and in particular Laila Worrell and the Managers of the four operational units.

### 1.4.2 Presentation of the transaction

#### 1.4.2.1 Aricent acquisition structure

On November 30, 2017, Altran announced that, *via* a dedicated acquisition vehicle indirectly wholly held by its subsidiary Altran US Corp., it had entered into a definitive agreement in view of the Acquisition of the Aricent group (Agreement and Plan of Merger) (the "Acquisition Agreement") for a total enterprise value of €1.7bn[19] or $2.0bn in an all-cash transaction.

The Acquisition, subject to the approval of the competent competition authorities in the United States, Germany and India, and the fulfilment of the usual conditions precedent, was made on March 20, 2018, after all these conditions precedents were met. As regards the procedures for consultation initiated with the employee representative bodies of Altran and of some of its subsidiaries, all concerned employee representative bodies were favourable.

#### 1.4.2.2 Strategic rationale of the Acquisition

The strategic rationale of the Acquisition is mainly based on four factors:

1. The creation of a global leader in ER&D services[20] with a unique combination of four key characteristics

This unique combination of four key characteristics offers the Group enhanced growth prospects:

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[19] Converted using a EUR/USD exchange rate of 1.19.

[20] In terms of revenue (source : HFS Engineering Services Top 20).

- **a global scale,** with *pro forma* revenue for the financial year ended December 31, 2017 of €2.9bn on the basis of the pro forma financial information presented in Section 5.8 “Pro forma financial information” and a workforce of close to 45,000[21] in about 30 countries. In particular, Aricent’s strong presence in the United States establishes the Group as the leader in this market [22], while balancing the Group’s geographical presence (historically European);

- **leadership in key industries:** this transaction consolidates the Group by offering it unique multi-industry expertise and recognised leadership positions in a number of key industries [23]. Aricent thus brings to Altran its deep expertise of the telecom industry, the rapidly growing segment of software and internet, and the strategic industry of semiconductors. Moreover, the Group now has a highly diversified business portfolio with a balanced exposure to aeronautics, defence, rail, automotive, energy, life sciences, telecom and media;

- **leading-edge expertise in strategic technological domains:** Aricent significantly enhances Altran’s portfolio of services in the fields of design, systems engineering, digital and software. These areas of expertise are complementary to those of Altran in product development and mechanical engineering.

- **global industrial model for the delivery of engineering services:** with the Acquisition of Aricent, the Group has about 15,000 engineers in nearshore and offshore locations (or around 35% of the Group’s total workforce). This new dimension will accelerate the industrialisation of Altran’s Global Delivery Centers and enhance its capacity to generate transformational commercial commitments.

The main clients of Altran and Aricent have welcomed the Acquisition, which would therefore tend to confirm the industrial rationale of this Acquisition. At the date of this Registration Document and to the Company’s knowledge, none of the main clients of Aricent has expressed the intention to reduce or terminate its commercial relations with Aricent due to the Acquisition.

2. Best-in-class pro forma financial profile with enhanced profitability and cash generation

Altran’s financial profile, its profitability and cash flow will be positively impacted by the Acquisition of Aricent.

The *pro forma* financial information of the combined group made of the Groupe and the Aricent group for the financial year ended December 31, 2017 presented in Section 5.8 “Pro forma financial information” shows:

- *pro forma* revenue of close to €2.9bn; and

- an EBITDA margin of 14.4%.

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[21] Combining the total number of employees of the Group and the total number of employees of the Aricent group as of December 31, 2017.

[22] In terms of revenue (source : HFS Engineering Services Top 20).

[23] Zinnov Zones 2017 – Product Engineering Services.

Moreover, the Acquisition should have a relutive effect on Net Earnings per Share (NEPS) as from 2018 [24]. As from 2018, this relutive effect would exceed 10% taking into account the full-year effect of the expected synergies which should be achieved in three years.

3. Strong complementarities, shared vision and cultural fit enabling strategic development and compelling synergies

The complementary nature of the activities of the two entities will enable the Group to achieve significant synergies expected to be at least equal to €50m EBITDA per year, broken down equally between revenue synergies and cost synergies. The Group intends to generate these synergies gradually as from 2018, and they should achieve their full effect within three years. The related implementation costs should represent the equivalent of one year of cost synergies, spread between 2018 and 2019.

The achievement of these synergies will be made possible in particular thanks to the respective management teams of Altran and Aricent.

- **Revenue synergies**

Within three years, the Group should generate additional revenue of €150m per year, resulting in a recurrent impact on EBITDA of €25m per year.

In Aricent's three main industries (telecom, semiconductors and software), the enhanced positioning and expertise as well as the scale effect which the Group now enjoys, should contribute to positioning it as a major and a "go-to" large-scale player with regard to global key accounts.

In the other industries, Altran will combine its existing know-how with Aricent's expertise (in particular in connectivity, digital and software engineering) and with its offshore capacity to create additional growth opportunities. For example, such opportunities should materialise in the automotive industry, where the development of autonomous and connected vehicles requires expertise that fit perfectly with those brought in by Aricent.

Moreover, as a result of the limited overlapping between Altran and Aricent's respective client portfolios, there is potential for cross selling. For clients common to both entities, the Group can now provide them with an extended range of services and expertise. These different factors should contribute to boosting its growth in revenue and improving its margin.

- **Cost synergies**

The cost synergies, with recurrent impact on EBITDA within three years estimated at €25m per year, should come from:

- for about a third, from improvement in the delivery of services, by increasing the share of services delivered in near/offshore locations (leveraging Aricent's experience), and by improving the utilisation rate and team productivity; and
- for about two-thirds, from the streamlining and optimisation of overhead and administrative costs.

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[24] Excluding transaction closing costs and costs related to the development of synergies post adjustments designed to take into account the capital increase with preferential subscription right contemplated by the Company.

4. The Acquisition is fully in keeping with the pillars of its *Altran 2020. Ignition* strategic plan

Following the Acquisition, the Group has all the characteristics needed to meet the new needs of its clients and will thus be well positioned for its next growth phases.

The transaction is fully in keeping with the pillars of the *Altran 2020. Ignition* strategic plan:

- Augmented Value: the combination of the *World Class Centers*, of Cambridge Consultants, of the iconic brand frog and of its portfolio of intellectual property allows the Group to provide a wide range of high value-added services;

- *Industrialized GlobalShore®*: the Group will benefit from a first-class industrialized delivery model, with more than 15,000 engineers in four Global Delivery Centers, enhancing its capacity to enter into and perform major outsourcing contracts;

- Geographical Expansion: Aricent's strong presence in the United States adds a truly global dimension to the Group and positions it as the leader in this market.

The combination of these factors should consolidate and sustain Altran's preferential access to leading players with significant R&D budgets in all industries and with which the Group has already established long-term partnerships, while enhancing Altran's capacity to access top-tier clients in the US.

#### 1.4.2.3 Integration plan

The Acquisition is a transforming transaction for Altran. The integration plan that Altran has started to implement since the closing of the Acquisition contains two phases designed to enable a gradual integration of Aricent into Altran, limiting the execution risk arising from the combination of two entities, and to ensure that the expected synergies are achieved in a timely manner.

The first phase of the integration plan, which will last approximately two years, is designed as a gradual convergence phase for the two companies:

- Aricent will take the Group's leadership in the telecom, semiconductors, and software and internet industries and in design and will spearhead the Group's development in the United States and in India (by integrating Altran's current positions there);

- Altran will maintain leadership in the other industries and will take Aricent's know-how in software and connectivity to its client base;

- in parallel, the respective capacities of Altran and Aricent in India will be merged and integrated into Altran's network of Global Delivery Centers.

As from 2020, during the second phase of the integration plan, it is expected that the Group will roll out an entirely unified operational model.

This integration will be facilitated by the strong fit between Altran and Aricent in terms of industrial and international culture and their shared vision of the ER&D services market. For a description of the risks related to the Acquisition, refer to section 2.1.3 "Risks related to the Acquisition".

### 1.4.3 New financing put in place in connection with the Acquisition

In connection with the Acquisition, a Senior Facilities Agreement was signed on February 15, 2018 between the Company, Octavia HoldCo Inc. (borrower under the dollar tranche denominated in US dollars of Term ***Loan B***, as this term is defined hereafter), and several banks[25], whereby several loans have been made available to it:

- a term loan of a total amount of €2,125m divided into two tranches, one of €1,880m and the other of $300m (the **"Term Loan B"**);
- a bridging loan of €250m (the **"Bridge Facility"**); and
- a new multi-currency revolving credit facility of €250m (the **"Revolving Credit Facility"**), replacing the existing similar facility of €500m signed on July 27, 2017.

On March 20, 2018, *i.e.* the day of the closing of the Acquisition of Aricent, the Term Loan B and the Bridge Facility were fully drawn and used notably to (i) pay the Acquisition price for Aricent (USD 2.0bn), (ii) to pay the fees and costs associated with the Acquisition of Aricent, and (iii) to repay part of the Altran group's existing debt (including approximately €273m of medium- and long-term debt).

The Company is planning to carry out a capital increase, with maintenance of shareholders' preferential subscription right, of a maximum amount of €750m to repay part of these new loans. The net proceeds of this transaction, which was authorised by the Shareholders' Annual General Meeting of January 26, 2018, will be exclusively used to repay the debt and will cover the repayment of the entire Bridge Facility, as well as part of the Term Loan B.

The Senior Facilities Agreement contains the usual clauses for this type of financing, which involve compliance by the Group with certain obligations and in particular:

- the Revolving Credit Facility contains a financial commitment from the Company (financial covenant) to maintain the net financial debt to EBITDA ratio below (i) 7.25x in all circumstances, and (ii) where applicable, at 5.25x after repayment of part of the Term Loan B by using the net proceeds of the capital increase mentioned above in excess of €500m (on the understanding that this ratio will be reduced to 6.25x if the net proceeds from this issue were to be between €250m and €500m).This commitment is applicable when this line is more than 40%-drawn;
- the Company's dividend distribution capacity might be restricted since, beyond a leverage ratio of 2.5x, part of the excess cash flow (as defined in the Senior Facilities Agreement) must be used for the early repayment of the loans under the Senior Facilities Agreement: 25% is to be used for the early repayment of the loans if the leverage ratio is between 2.5x and 3.0x and 50% is to be used for the early repayment of these loans if the leverage ratio is above 3.0x. In addition, in the event that there is a default under the Senior Facilities Agreement and a particularly high leverage ratio (above 4.25x) occurs at the same time, the Company may not make any distribution without having obtained prior authorisation from the lenders, regardless of the amount (see section 2.1.3.5 "Risk related to the terms of the new financing agreements entered into as part of the Acquisition"). For the definition of the leverage ratio and its evolution, please refer to section 5.2.7.2. "Financial liabilities".

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[25] The credit agreement (Senior Facilities Agreement) has been entered into between the Company and in particular Crédit Agricole Coprorate and Investment Bank, Goldman Sachs International and Morgan Stanley Bank International Limited as Global Coordinators and Bookrunners.

Besides, for a description of the Company's dividend distribution policy, please refer to section 8.6.1 "Distribution policy");

- a change of control of the Company, characterised by one or more shareholders holding, acting alone or together, more than 30% of the Company's voting rights, might give rise to the acceleration of the maturity of all the new loans arranged under the Senior Facilities Agreement (see section 2.1.3.5 "Risk related to the terms of the new financing agreements entered into as part of the Acquisition") For a description of the factors that may be impacted in the event of a change of control, please refer to section 8.5.8.1 "Agreements having an impact in the event of a change in the control of the Company");

- the Company is required, within a maximum period of 90 days as from March 20, 2018 (*i.e.* the date of the closing of the Acquisition), to enter into interest rate hedging contracts (hedging) so that exposure to fluctuations in variable interest rates do not represent more than 50% of the principal amount of Term Loan B;

- lastly, the Group will be subject to certain restrictions, in particular as regards new significant acquisitions and disposals of assets, significant investments or new loans.

In addition, a number of real or personal sureties have been granted by the Company and some of its subsidiaries to lenders in the context of the new financing contracts.

In particular, the Company has pledged securities held by it in some of its subsidiaries (including the shares it holds in Global Management Treasury Services (GMTS), a subsidiary of the Company, where most of the Altran group's cash is held centrally), and its bank accounts and the largest claims it holds for other companies of the Altran group. In addition, GMTS has also pledged its bank accounts and the largest claims it holds for other companies of the Altran group.

The Company and its largest subsidiaries have also guaranteed debtors commitments to the lenders for new financing.

On January 15, 2018, Standard & Poor's assigned a BB rating with a Stable Outlook to the Company's debt, while Moody's assigned it a Ba2 rating with a Stable Outlook.

# 1.5 Other transactions and investments made during the financial year

## 1.5.1 Acquisitions and partnerships

### 1.5.1.1 Acquisitions

During the 2017 financial year, the Group continued its external growth policy in accordance with the *Altran 2020. Ignition* strategic plan.

1. Benteler Engineering Services (January 2017)

Announced in October 2016 and effective since January 1, 2017, the acquisition of Benteler Engineering Services, a German specialist in design and engineering services for the automotive industry:

- is a strategic transaction to start the investment phase of the recovery plan in Germany;
- significantly reinforces the market position in the German automotive industry; and
- will enable the Group to generate strong synergies in terms of client portfolios and service offerings.

Benteler Engineering Services' clients include top-tier automotive manufacturers and suppliers such as BMW, Volkswagen, Volvo, Ford, Porsche and Daimler.

Based in Munich, with a workforce of 700, the company operates mainly in Germany, but also in the Netherlands, Sweden and Romania.

2. Pricol Technologies (February 2017)

Announced in December 2016 and finalised in February 2017, the acquisition of the Indian company, Pricol Technologies, allows the Group to accelerate the implementation of its *Altran 2020. Ignition* strategic plan:

- with over 60% of its revenue generated in the United States for the financial year ended March 31, 2016 and a portfolio characterised by renowned clients with which the company has successfully forged long-standing relations, the acquisition is fully in line with Altran's expansion plan in North America; and
- the innovative and proprietary model of Pricol Technologies' offshore "co-engineering" service delivery, recognised for its efficiency and quality, will boost the capacity of Altran's Industrialized GlobalShore® network.

Pricol Technologies, a supplier of engineering solutions, supports its clients from product design to manufacture in the fields of embedded systems, mechanical design, industrial design, prototyping, testing and manufacture under contract, in particular in the automotive, medical, consumer goods and industrial goods industries. The company's team is made up of 520 experienced and highly qualified employees, based in five design centers in Coimbatore and Pune.

Besides the integration of its teams with that of its clients, Pricol Technologies has developed a smart ecosystem whereby it can deliver high value-added services, which will add to Altran's expertise and know-how. With sales offices in Detroit (United States), London (United Kingdom) and Shinagawa (Japan), the company has a portfolio of clients and a balanced geographical presence that have enabled it to develop rapidly in recent years.

3. Information Risk Management (August 2017)

Founded in 1998, Information Risk Management (IRM) is a British cyber security company specialising in solutions for the identification, management and reduction of IT risks.

With the highest accreditations and authorisations, the company offers its clients an end-to-end cyber security solution, from strategic advice to software design to professional training.

IRM's attractive client base is made up of of public and private institutions, including Travelex, BNP Paribas and Telefónica, as well as the British Ministry of Defence, Ministry of Transport, the Prime Minister's Office, the GCHQ (Government Communications Headquarters). IRM has also developed strategic alliances with the new British National Cyber Security Centre (NCSC).

Located in Cheltenham, with offices in London, IRM has a workforce of 82.

The acquisition of IRM substantially improves Altran's know-how and expertise in cyber security, a strategic and fast-growing market. IRM's capacity will be combined with the Group's other assets to meet clients' needs for secure applications in fields such as digital transformation, Internet of Things (IoT) and autonomous vehicles.

4. Global Edge Software (October 2017)

In October 2017, Altran announced the finalisation of the acquisition of Global Edge Software, a product engineering company based in India, specialised in embedded software solutions, connectivity and the Internet of Things (IoT).

Backed by its 1,000 engineers, the company, founded in 2001, is based in Bangalore with a branch in Hyderabad and two specific client sites in Chennai and Mumbai/Pune. It mainly serves the semiconductors, telecom and automotive industries, but also the Software & Internet industries, as well as electronic consumer goods, with top-tier clients.

The acquisition of Global Edge Software reinforces Altran's coverage in India, by significantly increasing the Group's Industrialized GlobalShore® network.

It will also help the Group to accelerate the expansion of its commercial footprint in North America, thanks to a base of top-tier clients located in the United States. The company has a dedicated team based in California, with several tens of engineers.

In line with Altran's strategy, this acquisition:

- reinforces the Group's operations in the semiconductor, telecom, and automotive industries as well as the Software & Internet industries; and
- provides solid expertise in horizontal connectivity and software engineering.

5. Update on the acquisition of Next Ingegneria dei Sistemi (November 2017)

In July 2017, Altran announced the signing of the agreement for the acquisition by Altran of NEXT Ingegneria dei Sistemi, an embedded software company based in Italy. This

acquisition was subject to customary conditions precedent for that type of transaction. In November 2017, the Italian government opposed the acquisition of NEXT Ingegneria dei Sistemi by a foreign company. As a result, the acquisition was terminated without any particular consequences for the parties, and for Altran in particular

**List of main acquisitions made in the last three financial years**

The table below shows the main acquisitions closed during the last three financial years:

| 2015 | | 2016 | | 2017 | |
|---|---|---|---|---|---|
| **Company** | **Country** | **Company** | **Country** | **Company** | **Country** |
| Nspyre Group | Netherlands / Romania | Swell | Czech Republic | Benteler Engineering Services | Germany / Sweden / Netherlands / Romania |
| OXO | France | Synapse activity | USA / Hong Kong | Pricol Technologies | India / USA / UK / Japan |
| SiConTech activity | India / China / USA | Lohika | USA/Ukraine | Information Risk Management | UK |
| Tessella Group | UK / USA / Netherlands | | | Global Edge Software | India / USA |
| IJS consultants | UK | | | | |
| Ingenieurbüro Otte (IBO) | Germany | | | | |

The amount of disbursements for acquisitions (initial payment plus supplementary price) is, for each of the last three financial years (in millions of euros):

| 2015 | 2016 | 2017 |
|---|---|---|
| €179.7m | €141.0m* | €114.9m |

* *Including payments in respect of acquisitions made in 2017.*

#### 1.5.1.2 Partnerships

1. January 2017: EMG

Altran has entered into a strategic partnership with EMG (eMapgo), a Chinese leader in the development of high quality Location Based Services (LBS) for the automotive industry, offering sector's manufacturers the complete range of services offered by Altran through its solution VueForge® for Advanced Driver Assistance Systems (ADAS) in China.

This testing solution will get the best of Altran's ADAS technology:

- processing a large volume of data from the assessment of vehicles in service;

- simulating and exploiting vehicle data in the cloud; and
- visualising in real time the fleet of vehicles and analysing the use that people make of their cars thanks to integrated sensors.

Thanks to this partnership, Altran can now offer a complete range of services in autonomous driving, from vehicle construction to performance testing, including comprehensive data management (storage and calculation) for its clients in China.

2. April 2017: Telnet

In early April 2017, Altran and Telnet Holding, a Tunisian engineering consultancy group, announced a plan for the extension of their partnership whereby Telnet Holding transferred its high value-added activities in three industries (automotive, defence and security) to the Tunisian company Altran Telnet Corporation. The Group currently holds 70% of the capital of Altran Telnet Corporation.

Leveraging the software expertise of the Telnet group, Altran thus reinforces, with regard to key accounts such as Bosch or Safran, its capacity in the design and development of real-time embedded software products as well as its nearshore resources in North Africa.

### 1.5.2 Disposals

In December 2017, Altran finalised the disposal of its US division, Power & Industrial Engineering Services, relating to utilities services in the United States, to a subsidiary of CriticalPoint Capital (CPC), an investment company based at Manhattan Beach (California).

Altran's activities relating to utilities services in the United States offer its clients engineering, design and construction management services, in all the key phases of the life cycle of the management of assets for energy production and delivery sites in the world. The US division Power & Industrial Engineering Services, headquartered in New Jersey with other offices in Maryland, Illinois, Massachusetts and North Carolina, is located close to the main energy and industrial markets.

The main reasons for this sale are:

- the absence of a critical size in that commodity market which is not in line with the objective of the *Altran 2020. Ignition* strategic plan for the creation of value,
- the significant portion of the purchase and resale of equipment (pass-thru), which hampers the profitability rate.

### 1.5.3 Main investments

The Group has few of its own production resources and does not intend to own any, which does not prevent it from making some investments in that area. As a result, the most significant investments made in 2017 (amounting to €15m) relate in particular to the extension of Cambridge Consultants premises (see note 5.3 to the consolidated financial statements of the Group for the financial year ended December 31, 2017 included in section 6.3 "Notes to the consolidated financial statements") and, to a lesser extent, to test chambers and equipment for the automotive sector in the Czech Republic. During the financial years ended December 31, 2016 and December 31, 2015, the Company had invested €5.8m and €9m respectively in the Cambridge Consultants premises.

The other investments represent approximately €40.2m for the financial year ended December 31, 2017 (see notes 5.2 and 5.3 to the consolidated financial statements of the Group for the financial year ended December 31, 2017 included in section 6.6 “Notes to the consolidated financial statements”), compared to €34.5m approximately for the financial year ended December 31, 2016 and €29.3m approximately for the financial year ended December 31, 2015.

With the exception of investments made by the Group in tool and method development projects relating to product development cycles as part of multi-sector R&D in Spain, and in the development of platforms, products and solutions relating to the Internet of Things (IoT) in France, of developments and deployments of ERP, ERM or other types of software and of investment in a videoconferencing platform (these three line items representing an overall amount of around €11.0m for the financial year ended December 31, 2017, €11.1m for the financial year ended December 31, 2016 and €15.0m for the financial year ended December 31, 2015), the rest of investments is made up of capacity investments related to the increase in the workforce, in terms of IT investments as well as fixtures and fittings for its premises.

In order to support its positioning, the Group also makes investments in new technologies, either by taking minority equity stakes in start-ups or by co-investing with industrial partners. These investments enable the Group to be the preferred supplier of engineering services for these entities and to acquire skills that enable it to master and integrate the technologies developed by those entities, which it can then offer to its customers. In 2017, the Group invested in the H2scan start-up. The Group also continues to invest alongside Jaguar Land Rover in the CoherenSE project, an open and innovative software platform for the next generation of intelligent vehicles and machines. As of December 31, 2017, the total value of securities held by Group companies in the form of minority investments in start-ups and technology partnerships was approximately €10.5m.

In addition, Cambridge Consultants serves as an incubator for certain start-ups that are created by its employees and in which it holds minority stakes. As a result, Cambridge Consultants holds a minority interest in Evonetix, which raised US$12m from investors in January 2018.

# 2 Risk and control

## 2.1 Risk factors

The Group conducts its business in a rapidly changing environment leading to numerous risks, among which certain ones are beyond its control.

It carried out a review of the risks that could have a significant adverse effect on its business, its financial position, its objectives, its reputation or the Company's share price, and deems that, to its knowledge, there are no other significant risks other than those presented below. However, it draws the readers' attention to the fact that the risks and uncertainties presented below are not the only ones it has to face. Other risks and uncertainties not known to it at the date of this Registration Document, or that it does not consider to be significant at the date of this Registration Document, could also have a significant adverse effect on its business, its financial position, its objectives, its reputation or the Company's share price. In particular, the Company has endeavoured to describe in this section the risks that are likely to have a significant adverse effect on the position of the group as a whole, including the Company and all of its subsidiaries, which include the Aricent group's companies since March 20, 2018, the date of closing of the Acquisition. However, despite the due diligence work conducted to identify the risks associated with Aricent group Company (see section 2.1.3.6 "Risk related to the terms under which the due diligence performed as part of the Acquisition process was conducted") and in view of the extremely recent nature of the Acquisition, certain risks related to Aricent and its subsidiaries may not have been identified.

The mechanisms put in place by the Altran group to manage the risks to which it is exposed are described in section 2.2 "Internal control and risk management process".

### 2.1.1 Risks related to the Group's business sector

#### 2.1.1.1 Risk related to changing demand for outsourced engineering and R&D services (ER&D)

The growth in demand for outsourced engineering and R&D services (ER&D) is generally linked to the international economic climate insofar as it is based on outsourced R&D expenditure by ordering customers who are sensitive to changes in global industrial production.

Even if the correlation with the slowdown in gross domestic product growth is limited due to the fact that the Group's customers belong to various industrial sectors with different cycles, such as the aeronautics sector or the semiconductors sector, for example, the financial and operating performance of the Group could be adversely impacted by the deterioration of the economic conditions in the countries in which the Group operates, as well as by the international economic climate. Indeed, periods of recession, combined with the financial difficulties that could be encountered by the Group's customers and with the reduction of their business, could have an adverse effect on prices and, more rarely, lead customers to re-internalise engineering and R&D services.

The Group's performance could also be adversely impacted by any decrease in demand for the Group's services in the industrial sectors in which its main customers operate. As an illustration, in the aeronautics sector, the end of major R&D programmes in civil aviation, combined with the focus on incremental developments, impacts R&D spending, despite the start of the reflection process on the next generations of aircraft. Growth should also be

moderate in the space and defence sectors due to limited US and European government spending, which could impact the corresponding R&D spending.

In times of recession or crisis, ordering customers no longer reduce or interrupt their R&D investments immediately, having measured the negative effect of such measures at the time of the economic recovery of their business sector. This means that changes in the demand of the Group's customers may occur with some delay in relation to changes in economic activity. Volatile or uncertain economic conditions could therefore make business forecasts difficult for the Group, which in turn could adversely impact its capacity to invest, particularly in the renewal of its technologies, reducing its ability to win new customers or contracts, and having a significant adverse effect on the Group's business, income, financial position or outlook.

#### 2.1.1.2 Risk related to competition in the engineering and R&D services market

The consulting in engineering and R&D services market is expected to reach €220bn by 2020[26], benefiting from an increased outsourcing rate and the growing needs of the main ordering customers in the sector. This market remains, at the date of this Registration Document, relatively fragmented but has tended to concentrate, which could lead to the emergence of competitors with potentially superior financial, commercial or human resources to those of the Group and which could form strategic or contractual relationships with current or potential Group customers in the markets in which the Group is present or wishes to develop. In particular, the entry of IT service providers into this market, which would have advantages in terms of size and resources, could impact the Group's competitive position.

The Group cannot rule out the possibility of new competitors emerging locally in developing and low-wage countries, despite such competitors currently having a limited capacity to develop, notably due to their limited experience in the Group's clients' industries. In particular, such competitors do not currently have the ability to add local expertise and innovation to their industrialised implementation capacities, being limited to a few specific areas of expertise. These new competitors, however, may be able to, if their penetration were to accelerate, gain market shares to the detriment of the Group.

Moreover, in the future, the Group's competitors could merge or develop closer relations, and the diversified service offerings of these consolidated companies, or the increased synergies resulting from the consolidation, could increase the level of competition to which the Group is exposed, especially if the Group were unable to take part in this movement towards consolidation.

In the event of a more competitive environment, the Group could be forced to reduce the prices of its services or not be able to increase them to the desired level in order to increase its margins, which could, ultimately, result in lower profits and have a significant adverse effect on the Group's business, income, financial position or outlook.

#### 2.1.1.3 Risks related to the challenges of assimilating and renewing technologies, and potential impact on the Group's ability to meet the demands of its customers

The market for engineering and R&D services is subject to rapid changes, notably as a result of technological innovations. Consequently, the Group's performance depends on its ability to adapt to the frequent technological changes that may impact the different sectors in which

[26] Source: Zinnov, McKinsey, Altran.

its main customers operate, and its ability, when necessary, to respond to their requests, by making acquisitions that allow the Group to add the required skills. This was the case with the acquisitions of Tessella, a British consulting firm working on data analysis and science (big data), and UK-based Information Risk Management (IRM), which specialises in cyber security consulting, in December 2015 and July 2017, respectively the Group's inability to adapt successfully to these changes and to assimilate new technologies, or to renew its technologies in a timely manner, could lead to a loss of market share, decreased revenues or lower profitability, and thus have a significant adverse effect on the Group's business, income, financial position or outlook.

In addition, in the event that the Group invests in the development of technologies that ultimately prove to be ineffective, its financial resources would be allocated to unprofitable investments, which would impact the Group's profitability, and could have a significant negative effect on the Group's business, income, financial position or outlook. Furthermore, the arrival of new products or new technologies developed by the Group's competitors could also impact the Group's competitive position.

#### 2.1.1.4 Risk related to customers' policy of referencing engineering and R&D service providers

Over the past ten years, the market for engineering and R&D services has undergone a change in the contracting methods of the main ordering customers. In particular, they have developed proactive referencing policies to reduce the number of their partners and service providers. As a result, the Group's largest customers have drastically reduced the number of suppliers they can use and introduced a smaller list of preferred suppliers. Although the procedures for setting up panels depend on each customer, panels are often organised either by technological areas or by entities within the ordering customer (by subsidiary, division or hub) and for specific, defined periods of time.

The Group's organic growth is based in part on its ability to be referenced in the panels of ordering customers. Therefore, if the Group is not part of the new panels of growing companies or is excluded from a panel on which it appeared (because of the Group's positioning in terms of price or its failure to perform a service, for example) it could have a significant adverse effect on the Group's business, financial position, income and outlook.

Moreover, the Group devotes significant resources in terms of the time spent by its employees on, and the costs related to, the preparation of its proposals, notably to identify potential ordering customers, to establish the Group's reputation in relation to them, to demonstrate to them the Group's ability to master the required technologies, and to meet the compliance criteria that may be required. The costs thus incurred may not be offset if the Group fails to obtain the desired referencing from an ordering customer.

The materialisation of one or more of these risks could have a significant adverse effect on the Group's business, income, financial position and outlook.

#### 2.1.1.5 Reputational risk

As a result of the development of generalised access to information, the possible difficulties the Group might face in relation, notably, to the execution of important or sensitive projects could be publicised, which could undermine the credibility and the image of the Group among its customers. Such damage to the Group's reputation could affect its activities, both in terms of their maintenance and their development.

The reputation of the Group could suffer from the behaviour of its teams in their interactions with third parties and customers. Its teams may behave in a way that does not respect the Group's principles or even act unethically and in violation of the law.

Lastly, the reputation of the Group could suffer if employees or team members were to publish negative comments about the company through social networks such as Twitter or Facebook in relation to, for example, the Group's performance, offers or human resources policy.

## 2.1.2 Risks related to the Group's business

### 2.1.2.1 Risk related to the concentration of a significant portion of the Group's revenues on a limited number of customers

The nature of the Group's business and its development strategy with major accounts lead to a relative concentration of revenues on a limited number of customers.

The change in the main customers' share of Group revenues (as a percentage of total revenues) since 2015 is as follows:

| | 2015 | 2016 | 2017[27] |
|---|---|---|---|
| Three main customers | 17.9% | 19.7% | 19.8% |
| Five main customers | 22.9% | 25.3% | 25.2% |
| Ten main customers | 32.5% | 33.7% | 33.8% |

Although for a given customer there are many ordering customers (for example, each of the divisions or departments of a company that is a Group customer), often acting independently, the concentration of a significant part of the Group's revenues on a limited number of customers and the risk of having them call into question contracts entered into by the Group with these customers could have a significant adverse effect on the Group's business, income, financial position and outlook.

Thus, the Group's customers may decide to end their commercial relationship with the Group in certain cases, in particular because of:

- financial difficulties of the Group's customers;
- restructuring, mergers and acquisitions involving the Group's customers; and
- changes in the strategic priorities of the Group's customers, leading to a slowdown in certain projects that the Group is involved in or a reduced level of spending on outsourced R&D.

It should be noted in this respect that framework agreements with certain major customers of the Group may contain short-notice termination clauses and change of control clauses (see section 1.1.4 "Client relations").

In addition to this risk of contracts with its customers being brought into question, the Group may have to face pressure on its prices and margins from its main customers, which could be in a very favourable position to negotiate in view of their notable contribution to the Group's revenues, even if, with regard to these customers, the Group often benefits from the price levels set during its referencing. These pressures could reduce the Group's margins and the average prices of its services, which could have a significant adverse effect on the Group's business, income, financial position and outlook.

### 2.1.2.2 Risk related to Brexit

The uncertainties that followed the decision of the British people to vote in favour of an exit from the European Union ("Brexit") by referendum on June 23, 2016 have not been lifted at

[27] Les données pour 2017 ne tiennent pas compte de l'Acquisition.

the date of this Registration Document, which may result in the deferral of investment decisions for a number of projects by Group customers locally as well as an increasingly complex engineer hiring process, as the labour market in the United Kingdom is very dependant upon European workers. These phenomena contribute to a slowdown in the growth of revenues generated by the Group's consolidated subsidiaries as of December 31, 2017 in the United Kingdom.

In addition, and although the depreciation of the pound sterling against the euro (-7% between the average exchange rate of 2016 and that of 2017) may present opportunities, especially for the subsidiary Cambridge Consultants whose customers are, for the most part, located outside the United Kingdom, the Group cannot exclude that the unfavourable effect of this depreciation on the contribution to income of subsidiaries located in the United Kingdom may have an adverse impact on its business, its financial position, or its cash generation.

After the United Kingdom notified the European Council of its intention to withdraw from the European Union, under Article 50 of the Treaty on European Union, the European Commission announced a preliminary agreement with the UK government on December 8, 2017, which only partially lifted the uncertainty over the consequences of Brexit, which should take effect end of March, 2019. It is therefore premature to express an opinion on the nature of the trade agreements that will or will not be concluded, notably with the countries remaining in the European Union, and on the tax and other measures that may be taken to retain or continue to attract investors. The Group cannot rule out that the regulatory changes that will occur in the United Kingdom as a result of Brexit will contribute to a decrease in local business for some of the Group's customers, or that the increased restrictions on employee mobility will impact the Group's ability to hire employees with skills that match its clients' needs. The materialisation of one or several of such risks could have a significant adverse effect on the Group's business and its outlook in the United Kingdom.

#### 2.1.2.3 Risk related to the pricing of services

The Group enters contracts with certain customers for the execution of projects that make it responsible for a result in return for payment by the customer of a fixed price.

Under this type of contract, which represents a stable and limited share of the services provided by the Group, the Group undertakes, for a fixed price, to provide engineering, design and production services in the framework of industrial projects. The provisions of this type of contract generally do not allow the Group to increase the price initially set for its service in order to take into account elements that are sometimes difficult to anticipate when submitting a proposal. Therefore, it is not possible to determine with certainty the margins attached to this type of contract when the Group submits an intervention proposal to its customer, or even at the very start of the contract execution phase.

The pricing procedure for a proposal is particularly important for the profitability of this type of contract entered into by the Group. This is a complex task pertaining to projects that involve the coordination of operations and people who may be geographically distant and have different skills.

The evaluation of the costs and complexity of these projects is based in part on expectations and assumptions made by the Group. If these expectations and assumptions were erroneous, additional resources would have to be allocated by the Group to the projects concerned, which would reduce the profitability of the contracts in question.

Moreover, the actual expenses resulting from the execution of such projects may vary substantially from those originally planned, for reasons beyond the control of the Group, such

as unforeseen production conditions, the failure of certain suppliers or subcontractors, or delays in obtaining necessary approvals or certifications. The materialisation of one or more of these risks could have a significant adverse effect on the Group's margins, its income, its financial position and its outlook.

#### 2.1.2.4 Risk related to the Group's capacity to attract and retain qualified employees

The success of the Group's activities depends to a large extent on the skills of its employees, whose qualifications meet the needs of existing contracts between the Group and its customers, and who are therefore sought after in the labour market in their respective areas of expertise. The Group's capacity to grow depends, to a large extent, on its ability to attract, motivate and retain highly qualified personnel and its ability to adapt its human resources to customer expectations.

Despite the special attention the Group gives to the recruitment, training and career development of its employees, and although this is not the case at the date of this Registration Document, the Group could face difficulties in recruiting a sufficient number of these qualified employees in certain areas of employment and for certain specific and sought-after technologies.

Neither can the Group guarantee that it will be able to retain said employees.

If a significant number of the Group's qualified employees are unable or unwilling to continue their current duties, the Group may not be able to replace them with ease and its business may be disrupted. In this respect, the turnover rate of the Group's employees may vary depending on circumstances and on changes in the geographical distribution of the Group's workforce, regardless of the Group's management of its human resources. In addition, if a significant number of qualified employees joined a competitor or a customer with whom they performed assignments on behalf of the Group, the Group may lose customers and know-how.

In the event of tension in the labour market, the desire to recruit and retain the most qualified employees could lead the Group to review its compensation and employment benefits policies. In the event of such a situation, the Group cannot guarantee that it will be able to pass on any costs incurred by these arrangements to the price of its services.

The materialisation of one or more of these risks could have a significant adverse effect on the Group's business, income, financial position and outlook.

#### 2.1.2.5 Risk related to the Group's capacity to retain the management teams

The implementation of the Group's strategy and its continued success depend in part on its capacity to continue to benefit from the skills, efforts and motivation of its senior management team, both at Group level and in each of the countries in which it operates. The Group's strategy and the improvement of its efficiency notably depend on the perfect knowledge that its senior managers have of its activities and of key players in the various markets in which it operates.

The departure of key members of the general management could disrupt the implementation of the Group's strategy, particularly if said departure, notably to competitor of the Group, leads to a dissemination of acquired technical knowledge and of the commercial relations developed within the Group. If one or more members of the Group's management team were unable or unwilling to continue their current employment, including for reasons of health, family reasons or other personal reasons, the Group may face difficulties in replacing them.

Although the Group has developed a strong talent management policy (see section 4.2.6 "Talent acquisition and development"), its potential inability to attract and retain key officers could have a significant adverse effect on the Group's business, outlook, operating income and financial position.

#### 2.1.2.6 Risk related to the quality of the services provided by the Group's subcontractors and suppliers

While retaining control of the overall management of the services provided to its customer, the Group resorts to subcontracting when it does not have the necessary expertise internally, when it has to perform certain services which are not part of the services offered by the Group, or when it comes to meeting temporary needs. The recruitment of subcontractors is requested by the Group's operational departments but also involves the human resources department and the purchasing department as regards the procedures and rules governing the use of subcontracting. The Group also regularly conducts reviews to confirm or question the referencing of its subcontractors and suppliers during the entire duration of their contracts with the Group.

The use of external suppliers could weaken the Group's capacity to directly control the quality of the services that may be provided by these subcontractors in order to contribute to the delivery of the service due by the Group to its customer. The Group is therefore exposed to the risk that its external suppliers will not be able to meet the quality standards stipulated in the contract entered into between the ordering customer and the Group or, more generally, to comply with applicable laws and regulations.

In this respect, the Group may be subject to claims by its customers for damages involving these external suppliers. Such claims could notably include additional costs for failing service or breach of contractual warranty. These claims could give rise to the payment of damages corresponding to the harm suffered, as well as the payment of contractually agreed lump-sum payments. If not resolved amicably, these claims could result in lengthy and costly court or arbitration proceedings that could have a significant adverse effect on the Group's business, financial position, income and outlook.

Furthermore, external suppliers may not be covered by an adequate insurance policy or may not have sufficient financial resources to deal with legal proceedings related to damages or losses caused to a Group customer by said suppliers. Any failure by these suppliers to perform their duties may adversely impact the Group's reputation, as well as result in customer losses and additional costs that could have a significant adverse effect on the Group's business, operating income, financial position and outlook. As at the date of this Registration Document, the Group has not incurred any material liability related to the materialisation of the above-mentionned risks. Futhermore, the Group ensures that the hiring of external suppliers only represents a limited share of its projects.

#### 2.1.2.7 Risk related to the Group's possible liability vis-à-vis its customers in the event of failure to perform contracts binding the Group to its customers

The Group intervenes in certain industrial projects which are of crucial importance for the activities of its ordering customers.

Any shortfall in the services provided by the Group, particularly with regard to compliance with delivery deadlines or the quality of services, could give rise to claims by customers against the Group. In addition to the damages that may be due, these claims may give rise to the payment of contractually agreed lump-sum payments, which are generally limited to an amount fixed by the contract entered into between the Group and its customer (except in the

case of the infringement of intellectual property rights, a field in which customers generally refuse the clauses limiting liability). These claims could also lead to the termination of the contracts concerned, to the Group's exclusion from certain referencing panels, or to the Group's reputation being undermined.

Moreover, if not resolved amicably, such claims could result in lengthy and costly court or arbitration proceedings that could have a significant adverse effect on the Group's business, financial position, income and outlook.

As at the date of this Registration Document, the Group has not incurred any material liability related to the materialisation of the above-mentionned risks.

#### 2.1.2.8 Risk related to cyber security and IT systems failure

The Group depends on IT infrastructures and applications that are common to all of its activities, which notably include customer service, sales, recruitment and human resources management, accounting and billing operations, reporting and consolidation, as well as collaboration and communication solutions. The management of the Group's business is increasingly based on the use of these systems.

Any disruption or failure of the Group's information systems, notably resulting from unauthorised access, hacker attacks, viruses and malware, could lead to delays in the Group's delivery of projects or to interruptions of services that might prompt ordering customers to turn away from the Group's services. The Group's liability may also be engaged by customers in the event of the dissemination of confidential information about them or their intellectual property, brought about by a disruption or a failure of the Group's information systems.

In this respect, new technologies (cloud computing, software-as-a-service, etc.), new uses (social networks, mobility, "Bring Your Own Device") and increasingly targeted and complex attacks (in all their forms) on information systems and networks, expose the Group to new risks, including cybercrime.

The materialisation of one or more of the above-mentioned risks could have a significant adverse effect on the Group's business, financial position, income or outlook.

#### 2.1.2.9 Risk related to defined employee benefit plans

The Group has a limited number of defined-benefit plans benefiting certain employees or former employees. These plans (mainly relating to end-of-contract or career benefits, but also to retirement benefits and long-service awards) are subject to annual revaluations with a listed actuary.

The main actuarial assumptions underlying the calculation of commitments relate to interest rates, the rate of return on plan assets and the inflation rate, as well as those relating to life expectancy. There is a definite risk of volatility of interest rates and of rates of return on assets that may positively or negatively impact the valuation of plans and plan assets. These differences between forecast and reality, which are normal, represent actuarial gains and losses and are included in the financial statements in accordance with the provisions of IAS 19R (see note 1.17 to the financial statements included in section 6.6 "Notes to the consolidated financial statements").

Although the Group considers that it has a low exposure to defined-benefit plans, a sharp drop in interest rates and in the rate of return on assets would have a negative impact on the Group's financial position.

#### 2.1.2.10 Risk related to a deterioration of labour relations

As of December 31, 2017, the Group and the Aricent group employed almost 45,000 employees in over thirty countries. The Group considers that labour relations are an essential element of a progressive labour policy and contribute to the smooth functioning of the Group. In this regard, an agreement on the functioning of a Special Negotiating Group (SNB) was signed in September 2017 with the labour partners of the Group's European entities with a view to setting up a European Works Council (EWC) from 2018. Moreover, staff representatives are present in Germany, Belgium, France, Italy, Spain, Luxembourg, Morocco (in the absence of any applicable legal obligation on the matter in Morocco), the Netherlands and the United Kingdom.

The Group's business generates significant workforce requirements, which makes it essential for it to ensure satisfactory relations with employees, unions and other institutions representing the staff. If, in the past few years, the Group has not experienced any significant disruption of its business as a result of strikes, work stoppages or other labour conflicts, any deterioration in labour relations could disrupt its activities, damage its reputation or cause a rise in salaries and the granting of additional benefits, and thus have a significant negative impact on its business, income, financial position and outlook.

In addition, most of the Group's employees are covered by national collective agreements, particularly in Belgium, Spain (excluding interns and ACIE employees), France, Italy (excluding interns), Germany, Portugal and Sweden. These agreements supplement the legal provisions applicable to employees' working conditions, such as maximum number of hours of work, holidays, dismissal, retirement, entitlements and employment benefits. The Group cannot guarantee that the implementation of these agreements will not give rise to disagreements or disputes with its employees (see section 2.1.4.2 "Risks related to litigation").

The collective agreements also contain provisions that could impact the Group's capacity to restructure its payroll as well as its activities and facilities. Furthermore, the Group may not be able to extend the existing specific company agreements, to renew them under their current conditions or, after the expiry of these agreements, to negotiate new agreements on favourable terms and in timely fashion or without causing work stoppages, strikes or other industrial action.

#### 2.1.2.11 Risk related to external growth transactions

If the Group wanted to acquire certain companies, for example to acquire certain specific sought-after skills, as was the case in the July 2017 acquisition of Information Risk Management (IRM), which specialises in cybersecurity consulting and is based in the United Kingdom, certain risks associated with these acquisitions could have a significant adverse effect on the Group's business, operating income, financial position and outlook.

These risks are primarily:

- the inability of the Group to find appropriate targets;
- the failure of the Group to effectively plan and execute a given acquisition;
- the Group may incur significant costs, delays or other operational or financial difficulties in the context of the integration of the acquired companies;

- the future acquisitions of the Group could result in it incurring impairment charges, unforeseen liabilities, or any other financial difficulties stemming from the acquisitions made;
- the inability of the Group to retain key personnel or key customer contracts of the companies acquired; and
- the occurrence of unforeseen events, circumstances or legal obligations related to the companies or customers acquired.

Moreover, the Group cannot guarantee that, following its integration into the Group, an acquired business will retain the expected customer base, generate the expected margins or cash flows, or allow the expected synergies or other benefits to be achieved. Although the Group's analyses each acquisition target, these assessments include a certain number of assumptions and estimates concerning the markets, profitability, growth, interest rates and valuation of the target concerned. The Group cannot guarantee that the valuations of the acquisition targets and the assumptions concerning them will prove to be accurate, since actual results may be significantly different from the results initially expected.

#### 2.1.2.12 Risk related to relationships with key partners and minority interests in start-ups

The Group may have to partner with industry players, for example to develop technological innovations, and to invest potentially significant amounts in the context of these partnerships. Some of these partnerships are of commercial or technological importance to the Group. This is the case of the CoherenSE project conducted in partnership with Jaguar Land Rover, which focuses on an open and innovative software platform for the next generation of intelligent vehicles and machines. These agreements could be called into question by the Group's partners, as a result of persistent disagreements, financial difficulties, restructuring activities, mergers and acquisitions, or in the event of a change in strategic priorities.

In addition to these industrial and technological partnerships, the Group also takes equity stakes in a number of start-ups developing activities in certain fields considered as priorities by the Group (see section 1.5.3 "Main investments").

Generally speaking, if the Group invested in the development of partnerships, projects or start-ups that ultimately proved to be weak, its financial resources would be allocated to unprofitable investments, which could impact the Group's profitability, and have a significant adverse effect on the Group's business, income, financial position or outlook.

## 2.1.3 Risk related to the Acquisition

### 2.1.3.1 Risk related to a decline in Altran's share price after closing of the Acquisition

The Acquisition could have a negative impact on Altran's share price, notably for one or more of the following reasons:

- Aricent's integration into the Group is slower or less fluid than expected;
- the Group generates lower than expected profits from the Acquisition, or profits do not materialise as rapidly as expected; or
- the underlying assumptions of Aricent business plan are incorrect, particularly as regards synergies or performance; or
- the effect of the Acquisition on revenues, the operating margin, the Operating Free Cash Flow or, more generally, on the Group's financial results is not in line with the effect expected by investors or financial analysts.

Furthermore, the increased level of the Group's debt following the Acquisition (see section 5.2.7.2 "*Financial liabilities*") could increase the volatility of Altran's share price.

If such an event were to materialise, some Altran shareholders may seek to dispose of their Altran's shares promptly, thus creating selling pressure on Altran's share and negatively impacting its price.

### 2.1.3.2 Risk related to the non-achievement of some or all of the synergies expected in the medium term

The benefits expected from the Acquisition will depend in part on the successful integration of Aricent's activities with those of the Group. One of the benefits the Group expects from this integration is to increase revenues through increased growth opportunities and to achieve cost savings by taking advantage of the synergies which should result from the Acquisition. The Acquisition should generate additional revenues of €150m resulting in a recurring impact on EBITDA of €25m and savings in costs and expenses of €25m related to the execution of its services. These synergies should be achieved progressively as of the closing of the Acquisition and should reach full effect within three years (see section 1.4.2.2 "*Strategic rationale of the Acquisition*").

However, no guarantee can be given that the expected cost and revenue synergies exist or will be achieved within the planned time frame because the achievement and potential scope of the expected synergies depend on various factors and assumptions, some of which are beyond the Group's control. The Group's capacity to achieve the expected cost synergies could be compromised by the materialisation of one or more of the risks related to the Group's activities described in this section. In addition, the costs incurred to achieve the cost and revenue synergies may be higher than expected or unforeseen additional costs, greater than the expected synergies, might arise, resulting in a fall in value for shareholders. Failure to achieve the expected cost and revenue synergies or manage the cost increases generated in this context could have a significant adverse effect on the Group's activities, operating income, financial position and outlook.

### 2.1.3.3 Risk related to the occurrence of significant and unforeseen difficulties during the integration of the Group's and Aricent's activities

The merger of the Group and Aricent involves the integration of two large groups that were operating independently until the closing of the Acquisition. Despite the Group's experience in acquiring other entities and making profits from this type of operation, the Group's integration process involves inherent uncertainties and costs. The Group could incur significant expenses, delays or other operational or financial difficulties as part of the integration of Aricent. The synergies and other benefits expected from the Acquisition (notably the optimisation of costs and increased revenues and profits through business synergies), may not materialise if the Group is unable to successfully integrate the information systems and operational processes of the companies acquired, retain the key personnel or key customer contracts of the companies acquired, or deal with unforeseen events, circumstances, litigation or legal obligations in relation to the companies acquired or their existing customers and whose costs for the Group may not be limited in terms of amounts and duration. The Group cannot guarantee that, following their integration into the Group, Aricent's activities will maintain their existing customer base, generate the expected margins or cash flows, or allow the foreseen synergies or other expected benefits. In particular, the combined group of the Group and the Aricent group could lose certain contracts due to the unilateral decision of customers to terminate them with short notice.

Moreover, Aricent's successful integration will require a strong involvement of the Group's management teams, particularly in the US and India, which could impact their ability to effectively manage their activities and divert their attention and their resources from other strategic opportunities during the integration period. The Group should pay particular attention to the integration of its activities in India, this becoming the Group's main country in terms of workforce, where it employs around 12,000 people.

Even if the estimated synergies and other expected benefits of the Acquisition are significant, any failure, significant delay or unexpected costs in the integration process could have an adverse effect on the Group's capacity to achieve its objectives and on its operational and financial position.

### 2.1.3.4 Risk related to the unfavourable evolution of the Group's risk profile following the Acquisition

As a result of the Acquisition, the Group is more exposed to the industries in which Aricent's main customers operate, particularly the telecommunications sector. The Group may be exposed to additional risks related to these activities, which may not have been identified or assessed with certainty at the date of this Registration Document.

More generally, the Acquisition could change the distribution of the Altran group's revenues by industrial sector, which could impact the Altran group's risk profile, the sectoral distribution of the Altran group's customers, and the segmentation of its offering. The Group's sensitivity to the risk of economic slowdown in these industries is therefore greater. Any deterioration of the economic environment in these sectors could have an adverse effect on Altran's share price and on the Group's financial position and outlook.

### 2.1.3.5 Risk related to the terms of the new financing agreements entered into as part of the Acquisition

As part of the Acquisition, a Senior Facilities Agreement was entered into on February 15, 2018, under which several loans were made available to the Company and one of its

subsidiaries in order notably to finance the Acquisition price of €1.73bn (see section 1.4.3 "*New financing put in place in connection with the Acquisition*").

The Senior Facilities Agreement contains standard clauses for this type of financing. On this basis, the Group is now subject to certain constraints, notably when its leverage ratio[28] exceeds certain thresholds set by the Senior Facilities Agreement:

- the Company's capacity to pay dividends may be curtailed, with a portion of excess cash flow having to be allocated to the early repayment of loans beyond certain recorded leverage ratios. In the event that a default in respect of the Senior Facilities Agreement were to occur and that a particularly high leverage ratios were simultaneously recorded, the Company may not pay any dividends, regardless of the amount;

- certain transactions, such as Acquisitions or disposals of assets, investments or new loans (the "*Authorised Transactions*") are subject to certain conditions. Furthermore, Authorised Transactions may only be freely made or contracted up to certain amounts, the exceedance of which requires the approval of a majority of the lenders;

- since the margins applied to the interest rates of financing may vary depending on the leverage ratio that would be recognised after the closing of the planned capital increase to refinance part of the new financing, the financial expenses relating to the Company's debt could remain at its highest level if this leverage ratio were to be maintained above certain thresholds.

As a result of these constraints and commitments, any recognition of the Group's leverage ratio above certain thresholds may require it to allocate a significant portion of the excess cash flow to the repayment of its debt, which in turn could reduce its capacity to pay dividends to its shareholders (for a description of the Company's dividend policy, see section 8.6.1 "*Distribution policy*"). The recognition of a significant leverage ratio would reduce the combined group of the Group and the Aricent group's ability to make investments or take out new loans, keep the financial expenses borne by the combined group of the Group and the Aricent group at a high level and, more generally, increase its vulnerability to unfavourable economic and financial situations. In addition, in the case of Authorised Transactions which exceed the limits set by the Senior Facilities Agreement and which require the prior approval of the lenders, no assurance can be given as to such authorisations being obtained. If such authorisations were refused or were obtained subject to unfavourable commitments for the combined group of the Group and the Aricent group, this could have a negative effect on Altran's share price and on the combined group of the Group and the Aricent group's financial position, income and outlook.

The recognition of a high leverage ratio for the combined group of the Group and the Aricent group may notably result from an increase in its net debt. In this regard, the closing of the Acquisition led to a significant increase in said debt and to a deterioration of the combined group of the Group and the Aricent group's leverage ratio. The latter nevertheless remains below the highest ceilings taken into account in the Senior Facilities Agreement to determine the highest margin applicable to the financing interest rates. If the Company were unable to conduct the planned capital increase to repay part of its financing in advance by using the proceeds of said capital increase, the combined group of the Group and the Aricent group's leverage ratio would remain at a high level for a longer period of time than initially foreseen. Such a situation would expose the combined group of the Group and the Aricent group to the

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[28] Defined as the ratio between the Group's net debt and its consolidated pro forma EBITDA as defined in the Senior Facilities Agreement.

constraints and risks set out above, which could have an adverse effect on its financial position, income and outlook.

A reduced demand for the combined group of the Group and the Aricent group's services, a decline in its operating performance, the non-achievement of the synergies expected from the Acquisition, or any other factor liable to adversely impact consolidated pro forma EBITDA could also lead to a deterioration of the combined group of the Group and the Aricent group's leverage ratio and have a negative effect on the its financial position, income and outlook.

Among the constraints and risks arising from the Senior Facilities Agreement, the Revolving Credit Facility also contains a financial commitment by the Company (a financial covenant) to maintain a leverage ratio below (i) 7.25x in any event and (ii) where applicable, 5.25x after repayment of a portion of Term Loan B by using the proceeds of the proposed capital increase if it is greater than €500m (it being specified that this ratio would be reduced to 6.25x if the proceeds from this issue were between €250m and €500m). This commitment is applicable when this line is more than 40% drawn.

In addition, it should be noted that the Senior Facilities Agreement provides that any event constituting a "change of control" within the meaning of this contract may result, if the lenders so decide, in an obligation for the Company to repay in advance all the financing that has been made available under the Senior Facilities Agreement.

Events constituting a "change of control" within the meaning of the Senior Facilities Agreement notably include:

- the sale by the combined group of the Group and the Aricent group of all or most of its assets to third parties (whether through a single transaction or as a result of several related transactions); or

- the acquisition by a person or group of persons acting in concert of a share of the Company's capital conferring (i) 30% of the Company's voting rights, (ii) the right to appoint a majority of the members of the Company's Board of Directors or (iii) the capacity to steer the management of the Company.

Any request for the early repayment of bank financing granted to the Group by lenders as a result of a change of control would have a very significant adverse effect on the combined group of the Group and the Aricent group's financial position, income and outlook.

In this regard, and as is the case when the thresholds stipulated for Authorised Transactions are exceeded, no assurance can be given that the lenders will grant waivers to the early repayment obligation. If such waivers were refused or were obtained subject to unfavourable commitments for the combined group of the Group and the Aricent group, this could have a significant negative effect on Altran's share price and on the combined group of the Group and the Aricent group's financial position, income and outlook.

#### 2.1.3.6 Risks related to the terms under which due diligence was carried out as part of the Acquisition process

As part of the appraisal of the Acquisition, including setting the purchase price, the Group carried out due diligence work to identify the relevant items relating to each of the companies acquired, in particular any potential significant risks or liabilities. However, the Group cannot guarantee that the documents and information provided by Aricent as part of the due diligence process are complete, adapted or accurate and, as a result, that the due diligence work has made it possible to identify or evaluate all the potential problems, risks or liabilities within Aricent. In particular, the Group cannot guarantee that the due diligence work has

made it possible to identify or anticipate all the risks related to the disputes and litigation, past, present or future, of the companies acquired, or all the risks related to possible breaches by Aricent or the companies of the Aricent group, their officers or their employees of applicable laws and regulations, notably with regard to tax matters or the fight against corruption and money laundering. If the Group has not been able to correctly identify or assess certain risks, it could be exposed to significant undisclosed liabilities of the companies acquired and may have to write down or write off some of their assets, restructure their activities, or bear other costs, which could lead to losses that may not be compensated under the Merger Agreement concluded notably with KKR on November 29, 2017 and subject to US law, due to the limitations applicable to the compensation commitments foreseen by this contract, or under the insurance policies described below.

The Group has taken out an insurance policy intended to cover the declarations and guarantees granted by Aricent, which relate to the period before the closing of the Acquisition. The Group has also taken out insurance policies covering certain damages that it may incur as a result of the materialisation of the risks specifically identified during the due diligence work. However, even when the risk in question is covered by an insurance policy, the Group cannot exclude that the compensation provided by its insurer is only partial, because of the guarantee ceilings and the deductibles contained in these insurance policies and which the Group believes, at this time, to be reasonable.

All of these factors could adversely impact the combined group of the Group and the Aricent group's business, financial position, income or outlook, as well as Altran's share price. As a result, the consolidated income and the consolidated statement of financial position of the combined group of the Group and the Aricent group could differ significantly from the income and the statement of financial position presented in the unaudited pro forma financial information.

#### 2.1.3.7 Risk related to the implementation of change of control clauses contained in the contracts concluded by Aricent and its subsidiaries

In the course of their business, Aricent and its subsidiaries may have entered into contracts, notably with customers, containing change of control clauses that tie the continuation of such contracts to the approval of the co-contracting party.

While Aricent and its subsidiaries did obtain the agreement of certain customers with respect to the continuation of their contract following the Acquisition, Aricent and its subsidiaries may not be able to obtain the consent of certain other customers, or may have to renegotiate terms that may be less favourable than those in force to obtain their consent.

The implementation of change of control clauses could result in the termination of the contracts containing them.

If one or more of these risks materialise in relation to contracts significant to the activity of Aricent or its subsidiaries, this could have a substantial impact on the combined group of the Group and the Aricent group's business, operating income, financial position and outlook.

#### 2.1.3.8 Risk related to the commitments of Aricent and its subsidiaries under the contracts concluded with IBM

Between September 2016 and April 2017, Aricent and IBM entered into three product engineering partnerships, pursuant to which Aricent was granted licenses on certain software products of IBM under software license agreements for a total amount of $347.1m payable until 2022. $231.7m were still due by Aricent as of September 30, 2017.

Under related agreements, Aricent undertakes to further develop and upgrade the software products, IBM being then primarily responsible for the commercialization of the further developed and upgraded software products. The proceeds from the sale of the software licenses and services are then shared between IBM and Aricent on the basis of a contractually agreed-upon ratio. For more information regarding these agreements, refer to section 8.8.4.2 "Contracts concluded between Aricent and IBM".

Any non-performance by Aricent of its material obligations under these partnerships could trigger claims by IBM and potential liabilities against the Group.

The Group cannot provide any assurance of or guarantee the cash flow generated from these agreements, including because IBM is in charge of the commercialization and sale of the applicable products. Furthermore, the revenues generated by IBM from clients could decrease, including because of competition with newer competing products in the market, or because of an obsolescence of the underlying technology.

The realization of one or more of these risks could materially affect the activity, the results, the financial situation and the prospects of the Group.

#### 2.1.3.9 Risk related to the termination of the corporate mandates and employment contracts of certain members of the management and key employees of Aricent

The success of the combined group of the Group and the Aricent group post-Acquisition will depend in part on its ability to retain the officers and key employees of Aricent and its subsidiaries.

In this respect, although the Group has entered into employment contracts with the members of the Aricent's management team that it deems attractive, some Aricent employees may feel uncertain about their future role within the combined group of the Group and the Aricent group. In particular, the corporate mandates or employment contracts of certain officers and key employees of Aricent and its subsidiaries may be terminated on their own initiative or on the initiative of the combined group of the Group and the Aricent group, which may result in the payment of potential compensation that may impact the income of the latter. More generally, any inability to retain key officers and employees could have a significant impact on the combined group of the Group and the Aricent group's business, operating income, financial position and outlook.

#### 2.1.3.10 Risk related to the differences between the operating income and financial position of the combined group of the Group and the Aricent group and those presented in the unaudited pro forma financial information

This Registration Document contains condensed unaudited pro forma consolidated financial information for the financial year ended December 31, 2017, prepared on the basis (i) of the Company's audited consolidated financial statements for the financial year ended December 31, 2017, prepared according to IFRS standards and (ii) Aricent's consolidated financial statements for the 12-month period ended September 30, 2017, prepared according to American accounting standards (US GAAP) which were subject to a review by Aricent's Statutory Auditors (see section 5.8.1 "*Unaudited pro forma condensed consolidated financial information*"). This condensed consolidated pro forma financial information reflects the Acquisition, its financing and the refinancing as if these transactions had occurred (i) on the first day of the financial year, in the case of the income statement, and (ii) on the last day of the financial year, in the statement of financial position.

The condensed unaudited pro forma consolidated financial information is based on preliminary estimates and assumptions that the combined group of the Group and the Aricent group considers reasonable, and which are presented for information purposes only. In particular, as regards Aricent's financial information, it does not take into account the actual results for the quarter ended December 31, 2017, but instead includes the actual results for the quarter ended December 31, 2016; in addition, as Aricent's financial statements were prepared according to the US GAAP, reclassifications and restatements were carried out pursuant to Altran's IFRS accounting standards and the corresponding financial aggregates were converted from US dollars into Euros. These items are described in greater detail in the notes to this pro forma financial information.

The estimates and assumptions used to prepare the condensed unaudited pro forma consolidated financial information included in this Registration Document may differ materially from the actual or future results of the combined group of the Group and the Aricent group. Therefore, this pro forma financial information is not intended to indicate the actual results that would have been achieved if the transactions had been closed on the above-mentioned date or for the periods presented, or results that may be achieved in the future. Equally, the condensed unaudited pro forma consolidated financial information does not apply to any events other than those mentioned and to the notes in reference thereto.

#### 2.1.3.11 Risk related to the recognition of the Acquisition and its impact on the contribution of Aricent and its subsidiaries to the Group's net income

The accounting treatment of the Acquisition could have an impact on the contribution of Aricent and its subsidiaries to the combined group of the Group and the Aricent group's net income. This contribution could notably be influenced by the following:

- the differences in the accounting principles used by Aricent and the Group, as Aricent currently prepares its consolidated financial statements in accordance with US GAAP standards while the Group uses IFRS standards as adopted by the European Union, as well as in relation to any differences in accounting practices used by the parties;

- the subsequent impact on net income of the fair value adjustment of the identifiable assets and liabilities at the date of the Acquisition, and in particular the amortisation of intangible assets, net of deferred tax, recognised at their fair value at said date;

- the effects of implementing IFRS 2 for share-based payments.

For more information on the accounting treatment of the Acquisition, see section 5.8 "*Proforma financial information*".

#### 2.1.3.12 Risk related to the appearance of significant goodwill following the Acquisition

Goodwill represents the difference between the sum of the compensation transferred, which can be increased by the value of uncontrolled interests, and the fair value of Aricent. The preliminary goodwill related to this transaction, as presented in the pro forma financial information provided in section 5.8.1 "Unaudited pro forma condensed consolidated financial information", amounts to €1,459,575,000.

In accordance with IFRS, goodwill is not amortised but is subject to an annual impairment test and to tests during interim reporting when it appears impairment is taking place. If the recoverable amount is less than the carrying amount of goodwill, an impairment loss is recognised, notably when events or circumstances occur in relation to significant adverse

changes, which are of a lasting nature, and impact the economic environment or the assumptions or objectives retained at the date of Acquisition.

No guarantee can be given as to the absence of significant impairment in the future.

#### 2.1.3.13 Risk related to the greater variety of currencies in the combined group of the Group and the Aricent group's revenues and the expenses borne by it

Following the Acquisition, the combined group of the Group and the Aricent group is present in more than 30 countries, with a significant portion of its revenues denominated in euros, US dollars, pounds sterling and Indian rupees (INR). The combined group of the Group and the Aricent group's share of revenues in dollars, in particular, is now much larger, as this increase was not offset by a proportional increase in the Group's share of dollar-denominated expenses. In particular, with regard to financial expenses, only one of the two tranches of Term Loan B, amounting to $300m, is denominated in dollars (out of a total of €2,125m in new financing) (see section 1.4.3 "New financing put in place in connection with the Acquisition"). Moreover, with regard to operating expenses, an increased share of the expenses borne by the combined group of the Group and the Aricent group is denominated in US dollars and in Indian rupees (INR) since the closing of the Acquisition.

The combined group of the Group and the Aricent group's income and financial ratios could therefore be more sensitive to changes in exchange rates after the closing of the Acquisition. A change in exchange rates could have a negative impact on the combined group of the Group and the Aricent group's income and financial ratios, notwithstanding any hedging strategies that may exist.

For more detailed information on exchange rate risk, see "*Exchange rate risk*", below.

### 2.1.4 Legal risks

#### 2.1.4.1 Risk related to regulations applicable to certain sectors in which the Group conducts its activities

The Group is a multinational company that operates in a number of countries, providing services to customers who also operate worldwide, and are subject to multiple and continuously evolving laws and regulations. In particular, the activities of some of its customers sometimes require the Group to comply with the regulations to which they are subject. In highly regulated sectors, this forces the Group to dedicate a growing share of its technical and financial resources to efforts to comply with standards. Thus, in the defence and nuclear sectors, the Group must ensure compliance with the order of November 30, 2011 approving inter-ministerial general instruction no. 1300 (IGI 1300). To comply with these regulations, the Group has appointed a "France" security officer who is accredited by the Ministry of the Armed Forces and by the Ministry of the Ecological and Inclusive Transition. In accordance with the order and its instructions, the Group is required to obtain, for legal persons operating on these facilities, the appropriate level of security clearance from the competent authorities (general secretariat for defence and national security, senior defence and security official, delegated security authorities, or prefect depending on the level of defence secrecy). The Group is also obliged to obtain clearance by the same authorities of all employees who have to operate on these facilities or consult documentation or information concerning them.

Even if the necessary means are implemented by the Group to comply with the applicable regulations, any violation, disregard or misinterpretation of the latter would expose the Group to a loss of its accreditations or clearances, to the termination of the contracts concerned, to

the exclusion of the Group from certain referencing lists, or damage to its reputation, especially if the breaches of the regulation were accompanied by acts of industrial espionage such as endangerment, cyber attacks, or data losses. In particular, the diversity of applicable local laws and regulations, as well as their constant evolution, exposes the Group to the risk of breaches by insufficiently informed employees, notably those working in countries with a culture different to their own, or of indiscretions or fraud committed by these employees. The legal, notably contractual or operational, precautions taken by the Group to protect its activities or to ensure that its employees comply with the Group's rules, however rigorous, can only provide reasonable assurance and in no case can they provide a guarantee of absolute security.

Furthermore, the implementation of stricter legal and regulatory provisions could have an adverse effect on the long-term growth of the sectors concerned by these provisions and to which the Group provides its services, as well as on the demand from customers operating in these sectors, which could have a significant negative impact on the Group's business, income, financial position and outlook.

Moreover, the Group is subject to various international and national regulations relating to the protection of personal data. Any voluntary or involuntary disclosure of personal data belonging to a customer or a third party could expose the Group to fines, penalties, claims and negative publicity.

#### 2.1.4.2 Risk related to litigation

In the normal course of its business, the Group is involved or may be involved in a number of administrative, legal or arbitration proceedings, the most significant of which are described below.

In the case of some of these proceedings, claims of a significant amount are made or are likely to be made against the Group, and sanctions, including criminal ones, may be imposed thereon.

In the event that some of these sanctions are imposed on the Group, their application could have a significant adverse effect on the Group's business, financial position and income. Moreover, the provisions recognised by the Company or by Aricent in their accounts, if any, in respect of administrative, judicial or arbitration proceedings may prove to be insufficient, which could have a significant negative impact on the Group's business, income, financial position, liquidity and outlook, regardless of the merits of the underlying claim.

In general, it cannot be guaranteed that, in future, new proceedings, whether or not related to those currently underway, will not be initiated against the Company or its subsidiaries. Such proceedings may be lengthy and costly and, in spite of their outcomes, may have negative consequences on the Group's business, income, financial position, cash position and outlook.

Furthermore, the Group is involved in various labour law suits in France and abroad. In general, although none of these proceedings involve large sums taken separately, if taken together, or if they were to increase in number, they could have a material adverse effect on the Group's business, results, financial position or outlook.

To the combined group of the Group and the Aricent group's knowledge, there are no other governmental, judicial or arbitration proceedings, including any proceedings of which the Company is aware, which are pending or threatened, likely to have or that had in the last 12 months significant effects on the combined group of the Group and the Aricent group's financial position or profitability other than those detailed below and in note 5.12 "Provisions

for liabilities and contingencies" of the consolidated financial statements contained in section 6.6 "Notes to the consolidated financial statements".

1. Criminal proceedings relating to events that occurred in 2001-2002

Following the articles published in *Le Monde* in October 2002 and the results of the additional audit of the Statutory Auditors that resulted in a rectification of the half-year consolidated financial statements at June 30, 2002, the Paris Public Prosecutor's Office decided to open an investigation in relation to the charges of abuse of corporate property, dissemination of misleading information likely to affect share prices, as well as forgery and use of forgery.

The referral was extended for the first time in June 2004 to target the offence of presenting financial statements that did not give a true image of the Company and, a second time, in September 2004, to target insider trading.

The Company filed a civil claim and this claim was declared admissible by an order of March 6, 2003. Thirteen other natural or legal persons also filed civil claims in November 2004.

The former officers and a manager of the Group were indicted. The Company, for its part, was indicted, without its status of civil party being brought into question, on charges of disseminating misleading information likely to affect share prices, and of forgery and use of forgery.

The investigation has been closed since January 7, 2009. An order for the termination of proceedings was issued on November 29, 2011, under the terms of which the former officers and the Company, in its capacity as a legal person, were referred to the Correctional Tribunal. The hearings were held from January 15 to 31, 2014. By a ruling of June 4, 2014, the court referred the case back to the public prosecutor for the appointment of a new investigating judge.

By an order of May 11, 2015, the Vice-Chairman in charge of the investigation referred all the parties to the Correctional Tribunal. Detailed hearings were held in late November and early December 2016. On December 14, 2016, the Prosecutor requested suspended prison sentences and fines (notably €225,000 for the Company) for the offences of forgery and use of forgery. In view of the law of June 21, 2016 on the non-accumulation of administrative and criminal proceedings, the Prosecutor considered that the public proceedings were terminated with regard to the offence of disseminating false or misleading information.

Under the terms of the decisions it rendered on March 30, 2017, the Paris Correctional Tribunal pronounced the termination of the public proceedings against the Company and its founders and officers, prosecuted for the offences of false information and presentation of dishonest financial statements. The Tribunal applied the *non bis in idem* principle, which prohibits a person from being sentenced twice for the same offence. The aforementioned persons had indeed already been sanctioned by the AMF in 2007.

The Tribunal declared itself incompetent to rule on the claims relating to civil interests.

The prosecution appealed. No hearing date has been set to date.

The civil parties may sue the Company in the civil courts to obtain compensation for the damage they claim. Three of them, as at the date of this Registration Document, have sued the Company and together claimed almost €28m in damages on the basis of tortious liability.

2. Disputes related to the payment of overtime, undeclared work and illicit non-competition clauses

The Company was sued by employees and/or former employees who claim the payment of overtime.

They notably alledge that their compensation is below the annual social security cap (PASS), that the applicable flat-rate pay agreement covering hours worked, though separate and more favorable than modality n°2 "mission completion" of the SYTNEC collective labour agreement, is invalid and that they are therfore entitled to overtime compensation for the hours from 35h to 38.5h.

Altran started negociations to adapt the provisions of this collective labour agreement to its work organization in 2012.

After their claim was rejected initially by multiple decisions rendered in 2012, some of the plaintiffs won their case before the Toulouse Court of Appeal in September 2014 and were awarded the payment of 5 years' wages. The Court of Cassation confirmed the ruling of the Court of Appeal by a decision of November 4, 2015.

In view of the situation created by the ruling of the Court of Cassation, and of the risks weighing on the Company in respect of all its employees benefiting from an individual flat-rate agreement of 38.5 hours, and while Altran considers that the weekly flat-rate agreements covering hours worked concluded with its employees are perfectly valid, Altran had no choice but to consider that all its employees were now subject to the common law standard of hours of work (no flat-rate weekly hours, strict application of 35 hours per week, no ceiling of days worked and therefore no additional days of rest – ADR).

Furthermore, in order to find a satisfactory solution for its employees, Altran signed a collective agreement, on February 29, 2016, introducing, among other measures, a specific "Altran" working time modality (158 hours per month + a maximum of 10 ADR days per year), which has been offered to all employees with a salary below the French PASS and whose weekly working time has been set at 35 hours since January 1, 2016.

The decisions of the Court of Appeal of Toulouse and of the Court of Cassation have triggered a significant number of referrals (approx. 1,200) to industrial tribunals, mainly from former employees.

The hearings on the merits of the case have been held since October 2016 and are currently set to continue until the end of 2018.

At the end of the reporting period, at December 31, 2017, perfectly contradictory rulings had been made by different *Conseils de Prud'hommes* (employment law tribunals) (Toulouse, Strasbourg, Rennes, Lyon, Nanterre, Belfort, etc.); these decisions are being challenged either by Altran, or by certain employees.

In January 2018, the Court of Appeal of Toulouse recently sentenced the Company, in various procedures, in relation to two charges, other than overtime: one in respect of a loyalty clause judged to be unlawful on the grounds that it would be a disguised non-compete clause, and the other in respect of concealed work for some of the employees concerned. The Group strongly denies these latest accusations. The loyalty clause is simply intended to prevent any act of unfair competition. It is therefore clearly distinguishable from the non-compete clause, which is also included in employment contracts with financial compensation in exchange, and is therefore perfectly valid. Therefore, the scope of these two clauses is clearly different.

As regards the concealed work charge, according to the Court, it is based on the fact that the Company continued to apply the flat-rate to its employees after the first judgements of 2014. The Group disputes this position because, in its view, it does not in any way reflect the reality of the facts. Following the 2014 decisions of the Court of Appeal, the Company terminated the flat-rate for the employees who were parties to these cases. The Company then appealed the decision before the Court of Cassation. After the Court of Cassation's ruling of 2015, the Company terminated the flat-rate for all employees whose remuneration was below the PASS, while preserving their previous remuneration. Finally, to take into account the employees' desire to continue to benefit from the days of reduced working hours (French JRTT system), the Company concluded, as soon as possible, an agreement allowing, as indicated above, 3,500 of them (out of 4,000) to benefit from the JRTT as part of the new working time system.

Thus, since the start of 2016, and all the more so from the day of the appeal, none of these employees were on the flat-rate. They are either subject to the new system of working time, or to the 35-hour system. As far as the Group is concerned, the accusation of concealed work is therefore totally unjustified and unfounded.

Altran has decided to appeal the decision before the Court of Cassation for 293 procedures concerned by the rulings of the Court of Appeal of Toulouse.

3. Other disputes with Group employees and former employees

In addition to the disputes described above, the Group is in proceedings with several of its employees or former employees.

- In January 2011, a former employee sued the Company for €27m in the Paris Commercial Tribunal. Fired for gross misconduct in 1999, he and his three partners in the company he formed following his dismissal, claim damages resulting from the postponement of his company's IPO, in light of the criminal proceedings brought by the Group against him and for which he has since been discharged. After a ruling of July 7, 2014 rejected his claims, the employee appealed this decision. After his claims were again dismissed by the Court of Appeal, in a ruling of September 29, 2016, the employee appealed the decision before the Court of Cassation on December 14, 2016.

- An employee dismissed in April 2015 filed two lawsuits against Altran Concept Tech, the Austrian subsidiary of the Group, to receive all of his bonuses for the 2014, 2015 and 2016 financial years and to claim compensation for the free shares that were not awarded to him or that he lost as a result of his dismissal, for a total amount of about €2m. The case went to court on January 22, 2018 and is under deliberation.

- In July 2014, a former employee sued the Company for damages of about €1.1m on the basis of tortious liability for the refusal to execute a letter of comfort that had been granted by the Group. The hearings took place in 2016 and 2017. Under the terms of a ruling dated July 4, 2017, the Tribunal rejected all the employee's claims. The employee appealed the ruling and the case is currently before the Paris Court of Appeal.

4. Dispute with a former officer

In August 2005, the Company was sued by a former officer seeking to reclassify his dismissal as unfair dismissal. The total amount of damages sought by this former officer is around €13m.

In a judgement dated March 1, 2007, the *Conseil des Prud'hommes* approved the Company's application for a stay of proceedings pending the decision to be taken in respect of the criminal proceedings against this former officer (as part of the investigation regarding the Company's 2001-2002 financial statements described in paragraphe 1 "Criminal proceedings relating to events that occurred in 2001-2002").

5. Dispute with a supplier

From the end of 2010, and at the initiative of its former purchasing manager, Altran entered into a number of contracts with a supplier which notably related to leasing computer equipment and copiers to Altran.

During work carried out in June 2011, Altran's internal audit team found numerous anomalies relating to contracts concluded between the Company and its supplier. Consequently, Altran's management hired an external firm to further develop the investigative work carried out by internal audit. At the end of its assignment, the firm wrote a report that revealed that the contracts relating to the equipment leases had been concluded at unfair prices with the complicity of the former head of purchasing, and that this manipulation was likely to be criminal in nature, being qualified as private bribery and fraud.

The firm's report also shows uncovered multiple incremental costs incurred as a result of the leasing of the computer and printing equipment, causing damages estimated at over €2m.

The investigation is still pending, it should be completed in 2018.

After these facts came to light, Altran lodged a complaint and filed a civil action. Altran concomitantly suspended all lease payments under the lease agreements with the supplier.

The Company was thus taken to court with a view to the cancellation of the lease agreements, the return of equipment under duress, and the payment of damages in the total amount of approximatively €3m. Moreover, the original lessor sued the Company in August 2012 before the Paris commercial tribunal for unilateral breach of the framework agreement and claimed damages, including for loss of income.

In view of the current investigation, the above-mentioned claims have been the subject of stay orders by the Paris Commercial Tribunal, dated June 17, 2013 and June 2, 2015.

6. Litigation with the vendor of a company

In January 2018, the vendor of a company acquired by the Group in 2013 activated the arbitration clause of the sale agreement that it entered into with the Group and claimed interest of €1.34m on the amount of the escrow account that had been frozen during a first arbitration proceeding. The appointment of the arbitrators is currently under way.

7. Bangalore Campus Matter

Aricent's principal subsidiary in India, Aricent Technologies (Holdings) Ltd. (formerly known as Hughes Software Systems Limited) ("**ATHL**"), entered into an agreement on May 19, 2003 with a land owner and a developer for the development and lease of a facility in Bangalore. The agreement contained an option for ATHL to purchase the land and facility subject to certain conditions. The developer filed a lawsuit in 2005 seeking recovery of rent and interest in an aggregate amount of $700,000 and sought to have ATHL vacate the premises and pay damages. In February 2007, ATHL filed a lawsuit against both the developer and the land owner directing them to execute a sale deed in favor of ATHL, claiming ATHL had exercised its contractual option to purchase the premises in January 2007 for $3,600,000. In September 2010, the developer, which by this point had acquired the

entire interest in the property from the landowner, filed another lawsuit against ATHL seeking recovery of damages and interest representing the portion of the land and building that the developer claims to have purchased from the land owner. All three suits were consolidated in the Civil City Court of Bangalore and disposed in 2016 in favor of the developer. Aricent has filed appeals in the High Court of Karnataka and a stay on the eviction order was granted subject to deposit of $5.1 million by ATHL to the developer in respect of the disputed rent arrears (which deposit will be recoverable in the event of a final judgment in ATHL's favor). ATHL continues to pay occupancy charges in an amount of $33,000 per month as a further condition of the stay on the eviction order. The matter remains pending before the High Court of Karnataka.

A separate eminent domain proceeding has been commenced by an instrumentality of the Karnataka state government seeking to acquire a portion of the vacant land within the property for industrial use. Aricent has filed an objection.

8. Service Tax Matter

ATHL has received show cause notices from the service tax department of India demanding tax on reimbursements made by ATHL to its various branches towards salaries and rent and payment to vendors located outside of India for visa and insurance services in connection with ATHL employee travel.

The authorities have treated such reimbursements made to branches as import of services under the service tax law. The demand covers reimbursements for fiscal years 2007 through 2015. As of March 31, 2017, the total tax demanded stands at $35,700,000, with additional interest owing of $44,600,000. For the demands for fiscal years 2007 through 2014, ATHL has also received orders from the Commissioner of Service Tax confirming the tax demand and imposing interest and a penalty equivalent to 100% of service tax demanded, and ATHL has filed an appeal with the applicable administrative tribunal. The tribunal issued an order granting a stay on the demand for fiscal years 2007 through 2012 until disposal of the appeal. ATHL has made a mandatory deposit of $800,000 with the adjudicating tribunal in respect of filing of appeal before the tribunal for fiscal year 2013 and fiscal year 2014 demands.

#### 2.1.4.3 Risk related to the protection of the Group's intellectual property

The Group holds a portfolio of 20 patents (of which 13 are active in France and 7 are being registered) and of trademarks which are registered in the countries in which the Group operates or is likely to operate (refer to section 8.9 "*Trademarks and patents*").

The Group relies on a set of legal and regulatory provisions for the constitution and protection of its intellectual property rights, but it cannot guarantee that the measures it has taken or is likely to take in future will be sufficient to prevent the infringement of its intellectual property rights or the opposition to these rights. Furthermore, some of the Group's items of intellectual property, particularly those that are not patented (such as know-how), may be difficult to protect.

Neither can the Group ensure that legal proceedings will not be necessary to enforce its rights under the trademarks and other intellectual property rights that it holds. Furthermore, if legal proceedings were to be initiated by the Group in this context, the Group cannot guarantee they would have a favourable outcome. Negative publicity surrounding these legal proceedings could damage the Group's brand image, which could lead to a reduction in

customer demand and have a significant negative impact on the Group's business, income, financial position and outlook.

#### 2.1.4.4 Risk of lawsuits against the Group by third parties for potential infringements of intellectual property rights

The Group cannot guarantee with certainty:

- that there are no patents or other intellectual property rights that may cover certain Group products, processes, technologies, results or activities and that third parties will not act in infringement or in violation of their rights against the Group with a view, notably, to obtaining damages and/or the cessation of its manufacturing and/or marketing activities in relation to products or processes thus incriminated;

- that the Group's employees will not claim the intellectual property of certain technologies or processes that they have helped to develop as part of their contract with the Group;

- that it will not be held liable by customers against whom third parties have acted in infringement or in violation of their rights concerning technologies or processes used or developed by the Group to meet the needs of these customers;

- that its customers will not start proceedings in relation to claims, infringement or violation of their rights on technologies or processes used or developed by the Group to address their needs.

Any such dispute could affect the Group's ability to pursue all or part of its business to the extent that it may be required to (i) attempt to obtain a license from the holder of the intellectual property rights, a license which may not be granted, or may be granted under unfavourable conditions or (ii) to review its design to avoid infringing the intellectual property rights of others.

Any proceedings brought against the Group, regardless of the outcome, could result in very substantial costs and jeopardise its reputation and financial position. Indeed, if these proceedings were brought to a conclusion and were detrimental to the Group, the Group could be forced to interrupt (under duress) or delay the search, development and production of the elements targeted by these proceedings, which could have a significant adverse effect on the Group's business, income, financial position, liquidity and outlook.

#### 2.1.4.5 Ethics risk and compliance risk

The Group is governed by complex and constantly evolving laws and regulations which impact its activities in numerous fields, both on the national and international level. In addition to the compliance with laws and regulations, there are also numerous risks related to corruption and fraud.

The Group has an ethics charter and an anti-corruption policy to prescribe and regulate the operational practices authorised in accordance with national and international laws and regulations. The Group notably took into account the adoption in France, on November 8, 2016, of Law no. 2016-1691, known as *Sapin II*, relating to transparency, the fight against corruption and the modernisation of economic life. The information-consultation process with the staff representative bodies is currently under way.

Nonetheless, as a result of its global roll-out and of its significant workforce, the Group continually faces new ethical issues. The non-compliance with the ethical norms and rules of

a country by the employees of the Group could have a significant adverse effect, not only on the activities and the results of the Group, but also on its image and its reputation.

#### 2.1.4.6 Environmental risk

In view of the nature of the Group’s business, mainly consisting of the provision of intellectual services, the risks, including the financial risks, associated with direct environmental impacts and climate change are considered low. Nevertheless, a change in the laws or regulations in relation to the environment and energy efficiency could have an impact on the Group’s operations, with a minor potential impact on the achievement of its objectives.

## 2.1.5 Accounting, financial and tax risk factors

### 2.1.5.1 Credit and counterparty risk

Counterparty risk is the risk that a party to a contract with the Group will not meet its contractual obligations, leading to a financial loss for the Group.

The financial assets that could potentially expose the Group to credit risk are mainly customer receivables. However, the Group's companies generally issue invoices after obtaining customer approval, which makes it harder for customers to contest them, and a procedure to monitor and follow-up on the receivables is implemented at Group level to expedite recovery.

The Group has an immaterial rate of doubtful receivables given that the Group's clientèle consists mainly of large companies with little exposure to the risk of insolvency, on the one hand, and the Group has entered into a non-recourse factoring contract coupled with credit insurance covering the main European countries, on the other hand. In addition, there is no significant concentration of credit risk due to the large number of the Group's customers. However, it cannot be ruled out that some of the Group's customers' activities could be affected by a possible deterioration of the economic climate, which could lead to an increase in credit risk.

### 2.1.5.2 Liquidity risk

The Group must at all times have the financial resources not only to finance its current business but also to maintain its investment capacity. The Group therefore borrows on the banking and capital markets, which exposes it to a liquidity risk in the event of total or partial closure of these markets.

The Group manages liquidity risk by constantly monitoring the duration of financing, the permanence of available credit lines and the diversification of resources.

The Group uses centralised cash management (cash pooling), where permitted by local law, which reduces the liquidity risk to which it is exposed. The cash surpluses or financing needs of the subsidiaries are pooled and invested or financed by the Group's cash pooling company, GMTS. A cross-border, euro-denominated cash pooling system has been set up for eight European countries and allows daily centralised cash management. In other countries, cash pooling systems in local currencies are in place with GMTS and some countries operate on the basis of regular loans and borrowings granted to and by GMTS.

On December 31, 2017, the Group's cash position was €372.9m (compared to €478.3m at December 31, 2016). On December 31, 2017, this cash consisted of bank deposits in the amount of €169.0m and cash equivalents (mainly certificates of deposit) in the amount of €203.9m.

In addition to cash, the Group's sources of liquidity on December 31, 2017 were as follows:

- a multi-currency revolving credit facility (EUR, USD, GBP), syndicated and unsecured, concluded on July 27, 2017 for an amount of €500m, replacing its previous credit lines of €300m;

- a €500m commercial paper programme, €400m of which was used on December 31, 2017; and

- a €344.0m European factoring programme, €209.0m of which was used on December 31, 2017 (including €146m of deconsolidated financing/debt).

On December 31, 2017, the Group's gross financial debt amounted to €724.0m (compared to €687.9 on December 31, 2016). It consisted of short-term loans of €722.8m, long-term debt of €1.2m.

On December 31, 2017, the average maturity of the Group's debt was less than one year because of the early repaymenty of part of the Group's existing debt in the beginning of the first quarter 2018 (compared to 1.4 years on December 31, 2016).

The table below shows the breakdown of the net debt on December 31, 2017, by contractual maturity:

| *(in thousands of euros)* | <1 year | 1-2 yrs | 2-3 yrs | 3-4 yrs | 4-5 yrs | > 5 yrs |
|---|---|---|---|---|---|---|
| Bonds (>1 year) | | | | | | |
| Bank loans and borrowings (>1 year) | | 49 | 5 | | | |
| Other non-current financial liabilities | | 795 | | | | 338 |
| **Non-current financial liabilities** | **0** | **844** | **5** | **0** | **0** | **338** |
| Current bonds | 253,340 | | | | | |
| Current bank loans and borrowings | 174 | | | | | |
| Bank overdrafts | 469,300 | | | | | |
| Other current financial liabilities | (5) | | | | | |
| **Current financial liabilities** | **722,809** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL** | **722,809** | **844** | **5** | **0** | **0** | **338** |

The Acquisition and the new financing agreements entered into under the Acquisition significantly changed the situation described above (see section 1.4.3 "New financing put in place in connection with the Acquisition"). A Senior Facilities Agreement was concluded on February 15, 2018, under which several loans were made available to the Company and one of its subsidiaries in order notably to finance the acquisition price of €1.73bn: (i) a term loan for a total amount of €2,125m divided into two tranches, one amounting to €1,880m and the other amounting to $300m ("*Term Loan B*"), (ii) a bridge loan of €250m (the "*Bridge Facility*") and (iii) a new €250m multi-currency *Revolving Credit Facility* (see section 1.4.3 "New financing put in place in connection with the Acquisition").

The maturity of the Term Loan B being 7 years, the maturity of the Revolving Credit Facility being 5 years and the maturity of the Bridge Facility being 12 months, the average maturity of the Group's debt is 6,.2 years following the Acquisition and the new financing agreements entered into under the Acquisition.

For a description of the risk in relation to these new financing agreements, see section 2.1.3.5 "Risk related to the terms of the new financing agreements entered into as part of the Acquisition".

On January 15, 2018, Standard & Poor's awarded the Company's debt a BB rating with stable outlook. Moody's assigned it Ba2 rating with a stable outlook.

#### 2.1.5.3 Interest rate risk

On December 31, 2017, 100% of the long-term financial debt (i.e. portion over one year) was on a fixed rate. At the end of the 2016 financial year, 100% of the long-term financial debt (portion over one year) was also taken out at a fixed rate after taking into account the hedges in place at December 31, 2016. For more information on the Group's debt, see section 5.2.7 "Financial resources and liabilities".

The Group's investments are mainly at variable rates.

In order to effectively manage interest rate risk, the Group has entered into a number of derivative contracts (swaps), pursuant to which it can exchange, from the outset or during the term of the loan, the difference between the rate – fixed or variable – foreseen in the swap and the rate applicable to the debt concerned. However, no guarantee can be given as to the Group's capacity to adequately manage its exposure to interest rate fluctuations in the future or to continue to do so at reasonable cost.

The net exposure, defined as financial assets less financial liabilities, to interest rate risk at December 31, 2017, as well as the corresponding hedges, breaks down as follows:

| *(million euros)* | **< 1 year** | **1 - 5 years** |
|---|---|---|
| Financial liabilities | (723) | (1) |
| Financial assets | 373 | |
| Net position before hedging | (350) | (1) |
| Off-balance sheet (interest rate hedging) | - | - |

The sensitivity to interest rate risk of financial expenses, net income and equity is analysed in view of the following assumptions:

- Application of an increase or a decrease of 1% of the interest rates to the floating rate debt, as well as to the cash and the cash equivalents;
- No impact on the equity because of the absence of hedging instruments on interest rates.

With these assumptions, the sensitivity to interest rate risk of the Group's income breaks down as follows:

| *(millions euros)* | 1% rate increase | 1% rate decrease |
|---|---|---|
| Gross financial expenses | + 6.8 | - 6.8 |
| Net income | - 3 | + 3 |
| Shareholders' equity | | |

After the new financing agreements were set up in the context of the Acquisition (see section 5.2.7.2 "Financial liabilities"), 100% of the medium and long-term financial debts (that is to say, over 3 years) were variable rate debts on March 20, 2018, significantly modifying the interest rate risk to which the Group is exposed. Under the Senior Facilities Agreement, the Company must have entered into hedging agreements within 90 days from the closing date of the Acquisition, in order for its exposure to variations of floating interest rates to represent no more than 50% of the principal amount of Term Loan B.

### 2.1.5.4 Exchange rate risk

1. Operational exchange rate risk

In so far as the Group conducts its business in an international context, the Group's entities may be exposed to a transaction risk in relation to purchasing or sale transactions in currencies other than their functional currency.

It is the responsibility of the CFO of each company of the Group to identify and hedge these risks, working closely with and with the approval of the Group's cash and financing department. To this end, the only authorised instruments are day-to-day or forward purchases and/or sales.

For further information on exchange rate risk following the Acquisition, see section 2.1.3.13 "Risk related to the greater variety of currencies in the Group's revenues and the expenses borne by it".

2. Exchange rate risk related to investments in foreign subsidiaries

The Group mainly operates in euro zone countries. During the year ended December 31, 2017, the countries outside the euro zone, mainly the United Kingdom and the United States, where the Group conducted its business through its subsidiaries, accounted for 13.1% of the Group's consolidated revenues.

When preparing its consolidated financial statements, the Group must convert the financial statements of its subsidiaries outside the euro zone, taking into account the applicable exchange rates. As a result, the Group is exposed to fluctuations in the foreign exchange rates that have a direct accounting impact on the Group's consolidated financial statements. This translates into a risk relating to the conversion into euros of the balance sheets and income statements of foreign subsidiaries outside the euro zone.

In this context, the Group's sensitivity to changes in exchange rates mainly concerned, on December 31, 2017:

- changes in the Indian rupee against the euro: an increase or decrease of 10% of the Indian rupee against the euro compared to the rate recorded for the financial year ended December 31, 2017 would have the effect of changing the net income and consolidated equity by, respectively, €0.5m and - €6.9m;

- changes in the Singapore dollar against the euro: an increase or decrease of 10% of the Singapore dollar against the euro compared to the rate recorded for the financial year ended December 31, 2017 would have the effect of changing equity and consolidated net income by, respectively, - €0.2m and - €1.5m;

- changes in the pound sterling against the euro: an increase or decrease of 10% of the pound sterling against the euro compared to the rate recorded for the financial year ended December 31, 2017 would have the effect of changing equity and consolidated net income by, respectively, €1.7m and €8.1m;

- changes in the US dollar against the euro: an increase or decrease of 10% of the US dollar against the euro compared to the rate recorded for the financial year ended December 31, 2017 would have the effect of changing equity and consolidated net income by, respectively, - €1.2m and €2.0m; and

- changes in the Swedish krona against the euro: an increase or decrease of 10% of the Swedish krona against the euro compared to the rate recorded for the financial year ended December 31, 2017 would have the effect of changing equity and consolidated net income by, respectively, €0.3m and €2.2m.

For further information on exchange rate risk following the Acquisition, see section 2.1.3.13 "*Risk related to the greater variety of currencies in the Group's revenues and the expenses borne by it*".

3. Financial exchange rate risk

Financial exchange rate risk relates to financial liabilities (or financial assets) in foreign currencies whose exchange rate fluctuations impact the financial income. Although the Group's external financing is, as a rule, denominated in euros, the centralisation of the financing requirements of most foreign subsidiaries outside the euro zone, and some of the

Group's financing transactions, expose certain entities to a financial exchange rate risk related to the change in the value of financial debts or receivables denominated in currencies other than the functional currency of the borrowing or lending entity.

On December 31, 2017, the Group had no external financing in foreign currencies.

Following the Acquisition, the combined group of the Group and the Aricent group has one external financing in foreign currencies, a tranche denominated in US dollars of Term Loan B, in the amount of $300m.

As a general rule, the Group finances its subsidiaries in their own currencies and systematically hedges against the resulting exchange rate risk if long-term financing is not recognised as equity.

The Group's gross and net exposure to exchange rate risk is presented in note 5.11 of the consolidated financial statements contained in section 6.6 "Notes to the consolidated financial statements".

Most of the Group's foreign currency assets are invested in countries outside the euro zone (mainly in the United States, the United Kingdom and India).

The table below shows the sensitivity of the Group's income and equity to exchange rate risk on December 31, 2017, in the event of a 10% increase in the currency against the euro.

| *(millions euros)* | Asset | Liability | Net foreign currency position | Currency rate as at 12/31/17 | Net position in euro before hedging | Derivative instruments | Net position in euro after hedging | Profit and loss Gain/Loss | Equity Gain/Loss |
|---|---|---|---|---|---|---|---|---|---|
| **Currency** | | | | | | | | | |
| USD | 157.9 | | 157.9 | 0.8338 | 131.7 | (46.9) | 84.8 | 0.0 | 8.5 |
| GBP | 75.3 | (15.5) | 59.8 | 1.1271 | 67.4 | 25.4 | 92.8 | 0.0 | 9.3 |
| SEK | 64.5 | | 64.5 | 0.1016 | 6.6 | | 6.6 | 0.7 | 0.0 |
| SGD | 103.6 | | 103.6 | 0.6241 | 64.7 | | 64.7 | 0.1 | 6.4 |
| CZK | 429.0 | | 429.0 | 0.0392 | 16.8 | (6.6) | 10.2 | 0.0 | 1.0 |
| MAD | 33.7 | | 33.7 | 0.0892 | 3.0 | | 3.0 | 0.0 | 0.3 |
| INR | 1,447.6 | | 1,447.6 | 0.0131 | 18.9 | | 18.9 | 0.0 | 1.9 |

#### 2.1.5.5 Risk related to intangible assets

In accordance with IFRS, the Group assesses the value and measures the potential impairment of goodwill each year or at an intermediate date in the event of indications of impairment. In the event of impairment, the Group has to recognise expenses. Impairment may result, notably, from a decline in the Group's performance, lower expected future cash flows, adverse market conditions, unfavourable changes in applicable laws and regulations (including amendments restricting the activities of, and the services provided by, the Group's production centres) and various other factors. The amount recognised for any impairment loss must be recognised immediately as an expense in the Group's income statement, and is irreversible.

The methodology and discount rates used for the value tests are presented in note 5.1 "Carrying amount of goodwill" to the consolidated financial statements for financial year ended December 31, 2017 in section 6.2 "Consolidated financial statements". To carry out these impairment tests, at December 31, 2017, a post-tax discount rate (WACC) per CGU and an *ad infinitum* revenue growth rate of 2% were used.

The results of the sensitivity test in relation to the impairment of intangible assets, including goodwill and client relations, which concerns the Germany/Austria/Czech Republic and US/Canada CGU with a net value of €314.9m, are presented in the table below:

| WACC | | | -1.00% | WACC | +1.00% |
|---|---|---|---|---|---|
| | 2.00% | CGU Germany/Austria / Czech Republic | 0 | 0 | 5,839 |
| | 1.00% | CGU Germany/Austria / Czech Republic | 0 | 0 | 33,156 |
| Perpetual growth rate | 1.00% | CGU United States / Canada | 0 | 0 | 11,763 |

Moreover, an analysis of sensitivity to a change in the EBIT rate used in the business plans revealed that a 3-point reduction in said rate would lead to a €114.5m impairment of goodwill for the Germany/Austria CGU.

Any future impairment of goodwill would result in a significant decrease in the Group's income and its equity under IFRS.

#### 2.1.5.6 Risk related to the Group's investments

The Group's policy is to invest its cash in money market funds (SICAV), negotiable debt securities, capitalisation bonds or in dedicated investment funds in compliance with the rules of diversification and counterparty quality. Thus, as at December 31, 2017, the short-term investments, which amount to €203.9m, are managed by management companies, subsidiaries of leading financial institutions. These investments do not expose the Group to significant counterparty risk.

These investments were settled in 2018.

#### 2.1.5.7 Risks related to compulsory levies

The Group is exposed to risks related to compulsory levies in the various countries in which it is present, the cost of which may exceed the amounts potentially provisioned.

In general, any breach of the tax laws or regulations applicable in the countries in which the Group operates may result in adjustments, late payment interest, fines and penalties. With this in mind, the Group carries out the usual checks and review procedures in relation tax matters.

Moreover, the Group has to interpret the regulations, the doctrine and the administrative practice of the jurisdictions in which it operates, as well as international tax conventions. It cannot be guaranteed that such interpretations will not be called into question by the authorities concerned or that the tax treatment of any reorganisations and transactions involving the Group's companies will not be contested by the competent authorities.

Changes in local tax regulations or their interpretation could impact the Group's income, financial position, liquidity or outlook. It is even conceivable that such changes in tax matters run counter to the current organisation of the Group and force it to redeploy itself to allow the continued development of its business.

Furthermore, the evolution of international tax regulations, such as the work undertaken by OECD on basis erosion and profit shifting (BEPS), and the European directives yet to come, are also likely to impact the calculation of the Group's tax burden. In particular, the Group's transfer pricing policy could be called into question.

#### 2.1.5.8 Risk related to the insurance coverage for the Group's activities

The Group's insurance policy is overseen by the Group's general secretariat, whose mission is to identify the main risks, and quantify their potential consequences in order to:

- for certain risks, reduce them, by recommending preventive measures in collaboration with other departments of the Group;
- hedge them, by choosing to transfer them to the insurance in the case of risks that must necessarily be hedged, of exceptional risks with a high potential amplitude and a low frequency, and of risks related to the services performed (claims from third parties and customers).

The Company has set up Group insurance programmes, underwritten by leading companies, which are consistent with the Group's activities and in line with market conditions. The insurance policies subscribed by the Group contain:

- guarantee exclusions, which are general exclusions, common to the insurance policies of all insurance companies; and
- guarantee ceilings and deductibles, which are measured at the time the insurance contract is taken out and adapted to the Group's risks. These limits and deductibles are negotiated by the Group with the insurance company.

The main insurance policies, taken out with notoriously solvent insurance companies with an international reputation, are as follows:

- *Civil liability*:
  - *post-delivery products and professional liability insurance*: an integrated master policy, negotiated by the Company, provides all Group companies with general and professional liability insurance in the framework of their activities for bodily, material and immaterial damages caused to third parties;
  - *aeronautical and space civil liability insurance*: this policy covers the Company and its subsidiaries operating in the aeronautics and space sectors. It covers the financial consequences of the civil liability incurred for products and intellectual services in all the engineering sciences in the framework of the aeronautical and space activities of the insured party and, for aeronautical activities, in the event of flight stoppages;
  - lastly, one-off insurance can be taken out for specific contracts, such as ten-year liability insurance;
- *car fleet insurance*: employees' business travel using cars is covered by local policies concluded under normal market conditions;
- *office insurance*: multi-risk office policies are taken out to cover losses that may result from damages affecting the assets, movable and fixed, of the insured parties (fire, theft, water damage, machine breakdown, etc.);
- *provident, complementary health and assistance insurance*: Company employees benefit from coverage in respect of provident, complementary health and individual assistance insurance in the event of a mission abroad, in line with market standards.

Lastly, one-off insurance may be taken out for specific contracts of limited duration.

Subject to the generally accepted exclusions in the insurance market, the Group believes that it currently benefits from reasonable insurance coverage, the level of deductibles of which is consistent with the frequency of damages observed. Nevertheless, the Company cannot guarantee that all claims made against it or that all losses suffered are and will in future be covered by its insurance, nor that the policies in place will always be sufficient to cover all the costs and financial penalties that may result from a claim against it. In the event of a claim not covered by the insurance policies or significantly exceeding the insurance policy ceiling, or if the insurance companies demand substantial reimbursement, the corresponding costs and convictions could impact the Group's financial position.

# 2.2 Internal control and risk management system

In the context of its operational activities, the Group faces a certain number of external and internal risks (see section 2.1 "Risk factors").

In order to optimally managing its risks, in particular through the implementation of effective internal control, the Group defines an organisational structure and a series of processes, and establishes policies and procedures aimed at identifying, assessing and controlling these risks within the limits of the expected appetite for risk. The Group also aims to allocate the necessary resources to control these risks in accordance with its strategic and operational objectives.

## 2.2.1 Group objectives and framework for internal control and risk management

### 2.2.1.1 Objectives

The purpose of the internal control system[29] of the Group is to provide reasonable assurance as to:

- compliance with procedures and instructions and applicable laws and regulations throughout the Group;
- the reliability, completeness and quality of the information produced, notably the financial information;
- the efficiency of the operations carried out and the effectiveness of the internal control processes, in particular those relating to the protection of assets;
- the achievement of strategic and operational objectives in the context of the Group's business, taking into account the identification and management of risks;
- the minimisation of the risks of fraud and their impact;
- the understanding and application of controls at all levels of the Group's organisation, including those aimed at controlling risks, and the adoption of appropriate measures to reduce and minimise these risks.

The internal control system aims to contribute to the protection of assets and to the control of operations and their optimisation. Intrinsically, the internal control system cannot provide an absolute guarantee that these risks are eliminated entirely and only provides a reasonable assurance that the risks of errors or frauds are under control.

The Group's management of company risks aims at providing a complete view of the risk portfolio at the various levels of the operating entities and the functional departments, and at implementing the action plans to control these risks.

[29] In view of the extremely recent nature of the Acquisition of the Aricent group, this internal control system does not yet concern the Aricent group.

#### 2.2.1.2 Framework

The Group's internal control system is developed according to the "*Internal Control – Integrated Framework*" promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and in accordance with the elements and principles of the "Terms of reference on risk management and internal control systems" published by the AMF on July 22, 2010, as well as with the associated application guidelines.

As regards risk management, the principles applied are consistent with professional standards: ISO 31000 and 27001; Reference Framework of the Federation of European Risk Management Associations (FERMA); "Enterprise Risk Management" Reference Framework promoted by COSO; and the recommended associated application procedures.

The Group continuously reinforces and updates its framework to take into account of the evolution of its risk exposure in the context of the implementation of its strategy, its external exposure and the expectations of regulators.

### 2.2.2 Management of activities and implementation of internal control and risk management objectives

#### 2.2.2.1 Control environment

1. Integrity and ethics

The Group's values and principles of action are formalised in the Group's Code of ethics and anti-corruption policy. These documents, updated in 2014, are distributed to all employees when they join the company and are available on the intranet. They contain the principles of individual behaviour expected of and to be respected by employees in the countries where they work for the Group. These documents are completed where necessary to ensure compliance with local laws.

As part of the work to ensure compliance with Article 17 of the Sapin 2 Law, the anti-corruption policy was updated in 2017.

In addition, the Group adheres to the United Nations Global Compact and is committed to respecting recognised international human rights standards, and in particular the main conventions of the International Labour Organisation (ILO), and the United Nation's voluntary principles on security and its guiding principles on business and human rights.

Pursuant to Law no. 2017-399 of March 27, 2017, a working group was set up to prepare the Group's vigilance plan, which will be presented in the Registration Document for the 2018 financial year.

Some of the Group's significant subsidiaries have included an article stipulating the respect of ethical rules and environmental standards by the Group's subcontractors in their general purchasing conditions.

In view of its business and strategy, the Group requires specific behavioural commitments from employees involved in high value-added projects for itself or its customers. It requires formal non-disclosure agreements from its employees and its subcontractors, as the case may be.

A list of employees with access to "sensitive" information is continually updated and these employees are subject to "black-out" periods on all securities and instruments issued by

Altran. A confidentiality agreement is signed by all new employees appointed to a function concerned by the above or contributing to a confidential project.

2. Governance, organisation, powers and responsibilities

The Group's governance is ensured by the Board of Directors and the Executive Committee, and two other Committees complete the Group's governance circle.

The Executive Committee is composed of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer in charge of Europe, the Deputy Chief Executive Officer in charge of finance, the Deputy Chief Executive Officer in charge of strategy, the Deputy Chief Executive Officer in charge of Transformation, and the Executive Directors of France, Spain and Italy. The Secretary General is invited to attend the Executive Committee.

The Group's Management Committee is composed of the Executive Committee and 40 senior executives, who are in charge of the operational implementation of major strategic projects and the operational management of the Group. It brings together the Vice-Presidents in charge of Industries, Programme and Technology departments, as well as support staff (Legal, Controlling, Tax, Communication, M&A and IT).

The ABC (Altran Business Club) is comprised of the Management Committee and approximately 100 experienced managers and/or managers with strong potential, in charge of relaying the strategy, promoting the articulation between the various businesses, regions and functions, and promoting talent within the Group. It is made up of the members of the Management Committees of the local operational entities and of certain Directors of the central corporate functions.

General Management ensures that the organisational structure and the hierarchical and functional lines allow the planning, execution and control of the Group's activities. The organisational structure is defined by General Management, which adapts it regularly to the Group's strategy and to changes in its activities and the environment in which they are conducted.

The Group has also defined central responsibilities covering the three lines to steer internal control and risk management: (1) the management of operations, essentially linked to local entities and geographical areas, is responsible for the implementation of internal control and the control of operational risks, (2) the support functions (such as the General Secretariat, the Finance, Legal, Human Resources, Transformation – Organisation – Information Systems departments, etc.), which prescribe the components of the internal control system, constantly monitor their implementation, and assist the operational staff where necessary, and (3) internal audit, which prepares, with the audit reports and during consultancy work, recommendations to improve the effectiveness of the internal control and risk management system.

In order to optimise the implementation of the strategy and to ensure an optimal control and management of risks, the Group has verticalised certain functions (Finance, IT, Purchasing and Real Estate) and strengthened the functional link between certain support functions (Human Resources, Communication).

The organisational structure established by General Management is also implemented through the establishment of a "career path" repository that structures all the Group functions and makes it possible to manage all the positions related to the processes, the appointment notes, job descriptions and the delegations of legal powers and commitments.

In 2017, new appointments contributed to the reinforcement of the internal control environment within the departments steering the processes. In order to strengthen the function and improve internal control and the management of financial risks, the Group finance department recruited a new Vice-President in charge of Group Controlling, a new Group Financial Control Director, and a new Director of Cash and Financing. A new Secretary General was recruited and an Investor Relations position was created and filled by an experienced Vice-President to support the Group's strategy. An experienced Director of Internal Audit, also in charge of the internal control and risk management processes, was appointed to structure these functions.

3. Rules and procedures

By the very nature of its business sector and its international operational organisation, the Group has established a formal and detailed structure in relation to its organisational, operational, functional and managerial principles, notably to enable their implementation and control within its entities and their overall management.

The Group's commitment authorisation policy defines the authorised commitment levels for all Group entities. The operational scope concerned by these commitment levels covers all activities: commercial offering, contracting, personnel management, travel expenses and various management operations.

Local entities establish, as a direct result of the Group's instructions, the rules applicable to their own scopes and issue the operating procedures and methods required at the level of their organisational structures.

The internal control framework, which identifies key controls and is regularly updated, completes the process framework. It identifies in key processes the potential risks whose occurrence would impact the achievement of the process objectives, as well as the controls that make it possible to manage them and at least reduce their impact.

As part of the work to strengthen the Group's internal control and risk management environment in 2017, several rules and procedures specific to the financial scope were issued under the auspices of the finance department: the subcontracting purchasing policy emanating from the Group's purchasing department, and the cash and financing department's policy formalising Group principles applicable in Group entities in terms of organisation, reporting, financing, exchange and interest rate risk management, cash management and banking relations.

4. Information systems

As part of the *Altran 2020. Ignition* strategic plan, the information systems department continued its transformation by harmonising the organisational structure in its eight regions which cover 23 countries, and by establishing a global governance structure steered by the Group, making it possible to better align IT investment plans and facilitating the roll-out of new Group solutions in its functional and technical fields.

In 2017, the roll-out of company applications continued with the completion of the roll-out of the management tools for customer relations, consultant skills, consultant project assignment, and recruitment. The integrated administrative and financial management tool was rolled out in Spain. Moreover, the infrastructure and security services standardisation and globalisation programmes progressed in line with 2017 objectives and has been certified ISO 27001.

#### 2.2.2.2 Risk assessment and risk management process

The internal control procedures are part of an ongoing approach to identify, assess and manage risks that may impact the achievement of the objectives set by the Group. In particular, the assessment of risk factors helps to define appropriate control activities and the internal audit plan.

This assessment is based on the process to establish the Group's risk universe and risk map.

The risk universe is based on the compilation of risks identified by the managers of the operational entities, communicated once a year, and on the consultation of the members of the Executive Committee, the senior managers and the Directors of the support functions.

Risk mapping is carried out bi-annually after assessing the potential impact of risks from the risk universe, their probability of occurrence and their level of control; this leads to the definition of the degree of exposure. The map is presented to the Executive Committee, which validates the mitigation actions, and to the Audit Committee.

The main risks identified and their management methods are listed in section 2.1 "*Risk factors*". These are: risks related to the Group's business, risks related to the Group's environment, risks related to the integration of the Acquisition, financial risks, and tax and legal risks.

The entities retain responsibility for the risk management action plans most appropriate for their specific activities. However, some cross-cutting risks are directly managed or closely coordinated by the functional departments concerned.

As regards tax risks, the Group's tax department conducts a review of the tax position at each entity and oversees the preparation of declarations by ensuring compliance with applicable laws and regulations.

Tenders and contracts involving a certain level of risk, either quantitative (due to the revenues involved) or qualitative (due to their nature, notably in terms of specific commitments or constraints), have been, since the end of 2010, reviewed on a weekly basis by a Committee called the "*Project Appraisal Committee*" (PAC). This Committee is made up of representatives of the finance, legal, programmes and innovation departments and the Executive Directors concerned by the dossiers presented, and acts on the delegated authority of the Executive Committee.

The integration of the entities acquired by the Group is managed according to a project mode, including risk monitoring and an alert process based on the level of criticality assessed.

In view of its business sector, Altran does not foresee financial risks due to climate change likely to have significant consequences for the Group. Nevertheless, the Group implements a strategy to optimise its $CO_2$ emissions, in particular through a responsible travel policy, a corporate vehicle policy, and High Environmental Quality (HEQ) buildings.

#### 2.2.2.3 Monitoring and evaluation

The permanent control activities, conducted at all hierarchical and functional levels, aim to reduce the risks described in section 2.1 "Risk factors". They are mainly based on the application of standards and procedures that help to ensure the implementation of the guidelines issued by General Management.

The management of the internal control process is attached to the audit department, which ensures the consistency of, and updates, the internal control framework in collaboration with the process managers. The implementation of the internal control system is carried out under the responsibility of the Group's Executive Committee.

The permanent control is rolled-out, in cascade form, by the management of the operational entities under the responsibility of the geographical managers. The Directors of the legal entities and the Finance Directors commit to the internal control of their entities and sign letters of affirmation on the respect of the Group's internal control and management rules during the publication of the half-yearly and annual financial statements.

The Group's permanent control is based on three major components: the internal control framework established with the process managers; appropriate control activities implemented by the operational and functional departments and aimed at ensuring the achievement of objectives and the control of the risks inherent to the processes; and an annual self-assessment of internal control led by the internal audit department.

The annual self-assessment of internal control applied by the Group is based on a questionnaire to measure and assess the relevance and correct application of the internal control procedures by all its operating entities. In addition to the self-assessment of the level of maturity of their practices and their compliance with the Group's reference framework, the Directors of the local Management Committees draw up their compliance action plans if their internal control practices are insufficiently mature. The implementation of these action plans and the actual degree of internal control are tested during the audit missions at the entities. In 2017, the self-assessment questionnaires were updated by the Finance, Purchasing, Human Resources and IT process managers. The questionnaire sent to the IT Directors of the entities has been enhanced to take into account new compliance and security issues.

A summary of the results of the approach implemented in 2017 will be presented at the first Audit Committee meeting of 2018.

#### 2.2.2.4 Information and communication of information within the Group

General Management communicates the objectives and any other relevant information throughout the Group to enable all employees to fulfil their responsibilities and make their contribution to the Group's internal control systems and risk management in the context of the achievement of the operational and strategic objectives. The hierarchy is responsible for relaying these objectives and ensuring that they are duly understood. The RACI matrix (Responsible, Accountable, Consulted and Informed) established for all business lines promotes the dissemination of information and the complementarity of functions in the implementation of controls.

Two homogeneous professional communities, one grouping the employees and managers in charge of large customer accounts and the other involving the consultancy team managers, promote information and communication within these functional scopes, notably as regards the control objectives and the identification and control of risks.

The communication of results is essentially based on the monthly and quarterly reports and performance reviews within the Group.

The main feedback system consists in monthly, quarterly and annual reports based on standard formats, covering all operational activities and including operational, accounting and financial information. It provides relevant and reliable information to General Management, the operational departments of the geographical regions, and the functional departments. A database dedicated to operational reporting makes it possible to share a Group report

established on the basis of information which is standardised, automated and common to all entities, and to detect variations and provide alerts on items to be analysed.

Other reports prepared within the departments constitute a detailed communication, such as programme reports and reports on the integration of acquired entities. In 2017, this communication was strengthened, notably with the introduction of monthly cash reporting communicating the cash position, financial income, level of debt and its average cost, exposure to key risks (rate, counterparty) and factoring.

#### 2.2.2.5 Steering the system

1. Internal audit

Within the Group, any management entity, activity, process or system may be subject to an internal audit performed by the audit department, in accordance with the international internal audit (IIA) framework and its code of ethics.

The Group's internal audit function is centralised, and reports hierarchically to the Chairman and Chief Executive Officer and functionally to the Deputy Chief Executive Officer in charge of Finance. The role of the internal audit department is to ensure that the Group has an effective internal control system and manages its risks in a satisfactory manner. The audit department also manages the internal control and risk management processes. The Group's audit charter, applicable throughout the Group, was established and validated by the Chairman and Chief Executive Officer and the Chairman of the Audit Committee in 2017.

The Group's audit department carries out audit missions in relation to the annual plan with the support of internal or external resources in order to mobilise the skills required to achieve the objectives of the audit missions and to ensure an optimal evaluation of internal control and risk management.

The audit department works in consultation with the Statutory Auditors and also carries out assistance missions (consulting, analysis, methodological input, participation in regulatory compliance projects) while preserving the degree of independence required to carry out evaluation missions.

The annual audit plan (2018), part of a four-year plan to cover all Group entities, is based on an analysis of the risks and risk management systems, on the Group's strategic challenges, and on the history of the audit missions. It is submitted annually to the Chairman and Chief Executive Officer and to the Audit Committee for their approval. The annual plan may be amended during the year due to strategic or operational imperatives and the Audit Committee is kept informed of these developments. In the context of the arrival of the new Audit Director, a structuring and development plan for the internal audit function and the strengthening of the risk management and internal control processes was established and validated by the Chairman and Chief Executive Officer and the Audit Committee.

The conclusions of the work carried out by the audit department and the Statutory Auditors are the subject of regular reports to the Audit Committee and, through it, to the Board of Directors. The Audit Director participated in all the Audit Committee meetings held in 2017. At every Committee meeting, the Audit Committee hears the Statutory Auditors without any Company representative being present.

If areas of progress are identified, action plans are drawn up by the operational staff with the support of the audit department, which monitors their implementation and reports to the Deputy Chief Executive Officer in charge in the geographical region and then to the Executive Committee and the Audit Committee.

2. Board of Directors

The Board of Directors participates in internal control, notably through the work and reports of its Specialised Committees. It approves the financial statements, and reviews and approves the budget and strategic dossiers. Lastly, it ensures that the corporate bodies and the corporate governance rules function duly, and, with the support of the Audit Committee, oversees the work of the internal control bodies.

3. Audit Committee

The Audit Committee ensures that General Management sets up internal control and risk management procedures in accordance with the risks identified and with a view to achieving the Group's objectives. It keeps itself regularly informed of the evolution of the Group's internal control system. It approves the annual audit plan and the main conclusions of the audit work presented to it. Also, it examines the significant risks and off-balance sheet commitments.

4. General Management

General Management steers the Group's internal control and risk management system. It participates in the definition of the internal control system, which is adapted to the Group's challenges, and supports its deployment, its permanent control and its timely evaluation by the audit department. It validates the risk map and oversees the implementation of the risk control and remedial action plans. It keeps itself informed of any potential significant matters in order to bring them to the attention of the Board of Directors and initiate the required corrective actions.

## 2.2.3 Internal control procedures relating to the development, processing and dissemination of accounting and financial information

The financial and accounting information of the Group is established by the Deputy Chief Executive Officer in charge of finance, under the authority of the Chairman and Chief Executive Officer. As such, the finance department is responsible for the internal control procedures related to the preparation and processing of financial information.

To ensure the quality and reliability of the statutory and consolidated financial statements, the Group relies mainly on a set of accounting principles and standards, and on a formal accounting and management reporting process. The vertical organisation of the Finance function, including the hierarchical link of the local entities' Finance Directors to the Vice-President in charge of controlling, reinforces the internal financial control environment. A shared information system is used for the preparation of the consolidated financial statements by the consolidation department and for the monthly preparation of Management Reports by the financial control department.

### 2.2.3.1 Accounting standards and procedures

The consolidated financial statements are prepared in accordance with the IFRS standards adopted by the European Union and pursuant to the procedures formalising the main applicable accounting rules and consolidation methods.

The Group's procedures aim to ensure a strict accounting and financial management of the Group's activities in relation to budgeting, reporting, consolidation, management control and the communication of results. They contribute to the production of financial information that is

reliable and complies with legal and regulatory requirements and the standards defined by the Group, as well as to the preservation of its assets.

The procedures established to prepare the Group's statutory and consolidated financial statements are based on:

- the Group's manual of accounting principles (Finance Book), made available to the Group's entire financial community and updated regularly in view of changes to IFRS standards, new external regulations or internal practices, and the adaptation of the Internal Financial Control Framework;

- the Group's reporting instructions, communicated in the context of the periodic consolidations by the consolidation department. These instructions specify, notably, schedules, scopes, reporting assumptions (exchange rate, discount rate, tax rate, etc.), specific and exceptional processing procedures (i.e. impairment tests, off-balance sheet commitments), changes in the accounts plan and normative updates.

#### 2.2.3.2 Preparation of accounting and financial information

The responsibilities relating to the preparation of accounting and financial information are broken down within the different functions of the Group's Finance structure.

Within the finance structure, the controlling department monitors the consolidation, financial control and financial information systems departments.

The production and analysis of financial information is mainly based on the contribution of the consolidation, financial control and cash and financing departments.

The responsibilities of the consolidation department

Upstream of production and in respect of prescriptive and preventive internal control:

- the consolidation department owns the account plan and administers the consolidation information system. It publishes the centralised accounting framework and ensures that it is respected by the Group's entities, notably when the periodic reports are submitted. It also ensures compliance with the IFRS accounting principles applicable to Altran and monitors the degree of control of the consolidation process and system within the Group;

- it participates in acquisitions, mergers and disposals of companies and monitors the compliance of the accounting processing of these major events. It oversees the training of the financial departments of the entities newly acquired by the Group as part of the external growth strategy.

When preparing quarterly, interim and annual consolidated financial statements, published with the complete financial statements by entity, the consolidation department provides the justification of the financial statements for the purposes of control and certification by the regulatory control bodies (Statutory Auditors).

As part of the financial communication, the consolidation department produces the financial information (see section 2.2.3.6 "Financial and investor communication").

The responsibilities of the financial control department

The segment presentation of the financial statements is prepared by the Group financial control department, which reconciles this presentation with the consolidated financial

statements to analyse the Group's performance and comment on it in the Management Report.

The responsibilities of the cash and financing department

In coordination with the consolidation department, the cash and financing department updates the closing balances of factoring contracts on a quarterly basis and participates in the reconciliation of the Group's consolidated net financial debt.

In 2017, the internal control relating to the preparation of the accounting and financial information in relation to the consolidated financial statements was reinforced, notably by the implementation of a programme to improve the reconciliation of inter-company transactions (interCo).

#### 2.2.3.3 Objective setting and performance management

The financial control department oversees the reliability of the budgetary processes, the measurement of the Group's economic performance, and the analysis of the relevance of the information provided on the basis of detailed monthly reporting by entities, and prepares a summary of the management indicators for General Management.

The analyses performed and the steering indicators specifically monitored are revenues, invoicing rate, workforce, DSO, gross direct margin and EBIT by geographical region. Reviews, conducted monthly and quarterly on the basis of standard reporting, are prepared by country with the involvement of the Executive Committee. Their purpose is, notably, to analyse and control the main risks that could have a potential impact on the preparation of the accounting and financial information published by the Company. An estimate of end-of-year forecasts is carried out multiple times and is analysed by General Management.

The application of and compliance with principles, rules and procedures are the responsibility of each entity's Finance Director. They must ensure, in coordination with the financial control department and the consolidation department, that the information communicated by the Group's reporting and consolidation system is consistent with the information to be published, the income for the reporting period, and the financial position at the end of the reporting period.

As part of the budgetary process, the Group's consolidated budget is subject to validation by the Board of Directors.

General Management sends each operational unit a budget letter setting out its annual quantitative and qualitative objectives.

In 2017, internal control and risk management relating to financial performance and its management were strengthened, notably through:

- the establishment of a new process to review the quarterly performance of entities: quantitative business performance review and management letter;
- a cash optimisation programme of the French entity based on the optimisation of invoicing and the acceleration of recovery;
- the communication of estimated DSO and Free Cash Flow targets;
- the establishment of two Operational Committees managed by the cash and financing department: the monthly Credit Management Committee bringing together the Credit

Managers; and the quarterly Cash Committee, chaired by the Deputy Chief Executive Officer for Finance, which is the financial risk management body.

#### 2.2.3.4 Accounting and financial information systems management

The quality and reliability of financial and accounting information is based on increasingly integrated information systems (ERP type), and on a software package for Group consolidation and another for cash.

The Group and its subsidiaries use a standardised and unified IT application for consolidation, which makes it possible to secure and standardise the processes for preparing forecast reports, monthly reports and accounting statements.

In 2017, internal control and financial risk management relating to the preparation of accounting and financial information were reinforced, notably through:

- the continued roll-out of the administrative and financial management tool (ERP) and its implementation in a major country (Spain);
- the implementation of an IT solution to optimise inter-company reconciliation.

#### 2.2.3.5 Cash and financing management

In 2017, internal control and financial risk management relating to the management of cash and financing and to the corresponding accounting and financial information were reinforced, notably through:

- an update of the banking powers;
- the introduction of systematic currency hedging on intra-group loans/borrowings by the central cash department;
- the integration of reporting on entities' cash amounts by bank and by maturity in the consolidation software;
- the introduction of systematic alerts in the event of attempts of external payment fraud.

#### 2.2.3.6 Financial and investor communication

The investor relations department, which reports to the Deputy Chief Executive Officer in charge of Finance, is responsible for and conducts all communication with the shareholders, investors, financial analysts and, more generally, with the financial markets. In particular, it ensures compliance with the procedures relating to regulated information, whether periodic or permanent, and ensures the reliability of the information communicated.

- **As regards periodic information,** the investor relations department is responsible for the application of AMF regulations and recommendations in relation to communications, and is notably in charge of:
  - the coordination and publication of financial information: quarterly revenues, and half-yearly and annual results;
  - preparation of the Registration Document.

- **As regards permanent information,** the investor relations department ensures that any information likely to have an impact on the Company's share price is communicated to the market without delay and in a comprehensive manner.

The Company's financial calendar and the calendar of the various declarations made by the Company to the financial community (presentation of results, participation in investor conferences, international road-shows with future or existing investors) are overseen by the investor relations department.

The Group's investor relations department organises the announcement of acquisitions, disposals or significant equity investments.

In 2017, following the creation of the Investor Relations function, internal control and risk management relating to investor and market communication were reinforced, notably through:

- the reinforcement of the internal procedures relating to declarations to the financial community; this was done to centralise external requests, and ensure the equal treatment of the various shareholders or investors and the consistency of the messages issued by the Group;

- the communication decision-making processes have been significantly reinforced in order to conduct methodical analyses of the stakes and advisability of communicating.

### 2.2.4 Changes in 2018 and outlook

The Group sets itself a recurring objective of developing its internal control and risk management system based on:

- an environment conducive to risk analysis and the establishment of control systems;
- the responsibility of all actors, in particular process managers and operational staff as key actors in the processes;
- prioritisation in the implementation of control as regards the level of risk incurred.

In 2017, the internal control work resulted in the extension of the self-assessment process to all Group entities and the updating of the questionnaires for five major processes.

In 2018, the Group will continue its continuous improvement approach in terms of identifying risks and updating its internal control system, in order to adapt it to the Group's evolution and its new challenges, specifically in the context of the Acquisition.

The internal control and risk management system will evolve, notably through:

- the production of a risk map covering the Group's new scope;
- the establishment of an Operational Risks Committee;
- the continued update of the internal control framework to align it with changes in respect of the Group's organisation, processes and potential risks;
- the reinforcement of the ownership of internal control by process managers; and
- the provision of audit resources tailored to the audit objectives and the development of data analysis.

# 3 Corporate governance and remuneration

## 3.1 Board of Directors' report on corporate governance

In application of the provisions of Article L. 225-37 of the French Commercial Code, this section includes the report on corporate governance prepared by the Board of Directors. In addition to the elements required by the French Commercial Code for the preparation of this report, the Company has chosen to add other elements related to corporate governance required by other legal and regulatory provisions.

In compliance with the provisions of Article L. 225-37-4 8° of the French Commercial Code, the Company declares that it voluntarily refers to the AFEP-MEDEF Corporate Governance Code for Listed Companies. A table summarising the recommendations of the said Code that have not been complied with is shown in section 3.1.1.9 "*Application of the AFEP-MEDEF Code: implementation of the 'comply or explain' rule*".

The AFEP-MEDEF Code is available on MEDEF's website (www.medef.com).

The terms of this report have been approved by the Board of Directors in its meeting of February 26, 2018, after being examined by the Appointments and Remuneration Committee in its meeting on the same day.

### 3.1.1 Corporate governance

This section describes the procedures of leadership and management of Altran Technologies, a joint stock corporation (*société anonyme*) with a Board of Directors. The Company is committed to high quality corporate governance and compliance with the principles and rules governing its activities.

It also includes information relating to regulated agreements, to the elements likely to have an impact in the case of a tender or exchange offer, as well as to the transactions on the shares of the Company by the corporate officers.

The principles of functioning as well as the missions of the corporate bodies of the Company are defined in the Articles of Association and the Rules of Procedure of the Board of Directors. The Company's Articles of Association may be viewed on the Company's website (www.altran.com).

At the date of this Registration Document, no modification of the Group's corporate governance has been decided in relation to the Acquisition.

The meeting of the Board of Directors held on February 26, 2018 set the resolutions to be proposed to the General Shareholders' Meeting to be held on April 27, 2018. The Board decided to propose the renewal of the term of Mr. Christian Bret and the ratification of Ms. Jaya Vaidhyanathan's cooptation as Directors. Mr. Jean-Pierre Alix, whose term was expiring following this meeting, did not wish to renew his term. Mr. Sylvain Michel's term as Director will expire following the General Shareholders' Meeting to be held on April 27, 2018; in accordance to the bylaws of the Company, a Director representing the employees shall be

appointed by the trade union which has obtained the most votes following the first round of the elections stated in Article L. 2122-1 of the French Labour Code.

#### 3.1.1.1 Board of Directors

1. Composition of the Board of Directors

The members of the Board of Directors are appointed by the General Meeting except for the Director representing the employees.

▌**Number of Directors (*Article 11 of the Articles of Association and Article 1.1 of the Rules of Procedure of the Board of Directors*)**

The Company is managed by a Board of Directors composed of at least 3 and at most 18 members - in the case of a merger, this maximum may be exceeded in the conditions and within the limits set by the French Commercial Code.

▌**Appointment of Directors and term of duties (*Article 11 of the Articles of Association and Article 1.1 of the Rules of Procedure of the Board of Directors*)**

Directors are appointed by the General Meeting of Shareholders for a maximum term of four years, further specified that any Director appointed to replace another Director whose term had not expired can only serve for the remaining time of their predecessor's term.

A Director representing the employees is appointed by the Works Council. When the number of Directors appointed by the General Meeting is greater than 12 [30], a second Director representing the employees is appointed by the Works Council. The term of office of the Directors representing the employees is four years. Their duties end at the conclusion of the General Meeting convened to approve the financial statements of the financial year ended held in the year in which their term expires.

In compliance with applicable legal provisions, the appointed Director must hold an employment contract with the Company, or with a direct or indirect subsidiary whose registered office is located in the territory of France, concluded at least two years prior to their appointment.

Directors are eligible for re-appointment. They may be revoked at any time by the Ordinary General Meeting of Shareholders.

▌**Age limit of Directors (*Article 11 of the Articles of Association and Article 1.1 of the Rules of Procedure of the Board of Directors*)**

The Board of Directors cannot be composed of more than one third of Directors who are older than 75 years of age. If this proportion is exceeded because one of the active Directors exceeds the age of 75 years, the oldest Director is deemed to resign at the end of the next following Ordinary General Meeting.

**Minimum shareholding of Directors in the share capital of the Company *(Article 11 of the Articles of Association and Article 1.1 of the Rules of Procedure of the Board of Directors)***

Each Director must personally own at least 3,800 shares during their term of office. This number, in compliance with the provisions of the AFEP-MEDEF Code, has material significance with respect to the attendance fees. As an exception, the Directors representing the employees are not required to

[30] The Director or Directors representing the employees are not taken into account in calculating the threshold of the 12 members. This threshold is evaluated on the date of appointment of the salaried Director or Directors.

own a minimum number of shares.

Information on the holding of share capital of the Company by the Directors is presented in section 3.1.1 “Corporate governance”.

▮ **Chairman of the Board of Directors** ***(Article 12 of the Articles of Association and Article 2.3 of the Rules of Procedure of the Board of Directors)***

The Board of Directors elects a Chairman, who is a physical person, from among its members, and if the Board of Directors deems it appropriate, one or two Vice-Chairmen who can preside over the Board of Director’s meetings in the case the Chairman is absent or unable to act.

The Chairman is appointed for a term that cannot exceed that of their Director term. The Chairman may be re-appointed and may be revoked at any time by the Board of Directors.

The Chairman cannot be older than 75 years of age. If the Chairman exceeds that age during their term, they are deemed to have automatically resigned.

The Chairman represents the Board of Directors, organises and directs its work, oversees the proper functioning of the Company, ensures that the Directors are able to carry out their missions, presides over the General Meetings of Shareholders and prepares the reports required by Law.

▮ **Observers** ***(Article 17 of the Articles of Association and Article 1.3 of the Rules of Procedure of the Board of Directors)***

The Board of Directors can appoint, on the proposition of the Chairman, a panel of observers composed of a maximum of two persons. They are appointed for a term of four years and can be re-appointed to their duties. The Board of Directors, however, can revoke their duties at any time.

The observers are called to attend the meetings of the Board of Directors and take part in deliberations as advisers.

- **Composition of the Board of Directors at December 31, 2017**

The table below provides a summary of the composition of the Board of Directors at December 31, 2017:

| Name | Age | Nationality | First appointment | Renewal | Expiration of term | Member of the Appointments and Remuneration Committee | Member of the Investments and Acquisitions Committee | Member of the Audit Committee |
|---|---|---|---|---|---|---|---|---|
| **Dominique Cerutti**<br>*Chairman* | **56 years** | **French** | **2015 OGM** | **-** | **2019 OGM called to approve the financial statements of the financial year ended December 31, 2018** | | **• (C)** | |
| **Jean-Pierre Alix**<br>*Director* | **67 years** | **French** | **2008 OGM** | **2016 OGM** | **2018 OGM called to approve the financial statements of the financial year ended December 31, 2017** | | | • |
| **Apax Partners SA * represented by Maurice Tchenio**<br>*Director* | **74 years** | **French** | **2008 OGM** | **2017 OGM** | **2021 OGM called to approve the financial statements of the financial year ended December 31, 2020** | | | |
| **Christian Bret**<br>*Director* | **77 years** | **French** | **2012 OGM** | **2016 OGM** | **2018 OGM called to approve the financial statements of the financial year ended** | | • | |

| Name | Age | Nationality | First appointment | Renewal | Expiration of term | Member of the Appointments and Remuneration Committee | Member of the Investments and Acquisitions Committee | Member of the Audit Committee |
|---|---|---|---|---|---|---|---|---|
| | | | | | December 31, 2017 | | | |
| **Sylvain Michel**<br>*Director representing the employees* | 38 years | French | 2014 OGM | - | 2018 OGM called to approve the financial statements of the financial year ended December 31, 2017 | | | |
| **Nathalie Rachou**<br>*Independent Director* | 60 years | French | 2012 OGM | 2016 OGM | 2019 OGM called to approve the financial statements of the financial year ended December 31, 2018 | • | | • (C) |
| **Gilles Rigal**<br>*Director* | 59 years | French | 2008 OGM | 2016 OGM | 2020 OGM called to approve the financial statements of the financial year ended December 31, 2019 | • | • | |
| **Thomas de Villeneuve**<br>*Director* | 45 years | French | 2015 OGM | - | 2019 OGM called to approve the financial statements of the financial year ended December 31, 2018 | | • | |
| **Martha Heitzmann Crawford**<br>*Independent Director* | 50 years | American | 2016 OGM | - | 2020 OGM called to approve the financial statements of the financial year ended December 31, 2019 | • (C) | | • |
| **Renuka Uppaluri**<br>*Independent Director* | 46 years | American | 2016 OGM | - | 2020 OGM called to approve the financial statements of the financial year ended December 31, 2019 | | • | |
| **Jaya Vaidhyanathan ****<br>*Independent Director* | 47 years | American | BD of 12/20/2017 | - | 2021 OGM called to approve the financial statements of the financial year ended December 31, 2020 | | | |

*(C) Chairman of the Committee.*
** Became AMBOISE PARTNERS SA on January 1, 2018.*
*** Ms. Jaya Vaidhyanathan was appointed member of the Investments and Acquisitions Committee on January 20, 2018.*

### Observer

The Board of Directors also includes an observer, Mr. Henry Capelle, appointed in March 2014 for a term of four years.

- **Attendance of the members of the Board of Directors in Board meetings and Committee meetings in 2017**

| Name | Board of Directors | Appointments and Remuneration Committee | Investments and Acquisitions Committee | Audit Committee |
|---|---|---|---|---|
| **Dominique Cerutti**<br>*Chairman* | 100 % | - | 100 % | - |
| **Jean-Pierre Alix**<br>*Director* | 50 % | - | - | 71,43 % |
| **Apax Partners SA**<br>*represented by Maurice Tchenio*<br>*Director* | 68,5 % | - | - | - |

| Name | Board of Directors | Appointments and Remuneration Committee | Investments and Acquisitions Committee | Audit Committee |
|---|---|---|---|---|
| **Christian Bret**<br>*Director* | 100 % | - | 100 % | - |
| **Sylvain Michel**<br>*Director representing the employees* | 75 % | - | - | - |
| **Florence Parly**<br>*Director until June 21, 2017* | 100 % | 100 % | - | - |
| **Nathalie Rachou**<br>*Director* | 87,5 % | 100 %* | - | 100 % |
| **Gilles Rigal**<br>*Director* | 75 % | 100 % | 75 % | - |
| **Jacques-Etienne de T'Serclaes**<br>*Director until April 28, 2017* | 100 % | 100 % | - | 100 % |
| **Thomas de Villeneuve**<br>*Director* | 87,5 % | - | 100 % | - |
| **Martha Heitzmann Crawford**<br>*Director* | 100 % | 87,5 % | - | 100 % |
| **Renuka Uppaluri**<br>*Director* | 81,25 % | - | 87,5 % | - |
| **Jaya Vaidhyanathan**<br>*Director* | - | - | - | - |
| **OVERALL RATE OF ATTENDANCE** | 83,5 % | 96 % | 90 % | 91,67 % |

* *For the period starting July 27, 2017, date of her appointment.*

- **List of terms or duties of Directors**

**MR. DOMINIQUE CERUTTI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Date of birth: 01/03/1961
Gender: Male
Nationality: French

**Chairman and Chief Executive Officer of Altran Technologies**

Mr. Dominique Cerutti began his career as an engineer at Bouygues in Saudi Arabia.

He then joined the IBM group, where, for more than 20 years, he took part in the strategic transformation of the company from the United States.

In 2000, he was appointed Chief Executive Officer of IBM Global Services for Europe, Middle East and Africa, then IBM in Europe.

In 2009, he joined the NYSE Euronext group as Executive Vice-President and member of the Board of Directors, prior to becoming Chairman of the Management Board of the Euronext group in 2013.

He is a graduate of the École spéciale des travaux publics (ESTP).

He owned 42,500 shares of Altran Technologies as at December 31, 2017.

**Offices and positions held at December 31, 2017**

**In France**

**Within the Altran group**

- Chairman and Chief Executive Officer and Chairman of the Investments and Acquisitions Committee of Altran Technologies

**Outside the Altran group**

- Chairman of Eupheme Consulting

**Abroad**

**Within the Altran group**

- Director of Cambridge Consultants Limited (United Kingdom)

**Offices and positions held in the last five years and no longer occupied**

| End of term | |
|---|---|
| | **In France** |
| | **Outside the Altran group** |
| 2017 | Member of the Board of Directors of Genes'ink |
| 2013 | Member of the Board of Directors of Euromed Business School |
| | **Abroad** |
| | **Outside the Altran group** |
| 2015 | Chairman of the Management Board of Euronext NV (Netherlands) |
| 2015 | Executive Vice-President of NYSE (New York, United States) |
| 2015 | Member of the Board of Directors of LCH group (United Kingdom) |
| 2013 | Member of the Board of Directors of NYSE (New York, United States) |

| MR. JEAN-PIERRE ALIX, DIRECTOR | | |
|---|---|---|
| Date of birth: 02/02/1950<br>Gender: Male<br>Nationality: French<br><br>**Certified Public Accountant (Expert-Comptable)**<br><br>After holding local elected offices (Deputy Mayor, General Counsellor, Chairman of an urban community), Mr. Jean-Pierre Alix held various union and ordinal positions including that of National Chairman of the French Institute of Certified Public Accountants (*Institut français des experts-comptables* – IFEC) and Chairman of the Board of the Order of Certified Public Accountants (Ordre des experts-comptables).<br><br>He owned 4,010 shares of Altran Technologies as at December 31, 2017. | **Offices and positions held at December 31, 2017**<br><br>**In France**<br><br>**Within the Altran group**<br><br>▮ Director and Member of the Audit Committee of Altran Technologies<br><br>**Outside the Altran group**<br><br>▮ Manager of SARL Alix Conseil<br>▮ Manager of SCI GAP<br>▮ Manager of SCI Les Deux Rochers<br>▮ Manager of SCI Saint-Laurent Investissement<br>▮ Manager of SCM Saint-Laurent Gestion<br>▮ Director of Sacicap Forez Velay<br><br>**Offices and positions held in the last five years and no longer occupied** | |
| | End of term | **In France**<br><br>**Within the Altran group** |
| | 2012 | Member of the Investments and Acquisitions Committee and the Appointments and Remuneration Committee |

## APAX PARTNERS, DIRECTOR

Apax Partners SA held 3,801 shares of Altran Technologies as at December 31, 2017.

**Offices and positions held at December 31, 2017**

**In France**

**Within the Altran group**

- Director of Altran Technologies

**Outside the Altran group**

- Manager of Société Civile TeamInvest
- Member of the Audit Committee of Thom Europe SAS
- Manager of Société Civile Firoki
- Member of the Supervisory Committee of Thom Europe SAS

**Abroad**

**Outside the Altran group**

- Director of European Jewellers I SA (Luxembourg)
- Director of European Jewellers II SARL (Luxembourg)

**Offices and positions held in the last five years and no longer occupied**

| End of term | In France |
|---|---|
| | **Outside the Altran group** |
| 2016 | Member of the Supervisory Board of InfoPro Digital SAS |
| 2014 | Member of the Executive Committee of Financière Season |
| 2014 | Member of the Supervisory Board of Royer SA |
| 2013 | Director of DXO Labs SA |
| 2013 | Manager of Société Civile Carmel |
| | **Abroad** |
| | **Outside the Altran group** |
| 2014 | Director of Wallet Investissement 1 SA (Belgium) |
| 2014 | Director of Wallet Investissement 2 SA (Belgium) |
| 2014 | Director of Wallet SA (Belgium) |
| 2014 | Director of Buy Way Tech SA (Belgium) |
| 2014 | Director of Buy Way Personal Finance Belgium SA (Belgium) |

## MR. MAURICE TCHENIO, REPRESENTATIVE OF THE APAX PARTNERS

Date of birth: 01/19/1943
Gender: Male
Nationality: French

Co-founder of Apax Partners. Also Chairman of the Management of Altamir and Chairman of Fondation AlphaOmega.

Mr. Maurice Tchenio began his career as an assistant professor in finance at HEC, then Project Manager at the *Institut de développement industriel* (IDI) in Paris, a business bank specialising in equities investments. In 1972, he founded, along with Ronald Cohen and Alan Patricof, the company Apax Partners, which is today one of the world leaders in private equity. From 1972 to 2010, he was the Chairman and Chief Executive Officer of Apax Partners, the French branch of the group. In 1995, he created Altamir Amboise, a listed private equity company, then, in 2010, he created AlphaOmega, a foundation of recognised public utility.

He is a co-founder of the French Association of Capital Investors (*Association française des* investisseurs *en capital* – AFIC) and a former Director of the European Venture Capital Association (EVCA).

Mr. Maurice Tchenio is a graduate of HEC and of the Harvard Business School, where he graduated with high distinction as Baker Scholar.

He owned 373,000 shares* as at December 31, 2017

### Offices and positions held at December 31, 2017

**In France**

**Within the Altran group**

- Representative of Apax Partners SA, as Director of Altran Technologies

**Outside the Altran group**

- Chairman and Chief Executive Officer of Apax Partners SA
- Chairman and Chief Executive Officer of Altamir Gérance SA
- Director of Toupargel Groupe SA, an Euronext Paris listed company
- Permanent representative of Financière Helios, as Manager of Albioma SA, an Euronext Paris listed company
- Director of Financière de l'Échiquier SA
- Vice-Chairman of Toupargel SASU
- Chairman of the Board of Directors of Fondation AlphaOmega
- Co-Manager of Société Civile Immobilière Mauryland
- Managing partner of AlphaOmega SC
- Partner of Société Civile TT Investissements
- Chairman of Amboise SAS
- Manager of Société Civile Cimarosa
- Manager of Société Civile Cimarosa II
- Manager of Société Civile Étoile II
- Manager of Société Civile SE Wagram
- Member of the Supervisory Committee of Thom Europe SAS
- Representative of Apax Partners SA, as Manager of Société Civile Capri
- Representative of Apax Partners SA, as Manager of Société Civile Firoki
- Representative of Apax Partners SA, as Manager of Société Civile TeamInvest
- Observer of Lion/Seneca France 1 SAS

### Offices and positions held in the last five years and no longer occupied

| End of term | In France |
|---|---|
| | **Outside the Altran group** |
| 2017 | Vice-Chairman of Toupargel SASU |
| 2017 | Manager of Société Civile Fac&In |
| 2017 | Manager of Société Civile Cimarosa |
| 2017 | Manager of Société Civile Cimarosa II |
| 2017 | Manager of Société Civile SE Wagram |
| 2017 | Manager of Société Civil Capri |
| 2017 | Manager of Société Civil Vizasat |
| 2016 | Chairman of Financière Helios SAS |
| 2016 | Manager of Société Civile Copernic Partenaires |
| 2015 | Director of Albioma |
| 2015 | Representative of Apax Partners SA, as Manager of Société Civile Carmel |
| 2014 | Manager of Société Civile Moussecarrie |
| 2013 | Manager of Société Civile Cimarosa Media |
| 2013 | Manager of Société Civile Cimarosa Tubes |
| 2013 | Manager of Société Civile Galilée Partenaires |
| 2013 | Manager of Société Civile Galilée Partenaires II |
| 2013 | Manager of Société Civile Longchamp |

* Shares owned as part of a life insurance contract.

## MR. CHRISTIAN BRET, DIRECTOR

Date of birth: 09/08/1940
Gender: Male
Nationality: French

Throughout his career, Mr. Christian Bret has worked in the information technology and communication industries.

A graduate of ESCPE-Lyon (1963), Mr. Christian Bret began his career as an engineer at IBM France and then, in 1969, turned his focus to information services. After three years at the head of the computer subsidiary of Banque Rothschild, he spent 18 years with the Sligos group of which he became the Chief Executive Officer, before becoming, in 1989, Chief Executive Officer of the CISI group, a subsidiary of CEA. In 1996, he joined France Telecom, as Executive Vice-President of the corporate branch.

In addition, Mr. Christian Bret has held many positions within professional organisations: Vice-Chairman of Syntec and Syntec-Informatique, Chairman of Convention Informatique, Chairman of the Strategic Orientation Committee for Informatics of Afnor, member of telematics and telecommunications Advisory Boards, Chairman of Institut des sciences et techniques des Yvelines.

In 2003, Mr. Christian Bret created Eulis, a strategy advising company, then, in 2004, he founded the Cercle 01 Innovation – Technologies group that includes 40 Chairmen or Chief Executive Officers of French companies on the theme of improving performance using Information and Communication Technologies (ICT).

He owned 4,000 shares of Altran Technologies as at December 31, 2017.

### Offices and positions held at December 31, 2017

**In France**

**Within the Altran group**

- Director and member of the Investments and Acquisitions Committee of Altran Technologies

**Outside the Altran group**

- Director and member of the Remuneration, Ethics and Governance Committees of Sopra Steria group

### Offices and positions held in the last five years and no longer occupied

| End of term | In France |
| --- | --- |
| | **Outside the Altran group** |
| 2016 | Director of Digital Dimension |
| 2016 | Director, Chairman of the Remuneration Committee, and member of the Audit Committee of Econocom group |

## MR. SYLVAIN MICHEL, DIRECTOR REPRESENTING EMPLOYEES

Date of birth: 07/19/1979
Gender: Male
Nationality: French

Executive employed as a consulting engineer within the Altran group

Mr. Sylvain Michel holds a Masters Degree in Aeronautic Mechanical Engineering. He has professional experience in project management in the development of tooling, the installation of VIP cabins for aeronautics, and the transfer of automobile production lines.

Mr. Sylvain Michel did not own any shares of Altran Technologies as at December 31, 2017*.

**Offices and positions held at December 31, 2017**

**In France**

**Within the Altran group**

- Director representing the employees of Altran Technologies

**Offices and positions held in the last five years and no longer occupied**

None

* In accordance with the Company's Articles of Association, the Director representing the employees is not required to own shares of Altran Technologies.

## MS. NATHALIE RACHOU, INDEPENDENT DIRECTOR

Date of birth: 04/07/1957
Gender: Female
Nationality: French

Until 2015, Manager of Topiary Finance Ltd, an asset management company based in London, that she founded in 1999.

Initially, Ms. Nathalie Rachou spent 22 years with Banque Indosuez group, which later became Crédit Agricole Indosuez. Foreign exchange trader from 1978 to 1982, then Manager of Assets and Liabilities Management until 1986, she then developed the Matif business and created the brokerage subsidiary Carr Futures International. General Secretary from 1991 to 1996, she next took responsibility for the currency exchange and currency options and sales product line, a position that she held until 1999, the year when she created her company.

A graduate of HEC (graduating class of 1978), Ms. Nathalie Rachou has spent half of her career in the United Kingdom.

She has been an international trade adviser for France in the United Kingdom since 2001 and is a member of the Cercle d'outre-Manche, a Franco-British think tank.

She owned 3,800 shares of Altran Technologies as at December 31, 2017.

### Offices and positions held at December 31, 2017

**In France**

**Within the Altran group**

- Director, member of the Appointments and Remuneration Committee, and Chairman of the Audit Committee of Altran Technologies

**Outside the Altran group**

- Director and member of the Audit Committee of Veolia Environnement
- Director, Chairman of the Risks Committee and member of the Audit and Internal Control Committee of Société Générale, a company whose securities are admitted for trading on a regulated market
- Senior Adviser to Rouvier Associés, a management company

**Abroad**

**Outside the Altran group**

- Director and member of the Audit Committee of LAIRD PLC (United Kingdom)

### Offices and positions held in the last five years and no longer occupied

| End of term | In France<br>Outside the Altran group |
|---|---|
| 2015 | Director of ARIS (Indosuez Retiree and Alumni Association) |
| 2013 | Director (and member of the Strategic Committee) of the Liautaud & Cie business bank |

## MR. GILLES RIGAL, DIRECTOR

Date of birth: 05/26/1958
Gender: Male
Nationality: French

Managing Partner of Apax Partners MidMarket SAS

Mr. Gilles Rigal joined Apax Partners in 2001 as part of the TMT (Technology-Media-Telecom) team.

He began his career as an entrepreneur by creating IGL, a software and IT services company that he sold to Thales five years later. He then joined McDonnell Douglas Information Systems, where he became Division Director, then he joined Systar, an international software firm based in France, of which he was successively Executive Vice-President for France, Europe and for world operations. In 1995, he joined BMC Software, the fifth largest software publisher worldwide, as Executive Vice-President France and Vice-Chairman of marketing and indirect sales for Europe, the Middle East and Africa.

Mr. Gilles Rigal is an ENSEEIHT (Toulouse) engineer and a holder of a DEA Degree in Robotics from the University of Toulouse.

He owned 3,801 shares of Altran Technologies as at December 31, 2017.

Mr. Gilles Rigal is Chairman of Altrafin Participations SAS, itself owning 14,796,677 shares of Altran Technologies as at December 31, 2017.

### Offices and positions held at December 31, 2017

**In France**

**Within the Altran group**

- Director, member of the Appointments and Remuneration Committee and the Investments and Acquisitions Committee of Altran Technologies

**Outside the Altran group**

- Member of the Appointments and Remuneration Committee, member of the Investments and Acquisitions Committee and member of the Strategic Committee of GFI Informatique SA
- Chairman of Altimus SAS
- Chairman of Altrafin Participations SAS
- Chairman of Itefin Participations SAS
- Chairman of InfoVista Holding SAS
- Chairman and member of the Supervisory Committee of InfoVista Holding SAS
- Member of the Board of Directors of Willink SAS
- Member of the Administration Committee of Itefin Participations
- Director of Apax Partners SAS
- Director of Financière MidMarket SAS
- Director of Vocalcom SAS
- Representative of Altrafin Participations, as Manager of SEP Altitude
- Representative of Itefin Participations within GFI Informatique SA
- Managing partner of Société Civile Sofaprig

**Abroad**

**Outside the Altran group**

- Director and Chairman of the Board of Directors of Magequam (Luxembourg)
- Manager and Chairman of the Management Board of Vista Lux SARL (Luxembourg)
- Sole Manager of VistaLuxManagement SARL (Luxembourg)

### Offices and positions held in the last five years and no longer occupied

| End of term | |
|---|---|
| | **In France** |
| | **Within the Altran group** |
| 2015 | Chairman of the Board of Directors of Altran Technologies SA |
| | **Outside the Altran group** |
| 2016 | Chairman of Alphax Participations SAS |
| 2016 | Chairman of Betax Participations SAS |
| 2016 | Chairman of the Board of Directors of Willink SAS |
| | **Abroad** |
| | **Outside the Altran group** |
| 2016 | Manager of Infofin Participations (Luxembourg) |

## MR. THOMAS DE VILLENEUVE, DIRECTOR

Date of birth: 05/19/1972
Gender: Male
Nationality: French

Managing Partner of Apax Partners MidMarket SAS

Mr. Thomas de Villeneuve joined Apax Partners in 2001. He is in charge of investments in the Technologies, Media and Telecommunications (TMT) sector. He began his career at Boston Consulting group, where he mostly worked in the sector of Media and Telecommunications in Paris and New York. Mr. Thomas de Villeneuve is a graduate of HEC.

He owned 3,801 shares of Altran Technologies as at December 31, 2017.

**Offices and positions held at December 31, 2017**

**In France**

**Within the Altran group**

- Director, member of the Investments and Acquisitions Committee of Altran Technologies

**Outside the Altran group**

- Director of Apax Partners SAS
- Director of Wendel-Participations SE
- Director of Clarisse SA
- Director of the We2Go association
- Managing partner of Société Civile Hermine

**Abroad**

**Outside the Altran group**

- Class A Manager of Cabolink SARL (Luxembourg)
- Director of MelitaLink Limited (Malta)
- Director of MelitaLink Advisors Limited (Malta)
- Director of MelitaLink Management Limited (Malta)
- Representative of Apax Partners MidMarket, as Director of MelitaLink Limited (Malta)
- Manager of Cabolink Gérance SARL (Luxembourg)
- Manager of Cabolink Holdco SARL (Luxembourg)

**Offices and positions held in the last five years and no longer occupied**

| End of term | |
|---|---|
| | **In France** |
| | **Within the Altran group** |
| 2014 | Observer on the Board of Directors of Altran Technologies |
| | **Outside the Altran group** |
| 2016 | Member of the Supervisory Board of InfoPro Digital SAS |
| 2013 | Member of the Supervisory Board of InfoPro Digital SAS |
| 2013 | Director of Financière MidMarket SAS |
| | **Abroad** |
| | **Outside the Altran group** |
| 2016 | Director of Eiger GP SA (Luxembourg) |
| 2016 | Manager of Eiger 1 SARL (Luxembourg) |
| 2016 | Sole Manager of Visaolinktel, Unipessoal LDA (Portugal) |
| 2016 | Sole Director of Cabonitel, SA (Portugal) |
| 2013 | Member of the Board of Altice Portugal SA (Portugal) |
| 2013 | Manager of Codilink SARL (Luxembourg) |
| 2013 | Manager of Coditel Management SARL (Luxembourg) |

## MS. MARTHA HEITZMANN CRAWFORD, INDEPENDENT DIRECTOR

Date of birth: 09/30/1967
Gender: Female
Nationality: American

Martha Heitzmann Crawford holds a Doctorate Degree in Environmental and Chemical Engineering from Harvard University (United States) and an MBA from *Collège des ingénieurs* (France).

From 1991 to 1999, she held several positions at the World Bank and the Asian Development Bank in environmental infrastructure and technology, before assuming, in 2007, the duties of Lead Director of the Performance and Environmental Information Division of the OECD.

She later became Vice-Chairman of Global R&D of the Air Liquide group before becoming, until 2014, Director of Research, Development and Innovation of Areva of which she was also member of the Executive Committee.

From 2014 to 2015, she was Executive Vice-President of Advanced Research for the l'Oréal group.

In July 2016, she entered the Harvard Business School (HBS), as a specialist in technology, innovation, and product development. She teaches technological innovation and corporate governance at the HBS.

Martha Heitzmann Crawford is a Knight of the National Merit Order (*Chevalier de l'Ordre National du Mérite*).

She owned 3,800 shares of Altran Technologies as at December 31, 2017.

### Offices and positions held at December 31, 2017

**In France**

**Within the Altran group**

- Director, member of the Audit Committee and Chairman of the Appointments and Remuneration Committee of Altran Technologies

**Outside the Altran group**

- Director, Scientific Board of the Ile-de-France Region in France
- Vice-Chairman, IDEX Commission (CGI Excellence Initiatives)
- Director, Naval group

### Offices and positions held in the last five years and no longer occupied

| End of term | In France |
|---|---|
| | **Outside the Altran group** |
| 2016 | Director and member of the Strategy Committee of Ipsen |

| MS. RENUKA UPPALURI, INDEPENDENT DIRECTOR | |
|---|---|
| Date of birth: 02/18/1971<br>Gender: Female<br>Nationality: American<br><br>Senior Vice-Chairman of Research and Development of Alere since February 2015.<br><br>She holds a Doctorate Degree in Electrical Engineering and Computer Science from the University of Iowa (United States).<br><br>From 2009 to 2015, she was Vice-Chairman of Global R&D for a division of Covidien, a company specialising in medical technologies and solutions (Colorado, United States).<br><br>She then held several R&D positions throughout her 10 years of work with GE Healthcare Technologies (Wisconsin, United States), where she was, from 2007 to 2009, Executive Vice-President of Global Engineering of one of its divisions.<br><br>She owned 3,800 shares of Altran Technologies as at December 31, 2017. | **Offices and positions held at December 31, 2017**<br><br>**In France**<br><br>**Within the Altran group**<br><br>▮ Director and member of the Investments and Acquisitions Committee of Altran Technologies<br><br>**Abroad**<br><br>**Outside the Altran group**<br><br>None<br><br>**Offices and positions held in the last five years and no longer occupied**<br><br>None |

| MS. JAYA VAIDHYANATHAN, INDEPENDENT DIRECTOR | |
|---|---|
| Date of birth: 02/01/1970<br>Gender: Female<br>Nationality: American<br><br>Jaya Vaidhyanathan is currently Chairman of Bahwan Cybertek and Director of Mahindra Sanyo Steel. She has prior experience as Managing Partner at Accenture and as Global Technology and Strategy Leader for Standard Chartered Bank.<br><br>She holds a degree in management from Cornell University and is a graduate in Computer Engineering. She is also a chartered Certified Financial Analyst (CFA) and a member of the New York Security Analysts Society.<br><br>A recipient of several world prices, Jaya is involved in promoting women's independence and their inclusion in organisations, and is passionate about CSR activities.<br><br>She has more than two decades of international experience, in particular in the United States, the United Kingdom and India, where she has held several positions: corporate finance, mergers and acquisitions, risk management, outsourcing, and innovation and technology consulting. She also has in-depth experience in the area of digital transformation with strategic experience in the financial, distribution and telecommunication sectors.<br><br>Co-opted on December 20, 2017, she did not yet own any shares of Altran Technologies as at December 31, 2017. | **Offices and positions held at December 31, 2017**<br><br>**In France**<br><br>**Within the Altran group**<br><br>▮ Director of Altran Technologies<br><br>**Abroad**<br><br>**Outside the Altran group**<br><br>▮ Chairman of Bahwan Cybertek (India)<br>▮ Director of Mahindra Sanyo Steel (India)<br><br>**Offices and positions held in the last five years and no longer occupied**<br><br>End of term — **Abroad**<br><br>**Outside the Altran Group**<br><br>2013 — Executive Vice-Chairman of Standard Chartered Bank (SCOPE) (India) |

The professional address of all Directors, as part of their duties, is that of the Company's registered office (See section 8.1.1 "Corporate name and registered office").

- **Evolution of the composition of the Board during the 2017 financial year**

During 2017, the composition of the Board of Directors of the Company changed as follows:

- the term of office of Mr. Jacques-Étienne de T'Serclaes, which had been renewed at the Combined General Meeting of April 29, 2016, expired at the end of the Combined General Meeting of April 28, 2017 called to approve the financial statements of the financial year ended December 31, 2016;

- on December 20, 2017, the Board of Directors appointed Ms. Jaya Vaidhyanathan to serve as a Director of the Company, to replace Ms. Florence Parly, who resigned, for

the remaining duration of her term. The appointment of Ms. Vaidhyanathan will be submitted for the approval by the shareholders of Altran Technologies at the General Meeting to be held on April 27, 2018;

- the Director term of the company Apax Partners, represented on the Board of Directors by Mr. Maurice Tchenio, was renewed by the Combined General Meeting of April 28, 2017 for a term of four years, *i.e.* until the General Meeting of Shareholders called in 2021 to approve the financial statements of the financial year ended December 31, 2020.

- The terms of Mr. Jean-Pierre Alix, Mr. Christian Bret, and Mr. Sylvain Michel are set to expire at the end of the General Meeting of Shareholders called to approve, in 2018, the financial statements of the financial year ended December 31, 2017.

- **Diversity policy of the composition of the Board of Directors**

The composition of the Board of Directors aims for a balance between diversity of expertise and independence and balanced representation of women and men and diversity of nationalities reflecting the international character of the Group.

The Board of Directors is committed to the diversity of its members and the policy of diversity of its composition is based on several criteria debated annually by the Board of Directors in order to determine improvements that can be made to it.

- <u>Age of the Directors</u>

The composition of the Board of Directors is considered in terms of the age of its members. In application of the provisions of the Rules of Procedure of the Board of Directors, the Board of Directors cannot be composed by more than one third of members older than 75.

As of December 31, 2017, the average age of the members of the Board of Directors was 56.

- <u>Qualification and professional experience of the Directors</u>

The Directors are selected on the basis of their qualifications and professional experience, in France and abroad, in order to allow them to actively participate in and enrich the discussions.

The composition of the Board of Directors is considered so that it represents a broad range of expertise, while taking into consideration the activities of the Company. The membership of the Board of Directors includes engineers, a certified public accountant, and an Investment Manager. The professional experience of many Directors acquired abroad is also an advantage for the Board of Directors which helps it understand the different markets in which the Company operates.

The Board of Directors is also committed to ensuring that the Company complies with the legal and regulatory provisions with respect to the qualifications of Directors. The Board of Directors ensures that (i) in compliance with the provisions of Article L. 823-19 of the French Commercial Code, at least one independent member of the Audit Committee has special expertise in financial and accounting matters, and (ii) in compliance with the EC Recommendation of April 30, 2009, at least one member of the Appointments and Remuneration Committee has knowledge and experience in matters of remuneration policy.

- <u>Nationality of the Directors</u>

The Company operates on many markets in Europe, North America, South America and Asia. The policy governing the diversity of the composition of the Board of Directors includes this international component of the Group. The Board of Directors considers that it is essential for its members to be able to understand the challenges and risks that the Company faces in the different geographical markets in which it conducts its business or where it may conduct business.

This policy for the internationalisation of the composition of the Board of Directors accelerated during the 2017 financial year. Directors of foreign nationality now represent 30% of the Board members, whereas they represented only 18% of the Board of Directors in 2016 (it being specified that the Director representing the employees is not included in this calculation). Ms. Nathalie Rachou, who has spent almost 20 years of her career in the United Kingdom, adds international expertise to the Board of Directors.

- Application of the principle of balanced representation of men and women

The Board of Directors seeks equal representation of men and women among its members.

During the 2017 financial year, the Board of Directors continued its policy of promoting women, with an objective of 40% of female Directors, in compliance with Article L. 225-18-1, paragraph 1, of the French Commercial Code and the recommendations of the AFEP-MEDEF Code.

As of December 31, 2017, the proportion of women on the Board of Directors reached 40%, whereas it had only been 36% in 2016 (in accordance with applicable laws, the Director representing the employees is not included in the calculation of these percentages).

The Board of Directors intends to maintain its policy of promoting women on the Board of Directors in the upcoming years.

- Employee representation

The term of Mr. Sylvain Michel, the Director representing the employees, will end at the conclusion of the General Meeting called in 2018 to approve the financial statements of the financial year ended December 31, 2017, in accordance with the provisions of the Company's Articles of Association.

The Works Council representative who attends the meetings of the Board of Directors, in compliance with the provisions of Article L. 2323-65 of the French Labour Code, is Mr. Jean-Christophe Durieux.

2. Independence of the Board of Directors

**▮ INDEPENDENT DIRECTORS (*EXTRACT OF ARTICLE 1.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

An Independent Director is one who does not have any type of relationship whatsoever with the Company, its Group or its management, that could compromise the exercise of their freedom of judgement.

The criteria that must be examined by the Appointments and Remuneration Committee in order to qualify a Director as independent and to prevent risks of conflict between the Director and the Company's management, the Company or its Group are the following:

- not be an employee or executive corporate officer of the Company, nor an employee or Director of a Group company or entity, and not have been one in the previous five years;

- not be an executive corporate officer of a company in which the Company holds, directly or indirectly, a Director position or in which an employee designated as such or an executive corporate officer of the Company (currently or having been one in the previous five years) holds a Director term;

- not be a customer, supplier, business banker, or significant financing bank of the Company or of its Group or for which the Company or its Group represents a material portion of the activity;

- not have a close family relationship with a corporate officer of the Company;

- not have been, in the previous five years, a Statutory Auditor of the Company or its Group;

- not have been a Director of the Company for at least 12 years, specified that the loss of the Independent Director position will only occur at the expiration of a term in which the 12-year duration would have been exceeded;

- not be or represent a shareholder holding more than 10% of the capital or voting rights of the Company or of the parent company.

The Board of Directors can deem that a Director, although meeting all of the criteria mentioned above, should not be qualified as independent, on account of their special situation or of that of the Company, with respect to its shareholders or for any other reason, and inversely.

The Independent Director qualification is subject to a discussion within the Appointments and Remuneration Committee, as well as review by the Board of Directors each year prior to the publication of the Annual Report, as stipulated by the AFEP-MEDEF Code. It is also debated at the time of the appointment of a new Director or at the time of the renewal of Director terms.

The Board of Directors meeting of January 24, 2018 approved, on the proposal of the Appointments and Remuneration Committee, the following list of Directors qualified as independent: Ms. Martha Heitzmann Crawford, Ms. Nathalie Rachou, Ms. Renuka Uppaluri and Ms. Jaya Vaidhyanathan. None of these Directors, directly or indirectly, maintains any business relations with the Company or its Group.

As of January 24, 2018, the Board of Directors of the Company is composed of eleven members, four of whom are considered as independent. The Company uses the criteria for independence prescribed by the AFEP-MEDEF Code. In compliance with the recommendations of the AFEP-MEDEF Code, the Directors representing the employees are not taken into account in the calculation of the rate of independence that, consequentially, is established at 40% such that the Company effectively does not comply with the recommendations of the AFEP-MEDEF Code, which recommends that the Independent Directors should represent half of the members of the Board of Directors in companies with widely held capital and without a controlling shareholder. However, to the extent that the Audit Committee and the Appointments and Remuneration Committee are presided by an Independent Director and that two-thirds of their members are Independent Directors, the

Company deems that the proportion of Independent Directors on the Board of Directors does not undermine its proper functioning.

The objective of the Company is to increase its ratio of Independent Directors on the Board of Directors by 2019.

3. Functioning and missions of the Board of Directors

▮ **CONVENING OF THE DIRECTORS (*ARTICLE 13 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Board of Directors meets at least twice per year and as often as required in the interest of the Company, upon the invitation of the Chairman, or in the case of unavailability, by one of the Vice-Chairmen or when requested of the Chairman, in writing, by at least three of its members or, lastly, by the Secretary of the Board of Directors upon request of the Chairman.

Meeting calls are made by any means, even verbally, with the understanding that in this latter case a written confirmation must be sent as soon as possible.

Directors may take part in Board meetings by the use of video-conferencing or other telecommunication means in the conditions specified in Article 2.4.3 of the Rules of Procedure of the Board of Directors.

The Directors, observers, and employee representatives receive, prior to each meeting, the agenda of the Board of Directors meeting and, whenever practicable, any elements necessary for proper review.

▮ **RULES OF QUORUM AND MAJORITY WITHIN THE BOARD OF DIRECTORS (*ARTICLE 13 OF THE ARTICLES OF ASSOCIATION*)**

The Board of Directors can only validly deliberate when at least half of its members are present.

Decisions are made on basis of the majority of the votes of the Directors present or represented. In the case of a tie, the meeting Chairman has the casting vote.

The calculation of quorum and majority of Directors at a meeting takes into consideration those Directors who take part in the meeting using video-conferencing or other telecommunication means in the conditions specified in Article 2.4.3 of the Rules of Procedure of the Board of Directors.

Meeting minutes summarising the discussions, specifying any decisions made and mentioning the questions raised or reserves raised are drafted by the Secretary of the Board of Directors at the end of each meeting and then approved by a meeting of the Board of Directors and signed by the Chairman and a Director.

▮ **POWERS OF THE BOARD OF DIRECTORS (*ARTICLE 14 OF THE ARTICLES OF ASSOCIATION AND ARTICLES 3 AND 5 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Board of Directors is a collegial body mandated by the shareholders as a whole. It exercises the authority granted to it by law to act in all circumstances in the corporate interest of the Company. It determines the focuses of the Company's business, oversees their

implementation, and addresses all questions related to the proper conduct of the Company, it settles by deliberation the business that concerns it, audits management and oversees the quality of the information provided to the shareholders and markets through the financial statements that it approves or at the time of major transactions, and it conducts the audits and checks that it deems necessary.

The Board of Directors reviews and decides upon transactions of strategic importance, including external acquisition or disposals transactions. To best execute its mission, the Board of Directors is informed by the Audit Committee, as often as necessary, of the Company's financial situation, cash situation, and commitments, as well as of the Company's liquidity situation.

The Board of Directors calls General Meetings and sets the agenda of the meetings, appoints and revokes the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers in charge of managing the Company, and controls their management.

Each year it approves the list of Directors considered as independent.

It reviews all reports intended for the Ordinary or Extraordinary General Meeting of Shareholders.

The Board of Directors calls for a General Meeting of Shareholders of the Company whenever a transaction that it considers is of a nature to change, in fact or in law, the corporate object of the Company or if it concerns a preponderant proportion of the assets or activities of the Group.

The Non-Executive Directors meet once per year without the presence of the executive or internal Directors in order to evaluate the performances of the Chief Executive Officer and any Deputy Chief Executive Officers and to discuss the future of management.

- **Work of the Board of Directors in 2017**

The Board of Directors meets as often as required by the interests of the Company. During the 2017 financial year, it met 16 times, with a 83.5% attendance rate. The Board meetings lasted more than two hours on average.

The resolutions placed on the agenda of the Board meetings were all discussed.

The main points on which the Board of Directors deliberated in the 2017 financial year are the following:

### The Group's strategy

- the monitoring and implementation of the Altran 2020. Ignition strategic plan;
- the acquisition of Aricent by the Company;
- the review and monitoring of external growth projects and the Group's reorganisation;

### The financial statements and the budget

- the approval of the consolidated financial statements of the Group and of the individual statements of the Company for the 2016 financial year;
- the allocation of the 2016 income proposed to the General Meeting of Shareholders;

- the review of the 2017 half-year financial statements;
- the review of the quarterly revenue for the 2017 financial year;
- the review of the forecasting documents and the adoption of the Group's budget for the 2017 financial year;
- the review of the activity reports of the Board of Directors, and reports on the progress of business and the situation of the subsidiaries;

### Corporate governance

- the proposal, to the General Meeting held on April 28, 2017, for the renewal of the term of the company Apax Partners on the Board of Directors of the Company;
- the proposal, to the General Meeting held on April 28, 2017, for the renewal of the term of Ms. Florence Parly on the Board of Directors of the Company;
- the noting of the resignation of Ms. Florence Parly from her term of office as Director of the Company effective June 21, 2017;
- the co-optation of Ms. Jaya Vaidhyanathan as Director to replace Ms. Florence Parly;
- the determination of the list of Independent Directors following the proposal from the Appointments and Remuneration Committee;
- the implementation of the share buyback programme;
- the preparation for the General Meeting of April 28, 2017;
- the composition of the Committees of the Board of Directors to take into account the changes that occurred in the composition of the Board of Directors during the 2017 financial year;
- the examination of the financial statements delivered by the Chairmen of each specialised Committee (Audit Committee, Investments and Acquisitions Committee and Appointments and Remuneration Committee) and of the reports delivered by the Statutory Auditors;
- the evaluation of its functioning in 2016;
- the remuneration of the corporate officers and the policy of allocation of free shares;
- the authorisations to grant concerning sureties, endorsements and guarantees.
- **Specialised Committees**

To conduct an in-depth review of specific questions that are part of the mission of the Board of Directors, three Specialised Committees have been put in place to assist the Board of Directors in its missions and work. The recommendations of the Committees are presented to the Board of Directors in the reports made at meetings by their respective Chairmen.

The functioning of the Committees is mainly defined in the Rules of Procedure of the Board of Directors.

**▮ CREATION OF SPECIALISED COMMITTEES (*ARTICLE 14 OF THE ARTICLES OF ASSOCIATION AND ARTICLE 8 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Board of Directors can decide to create Committees in charge of studying the questions that the Board of Directors or its Chairman submits for their review for opinion. The Board of Directors sets the composition and the tasks of the Committees and, as the cas may be, remuneration of their members.

The Committees have advisory power and carry out their activity under the responsibility of the Board of Directors. The Committees are not subsitutes for the Board of Directors, but should be considered as an extension of the Board of Directors to facilitate its work.

The mission of these Committees is to prepare the decisions of the Board of Directors, by submitting their opinions and proposals in their respective areas of responsibility. They can issue non-constraining written or oral recommendations to the Board of Directors.

In each Committee, the Chairman or a member designated for this purpose, creates a report to the Board of Directors on the work, opinions and recommendations of the Committee so that the Board of Directors can deliberate thereupon.

## Appointments and Remuneration Committee

3
Number of members

7
Number of meetings

66.6%
Percentage of independent directors

96%
Attendance rate

Members at December 31, 2017

- **Ms. Martha Heitzmann Crawford*** (C)
- **Ms. Nathalie Rachou***, since July 27, 2017
- **Mr. Gilles Rigal**

* Independent director
(C): Chairman

### Composition

**▮ COMPOSITION (*ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Appointments and Remuneration Committee is composed of at least three members and at most five members chosen by the Board of Directors from among its members.

The majority of the members of the Appointments and Remuneration Committee are Independent Directors.

As at December 31, 2017, the Appointments and Remuneration Committee was composed of three members, two of whom are Independent Directors, in compliance with the recommendations of the AFEP-MEDEF Code.

Because of the Committee's mission, that covers both the appointment of corporate officers and their remuneration, the Director representing the employees is not a member of that Committee, in contradiction with the AFEP-MEDEF Code. However, that representative is systematically invited to the meetings of the Committee when the subject of remuneration is addressed.

### Functioning and missions

**▮ FUNCTIONING (ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)**

To validly deliberate, at least half of the members of the Appointments and Remuneration Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

The Chairman and Chief Executive Officer is involved in the work of the Appointments and Remuneration Committee with respect to appointments, but is excluded, along with the other executive corporate officers, from discussions relating to their remuneration.

**▮ MISSIONS (ARTICLE 8.2.1 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS)**

The Appointments and Remuneration Committee's mission is to examine all candidates for appointment to the Board of Directors or to an executive officer position in the Company. It prepares a plan of succession of the executive corporate officers, subject to the opinion of the Chairman. It must organise a procedure intended to select the future Independent Directors and carry out its own studies on the potential candidates prior to any process concerning them. The Appointments and Remuneration Committee annually debates the qualification of Independent Director.

It formulates proposals on the remuneration of the Company's Managers (amounts of the fixed remuneration and definition of the rules for setting the variable remuneration, ensuring the consistency of these rules with the annual performance evaluations of the corporate officers and with the Company's strategy and controlling the annual application of these rules). In determining these remunerations, it takes into consideration the exhaustiveness, the balance between the different elements of remuneration, the benchmark, the consistency, the intelligibility of the rules and measurements. It issues its opinion on the overall envelope of attendance fees and on its methods of distribution among the members of the Board of Directors. The Appointments and Remuneration Committee formulates proposals concerning the free share allocation plans as well as the employee profit sharing plans.

### Work in 2017

During 2017, the Appointments and Remuneration Committee addressed the following issues:

## Remuneration

- the determination of the remuneration of the Chairman and Chief Executive Officer for the 2017 financial year at its meeting of March 7, 2017;
- the performance conditions relating to the variable portion of the 2016 remuneration of the Chairman and Chief Executive Officer;
- the determination of the remuneration of the Deputy Chief Executive Officer for the 2017 financial year at its meeting of March 7, 2017;
- the performance conditions relating to the variable portion of the 2016 remuneration of the Deputy Chief Executive Officer;
- the features of the free share allocation plans for non-corporate officer employees of the Group;
- the review of the elements of remuneration of the members of the Executive Committee;

## Appointment of corporate officers

- the review of the situation of the Directors with respect to the criteria for independence defined by the provisions of the AFEP-MEDEF Code;
- the succession of the Chairman and Chief Executive Officer in the case of his sudden disappearance;
- the identification of the candidates for Director positions and proposal of such candidates to the Board of Directors.

## Investments and Acquisitions Committee

**5**
Number of members

**8**
Number of meetings

**20%**
Percentage of independent directors

**90%**
Attendance rate

Members at December 31, 2017**

- Mr. Dominique Cerutti (C)
- Mr. Christian Bret
- Mr. Gilles Rigal
- Ms. Renuka Uppaluri*
- Mr. Thomas de Villeneuve

* Independent director
** Ms. Jaya Vaidhyanathan was appointed to the committee on January 20, 2018
(C): Chairman

## Composition

**▮ COMPOSITION (*ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Investments and Acquisitions Committee is composed of at least three members and at

most five members chosen by the Board of Directors from among its members..

### Functioning and missions

**▮ FUNCTIONING (*ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

To validly deliberate, at least half of the members of the Investments and Acquisitions Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

**▮ MISSIONS (*ARTICLE 8.2.2 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The mission of the Investments and Acquisitions Committee is to issue opinions and recommendations on the major strategic focuses of the Group in order to promote the development of its activities or new business lines in France and internationally. It examines the policy for development by internal growth (indebtedness policy and equity growth policy) and by external growth, strategic partnership projects as well as investments or disinvestments that could have a material impact on the Group.

### Work in 2017

During 2017, the Investments and Acquisitions Committee examined external growth transaction projects and conducted a strategic watch on potential acquisitions of companies prior to their submission for consideration by the Board of Directors.

## Audit Committee

**3**
Number of members

**7**
Number of meetings

**66.66%**
Percentage of independent directors

**91.7%**
Attendance rate

Members at December 31, 2017

- Ms. Nathalie Rachou* (C)
- Mr. Jean-Pierre Alix
- Ms. Martha Heitzmann Crawford*

* Independent director
(C): Chairman

### Composition

**▮ COMPOSITION (*ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Audit Committee is composed of at least three members and at most five members chosen by the Board of Directors from among its members.

The proportion of Independent Directors in the Audit Committee must be at least two thirds. Neither the Chief Executive Officer nor any Deputy Chief Executive Officer may count among the members of the Audit Committee. The members of the Audit Committee must have financial or accounting expertise and will receive, when appointed, information on the Company's specific accounting, financial and operating features.

As at December 31, 2017, the Audit Committee was composed of three Directors, including two Independent Directors, in compliance with the provisions of the AFEP-MEDEF Code and the Rules of Procedure of the Board of Directors.

The composition of the Audit Committee was studied so that all of its members have financial and accounting expertise or appropriate experience in areas relevant to the remit of the Audit Committee.

Ms. Nathalie Rachou, an Independent Director and Chairman of the Audit Committee, has pursued her career in management positions in different companies in France and abroad. This professional experience has given her an aptitude for participating in all of the discussions of the Committee.

Mr. Jean-Pierre Alix is a certified public accountant. His experience in auditing matters allows him to easily understand and actively participate in the work of the Committee.

Ms. Martha Heitzmann Crawford has pursued a career in the area of economics and finance, both in the service of international organisations and of French private entities. This experience allows her to actively participate in all discussions of the Committee.

The Executive Vice-President in charge of Finance, the Director of Internal Audit, as well as the Statutory Auditors, participate in the meetings of the Audit Committee.

### Functioning and missions

**▮ FUNCTIONING (*ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

To validly deliberate, at least half of the members of the Audit Committee must be present. The proposals of the Committee are adopted on the majority of the members taking part in the meeting. Within the Committee, each member has one vote, and in the case of a tie, the Committee Chairman has the casting vote.

**▮ MISSIONS (*ARTICLE 8.2.3 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The mission of the Audit Committee is to assist the Board of Directors in its analysis of the

accuracy and fairness of the consolidated and company financial statements and oversee the quality of the internal control and financial information provided to the shareholders and the market. It reviews the annual and half-year consolidated financial statements, paying special attention to the relevancy and the permanency of the accounting principles and rules adopted. It monitors the process of preparation of the financial information.

It monitors the effectiveness of the internal control and risk management systems. As such, it examines the risks that could have a material impact on the accounting and financial information, provides its opinion on the organisation of the internal audit service, as well as on its work and work programme.

It ensures the monitoring of the legal control of the annual and consolidated financial statements by the Statutory Auditors and ensures compliance with the rules governing their independence. It provides its opinion on their choices and issues an opinion on the definition of their mission, the amount of their fees, the scope and schedule of their intervention.

The Audit Committee may rely on outside experts as needed, ensuring their expertise and their independence.

At least once per year, the Audit Committee receives the Statutory Auditors in a meeting without the presence of the Chairman and Chief Executive Officer and the General Management.

Prior to each Audit Committee meeting, a preparatory meeting is held between the members in order to exchange and prepare the meeting on the basis of the documentation that has been provided to them.

The complete files are provided at least three days before each Committee meeting allowing the members to examine the financial statements in advance. Due to the travel constraints of two members of the Committee who reside abroad, the meetings of the Audit Committee are generally held in the morning on the days when the Board of Directors meets.

At the beginning of its sessions, the Audit Committee conducts an interview with the Statutory Auditors, without the presence of any Managers.

### Work in 2017

In application of applicable laws and regulations as well as the AFEP-MEDEF Code, in 2017 the Audit Committee worked on the following issues:

- the review of the Group’s consolidated financial statements and the 2016 annual statements of the Company, the Group’s consolidated financial statements for the first half of 2017 and the consolidated quarterly revenues as well as all related financial press releases;
- the process of preparing the Group’s financial statements;
- the current accounting information and its impact on the Group’s financial statements, specific closing points;
- the current and deferred tax management and the risks related to the main litigations;
- the cash and indebtedness situation and the summary of the acquisitions made during the 2016 financial year;

- the internal audit action plan and the conclusions of its work;
- the review of the independence of the Statutory Auditors and the review of the budget concerning the Statutory Auditors' fees;
- the review of the results of the tender procedure organised with respect to the maturity of the terms of one of the Principal Statutory Auditors and of one of the Alternate Statutory Auditors and the proposal of a decision to the Board of Directors;
- the monitoring of financial risks;
- the review of the Chairman's report on internal control in 2016.

### Evaluation of the work of the Board of Directors and its Committees

**▌PROCEDURE FOR EVALUATING THE WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES (*ARTICLE 5 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Board of Directors must evaluate its capacity to respond to the expectations of the shareholders by periodically analysing its composition, organisation and functioning, as well as the composition, organisation and functioning of its Committees. It must analyse the processes of the functioning of the Board of Directors and its Committees, reflect on the desirable balance of their composition, periodically look into the adequacy of their organisation and functioning to their tasks, make sure that the important questions are appropriately prepared and debated, and measure the effective contribution of each Director to the work of the Board of Directors, and of its Committees attributable to its competency, and their involvement in the deliberations.

For this purpose, once per year, the Board of Directors must dedicate a point on its agenda to a debate on its own functioning.

A formal evaluation, eventually implemented under the direction of the Appointments and Remuneration Committee or by an Independent Director assisted by an outside consultant, is moreover carried out at least every three years.

At its meeting of January 24, 2018, the Directors conducted a self-evaluation on the organisation and functioning of the Board of Directors and its Committees, for the 2017 financial year. The discussion was conducted by the Chairman of the Appointments and Remuneration Committee. This self-evaluation focused on the following points: the mission and composition of the Board of Directors, the independence of the Directors, the organisation of the Board meetings, and the relations with General Management.

This evaluation allowed to note that the composition and the functioning of the Board of Directors and its Specialised Committees were in compliance with the recommendations of the AFEP-MEDEF Code, except for those related to the proportion of Independent Directors on the Board of Directors and the presence of a salaried Director on the Appointments and Remuneration Committee.

This self-evaluation also allowed to underscore that the Board of Directors and its Committees enjoy proper functioning, good dynamics and real effectiveness. The following points of improvement were indicated: increase in the percentage of Independent Directors

(raised to 40%), maintenance of the feminisation of the Board of Directors and diversification of the profiles of Directors and internationalisation of the Board of Directors.

With respect to the individual participation of each Director in the work of the Board of Directors, the Board members deemed that the participation was satisfactory with respect to (i) the rate of attendance of the Directors in the Board meetings and Committee meetings and (ii) the quality of their contribution to the discussions on the Board of Directors and the Committees on the topics submitted for their review.

The last formal evaluation of the Board of Directors conducted by an outside firm was carried out in December 2015 and a similar evaluation will be carried out in 2018.

#### 3.1.1.2 General Management

1. Exercise of General Management duties

**▮ APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER AND DURATION OF DUTIES (*ARTICLE 16 OF THE ARTICLES OF ASSOCIATION*)**

The General Management of the Company is performed either by the Chairman of the Board of Directors (who then takes the title of Chairman and Chief Executive Officer), or by another physical person appointed by the Board of Directors and bearing the title of Chief Executive Officer. It is the responsibility of the Board of Directors to choose from among these two modes of exercising General Management.

The Board of Directors determines the term of office of the Chief Executive Officer. When the Chief Executive Officer is also a Board member, the term of their office cannot exceed the time of their Director term.

The Chief Executive Officer may be revoked at any time by the Board of Directors.

**▮ AGE LIMIT OF THE CHIEF EXECUTIVE OFFICER (*ARTICLE 16 OF THE ARTICLES OF ASSOCIATION*)**

The Chief Executive Officer cannot be older than 75 years of age. If they exceed that age they are considered to have automatically resigned.

- **Combination of the positions of Chairman of the Board of Directors and Chief Executive Officer**

On July 1, 2008, the Board of Directors decided to not disassociate the functions of Chairman and of Chief Executive Officer of the Company, thereby enhancing the rapidity and the effectiveness of decision-making.

This unity of the duties of the Chairman and the Chief Executive Officer is carried out in respect of the rules of balanced government through, in particular:

- the existence of Independent Directors on the Board of Directors and on each of its Committees, the Chairman of the Audit Committee and of the Appointments and Remuneration Committee being provided by an Independent Director (in compliance with the recommendations of the AFEP-MEDEF Code);

- the balanced organisational relations between General Management and the Board of Directors, relying on the limitations of powers of General Management (as detailed here below);

- an annual evaluation of the composition, organisation and functioning of the Board of Directors and the Committees that allows to identify any areas of improvement.

At the end of the General Meeting of Shareholders of June 18, 2015, the Board of Directors appointed Mr. Dominique Cerutti as Chairman and Chief Executive Officer and reiterated its decision to not dissociate the functions of Chairman of the Board of Directors and of Chief Exective Officer of the Company.

It is specified that, in compliance with the recommendations of the AFEP-MEDEF Code, Mr. Dominique Cerutti is not bound by an employment contract with the Company nor with a company that it controls.

- **Deputy Chief Executive Officer**

**▮ DEPUTY CHIEF EXECUTIVE OFFICERS (*ARTICLE 16 OF THE ARTICLES OF ASSOCIATION*)**

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more physical persons charged with assisting the Chief Executive Officer with the title of Deputy Chief Executive Officer. There may be no more than five Deputy Chief Executive Officers.

The rules governing the age limit, term of office, and the revocation of the Chief Executive Officer are also applicable to the Deputy Chief Executive Officers.

The Board of Directors, at its meeting of October 28, 2011, appointed Mr. Cyril Roger, a company employee, to serve as Deputy Chief Executive Officer. The Board of Directors confirmed, at its meeting of April 29, 2015, the term of Mr. Cyril Roger as Deputy Chief Executive Officer. At the end of the General Meeting of Shareholders of June 18, 2015, the Board of Directors again confirmed the term of Mr. Cyril Roger as Deputy Chief Executive Officer.

- **Limitations to the powers of the Chief Executive Officer and the Deputy Chief Executive Officers**

**▮ POWERS OF THE CHIEF EXECUTIVE OFFICER (*ARTICLE 16 OF THE ARTICLES OF ASSOCIATION*)**

The Chief Executive Officer has the broadest powers to act in the name of the Company in all circumstances. The Chief Executive Officer exercises their powers within the limits of the corporate purpose.

The Board of Directors, in appointing the Chief Executive Officer, may set, in order to limit the powers of the Chief Executive Officer, a list of decisions for which this officer must receive prior authorisation from the Board of Directors. The limitations of these powers mentioned above are not demurrable to third parties.

The Board of Directors has deemed sufficient the legal and regulatory limitations. Besides, in application of the provisions of the Rules of Procedure of the Board of Directors, certain transactions or decisions of strategic importance require the prior approval of the Board of Directors. It has therefore not set additional limits to the powers of the Chief Executive Officer of the Company.

**▮ POWERS OF THE DEPUTY CHIEF EXECUTIVE OFFICERS (*ARTICLE 16 OF THE ARTICLES OF ASSOCIATION*)**

With the approval of the Chief Executive Officer, the Board of Directors determines the extent and the duration of the powers granted to the Deputy Chief Executive Officers. These latter, with respect to third parties, have the same powers as the Chief Executive Officer.

The Board of Directors limited the powers of the Deputy Chief Executive Officer to Southern Europe (France, Italy, Spain and Portugal) at its meeting of December 20, 2011, by setting their framework. It extended his powers to the Middle East, at its meeting of March 13, 2013, then to all of Europe at its meeting of October 28, 2015.

2. Tasks and duties of the executive corporate officers

| MR. DOMINIQUE CERUTTI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER |
|---|
| The bibliographical notice of Mr. Dominique Cerutti, Chairman and Chief Executive Officer of the Company, may be found in section 3.1.1.1 "Board of Directors". |

| MR. CYRIL ROGER, DEPUTY CHIEF EXECUTIVE OFFICER | |
|---|---|
| Date of birth: 09/18/1964<br>Gender: Male<br>Nationality: French<br><br>**Deputy Chief Executive Officer of Altran Technologies, in charge of Europe and key client** | **Offices and positions held at December 31, 2017**<br><br>**In France**<br><br>**Within the Altran group**<br><br>▮ Deputy Chief Executive Officer of Altran Technologies, in charge of Europe and key client accounts of Altran Technologies. |

| | |
|---|---|
| **accounts.**<br><br>A graduate of the École centrale de Lyon and of Télécom Paris, Mr. Cyril Roger began his career at France Télécom as a commercial engineer prior to joining Adecco as Regional Director, then Olsten as Île-de-France Chief Executive Officer. From 1999 to 2006, he was Chairman of the Management Board of Segula Technologies. From 2006 to the end of October 2011, he was part of the Executive Committee of Altran as Executive Vice-President in charge of France and the automotive, aerospace and energy industries prior to being appointed Deputy Chief Executive Officer on October 28, 2011.<br><br>He did not own any shares of Altran Technologies as at December 31, 2017. | ▮ Chairman of Altran Allemagne SAS<br><br>**Outside the Altran group**<br><br>▮ Manager of Valguil – civil partnership<br>▮ Director of Universcience Palais de la Découverte et la Villette<br>▮ Director of Passeport Avenir (Association for the promotion of talent in the suburbs)<br><br>**Abroad**<br><br>**Within the Altran group**<br><br>▮ Director of Altran UK Holding Limited (United Kingdom)<br>▮ Director of Altran Belgium SA (Belgium)<br>▮ Director of Altran Netherlands BV (Netherlands)<br>▮ Director of Altran Innovación SL (Spain)<br>▮ Director of Altran Norge AS (Norway)<br>▮ Director of Altran Portugal SA (Portugal)<br>▮ Director of Altran Sverige AB (Sweden)<br>▮ Chairman and Director of Altran Telnet Corporation (Tunisia)<br>▮ Member of the Supervisory Board of Altran Management SE (Germany)<br>▮ Director of Altran Italia SpA (Italy)<br>▮ Manager of Altran Maroc SARLU (Morocco)<br>▮ Director of Altran Inovasyon Ve Teknoloji AS (Turkey)<br><br>**Offices and positions held in the last five years and no longer occupied**<br><br>End of term — **In France**<br><br>**Within the Altran group**<br><br>2015 Chairman of Altran Education Services SAS<br>2013 Chairman of Altran CIS SAS<br>2013 Chairman of Datacep SAS<br>2013 Chairman of Excellia SAS<br>2013 Chairman and Director on the Board of Directors of NSI SA, a company listed on the open market<br>2013 Chairman of Altran Ingénierie Mécanique & Process SAS<br>2013 Chairman of Altran Praxis SAS<br><br>**Abroad**<br><br>**Within the Altran group**<br><br>2015 Director of Altran Middle East FZ-LLC (United Arab Emirates)<br>2013 Representative of Altran Technologies, sole Director of Altran Innovación SLU (Spain)<br>2012 Director of Hilson Moran Italia SpA (Italy) |

The professional address of the executive corporate officers, as part of their duties, is that of the Company's registered office (See section 8.1.1 "Corporate name and registered office").

#### 3.1.1.3 Additional information on the corporate officers

- **Rights and obligations of the Directors**

**▮ RIGHTS AND OBLIGATIONS OF THE DIRECTORS (*ARTICLES 1.1 AND 10 OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS*)**

The Rules of Procedure of the Board of Directors set out the main obligations of the

Directors:

- each Director must agree to true secrecy going beyond the simple obligation of discretion. This obligation also applies to observers, to employee representatives and to any person invited to attend the meetings of the Board of Directors or its Committees;
- Directors must take part in all meetings of the Board of Directors and, as applicable, the Committees of which they are members, as well as the General Meetings of Shareholders;
- all Directors must inform themselves and dedicate the time and attention necessary to prepare for the meetings of the Board of Directors as well as for those of the Committees of which they are members;
- Directors must inform the Board of Directors of any situation of conflict of interest, even potential, and must abstain from voting in any corresponding deliberations.

- **Absence of convictions**

To the knowledge of the Company, no member of the Board of Directors, nor any of the executive corporate officers of the Company has, in the last five years:

- been convicted of fraud;
- been associated with a bankruptcy, sequestration or court ordered liquidation;
- been indicted or subject to official public penalties sentenced by a statutory or regulatory authority (or by any designated professional agencies); and
- been prohibited by court order from acting as a member of an administrative, management or supervisory body of an issuer or from intervening in the management or the conduct of the business of an issuer.

- **Absence of conflict of interest**

To the knowledge of the Company:

- there is no family relationship between the members of the Board of Directors and the General Management;
- no conflict of interest has been identified by the Board of Directors for the 2017 financial year on the basis of statements established by each Director, in compliance with the provisions of the Rules of Procedure of the Board of Directors;
- more generally, no conflict of interest exists between the private interests of the members of the Board of Directors and the General Management and their obligations with respect to the Company;
- there exists no pact or agreement between the main shareholders, customers, suppliers or others, by virtue of which a member of the Board of Directors or a member of the General Management has been appointed in that quality; and

- there is no restriction accepted by any member of the Board of Directors or General Management concerning the sale in a certain period of time of their interest in the capital of the Company, except for restrictions resulting from the Guide to the Prevention of Insider Trading appended to the Rules of Procedure of the Board of Directors (detailed in section 3.1.1.8 “Information on the transactions carried out by corporate officers in the shares of the Company”). In addition, the corporate officers who would hold shares through a company employee mutual fund (*fonds commun de placement d’entreprise* – FCPE) invested in shares of Altran Technologies may be subject to the blocking or non-assignment rules resulting from the provisions applicable to that fund.

- **Absence of services contracts**

The corporate officers are not bound to the Company or to any of its subsidiaries by a services contract specifying the granting of benefits at the end of such a contract.

#### 3.1.1.4 Delegations granted by the General Meeting with respect to capital increases

The delegations of authority granted to the Board of Directors to authorise capital increases are presented in section 8.3.4 “Share capital authorised but not issued”.

#### 3.1.1.5 Regulated agreements

The so-called regulated agreements (*conventions réglementées*), including agreements between the Company and its Managers or its shareholders, are not governed by any specific statutory clauses. As such, they are subject to the regulatory and legal provisions of the French Commercial Code applicable to joint stock corporations (*sociétés anonymes*) with a Board of Directors (and in particular with the provisions of Articles L. 225-38 *et seq*. of the French Commercial Code).

- **Special report of the Statutory Auditors’ on regulated agreements and commitments**

The information on regulated agreements are described in the special report of the Statutory Auditors, which is shown in section 3.2 “Statutory Auditors’ special report on regulated agreements and commitments”.

- **Agreements existing between a Manager or a significant shareholder and a subsidiary**

To the knowledge of the Company, no agreement exists, directly or by intermediary, between, on the one hand, the Chief Executive Officer, the Deputy Chief Executive Officer, any Director or any shareholder owning a fraction of voting rights greater than 10%, and, on the other hand, a company of which the Company owns, directly or through an intermediary, more than half of the capital.

#### 3.1.1.6 Shareholders participation in the General Meeting

Article 19 of the Articles of Association of the Company defines the procedures governing shareholders’ participation in the General Meeting. These procedures are presented in section 8.2.4 “General Shareholders’ Meetings”.

#### 3.1.1.7 Elements that are likely to have an impact in event of a tender or exchange offer

In accordance with Article L. 225-37-5 of the French Commercial Code, the Company must expose and, as necessary, explain any elements listed by this provision that could have an impact in the case of a tender or exchange offer.

The elements that the Company considers as likely to have an impact in the event of a tender offer are presented in section 8.5.8 “Elements likely to have an impact in case of a tender offer”. Please see also the elements listed by Article L. 225-37-5 of the French Commercial Code to the extent that this information is shown in this Registration Document for other obligations, in particular in chapter 8.

#### 3.1.1.8 Information on the transactions carried out by corporate officers in the shares of the Company

The Board of Directors, as well as certain employees of the Company, have access, as part of their job, to privileged information, and, as such, are subject to the provisions of EU Regulation no. 596/2014 of April 16, 2014 on market abuses, whose provisions entered into force on July 3, 2016 in France (the “**MAR Regulation**”) and, in particular, the provisions of Article 9, of the regulation relating to insider trading.

A guide to the prevention of insider trading is appended to the Rules of Procedure of the Board of Directors. This guide presents the rules of conduct that apply to all Managers, Directors, or employees of the Company and the Group who hold information referred to as “privileged”, or who wish to carry out transactions on the securities or on financial instruments of the Company. It establishes restrictions on interventions involving the securities of the Company by instituting black out periods during which transactions in the shares of Altran Technologies are prohibited. The guide to the prevention of insider trading also presents the reporting obligations of transactions carried out in the Company’s securities, incumbent, in particular, on the Directors.

During 2017, Ms. Martha Heitzmann Crawford acquired 3,800 securities of the Company, corresponding to the minimum number of securities that each Director must hold during their term of office. To the Company’s knowledge, this is the only transaction carried out in the Company’s securities by a Manager or a person closely associated with such Manager as defined in Article 3 of the MAR Regulation, and disclosed to the AMF pursuant to Article L. 621-18-2 of the French Monetary and Financial Code, to Article 223-26 of the AMF General Regulations, and to the MAR Regulation (see section 8.5.5 “Transactions carried out by the Managers and related parties”).

#### 3.1.1.9 Application of the AFEP-MEDEF Code: implementation of the “comply or explain” rule

The Board of Directors, meeting on December 12, 2008, decided that the code of governance followed by the Company is the AFEP-MEDEF Corporate Governance Code for Listed Companies, available on MEDEF’s website (www.medef.com). In application of the “comply or explain” rule specified in recommendation 27.1 of the AFEP-MEDEF Corporate Governance Code for Listed Companies, the provisions of this Code that have not been complied with as well as the related explanations are summarised in the table below:

| AFEP-MEDEF Recommendation | Article | Comments |
|---|---|---|
| **Proportion of Independent Directors on the Board of Directors** | Article 8.3 | The Company has 40% of Independent Directors and, consequently, does not fully comply with the recommendations of the AFEP-MEDEF Code that recommends that Independent Directors comprise |

| | | |
|---|---|---|
| | | half of the members of the Board of Directors in companies with widely held capital and without controlling shareholders. However, to the extent that the Audit Committee and the Appointments and Remuneration Committee are presided by an Independent Director and that two-thirds of their members are Independent Directors, that proportion does not undermine the proper functioning of the Board of Directors. |
| **Presence of a salaried Director within the Appointments and Remuneration Committee** | Article 17.1 | The salaried Director is not a member of the Appointments and Remuneration Committee taking into accounts the dual nature of this Committee. He is systematically invited to the meetings of the Committee when the subject of remuneration is addressed. |

## 3.1.2 Remuneration of the administration and management bodies

### 3.1.2.1 Remuneration of the members of the Board of Directors

The total annual amount of the attendance fees among the members of the Board of Directors was set at €400,000 per financial year by the Combined General Meeting of Shareholders of June 28, 2013 for the current and following financial years, until it is otherwise decided. Pursuant to Article L. 225-45 of the French Commercial Code, the rules governing the allocation of attendance fees are set by the Board of Directors within the limit of the overall annual amount approved by the General Meeting of Shareholders.

The attendance fees, for the 2017 financial year, are allocated in accordance with a formula including a fixed and a variable part, which allows to take into account the effective participation of each Director in the work of the Board of Directors and its Committees subject to the following conditions:

- the members of the Board of Directors receive a fixed annual amount of €15,000 and a variable amount of €15,000 depending on their attendance at the meetings of the Board of Directors;
- the members of the Committees also receive, in respect of their participation in one or more Committees an amount of €10,000, which varies depending on their attendance at the meetings of the said Committee(s); and
- the Chairmen of the Committees also receive for chairing one or more Committees, an annual amount of €40,000, of which half depends on their attendance at the meetings of the said Committee(s).

Half of the fixed part of the attendance fees, which is calculated on a prorata basis in the event of appointment or termination of duties, is paid during the financial year for which the attendance fees are due by the Company. The other half of the fixed part and the variable part of the attendance fees are paid at the beginning of the following financial year.

The Chairman of the Board of Directors and the representatives of Apax Partners – Maurice Tchenio, Gilles Rigal and Thomas de Villeneuve – do not receive attendance fees in connection with their mandates.

With the exception of Mr. Sylvain Michel, who received in 2017 a gross remuneration of €37,422 pursuant to his employment contract, the non-executive directors did not receive any other remuneration from the Company or from a Group entity as part of their mandate for the 2016 and 2017 financial years.

Upon proposal of the Appointments and Compensation Committee, the Board of Directors held on February 26, 2018 decided to allocate among the directors an amount of €79,507 corresponding to the outstanding attendance fees that may be allocated for the 2017 financial year. This allocation has been decided to reflect the higher number of meetings of the Board of Directors (16 meetings) and of the Committees (22 meetings), which took place in 2017, notably in connection with the Acquisition of Aricent. The allocation has been made *pro rata* to the variable compensation awarded to each of the members in accordance with the allocation rules set by the Board of Directors.

On this basis, the total amount of attendance fees due to each member of the Board of Directors amounted to €399,998 for the 2017 financial year (compared to €352,833 in 2016).

The table below presents the total remuneration and benefits of any kind received by non-executive directors for 2016 and 2017 financial years.

**Table of attendance fees and other remuneration due and paid to the non-executive directors** (Table 3 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

| Non-executive directors | Gross amount in euros | | | |
|---|---|---|---|---|
| | FY 2016 | | FY 2017 | |
| | Amounts due | Amounts received | Amounts due | Amounts received |
| **Mr. Jean-Pierre Alix** | | | | |
| Attendance fees | 38,500 | 40,000 | 36,887 | 38,500 |
| Other remuneration | None | None | None | None |
| **Apax Partners, represented by Mr. Maurice Tchenio** | | | | |
| Attendance fees | None | None | None | None |
| Other remuneration | None | None | None | None |
| **Mr. Christian Bret** | | | | |
| Attendance fees | 40,000 | 40,000 | 53,899 | 40,000 |
| Other remuneration | None | None | None | None |
| **Ms. Martha Heitzmann Crawford** [a] | | | | |
| Attendance fees | 24,000 | 2,500 | 74,888 | 29,000 |
| Other remuneration | None | None | None | None |
| **Mr. Sylvain Michel** | | | | |
| Attendance fees | 30,000 | 25,000 | 31,335 | 30,000 |
| Other remuneration | 29,694 | 29,694 | 37,422 | 37,422 |
| **Ms. Florence Parly** [b] | | | | |
| Attendance fees | 77,000 | 77,500 | 41,500 | 101,000 |
| Other remuneration | None | None | None | None |
| **Ms. Nathalie Rachou** | | | | |
| Attendance fees | 61,667 | 40,883 | 97,340 | 68,333 |
| Other remuneration | None | None | None | None |
| **Mr. Gilles Rigal** | | | | |
| Attendance fees | None | None | None | None |
| Other remuneration | None | None | None | None |
| **Mr. Jacques-Étienne de T'Serclaes** [c] | | | | |
| Attendance fees | 56,666 | 75,416 | 14,333 | 56,833 |
| Other remuneration | None | None | None | None |
| **Ms. Renuka Uppaluri** [d] | | | | |

| Non-executive directors | Gross amount in euros | | | |
|---|---|---|---|---|
| | FY 2016 | | FY 2017 | |
| | Amounts due | Amounts received | Amounts due | Amounts received |
| Attendance fees | 25,000 | 2,500 | 49,816 | 30,000 |
| Other remuneration | None | None | None | None |
| **Ms. Jaya Vaidhyanathan**[e] | | | | |
| Attendance fees | None | None | None | None |
| Other remuneration | None | None | None | None |
| **Mr. Thomas de Villeneuve** | | | | |
| Attendance fees | None | None | None | None |
| Other remuneration | None | None | None | None |

*(a) Director since April 29, 2016 and Chairman of the Appointments and Remuneration Committee since July 27, 2017.*
*(b) Director and Chairman of the Appointments and Remuneration Committee until June 21, 2017.*
*(c) Director and Chairman of the Audit Committee until April 28, 2017.*
*(d) Director since April 29, 2016.*
*(e) Co-opted by the Board of Directors held on December 20, 2017.*

### 3.1.2.2 Remuneration of the executive corporate officers

1. General principles for determining the remuneration of the executive corporate officers

The Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, sets out the components of the remuneration due or awarded to the executive corporate officers. The Company's remuneration policy is regularly reviewed during the meetings of the Appointments and Remuneration Committee, which is chaired by Ms. Martha Heitzmann Crawford. The Board of Directors and the Appointments and Remuneration Committee ensure that the remuneration policy for executive corporate officers complies with the recommendations of the AFEP-MEDEF Code.

The remuneration policy, which the Board of Directors reviews each year, upon the proposal of the Appointments and Remuneration Committee, is defined in accordance with the Group's overall strategy and is based on four simple principles:

**Competitiveness**

- In a highly competitive international market, it is essential, in order to incentivize and retain the Group's executives, to ensure that their overall remuneration, in each of its components, is competitive in comparison to the remuneration paid at French and international companies of a similar size, structure or activity. In order to determine the remuneration of the corporate officers, the Appointments and Remuneration Committee regularly examines – with the assistance of consulting firms where necessary – the components of remuneration due or awarded by comparable companies to their executive corporate officers.

**Performance**

- In order to recognise the individual performance of the executives as well as the Group's collective performance, the variable remuneration components represent a significant part of the total remuneration awarded to the executive corporate officers. The allocation of this variable remuneration is subject to the achievement of specific, measurable and challenging quantitative and qualitative objectives. These objectives are assessed both from a short-term perspective, notably through the allocation of an annual variable remuneration, and from a long-term perspective, through the implementation of long-term incentive plans.

| | |
|---|---|
| **Internal equity** | ▪ The Board of Directors ensures that the differences in remuneration between the executive corporate officers are justified, in terms of both amount and structure. In addition, it ensures that these differences reflect the extent of the responsibilities, experience, performance and potential of each executive and take into account market practices in this field. |
| **Alignment with the shareholders over the long term** | ▪ In order to strengthen the convergence of the interests of the executives and the shareholders over the long term, a significant portion of their remuneration is allocated in the form of long-term incentive plans, such as performance units plans, whose allocation is subject to the achievement of performance objectives over several financial years. |

### 2. Summary of the remuneration and benefits awarded to the executive corporate officers

The structure of the remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer is made up, on a recurring basis, of:

- an annual fixed remuneration;
- an annual variable remuneration determined on the basis of predefined performance criteria aligned with the Group's overall strategy; and
- a long-term variable remuneration in the form of an allocation of performance units which aims to align the interests of the executive corporate officer with those of the shareholders whose final allocation is subject to the achievement of performance criteria assessed over a cumulative three-year period, such as the average annual growth of earnings per share (EPS) and the total share return (TSR); in addition to these performance criteria, the final vesting of the performance shares is subject to the uninterrupted presence of the beneficiary during the vesting period.

The table below presents a summary of all components of remuneration awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the financial years ended December 31, 2016 and December 31, 2017.

**Table 1 – Summary of the remuneration, options and shares awarded to each executive corporate officer** (Table 1 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

| *(in euros, before social security expenses and taxes)* | **2016** | **2017** |
|---|---|---|
| **Mr. Dominique Cerutti – Chairman and Chief Executive Officer** | | |
| Remuneration due for the financial year (details in table 10[a]) | 1,284,780 | 1,936,825 |
| Valuation of the multi-year variable remuneration awarded during the financial year[b] | 840,000 | 980,000 |
| Valuation of the options awarded during the financial year | None | None |

| | | |
|---|---|---|
| Valuation of the performance shares awarded during the financial year | None | None |
| **TOTAL** | 2,124,780 | 2,916,825 |
| **Cyril Roger – Deputy Chief Executive Officer** | | |
| Remuneration due for the financial year (details in table 10) | 1,784,904 | 725,959 |
| Valuation of the multi-year variable remuneration awarded during the financial year[(b)] | 321,000 | 321,000 |
| Valuation of the options awarded during the financial year | None | None |
| Valuation of the performance shares awarded during the financial year | None | None |
| **TOTAL** | 2,105,904 | 1,046,959 |

*(a) This is the remuneration due after applying the performance rate to the variable remuneration base.*
*(b) The valuation of the multi-year variable remuneration corresponds to an assessment made at the grant date and not to remuneration received by the beneficiary during the financial year. The award of this remuneration is subject to performance and presence conditions.*

3. Remuneration and benefits awarded or paid to executive corporate officers for the 2017 financial year

- **Remuneration of Mr. Dominique Cerutti, Chairman and Chief Executive Officer**

The components of the remuneration of the Chairman and Chief Executive Officer paid or awarded for the 2017 financial year, which will be submitted to the shareholders for approval (*ex post* vote) at the General Meeting of April 27, 2018 pursuant to Article L. 225-100 of the French Commercial Code, are detailed below and summarised in point 5 *"Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the 2017 financial year subject to the approval of the shareholders at the General Meeting of April 27, 2018"* of section 3.1.2.2 "*Remuneration of the executive corporate officers*".

It should be recalled that the remuneration policy pursuant to which these components of the remuneration were allocated to the Chairman and Chief Executive Officer during the 2017 financial year was approved by the Company's shareholders (*ex ante* vote) at the General Meeting of April 28, 2017.

- Fixed remuneration

For the 2017 financial year, the Chairman and Chief Executive Officer's fixed remuneration amounted to a gross annual amount of €700,000, *i.e.* an increase of around 16% compared to the fixed remuneration received in 2016.

The Appointments and Remuneration Committee noted that the remuneration of the Chairman and Chief Executive Officer had been unchanged for 3 consecutive financial years (2014-2015-2016) since January 1, 2014, while the size of the Altran group has increased significantly during this period, with a 30% growth in revenues published between 2013 and 2016, a headcount growth of 43% and an EBIT growth of 54%.

Considering the historical performance (in terms of revenues and EBIT) achieved in 2016 by the Group, the Appointments and Remuneration Committee asked the firm Mercer in March 2017 to conduct a survey of the SBF 120 executive officers' remuneration.

This survey was based on a sample of 40 companies among the SBF 120 with size and revenues similar to Altran. As a result of this survey, the Appointments and Remuneration Committee set the annual fixed remuneration of the Chairman and Chief Executive Officer at the median of the sample, *i.e.* a gross annual base of €700,000.

- Variable remuneration

The variable remuneration of the Chairman and Chief Executive Officer for the 2017 financial year was based on a certain number of specific objectives, the selection and weighting of which were decided by the Board of Directors held on March 8, 2017, upon the recommendation of the Appointments and Remuneration Committee.

For the 2017 financial year, the variable remuneration of the Chairman and Chief Executive Officer could reach 100% of the fixed remuneration, subject to the achievement of the performance objectives described below, and representing up to 160% of the fixed remuneration if the performance objectives were exceeded, *i.e.* a maximum gross amount of €1,120,000. The Board of Directors determined that Mr. Dominique Cerutti's variable remuneration for the 2017 financial year would be based:

- for **70%** of the variable remuneration, on **quantitative objectives** aligned with the Company's strategy and long-term value creation, namely:
  - Group EBIT for 46%,
  - Group free cash flow for 12%,
  - revenue growth at constant perimeter and exchange rates for 12%; and
- for **30%** of the variable remuneration, on **individual qualitative objectives**, namely:
  - the implementation of the *Altran 2020. Ignition* strategic plan (notably the expansion in the United States) for 20%, and
  - the implementation of the "Engaged People" program for 10%. The assessment of whether this objective is met will be made by the directors representing employees on the Board of Directors.

Each quantitative objective, depending on its level of achievement, could trigger from 0 to 200% of the part of the variable remuneration that it represented, while each qualitative objective could trigger from 0 to 100% of the part it represented.

**Structure of the variable remuneration of Mr. Dominique Cerutti for the 2017 financial year**

In order to determine the variable portion due to the Chairman and Chief Executive Officer for the 2017 financial year, the Board of Directors, at its meeting of February 26, 2018, assessed the level of achievement of the quantitative and qualitative objectives after consultation with the Appointments and Remuneration Committee.

**Table 2 – Calculation of Mr. Dominique Cerutti's variable remuneration**

| Performance objectives | Weight of each objective | Percentage of achievement of each objective | Achievement as an amount (in euros) | Percentage of the fixed remuneration |
|---|---|---|---|---|
| *Group EBIT in 2017* | 46% | 99.42% | 312,654 | 44.66% |
| *Free cash flow in 2017* | 12% | 72.45% | 0 | 0% |
| Revenue growth in 2017 at constant perimeter and exchange rates | 12% | 98.25% | 76,639 | 10.95% |
| **Quantitative objectives** | 70% | 79.45% | 389,293 | 55.61% |
| Implementation of the Altran 2020. Ignition strategic plan (notably expansion to the United States) | 20% | 150.00% | 210,000 | 30.00% |
| Implementation of the "Engaged People" programme (employee involvement – achievement assessed by the staff representatives on the Board of Directors) | 10% | 60.00% | 42,000 | 6.00% |
| **Qualitative objectives** | 30% | 120.00% | 252,000 | 36.00% |
| **TOTAL** | 100% | 91.61% | 641,293 | 91.61% |

For the 2017 financial year, the annual variable remuneration of the Chairman and Chief Executive Officer, set at 91.61% of the fixed part, was therefore €641,293 (compared with €659,835 in 2016, *i.e.* 109.97% of the fixed part).

- Exceptional remuneration

No exceptional remuneration was awarded to Mr. Dominique Cerutti for the 2017 financial year.

- Long-term components of remuneration – Performance units (2017-2020 Plan)

At its meeting of March 21, 2017, the Board of Directors decided, upon the recommendation of the Appointments and Remuneration Committee, to grant, as in previous financial years, multi-year variable remuneration, in cash, to Mr. Dominique Cerutti through the award of 65,464 performance units. The final vesting of the performance units is subject to an objective based on the average annual growth of Earnings Per Share (EPS), which the Board of Directors assesses over a three-year period (between 2016 and 2019), as well as on the uninterrupted presence of the beneficiary during the vesting period.

The allocation of these performance units is part of a long-term incentive plan reserved for the sole benefit of the executive corporate officers. Pursuant to the remuneration policy adopted by the Board of Directors, the allocation of these performance units aims to promote the alignment of the executives' interests with the interests of the shareholders and to closely associate the executives with the Group's results. This long-term incentive plan has similar characteristics to those implemented in previous years.

The accounting valuation of the performance units awarded to the Chairman and Chief Executive Officer under the 2017-2020 plan was estimated at €980,000 at the grant date. It is recalculated every reporting period.

As part of the performance units plan put in place for the 2017 financial year, Mr. Dominique Cerutti will have to reinvest for the first time a share representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of one year of the Chairman and Chief Executive Officer's net fixed remuneration.

A description of the characteristics of the 2017-2020 long-term incentive plan is presented in point 5 "*Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the 2017 financial year subject to the approval of the shareholders at the General Meeting of April 27, 2018*" of section 3.1.2.2 "*Remuneration of the executive corporate officers*".

The table below shows, by analogy to the regime applicable to the performance shares, the performance units awarded to the Chairman and Chief Executive Officer during the 2017 financial year.

**Table 3 – Performance units awarded to the Chairman and Chief Executive Officer during the financial year**

| Name of the executive corporate officer | Date of the plan | Number of performance units awarded during the financial year | Valuation of the performance units at the grant date *(in euros)* | Vesting date | Availability date | Performance conditions |
|---|---|---|---|---|---|---|
| Mr. Dominique Cerutti – Chairman and Chief Executive Officer | March 21, 2017 | 65,464 | 980,000 euros | March 20, 2020 | March 20, 2020 | The performance conditions are tied to an objective based on the average annual growth of Earnings Per Share (EPS) |

The Company did not award performance shares or stock options to Mr. Dominique Cerutti for the 2017 financial year.

**Table 4 – Performance shares awarded to Mr. Dominique Cerutti during the financial year** (Table 6 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

**Table 5 – Stock subscription or purchase options awarded to Mr. Dominique Cerutti during the financial year** (Table 4 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

- Services agreement

No services agreement has been entered into between the Company and the Chairman and Chief Executive Officer. Therefore, the Company has no commitment in this respect to its Chairman and Chief Executive Officer.

- Attendance fees

The Chairman and Chief Executive Officer does not receive attendance fees in respect of his duties as director and Chairman of the Board of Directors of the Company.

- Benefits in kind

The Chairman and Chief Executive Officer has a company car. The benefits in kind awarded to the Chairman and Chief Executive Officer also include the annual contributions, in the amount of €11,997, paid by the Company for the benefit of Mr. Dominique Cerutti in respect of the social security insurance for corporate officers. It should be noted that this unemployment insurance benefit is awarded to the Chairman and Chief Executive Officer by virtue of a decision of the Board of Directors dated July 29, 2015.

- Life and health insurance plan

The Chairman and Chief Executive Officer is a beneficiary of the life and health insurance plan applicable to the Group's executive managers.

- **Remuneration of Mr. Cyril Roger, Deputy Chief Executive Officer**

The components of the remuneration of the Deputy Chief Executive Officer paid or awarded for the 2017 financial year, which will be submitted to the shareholders for approval (*ex-post* vote) at the General Meeting of April 27, 2018 pursuant to Article L. 225-100 of the French Commercial Code, are detailed below and summarised in point 5 *"Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the 2017 financial year subject to the approval of the shareholders at the General Meeting of April 27, 2018"* of section 3.1.2.2 "*Remuneration of the executive corporate officers*".

It should be recalled that the remuneration policy in respect of which these components of the remuneration were allocated to the Deputy Chief Executive Officer during the 2017 financial year was approved by the Company's shareholders (*ex ante* vote) at the General Meeting of April 28, 2017.

- Fixed remuneration

For the 2017 financial year, the annual fixed remuneration of the Deputy Chief Executive Officer amounted to a gross amount €428,000. It thus remained unchanged compared to the 2016 financial year.

- Variable remuneration

The variable remuneration of the Deputy Chief Executive Officer for the 2017 financial year was based on a certain number of specific objectives, the selection and weighting of which were decided by the Board of Directors held on March 8, 2017, on the recommendation of the Appointments and Remuneration Committee.

For the 2017 financial year, the variable remuneration of the Deputy Chief Executive Officer could reach 75% of the fixed remuneration, subject to the achievement of performance objectives described below, and representing up to 120% of the fixed remuneration if the performance objectives were exceeded, *i.e.* a gross amount of €513,600. The Board of

Directors determined that Mr. Cyril Roger's variable remuneration for the 2017 financial year would be based:

- for **80%** of the variable remuneration, on **quantitative objectives** aligned with the Company's strategy and long-term value creation, namely:
    - Group EBIT for 20%,
    - 2017 EBIT of the Europe zone for 40%,
    - the Days Sales Outstanding (DSO) of the Europe zone for 10%,
    - revenue growth of the Europe zone at constant budgetary scope for 10% of the variable remuneration; and
- for **20%** of the variable remuneration, on **individual qualitative objectives**, namely:
    - the development of the Group's offshore activities for 10%, and
    - the economic growth of countries in the Europe zone for 10% (not more than one country with economic growth below 0%).

Each quantitative objective, depending on its level of achievement, could trigger from 0 to 150% of the part of the variable remuneration that it represented, with the exception of the performance objective related to Group EBIT, which could trigger up to 200% of the share it represented. Each qualitative objective could trigger from 0 to 100% of the part it represented.

**Structure of the variable remuneration of Mr. Cyril Roger for the 2017 financial year**

In order to determine the variable part of the remunerarion due to the Deputy Chief Executive Officer for the 2017 financial year, the Board of Directors, at its meeting of February 26, 2018, assessed the level of achievement of the quantitative and qualitative objectives after consultation with the Appointments and Remuneration Committee.

**Table 6 – Calculation of Mr. Cyril Roger's variable remuneration**

| Performance objectives | Weight of each objective | Percentage of achievement of each objective | Achievement as an amount (*in euros*) | Percentage of the fixed remuneration |
|---|---|---|---|---|
| Group EBIT in 2017 | 20% | 94.70% | 47,189 | 11.03% |
| 2017 EBIT of the Europe zone | 40% | 99.88% | 127,644 | 29.82% |
| DSO of the Europe zone | 10% | 101.66% | 26,770 | 6.25% |
| Revenue growth of the Europe zone at constant budgetary scope | 10% | 99.80% | 31,782 | 7.43% |

| | | | | |
|---|---|---|---|---|
| **Quantitative objectives** | **80%** | **90.88%** | **233,385** | **54.53%** |
| Development of the Group's offshore activities | 10% | 100.00% | 32,100 | 7.5% |
| Economic growth of countries in the Europe zone | 10% | 50.00% | 16,050 | 3.75% |
| **Qualitative objectives** | **20%** | **75.00%** | **48,150** | **11.25%** |
| **TOTAL** | **100%** | **87.70%** | **281,535** | **65.78%** |

For the 2017 financial year, the annual variable remuneration of the Deputy Chief Executive Officer, set at 65.78% of the fixed part, was therefore €281,535 (compared with €354,880 in 2016, *i.e.* 82.92% of the fixed part).

- Exceptional remuneration

No exceptional remuneration was awarded to Mr. Cyril Roger for the 2017 financial year.

- Long-term components of remuneration – Performance units (2017-2020 Plan)

At its meeting of March 21, 2017, the Board of Directors decided, on the recommendation of the Appointments and Remuneration Committee, to grant, as in previous financial years, multi-year variable remuneration, in cash, to Mr. Cyril Roger through the allocation of 21,442 performance units. The final vesting of the performance units is subject to an objective based on the average annual growth of Earnings Per Share (EPS), which the Board of Directors assesses over a period of three-year period (between 2016 and 2019), as well as on the uninterrupted presence of the beneficiary during the vesting period.

The allocation of these performance units is part of a long-term incentive plan reserved for the sole benefit of executive corporate officers. Pursuant to the remuneration policy adopted by the Board of Directors, the allocation of these performance units aims to promote the alignment of the interests of the executives with the interests of the shareholders and to closely associate the executives with the Group's results. This long-term incentive plan has similar characteristics to those implemented in previous years.

The accounting valuation of the performance units awarded to the Deputy Chief Executive Officer under the 2017-2020 plan was estimated as €321,000 at the grant date. It is recalculated every reporting period.

As part of the performance units plan put in place for the 2017 financial year, Mr. Cyril Roger will have to reinvest for the first time a share representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of six months of the Deputy Chief Executive Officer's net fixed remuneration.

A description of the features of the 2017-2020 long-term incentive plan is presented in point 5 of section 3.1.2.2 *"Components* of the *remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive*

*Officer, for the 2017 financial year subject to the approval of the shareholders at the General Meeting of April 27, 2018".*

The table below shows, by analogy to the regime applicable to the performance shares, the performance units awarded to the Deputy Chief Executive Officer during the 2017 financial year.

**Table 7 – Performance units awarded to the Deputy Chief Executive Officer during the financial year**

| **Name of the executive corporate officer** | **Date of the plan** | **Number of performance units awarded during the financial year** | **Valuation of the performance units at the grant date (*in euros*)** | **Vesting date** | **Availability date** | **Performance conditions** |
|---|---|---|---|---|---|---|
| Cyril Roger - Deputy Chief Executive Officer | March 21, 2017 | 21,442 | 321,000 euros | March 20, 2020 | March 20, 2020 | The performance conditions are tied to an objective based on the average annual growth of Earnings per Share (EPS) |

The Company did not award performance shares or stock options to Mr. Cyril Roger for the 2017 financial year.

**Table 8 – Performance shares awarded to Mr. Cyril Roger during the financial year** (Table 6 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

**Table 9 – Stock subscription or purchase options awarded to Mr. Cyril Roger during the financial year** (Table 4 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

- Services agreement

No services agreement has been concluded between the Company and the Deputy Chief Executive Officer. Therefore, the Company has no commitment in this regard to its Deputy Chief Executive Officer.

- Attendance fees

The Deputy Chief Executive Officer is not a Director.

- Benefits in kind

Mr. Cyril Roger has a company car.

- Life and health insurance plan

The Deputy Chief Executive Officer is a beneficiary of the life and health insurance plan applicable to the Group's executive managers.

**Table 10 – Summary of the remuneration and options and shares awarded to each executive corporate officer** (Table 2 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

The gross annual remuneration before tax of each executive corporate officer owed or paid by the Company, including benefits in kind, were, for the financial years ended December 31, 2016 and 2017, as shown in the table below:

| | FY 2016 | | FY 2017 | |
|---|---|---|---|---|
| **Amount (*in euros*)** | **Amounts due in respect of the financial year[(a)]** | **Amounts paid during the financial year[(b)]** | **Amounts due in respect of the financial year[(a)]** | **Amounts paid during the financial year[(b)]** |
| **Mr. Dominique Cerutti – Chairman and Chief Executive Officer** | | | | |
| Fixed remuneration | 600,000 | 600,000 | 700,000 | 700,000 |
| Annual variable remuneration[(c)] | 659,835 | 319,973[(d)] | 641,293 | 659,835[(e)] |
| Multi-year variable remuneration | None | None | 570,587[(f)] | None |
| Exceptional remuneration | None | None | None | None |
| Attendance fees | None | None | None | None |
| Benefits in kind[(g)] | 24,945 | 24,945 | 24,945 | 24,945 |
| **TOTAL** | 1,284,780 | 944,918 | 1,936,825 | 1,384,780 |
| **Cyril Roger – Deputy Chief Executive Officer** | | | | |
| Fixed remuneration | 428,000 | 428,000 | 428,000 | 428,000 |
| Annual variable remuneration[(c)] | 354,880 | 386,881[(d)] | 281,535 | 354,880[(e)] |
| Multi-year variable remuneration | 985,600[(h)] | 1,540,319[(i)] | None | None |
| Exceptional remuneration | None | 30,000[(j)] | None | None |
| Attendance fees | N/A | N/A | N/A | N/A |
| Benefits in kind[(k)] | 16,424 | 16,424 | 16,424 | 16,424 |
| **TOTAL** | 1,784,904 | 2,401,624 | 725,959 | 799,304 |

(a) *The amounts due correspond to the amounts awarded.*
(b) *The amounts paid correspond to the amounts actually paid during the financial year and include amounts that were due for the previous financial year.*

*(c) For details on the parameters taken into account for the calculation of the variable portion due for the 2016 financial year, please refer to the information on the variable remuneration of Messrs Dominique Cerutti and Cyril Roger in point 3 "Remuneration and benefits awarded to executive corporate officers for the 2017 financial year" in section 3.1.2.2 "Remuneration of the executive corporate officers" .*
*(d) Annual variable remuneration due for the 2015 financial year and paid in 2016.*
*(e) Annual variable remuneration due for the 2016 financial year and paid in 2017.*
*(f) As part of the 2015-2017 long-term incentive plan (the features of which are described in section 3.1.3.3 "Stock option, performance share and performance unit to executive corporate officers"), 43,523 performance units were acquired by Mr. Dominique Cerutti. In view of the average closing price of Altran' share in the month of December 2016, i.e. €13.11, €570,587 will be paid to Mr. Dominique Cerutti at the end of a two-year retention period, i.e. on January 2, 2019.*
*(g) Mr. Dominique Cerutti's benefits in kind correspond to a company car and to the contributions paid in respect of the social security insurance for company managers.*
*(h) As part of the 2013-2015 long-term incentive plan (the features of which are described in section 3.1.3.3 "Stock option, performance share and performance unit to executive corporate officers"), the Board of Directors, at its meeting of March 9, 2016, set the number of performance units acquired by Mr. Cyril Roger at 80,000. In view of the average closing price of Altran's share in the month of December 2015, i.e. €12.32, €985,600 was paid to Mr. Cyril Roger in February 2018, at the end of a two-year retention period, i.e. on January 2, 2018. This sum will not be subject to the approval of the Ordinary General Meeting of April 27, 2018, as the grounds for this remuneration payment is not subject to an ex ante vote at the time of its allocation.*
*(i) As part of the 2011-2013 long-term incentive plan, €1,540,319 were paid to Mr. Cyril Roger in 2016 following the end of the retention period set in said plan.*
*(j) On March 9, 2016, the Board of Directors awarded Mr. Roger a bonus of €30,000 for his involvement in turning round Group operations in Germany in 2015.*
*(k) Mr. Cyril Roger has a company car.*

4. Employment contract, retirement benefits and compensation in the event of the termination of the duties of the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer

- **Employment contract**

In accordance with the recommendations of the AFEP-MEDEF Code and those of the AMF, the Chairman and Chief Executive Officer is not bound by an employment contract with the Company or a company that it controls. Mr. Cyril Roger's employment contract with the Company has been suspended since his appointment as Deputy Chief Executive Officer on October 28, 2011. The termination of his term as corporate officer, for any reason whatsoever, would result in the reactivation of his employment contract.

- **Severance or non-compete compensation**

In respect of their term as corporate officers, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer receive no compensation or benefit due or that could be due as a result of the termination of, or a change in, their duties. The executive corporate officers do not benefit as, as part of their corporate mandate, of any commitment corresponding to compensation in consideration of a non-competite clause.

Pursuant to his employment contract, Mr. Cyril Roger could be the beneficiary, in the event of the termination of the contract at the initiative of Altran, and except in the case of gross misconduct or gross negligence, of a contractual severance indemnity equal to his remuneration (salary, bonuses and profit-sharing) over the 12 months preceding the termination of the contract. In addition, Mr. Cyril Roger could receive, under his employment contract, lump sum compensation in consideration for his non-compete undertaking for a period of 12 months following the termination of his employment contract, whatever the reason. This compensation would be equal to 75% of the average monthly salary, bonuses and profit-sharing received during the 12 months preceding the termination of the contract, the Company reserving the right to waive the requirement of this non-compete obligation and, thus, the payment of the corresponding compensation.

- **Social security insurance for corporate officers**

By a decision of the Board of Directors dated July 29, 2015, the Chairman and Chief Executive Officer is a beneficiary of the social security insurance for corporate officers. This

unemployment insurance allows the Chairman and Chief Executive Officer to receive compensation in the event of termination of his duties, including in the event of dismissal. The maximum compensation period that Mr. Dominique Cerutti could benefit from in this context is 12 months, for a net annual amount capped at €198,660 euros on the basis of 2018 social security ceiling. The contributions paid by the Company are reintegrated into Mr. Dominique Cerutti's remuneration as benefits in kind.

- **Supplementary pension plans**

The executive corporate officers do not benefit from a specific pension plan beyond the compulsory statutory schemes. As a result, the Company has not booked a provision for pension, retirement or similar benefits for the executive corporate officers.

**Table 11 – Summary of the benefits of each executive corporate officer** (Table 11 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

| Executive corporate officers | Employment contract | Supplementary pension plan | Compensation or benefits due or that could be due as a result of the termination of, or a change in, duties | Compensation relating to a non-compete clause |
|---|---|---|---|---|
| **Mr. Dominique Cerutti**<br>Chairman and Chief Executive Officer since June 18, 2015 | No | No | No | No |
| **Mr. Cyril Roger**<br>Deputy Chief Executive Officer since October 28, 2011 | Yes, suspended[(a)] | No | Yes[(b)] | Yes[(b)] |

*(a) Mr. Cyril Roger's employment contract has been suspended since October 28, 2011.*
*(b) Mr. Cyril Roger would benefit from compensation in the event of termination of his employment contract at the initiative of Altran, as well as compensation in consideration for a non-competition clause. For additional information regarding this compensation, please refer to the description above.*

5. Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, and Mr. Cyril Roger, Deputy Chief Executive Officer, for the 2017 financial year subject to the approval of the shareholders of the General Meeting of shareholders of April 27, 2018

The tables below summarise the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, for the 2017 financial year, as determined by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, and submitted to the approval of the Company's General Meeting of Shareholders of April 27, 2018 (*ex-post* vote) in accordance with the provisions of Article L. 225-100 of the French Commercial Code. A resolution specific to each executive of the corporate officer will be subject to the approval of the shareholders. It should be noted that pursuant to Article L. 225-100 of the French Commercial Code, the variable components of the remuneration described in the tables below will only be paid to the executive corporate officers after approval of these resolutions by the General Meeting of April 27, 2018.

- **Components of the remuneration paid or awarded to Mr. Dominique Cerutti, Chairman and Chief Executive Officer, for the 2017 financial year**

| **Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer for the 2017 financial year subject to the approval (ex-post vote) of the General Meeting of Shareholders of April 27, 2018 (Article L. 225-100 of the French Commercial Code)** | | |
|---|---|---|
| **Components of the remuneration and benefits of any kind paid or awarded for the 2017 financial year** | **Amount or accounting valuation subject to the vote of the shareholders (*in euros*)** | **Overview** |
| **Fixed remuneration** | €700,000 (amount paid in 2017) | The fixed remuneration of Mr. Dominique Cerutti, as Chairman and Chief Executive Officer, was €700,000 in 2017, i.e. an increase of more than 16% compared to his fixed compensation for the 2016 financial year.<br>The Appointments and Remuneration Committee noted that the remuneration of the Chairman and Chief Executive Officer had been unchanged for 3 consecutive financial years (2014-2015-2016) since January 1, 2014, while the size of the Altran group has increased significantly during this period, with a 30% growth in revenues published between 2013 and 2016, a headcount growth of 43% and an EBIT growth of 54%.<br>Considering the historical performance (in terms of revenues and EBIT) achieved in 2016 by the Group, the Appointments and Remuneration Committee asked the firm Mercer in March 2017 to conduct a survey on the SBF 120 executive officers' remuneration. This survey was based on a sample of 40 companies among the SBF 120 with size and revenues similar to Altran.<br>As a result of this survey, the Appointments and Remuneration Committee set the annual fixed remuneration of the Chairman and Chief Executive Officer at the median of the sample, i.e. a gross annual base of €700,000. |
| **Variable remuneration** | €641,293<br>(amount awarded for the 2017 financial year) | The variable remuneration of Mr. Dominique Cerutti in respect of his position as Chairman and Chief Executive Officer for the 2017 financial year was €641,293, corresponding to 91.61% (out of a maximum of 160% if the performance objectives are exceeded) of his annual fixed remuneration. This variable remuneration was set by the Board of Directors, at its meeting of February 26, 2018, on the recommendation of the Appointments and Remuneration Committee, considering the achievement of the objectives described below:<br>o the amount of the variable portion due in respect of the quantitative objectives (Group EBIT, free cash flow, revenue growth at constant perimeter and exchange rates) amounted to €389,293 corresponding to a percentage of achievement of the quantitative objectives of 79.45%. The achievement rates for the different quantitative objectives are as follows:<br>- 99.42% for the objective relating to the Group EBIT (weighting for 46%);<br>- 72.45% for the objective relating to the free cash flow (weighting for 12%); and |

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| | | - 98.25% for the objective relating to the revenue growth at constante perimeter and exchange rates (weighting for 12%).<br>o the amount of the variable portion due in respect of the qualitative objectives (objectives in relation to the implementation of the *Altran 2020. Ignition* strategic plan and the implementation of the "Engaged People" program) amounted to €252,000 corresponding to a percentage of achievement of the qualitative objectives of 120%. The achievement rates for the different qualitative objectives are as follows:<br>- 150% for the objective relating to the implementation of the *Altran 2020. Ignition* strategic plan, notably the expansion in the United Sates (weighting for 20%); and<br>- 60% for the implementation of the "Engaged People" programme (weighting for 10%).<br>The payment of this variable remuneration is subject to the approval of the General Meeting of Shareholders of April 27, 2018. |
| **Multi-year variable remuneration** | €980,000<br>(accounting valuation of the units at the date of the award) | On the recommendation of the Appointments and Remuneration Committee, the Board of Directors, at its meeting of March 21, 2017, decided to create a long-term incentive plan in the form of an allocation of performance units providing for the award of multi-year variable remuneration, in cash, to Mr. Dominique Cerutti.<br>The final vesting of the performance units is subject to an objective based on the average annual growth of Earnings Per Share (EPS), which the Board of Directors assesses over a three-year period (between 2016 and 2019), as well as on the uninterrupted presence of Mr. Dominique Cerutti in the Group, in his capacity as executive corporate officer, until the final vesting of the performance units. It should be noted that this presence condition is subject to a limited number of exceptions including the death or disability of the beneficiary, a significant disposal of the Company's assets (more than 30% of the Group's assets), or the dismissal of the beneficiary in the event of a change of control of the Company.<br>All unvested performance units awarded expire in the event of the resignation or dismissal of Mr. Cerruti unless otherwise decided by the Board of Directors, duly motivated by exceptional circumstances.<br>On the recommendation of the Appointments and Remuneration Committee, the Board of Directors, at its meeting of March 21, 2017, set at 65,464 the initial number of performance units to be used as a basis for the calculation of the multi-year variable remuneration of the Chairman and Chief Executive Officer in the event he achieves 100% of his performance objective. The performance units will be acquired in accordance with the percentage of achievement of the performance objective, the achievement of which will be assessed by the Board of Directors at the end of the vesting period.<br>This performance objective as well as the criteria for awarding performance units have been specifically set by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, but cannot be disclosed for reasons of confidentiality and business secrecy.<br>The corresponding multi-year variable remuneration will be paid, |

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| | | at the end of the vesting period, for an amount corresponding to the average price of the Company share during the month of December 2019, applied to the final number of performance units acquired by Mr. Dominique Cerutti.<br><br>The accounting valuation of this multi-year variable remuneration on the date of its award to Mr. Dominique Cerutti was estimated at €980,000. It is recalculated at the end of every reporting period.<br><br>In the event of payment of multi-year variable remuneration, Mr. Dominique Cerutti will have to reinvest a share representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of one year of the Chairman and Chief Executive Officer's net fixed remuneration. |
| **Benefits of any kind** | €24,945 | The benefits in kind awarded to the Chairman and Chief Executive Officer correspond to a company car and to the contributions paid as part of the social security insurance for corporate officers taken out by the Company for the Chairman and Chief Executive Officer. |
| **Other components of the remuneration** | None. | The Chairman and Chief Executive Officer does not benefit from any other components of the compensation. In particular:<br>– the Chairman and Chief Executive Officer did not receive any exceptional remuneration or attendance fees for the 2017 financial year;<br>– the Board of Directors did not award stock options or performance shares to the Chairman and Chief Executive Officer in 2017;<br>– moreover, the Chairman and Chief Executive Officer does not benefit from severance pay or non-compete compensation; and<br>– the Chairman and Chief Executive Officer does not benefit from a supplementary pension plan. |

- **Components of the remuneration paid or awarded to Mr. Cyril Roger, Deputy Chief Executive Officer**

| **Fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Deputy Chief Executive Officer for the 2017 financial year subject to the approval (*ex-post* vote) of the General Meeting of Shareholders of April 27, 2018 (Article L. 225-100 of the French Commercial Code)** | | |
|---|---|---|
| **Components of the remuneration and benefits of any kind paid or awarded for the 2017 financial year** | **Amount or accounting valuation subject to the vote of the shareholders**<br><br>**(*in euros*)** | **Overview** |
| **Fixed remuneration** | €428,000 (amount paid in 2017) | The fixed remuneration of Mr. Cyril Roger due in respect of his position as Deputy Chief Executive Officer amounted to €428,000 in 2017, and was unchanged from the previous year. |
| **Variable remuneration** | €281,535<br><br>(amount awarded for | The variable remuneration of Mr. Cyril Roger in respect of his position as Deputy Chief Executive Officer for the 2017 financial year was €281,535, corresponding to 65.78% (out of a maximum |

| | | |
|---|---|---|
| | the 2017 financial year) | of 120% if the performance objectives are exceeded) of his annual fixed remuneration. This variable remuneration has been set by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, considering the achievements of the objectives mentioned below:<br>o the amount of the variable portion due in respect of the quantitative objectives (Group EBIT, 2017 EBIT of the Europe zone, DSO of the Europe zone, revenue growth of the Europe region at constant budgetary scope) amounted to €233,385 corresponding to a percentage of achievement of the quantitative objectives of 90.88%. The achievement rates for the different quantitative objectives are as follows:<br>- 94.70% for the objective relating to the Group EBIT (weighting for 20%);<br>- 99.88% for the objective relating to the 2017 EBIT of the Europe zone (weighting for 40%);<br>- 101.66% for the objective relating to the DSO of the Europe zone (weighting for 10%); and<br>- 99.80% for the objective relating to the 2017 revenue growth (weighting for 10%).<br>o the amount of the variable portion due in respect of the qualitative objective (in relation the to the development of the Group's offshore activities and the economic growth of countries in the Europe region) amounted to €48,150 corresponding to a percentage of achievement of the qualitative objectives of 75%. The achievement rates for the different objectives are as follows:<br>- 100% for the objective relating to the development of the Group's offshore activities (weighting for 10%); and<br>- 50% for the objective relating of the economic growth in the Europe zone, with not more than one country with economic growth below 0% (weighting for 10%).<br>The payment of this variable remuneration is subject to the approval of General Meeting of Shareholders of April 27, 2018 |
| **Multi-year variable remuneration** | €321,000<br>(accounting valuation of the units at the date of the award) | On the recommendation of the Appointments and Remuneration Committee, the Board of Directors, at its meeting of March 21, 2017, decided to create a long-term incentive plan in the form of an allocation of performance units providing for the award of multi-year variable remuneration, in cash, to Mr. Cyril Roger.<br>The final vesting of the performance units is subject to a target based on the average annual growth of Earnings Per Share (EPS), which the Board of Directors assesses over a three-year period (between 2016 and 2019), as well as on the uninterrupted presence of Mr. Cyril Roger in the Group, in his capacity as executive corporate officer, until the final vesting of the performance units. It should be noted that this presence condition is subject to a limited number of exceptions including the death or disability of the beneficiary, a significant disposal of the Company's assets (more than 30% of the Group's assets), or the dismissal of the beneficiary in the event of a change of control of the Company. |

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| | | All unvested performance units awarded expire in the event of the resignation or dismissal of Mr. Cyril Roger unless otherwise decided by the Board of Directors, duly motivated by exceptional circumstances.<br><br>On the recommendation of the Appointments and Remuneration Committee, the Board of Directors, at its meeting of March 21, 2017, set at 21,442 the initial number of performance units to be used as a basis for the calculation of the multi-year variable remuneration of the Deputy Chief Executive Officer in the event he achieves 100% of his performance objective. The performance units will be acquired according to the percentage of achievement of the performance objective, the achievement of which will be assessed by the Board of Directors at the end of the vesting period.<br><br>This performance target as well as the criteria for awarding performance units have been specifically set by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, but cannot be disclosed for reasons of confidentiality and business secrecy.<br><br>The corresponding multi-year variable remuneration will be paid, at the end of the vesting period, for an amount corresponding to the average price of the Company share during the month of December 2019, applied to the final number of performance units acquired by Mr. Cyril Roger.<br><br>The accounting valuation of this multi-year variable remuneration on the date of its award to Mr. Cyril Roger was estimated at €321,000. It is recalculated at the end of every reporting period.<br><br>In the event of payment of multi-year variable remuneration, Mr. Cyril Roger will have to reinvest a portion representing 25% of the amount of said remuneration in the acquisition of Company shares until the value of the shares thus acquired represents the equivalent of six months of the Deputy Chief Executive Officer's net fixed remuneration. |
| **Benefits of any kind** | €16,424 | The Deputy Chief Executive Officer has a company car. |
| **Severance or non-compete compensation** | No payment was made in respect of 2017. | Mr. Cyril Roger does not benefit from any compensation or benefit due or that could be due as a result of the termination of, or a change in, his duties of Deputy Chief Executive Officer, nor from any undertaking corresponding to compensation in consideration for a non-compete clause pursuant to his corporate mandate. |
| **Other components of the remuneration** | None | The Deputy Chief Executive Officer does not benefit from any other components of the remuneration. In particular:<br>- the Deputy Chief Executive Officer did not receive any exceptional remuneration for the 2017 financial year;<br>- the Board of Directors did not award stock options or performance shares to the Deputy Chief Executive Officer in 2017; and<br>- the Deputy Chief Executive Officer does not benefit from a supplementary pension plan. |

- **Draft resolutions: vote of the Annual Ordinary General Meeting of 2018 on the components of the remuneration paid or awarded to the Chairman and Chief**

**Executive Officer and the Deputy Chief Executive Officer, for the 2017 financial year (Article L. 225-100 of the French Commercial Code)**

The tables above summarising the components of the remuneration paid or awarded to Mr. Dominique Cerutti as Chairman and Chief Executive Officer and Mr. Cyril Roger as Deputy Chief Executive Officer for the 2017 financial year will each be subject to a separate resolution submitted to the approval of the shareholders at the Ordinary General Meeting of April 27, 2018, pursuant to Article L. 225-100 of the French Commercial Code.

6. Remuneration policy for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer submitted to the General Meeting of April 27, 2018 pursuant to Article L. 225-37-2 of the French Commercial Code

At its meeting of February 26, 2018, the Board of Directors set the remuneration policy applicable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the 2018 financial year, in accordance with the principles set out above, and on the recommendation of the Appointments and Remuneration Committee. Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining and allocating the components of the remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, presented in the tables below, are submitted for the approval of the General Meeting. A resolution specific to each executive of the corporate officer will be submitted to the approval of the shareholders.

It should be noted that the payment of the variable and exceptional remuneration components to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the 2018 financial year is subject, in application of Article L. 225-100 of the French Commercial Code, to the subsequent approval, by an Ordinary General Meeting of the Company, of the fixed, variable and exceptional components comprising the total remuneration and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the 2018 financial year.

- **Remuneration policy applicable to the Chairman and Chief Executive Officer submitted to the approval of the Annual Ordinary General Meeting of April 27, 2018**

| **Principles and criteria used to determine, allocate and award the components of the remuneration of the Chairman and Chief Executive Officer submitted for the approval (*ex-ante* vote) of the General Meeting of Shareholders of April 27, 2018 (Article L. 225-37-2 of the French Commercial Code)** | |
|---|---|
| **Fixed remuneration** | The fixed remuneration of the Chairman and Chief Executive Officer is determined, notably, according to market practice for a company of simlar size. The fixed remuneration of the Chairman and Chief Executive Officer is only reassessed at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code, and when a reassessment is justified, for example by a change in the scope of the Chairman and Chief Executive Officer's responsibilities, or by the market position of his remuneration. |
| **Annual variable remuneration** | The Board of Directors decided to set the maximum amount of the variable remuneration that may be paid to the Chairman and Chief Executive Officer for the 2018 financial year at 160% of the fixed remuneration.<br>As for the 2017 financial year, the variable remuneration of the Chairman and Chief Executive Officer for the 2018 financial year is subject to the achievement of quantitative and qualitative objectives set by the Board of Directors, which will assess their achievement in 2019. For the 2018 financial year, this remuneration will be based:<br>o for 70% of it, on quantitative objectives aligned with the Company's strategy and long-term value creation, namely: |

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| | - the Group EBIT for 46%;<br>- the free cash flow for 12%; and<br>- the revenue growth at constant scope and exchange rates for 12%.<br>o for 30% of it, on individual qualitative objectives, namely:<br>- the convergence Altran/Aricent for 20%; and<br>- the implementation of the “Engaged People” programme (employees involvement) for 10%. The achievement of this target will be assessed by the director representing employees on the Board of Directors.<br>The total variable remuneration that may be awarded pursuant to the qualitative targets cannot exceed 120% of the target.<br>Pursuant to Article L. 225-100 of the French Commercial Code, the payment of the annual variable remuneration for the 2018 financial year will be subject to the approval of the Ordinary General Meeting to be held in 2019. |
| **Multi-year variable remuneration** | The Board of Directors may award multi-year variable remuneration in cash to the Chairman and Chief Executive Officer in the form of an allocation of performance units, the final vesting of which will be subject to performance and presence conditions, which are:<br>o Absolute: annual growth of earnings per share; and<br>o Relative: total share return with the remuneration being awarded if the performance is above the median performance of the companies listed on the SBF 120.<br>The Board of directors will decide the respective weight of each objective. The weight of the relative performance objective representing between 25% and 50%.<br>All unvested performance units awarded that have not been acquired will expire in the event of the resignation or dismisall of the Chairman and Chief Executive Officer unless otherwise decided by the Board of Directors duly motivated by exceptional circumstances. |
| **Exceptional remuneration** | The Board of directors did not set aside exceptional remuneration for the Chairman and Chief Executive Officer for the 2018 financial year. |
| **Performance shares and any other item of long-term remuneration** | The Board of directors did not set aside performance shares for the Chairman and Chief Executive Officer for the 2018 financial year, or any other item of long-term remuneration, with the exception of the multi-year variable remuneration that could be awarded to the Chairman and Chief Executive Officer in the form of an allocation of performance units under the conditions described above. |
| **Attendance fees** | The Chairman and Chief Executive Officer does not receive attendance fees in respect of his duties as Director and Chairman of the Board of Directors. |
| **Benefits in kind** | The benefits in kind awarded to the Chairman and Chief Executive Officer correspond to a company car and to the contributions paid as part of the social security insurance for company managers taken out by the Company for the benefit of the Chairman and Chief Executive Officer. |
| **Severance or non-compete compensation** | Mr. Dominique Cerutti does not benefit from any compensation or benefit due or that could be due as a result of the termination of, or change in, his duties, nor from any undertaking corresponding to compensation in consideration for a non-compete clause. |
| **Supplementary pension plan** | The Chairman and Chief Executive Officer does not benefit from a supplementary pension plan. |
| **Life and health insurance plan** | The Chairman and Chief Executive Officer is a beneficiary of the life and health insurance plan applicable to the Group’s executive managers. |

| Other components | The Board of Directors may decide to compensate the Chairman or the Chief Executive Officer in consideration for a non-compete clause, in accordance with Article L. 225-42-1 of the French Commercial Code and the provisions of the AFEP-MEDEF Code. |
|---|---|

- **Remuneration policy applicable to the Deputy Chief Executive Officer submitted to the approval of the Annual Ordinary General Meeting of April 27, 2018**

<table>
<tr><th colspan="2">Principles and criteria used to determine, allocate and award the components of remuneration of the Deputy Chief Executive Officer submitted to the approval (ex-ante vote) of the General Meeting of Shareholders of April 27, 2018 (Article L. 225-37-2 of the French Commercial Code)</th></tr>
<tr><td>Fixed remuneration</td><td>The fixed remuneration of the Deputy Chief Executive Officer is determined according to market practice for a company of similar size. The fixed remuneration of the Deputy Chief Executive Officer is only reassessed at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code, and when a reassessment is justified, for example by a change in the scope of the Deputy Chief Executive Officer's responsibilities, or the market positioning of his remuneration.</td></tr>
<tr><td>Annual variable remuneration</td><td>The Board of Directors decided to set the maximum amount of variable remuneration that may be paid to the Deputy Chief Executive Officer for the 2018 financial year at 120% of the fixed remuneration.<br>As for the 2017 financial year, the variable remuneration of the Deputy Chief Executive Officer for the 2018 financial year is subject to the achievement of quantitative and qualitative objectives set by the Board of Directors, which will assess their achievement in 2019. For the 2018 financial year, this remuneration will be based:<br>o for 80% of it, on quantitative objectives aligned with the Company's strategy and long-term value creation, namely:<br>- the Group EBIT for 20%;<br>- the EBIT of the Europe zone for 40%;<br>- the DSO of the Europe zone for 10%;<br>- the revenue growth of the Europe zone at constant budgetary scope for 10%.<br>o for 20% of it, on individual qualitative objectives, namely:<br>- the development of the Group's offshore activities for 10%; and<br>- the evolution of the organization (SWAT/Industries) in the context of the convergence plan with Aricent for 10%.<br>The total variable compensation that may be awarded pursuant to the qualitative objectives cannot exceed 120% of the objective.<br>Pursuant to Article L. 225-100 of the French Commercial Code, the payment of the annual variable remuneration for the 2018 financial year will be subject to the approval of the Ordinary General Meeting to be held in 2019.</td></tr>
<tr><td>Multi-year variable remuneration</td><td>The Board of Directors may award multi-year variable remuneration in cash to the Deputy Chief Executive Officer in the form of an allocation of performance units, the final vesting of which will be subject to performance and performance conditions, which are:<br>o Absolute : annual growth of earnings per share; and<br>o Relative: total share return with the remuneration being awarded if the performance is above the median performance of the companies listed on</td></tr>
</table>

| | |
|---|---|
| | the SBF 120.<br>The Board of Directors will decide the respective weight of each objective. The weight of the relative performance objective representing between 25% and 50%.<br>All unvested performance units awarded that have not been acquired will expire in the event of the resignation or dismisall of the Deputy Chief Executive Officer unless otherwise decided by the Board of Directors, duly motivated by exceptional circumstances. |
| **Exceptional remuneration** | The Board of Directors did not set aside exceptional remuneration for the Deputy Chief Executive Officer for the 2018 financial year. |
| **Performance shares and any other item of long-term remuneration** | The Board of Directors did not set aside performance shares for the Deputy Chief Executive Officer for the 2018 financial year, or any other item of long-term remuneration, with the exception of the multi-year variable remuneration that could be awarded to the Deputy Chief Executive Officer in the form of an allocation of performance units under the conditions described above. |
| **Attendance fees** | The Deputy Chief Executive Officer does not receive attendance fees if he/she is appointed as a Director by the Board of Directors. |
| **Benefits in kind** | The Deputy Chief Executive Officer has a company car. |
| **Severance or non-compete compensation** | Mr. Cyril Roger does not benefit from any compensation or benefit due or that could be due as a result of the termination of, or a change in, his duties, nor from any undertaking corresponding to compensation in consideration for a non-compete clause pursuant to his corporate mandate. |
| **Supplementary pension plan** | The Deputy Chief Executive Officer does not benefit from a supplementary pension plan. |
| **Life and health insurance plan** | The Deputy Chief Executive Officer is a beneficiary of the life and health insurance plan applicable to the Group's Executive Managers. |
| **Other components** | If a Deputy Chief Executive Officer were to be recruited from outside the Group, the Board of Directors may decide to compensate him in consideration of a non-compete clause, in accordance with Article L. 225-42-1 of the French Commercial Code and the provisions of the AFEP-MEDEF Code. |

- **Draft resolutions prepared by the Board of Directors pursuant to Article L. 225-37-2 of the French Commercial Code submitted to the General Meeting of April 27, 2018**

The tables above summarising the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components comprising the total remuneration and the benefits of any kind that could be awarded to Mr. Dominique Cerutti as Chairman and Chief Executive Officer and Mr. Cyril Roger as Deputy Chief Executive Officer for the 2018 financial year, which will each be subject to a separate resolution submitted for the approval of the shareholders at the Annual Ordinary General Meeting of April 27, 2018, pursuant to Article L. 225-37-2 of the French Commercial Code.

### 3.1.3 Other components of the remuneration

#### 3.1.3.1 Remuneration of the members of the Group's management

The total gross remuneration and benefits of any kind of the members of the Executive Committee of the Group, accounted for in 2017 by the Company and the companies controlled by it amounted to €7,424,381 (compared with €7,336,649 in 2016). The variable portion represented 57.2% of this total amount.

The list of members of the Executive Committee is as follows:

- Dominique Cerutti – Chairman and Chief Executive Officer;
- Cyril Roger – Deputy Chief Executive Officer;
- Pascal Brier – Executive Vice-President in charge of Strategy, Innovation and Solutions;
- Daniel Chaffraix – Executive Vice-President in charge of Transformation and Executive Vice-President in charge of North America and India;
- Albin Jacquemont - Executive Vice-president in charge of finance and Chief Financial Officer;
- Jose Ramon Magarzo – Chairman and Chief Executive Officer of Altran Spain;
- Marcel Patrignani – Chairman and Chief Executive Officer of Altran Italy; and
- William Roze – Chairman and Chief Executive Officer of Altran France.

#### 3.1.3.2 Long-term incentive plans: Stock options, performance shares and performance units

- **Stock option plan**

No stock subscription or purchase options have been awarded since the last stock option plan issued during the 2007 financial year, and no stock subscription or purchase option is currently outstanding.

- **Performance share plan**

The Combined General Meeting of April 29, 2016, in its twenty-fourth and twenty-fifth resolutions, authorised the Board of Directors to proceed, on one or more occasions, to the allocation of existing free shares (so-called performance shares) to, respectively, the executive corporate officers and the employees of the Company and of the companies related to it, up to an allocation ceiling equal to 3% of the share capital over a period of 38 months, subject to conditions of performance and presence, the achievement of which is assessed over a three-year period. It should also be noted that the total number of shares that may be awarded to the Company's executive corporate officers cannot represent more than 0.30% of the Company's share capital at the date of their allocation.

The performance share plans are set annually by the Board of Directors on the recommendation of the Appointments and Remuneration Committee. The purpose of these plans is to incentivize and retain the Group's key executives in order to maintain business continuity. These plans mainly concern the members of the Executive Committee, as well as members of the Management Committee and representatives of the main bodies in the countries (CEOs, COOs) and of the large operating units. The lists of beneficiaries are drawn up on the proposal of Mr. Dominique Cerutti, Chairman and Chief Executive Officer, presented to the Appointments and Remuneration Committee, and validated or amended by it. The allocation of performance shares is then decided on during a meeting of the Board of Directors.

Pursuant to the authorisation conferred on by the twenty-fourth resolution of the Combined General Meeting of April 29, 2016, the Board of Directors, at its meeting of April 28, 2017,

decided, on the recommendation of the Appointments and Remuneration Committee, to put in place a new performance share plan.

This performance share plan relates to the allocation of a maximum total number of 437,366 performance shares to 48 beneficiaries in 2017. For each beneficiary, the number of performance shares awarded is determined by applying the fixed and variable remuneration of the said beneficiary to a percentage corresponding to his or her hierarchical level within the Group, namely:

- 45% for the members of the Executive Committee;
- 40% for the country CEOs;
- 35% for the Group Vice-Presidents (industries, solutions and support functions), COOs, Deputy COOs and CTOs; and
- 25% for the heads of the support functions.

As part of this plan, 120,159 free shares were awarded the 10 employees (other than executive and non-executive directors) who, as of the date of the decision, received the largest number of performance shares.

The Board of Directors did not award performance shares to the Company’s executive corporate officers during the 2017 financial year.

The acquisition of the performance shares is subject to (i) a three-year vesting period and (ii) the performance objectives set by the Board of Directors and reflecting the objectives of the *Altran 2020. Ignition* strategic plan. These performance criteria are linked, for half of the shares initially awarded, to achieving the objectives in relation to Group EBIT and, for the other half of the shares initially awarded, to achieving the targets in relation to Free Cash Flow. The measure of performance for each of these criteria will be calculated using the arithmetic average over a three-year period.

The final vesting of the performance shares is also subject to the uninterrupted presence of the beneficiary in the Group during the vesting period. In the event of departure from the Group prior to the vesting date of the performance shares, the beneficiary loses the performance shares that were awarded to him or her except in the event of the death, disability or retirement of the beneficiary or of a specific decision by the Chairman and Chief Executive Officer in this regard (or by the Chief Executive Officer if the positions are separate).

The beneficiaries will not acquire any shares if the achievement rate is below 90%. They will acquire 50% of the shares if the target achievement rate is 95%, and all the shares if the target achievement rate is 100%. If the target achievement rate is equal to 110%, the number of shares acquired would be equal to 120% of the number of shares awarded, it being specified that this threshold of 120% constitutes a ceiling that cannot be exceeded.

- **Performance units plan**

Only the Company’s executive corporate officers benefit from long-term incentive plans in the form of an allocation of performance units (see section 3.1.2.2 “Remuneration of the executive corporate officers”).

### 3.1.3.3 Stock option, performance share and performance unit awards to executive corporate officers

1. Stock option awards

The Company has not awarded stock subscription or purchase options since 2007. As a consequence, Mr. Dominique Cerutti has not received stock subscription or purchase options since he joined the Altran group in 2015, and Mr. Cyril Roger has not received stock subscription or purchase options since his appointment as Deputy Chief Executive Officer in 2011.

**Table 12 – Stock subscription or purchase options exercised during the financial year by each executive corporate officer** (Table 5 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

2. Performance share awards

No performance shares has been awarded to Mr. Dominique Cerutti since he joined the Altran group or to Mr. Cyril Roger since his appointment as Deputy Chief Executive Officer in 2011.

**Table 13 – Performance shares that became available during the financial year for each corporate officer** (Table 7 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

None.

3. Performance units awards

No unit of value awarded to the executive corporate officers in previous financial years became available during the 2017 financial year. However, 43,523 performance units were acquired by Mr. Dominique Cerutti, *i.e.* all the performance units that could be acquired under of the 2015-2017 long-term incentive plan. In view of the average closing price of Altran's share in the month of December 2016, €570,587 will be paid in cash to Mr. Dominique Cerutti at the end of a two-year retention period ending on January 2, 2019.

**Table 14 – Performance units that became available for each executive corporate officer during the financial year**

None.

The table below presents, by analogy to the regime applicable to the performance shares, historical information on the allocations from the performance units plans in force at December 31, 2017.

**Table 15 – Summary of the multi-year variable remuneration of each executive corporate officer** (Table 10 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

| | 2013-2015 Plan | 2015-2017 Plan | 2016-2018 Plan | 2017-2020 Plan |
|---|---|---|---|---|
| **Date of the Board of Directors that** | March 11, 2015 | July 29, 2015 | March 9, 2016 | March 21, 2017 |

| **decided on the allocation** | | | | |
|---|---|---|---|---|
| **Total number of performance units awarded** | 100,000 | 43,523 | 108,912 | 86,906 |
| *Dominique Cerutti* | 0 | 43,523 | 78,799 | 65,464 |
| *Cyril Roger* | 100,000 | 0 | 30,113 | 21,442 |
| **Vesting date of the performance units** | January 2, 2016[(a)] | January 2, 2017[(b)] | January 2, 2018 | March 20, 2020 |
| **End-date of retention period** | January 2, 2018 | January 2, 2019 | January 2, 2020 | March 20, 2020 |
| **Number of performance units acquired at 12/31/2017** | 80,000 | 43,523 | 0 | 0 |
| **Number of performance units that expired** | 20,000 | 0 | 0 | 0 |
| **Number of performance units remaining at 12/31/2017** | 80,000 | 43,523 | 108,912 | 86,906 |
| **Performance conditions** | Performance objective based on the average annual growth of Earnings Per Share (EPS) | Performance objective based on the average annual growth of Earnings Per Share (EPS) | Performance objective based on the average annual growth of Earnings Per Share (EPS) | Performance objective based on the average annual growth of Earnings Per Share (EPS) |

*(a) In view of the average closing price of the Altran share in the month of December 2015, i.e. €12.32, €985,600 will be paid to Mr. Cyril Roger at the end of a two-year retention period, i.e. on January 2, 2018.*

*(b) In view of the average closing price of the Altran share in the month of December 2016, i.e. €13.11, €570,587 will be paid to Mr. Dominique Cerutti at the end of a two-year retention period, i.e. on January 2, 2019.*

#### 3.1.3.4 Stock option plans and free share allocation plans at December 31, 2017

1. Stock option plan

No stock subscription or purchase options have been awarded since the last stock option plan issued during the 2007 financial year, and no stock subscription or purchase option is currently in circulation.

2. Free share plan

The tables below present respectively (i) historical information on the free share plans in force at December 31, 2017 and (ii) the performance shares awarded to the the 10 employees (other than executive and non-executive directors) who received the largest number of performance shares for the 2017 financial year.

**Table 16 – Historical information on past awards of free shares** (Table 9 according to the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies)

| | **2015 Plan** | **2016 Plan** | **2017 Plan** |
|---|---|---|---|
| Date of General Meeting authorisation | June 1, 2012 | April 29, 2016 | April 29, 2016 |
| Date of the Board of Directors that decided on the issue | March 11, 2015 | June 1, 2016 | April 28, 2017 |
| Number of awarded shares[(a)] | 291,959 | 456,547 | 364,472 |
| Maximum number of shares that can be acquired[(a)] | N/A | 519,395 | 437,366 |
| *Of which corporate officers* | 0 | 0 | 0 |
| *Of which the 10 employees receiving the largest number of free shares* | 116,750 | 231,583 | 157,681 |
| **Final award date (end of vesting period)** | March 11, 2019 | October 3, 2019 at the latest | April 28, 2020 |
| End-date of retention period | March 11, 2019 | October 3, 2019 at the latest | April 28, 2020 |
| **Number of shares acquired at 12/31/2017** | 0 | 20,019[(c)] | 0 |
| **Number of shares cancelled or de-listed** | 30,000 | 87,597 | 27,726 |
| **Number of shares remaining at 12/31/2017[(d)]** | 261,959 | 351,038[(e)] | 336,746 |
| **Theoritical maximum number of shares that can be acquired on 12/31/2017**[(f)] | N/A | 421,246 | 404,096 |
| **Performance condition(s)** | The final vesting of the free shares awarded as part of the 2015 plan was not subject to the achievement of performance conditions | Achievement of the objectives set in relation to Group EBIT and Free Cash Flow | Achievement of the objectives set in relation to Group EBIT and Free Cash Flow |

*(a) For the performance share plans set in 2016 and 2017, the number of awarded shares corresponds to the number of shares which can be acquired if the achievement rate of the established performance conditions is equal to 100%.*

*(b) For the performance share plans set in 2016 and 2017, the number of shares which can be acquired corresponds to 120% of the number of awarded shares if the achievement rate of the established performance conditions is equal to 110%.*

*(c) Anticipated final allocations following the death of the beneficiaries of the shares for the plan in question.*

*(d) For taking into account the performance variation, see note 6.4 of the consolidated financial statement of the Groupe for the financial year ended December 31, 2017 included in Section 6.2 "Consolidated Income Statement".*
*(c) After having taken into ccount the performance variation as regards the only shares which have been subject to an anticipated allocation in the framework of this plan.*
*(d) For the performance share plans set in 2016 and 2017, the theoritical maximum number of shares which can be acquired corresponds to the maximum number of shares which can be acquired by a beneficiary if its achievement rate of the established performance conditions is equal to 110%.*

### Table 17 – Performance shares awarded free of charge to the 10 employees (other than executive and non-executive directors) who received the largest number of performance shares (in accordance with the provisions of Article L. 225-197-4 of the French Commercial Code)

| | Number of performance shares | Date of allocation | Final award date (end of vesting period) | End-date of retention period |
|---|---|---|---|---|
| Performance shares awarded free of charge by decision of the Board of Directors of April 28, 2017 to the 10 employees (other than executive and non-executive directors) who, as of the date of the decision, received the largest number of performance shares[a] | 157,681 | April 28, 2017 | April 28, 2020 | April 28, 2020 |
| Performance shares awarded definitively during the 2017 financial year to the 10 employees (other than executive and non-executive directors) who, as of the date of the decision, received the largest number of performance shares | None | N/A | N/A | N/A |

*(a) These performance shares will be awarded definitively to their beneficiaries at the end of a three-year vesting period, i.e. on April 28, 2020, provided that the performance conditions are met.*

## 3.2 Statutory Auditors' special report on regulated agreements and commitments

*This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in French and is provided solely for the convenience of English speaking users. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

*It should be understood that the agreements and commitments reported in this document are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders,

As your company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French commercial code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R.225-31 of the French commercial code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

**REGULATED AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDER'S MEETING**

**Agreements and commitments authorized during the last year**

We have been informed of no agreements and commitments authorized during the last year and requiring the approval of the Shareholders' Meeting by virtue of article L. 225-38 of the French commercial code.

**REGULATED AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING**

We have not been informed of any agreements or commitments approved in prior years and which remained current during the last year.

*Neuilly-sur-Seine and La Défense, on February 27, 2018*

The Statutory Auditors

**DELOITTE & ASSOCIÉS**

ARNAUD DE PLANTA

AMBROISE DEPOUILLY

**MAZARS**

JEAN-LUC BARLET

# 4 Social, environmental and societal information

The Group operates in more than 20 countries, principally in Europe, Asia and the Americas with 33,665 employees at December 31, 2017. Except where otherwise stated, the 2017 scope of the information presented includes the following 19 countries: Belgium, China, the Czech Republic, France, Germany, India, Italy, Luxemburg, Morocco, Norway, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, the United Kingdom and the United States. This scope represents 98% of Group revenues in 2017 and 95% of the Group's total workforce. Detailed information regarding this scope is set out in section 4.1 "Reporting methodology".

## 4.1 Reporting methodology

### 4.1.1 Scope of the social and societal indicators

For the sixth year of reporting, the Group's continuous improvement efforts have led to the definition of a scope that incorporates nineteen countries for social and societal indicators. The objective is to include the other countries gradually in the coming years and to achieve a scope that complies with the requirements of the Grenelle 2 Act (Article 225).

The scope of the social and societal indicators includes all subsidiaries wholly owned by the Company at January 1 and December 31, 2017 and having at least one employee. Only the subsidiaries over which the Company has, whether directly or indirectly, exclusive control are incorporated in the scope. These subsidiaries are consolidated using the full consolidation method. The social and societal indicators are consolidated at national level or by geographical region.

The list of companies incorporated within the scope of the social and societal indicators for the year is approved once a year by the Group finance department while ensuring that it does not have operational control over the social, environmental and societal policy of subsidiaries that are excluded from the reporting scope.

The scope of the social and societal indicators for 2017 includes the following subsidiaries:

- Belgium: Altran Belgium;
- China: Altran Shanghai, Altran Automotive Technologies (Shanghai), Altran Beyondsoft (Beijing) Technologies, Altran Beyondsoft (Shanghai) Information & Technologies, SiCon Tech (Shanghai);
- Czech Republic: Swell, Altran Technologies Czech Republic;
- France: Altran Technologies, Altran Education Services, Altran Connected Solutions, Altran Lab;
- Germany: Altran Deutschland, Altran Service, Altran Aviation Consulting, Altran Engineering;
- India: Altran Technologies India;

- Italy: Altran Italia;
- Luxembourg: Altran Luxembourg;
- Morocco: Altran Maroc;
- Norway: Altran Norge;
- Netherlands: Altran Netherlands, Altran Engineering, Altran Testing;
- Portugal: AltranPortugal;
- Romania: Altran Solutions, Altran Romania;
- Spain: ACIE, Altran Innovación;
- Sweden: Altran Sverige;
- Switzerland: Altran;
- Ukraine: Lohika Ltd;
- United Kingdom: Altran UK Holding, Altran UK, Cambridge Consultants, Tessella;
- United States: Altran Solutions, Foliage, Lohika Systems, Cambridge Consultants, Synapse Product Development, Tessella.

The 2017 scope does not include either subsidiaries that were financially consolidated during the reporting year or whose employees were incorporated during the reporting year as part of transformational deals. The following subsidiaries are therefore considered to be outside the reporting scope: Global Edge Software, IRM, Altran Telnet Corporation, Pricol Technologies and Sicon Tech US.

The geographical regions correspond to the operating sectors as defined in section 5.1.4 "*Analysis of income on ordinary activities (revenue) and EBIT by operating segment for financial years ended December 31, 2017 and December 31, 2016*".

This scope represents 98% of Group revenue in 2017 and 95% of the Group's total workforce.

### 4.1.2 Scope of the environmental indicators

The scope of the environmental indicators includes the Group's subsidiaries in accordance with the same rules used to define the scope of the social and societal indicators.

The environmental indicators only cover the sites owned or rented by the Group. The sites concerned are mainly offices. The clients' sites where consultants may work are not taken into account. The environmental indicators cover the Group's main sites. These key sites have been selected according to the workforce that is administratively attached to them, relative to the total workforce in the country. The environmental indicators relate to the subsidiaries' activities at their principal sites which are consolidated at national level or by geographical zone.

The Group's continuous improvement efforts have led to the definition of a scope that incorporates 12 countries for the sixth year of reporting. Other countries will gradually be

included in subsequent years. The objective is to achieve a scope that complies with the requirements of the Grenelle 2 Act (Article 225).

The scope of the indicators for 2017 includes the sites located in the following cities:

- Belgium: Brussels;
- China: Shanghai;
- France: Aix en Provence, Belfort, Blagnac, Illkirch, Lyon, Puteaux, Saint-Herblain, Vélizy-Villacoublay and Wasquehal;
- Germany: Fellbach, Hamburg, Munich and Wolfsburg;
- India: Bangalore and Coimbatore;
- Italy: Milan, Rome and Turin;
- Morocco: Casablanca;
- Netherlands: Eindhoven;
- Portugal: Lisbon, Porto;
- Spain: Barcelona and Madrid;
- Sweden: Gothenburg;
- United Kingdom: Cambridge;

The staff members employed at the sites included in the environmental reporting scope correspond to 72% of the Group's total workforce.

### 4.1.3 Period

The indicators cover the period from January 1 to December 31, 2017. The data are collected at December 31 each year, as a status report at that date or at the end of the period under consideration. To facilitate their collection and processing, some data may be collected earlier in the year. The data for any remaining months is then estimated in accordance with the assumptions set out in the description of the indicator.

### 4.1.4 Selection criteria for indicators

An assessment of the social, environmental and societal impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the Grenelle 2 Act (Article 225) and the information which, considering the nature of the activities, does not appear to be relevant. Non-relevant information is excluded from the reporting activity.

The Company refers to MEDEF's methodological guide (available at www.medef.com) in order to translate the requirements of the Grenelle 2 Act (Article 225) into indicators that are consistent with the guidelines of the Global Reporting Initiative (GRI). The defined principles and indicators are inspired from the GRI's Sustainability Reporting Guidelines, version G4 (GRI-G4). These guidelines are available at www.globalreporting.org.

According to how relevant a GRI indicator is and the availability in 2017 of the corresponding information, the Company provides full information for the GRI indicators, adapts the GRI indicator, or defines an *ad hoc* Altran indicator.

For more details on the equivalence of reporting indicators with the GRI guidelines, see Annex IV "Cross-reference table of the CSR information".

### 4.1.5 Non-relevant information

In accordance with the Group's reporting framework, the following information does not appear to be relevant, in the light of the Group's business activity of providing intellectual services, and has not been reported:

1. **The consideration of noise nuisance and any other form of activity-specific pollution:** the Group provides intellectual services. It does not create significant noise nuisance. The measures introduced to reduce the environmental impact of the business and, in particular, to manage waste and pollution sources are described in section 4.4.3.3 "Pollution, waste management and circular economy";

2. **Land use:** the Group rents several office buildings or parts of office buildings. All of the sites are located in urban areas and do not therefore use arable land. Given the Group's business activity, there is no risk of land pollution;

3. **Impacts on neighbouring or local communities:** the Group's business activity of providing intellectual services to companies presents no significant risks or negative impacts for local communities in the countries included within the reporting scope. The Group's public interest initiatives are described in section 4.3 "Societal information";

4. **Measures taken to promote the health and safety of consumers:** the Group's business activity of providing intellectual services to companies presents no direct negative impacts or significant risks for the health and safety of consumers;

5. **Combating food waste:** the Group's business activity of providing intellectual services to companies presents no direct impacts or significant risks in the area of combating food waste. Employees have access to company restaurants managed by external service providers or are provided with restaurant vouchers.

### 4.1.6 Framework

A framework for reporting social, environmental and societal data was introduced in 2012 and is updated annually. This framework will be updated following data consoldation and verifications by contributors and Statutory Auditors comments, the improvement plan and any change in guidelines of the Global Reporting Initiative. The framework sets out the methodologies to be used for the indicator reporting process: scope, frequency, definitions, methodological principles, calculation formulae and standard factors. The methodologies for some indicators may have limitations and be the source of uncertainties related to the estimates made for missing data, calculation errors and omissions, and simplifying assumptions.

The following should be noted for the data published in this report:

1. **Total workforce within the scope:** the workforce includes employees, on fixed-term or permanent contracts, full- or part-time, and on work-study contracts and internships;

2. **Recruitment and departures:** contract changes are not considered to be recruitment and departures. The reasons for departure include the conclusion of contracts, dismissals, resignations, retirement, the end of trial periods, notifications of breach of contract, early conclusion of fixed-term contracts, contractual termination of an employment agreement, death and the transfer of a subsidiary abroad;

3. **Absenteeism rate:** the days of absence include absences for common illnesses, workplace and travelling accidents, occupational illnesses, and absence without leave or unpaid leave. The days of absence are calendar days starting from the date of the accident or illness except in Italy and India where working days are rather used;

4. **Workplace accidents:** these include lost time workplace accidents (on duty), fatal workplace accidents and accidents occurring during business travel. The frequency rate and severity rate are calculated using the number of hours theoretically worked over the period. There is no maximum number of days recorded for the same absence;

5. **Training:** the training hours may include any face-to-face training, e-learning induction programmes, internal workshops with a clear training objective, sessions during the performance of an assignment and training undertaken by an employee whoever the provider may be (internal or external). The training hours are those effectively completed by the employee, except in France where the hours invoiced during the period are recorded. Training hours that were invoiced during the period but that have a completion date later than December 31, 2017 represent 51% of carried over hours in France. In Spain, trainings completed at more than 75% are recorded in full. In Germany, part of training hours conducted externally is not recorded and was estimated;

6. **Percentage of employees registered as disabled workers:** this percentage is calculated on the basis of the number of employees registered as disabled workers at the December 31 of each year and the total workforce of the scope. The published percentage for France is therefore different from that reported using the official French calculation method provided by AGEFIPH (French association for the management of funds for the integration in the workplace of disabled people);

7. **Paper:** paper used for printers in solely A3 or A4 format and purchased for employees working at sites included within the scope (excluding the consumption of paper by employees working at customer sites);

8. **Business travel**: in India, the number of kilometres travelled by air or by train is estimated on the basis of standard journeys;

9. **Energy:** primary energy consumed.

### 4.1.7 Responsibilities and monitoring activities

The reporting activity is coordinated by the Group's communications department which defines, with the relevant Group departments and an external consultant, the list of performance indicators and the reporting framework that supports them.

Some data are available directly from the relevant Group departments or have been previously collected. The other data to be collected from subsidiaries are the responsibility of a Group Director or of the consultant. In this case, a contact point is identified in each country or subsidiary.

The Group communications department consolidates the data with the relevant Group departments and a consultant.

The Group carries out consistency checks with the previous year and between the data collected from the countries, and checks the scope, unity, completeness and implementation of the framework in order to enhance the reliability of the information published.

# 4.2 Social information

The Group's business essentially relies upon the men and women in each of its subsidiaries. The "Engaged People" programme (employee involvement) is at the heart of the *Altran 2020. Ignition* strategy. It is led by Human Resources and consists of five main areas of focus:

- developing employees' careers and skills;
- promoting the sharing of knowledge and intra-Group communications;
- sharing a strong leadership model to support the transformation;
- involving employees in the Group's future development and in its results;
- building a workplace environment that promotes the well-being, health and safety of its employees.

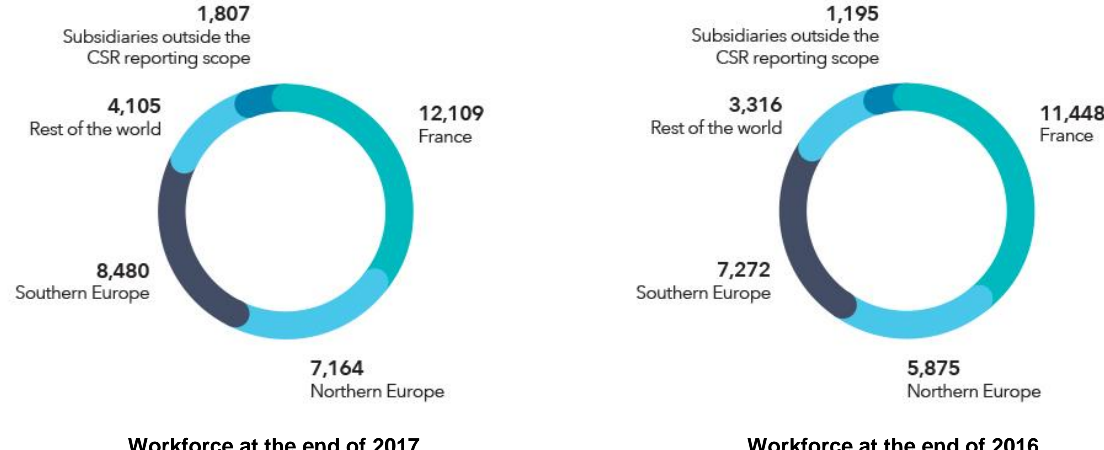
The risks related to the management of human resources are presented in sections 2.1.2.4 "Risk related to the Group's capacity to attract and retain qualified employees" and 2.1.2.10 " Risk related to a deterioration of labour relations".

## 4.2.1 Employee data

### 4.2.1.1 Breakdown of employees by gender, age group and geographical region

The Group's workforce included within the scope of the social, environmental and societal information[31] at December 31, 2017 (total workforce within the scope) is 31,858 employees or 95% of the Group's total workforce (33,665 employees).

The breakdown of the workforce by geographical region is as follows:




**Workforce at the end of 2017** **Workforce at the end of 2016**

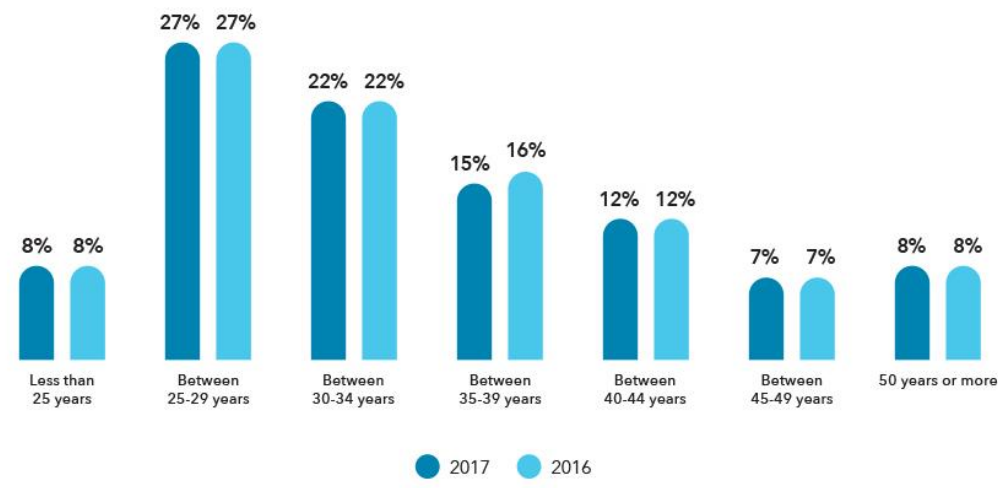
The geographical regions correspond to the operating segments as defined in section 5.1.4 "Analysis of income on ordinary activities (revenue) and EBIT by operating segment for

[31] See 4.1 "*Reporting methodology*".

financial years ended December 31, 2017 and December 31, 2016". The 2017 scope does not include subsidiaries that were financially consolidated during the reporting year.

As in 2016, the Group has 26% women within the scope's workforce, i.e. 8,344 female employees and 23,514 male employees.

### Age group pyramid




The proportion of employees for whom age is incomplete or inconsistent in 2017 represents 1% of the scope's workfoce.

#### 4.2.1.2 Workforce trends

In 2017, the Group recruited 11,651 new employees within the subsidiaries included in the reporting scope, all types of contracts combined (interns, temporary employees, fixed-term/permanent contracts... see section 4.1.6 "*Framework*"). The number of leavers, for whatever reason, over the same period, was 9,163. The number of dismissals was 562.

## 4.2.2 Remuneration trends

### Principles

The purpose of the Group's remuneration policy is to help meet employees' expectations and to achieve the Group's ambitious objectives. It forms part of the *Altran 2020. Ignition* strategic plan. The Group wants to attract, develop and retain talented people while supporting the Group's transformation.

The Group offers its employees a remuneration scheme as part of its ongoing concern to combine external competitiveness and internal fairness. For the Group, the rewarding of individual and collective performance is a vehicle for engaging with and improving the company's overall performance. Therefore, external surveys are regularly conducted with the assistance of specialist firms in the context of the Group's different geographical locations in order to confirm the Group's positioning in local markets. Moreover, Career Management Committees have been extended to all parts of the organisation, thus contributing to the improved monitoring of payroll development.

### Personnel expenses

The personnel expenses for the Group as a whole and the changes in comparison with the previous year are set out in section 5.1.3.2 "*Gross margin and current operating income on continuing activities*".

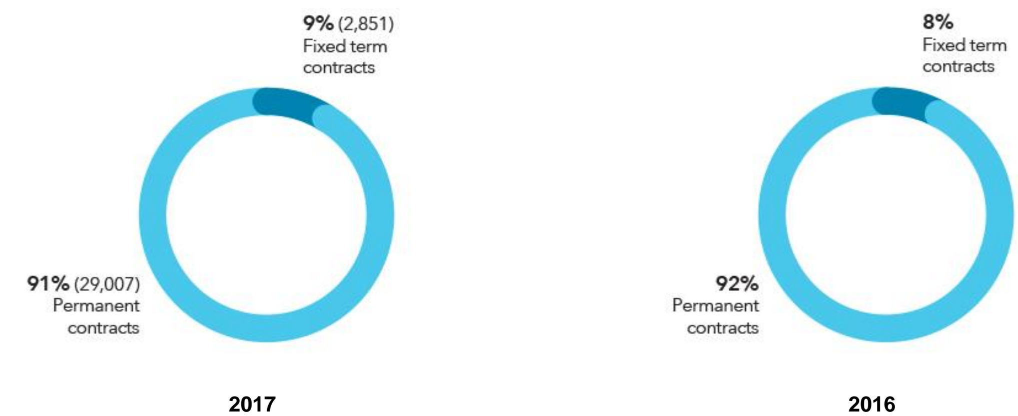
Depending on local regulations, the structure of the pension plans proposed by all countries to their employees is principally based on defined-contribution pension plans.

### Senior management remuneration

All senior managers (around 150 people holding the highest positions within subsidiaries and at Group level) benefit from individual monitoring by the human resources department in terms of their development and remuneration. The variable element of the remuneration scheme for senior managers is common to all countries, managed by the Group and subject to an annual review of objectives in order to ensure that it is aligned with the company's strategic direction and supports the Group's transformation.

The remuneration of corporate officers is presented in section 3.1.2 "Remuneration of the administrative and management bodies".

## 4.2.3 Organisation of work




Fixed-term contracts include temporary employees.

Interns are considered full-time.

## 4.2.4 Social dialogue

### Within the Group

The Group considers that social dialogue is an essential part of a progressive social policy and contributes to the Group's successful operations. An ongoing social dialogue enables constructive relationships to be maintained. The Group is therefore working with a Special Negotiation Group (SNG) to introduce a European Works Council (EWC). In September 2017, an agreement was entered into regarding the functioning of the SNG and the parties envisage the introduction of a European-level body in 2018.

### At the local level

In accordance with applicable legislation, the Group has employee representatives in Belgium, France, Germany, Italy, Luxembourg, Morocco, the Netherlands, Spain (Altran Innovación) and the United Kingdom (Cambridge Consultants).

100% of employees are covered by a collective bargaining agreement in Belgium, Spain (excluding interns and ACIE employees), France, Italy (excluding interns) and Sweden, 69% in Germany, 88% in Portugal, i.e. 69% of the employees in the reporting scope (as in 2016).

Four collective agreements are in force in Italy (three national agreements and an additional company-level agreement). They cover bonuses, working time, leave periods and restaurant vouchers. A new collective agreement was signed during the year in Belgium, in Spain and in France, while 10 agreements were signed in Germany on topics such as leave or annual assessments.

In the other countries, employees may direct their questions or share their opinion and suggestions via the internal satisfaction survey tool ("e-sat") or through the human resource managers.

## 4.2.5 Workplace health and safety

The Group is committed to ensuring the health and safety of its employees and complies with all national and EU legislation and directives on this subject. The Group establishes workplace health and safety and professional risk assessment policies in each country.

The company's business risks are classified as generic risks, specific risks, workplace environment risks and psychosocial risks:

- generic risks affect all employees. They include the risks related to business travel and assignments;
- specific risks arise from the activity of engineers and from the sectors and customers with which they work (ionising radiation, CMR and biological agents, etc.);
- workplace environment risks involve workstations, premises and emergency situations. In France, the prevention of occupational risks has enabled the 2017 objectives of the health and safety policy to be achieved (excluding travel accidents). In France, the Group has maintained management training and internal awareness raising campaigns on road travel risks, risks of falling and risks related to screen work;
- psychosocial risks are factors which harm both the physical well-being and mental health of employees within their working environment. In France, initiatives to raise

awareness and provide information about workplace health and safety are held on a regular basis in order to prevent these risks. Other countries such as Germany and Italy are introducing measures to develop employee well-being (training, workplace environment that promotes discussion but also a calm environment facilitating concentration and reflective consideration etc.).

Workplace Health and Safety Committees are mandatory in Belgium, France, Italy, Luxembourg and the Netherlands. In Germany, only safety is a legal requirement but health is nonetheless incorporated. The Group also has Health and Safety Committees in Spain, Morocco, Portugal and the United Kingdom (Cambridge).

In 2017 in France, the Group led a negotiation regarding the health and accident coverage in the context of the required introduction of the responsible contracts as of January 1, 2018 and a study aimed at making the guarantees more appropriate for the company's transformation. In Spain and Italy, the workplace health and safety policies put in place are the subject of an agreement with the employee representatives.

| | Total 2017 | France | Northern Europe | Southern Europe | Rest of world | Reminder Total 2016 |
|---|---|---|---|---|---|---|
| Number of workplace accidents (see 9.9.20.6) | 48 | 33 | 7* | 6 | 2 | 41 |
| Workplace accident frequency rate | 0.84 | 1.73 | 0.51 | 0.40 | 0.22 | 0.96 |
| Workplace accident severity rate | 0.02 | 0.03 | 0.01 | 0.01 | 0 | 0.02 |
| Absenteeism rate (see 9.9.20.6) | 2.99 | 3.33 | 4.78 | 1.82 | 1.38 | 3.16 |
| Occupational illnesses | 9 | 0 | 9** | 0 | 0 | 8 |

* Data not available for Germany
** Data not available for Germany, the Netherlands, Cambridge UK

## 4.2.6 Talent acquisition and development

### Talent acquisition

Since 2017, the Group has made available to employees in Belgium, India, Italy, Portugal, Switzerland and the United Kingdom, an online Applicant Tracking System (ATS) platform together with a career page on the Group website in order to promote the visibility of job offers and improve transparency from an employee perspective. Among other things, this encourages employee internal mobility within the Group. An online co-opting functionality is also available through the ATS platform in order to involve employees in attracting talented people from the market.

### Talent development principles

Training is a key challenge in Group transformation and performance. In order to meet business challenges, the Group has introduced a varied range of training and development solutions including particularly: face-to-face training and e-learning, universally available online training, coaching and mentoring, webinars and access to specialist technical documentation, conferences, and discussions within professional associations and communities of practice. Every employee is invited to active in its own development through

the internal “FOCUS” (Formal Training, On-the-Job Learning, Coaching, Unstructured Learning, Special Assignments) model which promotes diversity in learning methods.

### “Core” and “Non-Core”

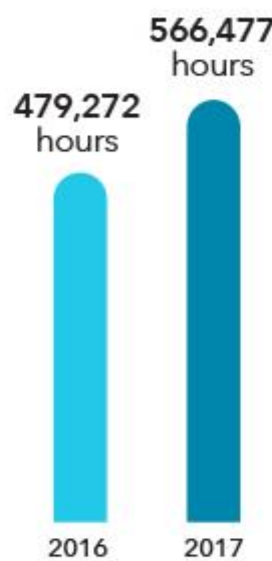
The Group human resources department ensures the consistency of the strategic guidelines at a global level in terms of training and skills development, while managing so-called “corporate” or “core” training which contributes to developing a shared foundation such as, for example, the Insights Discovery programme or the company induction programme. These training programmes provide employees with an understanding of the Group, its strategy and its business areas and develop a shared communication framework. This training is additional to training provided locally (“non-core”).

New training methods such as Massive Open Online Courses (MOOC) or Corporate Online Open Courses (COOC) have been introduced in some countries. In France, for example, 2,000 employees took part in a MOOC while Belgium had its first MOOC experience in September 2017. In Belgium again, but also in the Netherlands and Luxembourg, the Group is offering a programme for high potential consultants called the “Ambassadors Programme”. Some 50 consultants, selected through talent reviews, have benefited from a two-year programme including training and quarterly sessions with different speakers. Rewarding the exceptional performance of the consultants, this programme aims to make these high-potential individuals into agents of change. The programme has been developed in partnership with two Belgian business schools.

The Group is a knowledge-based company and it encourages its different subsidiaries worldwide to promote training and development initiatives by business lines. In particular, the Group has in recent years organised the “Learning Experience” training programme for its account managers and team managers. This programme brings together several training methods (face-to-face, webinar, self assessments) and its content is permanently accessible through a specific app for this community. The Group supports changes in its business by training employees in its areas of expertise and its products.

Lastly, the Group offers training programmes whose objective is to train its employees to work internationally. Moreover, it has introduced a specific senior management training programme, the Altran Senior Leadership programme.

### Hours of training




In 2017, 566,477 hours of training were provided to the employees of the subsidiaries within the reporting scope, compared to 479,272 hours in 2016.

### Performance management and identification of high-potential employees

The Group wants to develop its talented employees in order to enable them to perform at the highest possible level. The Group has therefore introduced a shared online platform for annual assessment interviews based on a harmonised process across the different geographies. In order to encourage the feedback culture, employees are given the opportunity to raise with their managers major subjects such as:

- the review of annual objectives;
- the setting of new annual objectives;
- the assessment of competencies;
- the overall annual performance;
- the identification of training needs for the current position but also to support development goals in the short, medium and long term;
- career development goals (functional or geographical mobility, promotion, etc.).

In coming years, the Group wants to capitalise on the reporting and assessment tool integrated in the platform as part of its Talent Review process by including information about employee's potential and prospective successors. Indeed, the Group is promoting internal career development and wants to be able to identify its high-potential individuals in order to prepare them to be future leaders in both local and headquarter positions. The Talent Review process includes succession planning which is carried out in order to ensure business continuity and to ensure that employees benefit from succession plans wherever they are based. In 2017, the succession plan was reviewed and updated for the Group's top 50 employees, a number of countries and the globalized support functions.

## 4.2.7 Diversity

### 4.2.7.1 Gender equality

#### Principles

The Group promotes gender equality and its benefits for employees and the company. Actions at Group level and local initiatives have been implemented. In addition to respecting the fundamental principle of employee equality, these initiatives are intended to:

- improve the organisation's performance and well-being in the workplace;
- attract and retain talent;
- enhance its brand image and reinforce its employees' commitment;
- reduce regulatory risk.

#### Group initiatives

The "Women in Engineering" network, which was launched at the 2013 International Paris Air Show, is the result of an initiative taken by three Group Directors and several women leaders from Safran and PSA groups, in order to set up a global discussion platform for women executives in the world of engineering. These change agents share the ambition for concrete change and are inspired by the same performance and growth aspirations. The Women in Engineering network has, in particular, organised a Learning Expedition during the 2017 Paris Air Show at Le Bourget.

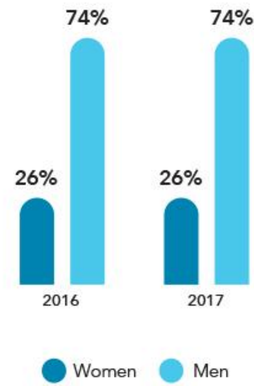
#### Local initiatives

Local initiatives have also been introduced in France, India, Scandinavia, Spain and the United Kingdom in order to contribute to developing gender equality within the Group.

In France, an action plan on professional gender equality has been implemented. In view of social balance sheets and comparative reports on gender equality, the five principal areas of action on which are based specific measures associated to advancement undertakings or targets are remuneration, classificatiob, promotion, training and work-life balance.

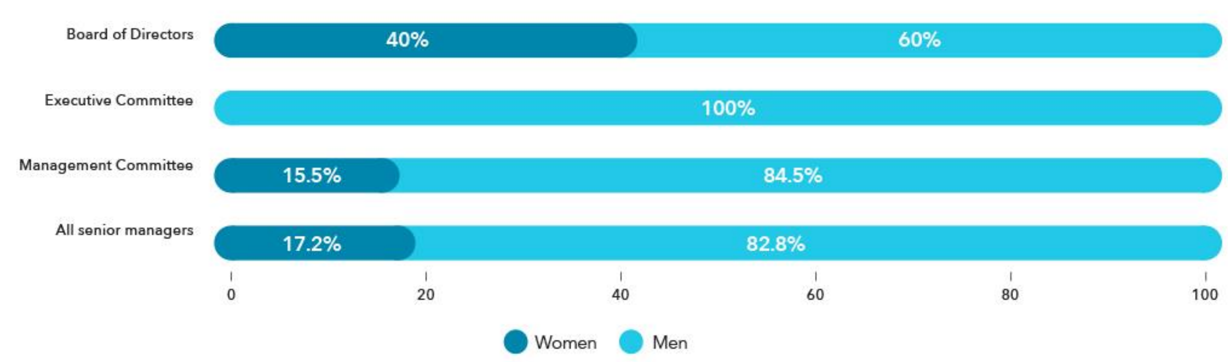
In the United Kingdom, the Group is taking part in the Women in Science & Engineering (WISE) initiative. A special Committee is analysing the statisticsabout women in engineering (salaries, maternity benefits, etc.) in order to define improvements in gender equality. An awareness raising campaign was also undertaken in 2017.

### Gender breakdown within the workforce




As in 2016, the workforce of the scope is composed of 26% of women and 74% of men.

### Gender breakdown within the administrative and executive bodies




#### 4.2.7.2 Employment and integration of disabled people

The Group employs disabled workers in Belgium, France, Germany, Italy, Morocco, Portugal, Spain, Ukraine, the United Kingdom, the United States and Ukraine. The average number of disabled workers was 0.9%[32] of the total workforce within the 2017 scope.

| | Germany | Belgium | Spain | France | Italy | Morocco | Portugal | UK (Altran) | Ukraine | USA |
|---|---|---|---|---|---|---|---|---|---|---|
| Percentage of employees registered as disabled workers | 2.08% | 0.16% | 0.47% | 1.06% | 2.04% | 0.08% | 0.24% | 0.32% | 0.44% | 2.14% |

In 2015, the Group signed a company agreement in France to support the employment and integration of disabled people. This agreement defines the guidelines, objectives and actions

[32] Data not available for the Netherlands and Cambridge UK

to recruit and retain disabled people, collaborate with sheltered sector organisations, train disabled employees and raise the awareness of all employees about these issues.

Since this agreement was introduced in 2016, 40 new disabled employees have been recruited, 25 interns have been welcomed as part of their disability-related rehabilitation, and 115 employees have received support from the dedicated team *(*Disability team, in French *Mission handicap).*

### Focus on the Disability team in France

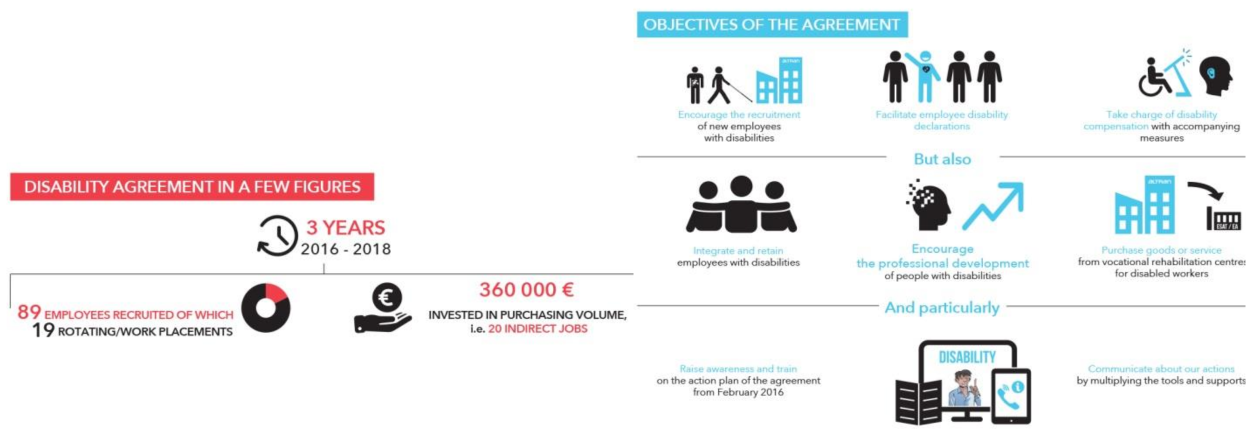
#### *Making diversity a sustainable driver of performance*

Since May 2009, with the support of the Disability team in France, the Group has been promoting diversity in all its forms and making it a source of strength and wealth. The creation of the Disability team and the signature of the diversity charter demonstrate the Group's commitment to introduce an active employment policy to support disabled people. Particularly in France, many Group employees who are registered as disabled workers are recruited and retained. Each of them enjoys a customized follow-up and management teams benefit from awareness sessions.

The Group's objectives are three-fold:

- to recognise, integrate and value differences;
- to develop partnerships with the sheltered sector;
- to change minds and behaviours in the company towards disability.

### The 2015 agreement in summary




Various initiatives have been introduced in order to support Altran's disabled employees and gain acceptance for diversity in the Company.

### Awareness-raising initiatives

The Group conducts awareness-raising initiatives for employees on a regular basis. During the European Disability Employment Week (EDEW), the Group proposed events at its

different sites to raise the awareness of its employees and inform them about disability issues.

#### The sheltered sector

The Group calls on companies from the sheltered sector for its subcontracting needs and has introduced concierge services at its Paris region's sites. In this way, the Group plays a role in maintaining and creating employment by offering employees from ESATs (vocational rehabilitation centres for disabled workers) the opportunity to develop in an "ordinary environment".

#### Partnerships

The Group has joined several associations and organisations, including HandiPlume, Many Rivers and the Belle Alliance rehabilitation center to support employment of disabled people through internships or training.

In 2017, the Disability team also participated in 35 forums and dedicated exhibitions, including: handicafé, handijob, forum adapt, and the cancer@work networking event.

Since 2017, the Group has also been an "Official Partner" of the 4L Trophy through its Disability team, and supports an ESTACA handivalid crew.

#### 4.2.7.3 Anti-discrimination policy

Anti-discrimination policies are developed locally in accordance with current legal and regulatory provisions. The Group is a signatory of the Diversity Charter in Belgium, France, Italy and Spain.

In France, the Group is committed to supporting the integration, maintenance in employment and improvement of the workplace quality of life of employees affected directly or indirectly by cancer. It has been a "pioneer" partner of the organisation Cancer@Work since 2013 and was the first company to sign the Charter.

Together they also organize conferences on disabling chronic illnesses in the business world with the aim of changing minds, giving people a voice and implementing pragmatic solutions.

### 4.2.8 Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation

The Group is a signatory of the United Nations Global Compact and the diversity Charter in Belgium, France, Italy and Spain. Commitments to eliminate employment and vocational discrimination are incorporated in the Company's ethics charter and in local ethics charters and codes.

The Group complies with all legislation on human rights and on working conditions in the countries where it operates (in particular, those relating to respect for the freedom of association and collective bargaining rights, the abolition of all compulsory labour and the effective abolition of child labour). The social risk of infringing human rights is low.

# 4.3 Societal information

The Group is committed to ethical behaviour and complies with all legal and contractual provisions to combat corruption and to protect personal data. The Group ensures that, in the light of its risks and impacts, appropriate and responsible procurement policies and initiatives are implemented.

Through its patronage activities, the Group is seeking civic engagement by deploying its consultants' expertise for public interest purposes.

## 4.3.1 Stakeholders and local development

### 4.3.1.1 Stakeholder dialogue's conditions

The Group's stakeholders are groups of individuals or legal entities who significantly affect or are affected by its activities, or who play a key role in maintaining the credibility and legitimacy necessary for the company:

- customers;
- employees and their representatives, applicants and alumni;
- shareholders, financial institutions and financial analysts;
- partners, suppliers and subcontractors;
- educational institutions and accelerators;
- public or private laboratories and research centres;
- the media;
- public authorities and local authorities;
- developers of innovative projects;
- sector companies;
- company associations or clubs and occupational trade unions.

Information, consultation and discussion tools are developed for these stakeholders to be available and used throughout the year, such as the Internet and Intranet sites, social networks, etc. Other discussion tools come into play once or twice a year such as satisfaction surveys, exhibitions, events, etc.

### 4.3.1.2 Relationships with schools and universities

The Group has special relationships with a number of "Grandes Écoles" and universities and is able to support faculty members and student associations across the curriculum. Courses, mock recruitment interviews, training and conferences: the Group shares its consultants' knowledge and expertise with students. For example, in France in October 2016, the Group entered into a partnership with the Léonard de Vinci University centre. This partnership is both academic through the sponsoring of 700 students and research-related through the creation of a "Big Data for Customer Experience" university chair.

The Group also takes part in many recruitment exhibitions and forums to have discussions with students and young graduates and to present possible develoment pathways.

#### 4.3.1.3 Regional, social and economic impact in terms of employment and regional development

The Group's development policy for its foreign subsidiaries favours the recruitment of local managers, both for senior management positions and for operating or functional managers, while maintaining its international mobility policy. 13 nationalities are represented on the Management Committee which brings together some 50 senior Group managers.

With more than 11,651 people recruited in 2017 and activities spread over about 150 sites within the subsidiaries in the 19 countries included within the reporting scope, the Group is a major player in developing employment in many regions in these countries. In particular, the Group has a presence in more than 20 cities in Germany and almost 30 in France with in particular almost 2,000 employees associated with the Blagnac site. The Group operates in about fifteen cities in Italy with more than 500 employees in Milan, Rome and Turin. The Group invests in local development in Morocco, where over 1,000 engineers were hired at the Casablanca site and receive many hours of training. The Group is also actively engaged with local authorities in Portugal to make the city of Fundão a major technological centre.

### 4.3.2 Fair practices and initiatives in support of human rights

The Company has been a signatory of the United Nations Global Compact since 2009 and complies with all legal and contractual provisions to combat corruption. In compliance with the French Sapin 2 law, the Company has defined a common anti-corruption policy for the Group as a whole. This policy is described in section 2.2.2 "*Management of activities and implementation of internal control and risk management objectives*".

The Group complies with the legal and regulatory provisions governing the collection, processing, retention, protection and use of data of a personal nature. Declarations to the competent authorities are made, where appropriate, by each Group company. The Group's security management systems are certified as complying with the ISO 27001 standard in France, India, Portugal, Spain and the United Kingdom.

In addition, in order to ensure compliance with the General Data Protection Regulations, applicable in Europe from May 25, 2018, the Group has launched a working group comprising the business areas affected by the subject.

### 4.3.3 Responsible procurement approach

The Group's activity consists of providing intellectual services. Business-related procurement involves subcontracting and operational and advertising procurement. In Spain, India and Portugal, the Group has prepared a specific formal policy describing the reciprocal commitments with its suppliers in the area of sustainable procurement. Through its ethics charter, the Company undertakes for the whole Group to choose suppliers and partners who share its ethical principles. The Group is also a signatory of the responsible supplier relationship charter in France and through its procurement department participates in the work of the Ministry of the Economy and Finances on this subject.

The Group incorporates criteria related to the assessment of environmental impacts in making decisions about several categories of procurement. According to the country, these criteria may be used when choosing paper, electronic equipment, company cars, office furniture and small presents. In France, Italy and Spain, the Group supports the employment of people registered as disabled workers through companies in the sheltered sector.

The tender process and/or the general procurement and subcontracting requirements in France, Germany, Italy and Spain incorporate criteria related to the corporate responsibility. A self-assessment form is sent to suppliers in Italy, Portugal and Spain. In Portugal and Spain, the Group also informs its suppliers about its ethical procurement commitments. In France, buyers are made aware according to their type of procurement activity. Particular attention is therefore given to compliance with workplace safety procedures for operational subcontractors.

Actions implemented in compliance with the legal requirements on the duty of vigilance are described in section 2.2.2 "*Control environment*".

### 4.3.4 Patronage and partnership

The Group offers its employees the opportunity to get involved in public interest initiatives through skills sponsorship, whether at Group level or locally.

In France, the Group is supporting Toulouse Métropole with the major cultural project "Piste des Géants" ("the giants' runway"), a project tracing the epic story of the Aéropostale airline including, in particular, the design of a flight simulator for the legendary Breguet XIV aircraft.

In Italy, Altran experts provided three months of technological support to an organisation involved in supporting and protecting child refugees in Palermo, Sicily. They have helped with the development of an online platform.

The Altran Foundation for Innovation closed in 2017. The winding up is in progress.

## 4.4 Environmental information

Due to the Group's activity consisting of providing intellectual services, the principal environmental impacts of its business activities are related to office activities at its premises (paper and energy consumption, waste management), to employees' business travel and to the $CO_2$ emissions related to these activities. Generally, the Group's environmental impact remains low and the associated risks are limited. In several countries, the Group is developing policies, management systems and initiatives necessary to control its environmental impact.

Through its intellectual service offering, the Group is supporting its customers in reducing their environmental impact. The Group is participating in researching innovative solutions offering the highest level of environmental protection.

### 4.4.1 The organisation to take into account environmental issues

13 sites in Germany, India, Italy, Spain, Sweden and the United Kingdom have environmental certifications (ISO 14001 certification or Eco-dynamic[33] [34] Enterprise label), and have therefore introduced relevant environmental management systems. 33% of the Group's total workforce within the reporting scope is administratively attached to these 13 certified sites.

The Group is also developing initiatives to measure and reduce the environmental impact of its business activity. The initiatives introduced to optimise paper and energy consumption and to reduce the impact of employee business travel are presented in sections 4.4.3 "Sites" and 4.4.4 "Business travel" of this Registration Document.

### 4.4.2 Environmental training and employee awareness

In France, Germany, India, Italy, Spain, Sweden and the United Kingdom, the Group is raising the awareness of its employees about reducing environmental impacts through different initiatives such as: induction seminars, involvement in specific events and conferences, the publication of best practice for eco-friendly behaviour, distribution of posters or news updates on the Intranet or by email.

The training offer in India and in Cambridge include environmental training. In Italy, specific training is in the process of being designed.

### 4.4.3 Sites

In carrying out its business activities, the Group operates at about 150 sites in the 19 countries included in the reporting scope. Of these sites, 28 are considered to be significant and are incorporated within the environmental information reporting scope. Detailed information of the sites included within the environmental information scope is presented in section 4.1.2 "*Scope of the environmental indicators*".

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[33] The Eco-dynamic Enterprise label is a certification developed by the Brussels Institute for environment. The label is equivalent to an EMAS certification

[34] Data not available for Puteaux, Eindhoven, Lisbon and Porto

#### 4.4.3.1 Paper and water

The paper consumption during 2017 at Group sites included in the reporting scope was 57.7 tonnes (see section 4.1.6 “Framework”), i.e. an average paper consumption per employee of 2.3 kg in 2017, compared to 2.6 kg in 2016.

Reducing paper consumption is encouraged by the introduction of printing monitoring tools, a default black and white and double-sided printer setting, the use of shared printers and going paperless for certain documents (administrative management, invoices, payslips, etc.) and the use of recycled paper. Belgium and France have also replaced their printers with new models that are more environmentally responsible. In India, the expense claim management process has been reviewed with the result that printing no longer takes place automatically.

In the light of the Group’s activities, water consumption is related to the internal use of toilets, showers and washbasins in rest rooms, sinks in kitchens, dishwashers, coffee machines and water fountains, etc. The water consumed is taken solely from municipal water networks.

#### 4.4.3.2 Energy

**Site [(1)] energy consumption**

| (in megawatt-hours) | Total | France | Northern Europe | Southern Europe | Rest of the world |
|---|---|---|---|---|---|
| Energy consumption (see section 4.1.6) | 24,294 | 9,345 | 8,965 | 3,103 | 2,882 |
| Of which electricity consumption | 21,776 | 9,345 | 6,863 | 2,686 | 2,882 |
| Average energy consumption (in kWh/m2) | 206 | 197 | 264 | 107 | 388 |

By way of comparison, the average energy consumption (in kWh/m2) was 219 in 2016.

The energy sources used to provide the electricity used by the Group (energy mix) are 28% renewable energy sources and 72% non-renewable energy sources.

The Group is trying to reduce its energy consumption by choosing HQE (French high environmental quality standard) buildings or by reducing the surface area of its offices. The Belgian teams have, for example, moved to more modern and smart premises; as a result, they envisage a significant reduction in their energy consumption. According to the sites, lighting and air-conditioning systems automatically turn off outside of working hours or use sensors to measure movement and natural light levels. Where there is no automatic system a security guard checks that lights have been turned off.

#### 4.4.3.3 Pollution, waste management and circular economy

The Group has introduced sorting and recycling of waste related to its business activity in accordance with legal requirements and local contexts.

96% of the significant sites included in the environmental information scope sort paper for recycling purposes, and 93% sort ink cartridges and other electrical and electronic equipment

waste.[35] The majority of sites sort in order to recycle plastic, light bulbs and tubes, metal packaging and cans, glass, batteries and refrigerants used in air-conditioning system. The air-conditioning systems installed at the sites do not use refrigerants that emit ozone depleting substances except in Rome, Eindhoven and Cambridge where small amounts are still used. At the end of 2017, Cambridge in the United Kingdom also installed new sorting areas for dry mixed waste.

### 4.4.4 Business travel

The measurement of the environmental impact of employee business travel includes three categories of transport methods: journeys by car, plane and train.

10% of the employees have a company car in 2017, as in 2016. In 2017, 3,272,411 litres of fuel have been consumed by the employees with company cars, compared to 3,257,386 litres in 2016.

With regard to the journeys made by train and plane, the employees travelled a total of 70,967,960 km (excluding train journeys for Sweden and Portugal, for which data is not available). 65% of journeys were made by train and 35% by plane, compared to 59% by train and 41% by plane in 2016.

Depending on the site, reducing the impact of business travel is encouraged by selecting company cars according to their $CO_2$ emissions, using video and audio conferencing systems, access to a car sharing website, the reimbursement of all public transport fees and by reducing plane journeys in favour of travelling by train. In 2017, Belgium expanded its fleet of hybrid vehicles while India requested that all its employees have their vehicles tested in order to measure and control their emissions. Madrid provided an electric vehicle for internal journeys at its site.

The Group also introduced an innovative immersive telepresence technology solution. It enables meetings to be organised by simulating the presence of all participants in the same room thanks to a full size display and excellent visual and sound quality. A total of 19 rooms have been installed in 14 countries.

### 4.4.5 Climate change

The Group supports its customers in complying with ever stricter environmental regulations. Climate change is a priority issue and a technological challenge in three sectors where the Group operates: energy, automotive and aerospace. The Group is supporting energy sector companies as part of the energy transition in order to develop a low carbon energy mix and improve energy efficiency. In the automotive sector, Altran experts are opening up new avenues in terms of hybrid and electric power trains while improving traditional vehicles. In this way, the Group is playing a role in reducing the climate impacts from the manufacture and use of vehicles. The Group is helping its aerospace sector customers to reduce aircraft fuel consumption by reducing aircraft weight, optimising engines and flight plans, and by developing the use of solar energy.

Because of its business sector, the Group does not envisage any regulatory risks or risks due to physical changes related to climate changes that may have significant financial consequences for the Group.

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[35] Data not available for Illkirch

The Group conducts a carbon assessment of its activities in France, in accordance with its legal obligations. The significant sources of greenhouse gas emissions are associated with office activities at its sites (energy, paper consumption) and employee business travel (journeys by company cars, plane and train). Travel between home and work and business travel in personal cars are not taken into account because of a lack of available and reliable data. The Group has been completing the CDP climate questionnaire since 2014.

### Greenhouse gas emissions

| Emission sources | Related emissions in tonnes CO2 eq. in 2017 | Reminder of 2016 data |
|---|---|---|
| Site use | 9,142 | 8,214 |
| Business travel | 22,876 | 22,282 |
| Scope 1 | 10,922 | 10,790 |
| Scope 2 | 8,481 | 7,625 |
| Scope 3 | 12,615 | 12,080 |

### 4.4.6 Biodiversity

The activities that take place at the sites are office activities. The sites are located in urban areas. No site is located in a protected area.

## 4.5 Report by the independent third party on the consolidated human resources, environmental and social information included in the management report

*This is a free English translation of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

**For the financial year ended 2017**

To the Shareholders,

In our capacity as independent third party, certified by COFRAC under number 3-1058 (scope available at www.cofrac.fr) and member of the Mazars network of the company's Statutory Auditor, we hereby present to you on the consolidated human resources, environmental and social information for the financial year ended 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

**Company's responsibility**

The *Board of Directors* is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial

Code in accordance with the guidelines used by the Company (hereinafter the “Guidelines”), summarised in the management report and available on request from the company’s head office.

**Independence and quality control**

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

**Responsibility of the independent third party**

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).

Our work involved 5 persons and was conducted between November 2017 and February 2018 during a 10 weeks period.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[36] concerning our conclusion on the fairness of CSR Information.

**1. Attestation regarding the completeness of CSR Information**

**Nature and scope of our work**

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company’s sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

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[36] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the section 4.1 “Reporting Methodology” section of the management report.

**Conclusion**

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

**2. Conclusion on the fairness of CSR Information**

**Nature and scope of our work**

We conducted 10 interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important.[37]

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us[38] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk

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[37] **Human Resources informations**: Total workforce by type of contract, age and gender; Number of part-time / full-time employees, Number of hirings and departures; Number of training hours; Absenteeism rate (total number of absence days, total number of theoretical days worked); Number of occupational injuries and occupational disease cases; Number of collective agreements signed during the year and number of employees covered by collective agreements.

**Environmental informations**: Paper consumptions; Energy consumptions of buildings; Greenhouse gas emissions; Number of trips by plane and train & number of company cars; Number of km travelled (for train and plane); Liter consumption (for cars); GHG emissions.

[38] Altran France, Altran India.

analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 41% of headcount considered as material data of social issues and between 33% and 50% of quantitative environmental data considered as material data[39] of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

**Conclusion**

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, 27th February, 2018

**MAZARS SAS**

Jean-Luc BARLET

*Partner*

Edwige REY

*CSR Partner*

[39] Paper consumptions, GHG emissions.

# 5 Overview of income and financial performance

Readers are invited to read the information below on the Group income and financial position in conjunction with the Group's consolidated financial statements (including the notes to these consolidated financial statements) for financial year ended December 31, 2017. The consolidated financial statements are presented in section 6.2 "*Consolidated income statement*", including the Group's consolidated financial metrics for financial year ended December 31, 2016 to enable year-on-year comparison.

The Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements for financial year ended December 31, 2017 have been audited by the Statutory Auditors. The Statutory Auditors' report on the consolidated financial statements is presented in section 6.1 "*Statutory Auditors' report on the consolidated financial statements*".

Except where specified, the Group's consolidated financial metrics for financial years ended December 31, 2017 and December 31, 2016 included in this Chapter and section 6.2 "*Consolidated income statement*" are presented on a historical basis, isolating the "*Utilities Services*" business. Indeed, in December 2017, the Group finalized the sale of its US Power & Industrial Engineering Services division relating to "Utilities Services". In accordance with IFRS 5, the Group decided to recognize under discontinued operations income the "*Utilities Services*" business as of the first half of 2017. To enable year-on-year comparison, the consolidated financial statements for financial year ended December 31, 2016 have been restated in the same way.

In this Chapter, the Group presents certain financial information and other data for the periods indicated above under the form of alternative performance indicators in order to provide a clear understanding of the Group's activity. The Group presents in particular indicators such as organic growth, economic growth, gross profit margin, EBITDA, Free Cash Flow and Operating Free Cash Flow, that are not recognized under IFRS and do not comply with a single generally accepted definition. The Group refers to these alternative performance indicators, calculated according to the method specified in this Chapter, as Management uses them to measure operational performance, make presentations to the Board of Directors and develop strategic plans. However, to the extent that other market players and competitors do not calculate organic growth, economic growth, gross profit margin, EBITDA, Free Cash Flow or Operating Free Cash Flow in the same way, the presentation herein may not allow comparison with data published by other companies under the same indicator name.

## 5.1 Group income

### 5.1.1 Overview of the year

As a global leader in Engineering and R&D services (ER&D), Altran offers its clients a new way to innovate by developing the products and services for tomorrow. Altran works alongside its clients throughout the value chain of their project, from conception to industrialization. For more than thirty years, the Group has provided its expertise to key players in a variety of industries: automotive, infrastructure, transport, aeronautics, space, defense, naval, rail, energy, industrials, electronics, life sciences, telecom, media, software, finance and public sector.

As announced in 2015 in the *Altran 2020. Ignition* strategic plan, 2017 was a new year of change for the Group, characterized by numerous events in each strategic pillar:

- augmented value:
    - stronger Group presence in cutting-edge technological fields with the acquisition of Information Risk Management, a cybersecurity consultancy firm based in the UK;
    - launch of the World Class Centers Innovation & Design, Advanced Manufacturing and Advanced Networks;
    - partnerships created in priority areas with start-ups and R&D players, including Divergent 3D, Engie, H2scan or Comau, as indicated in section 1.5.3 "Main investments";
    - Altran has received recognition from several market analysts, and was, inter alia, included in the "Leadership Zone" in several industries in the Zinnov Zones Product Engineering Services 2017;
- Industrialized GlobalShore®:
    - near and offshore teams increased from 4,500 to 6,500 engineers at the end of 2017 in four Global Delivery Centers (India, Portugal, Eastern Europe and North Africa), in particular following the acquisition of Pricol Technologies (India) and Global Edge Software (India) and the extension of the joint venture with Telnet (Tunisia);
    - a very good momentum has been noted in terms of development of transformational commercial commitments with several successes;
- geographical expansion:
    - Altran continued to set up its platform in the United States, which is structured around three major regions: the West Coast for high-tech sectors (including software, semi-conductors, the Internet of Things (IoT)) and innovative products development, the Midwest (automotive) and the East Coast (life sciences);
    - at the end of 2017, Altran sold its US "Utilities Services" division in order to focus its portfolio in the United States on high added-value activities;
    - as announced, the German operations were restructured and are now experiencing dynamic growth supported in particular by the acquisition of Benteler Engineering Services, a company specialized in automotive engineering;
- operational excellence:
    - the deployment of operational improvement strategies defined in 2016 continued throughout the year, including by establishing new operations principles to catalyze growth in the Group's various models and high added-value partnerships with the Group's key accounts;
    - the search for excellence when steering business activities and monitoring key operational and financial performance indicators remains a priority for the Group.

The Acquisition of Aricent announced on November 30, 2017, fully meets the strategic plan's objectives as it gives the Group a leadership position allowing it to offer its clients an unrivalled value proposition and to stand out from competitors. The Acquisition will enable the Group to benefit from outstanding economies of scale and will endow it with the four criteria required to become the sector leader: global presence and scope, leadership in most industries, solid expertise in key technological areas and an industrial model of services. The Acquisition was completed on March 20, 2018.

## 5.1.2 Main factors having an impact on Group income for financial year ended December 31, 2017

### 5.1.2.1 Economic growth

The global economic recovery had a positive impact on the key players with which the Group does business, particularly in Europe – Altran's biggest market.

Changes in the engineering and R&D services markets are closely linked to changes in global R&D. Global R&D has been growing steadily, in average 5% per year over the last ten years, reaching $1,500bn in 2017.

R&D intensity (defined as the ratio between R&D expenses and GDP) has also increased, allowing R&D expenditures to sustainably increase, at a faster pace than GDP. In Europe, GDP growth in constant euro terms[40] was estimated at 2.3% for 2017, 6.7% in India and 2.2% in the United States (see section 1.2.1.2 "*View of R&D expenses, underpinning the ER&D services market*").

This dynamic growth has positively impacted the industries in which Altran operates, including Automotive (developing autonomous and connected vehicles, meeting ecological challenges and seeking new mobility models), Life Sciences (connected health), Electronics & Semiconductors (Industry 4.0, artificial intelligence, IoT) and Software & Internet.

### 5.1.2.2 Political uncertainty

Certain political events had market repercussions in 2017:

- in the United Kingdom, following the Brexit referendum of June 23, 2016 and the ensuing uncertainty regarding negotiations between the UK and the EU on Britain's exit deal, the pound to euro exchange rate continued to fall (down 3.5% between January 1 and December 31, 2017). Recruiting engineers has become more complex as the employment market in the United Kingdom is highly dependent on European workers. Consequently, certain key investors have curbed their investment programmes because of such uncertainty; and

- Donald Trump's election as President of the United States at the end of 2016 was followed by a sharp decline in the US dollar to euro exchange rate (down 12.1% between January 1 and December 31, 2017) and the implementation of a more stringent immigration policy, making US visas more difficult to obtain for engineers from developing countries. However, the impact of the visa issue on Altran, including after the Acquisition, remains very limited.

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[40] Source: IMF World Economic Outlook – October 2017.

#### 5.1.2.3 Operational human resource management

The economic recovery observed in many countries had a positive impact on the labor market and may result in heightened competition to hire the best talent and increased staff turnover rates.

Consequently, the Group income is influenced by a number of factors, including its ability to:

- recruit and retain the best talent, positioning itself as an attractive employer;
- support engineers developing their skills and advancing their careers while carefully controlling payroll;
- optimally deploy engineers depending on their seniority and know-how while maintaining a high occupation rate; and
- allow its clients access to talent pools in nearshore & offshore areas.

#### 5.1.2.4 Favorable public policies for R&D investments

Several countries (including France, Spain, Portugal and Morocco), have proactive public policies with regard to R&D investments. These may include encouraging the creation of skilled jobs, reducing social security contributions and tax credits. Thanks to its subsidiaries, Altran benefits from certain of such policies. Although the terms and conditions thereof may differ (conversion of tax mechanisms into lower social security contributions in France as of 2019), the policies were all sustainable components of long-term industrial programmes in the countries in question.

#### 5.1.2.5 A changing engineering services market in Germany

Since 2015, the automotive industry in Europe, and Germany in particular, has made considerable efforts to reduce its ecological footprint and industry players have decided to allocate their R&D investments to new technologies rather than combustion, and particularly diesel, engines. This move has led to an oversupply of qualified professionals in mechanical engineering and, as a consequence, to a fall in the price of engineering services. Moreover, major changes in German labor market regulations (the *AÜG - Arbeitnehmerüberlassungsgesetz* reform) aimed at improving the sustainability of temporary employment have restricted engineering services invoiced based on time spent at the client's premises.

The German market is gradually moving towards a model where services are invoiced per work unit performed at the engineering service provider's premises. The change is likely to bring about more nearshoring and offshoring on the German market, which has historically been characterized by onshore engineering services.

#### 5.1.2.6 Organic and economic revenues growth

Group revenues are not only impacted by acquisitions, but also organic growth of the Group's businesses, which varies depending on the type of business activity, geographic market and client industry. Organic revenues growth is calculated as follows: Group growth less (i) effect of consolidation scope changes as a result of acquisitions and disposals as well as (ii) effect of exchange rate changes.

The Group's revenues are also impacted by changes in the number of working days from one period to another as a significant portion of its business is invoiced on a time spent basis. For instance, the weighted number of working days on a like-for-like basis for the

Group was 250.0 in 2017 compared with 252.1 in 2016. This resulted in a 0.8% decrease in the Group's revenues.

Consequently, economic growth corresponds to organic growth, restated to take into account the difference in the number of working days.

#### 5.1.2.7 Main investments, acquisitions, joint arrangements and disposals

See section 1.5.3 *"Main investments".*

Altran's dynamic external growth policy led to four acquisitions and a new joint venture in 2017, as well as the announcement of the Acquisition of Aricent in November of the same year.

Among these acquisitions that were completed in 2017, the acquisition of Benteler Engineering Services was finalized, allowing the Group to strengthen its presence in Germany, particularly in the automotive industry. The acquisition of two India-based engineering solutions providers – Pricol Technologies for the automotive industry and Global Edge Software for embedded systems and the Internet of Things – has allowed the Group to strengthen its position in the United States – in the Detroit region, where most automotive key accounts are located, and in Silicon Valley, respectively. The creation of a joint venture with Telnet has strengthened the Group's ability to develop embedded systems for the defense and automotive industries in nearshore locations (North Africa). The acquisition of Information Risk Management, a UK-based consultancy firm, has enabled the Group to position itself in the high-potential cybersecurity market. Moreover, in December 2017, the Group sold its Utilities business in the United States to allow Altran US to focus on its core business.

The Group invests in new technologies to strengthen its market position, either through non-controlling interests in start-ups or co-investments with industrial partners. Such investments allow the Group to become their preferred engineering solutions provider and acquire technology integration know-how, which it can then offer to its clients.

In 2017, the Group invested in the start-up H2scan. The Group continues to invest alongside Jaguar Land Rover in connection with the CoherenSE project, an open, innovative software platform for the next generation of smart vehicles and machines.

#### 5.1.2.8 Tax relief trend

For the last two years or so, the downward trend in corporate income tax rates has accelerated worldwide:

- Belgium: the rate is set to decrease from 33.99% to 25% in 2020 (29.58% in 2018 and 2019);
- United States: a decrease in federal income tax rates from 35% to 21% as of 2018;
- France: the rate is set to gradually decrease from 33.33% to 25% in 2022 (31% in 2019, 28% in 2020 and 26.5% in 2021);
- India: there is a proposal to gradually reduce the rate from 30% to 25%;
- Italy: a decrease from 27.5% to 24% as of 2017;
- Netherlands: a proposal to gradually reduce the rate from 25% to 21% in 2021 (24% in 2019 and 22.5% in 2020); and

- United Kingdom: a steady decrease from 30% in 2007 to 17% in 2020 (19% in 2017).

However, these provisions are generally accompanied by restrictions regarding the use of tax loss carryforwards and expense deductions.

In the United States, the creation of a specific multinational tax (Base Erosion Anti-Abuse Tax - BEAT) has no impact on the Group, as it does not meet the criteria for tax liability.

## 5.1.3 Income analysis for financial years ended December 31, 2017 and December 31, 2016

The following table presents the main aggregates of the consolidated income statement for financial years ended December 31, 2017 and December 31, 2016:

| *(in millions of euros)* | **2017** | 2016* |
|---|---|---|
| Revenues | 2,282.2 | 2,074.1 |
| Other income from operations | 69.4 | 66.7 |
| REVENUE FROM ORDINARY OPERATIONS | 2,351.6 | 2,140.8 |
| Gross margin | 660.7 | 610.4 |
| Overheads | (414.4) | (393.6) |
| **Operating income on ordinary activities** | **246.3** | **216.8** |
| Other non-recurring operating income and expenses | (39.0) | (21.7) |
| Amortization of intangible rights and goodwill impairment | (4.3) | (6.9) |
| **Operating income** | **203.0** | **188.2** |
| Cost of net financial debt | (11.8) | (13.4) |
| Other financial income | 9.2 | 10.6 |
| Other financial expenses | (17.5) | (12.5) |
| Tax expenses | (42.8) | (51.7) |
| Share of net income of associates | (0.4) | 0.0 |
| NET INCOME BEFORE DISCONTINUED OPERATIONS | 139.7 | 121.2 |
| Net profit/loss on discontinued operations | (8.9) | 1.4 |
| NET INCOME | 130.8 | 122.6 |
| Non-controlling interests | | (0.1) |
| **NET INCOME ATTRIBUTABLE TO THE GROUP** | **130.8** | **122.5** |
| Earnings per share (*in euros*) | 0.76 | 0.71 |
| Earnings per share on continued operations (*in euros*) | 0.81 | 0.70 |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

### 5.1.3.1 Revenue on ordinary operations (on continuing operations)

The Group's consolidated revenue increased by €208.1m (up 10%), from €2,074.1m for financial year ended December 31, 2016, to €2,282.2m for financial year ended December 31, 2017.

The increase in revenue is partly due to an integration scope effect of 6.0%, relating to the Group's acquisitions in the year ended December 31, 2017 (including, in particular, Benteler Engineering Services, Pricol Technologies, Information Risk Management and Global Edge Software).

However, the Group growth was affected by a negative exchange rate effect of 0.8%, mainly relating to the appreciation of the euro against the USD (up 2%) and the GBP (up 7%), based on average annual foreign exchange rates.

Therefore, the Group's organic growth stood at up 4.8% for financial year ended December 31, 2017. See section 5.1.2.6 "Organic and economic revenue growth" for the definition of organic growth.

| | |
|---|---:|
| Group growth | 10.0% |
| Scope impact | 6.0% |
| Exchange-rate impact | -0.8% |
| **ORGANIC GROWTH** | **4.8%** |

Group growth was also affected by fewer working days in 2017, which amounted to 250.0 days, compared with 252.1 days in 2016 (*i.e.* down 0.8%).

The Group's economic growth stood at 5.6% for financial year ended December 31, 2017. See section 5.1.2.6 "Organic and economic revenue growth" for the definition of economic growth.

| | |
|---|---:|
| Organic growth | 4.8% |
| Working days impact | -0.8% |
| **ECONOMIC GROWTH** | **5.6%** |

### Breakdown of revenue by operating segment

The table below presents a breakdown of revenue by operating segment, for financial years ended December 31, 2017 and December 31, 2016:

| | 2017 | | 2016* | | | | |
|---|---:|---:|---:|---:|---:|---:|---:|
| *(in millions of euros)* | **Total revenues** | **% of revenues** | **Total revenues** | **% of revenues** | **% change** | **Organic growth** | **Economic growth** |
| **France** | **920.2** | **40.3%** | **861.6** | **41.5%** | **+ 6.8%** | **+ 6.8%** | **+ 7.6%** |
| **Northern Europe** | **758.2** | **33.2%** | **669.2** | **32.3%** | **+ 13.3%** | **+ 2.2%** | **+ 3.0%** |
| Germany and Austria | 275.0 | 12.0% | 220.5 | 10.6% | + 24.7% | + 5.9% | + 7.2% |
| Benelux | 166.3 | 7.3% | 157.4 | 7.6% | + 5.7% | - 3.3% | - 2.9% |
| United Kingdom | 216.1 | 9.5% | 200.2 | 9.7% | + 7.9% | + 2.0% | + 2.3% |
| Scandinavia | 67.9 | 3.0% | 56.7 | 2.7% | + 19.8% | + 6.4% | + 7.2% |
| Switzerland | 32.9 | 1.4% | 34.4 | 1.7% | - 4.4% | - 2.7% | - 2.1% |
| **Southern Europe** | **449.4** | **19.7%** | **430.1** | **20.7%** | **+ 4.5%** | **+ 4.5%** | **+ 5.4%** |
| Italy | 216.6 | 9.5% | 216.3 | 10.4% | + 0.1% | + 0.2% | + 1.0% |
| Iberian Peninsula | 232.8 | 10.2% | 213.8 | 10.3% | + 8.9% | + 9.0% | + 9.7% |
| **Rest of the World** | **154.4** | **6.8%** | **113.2** | **5.5%** | **+ 36.4%** | **+ 5.4%** | **+ 5.8%** |
| United States | 83.4 | 3.6% | 59.6 | 2.9% | + 39.9% | - 6.9% | - 6.3% |
| India | 40.0 | 1.8% | 23.5 | 1.1% | + 70.2% | + 34.0% | + 34.4% |
| China | 31.0 | 1.4% | 30.1 | 1.5% | + 3.0% | + 7.2% | + 7.8% |
| **TOTAL** | **2,282.2** | **100.0%** | **2,074.1** | **100.0%** | **+ 10.0%** | **+ 4.8%** | **+ 5.6%** |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

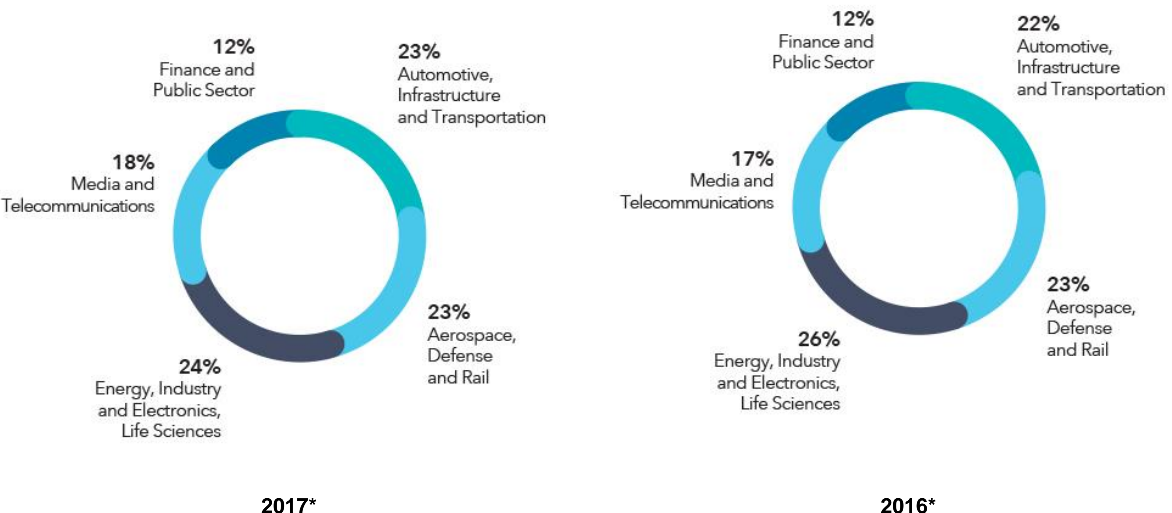
Against a backdrop of economic recovery, revenue in France amounted to €920.2m (up 6.8%) for financial year ended December 31, 2017, with strong economic growth of 7.6%, (compared with 6.7% for financial year ended December 31, 2016). Revenue in Northern Europe increased to €758.2m (reported growth of 13.3%) in 2017, with a 3% increase in economic growth over the same year (compared with 2.2% for financial year ended December 31, 2016), in particular due to increased revenues in Germany. Revenue in Southern Europe and the Rest of the World were in line with Group performance in 2017, with revenue of €449.4m and €154.4m, respectively, reported growth of 4.5% and 36.4%,

and economic growth of 5.4% and 5.8%, respectively (compared with 8.7% and 8.5%[41] respectively, for financial year ended December 31, 2016).

Performance in the United States must be considered in conjunction with that of India, as American projects are increasingly being carried out in India.

### Breakdown of revenue by type of business activity

The diagrams below present a breakdown of revenue by type of business activity, for financial years ended December 31, 2017 and December 31, 2016.




* *Indicative, unaudited data including Utilities business.*

The increase in Group revenues for financial year ended December 31, 2017, is mainly the result of strong business momentum in the following industries:

- Automotive, Infrastructure & Transportation

  The European automotive market experienced growth of 3.3%[42] in 2017, driven by economic growth and buyer incentives for the purchase of vehicles.

  This growth helps towards continued spending in Research and Development (R&D), to further strategic areas such as connectivity technologies, autonomous vehicles, the transition from combustion to electric engines, and the design and development of car-derived utility vehicles. The growth in the European automotive market has bolstered Altran's automotive business activity in 2017.

  Anticipating strong demand from automotive manufacturers in the area of car body development and restyling, the Group has reinforced its market positioning in this area to offer its clients a comprehensive range of 'body-in-white' services (from design to manufacture).

[41] 2016 economic growth is not restated for the utilities services business in the United Statrs which was sold in December 2017.

[42] Growth in number of vehicles registered in 2017 in European Union and countries of the European Free Trade Association. *Source : European Automobil Manufactureres Association (ACEA).*

By combining the highly competitive, high-performance development center in Morocco with its automotive project integration management expertise, the Group has reinforced its market positioning among major automotive manufacturers in this high-growth segment. This has enabled the Group to win a number of multi-year projects in 2017, each with a total contract value of several tens of millions of euros.

The Group's acquisitions of Pricol Technologies and Benteler Engineering Services have also supported this growth. The customers of Benteler Engineering Services, a German specialist in design and engineering services for the automotive industry, include leading automotive manufacturers and suppliers, such as BMW, Volkswagen, Volvo, Ford, Porsche and Daimler.

- Aerospace, Defense & Rail

  - Aeronautics: despite the lack of major development programmes of new aircraft, Altran has managed to conserve its European leadership in this area. In this respect, the Group has diversified its offer towards production engineering business lines to help its clients contend with increased production. Consequently, Altran has entered into a number of multi-year and transnational contracts, providing the Group with strategic positioning throughout the entire value chain (Industry 4.0, supply chain, industrial transfers, innovation, etc.).

  - Aerospace and Defense: the strong growth in these two industries results from the modernization of products and services, against a backdrop of increased demand. In 2017, Altran entered into major contracts for the development of future platforms relating to digital technologies (drones, micro/nanosatellites, etc.), land vehicles and even the shipbuilding industry.

  - Rail: in a context of market consolidation and streamlining of supplier base, Altran has reinforced its position with key industry leaders. This has led the Group to implement transformation projects, to outsource its development activities (such as the autonomous train) and to digitalize its industrial services.

- Media & Telecommunications

  Growth in this business activity can mainly be attributed to the Group's positioning with regard to preparing for transition to the 5G network, particularly through its "World Class Center". Altran has won major contracts in this area, bringing together the expertise of teams from several countries including the United Kingdom, Germany, Italy and France, confirming its position as an international player.

  The Automotive, Infrastructure & Transportation; Aerospace, Defense and Rail; and Media & Telecommunications business activities account for 23%, 23% and 18% respectively of consolidated revenue for financial year ended December 31, 2017 (compared with 22%, 23% and 17% respectively, for financial year ended December 31, 2016).

### Annual invoicing rate

The annual invoicing rate (excluding Cambridge Consultants/Synapse and Tessella business activities) was in general stable for financial year ended December 31, 2017, decreasing by 70 basis points from 87.3% for financial year ended December 31, 2016 to 87.1% for financial year ended December 31, 2017.

With the Group increasingly shifting its emphasis to the Industrialized GlobalShore® model, and to high value-added services, the use of this indicator to assess changes in Group performance has lost its relevance. Consequently, the indicator will no longer be published as of January 1, 2018.

### Other revenues from operations

Other revenues from operations mainly comprises operating subsidies (including the French research tax credit - crédit impôt recherche, or other equivalent systems outside France) and capitalized production. This line item increased by €2.7m (up 4%), from €66.7m for financial year ended December 31, 2016, to €69.4m for financial year ended December 31, 2017.

### Gross margin and operating income on ordinary activities (on continuing activities)

The gross margin represents the difference between income on ordinary activities (revenue and other income on activities) and consultant and project costs.

| | 2017 | | | 2016* | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Consultants/ Projects | Overheads | Total | Consultants/ Projects | Overheads | Total |
| Revenues | 2,281.4 | 0.8 | 2,282.2 | 2,073.4 | 0.7 | 2,074.1 |
| Other income from operations | 69.4 | | 69.4 | 66.7 | | 66.7 |
| **REVENUES FROM ORDINARY OPERATIONS** | **2,350.8** | **0.8** | **2,351.6** | **2,140.1** | **0.7** | **2,140.8** |
| Cost of goods and services sold | (31.6) | (4.8) | (36.4) | (22.1) | (4.9) | (27.1) |
| Change in work in progress | 0.9 | | 0.9 | 0.7 | | 0.7 |
| External expenses | (326.0) | (116.1) | (442.0) | (274.8) | (123.2) | (398.0) |
| Personnel costs - salaries | (1,337.5) | (267.6) | (1,605.1) | (1,225.5) | (248.8) | (1,474.3) |
| Personnel costs - share-based payments | | (2.3) | (2.3) | | (1.5) | (1.5) |
| Taxes and duties | | (2.9) | (2.9) | | (2.8) | (2.8) |
| Depreciation, amortization and net provisions | 7.9 | (15.2) | (7.3) | (4.7) | (9.8) | (14.5) |
| Other operating expenses | (3.8) | (6.3) | (10.2) | (3.3) | (3.3) | (6.7) |
| **Gross margin** | **660.7** | | | **610.4** | | |
| % of revenues | 29.0% | | | 29.4% | | |
| **Overheads** | | **(414.4)** | | | **(393.6)** | |
| **OPERATING INCOME ON ORDINARY ACTIVITIES (ON CONTINUING ACTIVITIES)** | | | **246.3** | | | **216.8** |
| % of revenues | | | 10.8% | | | 10.5% |
| ***EBITDA*** | **654.1** | **(398.9)** | **255.3** | **616.1** | **(383.6)** | **232.5** |
| % of revenues | | | 11.2% | | | 11.2% |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

### Cost of goods and services sold

Cost of goods and services sold mainly comprises purchases not held in inventory, including materials, supplies and project equipments. This line item increased by €9.3m (up 34.3 %), from €27.1m for financial year ended December 31, 2016, to €36.4m for financial year ended December 31, 2017. The increase is partly due to activity in the project management business in 2017, and the increase in the number of employees.

### External expenses

| *(in millions of euros)* | 2017 | 2016* | Change |
|---|---|---|---|
| Revenues | 2,282.2 | 2,074.1 | + 10.0% |
| Total external expenses | 442.0 | 398.0 | + 11.1% |

| | | | |
|---|---:|---:|---:|
| % of revenues | 19.4% | 19.2% | + 0.2 pt |
| *o/w outsourcing* | *185.1* | *149.1* | *+ 24.1%* |
| *% of revenues* | *8.1%* | *7.2%* | *+ 0.9 pt* |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

External expenses increased by €44.0m (up 11.1%), from €398.0m for financial year ended December 31, 2016, to €442.0m for financial year ended December 31, 2017.

The increase is mainly due to:

- outsourcing expenses amounting to €36.0m;
- transportation and travel expenses amounting to €5.6m; and
- operating leases (mainly property leases) amounting to €5.3m.

### Personnel costs

| *(in millions of euros)* | **2017** | **2016*** | **Change** |
|---|---:|---:|---:|
| Revenues | 2,282.2 | 2,074.1 | + 10.0% |
| Personnel costs | 1,605.1 | 1,474.3 | + 8.9% |
| *% of revenues* | *70.3%* | *71.1%* | *- 0.8 pt* |
| Personnel costs – share-based payments | 2.3 | 1.5 | + 53.3% |
| *% of revenues* | *0.1%* | *0.1%* | *+ 0.0 pt* |

** 2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

Personnel costs increased by €130.8m (up 8.9%), from €1,474.3m for financial year ended December 31, 2016, to €1,605.1m for financial year ended December 31, 2017. The increase is in line with the change in the number of Group employees, including the Group's acquisitions during the year ended December 31, 2017. The table below presents the total number of employees at period-end, and the average number of employees for financial years ended December 31, 2016 and December 31, 2017:

| | **12/31/2017** | **12/31/2016*** |
|---|---:|---:|
| Total headcount at end of period | 33,665 | 28,950 |

| | **2017** | **2016*** |
|---|---:|---:|
| Average headcount at end of period | 31,109 | 27,115 |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

At December 31, 2017, the Group had a total of 33,665 employees (up 16.3%), representing an increase of 4,715 employees compared with the year ended December 31, 2016.

On a like-for-like basis, the number of consultants recruited for financial year ended December 31, 2017 amounted to 9,822, compared with 8,798 for financial year ended December 31, 2016.

The Group's acquisitions contributed to an increase in employee number to 2,553 for financial year ended December 31, 2017 (as compared to 1,019 in 2016). The Group's disposals in 2017 led to a decrease in employee number of 108 (no disposals in 2016).

The total cost of share-based payments amounted to €2.3m at December 31, 2017, compared with €1.5m for financial year ended December 31, 2016, and relates to free-share

plans set up on March 11, 2015, June 1, 2016 and April 28, 2017. For further information regarding these free-share plans, see note 6.4 to the consolidated financial statements for financial year ended December 31, 2017 included in section 6.2 "Consolidated income statement".

### Depreciation, amortization and net provisions

Depreciation, amortization and net provisions decreased by €7.2m (down 49.7%), from €14.5m for financial year ended December 31, 2016 to €7.3m for financial year ended December 31, 2017.

Depreciation expense relating to intangible assets mainly comprised the amortization of software. Depreciation expense relating to property, plant and equipment comprised office and IT equipment, and general furniture and fixtures.

In 2017, changes in net provisions mainly comprised provision reversals relating to the research tax credit *(crédit impôt recherche*) for the years 2011 to 2013.

### Gross margin

The consolidated annual gross margin (see calculation above) increased by 8.2% in 2017, from €610.4m in 2016 (29.4% of revenue) to €660.7m in 2017 (29.0% of revenue).

### Overheads

Overheads, which cover the Group's administrative and marketing costs, increased by 5.3% in 2017, from €393.6m in 2016 (18.79% of revenue) to €414.4m in 2017 (18.2% of revenue).

### Operating income on ordinary activities (on continuing activities)

Operating income on ordinary activities increased by €29.5m (up 13.6%), from €216.8m for financial year ended December 31, 2016, to €246.3m for financial year ended December 31, 2017.

#### 5.1.3.2 EBITDA

EBITDA is an alternative indicator of performance which will be used going forward, among other indicators, to measure the Group's operating performance. Indeed, the operating income on ordinary activites measure becomes less relevant for the Group after the Acquisition of Aricent to the extent that it will be undermined in the upcoming years by the amortization of the licences acquired from IBM (see Section 8.8.4.2 "*Contracts concluded between Aricent and IBM*").

EBITDA corresponds to the operating income on ordinary activities before depreciation, amortization and changes in net provisions, and personnel costs (IAS 19).

The following table presents the Group's computation of EBITDA from operating income on ordinary activities:

| *(in millions of euros)* | **2017** | **2016*** |
|---|---|---|
| Operating income on ordinary activities | 246.3 | 216.8 |
| Depreciation, amortization and changes in net provisions | 7.3 | 14.5 |
| Personnel costs – IAS 19 | 1.7 | 1.2 |
| **EBITDA** | **255.3** | **232.5** |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

The Group's EBITDA increased by €22.8m (up 9.8%), from €232.5m for financial year ended December 31, 2016, to €255.3m for financial year ended December 31, 2017.

#### 5.1.3.3 Operating income on continuing activities

##### Other non-recurring operating income and expenses

Other non-recurring operating income and expenses include non-recurring items likely to alter a user's understanding of the Group's operating performance.

Other non-recurring operating income and expenses, excluding costs relating to the Acquisition, have increased by €8.6m (up 39.8%), from a net expense of €21.7m for financial year ended December 31, 2016, to net expense of €30.3m (1.3% of revenue), for financial year ended December 31, 2017. For financial year ended December 31, 2017, other non-recurring operating income and expenses related to the following (see note 6.6 to the consolidated financial statements for financial year ended December 31, 2017, included in section 6.2 "Consolidated income statement"):

- acquisition-related costs amounting to €13.2m (compared with €5.5m for financial year ended December 31, 2016), of which €8.7m relates to the Acquisition;
- a net impact of €17.2m under restructuring plans (compared with €18.2m for financial year ended December 31, 2016 after restatement for the disposal of the Utilities business in the United States, which was sold in December 2017); and
- disputes and other non-recurring costs amounting to €8.6m (compared with €2.0m revenue in 2016).

##### Depreciation of intangible rights and goodwill impairment

Depreciation of intangible rights mainly comprised client relations recognized in respect of acquisitions made in prior years, up to the year ended December 31, 2016. This line item has remained stable between 2016 and 2017 at €4.3m. For the financial year ended December 31, 2016, a €2.6m goodwill impairment was recorded in the statutory accounts of subsidiaries in Canada and India, which related to the discontinuance of an energy business. No goodwill impairment was recorded in 2017.

##### Operating income on continuing activities

Operating income on continued activities increased by €14.8m (up 7.9%), from €188.2m for financial year ended December 31, 2016, to €203.0m for financial year ended December 31, 2017.

#### 5.1.3.4 Net income

##### Cost of net debt

The cost of net debt decreased by €1.6m (down 11.9%), from €13.4m for financial year ended December 31, 2016, to €11.8m for financial year ended December 31, 2017.

The cost of net debt for financial year ended December 31, 2017 corresponds to the following:

- financial proceeds of €2.8m (compared with €4.6m for financial year ended December 31, 2016) from cash and cash equivalent investments; and

- financial expenses of €14.6m (compared with €18.0m for financial year ended December 31, 2016), comprising interest on bonds (with maturities between 2019 and 2021) amounting to €8.7m, interest on receivables factoring and transfer arrangements, amounting to €3.1m, interest on revolving credit facilities, amounting to €1.2m, and interest on other credit agreements amounting to €1.6m.

### Other financial proceeds and expenses

Other proceeds decreased by €1.4m (down 13.2%), from €10.6m for financial year ended December 31, 2016, to €9.2m for financial year ended December 31, 2017. The decrease is mainly due to lower proceeds from foreign exchange gains (€2.5m for financial year ended December 31, 2017, compared with €9.8m for financial year ended December 31, 2016) and to provision reversals of €5.4m for non-consolidated equity investments and other non-current assets in the United Kingdom and in the United Arab Emirates.

With regard to other expenses, these have increased by €5.0m (up 40.0%), from net expense of €12.5m for financial year ended December 31, 2016, to net expense of €17.5m for financial year ended December 31, 2017.

The increase is mainly due to the following:

- the disposal of non-consolidated equity investments in the United Kingdom, whose net book value was €7.8m;
- foreign exchange losses of €6.0m (compared with €5.7m for financial year ended December 31, 2016); and
- accelerated depreciation of borrowings costs of €1.9m relating to the €500m revolving facility.

### Tax expenses

Tax expenses decreased by €8.9m, from €51.7m for financial year ended December 31, 2016, to €42.8m for financial year ended December 31, 2017.

This line items mainly comprises:

- current tax expenses amounting to €32.3m (including €12.6m in “secondary” taxes, mainly comprising the French value-added business tax (CVAE) for €11.8m, and Italian production tax (IRAP) for €1.2m); and
- deferred tax expenses amounting to €10.5m.

Therefore, the Altran group’s effective tax rate stands at 23.4%.

### Net income on continuing activities

Net income on continuing activities increased by €18.5m (up 15.3%), from €121.2m for financial year ended December 31, 2016, to €139.7m for financial year ended December 31, 2017.

### Net income on discontinued activities

Net income on discontinued activities relates exclusively to the Utilities business in the United States, sold by the Group in December 2017.

Net income on the Utilities business in the United States was recognized on such line of the income statement until the date of its disposal for €0.6m (compared with €1.4m for financial year ended December 31, 2016). The loss on disposal (disposal costs included) was also recorded in this line item for €9.5m. The contribution of the Utilities business to income for 2016 presented for comparative purposes has also been recognized in such line item.

For information purposes, revenue and operating income on ordinary activities, generated by the Utilities business, are as follows:

| *(in millions of euros)* | 2017 | 2016 |
|---|---|---|
| Revenues | 20.7 | 46.0 |
| Operating income on ordinary activities | 0.9 | 2.8 |

### Group net income

Total Group net income (including income on discontinued activities) increased by €8.3m (up 6.8%), from €122.5m for financial year ended December 31, 2016, to €130.8m for financial year ended December 31, 2017.

Net income includes significant non-recurring amounts relating to the Acquisition. Excluding Aricent's Acquisition-related items, net income would have amounted to €139.5m (up 13.8% compared with the year ended December 31, 2016).

### Earnings per share

| *(in millions of euros)* | 2017 | 2016* |
|---|---|---|
| Net income attributable to Group | 130.8 | 122.5 |
| Ordinary shares (weighted average number) | 172,760,172 | 173,233,526 |
| Net earnings per share (*in euros*) | 0.76 | 0.71 |
| Net income before discontinued operations | 139.70 | 121.20 |
| Ordinary shares (weighted average number) | 172,760,172 | 173,233,526 |
| Earnings per share on continued operations (*in euros*) | 0.81 | 0.70 |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

## 5.1.4 Analysis of revenue on ordinary operations and operating income on ordinary activities by operating segment for financial years ended December 31, 2017 and December 31, 2016

In accordance with IFRS 8, the Group discloses the segmentation of its business activity in line with its operating management structure.

The following are the Group's operating segment areas for financial year ended December 31, 2017:

- France: France, Morocco and Tunisia;
- Northern Europe: Germany, Austria, Benelux, Czech Republic, Romania, United Kingdom, Scandinavia, Slovakia and Switzerland;
- Southern Europe: Italy, Turkey, Spain and Portugal; and
- Rest of the World: Americas, Asia and Ukraine.

The table below shows the distribution of revenue and operating income on ordinary activities by operating segment for financial years ended December 31, 2017 and December 31, 2016.

| *(in millions of euros)* | 2017 | | | | | 2016* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | France | Northern Europe | Southern Europe | Rest of the World | Group | France | Northern Europe | Southern Europe | Rest of the World | Group |
| Revenues | 920.2 | 758.2 | 449.4 | 154.4 | **2,282.2** | 861.6 | 669.2 | 430.1 | 113.2 | **2,074.1** |
| *% of Group revenues* | *40.3%* | *33.2%* | *19.7%* | *6.8%* | ***100.0%*** | *41.5%* | *32.3%* | *20.7%* | *5.5%* | ***100.0%*** |
| Operating income on ordinary activities | 125.3 | 46.2 | 60.4 | 14.4 | **246.3** | 90.1 | 58.8 | 61.9 | 6.0 | **216.8** |
| *Margin on operating income on ordinary activities (%)* | *13.6%* | *6.1%* | *13.4%* | *9.3%* | ***10.8%*** | *10.5%* | *8.8%* | *14.4%* | *5.3%* | ***10.5%*** |
| Published growth (%) | 6.8% | 13.3% | 4.5% | 36.4% | **10.0%** | | | | | |
| Organic growth (%) | 6.8% | 2.2% | 4.5% | 5.4% | **4.8%** | | | | | |
| Economic growth (%) | 7.6% | 3.0% | 5.4% | 5.8% | **5.6%** | | | | | |

* *Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States in December 2017.*

#### 5.1.4.1 France

Between 2016 and 2017, consolidated revenue generated in France increased from €861.6m for financial year ended December 31, 2016 to €920.2m for financial year ended December 31, 2017. This represents an increase of €58.6m (up 6.8%) and an economic growth of 7.6%. Growth is recorded in all segments, in particular Space, Defense & Rail, Automotive, Infrastructure & Transportation due to clients and partners' good momentum in these industries.

In Morocco, Altran has implemented its nearshoring development strategy in the Automotive segment and made encouraging progress in diversifying its activity, particularly in the Aeronautics & Defense segments.

The contribution of France to consolidated Group revenue decreased by 120 basis points due to the Group's international acquisition strategy. It decreased from 41.5% for financial year ended on December 31, 2016 to 40.3% for financial year December 31, 2017.

Between 2016 and 2017, the operating income on ordinary activities of France increased from €90.1m for the financial year ended December 31, 2016 to €125.3m for the financial year ended December 31, 2017, representing an increase of €35.2m (up 39.1%). The margin on operating income on ordinary activities of France also increased by 310 basis points, from 10.5% for the financial year ended December 31, 2016 to 13.6% for the financial year ended December 31, 2017.

#### 5.1.4.2 Northern Europe

Between 2016 and 2017, consolidated revenue generated in Northern Europe increased from €669.2m for the financial year ended December 31, 2016 to €758.2m for the financial year ended December 31, 2017. This represents an increase of €89m (up 13.3%) and an economic growth of 3.0%. This increase is due to a scope effect of 13.1% which reflects the full-year contribution of revenue from Synapse, acquired by Cambridge Consultants, and the integration of Swell, respectively, from August 2016 and November 2016 onwards. In addition, the following acquisitions were made during the year ended December 31, 2017:

- Benteler Engineering Services in the Netherlands, Germany, Romania and Sweden; and
- Information Risk Management (IRM) in the United Kingdom.

Due to these acquisitions, the contribution from Northern Europe to the consolidated Group revenue increased from 32.3% for the financial year ended December 31, 2016 to 33.2% for the financial year ended December 31, 2017, up by 90 basis points.

In the United Kingdom, Group business acitvity has weathered the impact of "Brexit" in the engineering sector. In Benelux, the Group implemented an action plan intended to revive growth.

In a consistently competitive German market, Altran has adapted its service offering in the Automotive segment, in particular by acquiring Benteler Engineering Services and Swell. Revenue from Germany and Austria increased from €220.5m for the financial year ended December 31, 2016 to €275.0m for the financial year ended December 31, 2017, amounting to an economic growth of 7.2%.

Between 2016 and 2017, the operating income on ordinary activities of Northern Europe decreased from €58.8m for the financial year ended December 31, 2016 to €46.2m for the financial year ended December 31, 2017, down by €12.6m (down 21.4%). The corresponding margin on operating income on ordinary activities also decreased from 8.8% for the financial year ended December 31, 2016 to 6.1% for the financial year ended December 31, 2017, down by 270 basis points.

#### 5.1.4.3 Southern Europe

Between 2016 and 2017, revenue generated in Southern Europe increased from €430.1m for the financial year ended December 31, 2016 to €449.4m for the financial year ended December 31, 2017, up by €19.3m (+4.5%) and representing an economic growth of 5.4%.

In Italy, the improved economic context at the beginning of the year has been confirmed throughout 2017, resulting in an economic growth of 1.0% for the year. Revenue increased from €216.3m for the financial year ended December 31, 2016 to €216.6m for the financial year ended December 31, 2017, due to renewed growth in the automotive market.

Revenue of the Iberian Peninsula increased from €213.8m for the financial year ended December 31, 2016 to €232.8m for the financial year ended December 31, 2017, amounting to an economic growth of 9.7%. Altran has focused on its development within the banking and telecommunications sectors in Portugal, gaining a significant number of nearshoring and local development contracts.

Due to acquisitions made by the Groupe outside Southern Europe during the year ended December 31, 2017, the contribution of this area to consolidated revenue decreased from 20.7% for the financial year ended December 31, 2016 to 19.7% for the financial year ended December 31, 2017, down by 100 basis points.

Between 2016 and 2017, operating income on ordinary activities generated in Southern Europe decreased from €61.9m for the financial year ended December 31, 2016 to €60.4m for the financial year ended December 31, 2017, down by €1.5m (i.e. down 2.4%). This decrease is mainly due to the more competitive environment in Southern Europe. The margin on operating income on ordinary activities of Southern Europe also decreased from 14.5% for the financial year ended December 31, 2016 to 13.4% for the financial year ended December 31, 2017, down by 100 basis points.

#### 5.1.4.4 Rest of the World

Between 2016 and 2017, revenue generated in the Rest of the World area increased from €113.2m for the financial year ended December 31, 2016 to €154.4m for the financial year

ended December 31, 2017. This represents an increase of €41.2m (up 36.4%) and an economic growth of 5.8%. This increase is due to a scope effect of up 32.7% due to the acquisitions of Pricol Technologies and Global Edge Software, and the strong increase in semiconductor equipment manufacturing with the Group's large international clients. India is an important growth driver in this sector, because clients often outsource entire branches of their development processes, as well as verification and approval testing.

In 2017, Altran's business in the United States went through an economically adverse stage with the end of a large-scale mediation programme with a client in the Life Sciences sector, the bankruptcy of a start-up client in the technology sector and a client in the corporate software sector choosing to reinternalize Research & Development activity following an acquisition.

Revenue increased from €59.6m for the financial year ended December 31, 2016 to €83.4m for the financial year ended December 31, 2017. The negative economic growth of 6.3% reflects those current difficulties.

The individual performances of the United States and India must be considered jointly because a growing part of American projects are carried out in India. Combined economic growth of the United States and of India is therefore of 5.2%.

The contribution of the Rest of the World area to consolidated revenue increased from 5.5% for the financial year ended December 31, 2016 to 6.8% for the financial year ended December 31, 2017, up by 130 basis points.

Between 2016 and 2017, operating income on ordinary activities generated in the Rest of the World area increased from €6m for the financial year ended December 31, 2016 to €14.4m for the financial year ended December 31, 2017, up by €8.4m (up 140.0%). The margin on operating income on ordinary activities of this area also increased from 5.3% for the financial year ended December 31, 2016 to 9.3% for the financial year ended December 31, 2017, up by 400 basis points.

# 5.2 Group cash flow and equity

## 5.2.1 General presentation

The main financing requirements of the Group consist of working capital requirement, capital expenditure (particularly relating to acquisitions), payment of interest expenses on loans and repayment of these loans.

The Group's main source of regular liquidity consists of its cash flows from operating activities. The Group's ability to generate future cash flows from operating activities will depend on its future operating performance, which to some extent depends on economic, financial, competitive, market, regulatory and other factors. The majority of these factors are beyond the Group's control. The Group uses its cash and cash equivalents to finance its daily funding requirements. The Group's cash is denominated in euros.

## 5.2.2 Consolidated cash flows

The table below summarizes the Group's consolidated cash flows for financial years ended December 31, 2017, and December 31, 2016:

| *(in millions of euros)* | 2017 | 2016* |
|---|---|---|
| Cash flows before net interest expenses and taxes | 225.1 | 212.7 |

| | | |
|---|---|---|
| Change in working capital requirement | (4.6) | (61.0) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **220.5** | **151.7** |
| Net interest paid | (9.9) | (10.0) |
| Taxes paid | (44.9) | (31.5) |
| Cash impact of other financial income and expenses | (1.7) | (3.3) |
| Net cash flows from discontinued operations | (3.0) | 0.5 |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **161.0** | **107.4** |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(169.5)** | **(181.0)** |
| **NET CASH FLOWS FROM FINANCING OPERATIONS** | **(88.2)** | **30.4** |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

#### 5.2.2.1 Net cash flows from operating activities (including net interest paid)

The table above presents consolidated cash flows items from operating activities, for financial years ended December 31, 2017 and December 31, 2016.

Net cash flows from operating activities increased by 49.9%, from €107.4m for financial year ended December 31, 2016, to €161.0m for financial year ended December 31, 2017.

The change is mainly due to the following:

- an increase in cash flows before net interest expenses and taxes (defined as operating income, plus goodwill impairment and amortization of intangible rights, depreciation, amortization and net operating provisions, income and expenses relating to share-based payments, gains or losses on disposals, and other income and expense) of €12.4m, up from €212.7m for financial year ended December 31, 2016, to €225.1m for financial year ended December 31, 2017;

- a positive change in working capital requirement from activities of €56.4m, compared with the year ended December 31, 2016. The Group's working capital requirements are mostly funded by cash generated from activities;

- a decrease in net interest paid (down €0.1m compared with the year ended December 31, 2016) and an increase in taxes paid (up €13.4m compared with the year ended December 31, 2016). Net interest paid accounted for €9.9m and €10.0m for financial years ended December 31, 2017 and December 31, 2016, respectively (*i.e.* down 1.0%). Taxes paid for financial year ended December 31, 2017 amounted to €44.9m, up 42.5% compared with financial year ended December 31, 2016. The increase in taxes paid results from the Group's greater taxable income, relating, in particular, to higher operating income from ordinary activities for financial year ended December 31, 2017.

#### 5.2.2.2 Net cash flows from investing activities

Part of the Group's cash flows is used to finance capital expenditure, which mainly comprises investments in the following:

- integration scope changes (down €108.7m for financial year ended December 31, 2017). See section 5.1.2.7, "Main investments, acquisitions, joint arrangements and disposals";

- property, plant and equipment: the most significant investments made in 2017 relate to the extension of Cambridge Consultants' premises (see note 5.3 to the Group's consolidated statement for financial year ended December 31, 2017 in section 6.2 "Consolidated income statement"), and, to a lesser extent, automotive test chambers and equipment in the Czech Republic. The Group has also made investments in IT

equipment and in fixtures and fittings for its premises, as a result of an increase in its employee numbers; and

- intangible assets: the Group has been investing, in particular, in an innovative, open software platform for the next generation of intelligent vehicles and machines (in partnership with Jaguar and Land Rover), in tool and method development projects relating to product development cycles as part of multi-sector R&D in Spain, and in the development of platforms, products and solutions relating to the Internet of Things (IoT) in France. The development and rollout of ERP and ERM software, has also contributed to capital expenditure in intangible assets.

Cash flows used in investing activities decreased by 6.4%, from €181.0m for financial year ended December 31, 2016, to €169.5m for financial year ended December 31, 2017.

#### 5.2.2.3 Net cash flows from financing operations

The amount of cash used in financing operations increased by €118.6m, from + €30.4m for financial year ended December 31, 2016, to - €88.2m for financial year ended December 31, 2017. This change is mainly due to a €75.5m decrease in the use of non-recourse factoring, resulting in an increase in the Group's net debt (compared to a €62.0m increase for financial year ended December 31, 2016).

### 5.2.3 Free Cash Flow (FCF)

Free Cash Flow is an alternative indicator used by the Company to measure performance. It corresponds to cash flows generated by Group's operations after payment of taxes, investments necessary for the Company to carry out its business, and before payment of net interest. This represents available cash flows to reimburse debt, pay dividends or carry out specific transactions, in particular growth operations.

Free Cash Flow is calculated as follows: operating income on ordinary activities + current net depreciation and provisions linked to operations + current charges and income + non-recurring charges with cash impact – asset investments required for operations, net of disposals - tax paid +/- change in working capital requirement.

Free Cash Flow is broken down as follows:

| *(in millions of euros)* | 2017 | 2016* |
|---|---|---|
| **OPERATING INCOME ON ORDINARY ACTIVITIES** | **246.3** | **216.8** |
| Current net operating depreciations and provisions | 9.3 | 13.6 |
| Cancellation of current charges/income | (1.1) | 3.8 |
| Plus non-recurring charges with cash impact | (29.4) | (21.5) |
| **CASH FLOWS BEFORE COST OF NET FINANCIAL DEBT AND TAX** | **225.1** | **212.7** |
| Change in working capital requirement | (4.6) | (61.0) |
| Tax paid | (44.9) | (31.5) |
| Cash outlays related to tangible and intangible asset acquisitions | (57.9) | (46.6) |
| Proceeds from tangible and intangible asset disposals | 0.4 | 10.0 |
| **FREE CASH FLOW** | **118.1** | **83.6** |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

### 5.2.4 Operating Free Cash Flow

Following the Acquisition, Free Cash Flow has become less relevant as a performance indicator for the Group, as the Acquisition will be subject to disbursements in the upcoming

financial years, as part of license acquisition agreements with IBM (see section 8.8.4.2 "Contracts concluded between Aricent and IBM").

Operating Free Cash Flow corresponds to operating income on ordinary activities + share-based payments (non-cash item) - non-recurring income and charges with a cash impact +/- changes in net working capital requirement - disbursements relating to the acquisition of tangible and intangible assets, net of receipts.

Operating Free Cash Flow is broken down as follows:

| *(in millions of euros)* | 2017 | 2016* |
|---|---|---|
| **OPERATING INCOME ON ORDINARY ACTIVITIES** | **246.3** | **216.8** |
| Depreciation, amortization and changes in net provisions | 7.3 | 14.5 |
| Personnel costs - IAS 19 | 1.7 | 1.2 |
| **EBITDA** | **255.3** | **232.5** |
| Cancellation of current charges/income | (1.1) | 3.8 |
| Non-recurring charges/income with cash impact | (29.4) | (21.5) |
| Net change in working capital requirement | (4.3) | (63.1) |
| Cash outlays related to tangible and intangible asset acquistions | (57.9) | (46.6) |
| Proceeds from tangible and intangible asset disposals | 0.4 | 10.0 |
| **OPERATING FREE CASH FLOW** | **163.0** | **115.1** |

* *2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

## 5.2.5 Shareholders' equity

Consolidated shareholders' equity amounted to €890.5m and €862.3m for financial years ended December 31, 2017 and December 31, 2016, respectively. The change in shareholders' equity over the year is mainly due to the increase in reserves attributable to parent-company equity holders (net of payment to shareholders).

## 5.2.6 Off-balance sheet commitments

The Group's off-balance sheet commitments are presented in note 7 to the consolidated financial statements for the financial year ended December 31, 2017, in section 6.2 "Consolidated financial statement".

## 5.2.7 Financial resources and liabilities

### 5.2.7.1 Financial resources

The Group mainly relies on the following sources of financing:

- net cash flows from operating activities, amounting to €161.0m and €107.4m for financial years ended December 31, 2017 and December 31, 2016, respectively;
- Free Cash Flow. Cash and cash equivalents amounting to €372.9 and €478.3m, at December 31, 2017 and December 31, 2016, respectively (see note 5.11 to the consolidated financial statements for financial year ended December 31, 2017, in section 6.2 "Consolidated financial statement"); and
- net debt, which at December 31, 2017, included (i) bonds amounting to €250m in the form of electronic bearer securities with a par value of €100,000 and (ii) a €500m credit facility to be used for the Group's general needs (see note 5.11 to the consolidated financial statements for financial year ended December 31, 2017, in

section 6.2 "Consolidated financial statement" and in section 5.2.7.2 "Financial liabilities").

#### 5.2.7.2 Financial liabilities

### Financial liabilities at December 31, 2017

All the financial liabilities are exposed in note 5.11 to the consolidated financial statement.

The Group's liabilities amounted to €719.9m and €682.8m for financial years ended December 31, 2017 and December 31, 2016, respectively. Changes in the Group's liabilities over the year were mainly due to the use of a commercial paper facility and to the lesser use of deconsolidating factoring.

The table below presents the composition of the financial debt as well as the Group's shift to net debt for financial years ended December 31, 2016 and December 31, 2017:

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| Bonds | 249.4 | 249.2 | 0.2 |
| Medium-term credit line | 1.2 | 19.3 | (18.1) |
| Short-term credit line | 469.3 | 414.3 | 55.0 |
| *o/w factoring* | *63.0* | *59.9* | *3.1* |
| **TOTAL FINANCIAL DEBT** | **719.9** | **682.8** | **37.1** |
| Cash and cash equivalent | 372.9 | 478.3 | (105.4) |
| **NET FINANCIAL DEBT** | **347.0** | **204.5** | **142.5** |

| *(in millions of euros)* | 12/31/2017 | 12/31/2016 | Change |
|---|---|---|---|
| **NET FINANCIAL DEBT** | **347.0** | **204.5** | **142.5** |
| Employee profit-sharing | 0.0 | 0.5 | (0.5) |
| Accrued interest | 4.1 | 4.6 | (0.5) |
| **NET DEBT** | **351.1** | **209.6** | **141.5** |

The Group has adopted the notion of net debt that comprises the sum of long-term financial liabilities and current financial liabilities minus the cash and cash equivalent.

Analysis of net debt by categories and by contractual annual maturity is described in note 5.11 to the Group's consolidated financial statement for financial year ended December 31, 2017, in section 6.2 "Consolidated financial statement".

The various changes to the Group's net debt for financial years ended December 31, 2016 and December 31, 2017, are presented below:

| *(in millions of euros)* | 2017 | 2016* | Impact IFRS 5 | Change from net financial debt to net debt | 2016 published |
|---|---|---|---|---|---|
| **NET DEBT AT OPENING (JANUARY 1)** | **(209.6)** | **(143.7)** | **0.0** | **(5.4)** | **(138.3)** |
| Cash flows before net interest expenses and taxes | 225.1 | 212.7 | (2.6) | | 215.3 |
| Change in working capital requirement | (4.6) | (61.0) | 2.0 | | (63.0) |
| **NET OPERATING DEBT** | **220.5** | **151.7** | **(0.6)** | **0.0** | **152.3** |
| Net interest paid and other financial income and expenses | (11.1) | (13.3) | | 0.0 | (13.3) |
| Taxes paid | (44.9) | (31.5) | 0.1 | | (31.6) |
| Net cash flows from discontinued operations | (3.0) | 0.5 | 0.5 | | 0.0 |
| **NET CASHFLOW FROM OPERATING ACTIVITIES** | **161.5** | **107.4** | **(0.0)** | **0.0** | **107.4** |
| **NET CASHFLOW FROM INVESTING ACTIVITIES** | **(171.8)** | **(185.0)** | **0.0** | **0.0** | **(185.0)** |
| **NET CASHFLOW BEFORE FINANCING** | **(10.3)** | **(77.6)** | **(0.0)** | **0.0** | **(77.6)** |

| OPERATIONS | | | | | |
|---|---|---|---|---|---|
| Impact of variations in exchange rates and others | (10.0) | (3.9) | | 0.3 | (4.2) |
| Treasury share transactions (purchase) | (1.6) | (7.0) | | | (7.0) |
| Impact of the capital increase | | 0.3 | | | 0.3 |
| Non consolidated receivables transferred to Factor | (78.1) | 55.2 | | | 55.2 |
| Dividends paid | (41.5) | (32.9) | | | (32.9) |
| **CLOSING NET DEBT** | **(351.1)** | **(209.6)** | **(0.0)** | **(5.1)** | **(204.5)** |

** 2016 data are restated for the Utilities business in the United States, which was sold in December 2017.*

In the year ended December 31, 2017, the Group's net debt increased by 67.5%, from €209.6m at December 31, 2016, to €351.1m at December 31, 2017.

The increase in net debt is mainly due to the lesser use of deconsolidating factoring services, down €78.1m[43] at December 31, 2017, as opposed to an increase in the use of deconsolidating factoring between financial years ended December 31, 2016 and December 31, 2015 of up €55.2m.

Moreover, at December 31, 2017 and December 31, 2016, the Group's net debt to EBITDA ratio[44], calculated pursuant to banking agreements, amounted to 1.50x and 0.94x, respectively.

The main terms and conditions of the financing vehicles in place at December 31, 2017 are described below. None of these financing vehicles are secured.

- Bonds

The Group has issued several bonds for a total amount of €250m:

- €135m bond issued on July 16, 2013, maturing on July 16, 2019, bearing interest at an annual rate of 3.75%;
- €10m bond issued on July 17, 2014, maturing on July 17, 2020, bearing interest at an annual rate of 2.81%; and
- €105m bond, issued for €75m on July 17, 2014 and for €30m on August 1, 2014, maturing on July 16, 2021, bearing interest as an annual rate of 3.00%.

The bonds' terms and conditions included a financial ratio commitment (net debt to EBITDA ratio)[45] of less than 2.75x at December 31 of the first two years, and then less than 2.50x at December 31, 2017 of the subsequent years until the bonds were actually repaid.

Moreover, early repayment at the holders' option is possible at any time in case of (i) non-compliance with terms and conditions of the bonds, including the financial ratio commitment, (ii) change of control, (iii) payment default, under certain conditions, of any loan debts of the issuer or any of its subsidiaries, (iv) conclusion of a voluntary agreement with its creditors,

[43] Excluding currency effects. Including currency effects, the variation would have been down €78.5m at December 31, 2017.

[44] Consolidated and audited EBITDA for a 12-month period adjusted on a pro forma basis to include (on a 12-month basis) the EBITDA relating to any eligible company acquired in the context of an authorised external growth operation carried out during the said period.

[45] Consolidated and audited EBITDA for a 12-month period adjusted on a pro forma basis to include (on a 12-month basis) the EBITDA relating to any Eligible Company acquired in the context of an Authorised External Growth Operation carried out during the said period.

judicial or voluntary liquidation, judgment rendered for the transfer of the issuer's business, and (v) dissolution, liquidation, merger, demerger or absorption of the issuer or of its principal subsidiaries that would not transfer all of the issuer's obligations to the successor legal entity. The Group also committed to maintain the ranking of the bond loan, in particular by not granting, with certain exceptions, security interests in its assets or income without granting equivalent securities or securities of the same rank to the benefit of bond holders on the same date.

Following approval by the bond holders' general meetings held on January 8, 2018, early repayment of each of these bond loans is made possible at the Company's option at any time before their respective maturity dates. The Company used this option and effected early repayment of each of these bond loans on March 20, 2018.

Financial costs relating to these loans for financial year ended December 31, 2017 amounted to €8.7m.

- Multi-currencies revolving facility agreement

On July 27, 2017, the Group entered into a €500m multi-currencies (EUR, USD, GBP) revolving facility agreement, syndicated and unsecured, replacing previously existing €300m lines of credit. This financing was particularly aimed at financing the Group's general needs.

The Group had committed to a financial ratio (net debt to EBITDA ratio)[46] of less than 2.50x at June 30 and December 31 of each year, it being specified that the agreement provided that this ratio may temporarily exceed 2.50x in the context of the closing of certain acquisitions and provided that this ratio does not exceed 3.00x.

In addition, the Group has entered into a number of customary undertakings under this facility agreement, inter alia (i) to comply with laws and regulations applicable, (ii) not to make any substantial change to the general nature of the business, (iii) to ensure that the obligations under the facility agreement rank at least *pari passu* with the obligations of the Group under its other debts, (iv) to comply with the facility agreement's negative pledge provisions imposing *inter alia* to not grant any security over any of its assets beyond what is permitted under the agreement, (v) to comply, subject to certain exceptions, with all taxes and social security obligations, (vi) not to enter into any merger, demerger, partial contribution of assets, except in the context of intra-Group transactions provided that they do not involve the disappearance of a borrower or a material subsidiary as defined in the agreement or result in an event of default, (vii) to make acquisitions only to the extent that they are permitted under the agreement, in particular those involving a company with the same or equivalent activity as that of the Group, (viii) not to dispose of assets except as permitted under the agreement, (ix) not to pay any dividends beyond what is permitted under the agreement (as the payment of a dividend by the borrower to its shareholders, the payment made by the borrower under an intra-Group loan, or the payment of a share capital redemption), (x) to maintain usual insurances regarding the Group's business and assets, (xi) to duly pay and discharge all taxes and social security contributions, (xii) not to use the proceeds of the facility agreement in prohibited activities (in particular corruption, money laundering, terrorist financing) or to the benefit of persons subject of economic or financial sanctions imposed by a French or foreign authority.

[46] Consolidated and audited EBITDA for a 12-month period adjusted on a pro forma basis to include (on a 12-month basis) the EBITDA relating to any Eligible Company acquired in the context of an Authorised External Growth Operation carried out during the said period.

This revolving facility, unused as at December 31, 2017, has been resiliated in advance on March 20, 2018 in the context of the implementation of new financing at the time of the Acquisition.

Financial costs relating to this loan for financial year ended December 31, 2017 amounted to €2.5m.

#### Financial liabilities post Acquisition of Aricent

In the context of the Acquisition, the Company entered into a Senior Facilities Agreement, as described in section 1.4.3 "New financing put in place in connection with the Acquisition".

On the date of closing of the Acquisition, the Term Loan B and the Bridge Facility were fully drawn and used notably to (i) pay the Acquisition price for Aricent, (ii) pay the fees and costs associated with the Acquisition, and (iii) repay part of the Group's existing debt.

The main terms and conditions of the new financing implemented in the context of the Acquisition are described in section 1.4.3 "New financing put in place in connection with the Acquisition".

The Company contemplates to carry out a capital increase, with shareholders' preferential subscription rights maintained, of a maximum amount of €750m, in order to repay part of these new loans. The net proceeds of this transaction, authorised by the Shareholders' General Meeting on January 26, 2018, would be exclusively used to repay financial liabilities, and would allow to repay the Bridge Facility in full and part of the Term Loan B.

Net debt to EBITDA ratio of the Group will amount, after (i) the drawing, as a first step, of the totality of the Term Loan B and the Bridge Facility occurred in the context of the Aricent Acquisition (as described above) and (ii) the repayment, as a second step, of the totality of the Bridge Facility and of part of the Term Loan B with the proceeds resulting from the contemplated capital increase (as described above), to c. 3.2x.[47]

See section 5.8 "Pro forma financial information" for a presentation of the Group's financing post Acquisition and pro forma of the planned capital increase.

## 5.3 Events subsequent to the reporting date

The significant events which occured between the reporting date and the date of publication of the financial statements are described in note 10 to the Group's consolidated financial statements for financial year ended December 31, 2017, included in section 6.2 "Consolidated financial statement".

Except for recent events mentioned in note 10 to the Group's consolidated financial statements for the financial year ended December 31, 2017 included in section 6.2 "Consolidated financial statement", no other significant event impacting the financial or

[47] Such net debt to EBITDA ratio will be computed as follows: (net debt of the Group as of December 31, 2017 adjusted in order to take into account (i) the drawing, as a first step, of the totality of the Term Loan B and the Bridge Facility occurred in the context of the Acquisition and (ii) the repayment, as a second step, of the totality of the Bridge Facility and of part of the Term Loan B with the proceeds resulting from the contemplated €750m capital increase (subject to market conditions)) / (Last twelve month EBITDA of the Group as of December 31, 2017 + Last twelve month EBITDA of the Aricent group as of September 30, 2017 + €25m run rate synergies)

commercial performance of the Altran group have occurred since December 31, 2017, which is the closing date of the previous financial year, for which the verified financial statements were published by the Company.

## *5.4 Trends and perspectives*

The Group's consolidated financial results for the financial year ended December 31, 2017 demonstrate that the transformation process initiated in 2015 is successful. In light of the Acquisition, the financial objectives previously set for 2020 in the context of *Altran 2020. Ignition* strategic business plan (especially in terms of revenue, operating income on ordinary activities (or EBIT) and Free Cash-Flow) became void. Thus, Altran will release a new strategic plan during an Investor Day that will take place on June 28, 2018.

Following the Acquisition, the Company intends to focus primarily on the operational integration of Aricent and its subsidiaries (see section 1.4.2.3 "Integration plan") and on its organic growth. The cash of the combined Group (including Aricent) will be mainly used to reduce its leverage ratio with the objective that it will reach 2.5x within two years following the closing date of the Acquisition. However, the Group may carry out targeted acquisitions during this period in particular in order to acquire certain specific valued skills.

## *5.5 Altran Technologies Income*

In addition to its own operational activities, Altran Technologies, as parent company of the Group, also carries out the management functions for the Group as defined in section 8.8.1 "Simplified organisational chart of the Group".

The annual financial statements of Altran Technologies are presented in euros for financial year 2017 in compliance with French Generally Accounting Plan (*Plan Comptable Général*), which has been drawn up in accordance with Regulation no. 2016.07 of the French Authority for Accounting Standards *(Autorité des Normes Comptables)* and its subsequent amendments.

Altran Technologies' revenues increased from €874.5m for financial year ended December 31, 2016 to €949.6m for financial year ended December 31, 2017, up by €75.1m (up 8.6%).

Altran Technologies' operating income increased from €42.5m for financial year ended December 31, 2016 to €67.6m for financial year ended December 31, 2017, up by €25.1m (up 59.0%). It represents 7.1% of the revenue for financial year ended December 31, 2017, compared to 4.9% for financial year ended December 31, 2016.

Financial income amounts to €15.6m for financial year ended December 31, 2017, down by €1.6m compared to €17.2m for financial year ended December 31, 2016.

Exceptional income increased from - €70.3m for financial year ended December 31, 2016 to - €13.1m for financial year ended December 31, 2017, up by €57.2m.

Factoring in net tax income of €32.8m (stemming from tax consolidation and the recognition of tax credits), a net accounting profit of €102.9m was recorded for financial year ended December 31, 2017 (compared to €30.8m for financial year end December 31, 2016).

Altran Technologies' shareholders' equity amounts to €692.7m for financial year ended December 1, 2017, up by €61.5m compared to financial year ended December 31, 2016 (up 9.7%).

No dividends have been paid for two financial years. However, Altran made a partial distribution of the share premium account amounting to €0.19 per share in 2016 and €0.24 per share in 2017.

### Income from Altran Technologies for the five previous years

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **I. FINANCIAL SITUATION AT THE END OF FINANCIAL YEAR** *(IN MILLIONS OF EUROS)* | | | | | |
| Share capital | 87.4 | 87.5 | 87.9 | 87.9 | 87.9 |
| Number of issued ordinary shares | 174.8 | 175.0 | 175.8 | 175.8 | 175.8 |
| **II. OPERATIONS AND RESULTS** | | | | | |
| Revenues (excluding taxes) | 790.5 | 802.7 | 807.9 | 874.5 | 949.6 |
| Profit (loss) before tax, depreciation, amortization and provisions | 14.4 | 76.8 | 36.4 | 12.6 | 70.2 |
| Corporate tax | (23.7) | (26.7) | (31.6) | (41.5) | (32.8) |
| Employee profit-sharing due | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit (loss) after tax, depreciation, amortization and provisions | 29.4 | 92.3 | 56.5 | 30.8 | 102.9 |
| Dividend paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **III. EARNINGS PER SHARE** *(IN EUROS)* | | | | | |
| Profit (loss) after tax, but before depreciation, amortization and provisions | 0.22 | 0.59 | 0.39 | 0.31 | 0.59 |
| Profit (loss) after tax, depreciation, amortization and provisions | 0.17 | 0.53 | 0.32 | 0.18 | 0.59 |
| Dividends paid per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **IV. EMPLOYEES** | | | | | |
| Average number of employees | 8,367 | 9,434 | 9,315 | 9,721 | 10,321 |
| Total wages and salaries | 408.2 | 408.6 | 397.1 | 421.0 | 442.6 |
| Social security and other staff benefits (pensions...) | 169.8 | 179.0 | 189.4 | 196.9 | 208.7 |

# 5.6 Other information

## 5.6.1 Information on payment deadlines

In accordance with Articles L. 441-6-1 and D. 441-4 of the French commercial code, information regarding payment deadlines for suppliers and clients are presented in the following table:

| *(in millions of euros)* | Article D. 441-I.-1°: Received invoices unpaid at the closing date for which payment period has expired | | | | | | Article D. 441-I.-2°: Issued invoices unpaid at the closing date for which payment period has expired | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 day (indicative) | 1-30 days | 31-60 days | 61-90 days | 91 days and more | Total (1 day and more) | 0 day (indicative) | 1-30 days | 31-60 days | 61-90 days | 91 days and more | Total (1 day and more) |
| **(A) Ranges of late payments** | | | | | | | | | | | | |
| Number of invoices concerned | 4,479 | | | | | **2,108** | 12,424 | | | | | **2,369** |
| Total amount of invoices concerned incl. VAT | 26.5 | 0.4 | 0.3 | 0.2 | 2.3 | 3.3 | 226.5 | 9.0 | 3.7 | 1.1 | 3.7 | **17.4** |
| Percentage of total amount of purchases incl. VAT | 9.5% | 0.2% | 0.1% | 0.1% | 0.8% | **1.2%** | | | | | | |
| Percentage of revenues incl. VAT | | | | | | | 20.1% | 0.8% | 0.3% | 0.1% | 0.3% | **1.5%** |
| **(B) Invoices excluded of (A) linked to litigious and non-booked payables and receivables** | | | | | | | | | | | | |
| Number of invoices excluded | 0 | | | | | | 250 | | | | | |

| Total amount of invoices excluded | 0 | 1.7 |
|---|---|---|
| **(C) Reference payment periods used (contractual or legal periods – Article L. 441-6 or Article L. 443-1 of the French commercial code)** | | |
| The reference payment periods which are used are the contractual periods, in accordance with legal provisions. | | |

### 5.6.2 Information on non-deductible expenses

During the financial year ended December 31, 2017, Altran Technologies recorded non-deductible expenses amounting to €20,921,098, €969,423 of which were sumptuary expenses non-deductible from taxable income, in accordance with Article 39-4 of the French tax code *(Code général des impôts).*

### 5.6.3 Other information

Information relating to R&D expenses is presented in section 8.9.1 ”Research, development and innovation policy”.

Key risks and uncertainties faced by the Group are described under section 2.1 “Risk factors”.

Information on corporate officers (*e.g.* a list of mandates, functions, stock options and remuneration) is available in Chapter 3 “Corporate governance and remuneration”.

Information concerning shareholders of Altran Technologies, treasury shares and notifications of significant holdings can be found in Chapter 8 “Information on the Company and the Group”.

## 5.7 Operating and Financial Review of Aricent

Investors are invited to read the following information concerning Aricent’s financial position and results of operations together with Aricent’s consolidated financial statements for financial years ended March 31, 2017, 2016 and 2015, and Aricent’s special purpose condensed consolidated interim financial statements for the six-month period ended September 30, 2017, which are available on the Altran corporate website: www.altran.com.

Aricent’s consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Aricent’s consolidated financial statements for financial years ended March 31, 2017, 2016 and 2015 were audited by Aricent’s independent auditors and Aricent’s special purpose condensed consolidated interim financial statements for the six-month period ended September 30, 2017 were subject to a review by independent practitioners. The independent auditors’ report on Aricent’s consolidated financial statements for financial years ended March 31, 2017, 2016 and 2015, and the independent practitioners’ report on Aricent’s special purpose condensed consolidated interim financial statements for the six-month period ended September 30, 2017, are available on the Altran corporate website: www.altran.com.

### 5.7.1 Results of operations of Aricent

The following table provides an overview of Aricent’s consolidated statement of income for the periods presented below:

| *(in millions of US dollars)* | **Six months ended** | **For financial years ended March 31** |
|---|---|---|

| | September 30 | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2015 |
| **Total revenues** | **329.0** | **291.2** | **620.6** | **590.0** | **595.3** |
| *Total cost of revenues* | *217.7* | *197.0* | *404.6* | *375.8* | *357.9* |
| **Gross profit** | **111.3** | **94.3** | **216.0** | **214.2** | **237.4** |
| *Operating expenses* | *74.6* | *67.7* | *139.0* | *140.1* | *131.0* |
| **Operating income** | **36.8** | **26.6** | **77.0** | **74.1** | **106.4** |
| *Other expense/(income)* | *40.9* | *27.8* | *58.4* | *58.8* | *41.3* |
| **Income before income taxes** | **(4.1)** | **(1.2)** | **18.6** | **15.2** | **65.1** |
| *Provision for income taxes* | *7.3* | *8.6* | *20.2* | *15.9* | *22.3* |
| **NET (LOSS)/INCOME** | **(11.4)** | **(9.8)** | **(1.7)** | **(0.6)** | **42.8** |

- ***Revenues***

The Aricent group derives the majority of its revenues from the sale of software development, software licensing, product engineering and design services, through 4 main verticals: Communication & Technology Systems, Semiconductors and Industrial, Enterprise Software & Consumer Internet and Frog design. Reimbursement of out-of-pocket expenses, which is also accounted for as revenues, represented $5.9m and $8.1m for the six-month periods ended September 30, 2017 and 2016 respectively, and $15.2m, $14.2m and $18.5m for financial years ended March 31, 2017, 2016 and 2015, respectively.

Revenues increased by 13.0% from $291.2m for the six-month period ended September 30, 2016 to $329.0m for the six-month period ended September 30, 2017, mainly due to buoyancy in revenue from the Enterprise Software & Consumer Internet vertical.

Revenues increased by 5.2% from $590.0m in financial year 2016 to $620.6m in financial year 2017, mainly due to the buoyancy in revenue from the Enterprise Software & Consumer Internet vertical.

Revenues decreased by 0.9% from $595.3m in financial year 2015 to $590.0m in financial year 2016, mainly due to weaknesses in the Communication & Technology Systems vertical, slightly offset by the acquisition of the SmartPlay group.

- ***Cost of revenues***

The primary component of cost of revenues is personnel cost (salaries and benefits). Cost of revenues also includes the cost of facilities as well as amortization of certain intangible assets which are associated with specific products.

Cost of revenues increased by 10.5% from $197.0m for the six-month period ended September 30, 2016 to $217.7m for the six-month period ended September 30, 2017, mainly due to an amortization of intellectual property assets and an increase in personnel cost.

Cost of revenues increased by 7.7% from $375.8m in financial year 2016 to $404.6m in financial year 2017, mainly due to an increase in personnel cost, in spite of the 11.2% downward headcount in financial year 2017. This increase in cost of revenues is also due to an amortization of intellectual property assets.

Cost of revenues increased by 5.0% from $357.9m in financial year 2015 to $375.8m in financial year 2016, mainly due to an increase in personnel cost.

- ***Gross profit***

Gross profit increased by 18.0% from $94.3m for the six-month period ended September 30, 2016 to $111.3m for the six-month period ended September 30, 2017. Gross profit margin,

which shows the ratio of gross profit to revenues, increased from 32.4% for the six-month period ended September 30, 2016 to 33.8% for the six-month period ended September 30, 2017, mainly due to an improvement of revenue mix resulting from new licensing agreements which are more profitable than the average profitability of Aricent's other customer contracts.

Gross profit increased by 0.8% from $214.2m in financial year 2016 to $216.0m in financial year 2017. Gross profit margin decreased from 36.3% in financial year 2016 to 34.8% in financial year 2017, mainly due to an increase in personnel cost.

Gross profit decreased by 9.8% from $237.4m in financial year 2015 to $214.2m in financial year 2016. Gross profit margin decreased from 39.9% in financial year 2015 to 36.3% in financial year 2016, mainly due to an increase in personnel cost.

- ***Operating expenses***

Operating expenses are composed of expenses relating to (i) selling, general and administrative, (ii) Research and Development and (iii) amortization of intangible assets[48].

Operating expenses increased by 10.2% from $67.7m for the six-month period ended September 30, 2016 to $74.6m for the six-month period ended September 30, 2017, mainly due to an increase in selling, general and administrative expenses (+18.2%). The increase in selling, general and administration expenses is mainly due to the operation of new contracts and the hiring of new employees.

Operating expenses decreased by 0.8% from $140.1m in financial year 2016 to $139.0m in financial year 2017, mainly due to decreases in Research and Development expenses (-7.3%). The decrease in Research and Development expenses is mainly due to an optimization of human resources.

Operating expenses increased by 6.9% from $131.0m in financial year 2015 to $140.1m in financial year 2016, mainly due to an increase in selling, general and administrative expenses (+8.5%) and amortization of intangible assets (+18.3%). The increase in selling, general and administration expenses is mainly due to integration costs resulting from SmartPlay acquisition. The increase in amortization of intangible assets is mainly due to the changes in gross carrying amounts of intangible assets in connection with the acquisition of SmartPlay and translation adjusments.

- ***Operating income***

Operating income increased by 38.3% from $26.6m for the six-month period ended September 30, 2016 to $36.8m for the six-month period ended September 30, 2017. Operating income margin, which shows the ratio of operating margin to revenues, increased from 9.1% for the six-month period ended September 30, 2016 to 11.2% for the six-month period ended September 30, 2017, mainly due to an improved revenue / cost ratio.

Operating income increased by 3.9% from $74.1m in financial year 2016 to $77.0m in financial year 2017. Operating income margin decreased from 12.6% in financial year 2016 to 12.4% in financial year 2017, mainly due to integration costs resulting from SmartPlay acquisition.

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[48] Other than product and technology intangible assets which are included in "cost of revenues".

Operating income decreased by 30.4% from $106.4m in financial year 2015 to $74.1m in financial year 2016. Operating income margin decreased from 17.9% in financial year 2015 to 12.6% in financial year 2016, mainly due to significant integration costs.

- ***Other expense / (income)***

Other expense / (income) includes (i) interest expenses (net), (ii) foreign exchanges gains, (iii) other (income) and expenses (net) and (iv) losses on extinguishment of debt.

Other expense / (income) increased from $27.8m for the six-month period ended September 30, 2016 to $40.9m for the six-month period ended September 30, 2017, mainly due to the conclusion of new financing agreements and foreign exchange gains.

Other expense / (income) decreased from $58.8m in financial year 2016 to $58.4m in financial year 2017, mainly due to foreign exchange gains.

Other expense / (income) increased from $41.3m in financial year 2015 to $58.8m in financial year 2016 mainly due new financing agreements (dividend recapitalization and SmartPlay acquisition) and foreign exchange gains.

- ***Income before income taxes***

Income / (loss) before income taxes increased from $-1.2m for the six-month period ended September 30, 2016 to $-4.1m for the six-month period ended September 30, 2017.

Income before income taxes increased by 22.4% from $15.2m in financial year 2016 to $18.6m in financial year 2017.

Income before income taxes decreased by 76.6% from $65.1m in financial year 2015 to $15.2m in financial year 2016.

- ***Net (loss) / income***

Net loss increased from $9.8m for the six-month period ended September 30, 2016 to $11.4m for the six-month period ended September 30, 2017.

Net loss increased from $0.6m in financial year 2016 to $1.7m in financial year 2017.

Net income decreased from $42.8m in financial year 2015 to a loss of $0.6m in financial year 2016.

It is specified that provision for income tax are particularly significant due to geographical income allocation within Aricent entities.

## 5.7.2 Liquidity and capital resources

The following table provides a summary of Aricent's consolidated cash flows for the periods presented:

| *(in millions of US dollars)* | **Six months ended September 30** | | **For financial years ended March 31** | | |
|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2015** |
| Cash flows from operating activities | 28.5 | 2.4 | 28.8 | 42.0 | 92.6 |
| Cash flows from investing activities | (47.5) | (59.8) | (91.2) | (138.3) | (33.5) |
| Cash flows from financing operations | 19.8 | 17.1 | 15.3 | 61.8 | (6.2) |

- ***Cash flows from operating activities***

Cash flows from operating activities increased from $2.4m for the six-month period ended September 30, 2016 to $28.5m for the six-month period ended September 30, 2017, mainly due to a higher net income (adjusted for non-cash items) and a higher cash outflow due to changes in operating assets and liabilities.

Cash flows from operating activities decreased by 31.4% from $42.0m in financial year 2016 to $28.8m in financial year 2017 due to a lower net income (adjusted for non-cash items) and a higher cash outflow due to changes in operating assets and liabilities.

Cash flows from operating activities decreased by 54.6% from $92.6m in financial year 2015 to $42.0m in financial year 2016 due to a lower net income (adjusted for non-cash items) and a higher cash outflow due to changes in operating assets and liabilities.

- ***Cash used in investing activities***

For the six-month period ended September 30, 2017, cash used in investing activities was $47.5m and was primarily the result of the payment for purchase of intangible assets.

For the six-month period ended September 30, 2016, cash used in investing activities was $59.8m and was primarily the result of the payment for purchase of intangible assets.

For financial year ended March 31, 2017, cash used in investing activities was $91.2m and was primarily the result of the payment for the acquisition of intangible assets and for the purchase of property and equipment.

For financial year ended March 31, 2016, cash used in investing activities was $138.3m and was primarily the result of the payment for the acquisition of SmartPlay, for the purchase of property and equipment and for short term investments.

For financial year ended March 31, 2015, cash used in investing activities was $33.5m and was primarily the result of the payment for purchases of property and equipment and for short term investments.

- ***Cash flows from / used in financing activities***

For the six-month period ended September 30, 2017, cash provided by financing activities was $19.8m and was primarily the result of proceeds from bank borrowings and long-term debt, partially offset by a repayment of bank borrowings and long-term debt.

For the six-month period ended September 30, 2016, cash provided by financing activities was $17.1m and was primarily the result of proceeds from bank borrowings and long-term debt, partially offset by a repayment of bank borrowings and long-term debt.

For financial year ended March 31, 2017, cash provided by financing activities was $15.3m and was primarily the result of $52.0m proceeds from bank borrowings and long-term debt, partially offset by a repayment of bank borrowings and long-term debt.

For financial year ended March 31, 2016, cash provided by financing activities was $61.8m and was primarily the result of $138.9m proceeds from bank borrowings and long-term debt and $78.7m changes in restricted cash, partially offset by a distribution to common shareholders and vested option holders and a repayment of bank borrowings and long-term debt.

For financial year ended March 31, 2015, cash used in financing activities was $6.2m and was primarily the result of a $444.8m Payment In Kind (PIK) note from debt issuance, a $300.5m repayment of bank borrowings and long-term debt and $78.7m changes in restricted cash, partially offset by proceeds from bank borrowings and long-term debt up to $839.5m.

### 5.7.3 EBITDA of Aricent

Aricent EBITDA was computed for finacial years ended on March 31, 2017 and March 31, 2016 in accordance with the definition retained by the Altran group for such financial indicator (see section 5.1.3.2 « *EBITDA* »).

The table below presents the transition from operating income to EBITDA (as defined by the Altran group) :

| *(in millions of US dollars)* | 2017 | 2016 |
|---|---|---|
| **OPERATING INCOME** | **77.0** | **74.1** |
| Foreign exchange gain / (loss) | 10.7 | 0.9 |
| Other income / (loss) | 0.6 | 0.4 |
| Depreciations and amortization | 41.0 | 32.2 |
| Reclassification restatements | 12.1 | 15.8 |
| **EBITDA** | **141.5** | **123.4** |

Aricent EBITDA increased by 14.7% from $123.4m for financial year ended March 31, 2016 to $141.5m for financial year ended March 31, 2017.

## *5.8 Pro forma financial information*

### 5.8.1 Unaudited pro forma condensed consolidated financial information

***Introduction***

The following Unaudited Pro Forma Condensed Consolidated Financial Information includes the unaudited pro forma consolidated statement of financial position as of December 31, 2017 and the unaudited pro forma consolidated income statement for the year ended December 31, 2017 with the related notes (together the “**Unaudited Pro Forma Condensed Consolidated Financial Information**” in the enclosed section 5.8.1) and has been prepared to represent the pro forma effects of the following transaction (below, in the enclosed section 5.8.1, the “Transaction”), as well as described as the Financing and the Refinancing, as described below.

On November 29, 2017, Altran entered, through its subsidiary Altran US, into a definitive agreement to acquire Aricent from a group of investors led by Kohlberg Kravis Roberts (KKR), in an all-cash transaction. The **Transaction**, which has been unanimously approved by Altran’s Board of Directors was completed on March 20, 2018 following satisfaction of all conditions precedent, including antitrust approvals (below, in the enclosed section 5.8.1, the “**Closing Date**”). The antitrust approvals were obtained without requiring either the disposal or acquisition of investments in subsidiaries. On February 1, 2018, Altran and certain of its subsidiaries entered into a global financing package for the payment of the acquisition price (including fees and costs) and the repayment of part of Altran’s group debt existing prior to the acquisition. Such global financing is intended to be refinanced in part through a

€750 million rights offering, which has been authorized by the shareholders on January 26, 2018, subject to market conditions.

The net proceeds of the €750 million equity issuance together with a cash amount corresponding to the fees and costs related to such equity issuance would then be used to repay part of the Senior Secured Term Loan B (which would consequently be reduced from €2,125 million to €1,625 million) and the €250 million Bridge Facility, which are both part of the financing package entered into by Altran and certain of its subsidiaries. Consequently, for the purpose of the Unaudited Pro Forma Condensed Consolidated Financial Information, are considered as part of "**Financing**" the €750 million equity issuance and a €1,625 million Senior Secured Term Loan B.

The global financing package made available on the Closing Date has also been used to repay most of Aricent's financial debts (which was included in the acquisition price agreed with KKR) and also to repay part of Altran's existing financial debt (below, in the enclosed section 5.8.1, the "**Refinancing**").

The Unaudited Pro Forma Condensed Consolidated Financial Information, which is produced for illustrative purposes only, by its nature addresses a hypothetical situation, and therefore, does not represent the Group resulting from the Transaction's (below, in the enclosed section 5.8.1, the "**Combined Group**") actual financial position or results.

The pro forma adjustments to the Unaudited Pro Forma Condensed Consolidated Financial Information are limited to those that are (i) directly attributable to the Transaction, and (ii) factually supportable.

The Unaudited Pro Forma Condensed Consolidated Financial Information does not reflect items that cannot be identified or determined as of the date of this Document, for example:

- Any restructuring and integration costs that may be incurred as a result of the Transaction;

- Any synergies, operating efficiencies and cost savings that may result from the Transaction;

- Any special items and costs that may be incurred such as payments pursuant to contractual change of control provisions, which cannot be identified or determined at this stage and which are not expected to have a continuing impact on the Combined Group.

The unaudited pro forma consolidated statement of financial position has been prepared before the Closing Date and therefore, based on the assumption that the Transaction, the Financing and the Refinancing occurred as of the closing date of financial information used. Similarly, the unaudited pro forma consolidated income statement has also been prepared assuming the Transaction, the Financing and the Refinancing occurred on the opening date of financial information used. Because of its nature, the Unaudited Pro Forma Condensed Consolidated Financial Information addresses a hypothetical situation and is not intended to represent or to be indicative of the result of operations or the financial position that Altran would have achieved had the Transaction, the Financing and the Refinancing occurred on the opening date of financial information used in the pro forma consolidated income statement and on the closing date of financial information used in the pro forma consolidated statement of financial position, nor is the Unaudited Pro Forma Condensed Consolidated Financial Information indicative of the future operating results or financial position of the Combined Group. The Unaudited Pro Forma Condensed Consolidated Financial Information

is based on certain assumptions that Altran believes is reasonable as of the date of this Document and in the context of the Transaction.

Actual results could differ materially from the pro forma information presented, as they will depend on several variables, including the fair value of the assets and liabilities acquired and market assumptions.

This Unaudited Pro Forma Condensed Consolidated Financial Information is derived from:

- Altran historical annual consolidated financial statements as of and for the fiscal year ended December 31, 2017, prepared in accordance with IFRS as adopted by the European Union, which have been audited by Deloitte & Associés and Mazars;

- Aricent historical unaudited interim consolidated statement of financial position as of September 30, 2017, which have been reviewed by Deloitte Haskins & Sells;

- Aricent historical audited consolidated income statement for the twelve-month period ended September 30, 2017 is determined as follows:

  Aricent historical audited annual consolidated income statement for the fiscal year ended March 31, 2017, derived from Aricent historical audited consolidated financial statements as of and for the year ended March 31, 2017.

  (-) less Aricent historical unaudited interim consolidated income statement for the six-month period ended September 30, 2016;

  (+) plus Aricent historical unaudited interim consolidated income statement for the six-month period ended September 30, 2017, which have been reviewed by Deloitte Haskins & Sells.

Aricent consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”).

In accordance with the recommendations n°2013-08 issued by the AMF and by analogy with IFRS 10 “Consolidated Financial Statements”, the Unaudited Pro Forma Condensed Consolidated Financial Information is based on Aricent historical unaudited consolidated financial information for the twelve-month period ended September 30, 2017, presenting a 3-month remove lag with Altran historical audited annual consolidated financial statements. No significant transactions or events from October 1, 2017 to December 31, 2017 have been identified in Aricent’s financial information.

Regarding the US tax reform enacted on December 22, 2017, Aricent is in the process of estimating corresponding impacts taking into consideration the fact that its financial year will end March 31, 2018. They are therefore not reflected in the Unaudited Pro Forma Condensed Consolidated Financial Information, except the decrease of the deferred tax rate. Nevertheless, the Company assumes that other potential effects of the US tax reform would not have significant effects on the financial statements.

The Unaudited Pro Forma Condensed Consolidated Financial Information is presented in thousands of Euro and prepared, unless otherwise specified, on a basis that is consistent with the accounting policies used in the preparation of Altran’s historical audited annual consolidated financial statements as of the year ended December 31, 2017. The preliminary alignment of Aricent’s accounting policies and presentation to Altran’s is based on available information and thus subject to further change upon the completion of a more detailed analysis.

Furthermore, certain market based assumptions will be updated upon completion of the Transaction. Altran management believes the estimated preliminary fair values utilized for the assets to be acquired and liabilities to be assumed are based on reasonable estimates and assumptions as of the date of the preparation of pro forma financial information. Preliminary fair value estimates may change as additional information becomes available and such changes could be material, as certain valuations and other studies have yet to commence or progress to a stage where there is sufficient information for a definitive measurement.

***Regulatory framework***

This Unaudited Pro Forma Condensed Consolidated Financial Information is presented pursuant to the Instruction AMF (French Financial Market Authorities) n°2016-04 dated January 15, 2018, since the Transaction involves a change of more than 25 percent of the key indicators of Altran.

This Unaudited Pro Forma Condensed Consolidated Financial Information has been prepared in accordance with Annex II of Commission Regulation (EC) n°809/2004 “Pro Forma Financial Information Building Block”, the recommendations issued by ESMA (formerly CESR) (ESMA/2013/319 of March 20, 2013) and the recommendation n°2013-08 issued by the AMF on pro forma financial information.

The Unaudited Pro Forma Condensed Consolidated Financial Information has not been prepared in accordance with the S-X regulation of the US Securities and Exchange Commission.

# Combined Group
# UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# At December 31, 2017

| € thousands | Altran historical | Aricent interim | Reclassifications Aricent | Acquisition, financing and refinancing | Business combination | Other adjustments | Unaudited Combined Group pro forma |
|---|---|---|---|---|---|---|---|
| | | | Unaudited Pro Forma Adjustments | | | | |
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | Note 6 | |
| **Consolidated balance sheet** | | | | | | | |
| Net goodwill | 901 762 | 323 506 | | | 1 136 069 *i)* | | 2 361 337 |
| Intangible assets | 89 989 | 308 539 | | | 161 778 *b)* | | 560 306 |
| Land and buildings | 41 336 | | | | | | 41 336 |
| Other property, plant and equipment | 50 851 | 42 431 | | | | | 93 282 |
| Property, plant and equipment | 92 187 | 42 431 | | | | | 134 618 |
| Investments in associates | | | | | | | |
| Non-current financial assets | 39 239 | | 8 511 | 907 579 *a)* | (907 653) *a)* | | 47 676 |
| Deferred tax assets | 96 231 | | 3 418 | 5 109 *f)* | 12 088 *h)* | (1 867) *g)* | 114 978 |
| Non-current tax assets | 117 245 | | 18 762 | | (4 308) *c)* | | 131 699 |
| Other non-current assets | 4 766 | 38 864 | (28 943) | | | 7 228 *a)* | 21 916 |
| **Total non-current assets** | **1 341 419** | **713 341** | **1 748** | **912 688** | **397 974** | **5 362** | **3 372 531** |
| Inventory and work in progress | 7 103 | | | | | | 7 103 |
| Advances to suppliers | 303 | | 1 362 | | | | 1 665 |
| Trade receivables and related accounts | 481 316 | 152 973 | | | | | 634 289 |
| Other receivables | 134 869 | 18 204 | (3 112) | | | 12 790 *b)* | 162 751 |
| Trade accounts and other receivables | 616 488 | 171 177 | (1 750) | | | 12 790 | 798 705 |
| Current financial assets | 12 954 | | 2 | | | | 12 956 |
| Cash equivalents | 203 911 | | | (203 911) *b)* | | | |
| Cash | 169 015 | 36 165 | | 66 255 *b)* | (34 720) *e)* | (13 045) *c)* | 223 669 |
| **Total current assets** | **1 009 471** | **207 341** | **(1 748)** | **(137 656)** | **(34 720)** | **(255)** | **1 042 433** |
| **TOTAL ASSETS** | **2 350 890** | **920 682** | **0** | **775 031** | **363 254** | **5 107** | **4 414 964** |
| **Equity attributable to parent company shareholders** | 920 607 | (262 765) | | 699 151 *c)* | 262 765 *j)* | 3 329 *h)* | 1 623 087 |
| Non-controlling interests | (30 100) | 4 525 | | | (400) *k)* | | (25 975) |
| **Shareholders'equity** | **890 507** | **(258 240)** | | **699 151** | **262 365** | **3 329** | **1 597 112** |
| Bonds (>1 year) | | | | | | | |
| Bank loans and borrowings (>1 year) | 7 | 755 749 | | 809 638 *d)* | 9 997 *f)* | | 1 575 391 |
| Other non-current financial liabilities | 1 180 | | 4 150 | | (3 503) *f)* | | 1 828 |
| **Non-current financial liabilities** | **1 187** | **755 749** | **4 150** | **809 638** | **6 495** | | **1 577 219** |
| Non-current provisions for contingencies and liabilities | 47 661 | | 19 944 | | 58 242 *d)* | 2 033 *a)* | 127 880 |
| Non-current employee benefits | 38 941 | | 19 458 | | | | 58 399 |
| Non-current liabilities for fixed assets | 93 | | 106 594 | | | | 106 687 |
| Deferred tax liabilities | 19 270 | 56 947 | | | 37 502 *h)* | | 113 719 |
| Non-current liabilities for securities | 32 853 | | | | | | 32 853 |
| Other long-term liabilities | 5 579 | 163 801 | (150 147) | | | | 19 233 |
| Other non-current liabilities | 144 397 | 220 748 | (4 150) | | 95 743 | 2 033 | 458 771 |
| **Total non-current liabilities** | **145 584** | **976 497** | **(0)** | **809 638** | **102 238** | **2 033** | **2 035 990** |
| Trade payables and related accounts | 135 918 | 88 785 | (64 986) | (8 001) *e)* | | (255) *d)* | 151 461 |
| Taxes payable | 111 087 | | 6 267 | (18 178) *f)* | 2 *h)* | | 99 178 |
| Current employee benefits | 214 464 | | 31 199 | | 1 182 *g)* | | 246 844 |
| Current liabilities for fixed assets | 4 277 | | 71 952 | | | | 76 229 |
| Other current liabilities | 102 939 | 69 307 | (52 458) | | | | 119 788 |
| **Trade accounts and other payables** | **568 685** | **158 092** | **(8 027)** | **(26 179)** | **1 183** | **(255)** | **693 500** |
| Provisions for short-term risks and charges | 17 056 | | 953 | | | | 18 009 |
| Current liabilities for securities | 6 249 | | | | | | 6 249 |
| Current financial liabilities | 722 809 | 44 333 | 7 074 | (707 579) *d)* | (2 533) *f)* | | 64 104 |
| Other current liabilities | 746 114 | 44 333 | 8 027 | (707 579) | (2 533) | | 88 362 |
| **Total current liabilities** | **1 314 799** | **202 426** | **0** | **(733 758)** | **(1 350)** | **(255)** | **781 862** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **2 350 890** | **920 682** | **(0)** | **775 031** | **363 254** | **5 107** | **4 414 964** |

See accompanying notes to Unaudited Pro Forma Condensed Consolidated Financial Information

# Combined Group
# UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT
# For the year ended December 31, 2017

| € thousands | Altran historical | Aricent Last Twelve Months ended September 30, 2017 | Unaudited Pro Forma Adjustments: Reclassifications Aricent | Acquisition, financing and refinancing | Business combination | Other adjustments | Unaudited Combined Group pro forma |
|---|---|---|---|---|---|---|---|
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | Note 6 | |
| **Consolidated income statement** | | | | | | | |
| Sales | 2 282 195 | 596 030 | | | | 27 818 *d)* | 2 906 043 |
| Other income from operations | 69 412 | | 7 355 | | | | 76 767 |
| **Revenues from ordinary operations** | **2 351 607** | **596 030** | **7 355** | | | **27 818** | **2 982 810** |
| Cost of goods and services sold | (36 377) | (385 082) | 385 082 | | | | (36 377) |
| Change in work in progress | 912 | | | | | | 912 |
| External expenses | (441 995) | (120 542) | (12 239) | | | (7 772) *d)* | (582 547) |
| Personnel costs - salaries | (1 605 116) | | (318 248) | | | (8 798) *f)* | (1 932 162) |
| Personnel costs - share-based payments | (2 309) | | (3 043) | | | 2 598 *f)* | (2 754) |
| Taxes and duties | (2 879) | | (534) | | | | (3 413) |
| Depreciation, amortization and net provisions | (7 333) | (11 499) | (28 211) | | | (5 782) *d)* | (52 825) |
| Other operating expenses | (10 165) | | (214) | | | | (10 379) |
| **Operating income on ordinary activities** | **246 345** | **78 907** | **29 948** | | | **8 064** | **363 265** |
| Other non-recurring operating income | 22 | | 3 888 | | | 5 196 *a)* | 9 106 |
| Other non-recurring operating expenses | (39 029) | | (12 297) | (24 055) *e)* | | (261) *b) e)* | (75 642) |
| **Other non-recurring operating income and expenses** | **(39 007)** | | **(8 409)** | **(24 055)** | | **4 935** | **(66 536)** |
| Goodwill impairment | | | | | | | |
| Amortization of intangible rights | (4 263) | | (11 499) | | (7 697) *b)* | | (23 459) |
| **Operating income** | **203 075** | **78 907** | **10 040** | **(24 055)** | **(7 697)** | **12 999** | **273 270** |
| Income from cash and cash equivalents | 2 808 | | | | | | 2 808 |
| Cost of gross financial debt | (14 590) | (73 826) | 4 941 | 23 923 *d)* | | | (59 552) |
| **Cost of net financial debt** | **(11 782)** | **(73 826)** | **4 941** | **23 923** | | | **(56 744)** |
| Other financial income | 9 216 | 9 032 | (8 980) | | | | 9 268 |
| Other financial expenses | (17 594) | | (5 442) | 2 459 *d)* | | | (20 578) |
| Tax expenses/income | (42 780) | (17 092) | (559) | 19 335 *f)* | 1 987 *h)* | (1 238) *g)* | (40 347) |
| Share of net income of associates | (414) | | | | | | (414) |
| **Net income before discontinued operations** | **139 721** | **(2 979)** | **(0)** | **21 662** | **(5 709)** | **11 761** | **164 456** |
| Net profit/loss on discontinued operations | (8 885) | | | | | | (8 885) |
| **Net income** | **130 836** | **(2 979)** | **(0)** | **21 662** | **(5 709)** | **11 761** | **155 571** |
| Non-controlling interests | (68) | (607) | | | | | (675) |
| **Net income attributable to the Group** | **130 768** | **(3 587)** | **(0)** | **21 662** | **(5 709)** | **11 761** | **154 895** |

See accompanying notes to Unaudited Pro Forma Condensed Consolidated Financial Information

The adjusted EBITDA is presented in note 7.

**Note to the Unaudited Pro Forma Condensed Financial Information**

## 1. Altran historical condensed consolidated Financial Information

Note 1 in the Unaudited Pro Forma Condensed Financial Information includes the audited consolidated statement of financial position of Altran as of December 31, 2017 and the audited consolidated income statement of Altran for the year ended December 31, 2017, derived from the Altran historical audited annual consolidated financial statements as of and for the fiscal year ended December 31, 2017 prepared in accordance with IFRS as adopted by the European Union.

## 2. Aricent historical condensed consolidated Financial Information

Note 2 in the Unaudited Pro Forma Condensed Financial Information includes:

- the unaudited consolidated statement of financial position of Aricent at September 30, 2017, derived from the Aricent historical unaudited interim consolidated financial statements as of and for the six-month period September 30, 2017;

- the unaudited consolidated income statement of Aricent for the twelve-month ended September 30, 2017, derived from:

  - Aricent historical audited consolidated income statement for the fiscal year ended March 31, 2017, derived from Aricent historical audited consolidated financial statements as if and for the year ended March 31, 2017,

  - (-) less Aricent historical unaudited interim consolidated income statement for the six-month period ended September 30, 2016,

  - (+) plus Aricent historical unaudited interim consolidated income statement for the six-month period ended September 30, 2017.

Aricent has prepared its consolidated financial statements mentioned above in their reporting currency of US dollars. Altran reports its financial statements in euros. The following foreign exchange rates, based on exchange rates published by the Banque de France, have been applied for the translation of the Aricent Pro Forma Condensed Financial Information from US dollar to euro:

- Statement of financial position: closing rate at September 30, 2017 of 1.1806 USD/EUR;

- Income statement: average rate for the twelve-month period ending September 30, 2017 of 1.1046 USD/EUR.

*Aricent historical unaudited pro forma consolidated statement of financial position as at September 30, 2017*

| | **$ thousands** | **€ thousands** |
|---|---|---|
| | **Aricent historical** | **Aricent interim** |
| | ***A*** | ***A x closing rate*** |
| **Consolidated balance sheet** | | |
| Net goodwill | 381 932 | 323 506 |
| Intangible assets | 364 261 | 308 539 |
| Land and buildings | | |
| Other property, plant and equipment | 50 094 | 42 431 |
| Property, plant and equipment | 50 094 | 42 431 |
| Investments in associates | | |
| Non-current financial assets | | |
| Deferred tax assets | | |
| Non-current tax assets | | |
| Other non-current assets | 45 883 | 38 864 |
| **Total non-current assets** | **842 170** | **713 341** |
| Inventory and work in progress | | |
| Advances to suppliers | | |
| Trade receivables and related accounts | 180 599 | 152 973 |
| Other receivables | 21 492 | 18 204 |
| Trade accounts and other receivables | 202 091 | 171 177 |
| Current financial assets | | |
| Cash equivalents | | |
| Cash | 42 696 | 36 165 |
| **Total current assets** | **244 787** | **207 341** |
| **TOTAL ASSETS** | **1 086 957** | **920 682** |
| **Equity attributable to parent company shareholders** | (310 220) | (262 765) |
| Non-controlling interests | 5 342 | 4 525 |
| **Shareholders'equity** | **(304 878)** | **(258 240)** |
| Bonds (>1 year) | | |
| Bank loans and borrowings (>1 year) | 892 237 | 755 749 |
| Other non-current financial liabilities | | |
| **Non-current financial liabilities** | **892 237** | **755 749** |
| Non-current provisions for contingencies and liabilities | | |
| Non-current employee benefits | | |
| Non-current liabilities for fixed assets | | |
| Deferred tax liabilities | 67 231 | 56 947 |
| Non-current liabilities for securities | | |
| Other long-term liabilities | 193 383 | 163 801 |
| Other non-current liabilities | 260 615 | 220 748 |
| **Total non-current liabilities** | **1 152 852** | **976 497** |
| Trade payables and related accounts | 104 820 | 88 785 |
| Taxes payable | | |
| Current employee benefits | | |
| Current liabilities for fixed assets | | |
| Other current liabilities | 81 824 | 69 307 |
| **Trade accounts and other payables** | **186 644** | **158 092** |
| Provisions for short-term risks and charges | | |
| Current liabilities for securities | | |
| Current financial liabilities | 52 340 | 44 333 |
| Other current liabilities | 52 340 | 44 333 |
| **Total current liabilities** | **238 984** | **202 426** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **1 086 957** | **920 682** |

*Aricent historical unaudited pro forma consolidated income statement for the twelve-month period ended September 30, 2017*

| | $ thousands | | | | € thousands |
|---|---|---|---|---|---|
| | **Fiscal year ended March 31, 2017** | **Six-month period ended September 30, 2016** | **Six-month period ended September 30, 2017** | **Aricent interim last twelve months (LTM)** | **Aricent interim last twelve months (LTM)** |
| | *A* | *B* | *C* | *D=A-B+C* | *D x average rate* |
| **Consolidated income statement** | | | | | |
| Sales | 620 576 | 291 244 | 329 041 | 658 373 | 596 030 |
| Other income from operations | | | | | |
| **Revenues from ordinary operations** | **620 576** | **291 244** | **329 041** | **658 373** | **596 030** |
| Cost of goods and services sold | (404 611) | (196 960) | (217 709) | (425 361) | (385 082) |
| Change in work in progress | | | | | |
| External expenses | (125 539) | (60 807) | (68 418) | (133 150) | (120 542) |
| Personnel costs - salaries | | | | | |
| Personnel costs - share-based payments | | | | | |
| Taxes and duties | | | | | |
| Depreciation, amortization and net provisions | (13 420) | (6 859) | (6 141) | (12 702) | (11 499) |
| Other operating expenses | | | | | |
| **Operating income on ordinary activities** | **77 006** | **26 618** | **36 773** | **87 161** | **78 907** |
| Other non-recurring operating income | | | | | |
| Other non-recurring operating expenses | | | | | |
| **Other non-recurring operating income and expenses** | | | | | |
| Goodwill impairment | | | | | |
| Amortization of intangible rights | | | | | |
| **Operating income** | **77 006** | **26 618** | **36 773** | **87 161** | **78 907** |
| Income from cash and cash equivalents | | | | | |
| Cost of gross financial debt | (69 709) | (31 544) | (43 383) | (81 548) | (73 826) |
| **Cost of net financial debt** | **(69 709)** | **(31 544)** | **(43 383)** | **(81 548)** | **(73 826)** |
| Other financial income | 11 271 | 3 767 | 2 472 | 9 976 | 9 032 |
| Other financial expenses | | | | | |
| Tax expenses/income | (20 225) | (8 620) | (7 275) | (18 880) | (17 092) |
| Share of net income of associates | | | | | |
| **Net income before discontinued operations** | **(1 657)** | **(9 778)** | **(11 412)** | **(3 291)** | **(2 979)** |
| Net profit/loss on discontinued operations | | | | | |
| **Net income** | **(1 657)** | **(9 778)** | **(11 412)** | **(3 291)** | **(2 979)** |
| Non-controlling interests | (654) | (452) | (469) | (671) | (607) |
| **Net income attributable to the Group** | **(2 311)** | **(10 230)** | **(11 881)** | **(3 962)** | **(3 587)** |
| | | | | | |
| Operating income on ordinary activities | 77 006 | 26 618 | 36 773 | 87 161 | 78 907 |
| Depreciation, amortization and net provisions | 13 420 | 6 859 | 6 141 | 12 702 | 11 499 |
| Personnel costs - IAS 19 | | | | | |
| **Adjusted EBITDA** | **90 426** | **33 478** | **42 914** | **99 863** | **90 406** |

The definition of the adjusted EBITDA is presented in note 7.

## 3. Reclassifications

Aricent has prepared its consolidated financial statements in accordance with US GAAP. Altran reports its consolidated financial statements in accordance with IFRS. IFRS differs from US GAAP in certain significant respects.

For the purpose of preparing the Unaudited Pro Forma Condensed Consolidated Financial Information, a preliminary GAAP differences analysis was performed based on Aricent's consolidated financial statements under US GAAP for the fiscal year ended March 31, 2017, compared to Altran's 2017 consolidated financial statements under IFRS. No material differences have been identified. The main known difference identified relates to uncertain tax assets (see 5.c)).

In addition, certain items may have been reclassified due to the conversion from US GAAP to IFRS and different accounting policies. The Unaudited Pro Forma Condensed Consolidated Financial Information gives effect to certain reclassifications to conform the presentation of

Aricent's assets and liabilities to Altran's statement of financial position and income statement.

*Reclassifications related to unaudited consolidated statement of financial position at September 30, 2017*

Reclassifications made to Aricent unaudited consolidated statement of financial position at September 30, 2017 could be detailed as follows:

| € thousands | Aricent interim | Reclassifications Aricent | | | | | | | Aricent interim as presented by Altran |
|---|---|---|---|---|---|---|---|---|---|
| | | Current and deferred tax | Liabilities for fixed assets | Employee benefits | Uncertain tax position | Long term contingencies | Other reclassifications | Total reclassifications Aricent | |
| | **Note 2** | *3.a)* | *3.b)* | *3.c)* | *3.d)* | *3.e)* | *3.f)* | **Note 3** | |
| **Consolidated balance sheet** | | | | | | | | | |
| Net goodwill | 323 506 | | | | | | | | 323 506 |
| Intangible assets | 308 539 | | | | | | | | 308 539 |
| Land and buildings | | | | | | | | | |
| Other property, plant and equipment | 42 431 | | | | | | | | 42 431 |
| Property, plant and equipment | 42 431 | | | | | | | | 42 431 |
| Investments in associates | | | | | | | | | |
| Non-current financial assets | | | | | | | 8 511 | 8 511 | 8 511 |
| Deferred tax assets | | 3 418 | | | | | | 3 418 | 3 418 |
| Non-current tax assets | | 14 454 | | | 4 308 | | | 18 762 | 18 762 |
| Other non-current assets | 38 864 | (17 871) | | | (4 308) | | (6 763) | (28 943) | 9 922 |
| **Total non-current assets** | **713 341** | | | | | | **1 748** | **1 748** | **715 089** |
| Inventory and work in progress | | | | | | | | | |
| Advances to suppliers | | | | | | | 1 362 | 1 362 | 1 362 |
| Trade receivables and related accounts | 152 973 | | | | | | | | 152 973 |
| Other receivables | 18 204 | | | | | | (3 112) | (3 112) | 15 092 |
| Trade accounts and other receivables | 171 177 | | | | | | (1 750) | (1 750) | 169 427 |
| Current financial assets | | | | | | | 2 | 2 | 2 |
| Cash equivalents | | | | | | | | | |
| Cash | 36 165 | | | | | | | | 36 165 |
| **Total current assets** | **207 341** | | | | | | **(1 748)** | **(1 748)** | **205 593** |
| **TOTAL ASSETS** | **920 682** | | | | | | **0** | **0** | **920 682** |
| **Equity attributable to parent company shareholders** | (262 765) | | | | | | | | (262 765) |
| Non-controlling interests | 4 525 | | | | | | | | 4 525 |
| **Shareholders'equity** | **(258 240)** | | | | | | | | **(258 240)** |
| Bonds (>1 year) | | | | | | | | | |
| Bank loans and borrowings (>1 year) | 755 749 | | | | | | | | 755 749 |
| Other non-current financial liabilities | | | | | | | 4 150 | 4 150 | 4 150 |
| **Non-current financial liabilities** | **755 749** | | | | | | **4 150** | **4 150** | **759 899** |
| Non-current provisions for contingencies and liabilities | | | | | 17 153 | 2 791 | | 19 944 | 19 944 |
| Non-current employee benefits | | | | 19 458 | | | | 19 458 | 19 458 |
| Non-current liabilities for fixed assets | | | 106 594 | | | | | 106 594 | 106 594 |
| Deferred tax liabilities | 56 947 | | | | | | | | 56 947 |
| Non-current liabilities for securities | | | | | | | | | |
| Other long-term liabilities | 163 801 | | (106 594) | (19 458) | (17 153) | (2 791) | (4 150) | (150 147) | 13 654 |
| Other non-current liabilities | 220 748 | | | | | | (4 150) | (4 150) | 216 597 |
| **Total non-current liabilities** | **976 497** | | | | | | **(0)** | **(0)** | **976 497** |
| Trade payables and related accounts | 88 785 | | (64 986) | | | | | (64 986) | 23 799 |
| Taxes payable | | 6 267 | | | | | | 6 267 | 6 267 |
| Current employee benefits | | | | 31 199 | | | | 31 199 | 31 199 |
| Current liabilities for fixed assets | | | 71 952 | | | | | 71 952 | 71 952 |
| Other current liabilities | 69 307 | (6 267) | (6 966) | (31 199) | | | (8 027) | (52 458) | 16 849 |
| **Trade accounts and other payables** | **158 092** | | | | | | **(8 027)** | **(8 027)** | **150 066** |
| Provisions for short-term risks and charges | | | | | | | 953 | 953 | 953 |
| Current liabilities for securities | | | | | | | | | |
| Current financial liabilities | 44 333 | | | | | | 7 074 | 7 074 | 51 407 |
| Other current liabilities | 44 333 | | | | | | 8 027 | 8 027 | 52 360 |
| **Total current liabilities** | **202 426** | | | | | | **0** | **0** | **202 426** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **920 682** | | | | | | **0** | **(0)** | **920 682** |

**3.a)** Current and deferred tax are presented separately in the statement of financial position under IFRS;

**3.b)** “Liabilities for fixed assets”: the remaining payments related to the acquisition of software licenses, have been reclassified to “Non-current liabilities for fixed assets” in the amount of €106,594 thousand and “Current liabilities for fixed assets” in the amount of €71,952 thousand;

**3.c)** Current and non-current employee benefits: accrued payroll, including employee benefits have been reclassified to “Current employee benefits” in the amount of €31,199 thousand and “Non-current employee benefits” in the amount of €19,458 thousand.

**3.d)** Uncertain tax balances according to ASC *(Accounting Standards Codification)* 740 under US GAAP have been reclassified from “Other non-current assets” to “Non-current tax assets” for €4,308 thousand (see also 5.c)) and from “Other long-term liabilities” to “Non-current provisions for contingencies and liabilities” in the amount of €17,153 thousand;

**3.e)** Long term contingencies according to ASC 450 under US GAAP have been reclassified from "Other long-term liabilities" to "Non-current provisions for contingencies and liabilities" in the amount of €2,791 thousand;

**3.f)** Other reclassifications mainly consist of presenting separately "Non-current financial assets", "Advances to suppliers", "Other non-current financial liabilities", and to reclassify some items under "Current financial liabilities" to conform the presentation of Altran's assets and liabilities.

*Reclassifications related to unaudited consolidated income statement for the twelve-month period ended September 30, 2017*

Reclassifications made to Aricent unaudited consolidated income statement for the twelve-month period ended September 30, 2017 are detailed as follows:

| € thousands | Aricent Last Twelve Months ended September 30, 2017 | Reclassifications Aricent | | | | | | | | Aricent Last Twelve Months ended September 30, 2017 as presented by Altran |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Exchange gains from operations | Amortization of customer-relationship intangible assets | Non-recurring operating income and expenses | Other financial expenses | Taxes analysed as income tax | KKR Management fees | Other reclassifications | Total reclassifications Aricent | |
| | Note 2 | *3.g)* | *3.h)* | *3.i)* | *3.j)* | *3.k)* | *3.l)* | *3.m)* | Note 3 | |
| **Consolidated income statement** | | | | | | | | | | |
| Sales | 596 030 | | | | | | | | | 596 030 |
| Other income from operations | | 7 355 | | | | | | | 7 355 | 7 355 |
| **Revenues from ordinary operations** | **596 030** | **7 355** | | | | | | | **7 355** | **603 385** |
| Cost of goods and services sold | (385 082) | | | | | | | 385 082 | 385 082 | |
| Change in work in progress | | | | | | | | | | |
| External expenses | (120 542) | | | 5 920 | | 559 | 1 566 | (20 285) | (12 239) | (132 780) |
| Personnel costs - salaries | | | | 922 | | | | (319 170) | (318 248) | (318 248) |
| Personnel costs - share-based payments | | | | | | | | (3 043) | (3 043) | (3 043) |
| Taxes and duties | | | | | | | | (534) | (534) | (534) |
| Depreciation, amortization and net provisions | (11 499) | | 11 499 | | | | | (39 710) | (28 211) | (39 710) |
| Other operating expenses | | | | | | | | (214) | (214) | (214) |
| **Operating income on ordinary activities** | **78 907** | **7 355** | **11 499** | **6 842** | | **559** | **1 566** | **2 126** | **29 948** | **108 855** |
| Other non-recurring operating income | | | | 3 888 | | | | | 3 888 | 3 888 |
| Other non-recurring operating expenses | | | | (10 731) | | | (1 566) | | (12 297) | (12 297) |
| **Other non-recurring operating income and expenses** | | | | **(6 842)** | | | **(1 566)** | | **(8 409)** | **(8 409)** |
| Goodwill impairment | | | | | | | | | | |
| Amortization of intangible rights | | | (11 499) | | | | | | (11 499) | (11 499) |
| **Operating income** | **78 907** | **7 355** | | **0** | | **559** | | **2 126** | **10 040** | **88 948** |
| Income from cash and cash equivalents | | | | | | | | | | |
| Cost of gross financial debt | (73 826) | | | | 4 941 | | | | 4 941 | (68 885) |
| **Cost of net financial debt** | **(73 826)** | | | | **4 941** | | | | **4 941** | **(68 885)** |
| Other financial income | 9 032 | (7 355) | | | | | | (1 625) | (8 980) | 52 |
| Other financial expenses | | | | | (4 941) | | | (501) | (5 442) | (5 442) |
| Tax expenses/income | (17 092) | | | | | (559) | | | (559) | (17 652) |
| Share of net income of associates | | | | | | | | | | |
| **Net income before discontinued operations** | **(2 979)** | | | **0** | | | | **(0)** | **(0)** | **(2 979)** |
| Net profit/loss on discontinued operations | | | | | | | | | | |
| **Net income** | **(2 979)** | | | **0** | | | | **(0)** | **(0)** | **(2 979)** |
| Non-controlling interests | (607) | | | | | | | | | (607) |
| **Net income attributable to the Group** | **(3 587)** | | | **0** | | | | **(0)** | **(0)** | **(3 587)** |
| | | | | | | | | | | |
| Operating income on ordinary activities | 78 907 | 7 355 | 11 499 | 6 842 | | 559 | 1 566 | 2 126 | 29 948 | 108 855 |
| Depreciation, amortization and net provisions | 11 499 | | (11 499) | | | | | 39 710 | 28 211 | 39 710 |
| Personnel costs - IAS 19 | | | | | | | | | | |
| **Adjusted EBITDA** | **90 406** | **7 355** | | **6 842** | | **559** | **1 566** | **41 836** | **58 159** | **148 565** |

The definition of the adjusted EBITDA is presented in note 7.

**3.g)** Income relating to foreign exchange gains from operations have been reclassified from "Other financial income" to "Other income from operations" in the amount of €7,355 thousand;

**3.h)** Amortization of customer-relationship intangible assets that are recognized in the purchase price allocation have been reclassified from "Depreciation, amortization and net provisions" to "Amortization of intangible rights" in the amount of €11,499 thousand;

**3.i)** Altran defines other non-recurring income and expense as revenues and charges arising from activities that, by their nature, amount and/or frequency cannot be considered part of the Group's regular activities and earnings since they naturally impair the understanding of its operating performance. They are, therefore, revenues and charges that are considered to be unusual, abnormal, and infrequent. This reclassification corresponds to the alignment of the Aricent's income statement presentation for non-recurring items to Altran's presentation.

Below the detail of the “Other non-recurring operating income and expenses”:

| | € thousand |
|---|---|
| Asset disposals | 397 |
| Costs and disputes related to acquisitions and legal reorganization | 1 029 |
| Exceptional costs related to Strategic Plan | (2 754) |
| Restructuring costs and net provisions of write-backs - Salaries | (3 578) |
| Restructuring costs and net provisions of write-backs - Other | (1 936) |
| **Total** | **(6 842)** |

**3.j)** Financial expenses other than interest expenses, as discounting effects related to the acquisition of software licenses, have been reclassified to “Other financial expenses”;

**3.k)** Taxes analyzed as income tax as per IAS 12 “Income taxes”, similarly to the French CVAE value added contribution (“Cotisation sur la Valeur Ajoutée des Entreprises”), have been reclassified to “Tax expenses/income”;

**3.l)** Management fees KKR have been reclassified from "External expenses" to "Other non-recurring operating expenses" in the amount of €1,566 thousand (see also 6.e));

**3.m)** Other reclassifications mainly correspond to reclassifications realized to align the income statement presentation of Aricent (by destination) to the income statement presentation of Altran (by nature).

Subsequent to the Transaction, further reclassifications or adjustments may prove to be required when the Combined Group obtains full access to the information and finalizes the presentation of the financial statements as well as the alignment of accounting policies of the Combined Group.

## 4. Acquisition, financing and refinancing

In the context of the acquisition of Aricent, Altran has entered into a financing package, which is intended to be refinanced, in part, through a €750 million rights offering which has been authorized by the shareholders on January 26, 2018, subject to market conditions.

The net proceeds from the €750 million equity issuance together with a cash amount corresponding to the fees and costs relating to such equity issuance would then be used to repay part of the Senior Secured Term Loan B (which would subsequently be reduced from €2,125 million to €1,625 million) and the €250 million Bridge Facility, which are both part of the financing package entered into by Altran and certain of its subsidiaries. Consequently, for the purpose of the Unaudited Pro Forma Condensed Consolidated Financial Information, is considered as part of the “Financing”:

- A rights issue by Altran Technologies for €750 million, approved by its shareholders meeting held on January 26, 2018;

- A Senior Secured Term Loan B for €1,625 million, which is split into a euro tranche made available to Altran Technologies and a US dollar tranche made available to Octavia Holdco Inc., a 100% indirect subsidiary of Altran Technologies. This Term Loan benefits from the absence of financial covenants.

The funds raised through the financing package entered into on February 1, 2018 was used to pay the acquisition price (including the Refinancing of Aricent’s financial debts), to repay

early a part of Altran's existing financial debts and to pay the fees and costs related to the acquisition and to the financing package.

### 4.a) Preliminary consideration transferred

The preliminary purchase price investment has been calculated considering outstanding positions of Aricent on September 30, 2017. The actual amount may vary from the estimated amount considering that the final purchase price investment will be determined based on outstanding positions at the acquisition date. However, the purchase price investment is not subject to earn out clauses.

The preliminary pro forma consideration transferred is determined as follows:

| | *Note* | **€ thousands** |
|---|---|---|
| Purchase price investments in subsidiaries | | 889 884 |
| Side effect of the transaction (share based payment) | *6.f)* | 17 695 |
| **Consideration transferred** | | **907 579** |

The purchase price of investments in subsidiaries is determined on a "debt-free, cash-free" basis based on the enterprise value of €1.7 billion, adjusted of the cash, the financial debt and the working capital of Aricent at the Closing.

In accordance with IFRS 3 "Business Combinations", share-based payment awards have been included in the consideration transferred (see note 6.f)).

### 4.b) Cash impact

Reflects the impact of the acquisition, financing and refinancing adjustments on cash and cash equivalents, as presented in the estimated sources and uses of the funds below:

| **Sources of funds** | *Note* | **€ thousands** | **Uses of funds** | *Note* | **€ thousands** |
|---|---|---|---|---|---|
| Rights issue | *4.c)* | 750 000 | Preliminary consideration transferred | *4.a)* | 907 579 |
| Senior Secured Term Loan B | *4.d)* | 1 625 000 | Refinancing existing debt Altran | *4.d)* | 653 933 |
| | | | Refinancing existing debt Aricent | *4.d)* | 812 634 |
| | | | Transaction fees | *4.b)* | 186 465 |
| | | | On which transaction fees already paid in 2017 | *4.b)* | (913) |
| | | | Management fees KKR | *6.e)* | 724 |
| Cash equivalents - Acquisition, financing and refinancing | | 203 911 | | | |
| Cash - Acquisition, financing and refinancing | | (66 255) | | | |
| Cash - Transaction fees incurred by Aricent | *5.e)* | 34 720 | | | |
| Cash - Other adjustments | *6.c)* | 13 045 | | | |
| Cash | | 185 421 | | | |
| Total sources of funds | | 2 560 421 | Total uses of funds | | 2 560 421 |

Cash equivalents of Altran of €203 911 thousand, mainly corresponding to capitalization contracts, will be fully made available in cash to finance a portion of the Transaction if needed.

The syndicated Senior Secured Term Loan B of €2,125 million will be fully drawn at the Closing as well as the €250 million Bridge Facility. The €750 million rights issue was authorized by the January 26, 2018 shareholders meeting and will be then used to refund for €500 million this Secured Term Loan B and the €250 million Bridge Facility. Consequently, the remaining Senior Secured Term Loan B will be €1,625 million.

Transaction fees are detailed as follows:

| **€ thousands** | *Note* | **Total** | **Fees paid in 2017** (part of Altran historical) | **Remaining fees to be paid** |
|---|---|---|---|---|
| Equity financing fees | *4.c)* | **32 251** | | 32 251 |
| Debt financing fees - Issuance Senior Secured Term Loan B | *4.d)* | **51 069** | | 51 069 |
| Debt financing fees - Issuance new Revolving Credit Facility | *4.d)* | **4 241** | | 4 241 |
| Penalties - Refinancing Altran's existing debt | *4.c)* | **17 200** | | 17 200 |
| Penalties - Refinancing Aricent's existing debt | *4.d) 5.f)* | **1 694** | | 1 694 |
| Other transaction fees incurred by Altran | *4.e)* | **32 500** | 444 | 32 056 |
| Other transaction fees incurred by Aricent | *5.e)* | **34 720** | | 34 720 |
| Insurance premium | *6.b)* | **12 790** | 469 | 12 321 |
| **Total** | | **186 465** | **913** | **185 551** |

The amount of €66,255 thousand reflects the cash impact of acquisition, financing and refinancing transactions detailed in the enclosed note 4.

Actual amounts may vary from the estimated amounts depending on several factors, including, among other things (i) differences in the amount of indebtedness outstanding, (ii) the time each component of the Transaction is completed and (iii) differences between the estimated and the actual fees and expenses.

### 4.c) Equity attributable to parent company shareholders

Reflects the equity adjustment as a result of the acquisition, financing and refinancing:

| | *Note* | **€ thousands** |
|---|---|---|
| Altran's Rights Issue | | 750 000 |
| Directly attributable transaction costs related to the Altran's Rights Issue | *4.b)* | (32 251) |
| Effect of refinancing Altran's existing debt - Penalties | *4.b)* | (17 200) |
| Effect of refinancing Altran's existing debt - Unamortized part of the financing costs | *4.d)* | (629) |
| Other transaction fees incurred by Altran | *4.b)* | (32 500) |
| Cancellation transaction fees already recorded in 2017 | *4.e)* | 8 445 |
| Tax effect on adjustments mentioned above | *4.f)* | 23 287 |
| **Equity attributable to parent company shareholders** | | **699 151** |

Under the assumption that all shares are subscribed, the gross proceeds from the rights issue amount to €750 million. Altran reference shareholders, Apax Partners and the two founders, who respectively hold 8.4% and 2.8% of the share capital, together representing 16.6% of the voting rights, have confirmed their full support of the Transaction and their intention to participate pro-rata in the rights issue and voted in favor of the rights issue at the Extraordinary General Meeting of last January 26, 2018.

According to IAS 32 “Financial instruments: presentation”, directly attributable to the rights issue transaction costs have been assessed at €30,217 thousand and will be recognized directly in equity.

### 4.d) Financial liabilities

*Unaudited pro forma consolidated statement of financial position*

Reflects:

- A Senior Secured Term Loan B split into a €1,380,000 million euro tranche and a $289,247 thousand (€245,000 thousand), representing a total amount of €1,625,000 thousand, with a seven-year maturity. The estimated amount of the US dollar Senior Secured Term Loan B, which is US dollar-denominated, has been converted into euros using the closing exchange rate at September 30, 2017. In accordance with IAS 39 "Financial instruments: recognition and measurement", the transaction costs directly related to the debt issuances have been deducted from the financial debt as of December 31, 2017 for €51,069 thousand (see 4.b));

- A €250,000 thousand Revolving Credit Facility (RCF), remaining undrawn on December 31, 2017. Consequently, the adjustment reflected only relates to the transaction costs directly related to the RCF issuance for €4,241 thousand (see 4.b));

- The refinancing of Altran's €250,000 thousand Euro PP, included accrued interests for €3,933 thousand;

- The refinancing of Altran's €500,000 thousand Revolving Credit Facility (RCF) has been entirely repaid on the Closing Date of the Transaction;

- The refinancing of Altran's commercial papers for €400,000 thousand;

- The refinancing of Aricent's financial debt, corresponding to a First Lien Term Loan credit agreement, a Second Lien Term Loan credit agreement and a Revolving Credit Facility for €812,634 thousand. The outstanding accrued interest associated with this debt is also considered as repaid at the Closing Date of the Transaction.

| | | **€ thousands** |
|---|---|---|
| ***New financing:*** | | |
| Senior Secured Term Loan B | | 1 625 000 |
| Financing costs directly related to the Senior Secured Term Loan B | *4.b)* | (51 069) |
| Financing costs directly related to the new Revolving Credit Facility | *4.b)* | (4 241) |
| | | |
| ***Refinancing:*** | | |
| Altran's existing debt: RCF, Euro PP and commercial papers | *4.b)* | (653 933) |
| Altran's existing debt: RCF and Euro PP: unamortized part of the financing costs | | 629 |
| | | |
| Aricent's existing debt: First & Second lien term loan and RCF | *4.b)* | (812 634) |
| Penalties on Aricent's existing second lien term loan | *4.b)* | (1 694) |
| | | |
| **Total financial liabilities** | | **102 059** |
| *On which Bank loans and borrowings (>1 year)* | | *809 638* |
| *On which Current financial liabilities* | | *(707 579)* |

*Unaudited pro forma consolidated income statement*

Reflects:

- The interest expenses for the Euro and US dollar Senior Secured Term Loans B issued for €47,963 thousand, considering Euro and Libor six months as on December 29, 2017. The Senior Secured Term Loans B will contractually bear interests at:

- Euro: Euribor 6 months plus margin of 2.75%, representing an interest rate of 2.75% and an amount of €37,950 thousand;

- US dollar: Libor 6 months plus margin 2.25%, representing an interest rate of 4.09% and an amount of €10,013 thousand.

- A one-year amortization of transaction costs directly related to the Senior Secured Term Loans B with a seven-year maturity and on the Revolving Credit Facility with a five-year maturity.

- The removal of the interest expense, including the amortization of financing costs of Altran's and Aricent's refinanced debt;

- The removal of the effect of the interest rate swap against Aricent existing term loans. However, interest rate swaps are accounted for as cash flow hedges by Aricent, only the ineffective portion of changes in fair value of these derivatives were recorded in the income statement, which is not material for the twelve-month period ending September 30, 2017.

| | **€ thousands** |
|---|---|
| ***New financing:*** | |
| Interest expense on Senior Secured Term Loan B | (47 963) |
| Amortization financing costs directly related to the Senior Secured Term Loan B | (7 296) |
| Amortization financing costs directly related to the new €250 million Revolving Credit Facility | (848) |
| ***Refinancing:*** | |
| Altran's debt RCF, Euro PP and commercial papers: cancellation of interest expenses and amortization of financing costs | 13 935 |
| Aricent's First & Second lien term loan and RCF: cancellation of interest expenses, amortization of financing costs and fair market value of swaps | 68 554 |
| **Total financial income or expense** | **26 382** |
| *On which Cost of gross financial debt* | *23 923* |
| *On which Other financial expenses* | *2 459* |

### 4.e) Acquisition-related costs

The estimated acquisition-related costs related to the acquisition incurred by Altran, amount to €32,500 thousand before tax. They include non-recurring estimated legal, banking and advisory costs attributable to the Transaction. They exclude costs incurred to issue debt or equity securities respectively recognized in accordance with IAS 39 "Financial instruments: recognition and measurement" (see note 4.d)) and IAS 32 "Financial instruments: presentation" (see note 4.c) respectively.

Certain costs were already included in the historical financial statements.

*Unaudited pro forma consolidated statement of financial position*

| | Note | € thousands |
|---|---|---|
| Cancellation trade payables regarding other transaction fees already recorded as non recurring expenses in FY 2017 | | (8 445) |
| On which already paid in FY 2017 | 4.b) | 444 |
| **Trade payables and related accounts** | | **(8 001)** |

*Unaudited pro forma consolidated income statement*

| | Note | € thousands |
|---|---|---|
| Other transaction fees | 4.b) | (32 500) |
| Cancellation other transaction fees already recorded as non recurring expenses in FY 2017 | | 8 445 |
| **Other non-recurring operating expenses** | | **(24 055)** |

In the Unaudited pro forma consolidated income statement, acquisition-related costs are recognized under "Other non-recurring operating expenses" and therefore do not impact the Group recurring operating performance. By their nature, they are not expected to have a recurring impact on the Group performance going forward.

### 4.f) Tax effect on acquisition, financing and refinancing adjustments

Reflects the tax effect on the acquisition-related costs expensed and adjustments on cost of gross financial debt. The tax effect could be detailed as follows:

- Deferred tax assets: €5,109 thousand;
- Tax payable: €(18,178) thousand;
- Tax income: €19,335 thousand.

The tax effect on acquisition, financing and refinancing has been calculated using:

- a current tax rate of 34.43% and a deferred tax rate of 25.83% for the French taxable entities;
- a tax rate of 25.75% for the US entities (21% of Federal tax and 4,75% of State tax);
- the current tax rate of the country taking into consideration the tax situation of the entities for other Aricent's companies.

See also 5.h).

## 5. Business combination

The Transaction, under which Altran, through its subsidiary Altran US, acquires Aricent, will be accounted for using the acquisition method of accounting in accordance with IFRS 3 "Business Combinations".

In the unaudited pro forma consolidated statement of financial position, the purchase consideration has been allocated to Aricent assets acquired and liabilities assumed based upon preliminary estimates of the fair values. Any difference between the consideration paid and the fair value of Aricent's assets acquired and liabilities assumed is recorded as goodwill. Altran has not completed the purchase price allocation for the acquisition of Aricent, and the final allocation may differ materially from the preliminary allocation. The final valuation and the impact of integration of the activities could cause material differences between actual and pro forma results.

### 5.a) Non-current financial assets

| | *Note* | **€ thousands** |
|---|---|---|
| Cancellation of the consideration transferred | *4.a)* | (907 579) |
| Cancellation fair market value of swaps on Aricent's existing debt refinanced | *5.f)* | (74) |
| **Non-current financial assets** | | **(907 653)** |

Following the Refinancing of Aricent's financial debt, the interest rate swap is considered to be terminated at the closing date of the Transaction (see 4.d)).

### 5.b) Preliminary fair value adjustments

The following is a description of each significant preliminary fair value adjustment.

*Unaudited pro forma consolidated statement of financial position*

Intangible assets at September 30, 2017, and estimated remaining useful lives, in years, are estimated as follows:

| | **€ thousands** | **Estimated weighted average remaining useful life in years** |
|---|---|---|
| Customer relationship | 173 302 | 10 |
| Software licences | 246 723 | 9 |
| Trade name | 47 942 | Indefinite |
| Other intangible assets | 2 350 | 3 |
| **Estimated preliminary fair value** | **470 317** | |
| Less, net historical carrying value | (308 539) | |
| **Estimated preliminary pro forma adjustment** | **161 778** | |

No significant transactions or events from October 1, 2017 to December 31, 2017 have been identified which can affect significantly the fair value of Aricent's assets acquired and liabilities assumed.

The estimated remaining useful lives of intangible assets are based on a preliminary evaluation of the assets being acquired, which is subject to change as further analysis is performed.

Valuation of assets acquired and liabilities assumed, performed with the assistance of independent valuation experts, and is preliminary as management is still reviewing their existence, characteristics and assumptions related to Aricent's assets acquired and liabilities assumed. As Altran, the acquirer, completes the purchase price allocation, other identifiable assets and liabilities may be identified or remeasured. After completion of the Transaction, the completion of the valuation work could result in significantly different depreciation and amortization expenses and balance sheet classifications.

*Unaudited pro forma consolidated income statement*

Reflects the effect on the amortization of intangible assets of preliminary fair value adjustments:

| € thousands | Total | On which Depreciation, amortization and net provisions | On which Amortization of intangible rights |
|---|---|---|---|
| Amortization of estimated fair value of intangible assets | (42 099) | (22 903) | (19 196) |
| Less, amortization of historical intangible assets | 34 402 | 22 903 | 11 499 |
| **Estimated preliminary pro forma adjustment** | **(7 697)** | **0** | **(7 697)** |

Amortization has been calculated on the estimated preliminary fair value adjustments taking into account the estimated remaining useful life of the acquired intangible assets. Estimated remaining useful lives are preliminary and therefore subject to change as further analysis is performed.

### 5.c) Uncertain tax assets

Uncertain tax assets have been cancelled for €4,308 thousand considering that these assets are not be recorded under IFRS.

### 5.d) Provisions

Reflects, contingent liabilities in accordance with IFRS 3 "Business Combinations" as well as IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

| € thousands | | Estimated risks | | | Insurance subscribed by Altran | | | |
|---|---|---|---|---|---|---|---|---|
| | | Estimated Aricent's pre-existing exposure | Estimated additional exposure | Total estimated exposure | Insurance recoveries (asset) | Tax effect on Insurance recoveries | Net exposure | Other non-recurring operating income |
| | *Note* | *5.d)* | *6.a)* | | *6.a)* | *6.g)* | | *6.a)* |
| Covered by an insurance | | 3 456 | 2 033 | 5 489 | (7 228) | 1 867 | 127 | 5 196 |
| Other | | 54 786 | 0 | 54 786 | 0 | 0 | 54 786 | 0 |
| **Total** | | **58 242** | **2 033** | **60 274** | **(7 228)** | **1 867** | **54 913** | **5 196** |
| *On which Equity attributable to parent company shareholders* | *5.j) 5.i)* | *57 630* | | | | | | |
| *On which Non-controlling interests* | *5.k)* | *611* | | | | | | |

Most of the contingent liabilities are analyzed as prior to the Transaction and are therefore reflected in the liabilities acquired at the date of acquisition for €58,242 thousand (see 5.i)). Estimated risks generated by the transaction for €2,033 thousand are reflected under the section "Other adjustments" (see 6.a)).

In order to cover its main exposures, Altran Technologies has subscribed to insurance policies (see 6.b)). In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets":

- Insurance recoveries are recognized as a separate asset as the recovery is virtually certain;
- With the fact that the insurance will cover the current tax expense on the indemnity income, the amount of insurance recoveries recognized as a non-current asset corresponds to the amount of the related provision plus the tax effect on the indemnity;
- For the purpose of the unaudited pro forma consolidated income statement, the expense and the income attached to the reimbursement are netted, except for the deferred tax impact; however, the asset and the provision are not netted in the unaudited pro forma condensed consolidated statement of financial position and are presented gross €7,228 thousand and for €5,489 thousand, respectively.

### 5.e) Cash impact

Reflects fees incurred by Aricent in relation with the Transaction (see 4.b)).

### 5.f) Financial liabilities

Reflects adjustments related to with the refinancing of the existing debt Aricent (see 4.d)), which could be detailed as follows:

| | *Note* | **€ thousands** |
|---|---|---|
| Cancellation fair market value of swaps | | 7 656 |
| Amortization financing costs related to the existing debt | | (9 997) |
| Debt financing fees in relation with the refinancing of Aricent's existing debt | *4.b)* | (1 694) |
| **Adjustments related to the financial debt** | | **(4 035)** |
| *Counterpart in the balance sheet:* | | |
| *Non-current financial assets* | *5.a)* | *(74)* |
| *Less Bank loans and borrowings (>1 year)* | | *(9 997)* |
| *Less Other non-current financial liabilities* | | *3 503* |
| *Less Current financial liabilities* | | *2 533* |
| ***Total*** | | ***(4 035)*** |

The refinancing of Aricent's financial debt, corresponding to a First Lien Term Loan credit agreement, a Second Lien Term Loan credit agreement and a Revolving Credit Facility. Interest rate swap are accordingly considered terminated.

### 5.g) Share-based payments and retention bonus granted by Altran to Aricent employees

Reflects to share-based compensation plans which include change in control clauses such that the plans automatically vest at the acquisition date. See 6.f).

### 5.h) Tax effect on the fair value adjustments

Reflects the tax effect on the fair value adjustments. The tax effect could be detailed as follows:

- Deferred tax assets: €12,088 thousand;
- Deferred tax liabilities: €37,502 thousand;
- Taxes payable: €2 thousand;
- Tax income: €1 987 thousand.

Reflects the tax effect on the fair value adjustments, using the current tax rate of the country taking into consideration the tax situation of the Aricent entities, except for preliminary fair value adjustments.

The Unaudited Pro Forma Condensed Consolidated Financial Information does not reflect any adjustment or tax related to tax losses carried forward that would be lost upon change of control.

### 5.i) Preliminary goodwill

The preliminary goodwill is calculated based on the estimated fair values of the pro forma consideration transferred and the estimated fair values of the assets acquired and liabilities assumed:

| | *Note* | **€ thousands** |
|---|---|---|
| **Consideration transferred** | *5.a)* | **907 579** |
| Aricent's net assets before acquisition (Equity attributable to parent company shareholders) | *2* | (262 765) |
| Elimination of pre-existing Aricent's goodwill | *2* | (323 506) |
| Adjustments related to the financial debt | *5.f)* | (4 035) |
| Transaction fees Aricent | *5.e)* *4.b)* | (34 720) |
| Fair value adjustments on intangible assets | *5.b)* | 161 778 |
| Cancellation uncertain tax asset | *5.c)* | (4 308) |
| Provisions | *5.d)* | (57 630) |
| Share-based payment adjustment | *6.f)* | (1 182) |
| Tax effect on adjustments mentionned above | *5.h)* | (25 628) |
| **Preliminary fair value of net assets acquired** | | **(551 996)** |
| **Preliminary goodwill** | | **1 459 575** |
| Pre-existing Aricent's goodwill | *2* | (323 506) |
| **Goodwill adjustment** | | **1 136 069** |

Non-controlling interests are measured at their proportionate interest in the fair value of net identifiable assets. This means that the goodwill recognized relates only to the controlling interest acquired.

### 5.j) Equity attributable to parent company shareholders

Reflects Aricent's net assets before acquisition (Equity attributable to parent company shareholders). See note 2.

### 5.k) Non-controlling interests

Reflects the effect of non-controlling interests on business combination adjustments.

## 6. Other adjustments

### 6.a) Provisions

Reflects risks generated by the transaction and insurance recoveries as described in 5.d).

### 6.b) Insurance premium

In order to cover some uncertain risks, Altran has subscribed an insurance policy for a seven-year period, for a premium amount of €12,790 thousand. The premium is recorded on the income statement over a seven-year period, corresponding to a yearly expense of €1,827 thousand.

### 6.c) Cash impact

Reflects the net cash impact of the other adjustments as presented in the estimated sources and uses of the funds (see 4.b)).

| | Note | € thousands |
|---|---|---|
| | *6.b)* | |
| Insurance premium | *4.b)* | (12 790) |
| On which already paid in FY 2017 | *4.b)* | 469 |
| KKR Management fees | *6.e)* | (724) |
| **Cash** | | **(13 045)** |

### 6.d) Software licenses acquired by Aricent

Aricent has acquired software licenses at the end of the year 2016. Aricent consolidated income statement for the twelve-month period ending September 30, 2017 includes only an average nine month contribution with respect to these licenses.

For the purpose of the unaudited pro forma Condensed consolidated income statement, an additional contribution has been recognized in order to present the full year contribution of these software licenses over the twelve-month period ending December 31, 2017, respectively for: €27 818 thousand in "Sales", €7 772 thousand in "External expenses" and €5 782 thousand in "Depreciation, amortization and net provisions".

### 6.e) KKR Management fees

For the twelve-month period ending September 30, 2017, Aricent expensed €1,566 thousand of management fees accounted as other non-recurring operating expenses, under the term of an advisory agreement under which KKR provides management, financial advisory and consulting services. For the purpose of the unaudited pro forma consolidated income statement, as Altran could make these services without generating additional costs and as this agreement will be terminated at the acquisition date, this amount has been reversed.

For the purpose of the unaudited pro forma consolidated statement of financial position, the outstanding trade payables at September 30, 2017 in relation with KKR Management fees of €724 thousand are considered as paid at the closing date of the Transaction; the pro forma adjustment consists in considering that these trade payables are paid.

### 6.f) Share-based payments and retention bonus granted by Altran to Aricent employees

At the date of the Transaction, Aricent has various outstanding share-based compensation plans including in the form of time-based options, restricted stock units, and performance-based options and restricted stock units. Some of these plans are vested at the acquisition date, others will be replaced by Altran awards and others are cancelled as part of the acquisition. Per the agreements linked with the business combination, Altran also grants retention bonuses for Aricent employees that were not beneficiaries of unvested Aricent share-based payments.

*Plans that are vested*

Some of the Aricent plans are considered vested but the options are not yet exercised. Such plans include:

- plans that have vested prior to September 30, 2017 and the performance-based plan that will vest on March 31, 2018,
- plans that include change in control clauses such that the plans automatically vest at the acquisition date. This is the case for time-based options granted to employees hired before November 7, 2016 and for most of the time-based RSUs.

Per the acquisition agreement, Altran will purchase the newly vested shares under such plans on a net basis. The estimated payment for such newly vested shares is €17,695 thousand.

For the purpose of the unaudited pro forma consolidated statement of financial position at September 30, 2017, the estimated payment of €17,695 thousand for the unexercised vested shares is included in the consideration transferred (see 4.a)).

*Plans that are to be replaced by Altran awards*

Some unvested share-based payments plans granted by Aricent are to be replaced by awards granted by Altran, either in the form of retention bonuses (i.e. employee benefits with a vesting period) or in the form of long term incentive plans (i.e. free shares with a vesting period). Altran replaces such share-based payments as a result of agreements linked to the business combination. Therefore the exchanges will be accounted for in accordance with IFRS 3.B57, with a portion of the acquirer's replacement awards included in measuring the consideration transferred in the business combination and a portion allocated to post-combination service and accounted for separately from the business combination.

Those include time-based options and RSUs for key people and execution team.

For the purpose of the unaudited pro forma consolidated statement of financial position at September 30, 2017, the estimated portion of the acquirer's replacement awards included in the consideration transferred is €1,182 thousand.

For the purpose of the unaudited pro forma consolidated income statement, the historical share-based payment expense recognized by Aricent in its historical income statement for the twelve-month period ending September 30, 2017 has been eliminated, resulting in a €3,043 thousand decrease in "Personnel costs - share-based payments". This is replaced by the portion of the replacement awards that is allocated to post combination services, part of which is considered as share-based payment, resulting in an increase of €445 thousand in "Personnel costs - share-based payments", and part of which is considered as employee benefit (as the replacement award is a retention bonus), resulting in an increase of €4,558 thousand in "Personnel costs – salaries".

In addition to the replacement awards, Altran grants retention bonuses with a vesting period to employees of Aricent who were either not beneficiaries of Aricent share-based payment plans or were beneficiaries of share-based payment plans that vested on or prior to the business combination.

For the purpose of the unaudited pro forma consolidated income statement, the yearly post-combination expense for such retention bonuses is taken into account, resulting in an increase of €3,651 thousand in "Personnel costs - salaries".

Payroll taxes are estimated at 10%. For the purpose of the unaudited pro forma consolidated income statement, the estimate of payroll taxes is taken into account, resulting in an increase of €589 thousand in "Personnel costs - salaries".

Summary of the impacts in the unaudited pro forma consolidated income statement:

| | € thousands |
|---|---|
| Elimination of LTM September 30, 2017 Aricent share-based payment expense | 3 043 |
| | |
| Portion of replacement awards allocated to post combination services (share-based) | (445) |
| **Personnel costs - share-based payments** | **2 598** |
| | |
| Portion of replacement awards allocated to post combination services (employee benefit) | (4 558) |
| Retention bonus granted to other Aricent employees | (3 651) |
| Payroll taxes | (589) |
| **Personnel costs - salaries** | **(8 798)** |

*Plans that are cancelled as part of the acquisition*

Some plans are cancelled as part of the acquisition for no consideration, and will have no impact on Altran consolidated financial statements. As such, they are not reflected in the unaudited pro forma consolidated statement of financial position and pro forma consolidated income statement.

Those include:

- the performance-based options for which the non-market performance targets have not been set prior to the acquisition;
- RSUs with non market conditions, which are equity-settled awards, for which it is not probable that the performance targets will be met;
- SARs, which are cash-settled awards, and were cancelled in accordance with the terms of the plan.

No expenses have been recorded due to an accelerated vesting of plans as the obligation to accelerate the expense is not applicable to enclosed situations, or the effect is nil.

### 6.g) Tax effect on the other adjustments

Reflects the tax effect on the other pro forma adjustments above. The tax effect is detailed as follows:

- Deferred tax assets: €(1,867) thousand;
- Tax income: €(1,238) thousand.

The tax effect on other adjustments has been calculated, using:

- A current tax rate of 34.43% and a deferred tax rate of 25.83% for the French taxable Altran entities;
- The current tax rate of the country taking into consideration the tax situation of the Aricent entities.

See also 5.h).

### 6.h) Equity attributable to parent company shareholders

Reflects:

| | Note | € thousands |
|---|---|---|
| Provisions | *6.a)* | 5 196 |
| Tax effect on adjustments mentionned above | *6.h)* | (1 867) |
| **Equity attributable to parent company shareholders** | | **3 329** |

## 7. EBITDA adjusted

The definition of the EBITDA is presented in section 5.1.3.3.

The difference between the consolidated EBITDA as presented in section 5.1.3.3 and the adjusted EBITDA relates to the fact that the adjusted EBITDA doesn't take into consideration the impact of Aricent's "Personnel costs – IAS 19", as this information is not available.

| € thousands | Altran historical | Aricent Last Twelve Months ended September 30, 2017 | Unaudited Pro Forma Adjustments | | | | Unaudited Combined Group pro forma |
|---|---|---|---|---|---|---|---|
| | | | Reclassifications Aricent | Acquisition, financing and refinancing | Business combination | Other adjustments | |
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | Note 6 | |
| Operating income on ordinary activities | 246 345 | 78 907 | 29 948 | | | 8 064 | 363 265 |
| Depreciation, amortization and net provisions | 7 333 | 11 499 | 28 211 | | | 5 782 | 52 825 |
| Personnel costs - IAS 19 | 1 670 | | | | | | 1 670 |
| **Adjusted EBITDA** | **255 348** | **90 406** | **58 159** | | | **13 847** | **417 760** |

## 5.8.2 Statutory auditors' report on the pro forma information

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the pro forma information relating to the period from January 1 to December 31, 2017

To the Chairman-Chief Executive,

In our capacity as Statutory Auditors and pursuant to EC Regulation n°809/2004, we have prepared this report on the pro forma financial information of Altran Technologies relating to the period from January 1, 2017 to December 31, 2017 included in section 5.8.1 of the registration document.

This pro forma financial information has been prepared solely for the purpose of illustrating the impact that the acquisition of Aricent could have had on the consolidated balance sheet as of December 31, 2017 and the consolidated income statement for the year ended December 31, 2017 of Altran Technologies if this transaction had become effective as of December 31, 2017 for the balance sheet and as of January 1, 2017 for the income statement. By their very nature, this pro forma financial information describes a hypothetical situation and is not necessarily representative of the financial position or the performance which might have been recorded had the transaction or event occurred at a date prior to that of its actual or foreseeable occurrence.

This pro forma financial information has been prepared under your responsibility in accordance with EC Regulation n°809/2004 and the CESR's recommendations relating to pro forma information.

Based on our procedures, it is our responsibility to express a conclusion, under the terms set forth in Annex II point 7 of EC Regulation N° 809/2004, on the appropriateness of the prepared pro forma financial information.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures, which do not include an audit or limited review of the financial information underlying the preparation of the pro forma financial information, have mainly consisted in verifying that the bases on which the pro forma financial information has been prepared is consistent with the relevant source documents described in the notes to the pro forma financial information, reviewing the probative elements substantiating the pro forma restatements and conducting interviews with Management of Altran Technologies to obtain information and explanations which we deemed necessary.

In our opinion:

- The pro forma financial information has been adequately prepared on the basis indicated in the notes to this information;
- this basis complies with the accounting policies adopted by the issuer.

This report is issued solely for the filing of the registration document with the French Securities Regulator (Autorité des Marchés Financiers (AMF)) and, if applicable, for

admission for trading on a regulated market, and/or a public offering, of financial securities of Altran Technologies in France and in other countries of the European Union in which the prospectus approved by the AMF, would be notified and may not be used in any other context.

# 6 Consolidated financial statements

## 6.1 Statutory Auditors' Report on the Consolidated Financial Statements

For the year ended December 31, 2017

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Altran Technologies Shareholders' Meeting,

**Opinion**

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Altran Technologies for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

**Basis for Opinion**

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

***Independence***

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (code de déontologie).

**Justification of Assessments - Key Audit Matters**

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

| **Revenue recognition from services rendered under fixed-price contracts**<br>*Notes 1.5, 1.20 and 6.2 to the consolidated financial statements* | |
|---|---|
| **Risk identified** | **Our response** |
| The Group offers different services to its clients who operate in varied industries. The methods for contractualizing the services provided by the Group are as follows:<br><br>- Time & Materials (T&M) contracts for which the Group has a best endeavors obligation, for which the price is variable and determined based on the time spent and the seniority of the personnel employed by Altran on these projects; and<br><br>- Fixed-Price contracts for which the Group has a performance obligation and for which the price is either initially set for the entire project or defined in a framework agreement for each type of service which will be requested progressively by the client.<br><br>Revenue from Time & Materials contracts, which represent the majority of services carried out by the Group, is recognized as the services are rendered.<br><br>Revenue from Fixed-Price contracts, is recognized depending on the degree of progress of the project and the expected profit on completion. If necessary, provisions for losses on completion are recorded when it is probable that the total estimated costs of the contract will exceed the total expected revenues of the contract. This method complies with the percentage of completion method set forth in IAS 11 'Construction contracts'.<br><br>We considered revenue recognition from Fixed-Price contracts to be a key audit matter to the extent where it is based on judgments and estimates made by Management concerning profit on completion and the expected financial risks on these contracts. | We have examined the processes set up by the Group relating to profit on completion forecasts and the degree of progress of Fixed-Price contracts at the year-end date.<br><br>The audit procedures carried out on the measurement of revenue from Fixed-Price contracts consisted in selecting, in accordance with a multi-criteria approach (volume of business or work in progress, complexity of projects, atypical variations between two periods or compared to Group standards), projects for which we have:<br><br>- assessed the reasonableness of the estimates made by Management through:<br>  ▪ interviews held with project teams, the program department and management controllers in order to substantiate the analysis of the profit on completion and the degrees of progress of projects underway at the year-end date,<br>  ▪ evidence gathered enabling the financial positions of the projects to be supported (contracts, orders, client approvals and acceptance, data relating to monitoring of time and payroll);<br><br>- carried out arithmetical controls and analytical procedures on the measurement of revenue and profit recognized during the fiscal year.<br><br>We have verified that the notes to the consolidated financial statements (notably Notes 1.5, 1.20 and 6.2) provide appropriate disclosure. |

| **Goodwill impairment**<br>*Notes 1.5, 1.8 and 5.1 to the consolidated financial statements* | |
|---|---|
| **Risk identified** | **Our response** |
| Over the last several years, the Group continued its expansion through numerous targeted acquisitions, in different countries, in all of the activities in which it operates.<br><br>Accordingly, in 2016, Altran acquired Lohika Systems in the USA and in Ukraine, Synapse | We have familiarized ourselves with the impairment tests carried out by the Group and the conclusions resulting therefrom.<br><br>Our work mainly consisted in:<br><br>• assessing, under IFRS standards in force, |

Product Development in the USA and in Hong-Kong, and Swell in the Czech Republic.

In 2017, the Group acquired Benteler Engineering Services in Germany, Pricol Technologies and Global Edge Software Limited in India, Information Risk Management in the UK before announcing the acquisition of Aricent, planned for the first quarter of 2018.

These acquisitions lead to, if applicable, the recognition of goodwill, in accordance with the principles of IFRS 3 'Business combinations', determined as being the difference between (i) the consideration transferred, plus the value of any non-controlling interests in the acquired company, compared to (ii) the fair value of the net identifiable assets acquired and liabilities assumed.

At the year-end date, net goodwill represents nearly 40% of total Group assets. In accordance with IAS 36 'Impairment of assets,' this goodwill is allocated, on acquisition, to Cash-Generating Units (CGU) which would benefit from the synergies of the business combinations at the level of the most appropriate CGU for which the Group is going to monitor this goodwill for internal purposes. Impairment tests on goodwill and the CGU to which they are attached are carried out based on estimates developed internally as part of the multi-annual business plans. The tests are performed on December 31 of each year, and during interim accounts closings should there be indications of impairment losses. The multi-annual business plans require Management to exercise significant judgment with regard to estimates used to determine the recoverable amount of the CGU to which the goodwill is allocated:

- the recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use determined based on the present value of cash flows that the Group expects to generate;

- this value is recognized when the recoverable amount of the CGU to which goodwill is allocated is less than its net carrying amount.

We considered impairment tests on goodwill ("Goodwill impairment") to be a key audit matter given the high level of estimates and judgement made by Management, the sensitivity of the recoverable amounts to the changes in forecast

the way in which the Group has allocated goodwill to CGU on acquisitions which took place during the fiscal year as well as the level of the grouping of CGU to perform impairment tests on goodwill;

- assessing the reasonableness of the valuation made of the recoverable amount of the CGU identified for the impairment tests on goodwill;

  We have examined the business plans of the most significant CGU as well as those for which the risk of impairment loss is the highest. This notably consists of interviewing Management, reviewing historical data and assessing the reasonableness of the assumptions used in connection with projections considered in the business plans;

- assessing, with the support of our valuation experts, the reasonableness of the financial parameters used in connection with impairment tests, the model used to determine value in use, the method to determine value in use, the method to determine the discount rate and the terminal value used in the business plans (perpetual growth formula applied to the last year of the business plan);

- analyzing the sensitivity of the impairment test to changes in the assumptions used in the business plans and the financial parameters applied.

We have verified that the notes to the consolidated financial statements (notably Note 1.5, 1.8 and 5.1) give appropriate disclosures.

assumptions and the relative weight of these assets in the Group's consolidated financial statements.

| **Valuation of provisions for material contingencies and liabilities**<br>*Notes 1.5, 1.16 and 5.12 to the consolidated financial statements* | |
|---|---|
| **Risk identified** | **Our response** |
| The Group is exposed to risks inherent in its activity, notably concerning tax and social risks, as well as its history, notably following the fraud relating to Revenue in the beginning of the 2000s and the ensuing legal proceedings launched which are still underway as described in Note 5.12 to the consolidated financial statements in the contingent liabilities section.<br><br>In this context, the Group can be faced with uncertain situations, litigious or contentious, notably as part of the tax audits by local authorities in the different countries in which it is located, when they have given rise to or may give rise to reassessment requests.<br><br>The estimate of risks is reviewed regularly by each subsidiary and by the concerned departments in the Group with the support, if necessary, of expert advisors. The incorrect valuation of a risk may lead the Group to overstate or understate its liabilities and contingent liabilities.<br><br>Provisions for contingencies and liabilities total €64.7 million as of December 31, 2017 and are a key audit matter given the diversity of the risks to which the Group is exposed and the degree of judgment exercised by Management to estimate these risks and the amounts recognized in provisions. | Our audit approach consisted notably in:<br><br>– examining the procedures implemented by the Group to identify the risks to which it is exposed and to confirm to us by all of the Group's external experts-advisors our understanding of the litigation, and claims;<br><br>– familiarizing ourselves with the analysis of the risks carried out by the Group, the corresponding documentation and assessing their consistency with the responses to direct confirmations from external experts-advisors;<br><br>– assessing the main identified risks and examining the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized, with, if necessary, the support of our experts in the areas concerned by the risks.<br><br>We also assessed the appropriateness of the disclosures in Notes 1.5, 1.16 and 5.12 to the consolidated financial statements. |

| **Recoverability of deferred tax assets relating to loss carryforwards**<br>*See Notes 1.5, 1.19, 6.9. to the consolidated financial statements* | |
|---|---|
| **Risk identified** | **Our response** |
| As of December 31, 2017, the Group had €385 million of reportable tax loss carryforwards. A portion of these reportable losses resulted in the recognition of deferred tax assets and represent tax savings of €86 million, the majority of which is located in France (€55 million).<br><br>The Group recognizes deferred tax assets relating to tax loss carryforwards when they are likely to be recovered within a reasonable timeframe. The Group's ability to recover its deferred tax assets relating to tax loss carryforwards is assessed by | Our audit approach consisted of the Group's ability to benefit from tax relief arising from the use of tax loss carryforwards with regard to, notably:<br><br>– forecasts of taxable profits of subsidiaries or concerned tax consolidated groups underlying the recognition and valuation of deferred tax assets, for which we have, in particular:<br><br>– verified, with the support of our tax experts, the appropriateness of the model and |

Management at the year-end in accordance with its forecasts of future taxable income. The correct valuation of the Group's deferred tax assets is conditional to the quality of its future taxable income forecasts.

The recognition and assessment of the recoverability of deferred tax assets relating to tax loss carryforwards is a key audit matter given the importance of the judgment exercised by Management as part of its forecasts of taxable income and the materiality of the amounts.

assumptions used with regard to the applicable local tax rules and applicable voted regulatory changes,

- assessed the concerned subsidiary's ability to reach the objectives defined in the medium term plan prepared by Management by verifying the consistency of the assumptions used to determine these forecasts with those used to determine the business plans used for impairment tests on goodwill.

We also assessed the appropriateness of the disclosures in Notes 1.5, 1.19 and 6.9 to the consolidated financial statements.

## Specific Verification Concerning the Group Presented in the Management Report

As required by French law, we have also verified in accordance with professional standards applicable in France the information concerning the Group presented in the Board of Directors' management report.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

## Report on Other Legal and Regulatory Requirements

### *Appointment of the Statutory Auditors*

We were appointed statutory auditors of Altran Technologies by the Shareholders' Meeting of June 28, 2004 for DELOITTE & ASSOCIÉS and June 29, 2005 for Mazars.

As of December 31, 2017, Deloitte & Associés was in its 14th year of uninterrupted engagement and Mazars in its 13th year.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

**Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

***Objective and audit approach***

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L. 823-10-1 of the French Commercial Code (*code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

*Report to the Audit Committee*

We submit a report to the Audit Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Paris La Défense and Neuilly-sur-Seine, February 27, 2018

The Statutory Auditors,

**Mazars** **Deloitte & Associés**

Jean-Luc BARLET Arnaud DE PLANTA Ambroise DEPOUILLY

# 6.2 Consolidated financial statements

## CONSOLIDATED FINANCIAL STATEMENTS

Altran Technologies

A public limited company (*Société anonyme*) with a Board of Directors and share capital of €87,900,132.50

Headquarters: 96, avenue Charles de Gaulle – 92200 Neuilly-sur-Seine

Registered in the Nanterre Trade and Companies Register (RCS) under number: 702012956

APE code: 7112B

# FINANCIAL STATEMENTS AT DECEMBER 31, 2017

1. Consolidated Balance Sheet
2. Consolidated Income Statement
3. Consolidated Statement of Comprehensive Income
4. Consolidated Statement of Changes in Shareholders’ Equity
5. Consolidated Statement of Cash flows

# I – Consolidated Balance Sheet

| *(in thousands of euros)* | Notes | Dec. 2017 | | | Dec. 2016 |
|---|---|---|---|---|---|
| | | Gross value | Amort. And Prov. | Net Value | Net value |
| Net Goodwill | *5.1* | 1 089 699 | (187 937) | 901 762 | 805 855 |
| Intangible assets | *5.2* | 165 099 | (75 110) | 89 989 | 81 296 |
| Land and buildings | | 48 504 | (7 168) | 41 336 | 31 043 |
| Other property, plant and equipment | | 144 535 | (93 684) | 50 851 | 43 060 |
| Property, plant and equipment | *5.3* | 193 039 | (100 852) | 92 187 | 74 103 |
| Investments in associates | *5.4* | | | | 240 |
| Non-current financial assets | *5.4* | 41 470 | (2 231) | 39 239 | 37 885 |
| Deferred tax assets | *6,9* | 104 539 | (8 308) | 96 231 | 91 456 |
| Non-current tax assets | *5.5* | 117 341 | (96) | 117 245 | 108 557 |
| Other non-current assets | *5.5* | 9 876 | (5 110) | 4 766 | 2 452 |
| Total non-current assets | | 1 721 063 | (379 644) | 1 341 419 | 1 201 844 |
| Inventory and work in progress | *5.6* | 7 135 | (32) | 7 103 | 7 012 |
| Advances to suppliers | | 303 | - | 303 | 563 |
| Trade receivables and related accounts | *5.7* | 486 954 | (5 638) | 481 316 | 395 429 |
| Other receivables | *5.8* | 135 287 | (418) | 134 869 | 118 103 |
| Trade accounts and other receivables | | 622 544 | (6 056) | 616 488 | 514 095 |
| Current financial assets | *5.9* | 12 954 | | 12 954 | 53 348 |
| Cash equivalents | *5.11* | 203 911 | | 203 911 | 285 093 |
| Cash | *5.11* | 169 015 | | 169 015 | 193 237 |
| Total current assets | | 1 015 559 | (6 088) | 1 009 471 | 1 052 785 |
| TOTAL ASSETS | | 2 736 622 | (385 732) | 2 350 890 | 2 254 629 |

| *(In thousands of euros)* | Notes | Dec 2017 | Dec. 2016 |
|---|---|---|---|
| Capital | *5.10* | 87 900 | 87 900 |
| Share premium | | 351 331 | 392 307 |
| Reserves attributable to parent company shareholders | | 399 286 | 270 959 |
| Foreign currency translation reserve | | (48 678) | (12 223) |
| Net income for the year | | 130 768 | 122 483 |
| Non-controlling interests | | (30 100) | 913 |
| **Shareholder's equity** | | **890 507** | **862 339** |
| Bonds (>1 year) | | – | 249 407 |
| Bank loans and borrowings (>1 year) | | 7 | 17 410 |
| Other non-current financial liabilities | | 1 180 | 1 871 |
| **Non-current financial liabilities** | *5.11* | **1 187** | **268 688** |
| Non-current provisions for contingencies and liabilities | *5.12* | 47 661 | 50 238 |
| Non-current employee benefits | *5.13* | 38 941 | 32 824 |
| Non-current liabilities for fixed assets | | 93 | 2 528 |
| Deferred tax liabilities | *6.9* | 19 270 | 16 699 |
| Non-current liabilities for securities | *5.17* | 32 853 | 7 421 |
| Other long-term liabilities | *5.14* | 5 579 | 4 191 |
| **Other non-current liabilities** | | **144 397** | **113 901** |
| **Total non-current liabilities** | | **145 584** | **382 589** |
| Trade payables and related accounts | | 135 918 | 116 484 |
| Taxes payable | | 111 087 | 128 573 |
| Current employee benefits | *5.13* | 214 464 | 214 131 |
| Current liabilities for fixed assets | | 4 277 | 4 863 |
| Other current liabilities | *5.16* | 102 939 | 97 532 |
| **Trade accounts and other payables** | | **568 685** | **561 583** |
| Provisions for short-term risks and charges | *5.12* | 17 056 | 18 061 |
| Current liabilities for securities | *5.17* | 6 249 | 10 876 |
| Current financial liabilities | *5.11* | 722 809 | 419 181 |
| **Other current liabilities** | | **746 114** | **448 118** |
| **Total current liabilities** | | **1 314 799** | **1 009 701** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **2 350 890** | **2 254 629** |

# II – Consolidated Income Statement

| *(in thousand of euros)* | Notes | Dec. 2017 | Dec. 2016* |
|---|---|---|---|
| Sales | *6.1 & 6.2* | 2 282 195 | 2 074 066 |
| Other income from operations | | 69 412 | 66 746 |
| **Revenues from ordinary operations** | | **2 351 607** | **2 140 812** |
| Cost of goods and services sold | | (36 377) | (27 056) |
| Change in work in progress | | 912 | 709 |
| External expenses | *6.3* | (441 995) | (397 983) |
| Personnel costs salaries | *6.4* | (1 605 116) | (1 474 288) |
| Personnel costs – share-based payments | *6.4* | (2 309) | (1 454) |
| Taxes and duties | | (2 879) | (2 776) |
| Depreciation, amortization and net provisions | *6.5* | (7 333) | (14 533) |
| Other operating expenses | | (10 165) | (6 661) |
| **Operating income on ordinary activities** | | **246 345** | **216 770** |
| Other non-recurring operating income | | 22 | 11 688 |
| Other non-recurring operating expenses | | (39 029) | (33 374) |
| **Other non-recurring operating income and expenses** | ***6.6*** | **(39 007)** | **(21 686)** |
| Goodwill impairment | | – | (2 552) |
| Amortization of intangible rights | | (4 263) | (4 290) |
| **Operating income** | | **203 075** | **188 242** |
| Income from cash and cash equivalents | | 2 808 | 4 577 |
| Cost of gross financial debt | | (14 590) | (17 995) |
| **Cost of net financial debt** | ***6.7*** | **(11 782)** | **(13 418)** |
| Other financial income | *6.8* | 9 216 | 10 604 |
| Other financial expenses | *6.8* | (17 594) | (12 568) |
| Tax expenses/income | *6.9* | (42 780) | (51 733) |
| Share of net income of associates | | (414) | 42 |
| **Net income before discontinued operations** | | **139 721** | **121 169** |
| Net profit/loss on discontinued operations | *6.10* | (8 885) | 1 402 |
| **Net income** | | **130 836** | **122 571** |
| **Non-controlling interests** | | (68) | (88) |
| **Net income attributable to the Group** | | **130 768** | **122 483** |
| **Earnings per share (in euros)** | | **0,76** | **0,71** |
| **Diluted earnings per share (in euros)** | | **0,77** | **0,71** |
| **Earnings per share on continuiting activities (in euros)** | | **0,81** | **0,70** |
| **Diluted earnings per share on continuiting activities (in euros)** | | **0,82** | **0,71** |
| **Eranings per share on discontinued operation (in euros)** | | **– 0,05** | **0,01** |
| **Diluted earnings per share on discontinued operation (in euros)** | | **– 0,05** | **0,01** |

*Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States (see Note 4).

# III – Consolidated Statement of Comprehensive Income

| *(In thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| **Consolidated net income** | **130 836** | **122 571** |
| Financial instruments | 630 | 783 |
| Exchange rate differences | (32 761) | (16 001) |
| *Other comprehensive income net of tax that may subsequently be reclassified to profit* | *(32 131)* | *(15 218)* |
| Employee benefits – Revised IAS 19 | 1 105 | (1 277) |
| *Other comprehensive income net of tax that will not be reclassified to profit* | *1 105* | *(1 277)* |
| Other comprehensive income for the year, net of tax | (31 026) | (16 495) |
| **Total comprehensive income for the year** | **99 810** | **106 076** |
| o/w attributable to : | | |
| – Owners of the Group | 100 142 | 106 004 |
| – Non-controlling interests | (332) | 72 |

| *(in thousands of euros)* | Dec. 2017 | | | Dec. 2016 | | |
|---|---|---|---|---|---|---|
| | Pre-tax | Tax | Net | Pre-tax | Tax | Net |
| Financial instruments | 960 | (330) | 630 | 1 194 | (411) | 783 |
| Exchange rate differences | (36 998) | 4 237 | (32 761) | (18 396) | 2 395 | (16 001) |
| Other comprehensive income net of tax that may subsequently be reclassified to profit | (36 038) | 3 907 | (32 131) | (17 202) | 1 984 | (15 218) |
| Employee benefits – Revised IAS 19 | (1 105) | 2 210 | 1 105 | (1 885) | 608 | (1 277) |
| Other comprehensive income net of tax that will not be reclassified to profit | (1 105) | 2 210 | 1 105 | (1 885) | 608 | (1 277) |
| **Other comprehensive income for the year** | **(37 143)** | **6 117** | **(31 026)** | **(19 087)** | **2 592** | **(16 495)** |

# IV – Consolidated Statement of Changes in Shareholders' Equity

| *(in thousands of euros)* | Number of shares | Capital | Premium | Resources | Change in fair value & other | Exchange rate differences | Net profit | Total Group share | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2015** | **173 121 184** | **87 900** | **430 762** | **169 978** | **( 1 413)** | **6 156** | **100 493** | **793 878** | **508** | **794 386** |
| Comprehensive income for the year | – | – | – | 1 117 | 783 | (18 379) | 122 483 | 106 004 | 72 | 106 076 |
| Capital increase | – | – | – | – | – | – | – | 0 | 333 | 333 |
| Share-based payments | – | – | 1 454 | – | – | – | – | 1 454 | – | 1 454 |
| Change in treasury shares | (422 110) | – | (6 988) | – | – | – | – | ( 6 988) | – | ( 6 988) |
| Net income appropriation | – | – | – | 100 493 | – | – | (100 493) | 0 | – | 0 |
| Dividends paid | – | – | (32 922) | – | – | – | – | ( 32 922) | – | ( 32 922) |
| Other changes | – | – | – | – | – | – | – | 0 | – | 0 |
| **December 31, 2016** | **172 699 074** | **87 900** | **392 306** | **271 588** | **( 630)** | **( 12 223)** | **122 483** | **861 426** | **913** | **862 339** |
| Comprehensive income for the year | – | – | – | 5 342 | 630 | (36 598) | 130 768 | 100 142 | (332) | 99 810 |
| Capital increase | – | – | – | – | – | – | – | – | 1 874 | 1 874 |
| Share-based payments | – | – | 2 052 | – | – | – | – | 2 052 | – | 2 052 |
| Change in treasury shares | (104 650) | – | (1 567) | – | – | – | – | (1 567) | – | (1 567) |
| Net income appropriation | – | – | – | 122 483 | – | – | (122 483) | – | – | – |
| Dividends paid | – | – | (41 460) | – | – | – | – | (41 460) | – | (41 460) |
| Other changes | – | – | – | (129) | – | 143 | – | 14 | (32 555) | (32 541) |
| **December 31, 2017** | **172 594 424** | **87 900** | **351 331** | **399 284** | **0** | **( 48 678)** | **130 768** | **920 607** | **( 30 100)** | **890 507** |

## V – Consolidated Statement of Cash Flows

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 * |
|---|---|---|
| **Operating income from continuing activities** | **203 075** | **188 242** |
| Goodwill impairment and amortization of customer-relationship intangible assets | 4 263 | 6 842 |
| **Operating income before goodwill impairment** | **207 338** | **195 084** |
| Depreciation, amortization and net operating provisions | 10 286 | 24 553 |
| Income and expenses relating to share-based payments | 2 309 | 1 454 |
| Gains or losses on disposals | (233) | 1 059 |
| Other gains and charges | 5 476 | (9 401) |
| **Cash flows before net interest expenses and taxes** | **225 176** | **212 749** |
| Change in inventory and work in progress | (341) | (1 563) |
| Change in trade accounts and other receivables | (24 139) | (118 924) |
| Change in trade accounts and other payables | 19 852 | 59 448 |
| **Change in working capital requirement** | **(4 628)** | **(61 039)** |
| **Net cash flows from operating activities** | **220 548** | **151 710** |
| Interest paid | (12 709) | (14 963) |
| Interest received | 2 797 | 4 869 |
| Taxes paid | (44 866) | (31 571) |
| Cash impact of other financial income and expenses | (1 773) | (3 253) |
| Net cash flows from discontinued operations | (2 966) | 573 |
| **Net cash flows from operations** | **161 031** | **107 365** |
| Cash outflows for acquisitions of property, plant & equipment and intangible assets | (57 973) | (46 604) |
| Proceeds from disposals of property, plant & equipment and intangible assets | 436 | 10 010 |
| Cash outflows for acquisitions of financial assets (unconsolidated investments) | (2 801) | (6 476) |
| Proceeds from disposals of financial assets (unconsolidated investments) | 801 | 232 |
| Earn-out disbursements | (425) | (375) |
| Impact of scope-of-consolidation changes | (108 684) | (135 238) |
| Change in loans and advances granted | (2 719) | (3 629) |
| Investment grants received | – | – |
| Other flows from investing activities | 1 800 | 1 248 |
| Net cash from investments made from discontinued operations | 104 | (218) |
| **Net cash flows from investing activities** | **(169 461)** | **(181 050)** |

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 * |
|---|---|---|
| Amounts received from shareholders during the capital increase | – | 333 |
| Proceeds from the exercise of stock options | (257) | – |
| Treasury share transactions (purchase/sales) | (1 646) | (7 033) |
| Liquidity contract | 105 | 71 |
| Dividends paid during the period | (41 460) | (32 922) |
| Proceeds from new loans | 874 | 79 937 |
| Reimbursement of loans | (127 371) | (100 169) |
| Other flows from financing activities | 81 557 | 90 144 |
| Net cash from financing activities of from discontinued operations | – | – |
| **Net cash flows from financing activities** | **(88 198)** | **30 361** |
| Impact of variations in exchange rates | (8 776) | (2 887) |
| Impact of changes in accounting principles | – | – |
| **Changes in net cash** | **(105 404)** | **(46 211)** |
| Opening cash balance | 478 330 | 524 541 |
| Closing cash balance | 372 926 | 478 330 |
| **Changes in net cash** | **(105 404)** | **(46 211)** |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States (see Note 4).*

The reconciliation between the total amount of cash and cash equivalents in the balance sheet, and net cash and cash equivalents in the table above, can be broken down as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Cash equivalents | 203 911 | 285 093 |
| Cash | 169 015 | 193 237 |
| **Net cash and cash equivalents** | **372 926** | **478 330** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting policies
Note 2 – Consolidation scope
Note 3 – Significant events
Note 4 – Year-on-year comparability
Note 5 – Notes relating to balance sheet items
Note 6 – Notes to the consolidated income statement
Note 7 – Off-balance sheet commitments
Note 8 – Related party transactions
Note 9 – Exposure to risk and risk management procedures
Note 10 – Significant events after the reporting date
Note 11 – Statutory audit fees

## Note 1 Accounting policies

Altran Technologies is a public limited company (Société anonyme) incorporated in France and subject to French laws and regulations governing commercial companies, including the provisions of the French Commercial Code.

### 1.1 Basis of preparation of the financial statements

In accordance with Regulation (EC) No 1606/2002 of July 19, 2002 on the application of international accounting standards, the consolidated financial statements of Altran Technologies ("Altran") for the year ended December 31, 2017 have been prepared in accordance with the international standards issued by the International Accounting Standards Board (IASB) applicable at December 31, 2017 and adopted by the European Union. These international standards comprise International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretation Committee.

The Group has applied the following standards, which are mandatory for financial years beginning on or after January 1, 2017, and are explained in detail below:

**Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"**

This standard is effective for financial years beginning on or after January 1, 2017.

**Disclosure Initiative - Amendments to IAS 7 "Statement of Cash Flows"**

This standard is effective for financial years beginning on or after January 1, 2017.

The application of these standards had no impact on the financial statements. The notes to the financial statements providing an analysis of net financial debt have been amended accordingly.

***Standards, amendments and interpretations whose application is optional in 2017***

The following standards, amendments and interpretations will not be applied to the consolidated financial statements until they become mandatory:

**IFRS 15 and amendments to IFRS 15 "Revenue from Contracts with Customers"**

On May 28, 2014, the IASB issued a new standard on revenue recognition, which will replace the majority of current IFRS on the subject, including IAS 11 and IAS 18.

The new standard is effective for financial years beginning on or after January 1, 2018, and may be adopted early for financial years beginning on or after January 1, 2016. Altran has adopted the retroactive transition method for IFRS 15. As a result, 2018 financial information will be presented under IFRS 15, and 2017 data will be restated.

In 2016, Altran set up a task force on IFRS 15 issues.

The transition project was coordinated by the Group's teams and comprised several phases. These included identifying contract types per country, raising awareness, training the financial, legal and operating teams in the countries concerned, and performing diagnostics and analyses on complex contracts (the latter directly by the country teams).

The IFRS 15 task force identified the following main issues for Altran:

- Timing of revenue recognition (recognition at completion for certain contracts). Limited impact as (i) the majority of contracts are performed on a time and materials (T&M) basis, (ii) fixed-rate contracts are generally short-term in nature, (iii) the right to payment for performance completed to date can generally be justified by (iii.1) the regular invoicing of services, and by (iii.2) the contract terms and local legislation;

- Presentation of expenses (excluding margins) reinvoiced to customers, which must be presented under revenues in accordance with IFRS 15. Under IAS 18, they were deducted from personnel costs. These expenses amounted to €12 million for financial year 2017;

- Other specific areas for analysis, with no identified material impact: costs of setting up significant contracts and accounting treatment of the transition phases at the beginning of contracts with no client deliverables, distinguishing between the agent and the principal in subcontracted and jointly-performed contracts; recognizing license fees.

At this stage, the Group has not completed the precise quantitative analysis of the impact of applying the standard. However, the analysis to date has not revealed any major effects on the revenue recognition process.

**IFRS 9 and amendments to IFRS 9 "Financial Instruments"**

On July 24, 2014, the IASB issued a new standard on the recognition and measurement of financial instruments, which will replace the majority of current IFRS on the subject, including IAS 39.

The new standard will apply to financial years beginning on or after January 1, 2018, with early application permitted for financial year 2017.

Work performed so far, based on events known as of December 31, 2017, has not revealed any material effects on the financial statements.

***Other major standards, amendments and interpretations issued by the IASB, but not yet approved by the European Union***

**IFRS 16 "Leases"**

On January 13, 2016, the IASB issued a new standard on the recognition and measurement of leases, which will replace the majority of current IFRS on the subject, including IAS 17. Under IFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing the present value of its obligation to make lease payments.

The new standard, which has not yet been adopted by the European Union, will apply to financial years beginning on or after January 1, 2019. Earlier application in 2017 is permitted, in the event of the early application of IFRS 15.

The Group has identified contracts (relating to buildings, vehicles and IT equipment) that are affected by the introduction of this new standard and is currently in the process of assessing the impact thereof.

The Group will apply this standard as of January 1, 2019.

**Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"**

The amendments, which have not yet been adopted by the European Union, will apply to financial years beginning on or after January 1, 2018. Earlier application is permitted.

**Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate/Joint Venture"**

The amendments are effective for financial years beginning on or after January 1, 2016.

**Annual improvements (2014-2016)**

The standard is effective for financial years beginning on or after January 1, 2018. Earlier application is permitted for amendments to IAS 28.

**IFRIC 22 "Foreign Currency Transactions and Advance Consideration"**

This new standard, which has not yet been adopted by the European Union, will apply to financial years beginning on or after January 1, 2018. Earlier application is permitted.

**IFRIC 23 "Uncertainty over Income Tax Treatments"**

This new standard, which has not yet been adopted by the European Union, will apply to financial years beginning on or after January 1, 2019. Earlier application is permitted.

The consolidated financial statements for the year ended December 31, 2017, as well as the notes thereto were approved by the Board of Directors of Altran Technologies on February 26, 2018.

### 1.2 First-time adoption of IFRS

Altran retrospectively applied to its opening balance sheet at January 1, 2004 the accounting principles effective at the reporting date following first-time adoption of IFRS (for the year ended December 31, 2005) as if these standards had always been applied, barring the accounting choices presented below:

***Accounting choices relating to the opening balance sheet at January 1, 2004***

IFRS 1 sets out specific measures for the retrospective treatment of assets and liabilities under IFRS. The main choices adopted by the Group for this purpose are:

- **Business combinations:** Altran has chosen not to adjust business combinations prior to January 1, 2004 in accordance with the provisions of IFRS 3.

- **Property, plant and equipment and intangible assets:** Altran has chosen to use historical cost as the basis for reporting property, plant and equipment and intangible assets rather than re-measuring to fair value at the transition date.

- **Retirement obligations**: actuarial gains and losses recognized at January 1, 2004 have been recognized under provisions for retirement obligations, with a matching decrease in shareholders' equity. Actuarial gains and losses subsequent to January 1, 2004 are recognized prospectively.

- **Foreign currency translation adjustments relating to foreign entities:** Altran has recognized under "consolidated reserves" all the unrealized gains and losses arising

from the translation of its foreign subsidiaries' financial statements at January 1, 2004. The adjustment had no impact on shareholders' equity at January 1, 2004. The translation adjustments will not subsequently be recognized in the income statement when the foreign entities in question are deconsolidated.

- **Share-based payments (stock options):** Altran has adopted IFRS 2 for stock option plans granted after November 7, 2002, with rights not yet vested at January 1, 2005. Stock option plans prior to November 7, 2002 have not been measured or recognized.

- **Financial instruments:** Altran opted to apply IAS 32 and IAS 39 as of January 1, 2005. French generally accepted accounting principles (GAAP) continue to apply for recognizing financial instruments on the balance sheet at January 1, 2004, June 30, 2004 and December 31, 2004.

### 1.3 Consolidation

Subsidiaries over which Altran exercises exclusive control, either directly or indirectly, are fully consolidated.

Companies that are not controlled by Altran but over which the Group exercises significant influence, as well as joint arrangements (within the meaning of IFRS 11), are accounted for using the equity method.

### 1.4 Business combinations under revised IFRS 3

Since January 1, 2010, the acquisition method has been used to account for business combinations.

Consideration transferred is measured at fair value. This includes deferred and contingent consideration, which is also measured at fair value at the acquisition date, taking into account associated performance probabilities. Consideration transferred may be classified under liabilities or shareholders' equity, according to its type. Obligations classified under liabilities are subsequently remeasured at fair value and recognized in the income statement.

Costs directly attributable to the acquisition are expensed during the period in which they were incurred.

In the event of partial acquisitions, non-controlling interests are measured on a case-by-case basis for each business combination, either:

- on the basis of their proportionate share of fair value of the assets and liabilities acquired; or

- at their fair value.

In the event of step acquisitions (i.e. assets acquired in several stages), the previously-held ownership interest is remeasured at fair value at the acquisition date. The difference between fair value and carrying amount is recognized directly in profit and loss for the year.

At the acquisition date:

- identifiable assets, liabilities and contingent liabilities meeting IFRS criteria are recognized at fair value;

- non-current assets classified as held for sale are measured at fair value less costs to sell.

Goodwill is the difference between:

- consideration transferred, plus the value of any non-controlling interests; and
- the fair value of net identifiable assets acquired and liabilities assumed.

For each business combination, goodwill can be determined in one of two ways, either:

- as the percentage interest acquired by the Group (partial goodwill method); or
- goodwill represents the Group's percentage interest and non-controlling interests' share of the fair value or proportionate share of fair value of the identifiable net assets acquired.

If expert analysis or measurement of identifiable net assets is still in progress at the acquisition date, a provisional fair value may be recognized. In this case, adjustments to the carrying amount made within the 12-month period from the acquisition date are recognized as goodwill adjustments and correspond to events that existed prior to the acquisition date. If made beyond the 12-month allocation period, adjustments are directly recognized as income or expenses unless they correspond to corrections of errors.

## 1.5 Use of estimates

The preparation of the Company's financial statements requires the use of estimates and assumptions that may have an impact on the carrying amount of certain balance sheet and income statement items, as well as the disclosures in certain notes to the financial statements. Altran regularly reviews these estimates and assessments to take into account past experience and other factors considered relevant with regard to the economic environment.

Estimates, assumptions and assessments are made based on available information or the actual situation when the financial statements are prepared. Consequently, they may subsequently differ from reality.

Estimates mainly concern provisions (€64.7 million), assumptions used to prepare business plans for carrying out impairment tests on the Group's intangible assets (€934.3 million), the recognition of deferred tax assets (€77 million) and long-term employee benefits (€38.9 million), and the recognition of revenue from fixed-priced contracts.

## 1.6 Translation of foreign subsidiaries' financial statements

The Group's consolidated financial statements are presented in euros.

***Translation of foreign subsidiaries' financial statements***

The balance sheets of companies whose functional currency is not the euro are translated into euros at the exchange rates effective at the reporting date. Income statement and cash flow statement items are translated at the average exchange rate for the financial year. Foreign currency translation differences are recognized directly in shareholders' equity in the line item "Foreign currency translation reserve".

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Accordingly, they are reported in the entity's functional currency and translated at the exchange rate effective at the reporting date.

The Group has transferred the differences arising from the translation of its foreign subsidiaries' financial statements at January 1, 2004 to "Reserves attributable to parent company shareholders" after taking into account other IFRS adjustments at that date.

*Transactions in foreign currencies*

Transactions in foreign currencies are recognized at the exchange rates effective at the transaction dates. Assets and liabilities in foreign currencies are translated using the exchange rate effective at the reporting date.

The corresponding foreign currency translation gains and losses are recognized in the income statement, under:

- operating income for commercial transactions;
- financial income and expense for financial transactions.

Long-term financial advances in foreign currencies granted by the Group to its foreign subsidiaries with a holding activity are treated as equity when these amounts are used to finance the acquisition of equity investments, earnout payments and capital increases. These advances are translated at the exchange rate effective at the reporting date. The resulting translation differences and the corresponding deferred taxes are recognized in shareholders' equity under "Foreign currency translation reserve", in accordance with IAS 21 on net investments in foreign operations.

### 1.7 Presentation of financial statements

***Consolidated balance sheet***

IAS 1 "Presentation of Financial Statements" provides for the separate presentation of current and non-current items on the balance sheet. Assets and liabilities relating to the operating cycle and those that are due within less than twelve months are presented as current items. All other assets and liabilities are recognized as non-current items.

Deferred tax assets and liabilities are recognized as non-current items.

Non-controlling interests are recorded under shareholders' equity on the consolidated balance sheet.

***Consolidated statement of comprehensive income***

Revised IAS 1 introduced the notion of comprehensive income, and requires that:

- changes in shareholders' equity resulting from transactions with owners acting in their capacity as owners are presented separately from transactions with non-owners;
- all income and expenses recognized in the reporting period are presented either in a single statement of comprehensive income or in two separate statements, namely: 1/ an income statement and 2/ a statement of other comprehensive income;
- a subtotal is included indicating whether or not changes recognized in shareholders' equity could, upon finalization, have an impact on the income statement;

- total comprehensive income is presented in the financial statements.

The Group has opted to present comprehensive income in two financial statements: a consolidated income statement and a consolidated statement of comprehensive income.

***Consolidated income statement***

The Group presents its income statement by type of income.

“Operating income” and “Operating income from ordinary activities” comply with French National Accounting Board (CNC) recommendation 2009-R-03.

Operating income includes all income and expenses that do not arise from financing activities and tax.

Other non-recurring operating income and expenses arise from activities that, by their nature, amount and/or frequency cannot be considered to be part of the Group’s regular activities and earnings.

Non-recurring items include proceeds from liquidation of consolidated equity investments, restructuring costs, income or expenses relating to disputes, and any other non-recurring item affecting the year-on-year comparability of operating income from ordinary activities.

Amortization of intangible assets (customer relationships) recognized upon purchase price allocation is presented under non-recurring operating expense.

Goodwill impairment is presented under non-recurring operating expense.

### 1.8 Goodwill

Goodwill is not amortized. It is tested for impairment at least once a year on December 31, and whenever there is an indication of impairment.

Impairment tests measure the recoverable value of each entity generating its own cash flow (cash-generating unit or CGU). They reflect the business value of each entity contributing to intangible assets and property, plant and equipment.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CGUs identified in the Group are therefore legal entities or operating units, it being specified that:

- in a given country, when a parent company owns an operating subsidiary, both entities together constitute a CGU;

- when several legal entities are managed by the same team, with a single business plan, the entities are grouped together into a single CGU.

A CGU must belong exclusively to one of Altran’s operating segments, in accordance with IFRS 8.

The recoverable amount of a CGU is the higher of its fair value less costs to sell (when this can be determined) and its value in use.

Fair value less costs to sell is the best estimate of the net cash flows to be received (or paid) for the disposal of an asset in an arm's length transaction between knowledgeable, willing parties. This estimate is determined on the basis of available market information taking into account any specific contexts.

Value in use applied by Altran is determined based on the present value of cash flows of the CGUs in question. They are determined on the basis of the following economic assumptions and operating forecasts:

- the cash flows are derived from the business plans of the entities concerned available on the measurement date, for a four-year forecast period;
- beyond the forecast period, terminal value is calculated by applying a perpetual growth formula to the last cash flow from the forecast period;
- the discount rate per country is the weighted average cost of capital after tax. The after-tax rate is applied to cash flows after-tax. It is used to determine a recoverable amount identical to that obtained by applying a pre-tax rate to cash flows with no tax impact.

To determine goodwill impairment, the recoverable amounts of assets, essentially based on value in use, are compared with the carrying amounts in the prior year's financial statements approved by the Board of Directors, projected to the reporting date.

### 1.9 Intangible assets

Intangible assets primarily comprise trademarks, licenses, software, development costs and customer relationships. They are recognized at their acquisition or production cost.

***Customer relationships and trademarks***

Customer relationships and registered trademarks recognized in connection with business combinations are classified as intangible assets.

Customer relationships are measured using the multi-period excess earnings method. The method estimates future operating margins arising from contracts, after tax and after deducting cash flows from supporting assets.

Customer relationships are amortized on a straight-line basis over the useful lives estimated for each business combination and tested at the level of the CGUs that use them.

Trademarks developed internally are not capitalized.

***Software***

Software is amortized on a straight-line basis over its useful life (8 years maximum).

***Patents***

Patents are amortized on a straight-line basis over their expected useful lives.

***Development costs***

Expenses meeting all the criteria set out in IAS 38 to define development costs are recognized as intangible assets and amortized over the life of the project.

Other expenses are classified as research costs and are expensed.

### 1.10 Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost. Borrowing costs are not included in the carrying amount of property, plant and equipment. Depreciation is calculated based on the expected pattern of consumption of the future economic benefits embodied in the asset on the basis of acquisition cost, less any residual value.

The straight-line method is applied over the following periods:

- Fixtures and fittings 10 years
- IT and office equipment 4 years
- Office furniture 10 years

Depreciation periods are reviewed annually and changed if expectations differ from previous estimates.

Real estate assets were measured on a component basis at the date of transition to IFRS, retrospectively. Depreciation is calculated for each component based on their useful lives:

- Buildings 20 - 50 years
- Fixtures and fittings 10 - 30 years

### 1.11 Inventories and work in progress

***Goods and supplies***

Inventories are measured at the lower of acquisition cost and net realizable value.

Work in progress is measured at the reporting date based on cost if all of the conditions required to recognize stage-of-completion revenue have not been met.

***Transition and/or transformation costs***

Costs incurred during the initial stages of certain contracts with customers (transition and/or transformation costs) can be deferred when they are:

- specific to the contracts in question;
- connected to an activity likely to generate future economic benefits;
- recoverable.

Such costs are classified as work in progress and subsequently expensed as the associated economic benefits are realized.

When a contract becomes loss-making, all transition costs are written down to the amount of the expected loss and an additional provision for losses on completion is recognized, if necessary.

### 1.12 Financial assets

Financial assets comprise non-current loans and receivables, operating receivables, various other receivables and short-term investments.

***Financial assets, non-current loans and receivables***

Altran holds investments in companies over which it does not exert significant influence or control. These investments are part of the Group's "incubator" strategy aimed at investing in companies seeking to develop innovative, high-tech products. Investments in such non-consolidated companies, which Management intends to hold in the long term, are treated as available-for-sale assets and measured at fair value at each reporting date. Fair value corresponds to the last known share price for listed investments and estimated market value for unlisted investments. Positive and negative changes in fair value are recorded in shareholders' equity under "Reserves attributable to parent company shareholders". Where there is an objective indication of lasting or significant impairment of financial assets, a provision for impairment is recognized under "Financial expenses".

Non-current financial assets also include equity investments and related loans, social housing loans ("*prêts effort construction*") and deposits and guarantees. A provision for impairment is recognized if there is an objective indication of impairment. Social housing loans do not bear interest and are measured at their fair value, determined using the market discount rate for a similar instrument over a 20-year period. The effects of discounting and the unwinding of discounts are recognized in the income statement.

***Operating and other receivables***

Trade and other receivables are recognized at nominal value. Receivables that are due within less than one year and/or less than an operating cycle are reported under "Current assets". An allowance for impairment is recognized when their value at the reporting date, based on collection probability, falls below their carrying amount.

***Short-term investments***

Short-term investments or cash equivalents are measured at their fair value at each reporting date. They essentially comprise short-term notes and certificates of deposit. Realized and unrealized gains and losses are recognized in the income statement under "Income from cash and cash equivalents".

### 1.13 Financial liabilities

Financial liabilities comprise bonds, bank loans and borrowings, bank overdrafts and other current and non-current liabilities.

***Bank loans and borrowings and bonds***

Bank loans are initially measured at the fair value of the consideration received, less costs directly attributable to the transaction. Subsequently, they are measured at amortized cost using the effective interest rate method. All loan issue costs are recognized in the income statement under "Cost of gross financial debt" over the term of the loan, using the effective interest rate method.

***Bank overdrafts***

Bank overdrafts are recognized at nominal value.

***Other financial liabilities***

These line items mainly include employee profit-sharing, conditional advances relating to research and development efforts, and currency and interest rate swaps.

## 1.14 Derivative instruments

As revenue and expenses from providing intellectual services are generally denominated in the same currency (as they are generated in the same country), there is no currency hedging policy.

Altran uses interest rate swaps and currency futures contracts to manage the interest and exchange rate risk in connection with the Group's financing and cash management operations.

***Measurement and presentation***

Derivatives are initially measured and recognized at fair value. Fair value is re-measured at each reporting date based on market conditions.

***Recognition of hedging derivatives***

When derivatives qualify for hedge accounting pursuant to IAS 39, their treatment varies depending on whether they are:

- fair value hedges of existing assets or liabilities; or
- hedges of future cash flows.

The Group designates the hedging instrument and hedged item when the instrument is set up. It formally documents the hedging relationship in order to monitor its effectiveness over the period in question.

The application of hedge accounting has the following consequences:

- for fair value hedges of existing assets or liabilities, changes in fair value of the derivative are recognized in the income statement. The corresponding hedged item is re-measured in the balance sheet with an offsetting entry in the income statement. Any difference between the two remeasurements indicates that the hedging relationship is ineffective;
- for hedges of future cash flows, the effective portion of changes in the fair value of the hedging instrument is recognized directly under shareholders' equity in a specific reserve account and the ineffective portion is recognized in the income statement. The amounts recognized in reserves are transferred to the income statement as the hedged flows are recognized.

***Recognition of derivatives that do not qualify as hedges***

Derivatives that do not qualify as hedges are initially and subsequently measured at fair value. Changes in fair value are recognized under "Other financial income" or "Other financial expenses" in the income statement.

### 1.15 Treasury shares

Treasury shares refer to Altran Technologies' shares included a share buyback program. The program comprises a liquidity contract entered into in 2011 to enhance liquidity and regular trading of the Company's shares on the NYSE Euronext Paris stock exchange.

Treasury share purchases are recognized as a deduction in shareholders' equity at acquisition cost until they are sold. When treasury shares are sold, all after-tax gains or losses are recognized in consolidated reserves. Consequently, they do not contribute to net income for the year.

### 1.16 Provisions for contingencies and liabilities

Pursuant to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions for contingencies and liabilities are recognized if, at the reporting date, the Group has an obligation to a third party and it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation. Risk estimates are frequently revised by each subsidiary and Department within the Group, with the assistance, if necessary, of consultants.

Altran's main provisions for contingencies and liabilities, other than retirement obligations, include:

- estimated costs for disputes, lawsuits and claims brought by third parties or former employees;
- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Company announces, draws up or starts implementing a detailed restructuring plan before the reporting date.

Non-current provisions relate to liabilities due in more than one year, and include provisions for disputes. The portion of provisions maturing in less than one year is recorded under current provisions on the balance sheet.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation if it is not probable that an outflow of resources will be required to settle it. Except in the case of IFRS 3, contingent liabilities are not provisioned but are disclosed in note 5.12.

### 1.17 Employee benefits

Altran participates in various defined benefit plans, and also provides other post-employment and termination benefits to its employees. The specific characteristics of the plans depend on the regulations in force in the countries concerned.

Termination and post-employment benefits are generally lump sum payments calculated based on the employee's number of years of service and annual salary on the date of termination/retirement.

Pursuant to revised IAS 19, the contributions paid into defined contribution plans are recognized as expenses for the year and all employee benefits are measured annually using the projected unit credit method, taking into account the economic

conditions specific to each country. The related assumptions are set out in note 4.13 and include mortality, staff turnover, salary increase rate, discount rate and expected rate of return on plan assets.

Altran's retirement benefit obligations are covered either by pension funds to which Altran contributes, or by provisions recognized on the balance sheet as and when the related rights vest.

The obligation net of plan assets is recorded on the balance sheet under "Other current and non-current post-employment benefits".

The annual expense is recognized under:

- personnel costs ("Non-current employee benefits"), for the portion relating to current service cost;
- financial income or expense ("Employee benefit provisions"), for the amount pertaining to interest cost and return on plan assets;
- shareholders' equity, in other comprehensive income, for the portion relating to actuarial gains and losses

### 1.18 Share-based Payment

In accordance with IFRS 2 "Share-based Payment", share purchase and subscription options as well as employee share issues (including free shares) are measured at the grant date. New shares are issued at the maturity of the plan or drawn from treasury stock reserved for future plans.

***Free shares***

When free share plans are set up, Altran uses the model recommended by the CNC to measure employee benefits, whereby employees:

- borrow an amount equal to a defined share price and pay interest on the loan;
- sell forward their call options to a bank.

The expense recognized is the difference between the strike price and interest expense.

It is recognized in the income statement under "Personnel costs" on a straight-line basis over the vesting period with an offsetting entry in shareholders' equity.

### 1.19 Taxes

Taxes that are not covered by IAS 12 "Income Taxes" or Revised IAS 19 "Employee Benefits" (social security contributions) are recognized as an expense when the obligating event that gives rise to a liability to pay a levy (as identified by legislation) actually occurs, in accordance with IFRIC Interpretation 21.

Income taxes comprise current tax expense (income) for the financial year and deferred tax expense (income). Tax is reported on the income statement unless it relates to items recognized directly under shareholders' equity.

Current tax is the estimated amount of tax due on income for the period, measured at the tax rate enacted or substantially enacted at the reporting date, as well as any tax adjustments for prior periods.

In France, since 2010, French value-added business tax (CVAE), which is based on the added value derived from the parent company financial statements, has been classified as an income tax item. Deferred taxes are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities and their tax bases, and for tax loss carry-forwards.

The following items do not qualify for deferred tax recognition: the initial recognition of goodwill, the initial recognition of assets and liabilities that are not part of a business combination and do not affect accounting profit or taxable profit, and temporary differences associated with investments in subsidiaries insofar as they will not be reversed in the foreseeable future.

Altran offsets deferred tax assets and liabilities by tax entity. In compliance with IAS 12, deferred tax assets and liabilities are not discounted to present value.

The Group recognizes deferred tax assets, relating to tax loss carryforwards, when it is likely that the subsidiaries or consolidated tax groups concerned will have sufficient future taxable profit available to be able to use them. Management assesses the Group’s ability to recover these assets at year-end. Altran takes the following into account:

- estimated future taxable income, according to local tax requirements;
- tax loss carryforwards arising before and after tax consolidation.

The correct measurement of the Group’s deferred tax assets depends on how well it estimates future taxable income.

### 1.20 Revenue recognition

Revenue corresponds to sales of services provided by all Group consolidated companies.

The accounting method used to recognize revenues and costs depends on the nature of the services.

Moreover, when the result of a transaction cannot be estimated reliably and the recovery of costs incurred is unlikely, revenue is not recognized and the costs incurred are recorded as expenses.

#### *Time and materials contracts*

The majority of the Group’s contracts are carried out on a T&M basis.

These contracts, which are subject to a best endeavors clause, have a variable price determined according to the time spent and the seniority of the staff employed by Altran Technologies for these projects.

Revenue generated by time and materials (T&M) contracts is recognized as the services are performed.

***Fixed-price contracts***

These contracts, which have a performance obligation, either provide for a fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the client as the project is performed.

Revenue from fixed-price contracts is recognized based on the stage of completion and the expected profit on completion. In the event of an expected excess of total contract costs over total contract revenue, the expected losses on completion are provisioned. This method is in line with the percentage of completion method set out in IAS 11 “Construction Contracts”.

In accordance with IAS 18 “Revenue”, the reinvoicing of zero-profit consultancy fees for commercial services is accounted for as a reduction in external expenses.

### 1.21 Non-recurring income

Other non-recurring operating income and expenses arise from activities, which by their nature, amount and/or frequency cannot be considered part of the Group’s ordinary activities and earnings, since they impair the understanding of operating performance. They relate to income or expenses that are unusual, infrequent and of a significant amount.

These mainly comprise:

- capital gains or losses (net of costs) from disposals and impairment of current and non-current intangible assets or property, plant and equipment;
- restructuring costs and provisions, which impair the clarity of operating income from ordinary activities due to their size and unusual nature;
- other operating income and expenses considered as unusual or infrequent (such as acquisition costs).

### 1.22 Forex gains and losses

Realized and unrealized foreign exchange gains and losses from operations are recognized under “Other income from operations” or “Other operating income and expenses”. Those resulting from financing operations or the hedging of investing and financing activities are recognized under “Cost of gross financial debt” and under “Other financial income and expenses”.

### 1.23 Operating grants

Depending on their maturity, grants used to offset expenses incurred by the Group are systematically recognized either as operating income in the income statement in the period during which the expenses are incurred, as deferred tax assets, or other receivables. Operating grants mainly relate to research tax credits.

### 1.24 Earnings per share

The Group presents both basic and diluted earnings per share.

Undiluted earnings per share correspond to net income attributable to the Group, divided by the weighted average number of shares outstanding over the year, net of treasury shares.

Diluted earnings correspond to net income attributable to Group shareholders, net of the financial cost of dilutive debt instruments, the effect of employee profit-sharing, and

corresponding tax. The number of shares used to calculate diluted earnings factors in the conversion into ordinary shares of dilutive instruments outstanding at the reporting date (free shares) when they are likely to have a dilutive effect. This is the case for share warrants, when their strike price is lower than their market price (average price of Altran Technologies' shares over the year).

Diluted and undiluted earnings per share are identical when earnings per share is negative. To ensure comparability of earnings per share, the weighted average number of shares outstanding during the year (and prior years) is adjusted to take into account any capital increases carried out at a share price lower than the market price. Treasury shares deducted from consolidated shareholders' equity are not taken into account in calculating earnings per share.

### 1.25 Assets and liabilities held for sale and discontinued operations

IFRS 5 defines the accounting treatment, presentation and disclosure for assets held for sale (or disposal groups) and discontinued operations. A discontinued operation is a component of an entity that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

The standard requires separate disclosure on the balance sheet if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable (within one year of the reporting date).

Assets classified as held for sale and discontinued operations are measured and recognized at the lower of carrying amount and fair value less costs to sell, and deprecation on such assets ceases.

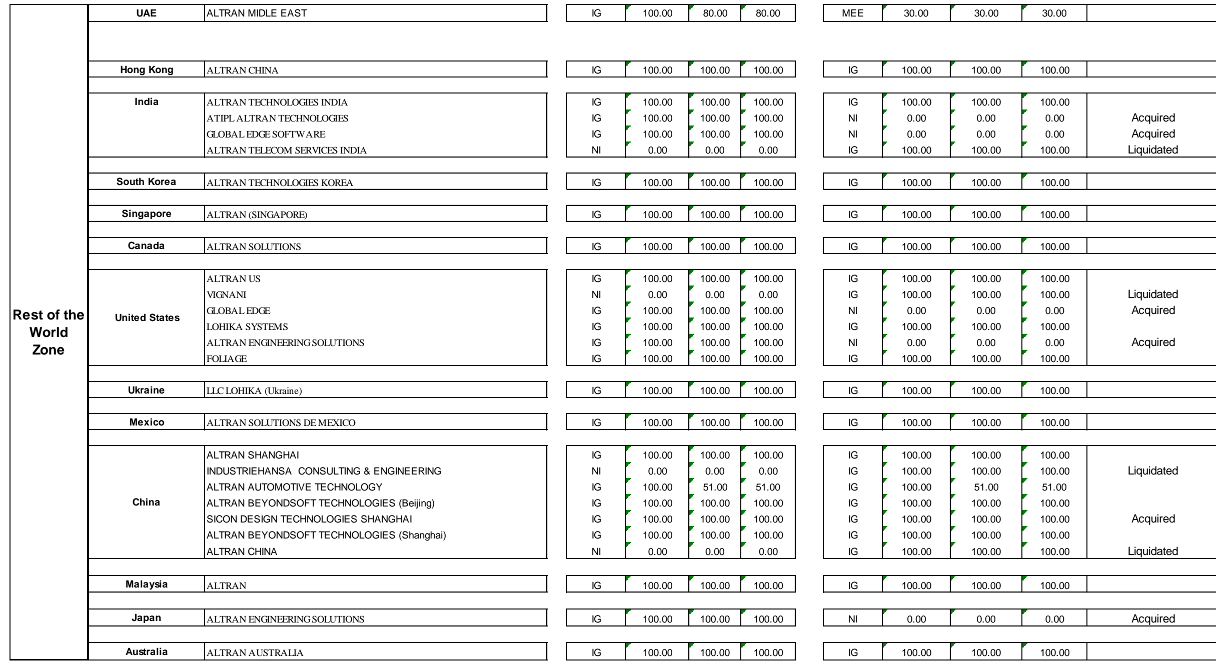
Net income from discontinued operations, after eliminating intragroup transactions, is presented as a separate line item on the income statement. It includes the post-tax profit or loss of discontinued operations and the post-tax gain or loss on disposal of the assets or disposal group(s) constituting the discontinued operation, for the current and prior years used for year-on-year comparison.

The net cash flows from discontinued operations are also presented as separate line items on the cash flow statement, including the cash flows generated by the operations until disposal as well as the post-tax cash flows generated on disposal of the assets or disposal group(s) constituting the discontinued operation, for the current and prior years used for year-on-year comparison.

## Note 2 Consolidation scope

The consolidated financial statements include the financial statements of Altran Technologies and its subsidiaries. The Group fully consolidates its subsidiaries.

| Region | Country | Entity | Closing | | | | Opening | | | | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Method | Integration rate | Control rate | Interest rate | Method | Integration rate | Control rate | Interest rate | |
| Northern Europe | Germany | ALTRAN DEUTSCHLAND | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN SERVICE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN AVIATION CONSULTING | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN MANAGEMENT | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ENGINEERING | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | Austria | ALTRAN CONCEPT TECH | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | MICROSYS TECHNOLOGIES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Romania | ALTRAN SOLUTIONS (ROU) | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | Czech Republic | ALTRAN TECHNOLOGIES CZECH REPUBLIC | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SWELL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | KON | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Slovakia | ALTRAN SLOVAKIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Belgium | ALTRAN BELGIUM | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Luxembourg | ALTRAN LUXEMBOURG | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | The Netherlands | ALTRAN INTERNATIONAL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ENGINEERING | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | ALTRAN TESTING | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | ALTRAN NETHERLANDS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Norway | ALTRAN NORGE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Sweden | ALTRAN SVERIGE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ENGINEERING | NI | 0.00 | 0.00 | 0.00 | NI | 0.00 | 0.00 | 0.00 | Acquired and Merged |
| | Switzerland | ALTRAN | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | United Kingdom | ALTRAN UK HOLDING | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN UK | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS USA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS (SINGAPORE) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS (INDIA) PRODUCT DEVELOPMENT | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS JAPAN | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SYNAPSE PRODUCT DEVELOPMENT HK | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SYNAPSE PRODUCT DEVELOPMENT | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | TESSELLA HOLDING | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | TESSELLA (UK) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | TESSELLA (USA) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | INFORMATION RISK MANAGEMENT | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | ALTRAN ENGINEERING SOLUTIONS EUROPE | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| Southern Europe | Spain | ALTRAN INNOVACION | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | AGENCIA DE CERTIFICACION INNOVACION ESPANOLA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Italy | ALTRAN ITALIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ROMANIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN INNOVATION | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Turkey | ALTRAN INOVASYON VE TEKNOLOJI | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Portugal | ALTRANPORTUGAL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| France | France | ALTRAN TECHNOLOGIES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN EDUCATION SERVICES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | GMTS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | LOGIQUAL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PROTOTYPES AUTOMOBILES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PARTICIPATIONS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ALLEMAGNE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PARTICIPATIONS 1 | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PARTICIPATIONS 2 | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN CONNECTED SOLUTIONS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | OXO | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Merged |
| | | ALTRAN LAB | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Morocco | ALTRAN MAROC | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Tunisia | TITAN ENGINEERING | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | ALTRAN TELNET CORPORATION | IG | 100.00 | 70.00 | 70.00 | MEE | 50.00 | 50.00 | 50.00 | |



| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Rest of the World Zone | UAE | ALTRAN MIDLE EAST | IG | 100.00 | 80.00 | 80.00 | MEE | 30.00 | 30.00 | 30.00 | |
| | Hong Kong | ALTRAN CHINA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | India | ALTRAN TECHNOLOGIES INDIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ATIPL ALTRAN TECHNOLOGIES | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | GLOBAL EDGE SOFTWARE | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | ALTRAN TELECOM SERVICES INDIA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Liquidated |
| | South Korea | ALTRAN TECHNOLOGIES KOREA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Singapore | ALTRAN (SINGAPORE) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Canada | ALTRAN SOLUTIONS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | United States | ALTRAN US | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | VIGNANI | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Liquidated |
| | | GLOBAL EDGE | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | LOHIKA SYSTEMS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN ENGINEERING SOLUTIONS | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | FOLIAGE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Ukraine | LLC LOHIKA (Ukraine) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Mexico | ALTRAN SOLUTIONS DE MEXICO | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | China | ALTRAN SHANGHAI | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | INDUSTRIEHANSA CONSULTING & ENGINEERING | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Liquidated |
| | | ALTRAN AUTOMOTIVE TECHNOLOGY | IG | 100.00 | 51.00 | 51.00 | IG | 100.00 | 51.00 | 51.00 | |
| | | ALTRAN BEYONDSOFT TECHNOLOGIES (Beijing) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SICON DESIGN TECHNOLOGIES SHANGHAI | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | Acquired |
| | | ALTRAN BEYONDSOFT TECHNOLOGIES (Shanghai) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN CHINA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Liquidated |
| | Malaysia | ALTRAN | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Japan | ALTRAN ENGINEERING SOLUTIONS | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | Australia | ALTRAN AUSTRALIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |

## Changes in consolidation scope

During financial year 2017, the Group performed various transactions that modified its consolidation scope. The most significant were as follows:

### *Liquidations*

Altran liquidated its subsidiaries Altran China, IndustrieHansa Shanghai, Altran Telecom Services India and Vignani (United States). The liquidations had a negative impact of €0.1 million on net income in the second half of 2017.

### *Acquisitions*

Altran completed the acquisition of:

- Benteler Engineering Services group, i.e. five subsidiaries in Germany, the Netherlands, Romania and Sweden;
- Pricol technologies group, i.e. four subsidiaries in the United States, India, Japan and the United Kingdom;
- Titan Engineering, a Tunisian company;
- Information Risk Management in the United Kingdom;
- Global Edge Software group, i.e. two subsidiaries in the United States and India.

The contribution of these acquisitions to revenue, since their acquisition date, was as follows: €55.6 million by Benteler Engineering Services group, €12.3 million by Pricol Technologies group, €3.4 million by Information Risk Management, and €6.5 million by Global Edge Software group.

With regard to the companies acquired during the financial year, the Group does not have any reliable IFRS data for the months prior to the acquisition date.

***Mergers***

To streamline its consolidation scope, the Group performed a number of mergers, particularly in Sweden, and in France through the transfer of the liabilities and assets of Oxo to Altran Technologies.

## Note 3 Significant events

### Acquisitions

In financial year 2017, the Altran Group pursued its external growth strategy under the Altran 2020 Ignition strategic plan.

#### January 2017: Benteler Engineering Services

On January 1, 2017, Altran finalized the acquisition (announced in October 2016) of Benteler Engineering Services, a German specialist in design and engineering services for the automotive industry. The acquisition:

- is a strategic operation marking the beginning of the investment phase of the Group's recovery plan in Germany;
- significantly reinforces the Group's position in the German automotive market;
- will generate strong synergies in terms of customer portfolios and services.

Benteler Engineering Services' clients include leading automotive manufacturers and suppliers, such as BMW, Volkswagen, Volvo, Ford, Porsche and Daimler.

Based in Munich, with a workforce of 700 employees, the company operates primarily in Germany, but also has operations in the Netherlands, Sweden and Romania.

The Altran Group has acquired full ownership of Benteler Engineering Services.

The acquisition-related costs, amounting to €0.8 million, have been recognized as a non-recurring expense.

Goodwill recognized in the financial statements amounts to €29.6 million (including a €-0.1 million unrealized foreign exchange loss).

Contributed balance sheet items can be summarized as follows: fixed assets of €3 million, non-current assets of €3.9 million, trade and other receivables of €18.8 million, cash amounting to €0.9 million, non-current liabilities of €0.2 million, and trade and other current payables of €24.7 million.

Since its acquisition, for 12 months of business activity, the Benteler Engineering Services group has contributed €55.7 million to revenue and €3.1 million to operating income from ordinary activities.

#### February 2017: Pricol Technologies

On February 1, 2017, Altran finalized the acquisition (announced in December 2016) of the Indian company Pricol Technologies, which has enabled the Group to accelerate the implementation of its Altran 2020 Ignition strategic plan:

- the acquisition is fully in line with Altran's business development plan in North America; the Indian company generates 60% of its revenue in the United States, and boasts a prestigious client base with which it has built long-term business relationships;

- the company's innovative and proprietary offshore "co-engineering" service model, reputed for its effectiveness and quality, will enable Altran to expand the capacity of its Industrialized GlobalShore© network, which will have over 4,500 engineers.

Pricol Technologies provides a wide range of engineering solutions and client support, from product design to manufacturing in the fields of embedded systems, mechanical and industrial design, prototyping, testing and contract manufacturing, particularly for the automotive, medical, consumer and industrial product sectors. The company has a team of 520 experienced and highly qualified employees, based in five design centers in Coimbatore and Pune.

In addition to integrating its engineering teams with those of its clients, Pricol Technologies has developed a smart engineering ecosystem to provide high value-added services, which complement Altran's existing expertise and know-how. With sales offices located in Detroit (United States), London (United Kingdom) and Shinagawa (Japan), the company has a strong client base and balanced geographic coverage, which have enabled it to expand rapidly over recent years.

The Group has acquired full ownership of Pricol Technologies.

The acquisition-related costs, amounting to €0.8 million, have been recognized as non-recurring expenses.

Goodwill recognized in the financial statements amounts to €13.9 million (including a €1.3 million unrealized foreign currency translation loss).

Contributed balance sheet items can be summarized as follows: fixed assets of €1.6 million, non-current assets of €0.4 million, trade accounts and other current assets of €5.7 million, cash of €1.0 million, non-current liabilities of €0.2 million, and trade accounts and other current liabilities of €4.8 million.

Since its acquisition, for 11 months of business activity, the Pricol Technologies Group has contributed €12.3 million to revenue and €1.3 million to operating income from ordinary activities.

### August 2017: Information Risk Management

Created in 1998, Information Risk Management (IRM) is a British cyber security company, specializing in the identification, management and mitigation of IT risk.

The company has obtained the highest level of accreditation and certification in its field, and provides customers with a wide range of end-to-end cyber security services, from strategy consulting and professional training, to software development.

IRM has an attractive client base of private and public establishments, including Travelex, BNP Paribas and Telefonica, and also the UK Ministry of Defense, Department of Transport, Prime Minister's Cabinet Office, and Government Communications Headquarters (GCHQ). IRM has also forged a strategic alliance with the recently-created National Cyber Security Center (NCSC).

Based in Cheltenham with offices in London, IRM has 82 employees.

The acquisition of IRM, effective as of August 1, 2017, will:

- significantly improve Altran's know-how and skills in terms of cyber security, which is a strategic, global, high-growth market;
- play a key role in Altran's new World Class Center dedicated to cyber security, to be launched at the beginning of 2018. IRM's capacity will be combined with other Group assets to meet client requirements for secure applications in areas such as digital transformation, Internet of Things (IoT) and autonomous vehicles.

The Group has acquired full ownership of Information Risk Management.

The acquisition-related costs, amounting to €0.7 million, have been recognized as non-recurring expenses.

Goodwill recognized in the financial statements amounts to €20.8 million (including a €0.2 million unrealized foreign currency translation gain).

Contributed balance sheet items can be summarized as follows: fixed assets of €1.3 million, trade accounts and other current assets of €2.1 million, cash of €0.1 million, non-current liabilities of €0.1 million, and trade accounts and other current liabilities of €1.6 million.

Since its acquisition, for five months of business activity, Information Risk Management has contributed €3.4 million to revenue and €0.3 million to operating income from ordinary activities.

### October 2017: Global Edge Software

On September 5, 2017, the Altran Group announced the acquisition of Global Edge Software, a product engineering company based in India, specializing in embedded software and Internet of Things (IoT) solutions. The acquisition was finalized on October 1, 2017.

Employing 1,000 engineers, the company, created in 2001 and based in Bangalore, has a branch in Hyberabad, and two specific client sites in Chennai and Mumbai/Pune. It primarily serves the semiconductor, telecommunications and automotive industries, and also the internet and software industries (including electronic consumer products), with a prestigious customer base.

The acquisition of Global Edge Software strengthens Altran's presence in India, significantly increasing the Group's capacity to provide end-to-end Industrialized GlobalShore© services.

The acquisition will also enable the Group to accelerate its business development in North America, due to a strong, prestigious, customer based in the United States. The company has a dedicated team of several dozen engineers based in California.

In line with Altran's strategy, the acquisition will:

- strengthen the Group's business activity in the semiconductor, telecommunications and automotive industries, and software/internet industries;
- provide strong expertise in connectivity technologies;
- support Altran's global software development strategy.

The Group has acquired full ownership of Global Edge Software.

The acquisition-related costs, amounting to €0.3 million, have been recognized as non-recurring expenses.

Goodwill recognized in the financial statements amounts to €30.4 million (including a €0.2 million unrealized foreign currency translation loss).

Contributed balance sheet items can be summarized as follows: fixed assets of €0.7 million, non-current assets of €3.5 million, trade accounts and other current assets of €8.8 million, cash of €1.1 million, non-current liabilities of €1.2 million, and trade accounts and other current liabilities of €5.1 million.

Since its acquisition, for three months of business activity, the Global Edge Software group has contributed €6.5 million to revenue and €1.4 million to operating income from ordinary activities.

### Joint Arrangements

#### January 2017: EMG

Altran has entered into a strategic trade partnership with EMG (eMapgo), the leading Chinese developer of high-quality Location Based Services (LBS) for the automotive industry, offering automotive manufacturers in China Altran's full range of services through its VueForge® solution for Advanced Driver Assistance Systems (ADAS).

The solution will leverage the best of Altran's ADAS technologies:

- processing large quantities of data collected from assessing vehicles in service;
- simulating and processing cloud-based data collected from vehicles;
- visualizing the vehicle fleet in real time and analyzing how people use their cars by means of integrated sensors.

The joint arrangement has enabled Altran to provide its clients in China with a comprehensive range of autonomous driving services, ranging from vehicle construction and full data management (storage and processing) to automotive performance testing.

#### April 2017: Telnet

At the beginning of April 2017, Altran and Telnet Holding (a Tunisian engineering consultancy group), announced plans to extend their joint arrangement, with the transfer of Telnet Holding's high-value added operations in three fields (Automotive, Defense & Security) to the Tunisian company Altran Telnet Corporation. The Altran Group now holds 70% of Altran Telnet Corporation's share capital.

Drawing on the software development expertise of the Telnet Group, Altran has strengthened its real-time embedded software design and development capabilities for key clients such as Bosch and Safran, and its Nearshore business in North Africa.

### Disposals

#### December 2017: Sale of the "Utilities" business in the United States

In the first half of 2017, the Altran Group decided to sell its "utilities services" business in the United States. The services were mainly provided to power generation and distribution companies.

The choice was mainly due to:

- Lack of critical size in the commodity market, which is not in line with the Altran 2020 Ignition of value-creation strategic plan;

- Significant use of subcontractors (pass-through charges), adversely affecting profitability.

As the disposal of this asset fulfils the requirements, it has been accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The consolidated financial statements at December 31, 2017 were therefore prepared in accordance with IFRS 5, and include comparative, pro forma data for financial year 2016.

The disposal of the business was finalized in December 2017.

### Financing

On July 28, 2017, the Altran Group announced that it had entered into an unsecured, syndicated, multi-currency revolving credit facility (EUR, USD, GBP) for €500 million, replacing current credit lines of €300 million.

The additional €200 million in financing:

- is intended to fund the Group’s general requirements;

- is for a five-year period, and may be extended by one or two years;

- provides more flexibility with a better margin ratchet, simplified documentation and access to both USD and GBP;

- is loaned by an extended, diversified group of 10 banks, which are the cornerstone of Altran’s banking relationships worldwide.

The revolving credit line, which was undrawn at December 31, 2017, will also be terminated early following the negotiation of the Senior Facilities Agreement in connection with the acquisition of the Aricent group.

## Note 4 Year-on-year comparability

### 4.1 IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The effects of applying IFRS 5 on the 2016 financial statements are due to the disposal of the Utilities business in the United States during the financial year.

In accordance with IFRS 5, the following have been presented under separate line items, for the financial years presented:

- net income from discontinued operations in the income statement;
- net change in cash generated by operating, financing and investing activities in the cash flow statement.

## 4.2 Effect on the 2016 consolidated financial statements

### 4.2.1 Effect on the 2016 income statement

| *(in thousand of euros)* | Dec. 2016 (Published) | IFRS5 Impact | Dec. 2016 (Restated) |
|---|---|---|---|
| Sales | 2,120,095 | (46,029) | 2,074,066 |
| Other income from operations | 66,746 | | 66,746 |
| **Revenues from ordinary operations** | **2,186,841** | **(46,029)** | **2,140,812** |
| Cost of goods and services sold | (44,635) | 17 579 | (27,056) |
| Change in work in progress | 709 | | 709 |
| External expenses | (402,061) | 4 078 | (397,983) |
| Personnel costs  salaries | (1,495,382) | 21 094 | (1,474,288) |
| Personnel costs - share-based payments | (1,454) | | (1,454) |
| Taxes and duties | (2,776) | | (2,776) |
| Depreciation, amortization and net provisions | (14,928) | 395 | (14,533) |
| Other operating expenses | (6,661) | | (6,661) |
| **Operating income on ordinary activities** | **219,653** | **(2,883)** | **216,770** |
| Other non-recurring operating income | 11,688 | | 11,688 |
| Other non-recurring operating expenses | (34,126) | 752 | (33,374) |
| **Other non-recurring operating income and expenses** | **(22,438)** | **752** | **(21,686)** |
| Goodwill impairment | (2,552) | | (2,552) |
| Amortization of intangible rights | (4,290) | | (4,290) |
| **Operating income** | **190,373** | **(2,131)** | **188,242** |
| Income from cash and cash equivalents | 4,577 | | 4,577 |
| Cost of gross financial debt | (17,995) | | (17,995) |
| **Cost of net financial debt** | **(13,418)** | | **(13,418)** |
| Other financial income | 10,604 | | 10,604 |
| Other financial expenses | (12,572) | 4 | (12,568) |
| Tax expenses/income | (52,458) | 725 | (51,733) |
| Share of net income of associates | 42 | | 42 |
| **Net income before discontinued operations** | **122,571** | **(1,402)** | **121,169** |
| Net profit/loss on discontinued operations | | 1 402 | 1,402 |
| **Net income** | **122,571** | **-** | **122,571** |
| **Non-controlling interests** | (88) | | (88) |
| **Net income attributable to the Group** | **122,483** | **-** | **122,483** |

### 4.2.2 Effect on the 2016 cash flow statement

| *(in thousands of euros)* | Dec. 2016 (Published) | IFRS5 Impact | Dec. 2016 (Restated) |
|---|---|---|---|
| **Operating income on continuing activities** | **190 373** | **(2 131)** | **188 242** |
| Goodwill impairment and amortization of customer-relationship intangible assets | 6 842 | – | 6 842 |
| **Operating income before goodwill impairment** | **197 215** | **(2 131)** | **195 084** |
| Depreciation and net operating provisions | 24 949 | (396) | 24 553 |
| Income and charges from stock options | 1 454 | – | 1 454 |
| Capital gains or losses on disposals | 1 059 | – | 1 059 |
| Other gains and charges | (9 394) | (7) | (9 401) |
| **Cash flows before net interest expenses and taxes** | **215 283** | **(2 534)** | **212 749** |
| Change in inventory and work in progress | (1 563) | – | (1 563) |
| Change in client accounts and other receivables | (119 098) | 174 | (118 924) |
| Change in supplier accounts and other payables | 57 661 | 1 787 | 59 448 |
| **Change in working capital requirement** | **(63 000)** | **1 961** | **(61 039)** |
| **Net operating cash flows** | **152 283** | **(573)** | **151 710** |
| Interest paid | (14 963) | – | (14 963) |
| Interest received | 4 869 | – | 4 869 |
| Taxes paid | (31 571) | – | (31 571) |
| Cash impact of other financial income and expenses | (3 253) | – | (3 253) |
| Net cash flows from discontinued operations | 0 | 573 | 573 |
| **Net cash flows from operations** | **107 365** | **0** | **107 365** |
| Cash outflows for tangible and intangible asset acquisitions | (46 822) | 218 | (46 604) |
| Cash inflows from tangible and intangible asset disposals | 10 010 | – | 10 010 |
| Cash outflows for financial asset acquisitions (non-consolidated holdings) | (6 476) | – | (6 476) |
| Cash inflows from financial asset disposals (non-consolidated holdings) | 232 | – | 232 |
| Earn-out disbursements | (375) | – | (375) |
| Impact of scope-of-consolidation changes | (135 238) | – | (135 238) |
| Change in loans and advances granted | (3 629) | – | (3 629) |
| Investment subsidies received | 0 | – | 0 |
| Other flows from investment transactions | 1 248 | – | 1 248 |
| Net cash from investments made from discontinued operations | 0 | (218) | (218) |
| **Net cash flows from investments** | **(181 050)** | **0** | **(181 050)** |
| Amounts received from shareholders during the capital increase | 333 | – | 333 |
| Proceeds from the exercise of stock options | 0 | – | 0 |
| Own-share transactions (purchase/sales) | (7 033) | – | (7 033) |
| Liquidity contract | 71 | – | 71 |
| Dividends paid during the period | (32 922) | – | (32 922) |
| Proceeds from new loans | 79 937 | – | 79 937 |
| Reimbursement of loans | (100 169) | – | (100 169) |
| Other flows from financing operations | 90 144 | – | 90 144 |
| Net cash from financing activities of from discontinued operations | 0 | – | 0 |
| **Net cash flows from financing operations** | **30 361** | **–** | **30 361** |
| Impact of variations in exchange rates | (2 887) | – | (2 887) |
| Impact of changes in accounting principles | 0 | – | 0 |
| **Changes in net cash** | **(46 211)** | **–** | **(46 211)** |
| Opening cash balance | 524 541 | – | 524 541 |
| Closing cash balance | 478 330 | – | 478 330 |
| **Changes in net cash** | **(46 211)** | **–** | **(46 211)** |

## Note 5 Notes relating to balance sheet items

### 5.1 Carrying amount of goodwill

Changes in the carrying amount of goodwill can be analyzed as follows (in thousands of euros):

| Balance at December 31, 2016 | 805 855 |
|---|---|
| Price-complements | (180) |
| Loss in value | - |
| Scope-of-consolidation changes | 116 789 |
| Exchange rate differences | (29 346) |
| Other changes | 8 644 |
| Balance at December 31, 2017 | 901 762 |

The line item "Scope-of-consolidation changes" includes:

- an increase of €29,717 thousand due to the acquisition of the Benteler group in Germany, the Netherlands, Romania and Sweden;
- an increase of €15,128 thousand due to the acquisition of the Pricol Technologies group in the United States, India, Japan and the United Kingdom;
- an increase of €20,613 thousand due to the acquisition of Information Risk Management in the United Kingdom;
- an increase of €30,556 thousand due to the acquisition of the Global Edge Software group in the United States and India;
- an increase of €7,752 thousand due to the acquisition of additional equity interests, conferring control of Altran Middle East;
- an increase of €1,602 thousand due to the acquisition of Titan Engineering in Tunisia;
- an increase of €11,840 thousand from an adjustment relating to the acquisition of the Lohika group in the United States.

The line item "Other changes" includes an increase of €6,558 thousand and €2,086 thousand attributable to the acquisition of business activities in Tunisia and Spain, respectively.

The balance sheet items contributed by the acquired Groups and companies are currently being analyzed.

The cash generating units (CGUs) that have contributed the most to goodwill are listed below:

| Main contributors (in thousands of euros) | |
|---|---|
| Germany/Austria/Czech Republic (1) | 170 994 |
| France (3) | 135 330 |
| United States / Canada | 151 801 |
| Netherlands | 106 058 |
| Italia | 60 573 |
| Cambridge (2) | 58 372 |
| Spain | 50 919 |
| Tessella | 47 854 |
| United Kingdom | 40 551 |
| Belgium / Luxembourg | 15 579 |
| India | 32 399 |
| Other | 31 332 |
| **Total** | **901 762** |

(1) The goodwill of Microsys Technologies, the Canadian subsidiary of Altran Concept Tech (Austria), is included in the Austria/Czech Republic/Germany CGU.
(2) The goodwill of Synapse Product Development, Cambridge Consultants' American subsidiary, is included in the Cambridge CGU.
(3) Goodwill from Altran Middle East and Titan Engineering is included in the France CGU.

Goodwill impairment testing at December 31, 2017 was based on a perpetual revenue growth rate of 2%, and the following after-tax discount rates (Weighted Average Cost of Capital (WACC)) for each CGU:

| | Discount rate | |
|---|---|---|
| | Dec 2017 | Dec 2016 |
| Germany/Austria/Czech Republic | 6,50% | 6,60% |
| USA / Canada | 7,20% | 7,66% |
| France | 6,63% | 6,64% |
| Netherlands | 6,11% | 6,20% |
| Cambridge | 6,90% | 7,00% |
| Italia | 8,10% | 6,85% |
| Tessella | 6,90% | 7,00% |
| Spain | 7,80% | 6,58% |
| UK | 6,90% | 7,00% |
| India | 12,66% | 12,34% |
| Belgium / Luxembourg | 6,25% | 6,70% |
| Others | 5,58% – 9,76% | 5,59% – 9,18% |

On this basis, no goodwill impairment was recognized at year-end 2017.

The results of sensitivity tests on WACC and perpetual revenue growth rates for each CGU were as follows (in thousands of euros):

| WACC | | -1,00 % | WACC | +1.00 % |
| --- | --- | --- | --- | --- |
| Perpetual growth rate | 2% CGU Germany/Austria/Czech Republic | – | – | 5 839 |
| | 1% CGU Germany/Austria/Czech Republic | – | – | 33 156 |
| | 1% CGU USA / Canada | – | – | 11 763 |

Potential impairment related to the Austria/Czech Republic/Germany CGU and the United States/Canada CGU.

A sensitivity analysis of a change in the EBIT margin used in the business plans showed that a 3 point decrease in EBIT margin would lead to goodwill impairment of €114.5 million for the Austria/Germany CGU.

### 5.2 Intangible assets

| *(in thousands of euros)* | Intangible rights | Development costs | Software | Other | TOTAL |
|---|---|---|---|---|---|
| **At december 31, 2016** | | | | | |
| Gross value at opening | 56 452 | 10 005 | 70 634 | 9 178 | 146 269 |
| Amortization and provisions | (16 097) | (3 518) | (44 748) | (610) | (64 973) |
| Net value at opening | 40 355 | 6 487 | 25 886 | 8 568 | 81 296 |
| **Changes during the period:** | | | | | |
| Acquisitions | 261 | 9 459 | 7 467 | 5 551 | 22 738 |
| Disposals | (1) | – | (641) | (76) | (718) |
| Net amortization and provisions | (4 320) | (646) | (8 157) | (276) | (13 399) |
| Change in consolidation scope | – | 1 078 | 1 151 | 51 | 2 280 |
| Exchange rate differences | (1 831) | (212) | (227) | (7) | (2 277) |
| Other changes | (2) | – | 4 029 | (3 958) | 69 |
| Assets held for sale | – | – | – | – | – |
| TOTAL CHANGES (NET VALUE) | (5 893) | 9 679 | 3 622 | 1 285 | 8 693 |
| **At December 31, 2017** | | | | | |
| Gross value at December 31 | 54 204 | 21 407 | 78 758 | 10 730 | 165 099 |
| Amortization and provisions | (19 742) | (5 241) | (49 250) | (877) | (75 110) |
| Net value at opening | 34 462 | 16 166 | 29 508 | 9 853 | 89 989 |

For financial year 2017, net allowances for amortization of intangible assets amounted to €13,399 thousand, of which €9,137 thousand is included in net depreciation, amortization and provisions and €4,262 in amortization of intangible rights.

The increase in intangible assets and changes in the line item “Other changes” reflect the rollout of our Group IT tools (particularly ERP).

## 5.3 Property, plant and equipment

| *In thousands of euros* | Land | Constructions | General facilities, fixtures and furnishings | Office & computer equipment & furniture | Other | Total |
|---|---|---|---|---|---|---|
| **At december 31, 2016** | | | | | | |
| Gross value at opening | 1 076 | 37 942 | 53 116 | 72 906 | 5 801 | 170 841 |
| Depreciation and provisions | – | (7 975) | (28 373) | (55 881) | (4 509) | (96 738) |
| Net value at opening | 1 076 | 29 967 | 24 743 | 17 025 | 1 292 | 74 103 |
| **Changes during the period:** | | | | | | |
| Acquisitions | – | 11 847 | 5 605 | 11 587 | 3 453 | 32 492 |
| Disposals | (20) | (63) | (650) | (518) | (136) | (1 387) |
| Net depreciation and provisions | – | (792) | (5 759) | (7 926) | (496) | (14 973) |
| Change in consolidation scope | 20 | 33 | 1 637 | 2 277 | 349 | 4 316 |
| Exchange rate differences | 12 | (744) | (923) | (697) | (12) | (2 364) |
| Other changes | – | – | 2 169 | (30) | (2 139) | – |
| Assets held for sale | – | – | – | – | – | – |
| TOTAL CHANGES (NET VALUE) | 12 | 10 281 | 2 079 | 4 693 | 1 019 | 18 084 |
| **At December 31, 2017** | | | | | | |
| Gross value at December 31 | 1 088 | 47 416 | 57 257 | 82 259 | 5 019 | 193 039 |
| Depreciation and provisions | – | (7 168) | (30 435) | (60 541) | (2 708) | (100 852) |
| Net value at December 31 | 1 088 | 40 248 | 26 822 | 21 718 | 2 311 | 92 187 |

The Group owns land and property, primarily in the United Kingdom and the Czech Republic, for a total net value of €34,607 thousand and €4,857 thousand, respectively.

None of the Group’s property, plant and equipment that has been fully depreciated and is still in use has a significant carrying amount.

In financial year 2017, net depreciation amounted €14,973 thousand, of which €15,062 thousand was included in net depreciation, amortization and provisions, and €89 thousand in other non-recurring operating expenses.

## 5.4 Non-current financial assets

The components of non-current financial assets are as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| **Available for sale** | | |
| Cambridge consultants incubator | 1 595 | 5 792 |
| **Loans and credits generated by the Group** | | |
| Construction-effort loans | 16 551 | 15 021 |
| Deposits and guarantees | 9 960 | 11 750 |
| Others receivables | 677 | 1 044 |
| | 27 188 | 27 815 |
| **Other financial assets** | | |
| Other equity investments | 10 456 | 4 278 |
| Investments in associates | | 240 |
| | 10 456 | 4 518 |
| **Total** | 39 239 | 38 125 |

### 5.4.1 Available-for-sale assets

For financial year 2017, the €4,197 thousand decrease in available-for-sale assets was mainly due to the disposal of Cambridge Consultants' equity interests in its business incubator activities in Aveillant for €4,275 thousand, the increase of its equity interests in Evonetix for €229 thousand, and the foreign exchange loss of €151 thousand.

### 5.4.2 Loans and credits

"Construction effort" loans amounted to €16,551 thousand at December 31, 2017, compared with €15,021 thousand at December 31, 2016.

Compared with year-end 2016, the €1,530 thousand increase was mainly due to:

- measurement to present value of the "construction-effort" loans, i.e. an increase of €37 thousand recognized in the income statement;
- loan payments in financial year 2017, amounting to €1,954 thousand;
- repayments of outstanding loans.

Other loans and credits comprise deposits and guarantees.

### 5.4.3 Other financial assets

"Other equity investments" mainly comprise the following:

- purchase of non-controlling interests in H2Scan in the United States for €2,350 thousand;

- purchase of equity interests in Telnet Holding in Tunisia through Titan Engineering for €1,223 thousand;
- purchase of equity interests in Sitz! and Eco! in Germany for €2,914 thousand;
- purchase of non-controlling interests in Divergent Technologies in the United States for €3,752 thousand;
- purchase of non-controlling interests in IA Health Solutions in the United States for €216 thousand.

### 5.5 Other non-current assets and taxes

Other non-current assets and taxes mainly comprise:

- non-current trade receivables amounting to €620 thousand;
- non-current tax receivables amounting to €117,245 thousand.

### 5.6 Inventories

Inventories and work in progress can be broken down as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Raw materials | 1 977 | 1 655 |
| Work in progress | 4 778 | 4 333 |
| Finished and semi-finished goods | 380 | 1 059 |
| Provisions for inventories | (32) | (35) |
| TOTAL | 7 103 | 7 012 |

### 5.7 Trade receivables and related accounts, net of provisions for impairment

Trade receivables are due within one year.

| | Dec. 2017 | | | Dec. 2016 | | |
|---|---|---|---|---|---|---|
| *(in thousands of euros)* | Total | Matured | Not matured | Total | Matured | Not matured |
| Trade receivables and related accounts, net | 481 316 | 69 264 | 412 052 | 395 429 | 62 252 | 333 177 |

Changes in provisions for trade receivables and related accounts:

| Dec. 2016 | Additions | Reversals | Exchange rate differences | Scope of consolidation changes | Other changes | Dec. 2017 |
|---|---|---|---|---|---|---|
| (5 593) | (2 599) | 1 913 | 142 | (43) | 542 | (5 638) |

Overdue trade receivables, net of impairment, can be analyzed as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Less than one month overdue | 43 529 | 30 573 |
| Between one and three months overdue | 12 790 | 20 596 |
| More than three months overdue | 12 945 | 11 083 |
| TOTAL TRADE RECEIVABLES | 69 264 | 62 252 |

The Group has entered into several receivables factoring arrangements, particularly in France and Europe. The main characteristics of these contracts are listed below:

- guarantee ceiling for each trade receivable transferred to the factoring company, requiring prior consent from the bank;
- guarantee against insolvency, should the debtor go into receivership or be liquidated by court order;
- waiver of all recourse to claims against the factoring company within the limit of the authorized guarantee ceilings (factoring without recourse);
- opening of a cash collateral account which is refundable on termination of the contract and where the amount is adjusted to match the level of guaranteed trade receivables assigned to the factor without recourse;
- the contract is open-ended and may be terminated at any time:

  (1) by the Group, with nine months' notice for the receivables factoring contract signed with BNP Paribas Factor, covering France, Portugal, the Netherlands, Switzerland, Sweden, the United Kingdom, Italy, Spain, Belgium and Germany;

  (2) by the factor, if the Group fails to honor its obligations (regularity of receivables factored, significant deterioration in the Group's financial position, decrease in the Group's share capital, or if its business assets are placed under lease management).

The Group had factoring facilities amounting to €366.0 million at December 31, 2017. The amount of receivables transferred under the factoring arrangements amounted to €240 million.

The recognition of receivables assigned without recourse had the following effect on the financial statements (in thousands of euros):

| Assets | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Trade receivables and related accounts | (156 314) | (241 764) |
| Security deposit | 10 303 | 17 287 |
| | **(146 011)** | **(224 477)** |

| Liabilities | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Current financial liabilities | (146 011) | (224 477) |
| | **(146 011)** | **(224 477)** |

The Group is responsible for recovering the receivables transferred that are not guaranteed by the factor. These receivables are recognized under assets, with an offsetting entry under “Current financial liabilities” (see Note 5.11).

The recognition of these items had the following effect on the financial statements (in thousands of euros):

| Assets | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Trade receivables and related accounts | 83 674 | 89 159 |
| o/w unfunded portion of trade receivables and cancellation of deposits | (20 707) | (29 214) |
| | **62 967** | **59 945** |

| Liabilities | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Current financial liabilities | 62 967 | 59 945 |
| | **62 967** | **59 945** |

## 5.8 Other receivables

This line item includes tax receivables, prepaid expenses, personnel and social security receivables and other operating receivables.

The Group has entered into a factoring arrangement for €19,846 thousand of its 2017 French payroll tax credit (CICE) receivables, which expires on August 13, 2021. After deducting the security deposit and interest, the Group received a net amount of €18,546 thousand.

## 5.9 Current financial assets

This line item includes deposits and guarantees with maturities shorter than one year (such as the security deposit for the non-recourse factoring contracts amounting to €10,303 thousand).

## 5.10 Shareholders’ equity and earnings per share

The following calculations are based on the average price in 2017, per Altran Technologies share, of €15.05.

At December 31, 2017, Altran's share capital amounted to €87,900,132.50, divided into 175,800,265 ordinary shares. During the financial year, the weighted average number of ordinary shares outstanding amounted to 172,760,172 and the weighted average number of ordinary and dilutive shares amounted to 173,401,353.

| Breakdown of share capital | Number | Nominal value |
|---|---|---|
| Number of shares at January 1 | 175 800 265 | €0,50 |
| Cancellation of treasury shares | (3 205 841) | €0,50 |
| **Number of shares at December 31 (excluding treasury shares)** | **172 594 424** | **€0,50** |

At their Combined General Meeting of April 28, 2017, the shareholders approved (Resolution 8) the implementation of a share buyback program:

- to retain shares for subsequent payment under the free share and stock option plans;
- to foster trading of Altran Technologies' shares through a liquidity contract with an investment services provider (ISP), in compliance with the code of conduct approved by the French financial markets authority (AMF);
- for a number of shares not exceeding 10,000,000, or approximately 6% of the Company's share capital at December 31, 2016;
- the maximum authorized purchase price per Altran Technologies share is €20. In the event of transactions affecting share capital, such as the capitalization of reserves and free share grants, and/or share splits or reverse share splits, the price shall be adjusted by applying a factor equal to the ratio between the number of shares comprising share capital prior to the transaction, and the number of shares after the transaction;
- The share buyback program was approved for a period of 18 months, from April 28, 2017, the date of the Combined General Meeting, to October 26, 2018, at the latest.

At December 31, 2017,

- Altran Technologies held 182,768 treasury shares under the Exane-BNP Paribas liquidity contract, amounting to €2,630 thousand recognized in shareholders' equity. Net gains from treasury shares (€78 thousand in 2017) were recognized in consolidated reserves;

- Altran Technologies also held 3,023,073 treasury shares amounting to €25,908 thousand recognized in shareholders' equity.

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| **Net income (Altran Technologies)** | **130 768** | **122 483** |
| Effect of dilutive share-based payments | 2 309 | 1 454 |
| Ordinary shares (weighted average number) | 172 760 172 | 173 233 526 |
| Dilutive options granted | 641 181 | 500 769 |
| **Earnings per share (in euros)** | **0,76** | **0,71** |
| **Diluted earnings per share (in euros)** | **0,77** | **0,71** |

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| **Net income (Altran Technologies) on continuing activities** | **139 653** | **121 081** |
| Effect of dilutive share-based payments | 2 309 | 1 454 |
| Ordinary shares (weighted average number) | 172 760 172 | 173 233 526 |
| Dilutive options granted | 641 181 | 500 769 |
| **Earnings per share (in euros)** | **0,81** | **0,70** |
| **Diluted earnings per share (in euros)** | **0,82** | **0,71** |

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| **Net income (Altran Technologies) on discontinued operations** | **(8 885)** | **1 402** |
| Effect of dilutive share-based payments | | |
| Ordinary shares (weighted average number) | 172 760 172 | 173 233 526 |
| Dilutive options granted | 641 181 | 500 769 |
| **Earnings per share (in euros)** | **- 0,05** | **0,01** |
| **Diluted earnings per share (in euros)** | **- 0,05** | **0,01** |

Potentially dilutive free shares granted under the plans implemented on March 11, 2015 and June 1, 2016 amounted to a maximum of 291,959 and 519,395 shares, respectively. The plan implemented on April 28, 2017 amounted to a maximum of 437,366 shares.

The characteristics of the Group's free share plans are provided in paragraph 6.4.

## 5.11 Net debt

Net debt is the difference between total financial liabilities and cash and cash equivalents.

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---:|---:|
| Cash and cash equivalents | 372 926 | 478 330 |
| **Net cash** | **372 926** | **478 330** |
| Bonds (>1 year) | – | 249 407 |
| Bank loans and borrowings (>1 year) | 54 | 17 410 |
| Other non-current financial liabilities | 1 133 | 1 871 |
| Current bonds | 253 340 | 3 681 |
| Current bank loans and borrowings | 174 | 106 219 |
| Bank overdrafts | 469 300 | 308 182 |
| Other current financial laiabilities | (5) | 1 099 |
| **Gross financial debt** | **723 996** | **687 869** |
| **NET DEBT** | **(351 070)** | **(209 539)** |

Consolidated net debt increased by €141,531 thousand from December 31, 2016 to €351,070 thousand at December 31, 2017.

| *(in thousands of euros)* | Dec. 2016 | Cash flow | Non-cash flow | | | | | Dec. 2017 |
|---|---:|---:|---:|---:|---:|---:|---:|---:|
| | | | Deconsolidation factor | Scope of consolidation changes | Fair value changes | Exchange rate differences | Others | |
| Cash and cash equivalents | 478 330 | ( 105 404) | | | | | | 372 926 |
| **Net cash** | **478 330** | **( 105 404)** | **0** | **0** | **0** | **0** | **0** | **372 926** |
| Bonds (>1 year) | 249 407 | | | | | | (249 407) | – |
| Bank loans and borrowings (>1 year) | 17 410 | (20 491) | | | | | 3 135 | 54 |
| Other non-current financial liabilities | 1 871 | 251 | | 800 | (1 789) | | | 1 133 |
| Current bonds | 3 681 | | | | | | 249 659 | 253 340 |
| Current bank loans and borrowings | 106 219 | (106 114) | | | | | 69 | 174 |
| Bank overdrafts | 308 182 | 81 557 | 78 142 | 1 530 | | (112) | 1 | 469 300 |
| Other current financial laiabilities | 1 099 | (143) | | (4) | (650) | | (307) | (5) |
| **Gross financial debt** | **687 869** | **( 44 940)** | **78 142** | **2 326** | **( 2 439)** | **( 112)** | **3 150** | **723 996** |
| **NET DEBT** | **( 209 539)** | **( 60 464)** | **( 78 142)** | **( 2 326)** | **2 439** | **112** | **( 3 150)** | **( 351 070)** |

### *Bank loans and borrowings*

Bank loans and borrowings can be broken down as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---:|---:|
| Banking facilities | 6 333 | 5 437 |
| Factored debts | 62 967 | 59 945 |
| Commercial papers | 400 000 | 242 800 |
| **Short-term loans and bank overdrafts** | **469 300** | **308 182** |

Factored debt relates to unsecured receivables assigned to the factor, which amounted to €344 million at December 31, 2017, compared with €375 million at December 31, 2016.

### *Cash equivalents*

At December 31, 2017, the market value of cash equivalents amounted to €203,911 thousand, and can be broken down as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Banking facilities | 6 333 | 5 437 |
| Factored debts | 62 967 | 59 945 |
| Commercial papers | 400 000 | 242 800 |
| Short-term loans and bank overdrafts | 469 300 | 308 182 |

### *Net debt maturity schedule*

The table below shows the breakdown of the Group's net debt per category and contractual maturity, including accrued interest, and taking into account the effect of hedging instruments:

| *(in thousands of euros)* | <1 year | 1-2 yrs | 2-3 yrs | 3-4 yrs | 4-5 yrs | > 5 yrs |
|---|---|---|---|---|---|---|
| Bonds (>1 year) | - | - | - | - | - | - |
| Bank loans and borrowings (>1 year) | - | 49 | 5 | - | - | - |
| Other non-current financial liabilities | - | 795 | - | - | - | 338 |
| Non-current financial liabilities | 0 | 844 | 5 | 0 | 0 | 338 |
| Current bonds | 253 340 | | | | | |
| Current bank loans and borrowings | 174 | | | | | |
| Bank overdrafts | 469 300 | | | | | |
| Other current financial liabilities | (5) | | | | | |
| Current financial liabilities | 722 809 | - | - | - | - | - |
| TOTAL | 722 809 | 844 | 5 | 0 | 0 | 338 |
| | | | | | | |
| Accrued interest | 1 416 | - | - | - | - | - |

The maturity of the Group's financial liabilities (excluding accrued interest) at December 31, 2017, can be broken down as follows:

- less than one year: 99.83%
- one to five years: 0.12%
- more than five years: 0.05%

## <u>Bonds</u>

The Group has issued several bonds for an aggregate €250 million in the form of electronic bearer securities with a par value of €100,000. These include the following:

- a €135 million bond issued on July 16, 2013, bearing interest at 3.75% with an initial term to maturity of six years. The maturity date is set at July 16, 2019. Interest is payable annually in arrears on July 16;
- a €115 million bond, issued in the summer of 2014, comprising:

- a €10 million tranche, bearing interest at 2.81% with an initial term to maturity of six years. The maturity date is set at July 17, 2020. Interest is payable annually in arrears on July 17.

- a €105 million tranche, bearing interest at 3% with an initial term to maturity of seven years. The maturity date is set for July 16, 2021. Interest is payable annually in arrears on July 17.

Early redemption can be initiated:

- by the Group, as of January 8, 2018:

  - at any time, for all outstanding bonds:

  - while respecting a notice period of between 3 and 30 calendar days before the scheduled redemption date;

  - until the scheduled maturity date of each of the loans;

- by bondholders:

  - at any time, at par, plus all interest accrued since the last coupon date, under the following conditions:

    - in the event of non-payment of any borrowings by the issuer or one of its subsidiaries;

    - if the issuer is involved in conciliation proceedings with its creditors,

    - if the issuer or its main subsidiaries are dissolved, liquidated, merged, spun-off or absorbed, and fail to transfer all of the issuer's bonds to the acquiring legal entity ,

    - if the issuer fails to respect the bond conditions including the financial ratio (covenant) commitments,

    - in the event of a change in Company control: i.e. if a person, or group of persons acting in concert, within the definition of Article L. 233-10 of the French Commercial Code, acquire directly or indirectly, more than half of the issuer's share capital or voting rights.

The bond terms and conditions include a financial covenant requiring the Company to maintain its net debt (including all receivables assignment and factoring operations) to EBITDA ratio at less than 2.75 in the first two years, then less than 2.5 at each financial year end until December 31, 2020.

If the annual financial ratio exceeds 2, additional interest will be applied to subsequent periods:

- +0.5% for the bond bearing interest at 3.75%

- +0.7% for the bond bearing interest at 3%

- +0.6% for the bond bearing interest at 2.81%

Financial expenses relating to these borrowings amounted to €8,703 thousand for financial year 2017, including €3,933 thousand in accrued interest, which will be paid in the first quarter of 2018 following the debt negotiation in connection with the acquisition of the Aricent group.

**Revolving credit facility - Bank consortium**

On July 27, 2017, Altran contracted a €500 million credit facility with a consortium of banks comprising Société Générale, BNP Paribas, Natixis, Commerzbank and Crédit Agricole Ile-de-France, exclusively to be used to finance the general requirements of Altran Technologies or one of its subsidiaries.

The revolving credit line, which was undrawn at December 31, 2017, will also be terminated early following the negotiation of the Senior Facilities Agreement in connection with the acquisition of the Aricent group.

Expenses recognized for the revolving credit facility amounted to €2,457 thousand for the financial year.

### *Financial ratio*

Changes in the Group's financial ratio in financial year 2017 can be broken down as follows:

| | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Net financial debt/*EBITDA* (financial leverage) according to the definition of credit agreement | 1,50 | 0,94 |

### *Derivative financial instruments*

Interest rate derivatives

The majority of the Group's bank loans and borrowings have been contracted at variable interest rates, indexed mainly to Euribor or Eonia. The Group has a hedging policy to mitigate risk (as detailed in paragraph 2.1 "Risks" of the Registration Document).

At year end, Altran recognized changes in the fair value of interest rate swaps under:

- Other comprehensive income, for a net amount of €630 thousand, of which €960 thousand in gross value, and -€330 thousand in deferred taxes;
- financial income, for a net amount of €645 thousand, of which €869 thousand in gross value terms, generating a deferred tax expense of €224 thousand.

Foreign exchange derivatives

Cash pooling exposes the Group to foreign exchange rate risk. Foreign exchange rate risk is hedged by currency forward sales and purchases in USD and GBP.

The main features of these derivatives are presented below:

| Start date | Maturity date | Type | Fixed rate | Nominal | Initial rate | Currency |
|---|---|---|---|---|---|---|
| 27/12/17 | 04/01/18 | Forward sale | 0,0391 | 168 000 000 | Spot rate | CZK |
| 27/12/17 | 04/01/18 | Forward sale | 0,6634 | 4 700 000 | Spot rate | CAD |
| 02/10/17 | 04/01/18 | Forward purchase | 1,1276 | 25 300 000 | Spot rate | GBP |
| 02/10/17 | 04/01/18 | Forward sale | 1,1281 | 2 800 000 | Spot rate | GBP |
| 02/10/17 | 04/01/18 | Forward sale | 0,8461 | 56 200 000 | Spot rate | USD |

At December 31, 2017, the fair value of currency forward sales and purchases was as follows (in thousands of euros):

| Type | Currency | Dec. 2017 |
|---|---|---|
| Forward sale | CZK | 36 |
| Forward sale | CAD | 7 |
| Forward purchase | GBP | 16 |
| Forward sale | GBP | (3) |
| Forward sale | USD | (706) |
| Total financial liabilities | | (650) |

The fair value of foreign exchange derivative instruments was recorded in financial income in cost of gross financial debt.

### *Sensitivity analysis of net exposure to foreign exchange rate risk*

A 10% appreciation in the euro at December 31, 2017, would have the following effects:

| *(in thousands of euros)* Currency | *Asset* | *Liability* | *Net foreign currency position* | *Currency rate as at 31/12/17* | *Net position in euro before hedging* | *Derivative ins truments* | *Net position in euro after hedging* | *Profit and loss Gain/Loss* | *Equity Gain/Loss* |
|---|---|---|---|---|---|---|---|---|---|
| USD | 157.9 | | 157.9 | 0.8338 | 131.7 | (46.9) | 84.8 | 0.0 | 8.5 |
| GBP | 75.3 | (15.5) | 59.8 | 1.1271 | 67.4 | 23.2 | 90.6 | (0.3) | 9.3 |
| CHF | | (0.4) | (0.4) | 0.8546 | (0.3) | | (0.3) | 0.0 | 0.0 |
| SEK | 64.5 | | 64.5 | 0.1016 | 6.6 | | 6.6 | 0.7 | 0.0 |
| SGD | 103.6 | | 103.6 | 0.6241 | 64.7 | | 64.7 | 0.1 | 6.4 |
| MXN | 3.2 | | 3.2 | 0.0422 | 0.1 | | 0.1 | 0.0 | 0.0 |
| NOK | 6.6 | | 6.6 | 0.1016 | 0.7 | | 0.7 | 0.0 | 0.0 |
| CAD | 4.9 | | 4.9 | 0.6649 | 3.3 | (3.1) | 0.1 | 0.0 | 0.0 |
| CZK | 429.0 | | 429.0 | 0.0392 | 16.8 | (6.6) | 10.2 | 0.0 | 1.0 |
| MAD | 33.7 | | 33.7 | 0.0892 | 3.0 | | 3.0 | 0.0 | 0.3 |
| TRY | 0.8 | | 0.8 | 0.2200 | 0.2 | | 0.2 | 0.0 | 0.0 |
| INR | 1,447.6 | | 1,447.6 | 0.0131 | 18.9 | | 18.9 | 0.0 | 1.9 |

## 5.12 Provisions for contingencies and liabilities

Changes in current and non-current provisions for contingencies and liabilities over the year can be broken down as follows:

| *(in thousands of euros)* | Dec. 2016 | Additions | Reversals (used) | reversals (not used) | Exchange rate differences | Scope of consolidation changes | Other changes | Dec. 2017 |
|---|---|---|---|---|---|---|---|---|
| Provisions for labor disputes | 856 | 332 | (233) | (180) | - | - | 148 | 923 |
| Provisions for other disputes | 601 | - | (48) | (254) | - | - | - | 299 |
| Provisions for subsidiary risk | 799 | - | - | - | (23) | - | (609) | 167 |
| Provisions for warranties | 101 | 74 | (173) | - | (2) | - | - | - |
| Provisions for other contingencies | 42 741 | 13 347 | (8 405) | (11 116) | (2 602) | 14 457 | (7 262) | 41 160 |
| Provision for restructuring | 996 | 603 | (715) | (60) | (4) | - | 4 003 | 4 823 |
| Provisions for other liabilities | 4 144 | 59 | (2 725) | (50) | (188) | 74 | (1 025) | 289 |
| **TOTAL NON-CURRENT PROVISIONS** | **50 238** | **14 415** | **(12 299)** | **(11 660)** | **(2 819)** | **14 531** | **(4 745)** | **47 661** |
| Provisions for labor disputes | 6 791 | 1 603 | (1 423) | (1 132) | - | 149 | (149) | 5 839 |
| Provisions for other disputes | 477 | 11 | (84) | (50) | - | - | - | 354 |
| Provisions for warranties | 125 | 4 | (124) | - | (1) | 39 | - | 43 |
| Provisions for legal disputes and tax penalties | 15 | - | (15) | - | - | - | - | - |
| Provision for losses on completion | 832 | 491 | (19) | (784) | (3) | - | - | 517 |
| Provisions for other contingencies | 4 792 | 177 | (895) | (2 116) | (13) | 44 | 1 258 | 3 247 |
| Provisions for restructuring | 4 957 | 3 560 | (4 658) | (393) | (25) | - | 2 430 | 5 871 |
| Provisions for other liabilities | 72 | 202 | (165) | - | (59) | 110 | 1 025 | 1 185 |
| **TOTAL CURRENT PROVISIONS** | **18 061** | **6 048** | **(7 383)** | **(4 475)** | **(101)** | **342** | **4 564** | **17 056** |

The line item “Other changes” mainly relates to reclassifications between “non-current” and “current” items, following changes in the expected dates of outflows of resources.

In financial year 2017, net reversals of provisions for contingencies and liabilities amounted to €15,354 thousand. They were reported under operating income from ordinary activities and non-recurring operating income as follows:

- a provision reversal of €16,561 thousand was recognized under operating income from ordinary activities;
- a provision allowance of €1,207 thousand recognized under non-recurring operating income.

The provisions recognized mainly cover labor and tax disputes, and restructuring costs.

- In 2014, Altran Technologies received a tax reassessment notice relating to part of its research tax credits for 2011 and 2012. The reassessment is currently being disputed before the Administrative Court;
- A number of current and former employees have brought legal proceedings against Altran Technologies, demanding the payment of overtime. The employees claims were rejected in the first instance, however, a number of the plaintiffs had their claims upheld by the Toulouse appeal court in September 2014. On November 4, 2015, the France’s highest Court of Appeal upheld the decision handed down by the Toulouse appeal court.

  Given the situation created by the decision of France’s highest Court of Appeal, and the risks for the Company with regard to its employees covered by an individual 38.5 hours/week agreement, and although Altran Technologies considers that fixed hours/week agreements are perfectly valid, Altran Technologies had no other choice but to subject all of its employees to ordinary law with regard to working hours (no

fixed hours/week, strict application of the 35-hour work week, no cap on working days and, consequently, no extra days off).

In order to find a satisfactory solution for its employees, Altran signed a collective bargaining agreement on February 29, 2016 implementing, among other measures, a specific “Altran Technologies” working time arrangement (158 hours per month + 10 extra days off maximum per year), which was proposed to all employees with salaries below the French annual social security ceiling and a 35-hour work week since January 1, 2016.

The decisions handed down by the Toulouse appeal court and France’s highest Court of Appeal have prompted a significant number of referrals to French labor courts (around 1,200), initiated primarily by former employees.

Hearings on the merits began in October 2016 and should continue until end-2018.

At December 31, 2017, contradictory rulings were handed down by various French labor courts (including in Toulouse, Strasbourg, Rennes, Lyon, Nanterre and Belfort) and have been appealed, either by Altran Technologies or current or former employees.

In January 2018, the Toulouse appeal court sentenced the Company in several cases, finding it guilty of two charges in addition to the charge relating to overtime. The first concerned a duty of loyalty clause deemed illegal as it would appear to be a disguised non-compete clause. The other related to undeclared work for certain employees. Altran Technologies firmly denies these accusations. The purpose of the duty of loyalty clause is to avoid all acts of unfair competition. It is therefore different from a non-compete clause, also included in employment contracts, which provides for financial compensation. Consequently, the duty of loyalty clause is perfectly valid as the two clauses clearly have different purposes.

According to the court, the accusation of undeclared work is based on the fact that the Company continued to apply the fixed hours/week agreement to its employees after the first convictions were pronounced in 2014. Altran Technologies denies this. As of the appeal court decisions in 2014, the Company ceased the fixed hours/week agreement for the employees concerned. The Company then filed an appeal with France’s highest Court of Appeal. Once the court handed down its decision in 2015, the Company ceased the fixed hours/week agreement for all employees with salaries below the French annual social security ceiling, while maintaining their previous remuneration. Lastly, to allow 3,500 out of 4,000 employees, at their request, to continue benefiting from compensatory time (JRTT), the Company promptly signed an agreement, as indicated above, providing for a new working time arrangement.

Consequently, since the start of 2016, and on the day the appeal was filed, no employees were working under the fixed hours/week arrangement. They are currently either subject to the new working time arrangement or a 35-hour work week. The Company therefore considers the undeclared work accusation to be completely unjustified and unfounded.

Altran Technologies decided to file an appeal with France’s highest Court of Appeal for 293 cases for which decisions had been handed down by the Toulouse appeal court.

- An employee dismissed in April 2015 filed two lawsuits to obtain all of his bonuses due for 2014, 2015 and 2016 and claim compensation for the free shares that were not granted to him or that did not vest as a result of his dismissal.

  The case was heard on January 22, 2018 and is currently under deliberation.

- Altran was subject to a French social security collection agency (URSSAF) audit in 2015. The tax authorities wanted to subject to social security contributions certain benefits paid to employees. The social security tribunal's decision handed down at end-2017 was generally in the Company's favor, but was still open to appeal at the reporting date.

- As of end-2010, and at the initiative of its former Head of Purchasing, Altran signed a number of contracts with suppliers for the leasing of IT equipment and photocopiers.

  In June 2011, Altran Technologies' Internal Audit division noted numerous anomalies relating to the contracts entered into with the Company's supplier. Consequently, Management called upon an external firm to continue the investigative work begun by the Internal Audit division. At the end of its assignment, the external firm drafted a report showing that the equipment lease contracts were entered into amidst what may be considered private bribery and fraud under criminal law, of which the former Head of Purchasing was fully aware.

  The firm's report also highlighted numerous cost overruns generated by the lease of IT and photocopying equipment, generating an estimated loss of over €2 million.

  Investigations, which are still underway, are scheduled for completion in 2018.

  Altran Technologies subsequently filed a civil lawsuit. Altran Technologies simultaneously suspended all lease payments to the supplier in question.

  Consequently, legal proceedings were brought against the Company, seeking the cancellation of the leases, return of all equipment under penalty of a daily fine, and payment of damages. Moreover, in August 2012, the initial lessor brought the Company before the Paris Commercial Court for unilateral breach of the framework contract, claiming damages, notably for loss of income.

  In view of the ongoing investigation, the Paris Commercial Court ruled a stay of proceedings in respect of the aforementioned claims, on June 17, 2013 and June 2, 2015.

**Contingent liabilities**

- Following the publication of articles in Le Monde in October 2002, and the findings of the additional statutory audit (which resulted in the rectification of the consolidated financial statements for the half-year ended June 30, 2002), the Paris Public Prosecutor's office opened a preliminary investigation into the misappropriation of company assets as well as forgery, use of false documents and the dissemination of misleading information likely to influence share prices.

  The scope of the investigation was extended, first in June 2004 to include the misrepresentation of financial statements, which did not give a true and fair view of the Company's financial position, and a second time in September 2004, to cover insider trading.

Altran became a civil plaintiff in this investigation and was declared admissible by court order dated March 6, 2003. Within the context of this investigation, thirteen other natural and legal persons also filed a civil action in November 2004.

Several former executives and a manager of the Group were indicted. For its part, Altran Technologies was indicted for forgery, use of forged documents and disseminating misleading information likely to influence share prices. This indictment did not affect the Company's civil claim for damages.

The investigation was closed on January 7, 2009. In the order for referral delivered on November 29, 2011, the indicted parties (several former executives and Altran Technologies, as a legal person) were summoned to appear before the Paris Criminal Court.

The hearings were held from January 15 to 31, 2014. By decision handed down on June 4, 2014, the Criminal Court sent the affair back to the Prosecutor's office with a view to appointing a new investigating judge. By court order dated May 11, 2015, the Vice-President in charge of the investigation summoned all of the parties to appear before the Paris Criminal Court. The hearings on the merits were held at the end of November and the beginning of December 2016. On December 14, 2016, the prosecution called for suspended prison sentences and the payment of fines (including €225 thousand by Altran) on the counts of forgery and use of false documents. In light of the French law dated June 21, 2016, relating to the non-accumulation of administrative and criminal proceedings, the Public Prosecutor considered that public prosecution had been extinguished with regard to the offense of disseminating false and misleading information.

In its decisions handed down on March 30, 2017, the Paris Criminal Court announced that the prosecution lapsed with regard to the criminal proceedings against the Company and its founders and executives indicted for disseminating false information and misrepresenting the financial statements. The Court applied the *non bis in idem* principle, whereby a person cannot be sentenced twice for the same offense, as the aforementioned persons had already been sanctioned by the AMF in 2007.

The Court declared that it was not competent to rule on civil cases.

The Public Prosecutor's office has appealed against the decision. No date has yet been set for the hearing.

The civil plaintiffs may bring a lawsuit before the civil courts to obtain damages for the alleged loss suffered. To date, three of them have summoned the Company, together claiming almost €28 million in damages in a tort action.

All of the aforementioned proceedings concern events that took place between 2001 and 2002.

- A former executive has brought legal proceedings against Altran Technologies for unfair dismissal. The court has ruled a stay of proceedings pending the ruling concerning the criminal charge against this former executive (in connection with the preliminary investigation into the Company's financial statements for 2001-2002).

- In January 2011, a former employee brought legal proceedings against Altran Technologies before the Paris Commercial Court. Dismissed by Altran in 1999 for gross negligence, the plaintiff filed a joint action with three associates from the company he formed after his dismissal. They are claiming compensation for having to

postpone the flotation of their company due to criminal proceedings taken by Altran against the former employee and for which he has since been acquitted. The judgment handed down on July 7, 2014 dismissed the claims of the former employee, who subsequently filed an appeal. After having his case dismissed a second time by the appeal court in a judgment handed down on September 29, 2016, the former employee filed an appeal with France's highest Court of Appeal on December 14, 2016.

The Court of Appeal has not yet set a date for the hearing.

- The Group is in dispute with several of its current and former employees.

The Group is doing everything in its power to limit the impact of these risks on its financial statements.

#### Restructuring provisions

Changes in the Group's restructuring provisions can be broken down as follows:

| *(In thousands of euros)* Restructuring plans | Dec. 2016 | Additions | Reversals | Exhange rate differences | Scope of consolidation changes | Dec. 2017 |
|---|---|---|---|---|---|---|
| Payroll expenses | 3 778 | 3 507 | (4 258) | (14) | 6 438 | 9 451 |
| Property lease rationalization | 1 646 | 538 | (1 568) | (7) | – | 609 |
| Other | 528 | 118 | – | (6) | (6) | 634 |
| Total | 5 952 | 4 163 | (5 826) | (27) | 6 432 | 10 694 |

### 5.13 Employee benefits

Liabilities relating to current and non-current employee benefits break down as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Current employee benefits | 214 464 | 214 131 |
| | 214 464 | 214 131 |
| Non-current employee benefits | 38 941 | 32 824 |
| | 38 941 | 32 824 |
| Total | 253 405 | 246 955 |

The Group's total obligations regarding retirement plans and post-employment benefits, recognized under "Non-current employee benefits" amounting to €38,603 thousand, primarily concern France, Italy, Switzerland and Germany. They break down as follows:

#### Reconciliation of provisions

| *(In thousands of euros)* | France | | Other – EUR zone | | India | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Provisions at opening | (19 999) | (16 638) | (7 970) | (7 672) | (657) | (437) | (4 091) | (4 095) | (32 717) | (28 842) |
| Acquired/Sold/Transferred/Terminated plans | – | – | (2 203) | – | (616) | – | – | – | (2 819) | – |
| Recognized (expense)/revenue | (2 218) | (1 944) | (1 627) | (638) | (363) | (205) | (901) | (1 277) | (5 109) | (4 064) |
| Gains/(Losses) recognized through equity | (393) | (1 542) | (476) | (473) | 11 | (62) | (247) | 192 | (1 105) | (1 884) |
| Employer contributions | – | – | 548 | 271 | 229 | – | 1 090 | 1 125 | 1 867 | 1 395 |
| Benefits paid | 422 | 126 | 474 | 542 | – | 57 | – | – | 896 | 725 |
| Exchange-rate differences | – | – | – | – | 45 | (10) | 338 | (36) | 383 | (46) |
| PROVISIONS AT DECEMBER 31 | (22 188) | (19 998) | (11 254) | (7 970) | (1 351) | (657) | (3 811) | (4 091) | (38 604) | (32 716) |

## Financial position

| (In thousands of euros) | France | | Other – EUR zone | | India | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Commitments | (22 188) | (19 998) | (34 319) | (17 880) | (1 897) | (841) | (17 911) | (19 437) | (76 315) | (58 156) |
| Value of hedging assets | – | – | 23 065 | 9 910 | 546 | 184 | 14 100 | 15 346 | 37 711 | 25 440 |
| (Deficit)/Surplus | (22 188) | (19 998) | (11 254) | (7 970) | (1 351) | (657) | (3 811) | (4 091) | (38 604) | (32 716) |
| Surplus cash reserve | – | – | – | | – | – | – | – | – | – |
| PROVISIONS AT DECEMBER 31 | (22 188) | (19 998) | (11 254) | (7 970) | (1 351) | (657) | (3 811) | (4 091) | (38 604) | (32 716) |

In France, retirement benefit obligations relate to plans under which employees are awarded lump-sum payments upon retirement. The latter are based on the employee's salary and length of service on their date of departure.

Other plans in the Eurozone concern Germany, Belgium, Italy (54% of total retirement obligations) and the Netherlands.

In Italy, the obligations relate to the employment termination scheme *Trattamento di Fine Rapporto* (TFR). This is a mandatory scheme stipulating that all employees leaving the Company (for whatever reason, including retirement) receive a lump-sum payment based on the employee's salary and length of service. No benefit rights have vested since 2007.

In Switzerland, the obligations relate to pension and supplementary health plans, as provided for by Swiss Pension Law (*Loi sur la prévoyance professionnelle* – LPP). They are managed by a collective foundation. The benefits awarded under Altran's pension scheme for retirement (lump sum payments or retirement annuities) and supplementary health insurance (covering death and invalidity) are higher than the minimum required under Swiss Pension Law. The scheme is a cash balance type in which contributions to the pension savings fund are split between the employer and the employee. The employer's insurance contract guarantees the minimum interest rate as well as the pension annuity rate at retirement.

### Measurement of obligations and provisions at December 31, 2017 and December 31, 2016

### Reconciliation of obligations

| (In thousands of euros) | France | | Other – EUR zone | | India | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Obligation at January 1 | 19 998 | 16 638 | 17 880 | 15 506 | 841 | 609 | 19 437 | 18 260 | 58 156 | 51 013 |
| Current service cost | 1 848 | 1 544 | 1 378 | 562 | 295 | 160 | 1 180 | 1 175 | 4 701 | 3 441 |
| Net interest | 371 | 399 | 564 | 346 | 89 | 56 | 90 | 106 | 1 114 | 907 |
| Employee contributions | – | – | 446 | 242 | – | – | 845 | 758 | 1 291 | 1 000 |
| Administration costs | – | – | – | 5 | – | – | 81 | 74 | 81 | 79 |
| Actuarial (gains)/losses | 393 | 1 542 | (156) | 1 969 | (17) | 63 | 358 | (244) | 578 | 3 330 |
| Benefits paid by employer | (422) | (125) | (473) | (543) | – | (57) | – | 1 | (895) | (724) |
| Benefits paid by fund | – | – | (65) | (67) | (142) | (2) | (2 094) | (871) | (2 301) | (940) |
| Plan amendments, curtailments, settlements | – | – | (27) | (140) | – | – | 249 | – | 222 | (140) |
| Acquisitions/(Disposals) | – | – | 2 566 | – | 895 | – | – | – | 3 461 | – |
| Transfer/Termination of plans | – | – | 12 206 | – | – | – | (631) | – | 11 575 | – |
| Exchange rate differences | – | – | – | – | (64) | 12 | (1 604) | 178 | (1 668) | 190 |
| OBLIGATION at December 31 | 22 188 | 19 998 | 34 319 | 17 880 | 1 897 | 841 | 17 911 | 19 437 | 76 315 | 58 156 |

## Reconciliation of financial assets

| *(In thousands of euros)* | France | | Other - EUR zone | | India | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Market value of assets at opening | – | – | 9 910 | 7 834 | 184 | 174 | 15 346 | 14 165 | 25 440 | 22 173 |
| Transfer | – | – | 12 206 | – | – | – | – | – | 12 206 | – |
| Acquisition/(Disposals) | – | – | 363 | – | 280 | – | – | – | 643 | – |
| Actuarial (gains)/Losses | – | – | (666) | 1 454 | (6) | – | 111 | (51) | (561) | 1 403 |
| Return on hedging assets | – | – | 323 | 176 | 21 | 11 | 67 | 78 | 411 | 265 |
| Employer contributions | – | – | 548 | 271 | 229 | – | 1 090 | 1 125 | 1 867 | 1 396 |
| Employee contributions | – | – | 446 | 242 | – | – | 845 | 758 | 1 291 | 1 000 |
| Services paid | – | – | (65) | (67) | (142) | (2) | (2 095) | (871) | (2 302) | (940) |
| Liquidation | – | – | – | – | – | – | – | – | – | – |
| Exchange-rate differences | – | – | – | – | (20) | 1 | (1 264) | 142 | (1 284) | 143 |
| MARKET VALUE OF ASSETS AT DECEMBER 31 | – | – | 23 065 | 9 910 | 546 | 184 | 14 100 | 15 346 | 37 711 | 25 440 |

## Balance sheet commitments

| *(In thousands of euros)* | France | | Other - EUR zone | | India | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Funded or partially-funded pension plans | – | – | 27 811 | 11 381 | 1 897 | 841 | 17 911 | 19 437 | 47 619 | 31 659 |
| Unfunded pension plans | 22 188 | 19 998 | 6 508 | 6 499 | – | – | – | – | 28 696 | 26 497 |
| TOTAL | 22 188 | 19 998 | 34 319 | 17 880 | 1 897 | 841 | 17 911 | 19 437 | 76 315 | 58 156 |

## Actuarial assumptions

| | Euro zone | | India | | Switzerland | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Discount rate | 1,70% | 1.7% | 7,05% | 6.6% | 0,60% | 0.45% |
| Inflation rate | 1,85% | 1.85% | N/A | N/A | 1,00% | 1,20% |
| Salary increase rate | 1,50%-2,25% | 1.50%-2.00% | 10,00% | 10,00% | 1,50% | 1,50% |

## Duration of plans

| | France | Italy | Switzerland |
|---|---|---|---|
| Duration | 15.1 years | 6.1 years | 14.5 years |

## Sensitivity to discount rates (excluding Germany)

### A. Sensitivity to a 0.25% decrease in discount rates

| | Impact in thousands of euros on obligation at December 31, 2017 | Impact as a % of obligation at December 31, 2017 |
|---|---|---|
| France | 839 | 3,78% |
| Other – EUR zone | 1 721 | 5,01% |
| Inidia | 36 | 1,88% |
| Switzerland | 590 | 3,29% |
| Total | 3 186 | 4,17% |

### B. Sensitivity to a 0.25% increase in discount rates

| | Impact in thousands of euros on obligation at December 31, 2017 | Impact as a % of obligation at December 31, 2017 |
|---|---|---|
| France | -800 | -3,61% |
| Other – EUR zone | -1 607 | -4,68% |
| Inidia | -34 | -1,82% |
| Switzerland | -545 | -3,04% |
| Total | (2 986) | -3,91% |

### C. Sensitivity to a 0.25% decrease in salary increase rates

| | Impact in thousands of euros on obligation at December 31, 2017 | Impact as a % of obligation at December 31, 2017 |
|---|---|---|
| France | -815 | -3,67% |
| Other – EUR zone | -13 | -0,04% |
| Inidia | -32 | -1,69% |
| Switzerland | -22 | -0,12% |
| Total | (882) | -1,16% |

## D. Sensitivity to a 0.25% increase in salary increase rates

| | Impact in thousands of euros on obligation at December 31, 2017 | Impact as a % of obligation at December 31, 2017 |
|---|---|---|
| France | 852 | 3,84% |
| Other – EUR zone | 20 | 0,06% |
| Inidia | 33 | 1,73% |
| Switzerland | 21 | 0,12% |
| Total | 926 | 1,21% |

### Allocation of financial assets

| | Other – EUR Zone | | India | | Switzerland | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Shares | – | – | – | – | – | – | – | – |
| Bonds | – | – | – | – | – | – | – | – |
| Property | – | – | – | – | – | – | – | – |
| Cash | – | – | – | – | – | – | – | – |
| Other (insurance company assets) | 23 065 | 9 910 | 546 | 184 | 14 101 | 15 346 | 37 712 | 22 173 |
| TOTAL | 23 065 | 9 910 | 546 | 184 | 14 101 | 15 346 | 37 712 | 22 173 |

No financial plan assets are invested in financial instruments, property assets or other Group assets.

| | Other – EUR Zone | | India | | Switzerland | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Shares | – | – | – | – | – | – | – | 0,00% |
| Bonds | – | – | – | – | – | – | – | 0,00% |
| Property | – | – | – | – | – | – | – | 0,00% |
| Cash | – | – | – | – | – | – | – | 0,00% |
| Other (insurance company assets) | 61,16% | 38,95% | 1,45% | 0,73% | 37,39% | 60,32% | 100,00% | 100,00% |
| TOTAL | 61,16% | 35,33% | 1,45% | 0,79% | 37,39% | 63,88% | 100,00% | 100,00% |

### Experience differences on financial assets

| | Other – EUR Zone | | India | | Switzerland | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Expected return | 323 | 176 | 21 | 11 | 67 | 78 | 411 | 265 |
| Actual return | (343) | 1 630 | 15 | 11 | 178 | 27 | (150) | 1 669 |
| GAINS / (LOSSES) IN FINACIAL ASSETS | (666) | 1 454 | (6) | – | 111 | (51) | (561) | 1 404 |

## Historical trends

### Actuarial gains and losses

| *(In thousands of euros)* | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Present value of obligation | 76 315 | 58 157 | 51 013 | 39 525 |
| Fair value of hedges | 37 712 | 25 440 | 22 173 | 11 410 |
| **(Deficit)/Surplus** | **(38 603)** | **(32 717)** | **(28 840)** | **(28 115)** |
| Assumption differences | | | | |
| – Demographic assumptions | 177 | (551) | (2 028) | (1 549) |
| – Financial assumptions | (201) | 3 199 | (453) | 3 365 |
| Experience differences | 601 | 682 | 144 | (276) |
| Experience differences on hedges | 561 | (1 403) | (191) | 27 |

### Expected employer contributions in 2017

| *(In thousands of euros)* | France | Other – EUR zone | India | Switzerland |
|---|---|---|---|---|
| Unfunded plans | 69 | 963 | – | – |
| Externally funded plans: employer contributions | – | 514 | – | 1 258 |

The impact on consolidated operating income from ordinary activities was as follows:

| *(In thousands of euros)* | France | | Other – EUR zone | | India | | Switzerland | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current service cost | 1 847 | 1 545 | 1 378 | 561 | 295 | 160 | 1 180 | 1 175 | 4 700 | 3 441 |
| Plan amendments, curtailments, settlements | – | – | (27) | (140) | – | – | 249 | – | 222 | (140) |
| Interest on commitments | 371 | 399 | 565 | 346 | 89 | 56 | 89 | 106 | 1 114 | 907 |
| Interest on assets | – | – | (323) | (176) | (21) | (11) | (67) | (78) | (411) | (265) |
| Interest on non recoverable surplus | – | – | – | – | – | – | – | – | – | – |
| Administration costs | – | – | – | 5 | – | – | 81 | 74 | 81 | 79 |
| Recognition of (gains)/losses | – | – | 34 | 42 | – | – | – | – | 34 | 42 |
| Transfer / change in method | – | – | – | – | – | – | (631) | – | (631) | – |
| **NET EXPENSE/(INCOME) RECOGNIZED** | **2 218** | **1 944** | **1 627** | **638** | **363** | **205** | **901** | **1 277** | **5 109** | **4 064** |

## 5.14 Other non-current liabilities

Other non-current liabilities correspond to liabilities with maturities greater than 12 months.

## 5.15 Trade payables and related accounts

Payables to suppliers amounted to €135,918 thousand at December 31, 2017 compared with €116,484 thousand at December 31, 2016.

| *(in thousands of euros)* | Dec. 2017 | | | Dec. 2016 | | |
|---|---|---|---|---|---|---|
| | Total | Matured | Not matured | Total | Matured | Not matured |
| Trade payables and related accounts | 135 918 | 27 278 | 108 640 | 116 484 | 45 122 | 71 362 |

Overdue trade payables and related accounts can be analyzed as follows:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Due in less than one month | 16 241 | 36 445 |
| Due between one and three months | 7 501 | 5 123 |
| Due in more than three months | 3 536 | 3 554 |
| **TOTAL MATURED** | **27 278** | **45 122** |

## 5.16 Other current liabilities

This line item corresponds mainly to unearned revenue reflecting advance billings for revenue-generating products and services, and also credit notes to be issued, and advances and prepayments received on orders.

## 5.17 Current liabilities for securities

Current liabilities for securities comprise outstanding earn-out and other payments due, which amounted to €39,102 thousand at year-end 2017, compared with €18,297 thousand at year-end 2016.

## 5.18 Fair value

| | | Dec. 2017 | | | | | Dec. 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *(In thousands of euros)* | Fair value | Amortized cost | Fair value in income statement | Fair value in shareholders' equity | Accounting value | Fair value of elements booked at amortized cost | Amortized cost | Fair value in income statement | Fair value in shareholders' equity | Accounting value | Fair value of elements booked at amortized cost |
| | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | |
| Unconsolidated investments | Level 3 | 10 456 | – | 1 595 | | 10 456 | 4 278 | – | 5 792 | | 4 278 |
| Equity-accounted investments | Level 3 | – | – | – | | – | – | (369) | – | | – |
| Loans and receivables | Level 2 | 10 637 | 16 551 | – | | 10 637 | 12 794 | 15 021 | – | | 12 794 |
| Cash equivalents | Levels 1 & 2 | – | 203 911 | – | | – | – | 285 093 | – | | – |
| Derivative instruments | Level 2 | – | – | – | | – | – | – | – | | – |
| **Total Assets** | | **21 093** | **220 462** | **1 595** | **–** | **21 093** | **17 072** | **299 745** | **5 792** | **–** | **17 072** |
| | | | | | | | | | | | |
| **Liabilities** | | | | | | | | | | | |
| Convertible bonds | Level 1 | – | – | – | | – | – | – | – | | – |
| Bonds | Level 1 | 250 000 | – | – | | 249 696 | 250 000 | – | – | | 246 143 |
| Derivative instruments | Level 2 | – | (650) | – | | – | – | 869 | 960 | | – |
| **Total Passif** | | **250 000** | **(650)** | **–** | **–** | **249 696** | **250 000** | **869** | **960** | **–** | **246 143** |

Level 1: quoted prices (not adjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
Level 3: inputs that are unobservable for the asset or liability.

The fair value of other financial assets and liabilities recognized at amortized cost approximates their carrying amount.

## Note 6 Notes to the consolidated income statement

### 6.1 Segment information at December 31, 2017

In accordance with IFRS 8 ''Operating Segments'', the Group is required to disclose segment financial information based on internal management reports, which the Chief Operating Decision Maker (CODM) uses to assess the performance of each operating segment and allocate resources.

The share of revenue generated by key clients is examined in Section 4 of the registration document.

Altran has identified four geographical areas for segment reporting purposes: (delete - primary division segments)

- France : France, Morocco, Tunisia;
- Northern Europe : Austria, Benelux, Czech Republic, Germany, Romania, Scandinavia, Slovakia, Switzerland, United Kingdom;
- Southern Europe : Italy, Portugal, Spain, Turkey
- Rest of World : Americas, Asia, Oceania, Ukraine.

***Segment information by geographical area (in millions of euros)***

| At December 31, 2017 (in millions of euros) | France | Northern Europe | Southern Europe | Rest of World | Inter-segment eliminations | Total |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| External | 920 | 758 | 449 | 155 | - | 2 282 |
| Inter-segment eliminations | 55 | 14 | 31 | 12 | (112) | - |
| **Total Revenues** | **975** | **772** | **480** | **167** | **(112)** | **2 282** |
| Total operating income | 1 018 | 786 | 493 | 167 | (112) | 2 352 |
| Total operating expenses | (892) | (740) | (433) | (153) | 112 | (2 106) |
| Operating income on ordinary activities | 126 | 46 | 60 | 14 | 0 | 246 |
| **Operating income on ordinary activities (%)** | **12,9%** | **6,0%** | **12,5%** | **8,4%** | **0,0%** | **10,8%** |
| Assets by region | 1 980 | 743 | 250 | 202 | ( 824) | 2 351 |
| **TOTAL ASSETS** | **1 980** | **743** | **250** | **202** | **( 824)** | **2 351** |

| At December 31, 2016 (in millions of euros) | France | Northern Europe | Southern Europe | Rest of World | Inter-segment eliminations | Total |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| External | 862 | 669 | 430 | 113 | - | 2 074 |
| Inter-segment eliminations | 45 | 11 | 22 | 7 | (85) | - |
| **Total Revenues** | **907** | **680** | **452** | **120** | **(85)** | **2 074** |
| Total operating income | 952 | 693 | 460 | 121 | (85) | 2 141 |
| Total operating expenses | (862) | (634) | (398) | (115) | 85 | (1 924) |
| Operating income on ordinary activities | 90 | 59 | 62 | 6 | 0 | 217 |
| **Operating income on ordinary activities (%)** | **9,9%** | **8,7%** | **13,7%** | **5,0%** | **0,0%** | **10,5%** |
| Assets by region | 1 912 | 697 | 231 | 147 | (732) | 2 255 |
| **TOTAL ASSETS** | **1 912** | **697** | **231** | **147** | **( 732)** | **2 255** |

* Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.
' France' includes the operating subsidiaries and the Group's headquarters (with the management bodies and Group-wide services).

Revenue amounted to €2,282.2 million in 2017, up 10% from 2016.

Revenue by geographical area reflects the internal structure of the Group and is analyzed as follows:

| (in millions of euros) | 2017 | | | | 2016* | | | |
|---|---|---|---|---|---|---|---|---|
| | Total segments | Inter-segment eliminiations | Total Revenues | As % of revenues | Total Revenues | As % of revenue | % change | Economic growth |
| France | 975,2 | (54,9) | 920,3 | 40,3% | 861,6 | 41,5 % | + 6,8 % | + 7,6 % |
| Northern Europe | 772,1 | (14,1) | 758,0 | 33,2% | 669,2 | 32,3 % | + 13,3 % | + 3,0 % |
| Southern Europe | 480,4 | (31,0) | 449,4 | 19,7% | 430,1 | 20,7 % | + 4,5 % | + 5,4 % |
| Rest of World | 166,3 | (11,8) | 154,5 | 6,8% | 113,2 | 5,5 % | + 36,5 % | + 5,8 % |
| TOTAL | 2 394,0 | (111,8) | 2 282,2 | 100,0% | 2 074,1 | 100,0 % | + 10,0 % | + 5,6 % |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

The tables show the inter-segment eliminations for the four defined segments.

The revenue growth rate (measured on a comparable basis, excluding the effects of foreign currency translation and working day adjustments) was 5.6% in 2017, compared with 5.8% in 2016.

Revenue in France decreased from 41.5% to 40.5% of aggregate Group revenue, as a result of the acquisitions made in 2017.

## 6.2 Revenue

The following is a breakdown of revenue:

| (in thousands of euros) | Dec. 2017 | Déc. 2016* | % Change |
|---|---|---|---|
| Sales of goods | 17 778 | 19 645 | – 9,5 % |
| Sales of services | 2 262 801 | 2 053 036 | + 10,2 % |
| Royalties | 1 616 | 1 385 | + 16,7 % |
| TOTAL | 2 282 195 | 2 074 066 | + 10,0 % |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

The majority of the Group’s contracts are performed on a T&M and fixed-price basis, based on a service catalog.

Fixed-price contracts account for a small portion of services delivered by the Group.

### 6.3 External expenses

The following is a breakdown of external expenses at December 31, 2017:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* | % Change |
|---|---|---|---|
| Outsourcing | 185 120 | 149 087 | + 24,2 % |
| Operating leases and related expenses | 72 427 | 67 137 | + 7,9 % |
| Training | 13 209 | 10 933 | + 20,8 % |
| Professional fees and external services | 25 652 | 25 996 | - 1,3 % |
| Transport and travel expenses | 73 695 | 68 064 | + 8,3 % |
| Other purchases and external services | 71 892 | 76 766 | - 6,3 % |
| TOTAL | 441 995 | 397 983 | + 11,1 % |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

External expenses increased by 11.1% from 2016, as a result of:

- a 24.2% increase in outsourcing expenses, or €36,033 thousand;
- an 8.3% increase in transport and travel expenses, or €5,631 thousand;
- a 6.3% decrease in other purchases and external services, or €4,874 thousand.

In 2017, operating lease expenses amounted to €72,427 thousand compared with €67,137 thousand in 2016.* The Group's operating leases are mainly for real estate. None include payments contingent on renewal options or provisions with specific restrictions (such as on dividends, additional debt or additional leases).

An analysis based on the expiry of commitments given by the Group on non-cancelable leases at December 31, 2017 is included in Note 7.

### 6.4 Personnel costs

The following is a breakdown of personnel costs at December 31, 2017:

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Salaries & payroll | 1 601 066 | 1 470 998 |
| Expenses relating to share-based payments | 2 309 | 1 454 |
| Non-current employee benefits | 2 380 | 2 068 |
| Employee benefit provisions | 1 670 | 1 222 |
| TOTAL | 1 607 425 | 1 475 742 |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

Personnel costs reflect changes in the number of employees.

| | Déc. 2017 | Déc. 2016* |
|---|---|---|
| Consultants | 30 228 | 25 987 |
| Fonctions supports | 3 437 | 2 963 |
| **Total** | **33 665** | **28 950** |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

### *a) Share-based payments*

The total cost of share-based compensation for share grant schemes vested or vesting was €2,309 thousand at December 31, 2017, up from €1,454 thousand in 2016.

At December 31, 2017, the key characteristics of vested and vesting share grant schemes were as follows:

| | Free shares 2015 | Free shares 2016 | Free shares 2017 |
|---|---|---|---|
| Date of General Meeting | 06/01/2012 | 04/29/2016 | 04/29/2016 |
| Date of Board of Directors meeting | 03/11/2015 | 06/01/2016 | 04/28/2017 |
| Total number of shares available for allocation on the date of attribution | 291 959 | 519 395 | 437 366 |
| *o/w available to corporate officers* | *0* | *0* | *0* |
| *o/w available to 10 highest paid employees* | *116 750* | *231 583* | *157 681* |
| *Balance at 12/31/2017* | *116 750* | *94 666* | *69 632* |
| Issue date of free shares | 03/11/2019 | 10/03/2019 at the latest | 04/28/2020 |
| End of lock-in period for free shares | 03/11/2019 | 10/03/2019 at the latest | 04/28/2020 |
| Reference share price (in euros) | 8,53 € | 13,35 € | 15,88 € |
| Valuation method used | Binomial | Binomial | Binomial |
| Number of shares available for allocation at 12/31/2016 | 261 959 | 410 245 | 0 |
| Rights created in 2017 | 0 | 0 | 364 472 |
| Rights forfeited in 2017 | 0 | (41 295) | (27 726) |
| Rights granted in 2017 | 0 | (20 019) | 0 |
| Performance stock valuation | 0 | (101 765) | (141 602) |
| Number of shares available for allocation at 12/31/2017 | 261 959 | 247 166 | 195 144 |

At their meeting on April 28, 2017, the Board of Directors agreed to grant a maximum of 437,366 free shares to employees, conditional on their continued employment by the Group.

Authorization for this decision was granted to the Board by the Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016 (Resolution No. 24). Its purpose is to grant existing or newly-issued shares in the parent company, Altran Technologies, and related companies, to certain categories of salaried personnel, within a 38 month period. The

number of shares granted may not increase the share capital of Altran Technologies by more than 3% as of the share grant date.

No free shares have been granted to corporate officers.

In 2017, the value of the free share scheme was measured at the grant date using the binomial option pricing model, as recommended by the French accounting standards board (*Autorité des normes comptables* (ANC)).

The main market parameters used to calculate the notional holding period cost of the free shares at the grant date were the following:

- the spot price of Altran shares at April 28, 2017: €15.88
- vesting period: 3 years
- employee's fully vested rights conditional on 3 years of continued employment by the Group

As a percentage of the spot price, the notional holding period cost of the shares at the grant date was negligible.

***b) Non-current employee benefits (see 5.13)***

## 6.5 Depreciation, amortization and net provisions

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* | % Change |
|---|---|---|---|
| Depreciation and amortization of property, plant & equipment and intangible assets | (24 199) | (20 098) | + 20,4 % |
| Provisions for current assets | 305 | (2 184) | - 114,0 % |
| Provisions for contingencies and liabilities | 16 561 | 7 749 | + 113,7 % |
| TOTAL | (7 333) | (14 533) | - 49,5 % |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

## 6.6 Other non-recurring operating income and expenses

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Proceeds from disposals of property, plant & equipment and intangible assets | (146) | (1 738) |
| Proceeds from divestment & liquidation of consolidated investments | (355) | – |
| Business divestiture | (115) | 478 |
| Cost and disputes relating to acquisitions and legal reorganizations | (7 593) | 10 300 |
| Trade disputes | (1 312) | 910 |
| Labor disputes | (11 786) | (4 090) |
| Legal disputes | (119) | (389) |
| Tax disputes | (380) | (388) |
| Non-recurring costs relating to the Strategic Plan | 4 | (8 567) |
| Restructuring costs (net of provisions) | (17 223) | (18 171) |
| Other | 18 | (31) |
| **Total** | **(39 007)** | **(21 686)** |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

**Costs and disputes relating to acquisitions and legal reorganizations:**

This line item includes the cost of canceling earn-outs, which amounted to €3,035 thousand.

**Divestment and liquidation of consolidated investments**

See Note 2. Consolidation Scope.

**Restructuring costs**

Non-recurring operating expense amounted to -€39,007 thousand, which included -€17,223 thousand reflecting the net effect of restructuring and cost-cutting plans. An analysis is presented below:

**Breakdown of net expenses**

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Salaries | (14 715) | (15 363) |
| Property lease rationalization + fittings write-offs | (1 419) | (2 316) |
| Other | (1 089) | (492) |
| **Total** | **(17 223)** | **(18 171)** |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

### 6.7 Cost of net financial debt

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Income from cash and cash equivalents | | |
| Interest income from cash and cash equivalents | 2 808 | 4 577 |
| Proceeds from disposal of cash equivalents | | |
| | 2 808 | 4 577 |
| Cost of gross financial debt | | |
| Interest expense relating to bonds | (8 703) | (8 727) |
| Interest expense relating to other financing operations | (5 887) | (9 268) |
| | (14 590) | (17 995) |
| COST OF NET FINANCIAL DEBT | (11 782) | (13 418) |

The cost of net financial debt was €11,782 thousand, as a result of:

- €2,808 thousand in financial income, relating to certificates of deposit and other;
- interest expenses for bonds amounting to €8,703 thousand;
- interest expenses relating to other financing operations, which amounted to €5,887 thousand and comprised:
  - €3,095 thousand for factoring contracts and the sale of receivables
  - €502 thousand for Capex loans, repaid over the financial year
  - €1,193 thousand for revolving loans
  - -€107 thousand for interest rate hedges (swaps)
  - -€650 thousand for foreign exchange hedge contracts (forward currency purchases and disposals)
  - €1,257 thousand for commercial paper
  - €598 thousand in other loans.

## 6.8 Other financial income and expenses

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| **Financial income** | | |
| Gains on other financial asset disposals | 801 | 232 |
| Financial gains from conversion to present value | 492 | 495 |
| Forex gains | 2 526 | 9 754 |
| Reversals of provisions for impairment of unconsolidated investments and other non-current financial assets | 5 395 | – |
| Gains on financial instruments | – | 122 |
| Other financial income | 2 | 1 |
| | **9 216** | **10 604** |
| **Financial expenses** | | |
| Loss on disposal of unconsolidated investments and other financial asset | (7 791) | (1) |
| Impairment of unconsolidated investments and other non-current financial assets | – | (5 641) |
| Employee benefit provisions | (818) | (721) |
| Forex losses | (6 023) | (5 682) |
| Financial expense on measurement to present value | (495) | (465) |
| Other financial expenses | (2 467) | (58) |
| | **(17 594)** | **(12 568)** |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

Other financial expenses mainly comprise fees relating to the negotiation of the undrawn revolving credit facility for €500 million, which will be terminated early in the first quarter of 2018, in connection with the acquisition of Aricent.

## 6.9 Tax expenses

### Analysis of deferred taxes on the balance sheet

The following tables show the net change in deferred taxes reported on the balance sheet (in thousands of euros):

| *(in thousands of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Financial income | | |
| Gains on other financial asset disposals | 801 | 232 |
| Financial gains from conversion to present value | 492 | 495 |
| Forex gains | 2 526 | 9 754 |
| Reversals of provisions for impairment of unconsolidated investments and other non-current financial assets | 5 395 | – |
| Gains on financial instruments | – | 122 |
| Other financial income | 2 | 1 |
| | 9 216 | 10 604 |
| Financial expenses | | |
| Loss on disposal of unconsolidated investments and other financial asset | (7 791) | (1) |
| Impairment of unconsolidated investments and other non-current financial assets | – | (5 641) |
| Employee benefit provisions | (818) | (721) |
| Forex losses | (6 023) | (5 682) |
| Financial expense on measurement to present value | (495) | (465) |
| Other financial expenses | (2 467) | (58) |
| | (17 594) | (12 568) |

The breakdown reflects the offsetting of deferred tax assets and liabilities for each consolidated Group entity.

Deferred taxes recognized under equity for the financial year were as follows:

| | |
|---|---|
| Fair value reserve : IAS32/39 | (330) |
| Revised IAS 19 reserve | 2 210 |
| TOTAL | 1 880 |

Tax loss carry-forwards that are likely to be used against future profit within a 10-year period amounted to €349,132 thousand. They correspond to tax savings of €84,874 thousand.

Tax losses that have given rise to the recognition of deferred tax assets amounted to €37,400 thousand. At December 31, 2017, a provision was recorded to account for uncertainty as to their use.

| Tax losses | |
|---|---|
| *– expiring in less than 1 year* | 0 |
| *– expiring in 1 to 5 years* | 4 371 |
| *– expiring in over 5 years* | 2 195 |
| *– with no expiration date* | 30 834 |
| TOTAL | 37 400 |

The components of deferred tax assets and liabilities, before offsetting, was as follows at December 31, 2017 (in thousands of euros):

| | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Deferred tax assets by timing difference | | |
| Employee benefits | 11 946 | 13 191 |
| Provisions for contingencies and liabilities | 0 | |
| Unused tax losses | 84 874 | 81 707 |
| Other | 9 365 | 6 399 |
| | 106 185 | 101 297 |
| Deferred tax liabilities by timing difference | | |
| Assets | (26 952) | (25 034) |
| Provisions for contingencies and liabilities | (2 272) | (1 506) |
| Other | 0 | |
| | (29 224) | (26 540) |
| NET ASSETS | 76 961 | 74 757 |

### Analysis of income tax expenses

Income tax expenses can be analyzed as follows (in thousands of euros):

| | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Current taxes | (32 278) | (42 306) |
| *– for the period* | (18 632) | (28 178) |
| *– adjustment of current taxes based on previous reporting periods* | (1 076) | 2 836 |
| *– other taxes on earnings* | (12 570) | (16 964) |
| Deferred taxes | (10 502) | (9 427) |
| *– deferred taxes relating to changes in taxable base* | 15 550 | (20 577) |
| *– deferred taxes relating to changes in rate* | (22 880) | (1 073) |
| *– adjustment of current taxes based on previous reporting periods* | (1 251) | 285 |
| *– change in amortization of deferred tax assets* | (1 921) | 11 938 |
| TOTAL | (42 780) | (51 733) |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

The following table shows the deferred tax expenses (in thousands of euros):

| | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Timing differences | (7 705) | 2 945 |
| Tax losses | (13 583) | (768) |
| Consolidation adjustments | 10 786 | (11 604) |
| TOTAL | (10 502) | (9 427) |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

Deferred taxes relating to changes in the taxable base included deferred tax assets recognized for tax losses incurred in the financial period, which may be used in the near term, and temporary differences.

**Effective tax rate**

Differences between reported corporate income tax and the theoretical tax expense calculated using the French tax rate are shown in the following table (in thousands of euros):

| | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Net income attributable to the Group | 130 768 | 122 483 |
| Non-controlling interests | (68) | (88) |
| Net profit on discontinued operations | (8 885) | 1 402 |
| Tax expenses/income | (42 780) | (51 733) |
| Goodwill impairment | 0 | (2 552) |
| Share of equity-accounted investments | (414) | 42 |
| **Pre-tax profit before goodwill impairment losses** | **182 915** | **175 412** |
| Theoretical tax expense at rate applied to parent company (33.33%) | (60 971) | (58 471) |
| *- Other taxes on earnings* | (12 570) | (16 964) |
| *- Change in amortization of deferred tax assets* | (1 921) | (1 881) |
| *- Difference in tax artes in foreign countries* | 8 332 | 4 796 |
| *- Other permanent differences* | 24 350 | 20 786 |
| **Effective tax recognized** | **(42 780)** | **(51 733)** |
| *EFFECTIVE TAX RATE* | *23%* | *29%* |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

Other income tax due corresponds to secondary taxes paid in France (€11.8 million) and Italy (€1.2 million).

## 6.10 Net income (loss) from discontinued operations

In accordance with IFRS 5:

- income statement items relating to the Utilities business in the United States, which was sold during the financial year, have been reported under the line item “Net income (loss) from discontinued operations” for reporting periods 2016 and 2017, after eliminating intra-group items,

- the net change in cash generated by operating, financing and investing activities is shown in separate line items in the cash flow statement.

The following table shows the change in net income (loss) from discontinued operations:

| *(in millions of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Revenues | 20,7 | 46,0 |
| Operating income on ordinary activities | 0,9 | 2,8 |
| Operating income | (12,0) | 2,1 |
| Financial income | - | - |
| Tax expenses/income | 3,1 | (0,7) |
| NET INCOME ON DISCONTINUED OPERATIONS | ( 8,9) | 1,4 |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

| *(in millions of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Income from discontinued operations | (12,0) | 2,1 |
| Capital gains or losses from sale of securities | | |
| Capital gains or losses from sale of brands | | |
| Tax impacts | 3,1 | (0,7) |
| NET INCOME ON DISCONTINUED OPERATIONS | ( 8,9) | 1,4 |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

The change in cash flows from discontinued operations was as follows:

| *(in millions of euros)* | Dec. 2017 | Dec. 2016* |
|---|---|---|
| Operating income | (11,7) | 2,1 |
| Cash flow before net interest expenses and taxes | (10,6) | 2,5 |
| Change in working capiral requirement | 7,6 | (1,9) |
| Net cash flows from discontinued operations (A) | (3,0) | 0,6 |
| Net cash from investments made by discontinued operations (B) | 0,1 | (0,2) |
| Net cash from financing activities of discontinued operations ( C) | - | - |
| TOTAL (A) + (B) + (C ) | ( 2,9) | 0,4 |

**Data from 2016 has been adjusted to account for the sale of the Utilities business in the United States.*

## Note 7 Off-balance sheet commitments

The following table shows all existing commitments at December 31, 2017:

| *(in thousands of euros)* | Dec. 2017 | < 1 year | 1-5 years | > 5 years | Dec. 2016 |
|---|---|---|---|---|---|
| Commitments granted : | | | | | |
| Pledges, security deposits and guarantees | | | | | |
| *- for recurring operations* | 31 532 | 5 533 | 7 373 | 18 626 | 19 459 |
| *- for financing operations* | 16 536 | 9 119 | - | 7 417 | 17 176 |
| Operating lease (property, furniture) | | | | | |
| *- Minimum future payments* ***(see note 6.3)*** | 229 060 | 58 457 | 126 935 | 43 668 | 221 317 |
| Non-compete clause concerning former employees : | 1 686 | 1 686 | | | 796 |
| *- gross amount* | 1 316 | 1 316 | | | 538 |
| *- social security contributions* | 370 | 370 | | | 258 |
| Commitments received : | | | | | |
| Pledges, security deposits and guarantees | | | | | |
| *- for recurring operations* | 5 206 | 1 523 | 2 946 | 737 | 6 738 |
| *- for financing operations* | - | | | | - |

### Commitments to buy back non-controlling interests

No commitments have been granted to buy back non-controlling interests or unconsolidated entities.

## Note 8 Related party transactions

### Compensation of key management personnel

The Company and subsidiaries in which it has a controlling interest recorded €7,741,030 in gross compensation and employee benefits for directors and members of the Group's Executive Committee for financial year 2017:

- *Short-term employee benefits:* €7,113,787
- *Post-employment benefits:* €23,154
- *Other long-term benefits:* N/A
- *Termination benefits:* N/A
- *Share-based payments (free share expenses):* €604,089

### Commitments granted to corporate officers

**Additional compensation for the Senior Executive Vice-President – Long-term Incentive Plan 2013-2015**

Based on the recommendation of the Appointment and Remuneration Committee, at their meeting on March 11, 2015, the Board of Directors agreed to set up a long-term incentive plan. The plan provides for deferred additional compensation in cash to Mr Cyril Roger, on condition that the Company meets its average earnings per share growth target.

The plan is for a duration of 3 years, divided into two sub-periods:

- a vesting period between January 1, 2015 and January 2, 2016;
- a two-year retention holding, which begins at the end of the vesting period (January 2, 2016 – January 2, 2018). No compensation is paid to the executive officer at this time.

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointment and Remuneration Committee, the Board of Directors:

- set the number of units used to calculate the additional compensation of the Senior Executive Vice-President if all targets are achieved;
- decided that additional compensation would vest based on percentage achievement of the share performance target (assessed at the beginning of the holding period)
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation will be paid after the aforementioned two-year holding period. The amount corresponds to the Company's average share price traded on the stock market during December 2015, multiplied by the number of units set by the Board of Directors.

At their meeting on March 9, 2016, the Board of Directors determined that the number of units granted to Mr Cyril Roger was 80,000, reflecting 80% achievement of performance targets. The Senior Executive Vice-President will receive €985,600 when the two-year holding period ends on January 2, 2018, given Altran's average share price of €12.32 in December 2015.

**Additional compensation for the CEO – Long-term Incentive Plan 2015-2017**

Following the recommendation by the Appointment and Remuneration Committee, at their meeting on July 29, 2015, the Board of Directors decided to set up a long-term incentive plan to provide additional compensation to Mr Dominique Cerutti. The deferred additional compensation is to be paid in cash, and is conditional on the Company achieving the average annual earnings per share (EPS) growth target.

The long-term incentive plan agreed by the Board of Directors is for a duration of nearly four years, comprising two sub-periods:

- a vesting period between July 29, 2015 and January 2, 2017;
- a two-year holding period after the vesting period (January 2, 2017-January 2, 2019). No compensation is paid at this date.

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Following the recommendation of the Appointment and Remuneration Committee, the Board of Directors:

- set the number of units used to calculate the additional compensation due to the CEO if all targets are achieved at 43,523;
- decided that additional compensation rights for the CEO vest based on percentage achievement of performance targets (which is assessed at the beginning of the holding period);
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation will be paid at the end of the aforementioned two-year holding period. The amount corresponds to the Company's average share price traded on the stock market in December 2016 multiplied by the number of units determined by the Board of Directors.

At their meeting on March 8, 2017, the Board of Directors set the number of units granted to Mr Dominique Cerutti at 43,523, reflecting 100% achievement of performance targets. The CEO will receive €570,587 when the two-year holding period ends on January 2, 2019, given Altran's average share price of €13.11 in December 2016.

**Additional compensation for the CEO and the Senior Executive Vice-President – Long-term Incentive Plan 2016-2018**

Following the recommendation of the Appointment and Remuneration Committee, at their meeting on March 9, 2016, the Board of Directors decided to set up a long-term incentive plan to provide additional compensation to Mr Dominique Cerutti and Mr Cyril Roger. The deferred additional compensation is to be paid in cash and is conditional on achievement of the average annual earnings per share (EPS) growth target.

The plan is for a duration of nearly four years, which can be divided into two sub-periods:

- a vesting period between March 9, 2016 and January 2, 2018;
- a two-year holding period after the vesting period (January 2, 2018 to January 2, 2020). Compensation is not paid at this time.

Vesting is contingent on the beneficiary's continued employment by the Group during the vesting period.

Based on the recommendation of the Appointment and Remuneration Committee, the Board of Directors:

- set the number of units to be used to calculate additional compensation for the CEO and the Senior Executive Vice-President if all targets are achieved at 78,799 and 30,113, respectively;
- decided that additional compensation rights for the CEO and the Senior Executive Vice-President would vest based on percentage achievement of performance targets (assessed at the beginning of the holding period);
- set specific share performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets.

The additional compensation is paid after the above-mentioned two-year holding period. The amount corresponds to the Company's average share price traded on the stock market in December 2017, multiplied by the number of units determined by the Board of Directors.

At year-end 2017, a provision of €1,115,006 was recognized for Mr Dominique Cerutti and €426,099 for Mr Cyril Roger.

**Additional compensation granted to the CEO and the Senior Executive Vice-President – Long-term Incentive Plan 2017-2020**

Following the recommendation of the Appointment and Remuneration Committee, at their meeting on March 21, 2017, the Board of Directors decided to set up a long-term incentive plan to provide additional compensation to Mr Dominique Cerutti and Mr Cyril Roger. The deferred additional compensation is to be paid in cash and is conditional on achievement of the average annual earnings per share (EPS) growth target.

The long-term incentive plan agreed by the Board of Directors is for a vesting period between March 21, 2017 and March 20, 2020.

Vesting is contingent upon the continued employment of the beneficiary by the Group during the vesting period.

Following the recommendation of the Appointment and Remuneration Committee, the Board of Directors:

- set the number of units to be used to calculate additional compensation for the CEO and the Senior Executive Vice-President if all targets are achieved at 65,465 and 21,442, respectively;
- decided that additional compensation rights for the CEO and the Senior Executive Vice-President would vest based on percentage achievement of performance targets (assessed at the beginning of the holding period);

- set specific performance targets and grant conditions, which are not disclosed for reasons of confidentiality and protection of trade secrets;

- set a rate of 25% of the amount allocated to the purchase of Altran Technologies shares.

The additional compensation is paid after the above-mentioned three-year holding period. The amount corresponds to the Company's average share price traded on the stock market in December 2019, multiplied by the number of units determined by the Board of Directors.

At year-end 2017, a provision of €255,319 was recognized for Mr Dominique Cerutti and €83,627 for Mr Cyril Roger.

**Other commitments granted to the Senior Executive Vice-President**

The employment contract signed by Mr Cyril Roger with Altran Technologies on the day of his appointment was suspended as of October 28, 2011 for the duration of his term of office. Termination of his term of office would lead to the reactivation of his employment contract. In the event of contract termination by the Company, except in the event of serious misconduct or gross negligence, Mr Cyril Roger would receive:

- a contract severance payment equivalent to his compensation package (salary, bonus, and incentive-based compensation) for the 12 months preceding contract termination;

- a lump-sum payment in return for the non-compete agreement applicable for the 12-month period following contract termination, regardless of the cause; the payment is equal to 75% of average monthly salary, bonuses and incentive-based compensation for the 12-month period prior to contract termination. The Company reserves the right to waive the non-compete requirement, and consequently cancel the associated lump-sum payment.

### Transactions with shareholders with controlling interests

None

### Other transactions

None

## Note 9 Exposure to risk and risk management procedures

Exposure to risk and risk management procedures are presented in paragraph 2.1 “Risks” of the registration document.

## Note 10 Note 10 Significant events after the reporting date

The following significant events occurred between December 31, 2017 and February 26, 2018, when the Group’s 2017 financial statements were approved by the Board of Directors:

### Acquisitions

**Acquisitions expected in the first quarter of 2018: Aricent**

On November 30, 2017, Altran announced that it had signed, with a group of investors headed by KKR, an Agreement and Plan of Merger to acquire all Aricent shares. The transaction has been set up via a dedicated acquisition vehicle indirectly wholly-owned by its subsidiary Altran US Corp, for an aggregate business value of USD 2 billion, fully payable in cash. Aricent is the global leader in design and engineering services.

The acquisition, subject to receipt of antitrust approvals in the United States, Germany and India, as well as the satisfaction of customary conditions precedent, is expected to close in Q1 2018, after all the conditions precedent have been fulfilled. With regard to consultations initiated with the employee representation bodies of Altran and some of its subsidiaries, a positive opinion was rendered by all the employee representation bodies concerned.

Following the transaction, the combined entity will become the undisputed global leader in Engineering and R&D (ER&D) services, with a unique combination of all four critical criteria necessary to lead the industry, providing it with new growth prospects:

- **A global presence and reach**: with pro forma revenues for the year ended December 31, 2017 of €3 billion and 44,000 employees in approximately 30 countries. In particular, Aricent’s very strong presence in the United States allows the Group to become the market leader, while balancing the Group’s geographic presence (historically European);
- Leadership in key industries: this transaction strengthens the Group, allowing it to offer unique multisector expertise and recognized leadership positions in numerous key industries. Consequently, Aricent brings Altran its expertise and knowledge of the Telecommunications, high-growth Software/Internet and strategic Semiconductor industries. Moreover, the Group now has an extremely diversified business portfolio with balanced exposure to the Aerospace, Automotive, Defense, Energy, Life Sciences, Railway, and Telecom sectors;
- Cutting-edge expertise in strategic technological domains: Aricent has significantly strengthened Altran’s service offer in the design, systems engineering and digital and software fields. Its expertise complements that of Altran in product and mechanical engineering development;
- A global industrial model for engineering service provision: the acquisition of Aricent has allowed the Group to propose approximately 15,000 engineers in Nearshore and Offshore business (i.e. approximately 35% of the Group’s total headcount). This new dimension will allow Altran to accelerate the industrialization of its Global Delivery Centers and strengthen its capacity to generate transformational sales commitments.

The main clients of Altran and Aricent welcomed news of the acquisition, which would seem to confirm the transaction's industrial soundness. At the date of the present document, and to the best of the Company's knowledge, none of Aricent's main clients had expressed their intention to reduce or terminate their commercial relations with Aricent as a result of the acquisition.

### Financing

**February 2018**

In connection with the acquisition, a Senior Facilities Agreement was signed on February 15, 2018 between the Company and several banks, providing the Company with several loans.

- A term loan of an aggregate €2.125 million divided into two tranches, one of €1,880 million and the other of USD 300 million (Term Loan B);
- A bridge loan of €250 million (the Bridge Facility); and
- A new revolving multi-currency credit line of €250 million (the Revolving Credit Facility), replacing the similar existing facility of €500 million signed on July 27, 2017 (see Note 5.11).

On the day Aricent is acquired, the Term Loan B and the Bridge Facility will be fully drawn down and utilized in order to (i) pay Aricent's acquisition price (approximately USD 2 billion), (ii) pay the transaction-related costs, and (iii) repay a portion of the Group's outstanding debt (€250 million).

The Company plans to increase capital by a maximum amount of €750 million in order to repay a portion of the new loans, while maintaining shareholders' preferential subscription rights. Net proceeds from the transaction, approved at the General Shareholders' Meeting of January 26, 2018, will be exclusively used to repay loans (the Bridge Facility in full and part of Term Loan B).

The Senior Facilities Agreement contains regular clauses for this type of financing, which require the Group to meet certain obligations, including:

- The Revolving Credit Facility involves a financial commitment by the Company (financial covenant) to maintain a Net Debt To EBITDA Ratio below (i) 7.25x at any rate and (ii) where applicable, 5.25x after repayment of a portion of the Term Loan B through use of the net proceeds of the capital increase mentioned above in excess of €500 million (it being specified that this ratio will be brought down to 6.25x if the net proceeds are between €250 million and €500 million). This commitment shall apply if the credit line is drawn down by over 40%;
- The Company's ability to distribute dividends to its shareholders is likely to be limited as, beyond certain leverage thresholds, part of excess cash flow must be used for early repayment of loans under the Senior Facilities Agreement. Moreover, in the event that a breach of the Senior Facilities Agreement and a particularly high leverage ratio take place simultaneously, the Company would not be able to distribute dividends of any amount;
- a change in Company control, i.e. if more than 30% of the Company's voting rights were held by one or more shareholders, acting alone or in concert, would likely result in the early mandatory repayment of all new financing accorded under the Senior Facilities Agreement;

- The Company shall have signed, within a maximum timeframe of 90 days as of the acquisition date, interest rate hedging contracts to ensure that exposure to changes in variable interest rates does not exceed 50% of the principal of Term Loan B; and

- Lastly, the Group will be subject to certain restrictions concerning new significant acquisitions, asset disposals and major investments or the signing of new loans.

Moreover, collateral and personal guarantees were provided by the Company and some of its subsidiaries to the lenders in connection with the new financing.

In particular, the Company pledged shares in some of its subsidiaries (including those in GMTS, the Group's cash pooling subsidiary), its bank accounts and largest receivables against other Group companies. GMTS also pledged its bank accounts and largest receivables against other Group companies.

The Company and its largest subsidiaries provided guarantees to lenders in connection with the new financing arrangements.

On January 15, 2018, Standard & Poor's awarded the Company a credit rating of BB with a stable rating outlook, while Moody's granted it a credit rating of Ba2 with a stable rating outlook.

## Note 11 Statutory audit fees

Statutory audit fees, which totaled €2,257 thousand for 2017 (excluding out-of-pocket expenses), break down as follows:

| *(in thousands of euros)* | Mazars | Deloitte |
|---|---|---|
| Statutory Audit | 980 | 1 073 |
| Other audit-related services | 121 | 83 |
| TOTAL | 1 101 | 1 156 |

### Acquisitions

**February 2018: Aricent**

### Financing

**February 2018**

# 7 2017 annual results

## 7.1 Statutory Auditors' Report on the Financial Statements

For the year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Altran Technologies Shareholders' Meeting,

**Opinion**

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Altran Technologies for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

The audit opinion expressed above is consistent with our report to the Audit Committee.

**Basis for Opinion**

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

***Independence***

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (*code de déontologie*).

**Justification of Assessments - Key Audit Matters**

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the financial statements.

<table>
<tr><th colspan="2">Revenue recognition from services rendered under fixed-price contracts<br>See Notes 2.2, 2.12, 4.1. to the financial statements</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td>The Company offers different services to its clients who operate in varied industries. The methods for contractualizing the services provided by the Group are as follows:<br><br>– Time & Materials (T&M) contracts for which the Company has a best endeavors obligation, for which the price is variable and determined based on the time spent and the seniority of the personnel employed by Altran on these projects; and<br><br>– Fixed-Price contracts for which the Company has a performance obligation and for which the price is either initially set for the entire project or defined in a framework agreement for each type of service which will be requested progressively by the client.<br><br>Revenue from Time & Materials contracts, which represent the majority of services carried out by the Company, is recognized as the services are rendered.<br><br>Revenue from Fixed-Price contracts, is recognized depending on the degree of progress of the project and the expected profit on completion. If necessary, provisions for losses on completion are recorded when it is probable that the total estimated costs of the contract will exceed the total expected revenues of the contract.<br><br>We considered revenue recognition from Fixed-Price contracts to be a key audit matter to the extent where it is based on judgments and estimates made by Management concerning profit on completion and the expected financial risks on these contracts.</td><td>We have examined the processes set up by the Company relating to profit on completion forecasts and the degree of progress of Fixed-Price contracts at the year-end date.<br><br>The audit procedures carried out on the measurement of revenue from Fixed-Price contracts consisted in selecting, in accordance with a multi-criteria approach (volume of business or work in progress, complexity of projects, atypical variations between two periods or compared to Company standards), projects for which we have:<br><br>– assessed the reasonableness of the estimates made by Management through:<br>▪ interviews held with project teams, the program department and management controllers in order to substantiate the analysis of the profit on completion and the degrees of progress of projects underway at the year-end date,<br>▪ evidence gathered enabling the financial positions of the projects to be supported (contracts, orders, client approvals and acceptance, data relating to monitoring of time and payroll);<br><br>– carried out arithmetical controls and analytical procedures on the measurement of revenue and profit recognized during the fiscal year.<br><br>We have verified that the notes to the consolidated financial statements (notably Notes 2.2, 2.12 and 4.1.1.) provide appropriate disclosure.</td></tr>
</table>

| **Impairment of equity holdings**<br>*See Notes 2.2, 2.5, 3.2 and 8 to the financial statements.* | |
|---|---|
| **Risk identified** | **Our response** |
| Over the last several years, the Company continued its expansion through numerous targeted acquisitions, in different countries, in all of the activities in which it operates.<br><br>As of December 31, 2017, equity interests were recorded in assets for a net carrying amount of € 453 million, representing 27% of total assets. They are recognized at their date of entry at acquisition cost including the expenses directly attributable to fixed assets.<br><br>As indicated in the "Accounting policies" note to the financial statements, the inventory value of each equity holdings corresponds to the value in use at the year-end date, which is determined by taking into account the company's valuation based on forecast information prepared by the Company depending on the profitability outlook for the equity interest and its financial structure based on business plans.<br><br>The determination of the inventory value of each equity holdings is based on assumptions and estimates prepared by Management, notably the cash flow projections set forth in 5 year business plans, the growth rate used for these cash flow projections and the discount rate which is applied. In the absence of available data on these aggregates, the value in use correspond to the net worth. An impairment is recognized when the inventory value is less than the acquisition cost of the equity holdings.<br><br>We considered the impairment of equity interests to be a key audit matter given the weight of equity interests on the balance sheet. We have considered the impairment of equity interests to be a key audit matter, given the weight of the equity interests on the balance sheet, the level of estimates and judgments used by Management and the sensitivity of the book values to changes in forecast assumptions. | We have familiarized ourselves with the work relating to impairment tests carried out by the Company and the conclusions resulting therefrom.<br><br>To assess the reasonableness of the book value estimate of equity holdings, based on the information communicated to us, our work mainly consisted in:<br><br>– familiarizing ourselves with the methods for calculating inventory value and in particular, cash flows;<br><br>– assessing and examining the reasonableness of the assumptions used for these cash flow forecasts. This notably consisted in interviewing Management, reviewing historical data and assessing the assumptions used as part of the projections considered in the business plans;<br><br>– verifying, with the support of our valuation experts, the reasonableness of the financial parameters used in connection with impairment tests, in particular, the method for determining the discount rate and the terminal value used in the business plans (perpetual capitalization of the plan's last year) with market analyses and the consensus observed;<br><br>– should this data not be available, verifying that the equity used is consistent with the accounts of the entities which were audited or using analytical procedures and verifying the arithmetical calculation.<br><br>We also assessed the appropriateness of the disclosures in Notes 2.2, 2.5, 3.2 and 8 to the financial statements. |

| **Valuation of provisions for material contingencies and liabilities**<br>*See Notes 2.2, 2.9, 3.2 and 5 to the financial statements.* | |
|---|---|
| **Risk identified** | **Our response** |
| The Company is exposed to risks inherent in its activity, notably concerning tax and social risks, as well as its history, notably following the fraud relating to Revenue in the beginning of the 2000s and the ensuing legal proceedings launched which are still underway as described in Note 5 to the financial statements in the "information on significant ongoing litigation and disputes" section.<br><br>In this context, the Company can be faced with uncertain situations, litigious or contentious, notably as part of tax audits by authorities, which may have given rise to or may give rise to reassessment requests.<br><br>The estimate of these risks is reviewed regularly by the Management of the Company with the support, if needed, of expert advisors. The incorrect valuation of a risk may lead the Company to overstate or understate its liabilities and contingencies.<br><br>The provisions for contingencies totaled €78 million as of December 31, 2017 and are a key audit matter given the diversity of risks to which the Company is exposed and the degree of judgement exercised by Management to estimate these risks and the amounts recognized in provisions. | Our audit approach consisted notably in:<br><br>– examining the procedures implemented by the Company to identify the risks to which it is exposed and to confirm to us by all of the Company's external experts-advisors our understanding of the litigation, and claims;<br><br>– familiarizing ourselves with the analysis of the risks carried out by the Company, the corresponding documentation and assessing their consistency with the responses to direct confirmations from external experts-advisors;<br><br>– assessing the main identified risks and examining the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized, with, if necessary, the support of our experts in the areas concerned by the risks.<br><br>We also assessed the appropriateness of the disclosures in Notes 2.2, 2.9, 3.2 and 5 to the financial statements. |

## Verification of the management report and other documents provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

### *Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements*

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

### *Report on corporate governance*

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits

received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

### *Other information*

In accordance with French law, we have verified that the required information concerning participating and controlling interests, the identity of shareholders and the holders of voting rights has been properly disclosed in the management report.

## Report on Other Legal and Regulatory Requirements

### *Appointment of the Statutory Auditors*

We were appointed statutory auditors of Altran Technologies by the Shareholders' Meeting of June 28, 2004 for DELOITTE & ASSOCIÉS and June 29, 2005 for Mazars.

As of December 31, 2017, Deloitte & Associés was in its 14th year of uninterrupted engagement and Mazars in its 13th year.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Financial Statements

*Objective and audit approach*

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by article L. 823-10-1 of the French Commercial Code (*code de commerce*), the scope of our statutory audit does not include assurance on the future viability of the

Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

*Report to the Audit Committee*

We submit a report to the Audit Committee which includes in particular as description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and or in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, February 27, 2017

The Statutory Auditors,

**Mazars** **Deloitte & Associés**

Jean-Luc BARLET Arnaud DE PLANTA Ambroise DEPOUILLY

# 7.2 __ Financial statements

## FINANCIAL STATEMENTS AT DECEMBER 31, 2017

## Balance Sheet – Assets

| *(in euros)* | Notes | Dec. 31, 2017 | | | Dec. 31, 2016 |
|---|---|---|---|---|---|
| | | Gross | Deprec./Amort. & Prov. | Net | Net |
| **Non-current assets** | **3.1 & 3.2** | **699 990 109** | **45 334 148** | **654 655 961** | **641 380 015** |
| **Intangible assets** | | | | | |
| Patents, licenses, trademarks | | 42 557 727 | 21 506 457 | 21 051 270 | 18 179 511 |
| Other intangible assets | | 119 011 383 | | 119 011 383 | 116 376 643 |
| Intangible assets in progress | | 2 118 767 | | 2 118 767 | 4 059 946 |
| **Tangible assets** | | | | | |
| Other Tangible assets | | 24 379 969 | 15 787 363 | 8 592 606 | 8 225 921 |
| Tangible assets in progress | | 331 878 | | 331 878 | 20 137 |
| **Financial assets** | | | | | |
| Equity investments and related receivables | | 461 393 601 | 7 932 639 | 453 460 962 | 446 042 579 |
| Loans and other financial assets | | 50 196 784 | 107 689 | 50 089 095 | 48 475 279 |
| **Current assets** | | **1 041 986 490** | **4 287 433** | **1 037 699 056** | **1 008 453 745** |
| Raw materials and supplies | | 46 617 | | 46 617 | 75 276 |
| Work in progress | | 3 683 260 | | 3 683 260 | 3 847 649 |
| Finished goods | | 10 547 | | 10 547 | 16 817 |
| Advances paid | | 30 715 | | 30 715 | 336 462 |
| Trade receivables and related accounts | 3.2 & 3.3 | 111 098 397 | 739 944 | 110 358 453 | 108 049 077 |
| Other receivables | 3.2 & 3.3 | 916 236 999 | 3 547 490 | 912 689 509 | 887 080 944 |
| Cash and marketable securities | | 10 879 955 | | 10 879 955 | 9 047 521 |
| **Adjustment accounts** | | **9 314 149** | | **9 314 149** | **9 321 750** |
| Prepaid expenses | 3.3 & 3.13 | 9 213 009 | | 9 213 009 | 9 286 772 |
| Unrealized foreign exchange losses | | 101 140 | | 101 140 | 34 979 |
| **TOTAL ASSETS** | | **1 751 290 748** | **49 621 582** | **1 701 669 166** | **1 659 155 510** |

## Balance Sheet - Shareholders' equity and liabilities

| *(in euros)* | Notes | Dec. 31, 2017 | Dec. 31, 2016 |
|---|---|---|---|
| **Shareholders' equity** | **3.4** | **692 717 597** | **631 248 893** |
| Share capital | 3.5 | 87 900 133 | 87 900 133 |
| Additional paid-in capital | | 355 609 841 | 397 069 527 |
| Statutory reserve | | 8 790 013 | 8 790 013 |
| Retained earnings | | 137 075 686 | 106 251 860 |
| Net income for the year | | **102 893 499** | **30 823 825** |
| Tax-driven provisions | | 448 425 | 413 534 |
| **Provisions for contingencies and liabilities** | **3.2** | **77 922 873** | **86 654 211** |
| **Liabilities** | | **908 690 964** | **918 222 053** |
| Bonds | 3.7 & 3.9 | 253 932 607 | 253 932 607 |
| Bank borrowings | 3.7 & 3.9 | 400 269 289 | 367 660 785 |
| Other loans and borrowings | 3.9 | 3 001 075 | 741 440 |
| Advances received | | 259 085 | 399 115 |
| Trade payables and related accounts | 3.9 | 64 579 781 | 111 497 371 |
| Tax and social security liabilities | 3.9 | 171 991 790 | 169 605 510 |
| Payables to suppliers of non-current assets | 3.9 | 2 526 628 | 2 278 832 |
| Other payables | 3.9 | 12 130 710 | 12 106 393 |
| **Adjustment accounts** | | **22 337 733** | **23 030 354** |
| Deferred income | 3.9 & 3.13 | 22 329 352 | 22 938 017 |
| Unrealized foreign exchange gains | | 8 381 | 92 337 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **1 701 669 166** | **1 659 155 510** |

## Income Statement

| *(in euros)* | Notes | 2017 | 2016 |
|---|---|---|---|
| Revenues | 4.1 | 949 634 406 | 874 485 880 |
| Increase in finished goods and work in progress | | (164 389) | 1 089 163 |
| Self-constructed assets | | 621 009 | 1 486 089 |
| Operating grants | | 607 796 | 829 567 |
| Reversals of depreciation, amortization, provisions and expenses transferred | | 32 013 990 | 28 000 213 |
| Other income | | 5 520 032 | 4 391 257 |
| **Operating income** | | **988 232 844** | **910 282 170** |
| Other purchases and external expenses | | (238 353 343) | (212 832 495) |
| Taxes and duties | | (29 014 456) | (27 517 093) |
| Salaries & payroll taxes | | (442 557 573) | (421 001 600) |
| Social security contributions | | (190 541 795) | (185 536 482) |
| Allowances for depreciation, amortization and provisions | | (11 324 261) | (14 836 920) |
| Other expenses | | (8 845 039) | (6 042 429) |
| **Operating expenses** | | **(920 636 466)** | **(867 767 020)** |
| **Operating income** | | **67 596 378** | **42 515 151** |
| Profit allocated or loss transferred | | | |
| Financial income | | 39 059 626 | 38 347 619 |
| Financial expenses | | (23 489 379) | (21 156 393) |
| **Financial income (expense)** | 4.2 | **15 570 247** | **17 191 226** |
| **Income from ordinary activities** | | **83 166 625** | **59 706 377** |
| Non-recurring income | | 23 351 802 | 17 288 196 |
| Non-recurring expense | | (36 454 784) | (87 626 045) |
| **Non-recurring income (expense)** | 4.3 | **(13 102 982)** | **(70 337 848)** |
| Corporate income tax | 4.4 | 32 829 856 | 41 455 297 |
| **NET INCOME** | | **102 893 499** | **30 823 825** |

## NOTES TO THE FINANCIAL STATEMENTS


**Note 1** Significant events and disputes

**Note 2** Accounting policies

**Note 3** Notes relating to certain balance sheet items

**Note 4** Notes to the income statement

**Note 5** Information on significant ongoing litigation

**Note 6** Off-balance sheet commitments

**Note 7** Significant post balance-sheet events

**Note 8** Subsidiaries and equity interests


### Note 1 Significant events

Altran Technologies' revenues increased by €75.1 million (i.e. up 8.59%), from €874.5 million for the year ended December 31, 2016 to €949.6 million for the year ended December 31, 2017.

Operating income increased by €25.1 million (i.e. up +58.99%), from €42.5 million (4.86% of revenues) at December 31, 2016 to €67.6 million (7.12% of revenues) at December 31, 2017.

Financial income amounted to €15.6 million at December 31, 2017 compared with €17.2 million at December 31, 2016, down €1.6 million.

Non-recurring profit and loss improved by €57.2 million, from -€70.3 million for the year ended December 31, 2016 to -€13.1 million for the year ended December 31, 2017.

After recording net tax income of €32.8 million (due to tax consolidation and tax credits), at December 31, 2017 accounting net income amounted to €102.9 million (compared with €30.8 million at December 31, 2016).

## Acquisitions

### Telnet & Titan Engineering (Tunisia)

At the beginning of May 2017, Altran Technologies and Telnet Holding (a Tunisian engineering consultancy group), announced plans to extend their joint arrangement, with the transfer of Telnet Holding's high-value added operations in three fields (Automotive, Defense & Security) to the Tunisian joint venture Altran Telnet Corporation. Altran Technologies now holds 70% of Altran Telnet Corporation's share capital.

Drawing on the software development expertise of the Telnet Group, Altran Technologies has strengthened its real-time embedded software design and development capabilities for key clients such as Bosch and Safran, and its nearshore business in North Africa.

### H2scan (United States)

In the first quarter of 2017, Altran Technologies acquired a non-controlling interest in H2scan, a California-based company specialized in hydrogen sensor technology. The transaction has allowed Altran to enhance its energy business in the United States by offering higher value-added digital services in the Industrial Internet of Things and strengthening trade relations between Altran Technologies and the main global energy players.

### Altran Middle East (U.A.E)

Altran Technologies increased its stake in Altran Middle East from 30% to 80% in December 2017.

## Transfer of assets and liabilities (transmission universelle de patrimoine)

On January 1, 2017, Oxo was taken over by Altran Technologies and all its assets and liabilities were transferred to the latter.

## Financing

On July 28, 2017, Altran Technologies announced that it had entered into an unsecured, syndicated, multi-currency revolving credit facility (EUR, USD, GBP) for €500 million, replacing current credit lines of €300 million.

The additional €200 million in financing:

- is intended to fund the Group's general requirements;
- is for a five-year period, and may be extended by one or two years;
- provides more flexibility with a better margin ratchet, simplified documentation and access to both USD and GBP;

- is loaned by an extended, diversified group of 10 banks, which will be the cornerstone of Altran’s banking relationships worldwide.

## Note 2 Accounting policies

### 2.1 Basis of preparation of the financial statements

The 2017 financial statements are presented in euros in accordance with the general principles set out in the French Chart of Accounts, based on Regulation no. 2016.07 of the French Accounting Standards Board (ANC) and its subsequent amendments, as well as the measurement methods described below.

General accounting policies for preparing and presenting financial statements were applied in accordance with the principle of prudence and the following basic assumptions:

- going concern;
- year-on-year consistency of methods; and
- independence of financial years.

Accounting items were measured using the historical cost method.

### 2.2 Use of estimates

The preparation of the Company's financial statements requires the use of estimates and assumptions that may have an impact on the carrying amount of certain balance sheet and income statement items, as well as the disclosures in certain notes to the financial statements. Altran Technologies regularly reviews these estimates and assessments to take into account past experience and other factors considered relevant with regard to the economic environment.

Estimates, assumptions and assessments are made based on available information or the actual situation when the financial statements are prepared. Consequently, they may subsequently differ from reality.

The estimates mainly relate to provisions for contingencies and liabilities, revenues from contracts in progress and the assumptions used to prepare the business plans used to measure equity investments and certain intangible assets (notably business goodwill).

### 2.3 Intangible assets

Intangible assets primarily comprise trademarks, licenses, software, business goodwill and technical losses on merger. They are recognized at their acquisition or production cost.

#### 2.3.1 Trademarks

Trademarks relate to brand and logo registration costs (primarily for Altran Technologies). They are not amortized.

#### 2.3.2 Software

Software relates to internally developed and produced or purchased software.

Software developed and produced for internal use or sale is generally expensed. However, capitalization is possible if the following conditions are met:

- the project is clearly identified and monitored in a specific, reliable way;

- technical success is highly probable;
- for software destined to be leased, sold or marketed, commercial profitability is highly probable;
- the Company expresses its intention to develop, market or use the software in-house,
- capitalized expenses are direct expenses, whether internal or external, incurred during the systems design, programming, testing and development phases.

Amortization is calculated using the straight-line method, depending on the software's expected useful life, ranging from one to eight years.

#### 2.3.3 Other intangible assets

Other intangible assets comprise:

- business goodwill contributed by the merged companies, recognized at cost,
- technical losses on merger, corresponding to the difference between the net value of the merged companies' shares recorded under assets in the surviving company's balance sheet and the carrying amount contributed by these companies.

These primarily relate to technical losses on the merger of 26 companies in 2006, 11 companies in 2013 and the transfer of all of Oxo's assets and liabilities in 2017.

As they are fully included in business goodwill, the technical losses on merger are not amortized but are tested annually for impairment, based on forecast discounted cash flows.

### 2.4 Tangible assets

Tangible assets relate to fixtures and fittings, office and IT equipment and furniture.

They are measured at acquisition cost, including all directly attributable expenses.

Depreciation is primarily calculated using the straight-line method, depending on the asset's expected useful life:

| | |
|---|---|
| • buildings | 10 to 30 years |
| • fixtures and fittings | 9 to 10 years |
| • transport equipment | 5 years |
| • office and IT equipment | 2 to 5 years |
| • office equipment | 9 to 10 years |

### 2.5 Financial assets

Financial assets comprise equity investments and non-current loans and receivables.

The gross value of equity investments and other financial assets on the balance sheet is based on their acquisition cost, including all directly attributable expenses.

The fair value of equity investments at the reporting date reflects their value in use. It is calculated using a business valuation based on the profitability prospects (revenues, EBIT, cash flow, growth rate) of five-year business plans (application of the discounting cash flow method, a perpetual growth rate and a discount rate). In the absence of available data on these measures, value in use corresponds to the net position.

An impairment loss is recognized when the fair value thus defined falls below acquisition cost.

## 2.6 Inventories and work in progress

### 2.6.1 Goods and supplies

Inventories are measured using the weighted average cost method.

The gross value of goods and supplies comprises the purchase price and related expenses, with the exception of all added value.

An impairment loss is recognized when fair value is less than the nominal amount.

### 2.6.2 Transition and/or transformation costs

Costs incurred during the initial stages of certain contracts (transition and/or transformation costs) may be deferred if they are:

- specific to the contracts in question;
- related to an activity likely to generate future economic benefits;
- recoverable.

Such costs are classified as work in progress and expensed as the associated economic benefits are realized.

In the event that a contract becomes loss-making, all transition costs are written down to the amount of the expected loss and an additional provision for losses on completion is recognized, if necessary.

## 2.7 Receivables and payables

Receivables and payables are measured at their nominal amount.

An allowance for impairment is recognized when their fair value at the reporting date (excluding advances to subsidiaries), based on collection probability, falls below their carrying amount. Advances to subsidiaries are impaired in the same way as for equity investments.

## 2.8 Treasury shares

In accordance with the approvals, limits and objectives set by the shareholders at their General Meetings, Altran Technologies can purchase, exchange or transfer its own shares.

The method used to recognize and impair treasury shares depends on the acquisition's underlying objective.

#### 2.8.1 Explicit allocation to the granting of free shares to employees

Shares vested in order to be freely granted to beneficiaries are recorded on the balance sheet at their repurchase price in sub-accounts of "Cash and marketable securities".

Shares covered by a provision are not impaired, as their net carrying amount remains equal to their acquisition cost until delivery to the beneficiaries.

Shares that are not covered by a provision are impaired as usual. An impairment loss is recognized when the acquisition cost of shares is higher than their present value determined using the average share price during the last month of the financial year.

#### 2.8.2 Other objectives

Repurchased shares are recorded on the balance sheet at their repurchase price in sub-accounts of "Loans and other financial assets".

An impairment loss is recognized when the acquisition cost of shares is higher than their present value based on the average share price during the last month of the financial year.

### 2.9 Provisions for contingencies and liabilities

Provisions for contingencies and liabilities are recognized if, at the reporting date, the Company has an obligation to a third party and it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation, without, at least, any equivalent counterpart expected from the third party.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation.

The main provisions for contingencies and liabilities that the Company is required to recognize include:

- estimated costs for disputes, lawsuits and claims brought by third parties or former employees;
- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Company announces, draws up or starts implementing a detailed restructuring plan before the reporting date.

### 2.10 Commitments relating to retirement benefits

In accordance with recommendation 2013-R02 of the French Accounting Standards Board, the Company adopted the preferred method for recognizing retirement benefits, which consists in recognizing a provision in its financial statements for the related obligation.

Retirement benefits, based on legal requirements and the provisions of the Syntec collective bargaining agreement, are measured by independent actuaries.

The expense, which exclusively relates to retirement benefits, is measured using the projected unit credit method and recognized:

- under operating income or expense for the portion relating to service cost and the amortization of actuarial gains and losses;
- under financial income or expense for the amount pertaining to interest cost.

The differences between the measured and previously estimated pension benefit obligation (as a result of new projections or assumptions) are referred to as actuarial gains and losses. Differences in the pension benefit obligation due to changes in assumptions are also included in actuarial gains and losses.

Actuarial gains and losses are recognized in the income statement using the corridor rule. This rule requires actuarial gains or losses exceeding 10% of the greater of the pension benefit obligation or the fair value of plan assets, to be amortized gradually over time into the income statement.

The actuarial assumptions relate to the following data (see note 3.2.2):

- mortality;
- staff turnover;
- discount rate;
- inflation rate;
- salary increase rate.

### 2.11 Foreign currency transactions and translation adjustments

Foreign currency income and expense are recorded at their exchange value at the transaction date. Receivables, payables and cash in foreign currencies are recorded on the balance sheet at their exchange value at the reporting date.

At the reporting date, foreign currency translation adjustments relating to receivables and payables are recorded on the balance sheet for currencies outside of the Eurozone. A provision is recorded for unrealized foreign exchange losses.

### 2.12 Long-term transactions and revenue recognition

Revenue corresponds to sales of services provided by the Company.

The accounting method used to recognize revenues and costs depends on the nature of the services.

Moreover, when the result of a transaction cannot be estimated reliably and the recovery of costs incurred is unlikely, revenue is not recognized and the costs incurred are expensed.

#### Time and material contracts

These contracts, which are subject to a best endeavors clause, have a variable price determined according to the time spent and the seniority of the staff employed by Altran Technologies for these projects.

Revenue generated by time and material (T&M) contracts is recognized as the services are performed.

### Fixed-price contracts

These contracts, which have a performance obligation, either provide for a fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the client as the project is performed.

Revenue from fixed-price contracts is recognized based on the stage of completion and the expected profit on completion. In the event of an expected excess of total contract costs over total contract revenue, the expected losses on completion are provisioned.

## 2.13 Corporate income tax and tax consolidation

A consolidated tax group was set up in 2004, headed by Altran Technologies.

All of the French subsidiaries are included in the tax consolidation scope.

All of the tax agreements include the following points:

### General principle

The tax consolidation agreement in force within the Altran group is based on the principle of tax neutrality, according to which each subsidiary is required to recognize in its financial statements, throughout the consolidation period, tax income or expense as if it were not consolidated.

### Corporate income tax

The subsidiaries recognize, for each financial year, the tax that they would have had to pay if they had never been consolidated.

The subsidiaries calculate the tax due after allocating previous tax loss carryforwards.

Recognizing this tax creates an Altran Technologies receivable against the subsidiaries of an identical amount.

The subsidiaries cannot opt for a loss carryback while they are part of the consolidated tax group.

### Tax credits

Tax credits, whether or not they generate a tax refund, are charged against income tax due by the subsidiaries.

### Loss carrybacks

Tax refunds generated by a loss carryback prior to the tax consolidation period may not be charged against income tax due by the subsidiaries.

However, the subsidiaries may assign the tax refunds to Altran Technologies under the conditions set out in Article 223G of the French Tax Code.

### Tax payment methods

In the financial year in which they are consolidated, the subsidiaries pay the four income tax advances directly to their own tax authorities and the advances of contributions due, where applicable.

As of the second year of consolidation, the subsidiaries pay Altran Technologies income tax advances, additional contributions and liquidation costs under the conditions set out in ordinary law.

No interest is generated when Altran Technologies records these amounts in the subsidiaries' current account.

### Term

The agreement, whose initial term reflects the subsidiaries' consolidation period i.e. five years as of January 1, 2004, is automatically renewed every five years.

### Terms and conditions for leaving the consolidated tax group

Subsidiaries leave the consolidated tax group if they no longer meet one of the conditions required by Article 223A of the French Tax Code governing membership of the consolidated tax group.

The effects of deconsolidation apply retroactively to the first day of the financial year in which the deconsolidation takes place.

The subsidiaries become taxable separately on the income and long-term net capital gains at the reporting date of the period during which the event triggering deconsolidation took place.

Altran Technologies keeps the tax income resulting from use of the tax losses of consolidated subsidiaries in the event of the subsidiary's deconsolidation.

## 2.14 French payroll tax credit (CICE)

The French payroll tax credit (CICE) has been applied since January 1, 2013.

It is calculated based on gross remuneration paid during the calendar year if said remuneration does not exceed 2.5 times the French minimum wage (SMIC). In 2017, the CICE rate was 7% for eligible remuneration.

The French payroll tax credit may be charged against corporate income tax and the portion that is not charged is a receivable against the State that may be used to pay corporate income tax in the following three years. At the end of this three-year period, the unused portion is refunded.

The receivable may be sold to a bank:

- when it arises, as for any other receivable,
- when it is still uncertain, i.e. not yet acquired.

The CICE is deducted from personnel costs in a dedicated sub-account.

## Note 3 Notes relating to certain balance sheet items

### 3.1 Fixed assets and amortization

| Fixed assets (in euros) | Gross value at opening | Merger (c) | Acquisitions | Sold/discarded/ transferred assets | Gross value at closing |
|---|---|---|---|---|---|
| **Intangible assets** | | | | | |
| Patents, licenses, trademarks | 40 720 943 | 42 469 | 7 240 874 | 5 446 559 | 42 557 727 |
| Goodwill | 23 012 083 | | | | 23 012 083 |
| Other intangible assets (a) | 93 364 560 | 2 634 740 | | | 95 999 300 |
| Intangible assets in progress (b) | 4 059 946 | | 1 666 197 | 3 607 376 | 2 118 767 |
| **Total 1** | **161 157 531** | **2 677 210** | **8 907 070** | **9 053 934** | **163 687 877** |
| **Property, plant and equipment** | | | | | |
| Other property, plant and equipment | 22 508 599 | 256 111 | 2 653 560 | 1 038 301 | 24 379 969 |
| Property, plant and equipment in progress | 20 137 | | 317 478 | 5 737 | 331 878 |
| **Total 2** | **22 528 735** | **256 111** | **2 971 038** | **1 044 038** | **24 711 847** |
| **Financial assets** | | | | | |
| Equity investments and related receivables | 451 056 871 | | 13 413 521 | 3 076 791 | 461 393 601 |
| Loans and other financial assets | 48 491 804 | 14 601 | 29 836 324 | 28 145 945 | 50 196 784 |
| **Total 3** | **499 548 674** | **14 601** | **43 249 845** | **31 222 735** | **511 590 385** |
| **TOTAL (1+2+3)** | **683 234 941** | **2 947 922** | **55 127 954** | **41 320 707** | **699 990 109** |

(a) The €93 million recognized under "Other intangible assets" mainly relate to technical losses resulting from Altran Technologies' merger with 26 companies in 2006, 11 companies in 2013 and Oxo in 2017.
(b) Intangible assets in progress primarily relate to purchased or produced software under development.

The aggregate amount breaks down as follows:

| | |
|---|---|
| External development amounting to | €1,829 thousand |
| • *External acquisitions:* | *€1,462 thousand* |
| • *Intragroup acquisitions:* | *€367 thousand* |
| Internal development amounting to | €290 thousand |
| i.e. a total of | €2,119 thousand |

(c) Transfer of all of Oxo's assets and liabilities at January 1, 2017.

| Amortization, depreciation/provisions for non-current assets (in euros) | Opening amount | Merger | Increase | Decrease | Closing amount |
|---|---|---|---|---|---|
| **Intangible assets** | | | | | |
| Patents, licenses, trademarks | 22 541 431 | 42 469 | 4 292 891 | 5 370 334 | 21 506 457 |
| **Total 1** | **22 541 431** | **42 469** | **4 292 891** | **5 370 334** | **21 506 457** |
| **Tangible assets** | | | | | |
| Other tangible assets | 14 282 677 | 231 390 | 2 220 975 | 947 679 | 15 787 363 |
| **Total 2** | **14 282 677** | **231 390** | **2 220 975** | **947 679** | **15 787 363** |
| **TOTAL (1+2)** | **36 824 109** | **273 859** | **6 513 866** | **6 318 014** | **37 293 820** |

## 3.2 Provisions and depreciation

| *(in euros)* | Opening amount | Merger | Increase | Decrease | Closing amount |
|---|---|---|---|---|---|
| Equity investments and related receivables | 5 014 292 | | 4 789 144 | 1 870 797 | 7 932 639 |
| Loans and other financial assets | 16 525 | | 91 165 | | 107 689 |
| **Total financial assets** | **5 030 817** | | **4 880 309** | **1 870 797** | **8 040 328** |
| **Trade receivables** | **910 634** | | **61 351** | **232 041** | **739 944** |
| **Other receivables** | **3 547 490** | | | | **3 547 490** |
| Provisions for liabilities and disputes | 52 721 790 | | 17 435 794 | 27 274 686 | 42 882 898 |
| Provisions for pensions and other post-employment obligations | 33 897 442 | 20 571 | 1 443 068 | 422 247 | 34 938 834 |
| Provisions for foreign exchange losses | 34 979 | | 101 140 | 34 979 | 101 140 |
| **Total provisions for contingencies and liabilities** | **86 654 211** | **20 571** | **18 980 002** | **27 731 912** | **77 922 873** |
| **TOTAL** | **96 143 151** | **20 571** | **23 921 662** | **29 834 750** | **90 250 634** |

### 3.2.1 Provisions for contingencies and liabilities

| *(in euros)* | Reversed and used amount | Merger | Reversed and unused amount | Total |
|---|---|---|---|---|
| Liabilities and disputes | 7 948 982 | | 19 325 704 | 27 274 686 |
| Pensions and other post-employment obligations | 422 247 | | | 422 247 |
| Foreign exchange losses | | | 34 979 | 34 979 |
| **TOTAL** | **8 371 229** | | **19 360 683** | **27 731 912** |

### 3.2.2 Provisions for pensions and other post-employment obligations

**<u>Changes in the financial year (in euros)</u>**

| | |
|---|---|
| Service cost | 1,728,491 |
| Interest cost | 322,105 |
| Amortization of past service costs | 214,054 |
| Amortization of actuarial gains and losses | (821,582) |
| **Write-downs during the financial year** | **1,443,068** |
| Used | 422,247 |
| **Reversals during the financial year** | **422,247** |

**<u>Actuarial assumptions</u>**

| | Expenses 2017 | Commitments at December 31, 2017 |
|---|---|---|
| Mortality table | TH TF 11-13 | TH TF 12-14 |
| Employee turnover | Differenciated rates by age group | Differenciated rates by age group |
| Discount rate | 1,70 % | 1,70 % |
| Inflation rate | 1,85 % | 1,85 % |
| Salary increase rate | Differenciated rates by age group | Differenciated rates by age group |

## Actuarial gains and losses (in euros)

Amount of unrecognized actuarial gains (losses) 16,671,405

Amount of unrecognized past service costs (1,062,888)

### 3.3 Maturity of receivables

| (in euros) | Gross amount | Up to 1 year | More than 1 year |
|---|---|---|---|
| **Non-current receivables** | **53 121 370** | **3 827 793** | **49 293 577** |
| Receivables from associates | 2 928 110 | 2 928 110 | |
| Loans | 22 350 677 | 350 882 | 21 999 795 |
| Other financial assets | 27 842 583 | 548 802 | 27 293 782 |
| **Current receivables** | **1 036 548 405** | **925 995 532** | **110 552 873** |
| Trade receivables | 111 098 397 | 109 448 101 | 1 650 296 |
| Personnel and social security | 1 169 501 | 1 169 501 | |
| State | 151 727 717 | 47 094 261 | 104 633 456 |
| Group and associates | 747 078 818 | 747 078 818 | |
| Other receivables | 16 260 963 | 11 991 842 | 4 269 121 |
| Prepaid expenses | 9 213 009 | 9 213 009 | |
| **TOTAL** | **1 089 669 775** | **929 823 325** | **159 846 449** |

Altran Technologies uses factoring to a significant extent. Outstanding receivables sold to a factor are recorded under off-balance sheet commitments at December 31, 2017 for €168,567 thousand, compared with €187,048 thousand at December 31, 2016 (see note 6).

## Information relating to factoring transactions

| (in euros) | 2017 | 2016 |
|---|---|---|
| Outstanding trade receivables | 168 567 323 | 187 048 322 |
| Current account and factor guarantees | 11 283 834 | 19 332 523 |
| **Short term advance from factor** | **157 283 488** | **167 715 799** |

The Group has entered into a factoring arrangement for €19,846 thousand of its 2017 French payroll tax credit (CICE) receivables, which expires on August 13, 2021. After deducting the security deposit and interest, Altran Technologies received a net amount of €18,546 thousand.

### 3.4 Changes in shareholder's equity

| (in euros) | Opening value | Changes in equity | | Prior year net income appropriation | Net income for the year | Closing value |
|---|---|---|---|---|---|---|
| | | Increase | Decrease | | | |
| Share capital | 87 900 133 | | | | | 87 900 133 |
| Share premium | 325 431 200 | | (41 459 686) | | | 283 971 514 |
| Merger premium | 71 638 327 | | | | | 71 638 327 |
| Statutory reserve | 8 790 013 | | | | | 8 790 013 |
| Retained earnings | 106 251 860 | | | 30 823 825 | | 137 075 686 |
| Net income (loss) for the year | 30 823 825 | | | (30 823 825) | 102 893 499 | 102 893 499 |
| Tax-driven provisions | 413 534 | 34 890 | | | | 448 425 |
| **SHAREHOLDERS' EQUITY** | **631 248 893** | **34 890** | **(41 459 686)** | | **102 893 499** | **692 717 597** |

### 3.5 Share capital structure

At December 31, 2017, Altran Technologies' share capital amounted to €87,900,132.50, divided into 175,800,265 ordinary shares.

| Breakdown of share capital | Number of shares | Nominal value |
|---|---|---|
| Number of shares at opening | 175 800 265 | 0,5 euro |
| Number of shares at closing | 175 800 265 | 0,5 euro |

At the Combined General Meeting of April 28, 2017, the shareholders approved (Resolution No. 8) the implementation of a share buyback program:

- to retain shares for subsequent payment under the free share and stock option plans;
- to foster trading of Altran Technologies' shares through a liquidity contract with an investment services provider (ISP), in compliance with the code of conduct approved by the French financial markets authority (AMF);
- for a number of shares not exceeding 10,000,000, or approximately 6% of the Company's share capital at December 31, 2016;
- the maximum authorized purchase price per Altran Technologies share is €20. In the event of transactions affecting share capital, such as the capitalization of reserves and free share grants, and/or share splits or reverse share splits, the price shall be adjusted by applying a factor equal to the ratio between the number of shares comprising share capital prior to the transaction, and the number of shares after the transaction;
- The share buyback program was approved for a period of 18 months, from April 28, 2017, the date of the Combined General Meeting, to October 26, 2018, at the latest.

At December 31, 2017:

- Altran Technologies held 182,768 treasury shares under the Exane-BNP Paribas liquidity contract, amounting to €2,630 thousand.

Net gains from treasury shares amounted to €109 thousand in 2017.

- Altran Technologies also held 3,023,073 treasury shares amounting to €25,908 thousand.

### 3.6 Share subscription options and free share grants

The total cost of share-based compensation for share grant schemes vested or vesting was €2,309 thousand at December 31, 2017, up from €1,454 thousand in 2016.

At December 31, 2017, the key characteristics of vested and vesting share grant schemes were as follows:

| | Free shares 2015 | Free shares 2016 | Free shares 2017 |
|---|---|---|---|
| Date of General Meeting | 06/01/2012 | 04/29/2016 | 04/29/2016 |
| Date of Board of Directors meeting | 03/11/2015 | 06/01/2016 | 04/28/2017 |
| Total number of shares available for allocation on the date of attribution | 291 959 | 519 395 | 437 366 |
| *o/w available to corporate officers* | *0* | *0* | *0* |
| *o/w available to 10 highest paid employees* | *116 750* | *231 583* | *157 681* |
| *Balance at 12/31/2017* | *116 750* | *94 666* | *69 632* |
| Issue date of free shares | 03/11/2019 | 10/03/2019 at the latest | 04/28/2020 |
| End of lock-in period for free shares | 03/11/2019 | 10/03/2019 at the latest | 04/28/2020 |
| Reference share price (in euros) | 8,53 € | 13,35 € | 15,88 € |
| Valuation method used | Binomial | Binomial | Binomial |
| Number of shares available for allocation at 12/31/2016 | 261 959 | 410 245 | 0 |
| Rights created in 2017 | 0 | 0 | 364 472 |
| Rights forfeited in 2017 | 0 | (41 295) | (27 726) |
| Rights granted in 2017 | 0 | (20 019) | 0 |
| Performance stock valuation | 0 | (101 765) | (141 602) |
| Number of shares available for allocation at 12/31/2017 | 261 959 | 247 166 | 195 144 |

At the meeting on April 28, 2017, the Board of Directors agreed to grant a maximum of 437,366 free shares to employees, conditional on their continued employment by the Group.

Authorization for this decision was granted to the Board at the Combined General Meeting of April 29, 2016 (Resolution No. 24). Its purpose is to grant existing or newly-issued shares in the parent company, Altran Technologies, and related companies, to certain categories of salaried personnel, within a 38-month period. The number of shares granted may not increase the share capital of Altran Technologies by more than 3% as of the share grant date.

No free shares have been granted to corporate officers.

**2017 Plan**

In 2017, the value of the free share scheme was measured at the grant date using the binomial option pricing model, as recommended by the French Accounting Standards Board.

The main market parameters used to calculate the notional holding period cost of the free shares at the grant date were the following:

- the spot price of Altran shares at April 28, 2017: €15.88
- vesting period: 3 years
- employee's fully vested rights conditional on 3 years of continued employment by the Group

As a percentage of the spot price, the notional holding period cost of the shares at the grant date was negligible.

### 3.7 Loans

#### 3.7.1 Bonds

Altran Technologies has issued several bonds for an aggregate €250 million in the form of electronic bearer securities with a par value of €100,000. These include the following:

- a €135 million bond issued on July 16, 2013, bearing interest at 3.75% with an initial term to maturity of six years. The maturity date is set at July 16, 2019. Interest is payable annually in arrears on July 16;
- a €10 million bond issued on July 17, 2014, bearing interest at 2.81% with an initial term to maturity of six years. The maturity date is set at July 17, 2020. Interest is payable annually in arrears on July 17;
- a €105 million bond issued on July 17, 2014 and August 1, 2014, bearing interest at 3% with an initial term to maturity of seven years. The maturity date is set at July 16, 2021. Interest is payable annually in arrears on July17.

Early redemption can be initiated:

- by Altran Technologies:
  - at any moment, for all outstanding bonds;
  - respecting a notice period of between 3 and 30 calendar days before the early redemption date;,
  - until the loans' expected maturity dates.
- by bondholders:
  - at any time, at par, plus all interest accrued since the last coupon date, under the following conditions:
    - in the event of non-payment of any borrowings by the issuer or one of its subsidiaries;
    - if the issuer is involved in conciliation proceedings with its creditors;
    - if the issuer or its main subsidiaries are dissolved, liquidated, merged, spun-off or absorbed, and fail to transfer all of the issuer's bonds to the acquiring legal entity;
    - if the issuer fails to respect the bond conditions including the financial ratio (covenant) commitments;
    - in the event of a change in Company control: i.e. if a person, or group of persons acting in concert, within the definition of Article L. 233-10 of the French Commercial Code, acquire directly or indirectly, more than half of the issuer's share capital or voting rights.

The bond terms and conditions include a financial covenant requiring the Company to maintain its net debt (including all receivables assignment and factoring operations) to EBITDA ratio at less than 2.75 in the first two years, then less than 2.5 at each financial year end until December 31, 2020.

If the annual financial ratio exceeds 2.00, additional interest will be applied to subsequent periods:

- +0.5% for the bond bearing interest at 3.75%;
- +0.7% for the bond bearing interest at 3.00%;
- +0.6% for the bond bearing interest at 2.81%.

Financial expenses relating to these borrowings amounted to €8,703 thousand for financial year 2017, including €3,933 thousand in accrued interest, which will be paid in the first quarter of 2018 following the renegotiation of a Senior Facilities Agreement in connection with the acquisition of the Aricent group.

#### 3.7.2 Revolving credit facility - Bank consortium

On July 27, 2017, Altran Technologies contracted a €500 million credit facility with a consortium of banks comprising Société Générale, BNP Paribas, Natixis, Commerzbank and Crédit Agricole Ile-de-France, exclusively to be used to fund the general requirements of Altran Technologies or any of its subsidiaries.

The revolving credit line, which was undrawn at December 31, 2017, will also be terminated early following the negotiation of the loan agreement in connection with the acquisition of the Aricent group.

Expenses recognized for the revolving credit facility amounted to €2,457 thousand for the financial year.

**Financial ratio**

Changes in the Group's financial ratio in financial year 2017 can be broken down as follows:

| | Dec. 2017 | Dec. 2016 |
|---|---|---|
| Net financial debt/*EBITDA* (financial leverage) according to the definition of credit agreement and the bond contracts | 1,50 | 0,94 |

### 3.8 Other credit lines and cash management

#### 3.8.1 Factoring transactions

At December 31, 2017, Altran Technologies had a credit line of €168.6 million in connection with its factoring contracts. The latter, which do not constitute a fixed-term commitment, are automatically renewed.

#### 3.8.2 Cash management

Altran Technologies' cash and cash equivalents are managed by the Group's cash pooling subsidiary GMTS, allowing the Group to reduce its exposure to liquidity risk.

The Group set up a procedure to define the rules governing use of cash at subsidiary and Group level. The recommendations are based on two key principles:

- all subsidiary cash surpluses are invested exclusively in the Group's cash pooling subsidiary GMTS (Global Management Treasury Services), a company incorporated in France;

- GMTS invests these cash surpluses in money market instruments with sensitivity and volatility rates of less than 1% per annum.

Altran Technologies also issues commercial paper (with maximum maturities of one year) in connection with a program registered with the Banque de France. The ceiling for the commercial paper program is €500 million.

The Group's Finance Department manages interest rate risk.

## 3.9 Maturity of payables

| *(in euros)* | Gross amount | Up to 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|
| Bonds | 253 932 607 | 253 932 607 | | |
| Bank borrow ings | 400 269 289 | 400 269 289 | | |
| Other borrow ings | 3 001 075 | 3 001 075 | | |
| Trade and related payables | 64 579 781 | 64 579 781 | | |
| Tax and social security liabilities | 171 991 790 | 171 656 427 | 335 363 | |
| Payables to suppliers of non-current assets | 2 526 628 | 2 526 628 | | |
| Other liabilities | 12 130 710 | 12 130 710 | | |
| Deferred income | 22 329 352 | 22 329 352 | | |
| **TOTAL** | **930 761 231** | **930 425 868** | **335 363** | |

## 3.10 Related parties and equity investments

| *Assets and liabilities relating to associates and equity investments (in euros)* | |
|---|---|
| Equity investments | 456 098 139 |
| Impairment of equity investments | (7 902 283) |
| Receivables from equity investments | 2 914 819 |
| Trade receivables and related accounts | 51 210 000 |
| Other receivables and prepaid expenses | 747 111 653 |
| Cash and cash equivalents | 402 137 |
| Provisions for contingencies and liabilities | 671 697 |
| Bank borrow ings | 2 822 897 |
| Loans and borrow ings | 175 000 |
| Trade and related payables | 3 600 696 |
| Deferred income and prepaid expenses | 249 108 |

| *Income and expenses relating to associates and equity investments (in euros)* | |
|---|---|
| Operating income | 72 511 686 |
| Operating expenses | 76 235 112 |
| Financial income | 36 937 928 |
| Financial expenses | 5 143 256 |
| Non-recurring income | (112 948) |
| Non-recurring expenses | 512 420 |

No information to be provided on related party transactions within the meaning of Article R. 123-198 11 of the French Commercial Code, as all such transactions were entered into under arm’s length conditions.

## 3.11 Accrued income

| *(in euros)* | Amount |
|---|---|
| Trade receivables and related accounts | 35 420 941 |
| Other receivables | 423 089 |
| Tax and social security receivables | 6 603 759 |
| Group and associates | 3 250 000 |
| Cash and cash equivalents | 402 137 |
| **TOTAL** | **46 099 926** |

## 3.12 Accrued expenses

| *(in euros)* | Amount |
|---|---|
| Bonds | 3 932 607 |
| Bank loans and borrowings | 202 369 |
| Trade payables | 35 406 263 |
| Tax and social security liabilities | 94 287 977 |
| Payables to suppliers of non-current assets | 1 088 624 |
| Other liabilities | 8 935 894 |
| **TOTAL** | **143 853 735** |

## 3.13 Deferred income and expenses

| *(in euros)* | Expenses | Income |
|---|---|---|
| Operating expenses/Income | 8 702 533 | 22 329 352 |
| Financial expenses/Income | 510 476 | |
| **TOTAL** | **9 213 009** | **22 329 352** |

## 3.14 Finance leases

None.

## Note 4 Notes to the income statement

### 4.1 Breakdown of net revenues

| *(in euros)* | 2017 |
|---|---|
| *By activity segment* | |
| Sales of bought-in goods | 1 260 815 |
| Sales of goods & services | 948 373 590 |
| **TOTAL** | **949 634 406** |
| *By geographical segment* | |
| Sales in France | 882 892 121 |
| Sales abroad | 66 742 284 |
| **TOTAL** | **949 634 406** |

### 4.2 Financial income and expense

| *(in euros)* | Financial expenses | Financial income |
|---|---|---|
| Interest on Group current account | 21 214 | |
| Interest on commissions | 589 969 | |
| Interest on bank overdrafts | 166 352 | |
| Interest on bonds | 8 703 374 | |
| Interest on employee profit-sharing | 1 057 | |
| Interest on revolving loans | 4 437 037 | |
| Interest on commercial paper | 1 256 993 | |
| Interest on hedging instruments | 761 720 | |
| Interest on trade receivables | 57 249 | |
| Discounts granted | 128 901 | |
| Foreign exchange losses | 357 995 | |
| Financial expenses on factoring activities | 1 370 706 | |
| Other financial expenses | 360 | |
| Provisions for contingencies and liabilities | 101 140 | |
| Provision for treasury shares | 91 165 | |
| Provision for equity investments | 4 789 144 | |
| Provision for negative net position in subsidaries | 332 898 | |
| Provisions for pension obligations | 322 105 | |
| Dividends received | | 35 418 838 |
| Interest on Group current account | | 1 519 090 |
| Reversals of financial provisions | | 1 905 776 |
| Foreign exchange gains | | 212 612 |
| Discounts granted | | 6 879 |
| Trade receivables | | 213 |
| Income on sale of marketable securities | | (4 550) |
| Other financial income | | 769 |
| **TOTAL** | **23 489 379** | **39 059 626** |

## 4.3 Non-recurring income and expense

| *(in euros)* | Non-recurring expenses | Non-recurring income |
|---|---|---|
| Restructuring expenses | 7 216 618 | |
| Other expenses from non-Group operations | 15 586 432 | |
| Other expenses from Group operations | 170 120 | |
| Carrying amount of assets retired | 753 324 | |
| Provisions for contingencies and liabilities | 11 704 000 | |
| Provisions for restructuring contingencies and liabilities | 989 400 | |
| Provisions for accelerated depreciation | 34 890 | |
| Other exceptional income generated by non-Group operations | | 1 106 |
| Other exceptional income generated by Group operations | | (112 948) |
| Income on fixed asset disposals | | 469 946 |
| Write back of restructuring provisions | | 338 821 |
| Write back of other exceptional provisions | | 22 654 877 |
| **TOTAL** | **36 454 784** | **23 351 802** |

Non-recurring restructuring expenses (€7,217 thousand) primarily relate to operating expense transfers (including salaries, fees, rents and leases) which, after analysis, are reclassified under non-recurring income or expense.

## 4.4 Corporate income tax and impact of tax consolidation

| *(in euros)* | Pre-tax accounting income (loss) | Tax | Net income /(loss) |
|---|---|---|---|
| Income from ordinary activities | 83 166 625 | (27 722 208) | 55 444 417 |
| Non-recurring income (expense) | (13 102 982) | 4 367 661 | (8 735 321) |
| **Pretax accounting income (loss)** | **70 063 643** | **(23 354 547)** | **46 709 096** |
| Permanent differences | (53 950 128) | 17 983 376 | (35 966 752) |
| Temporary differences | (665 392) | 221 797 | (443 595) |
| **Stand alone taxable income (tax loss)** | **15 448 123** | **(5 149 374)** | **10 298 749** |
| Tax consolidation adjustments | (9 456 315) | 3 152 105 | (6 304 210) |
| Use of tax loss carryforwards | (3 495 904) | 1 165 301 | (2 330 603) |
| **Taxable income of consolidated tax group** | **2 495 904** | **(831 968)** | **1 663 936** |
| Additional contributions | | (18 288) | (18 288) |
| Corporate tax and contributions from profit-making subsidiaries | | 837 721 | 837 721 |
| Tax credits | | 32 694 826 | 32 694 826 |
| Prior year tax | | 147 565 | 147 565 |
| **NET INCOME/(LOSS)** | **70 063 643** | **32 829 856** | **102 893 499** |

The tax consolidation agreement in force within the Altran group is based on the principle of tax neutrality, which requires each subsidiary to determine its income tax expense and contribute to the group's income tax as if it were not consolidated. The income tax due by each subsidiary is not modified as a result of consolidation.

The tax savings, or excess tax generated by the tax consolidation system, are recognized by the parent company, Altran Technologies.

As the consolidated tax group was profit-making in 2017, the parent company recognized a group tax expense of €831 thousand.

The contribution of profit-making subsidiaries to the Group’s tax expense was recognized under income in Altran Technologies’ income statement for €838 thousand.

## 4.5 Increases and decreases in future tax liability

| Type of temporary differences (in euros) | Basis | Tax |
|---|---|---|
| French C3S | 1 427 000 | 368 523 |
| Provisions for retirement benefits | 34 938 834 | 9 022 954 |
| Other provisions for contingencies and liabilities | 5 876 809 | 1 517 686 |
| Tax-group loss carry-forwards | 194 396 825 | 50 202 980 |
| **Deferred tax asset base** | **236 639 468** | **61 112 143** |
| Allocation of tax losses to tax consolidated subsidiaries | 19 965 364 | 5 156 055 |
| **Deferred tax liability base** | **19 965 364** | **5 156 055** |

Altran Technologies, as head of the consolidated tax group, uses the tax losses generated by its consolidated subsidiaries. In accordance with the tax neutrality principle in its tax consolidation agreements, Altran Technologies is required to return the benefit of the tax losses to the subsidiaries when they become profit-making.

The increase in future tax liability reflects this obligation.

## 4.6 Headcount

### Average employee headcount

| Category | 2017 | 2016 |
|---|---|---|
| Management | 9 115 | 8 787 |
| Other employees | 1 001 | 934 |
| **TOTAL** | **10 116** | **9 721** |

## 4.7 Compensation of corporate officers

Total compensation paid in 2017 to the corporate officers of Altran Technologies amounted to €2,574 thousand, including €394 thousand in attendance fees.

No loan or advance was granted to corporate officers in 2017.

## Note 5 Information on ongoing significant litigation and claims

- Following the publication of articles in Le Monde in October 2002, and the findings of the additional statutory audit (which resulted in the rectification of the consolidated financial statements for the half-year ended June 30,2002), the Paris Public Prosecutor's office opened a preliminary investigation into the misappropriation of company assets as well as forgery, use of false documents and the dissemination of misleading information likely to influence share prices.

  The scope of the investigation was extended, first in June 2004 to include the misrepresentation of financial statements, which did not give a true and fair view of the Company's financial position, and a second time in September 2004, to cover insider trading.

  Altran Technologies became a civil plaintiff in this investigation and was declared admissible by court order dated March 6, 2003. Within the context of this investigation, thirteen other natural and legal persons also filed a civil action in November 2004.

  Several former executives and a manager of Altran Technologies were indicted. For its part, Altran Technologies was indicted for forgery, use of forged documents and disseminating misleading information likely to influence share prices. This indictment did not affect the Company's civil claim for damages.

  The investigation was closed on January 7, 2009. In the order for referral delivered on November 29, 2011, the indicted parties (several former executives and Altran Technologies, as a legal person) were summoned to appear before the Paris Criminal Court.

  The hearings were held from January 15 to 31, 2014. In a decision handed down on June 4, 2014, the Paris Criminal Court sent the case back to the Prosecutor's office with a view to appointing a new investigating judge. By court order dated May 11, 2015, the Vice-President in charge of the investigation summoned all of the parties to appear before the Paris Criminal Court. The hearings on the merits of the case were held at the end of November and the beginning of December 2016. On December 14, 2016, the prosecution called for suspended prison sentences and the payment of fines (including €225 thousand by Altran Technologies) on the counts of forgery and use of false documents. In light of the French law dated June 21, 2016 to prevent the accumulation of administrative and criminal sanctions, the Public Prosecutor considered that the prosecution lapsed with regard to the charge of disseminating false or misleading information.

  In its decisions handed down on March 30, 2017, the Paris Criminal Court announced that the prosecution lapsed with regard to the criminal proceedings against the Company and its founders and executives indicted for disseminating false information and misrepresenting the financial statements. The Court applied the *non bis in idem* principle, whereby a person cannot be sentenced twice for the same offense, as the aforementioned persons had already been sanctioned by the French Financial Markets Authority (AMF) in 2007.

  The Court declared that it was not competent to rule on civil cases.

  The Public Prosecutor's office has appealed against the decision. No date has yet been set for the hearing.

The civil plaintiffs may bring a lawsuit before the civil courts to obtain damages for the alleged loss suffered. To date, three of them have summoned the Company, together claiming almost €28 million in damages in a tort action.

All of the aforementioned proceedings concern events that took place between 2001 and 2002.

- A former executive has brought legal proceedings against Altran Technologies for unfair dismissal. The court has ruled a stay of proceedings pending the ruling concerning the criminal charge against this former executive (in connection with the preliminary investigation into the Company's financial statements for 2001-2002).

- In January 2011, a former employee brought legal proceedings against Altran Technologies before the Paris Commercial Court. Dismissed by Altran in 1999 for gross negligence, the plaintiff filed a joint action with three associates from the company he formed after his dismissal. They are claiming compensation for having to postpone the flotation of their company due to criminal proceedings taken by Altran Technologies against the former employee and for which he has since been acquitted.

  The judgment handed down on July 7, 2014 dismissed the claims of the former employee, who subsequently filed an appeal. After having his case dismissed a second time by the appeal court in a judgment handed down on September 29, 2016, the former employee filed an appeal with France's highest Court of Appeal on December 14, 2016. The Supreme Court has not yet set a date for the hearing.

- As of end-2010, and at the initiative of its former Head of Purchasing, Altran signed a number of contracts with suppliers for the leasing of IT equipment and photocopiers.

  In June 2011, Altran Technologies' Internal audit division noted numerous anomalies relating to the contracts entered into with the Company's supplier. Consequently, management called upon an external firm to continue the investigative work begun by the internal audit division. At the end of its assignment, the external firm drafted a report showing that the equipment lease contracts were entered into amidst what may be considered private bribery and fraud under criminal law, of which the former Head of Purchasing was fully aware.

  The firm's report also highlighted numerous cost overruns generated by the lease of IT and photocopying equipment, generating an estimated loss of over €2 million.

  Juridical investigation, which is still underway, is scheduled for completion in 2018.

  Altran Technologies subsequently filed a civil lawsuit. Altran Technologies simultaneously suspended all lease payments to the supplier in question.

  Consequently, legal proceedings were brought against the Company, seeking the cancellation of the leases, return of all equipment under penalty of a daily fine, and payment of damages. Moreover, in August 2012, the initial lessor brought the Company before the Paris Commercial Court for unilateral breach of the framework contract, claiming damages, notably for loss of income.

  In view of the ongoing investigation, the Paris Commercial Court ruled a stay of proceedings in respect of the aforementioned claims, on June 17, 2013 and June 2, 2015.

- In 2014, Altran Technologies received a tax reassessment notice relating to part of its research tax credits for 2011 and 2012. Legal proceedings are currently underway before the administrative appeal court.

- A number of current and/or former employees have brought legal proceedings against Altran Technologies, demanding the payment of overtime. The employees' claims were rejected in the first instance. However, a number of the plaintiffs had their claims upheld by the Toulouse appeal court in September 2014. On November 4, 2015, the Supreme Court upheld the decision handed down by the Toulouse appeal court.

  Given the situation created by the decision of the Supreme Court, and the risks for the Company with regard to its employees covered by an individual 38.5 hours/week agreement, and although Altran Technologies considers that fixed hours/week agreements are perfectly valid, Altran Technologies had no other choice but to subject all of its employees to ordinary law with regard to working hours (no fixed hours/week, strict application of the 35-hour work week, no cap on working days and, consequently, no extra days off).

  In order to find a satisfactory solution for its employees, Altran signed a collective bargaining agreement on February 29, 2016 implementing, among other measures, a specific "Altran Technologies" working time arrangement (158 hours per month + 10 extra days off maximum per year), which was proposed to all employees with salaries below the French annual social security ceiling and a 35-hour work week since January 1, 2016.

  The decisions handed down by the Toulouse appeal court and the Supreme Court have prompted a significant number of referrals to French labor courts (around 1,200), initiated primarily by former employees.

  Hearings on the merits began in October 2016 and should continue until end-2018.

  At December 31, 2017, contradictory rulings were handed down by various French labor courts (including Toulouse, Strasbourg, Rennes, Lyon, Nanterre, Belfort…) and have been appealed, either by Altran Technologies or current or former employees.

  In January 2018, the Toulouse appeal court sentenced the Company in several cases, finding it guilty of two charges in addition to the charge relating to overtime. The first concerned a duty of loyalty clause deemed illegal as it would appear to be a disguised non-compete clause. The other related to undeclared work for certain employees. Altran Technologies firmly denies these accusations.

  The purpose of the duty of loyalty clause is to avoid all acts of unfair competition. It is therefore different from a non-compete clause, also included in employment contracts, which provides for financial compensation. Consequently, the duty of loyalty clause is perfectly valid as the two clauses clearly have different purposes.

  According to the court, the accusation of undeclared work is based on the fact that the Company continued to apply the fixed hours/week agreement to its employees after the first convictions were pronounced in 2014. Altran Technologies denies this. As of the appeal court's decisions in 2014, the Company ceased the fixed hours/week agreement for the employees concerned. The Company then filed an appeal with the Supreme Court. Once the court handed down its decision in 2015, the Company ceased the fixed hours/week agreement for all employees with salaries below the French annual social security ceiling, while maintaining their previous remuneration. Lastly, to allow 3,500 out of 4,000 employees, at their request, to continue benefiting from compensatory time (JRTT), the Company promptly signed an agreement, as indicated above, providing for a new working time arrangement.

  Consequently, since the start of 2016, and on the day the appeal was filed, no employees were working under the fixed hours/week arrangement. They are currently either subject

to the new working time arrangement or a 35-hour work week. The Company therefore considers the undeclared work accusation to be completely unjustified and unfounded.

Altran Technologies decided to file an appeal with France's Supreme Court for 293 cases for which decisions had been handed down by the Toulouse appeal court.

- An employee dismissed in April 2015 filed two lawsuits to obtain all of his bonuses due for 2014, 2015 and 2016 and claim compensation for the free shares that were not granted to him or that did not vest as a result of his dismissal.

  The case was heard on January 22, 2018 with judgment being reserved.

- Altran was subject to a French social security collection agency (URSSAF) audit in 2015. The tax authorities wanted to subject to social security contributions certain benefits paid to employees. The social security tribunal's decision handed down at end-2017 was generally in the Company's favor, but was still open to appeal at the reporting date.

- Altran Technologies is in dispute with several of its current and former employees.

Altran Technologies is doing everything in its power to limit the impact of these risks on its financial statements.

## Note 6 Off-balance sheet commitments

### 6.1 Commitments given

| *(in thousands of euros)* | Total | Executive Directors | Subsidiaries | Equity investments | Related parties | Other |
|---|---|---|---|---|---|---|
| Office equipment and other lease payments | 49 792 | | | | | 49 792 |
| Guarantees | 34 518 | | 5 399 | | | 29 119 |
| Factoring commitments | 168 567 | | | | | 168 567 |
| Other commitments: vehicle leases | 7 800 | | | | | 7 800 |
| Non-compete clauses | 1 686 | 1 678 | | | | 8 |

### 6.2 Commitments received

| *(in thousands of euros)* | Total | Executive Directors | Subsidiaries | Equity investments | Related parties | Other |
|---|---|---|---|---|---|---|
| None. | | | | | | |

## Note 7 Significant post balance-sheet events

The following significant events occurred between December 31, 2017 and February 26, 2018, when the Group's 2017 financial statements were approved by the Board of Directors:

### Acquisitions

**Acquisitions expected in the first quarter of 2018: Aricent**

On November 30, 2017, Altran Technologies announced that it had signed, with a group of investors headed by KKR, an Agreement and Plan of Merger to acquire all Aricent shares. The transaction has been set up via a dedicated acquisition vehicle indirectly wholly-owned by its subsidiary Altran US Corp, for an aggregate business value of USD 2 billion, fully payable in cash. Aricent is the global leader in design and engineering services.

The acquisition, subject to receipt of antitrust approvals in the United States, Germany and India, as well as the satisfaction of customary conditions precedent, is expected to close in Q1 2018, after all the conditions precedent have been fulfilled. With regard to consultations initiated with the employee representation bodies of Altran and some of its subsidiaries, a positive opinion was rendered by all the employee representation bodies concerned.

Following the transaction, the combined entity will become the undisputed global leader in Engineering and R&D (ER&D) services, with a unique combination of all four critical criteria necessary to lead the industry, providing it with new growth prospects:

- A global presence and reach: with pro forma revenues for the year ended December 31, 2017 of €3 billion and 44,000 employees in approximately 30 countries. In particular, Aricent's very strong presence in the United States allows the Group to become the market leader, while balancing the Group's geographic presence (historically European);

- Leadership in key industries: this transaction strengthens the Group, allowing it to offer unique multisector expertise and recognized leadership positions in numerous key industries. Consequently, Aricent brings Altran Technologies its expertise and knowledge of the Telecommunications, high-growth Software/Internet and strategic Semiconductor industries. Moreover, the Group now has an extremely diversified business portfolio with balanced exposure to the Aerospace, Automotive, Defense, Energy, Life Sciences, Railway, and Telecom sectors;

- Cutting-edge expertise in strategic technological domains: Aricent has significantly strengthened Altran's service offer in the design, systems engineering and digital and software fields. Its expertise complements that of Altran in product and mechanical engineering development;

- A global industrial model for engineering service provision: the acquisition of Aricent has allowed the Group to propose approximately 15,000 engineers in nearshore and offshore business (i.e. approximately 35% of the Group's total headcount). This new dimension will allow Altran to accelerate the industrialization of its Global Delivery Centers and strengthen its capacity to generate transformational sales commitments.

The main clients of Altran Technologies and Aricent welcomed news of the acquisition, which would seem to confirm the transaction's industrial soundness. At the date of the present document, and to the best of the Company's knowledge, none of Aricent's main clients had

expressed their intention to reduce or terminate their commercial relations with Aricent as a result of the acquisition.

### Financing

**February 2018**

In connection with the acquisition, a Senior Facilities Agreement was signed on February 15, 2018 between the Company and several banks, providing the Company with several loans:

- A term loan of an aggregate €2.125 million divided into two tranches, one of €1,880 million and the other of USD 300 million (Term Loan B);
- A bridge loan of €250 million (the Bridge Facility); and
- A new revolving multi-currency credit line of €250 million (the Revolving Credit Facility), replacing the similar existing facility of €500 million signed on July 27, 2017 (see Note 3.7.2.).

On the day Aricent is acquired, the Term Loan B and the Bridge Facility will be fully drawn down and utilized in order to (i) pay Aricent's acquisition price (approximately USD 2 billion), (ii) pay the transaction-related costs, and (iii) repay a portion of the Group's outstanding debt (€250 million).

The Company plans to increase capital by a maximum amount of €750 million in order to repay a portion of the new loans, while maintaining shareholders' preferential subscription rights. Net proceeds from the transaction, approved at the General Shareholders' Meeting of January 26, 2018, will be exclusively used to repay loans (the Bridge Facility in full and part of Term Loan B).

The Senior Facilities Agreement contains regular clauses for this type of financing, which require the Group to meet certain obligations, including:

- The Revolving Credit Facility involves a financial commitment by the Company (financial covenant) to maintain a Net Debt to EBITDA ratio below (i) 7.25x at any rate and (ii) where applicable, 5.25x after repayment of a portion of the Term Loan B through use of the net proceeds of the capital increase mentioned above in excess of €500 million (it being specified that this ratio will be brought down to 6.25x if the net proceeds are between €250 million and €500 million). This commitment shall apply if the credit line is drawn down by over 40%;
- The Company's ability to distribute dividends to its shareholders is likely to be limited as, beyond certain leverage thresholds, part of excess cash flow must be used for early repayment of loans under the Senior Facilities Agreement. Moreover, in the event that a breach of the Senior Facilities Agreement and a particularly high leverage ratio take place simultaneously, the Company would not be able to distribute dividends of any amount;
- a change in Company control, i.e. if more than 30% of the Company's voting rights were held by one or more shareholders, acting alone or in concert, would likely result in the early mandatory repayment of all new financing accorded under the Senior Facilities Agreement;
- The Company shall have signed, within a maximum timeframe of 90 days as of the acquisition date, interest rate hedging contracts to ensure that exposure to changes in variable interest rates does not exceed 50% of the principal of Term Loan B;

- Lastly, the Group will be subject to certain restrictions concerning new significant acquisitions, asset disposals and major investments or the signing of new loans.

Moreover, collateral and personal guarantees were provided by the Company and some of its subsidiaries to the lenders in connection with the new financing.

In particular, the Company pledged shares in some of its subsidiaries (including those in GMTS, the Group's cash pooling subsidiary), its bank accounts and largest receivables against other Group companies. GMTS also pledged its bank accounts and largest receivables against other Group companies.

The Company and its largest subsidiaries provided guarantees to lenders in connection with the new financing arrangements.

On January 15, 2018, Standard & Poor’s awarded the Company a credit rating of BB with a stable rating outlook, while Moody’s granted it a credit rating of Ba2 with a stable rating outlook.

## Note 8 Subsidiaries and equity interests

| Altran subsidiaries | Capital | Other Shareholder equity | Ownership interest as a % | Carrying amount of equity investments | | Loans & advances granted by Altran Technologies still outstanding | Guarantees provided by Altran Technologies | Previous-year net revenues | Previous-year net profit/ (loss) | Dividends received by Altran Technologies over the period |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | | | |
| **Stakes of more than 50% in French subsidiaries (in thousands of euros)** | | | | | | | | | | |
| Altran Allemagne | 10 | (191) | 100,00% | 10 | | | | | (95) | |
| Altran Connected Solutions | 10 000 | (4 836) | 100,00% | 9 993 | 5 208 | | | 3 114 | (6 942) | |
| Altran Education Services | 550 | (1 035) | 100,00% | 3 063 | | | | 2 058 | (236) | |
| Altran Lab | 20 000 | 9 821 | 100,00% | 23 762 | 23 762 | | | 51 385 | 2 992 | |
| Altran Participations | 37 | 73 | 100,00% | 37 | 37 | | | | (27) | |
| Altran Participations 1 | 1 | (4) | 100,00% | 1 | | | | | (2) | |
| Altran Participations 2 | 1 | (4) | 100,00% | 1 | | | | | (2) | |
| Altran Prototypes Automobiles | 20 | (8) | 100,00% | 54 | 12 | | | | (3) | |
| G.M.T.S. | 200 | 4 329 | 80,00% | 160 | 160 | 743 829 | | | 1 701 | |
| Logiqual | 37 | 768 | 100,00% | 37 | 37 | | | 1 989 | 337 | |
| **Stakes of less than 50% in French subsidiaries (in thousands of euros)** | | | | | | | | | | |
| R2I | | | | 16 | | | | | | |

| Altran subsidiaries | Capital | Other Shareholder equity | Ownership interest as a % | Carrying amount of equity investments | | Loans & advances granted by Altran Technologies still outstanding | Guarantees provided by Altran Technologies | Previous-year net revenues | Previous-year net profit/ (loss) | Dividends received by Altran Technologies over the period |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | | | |
| **Foreign subsidiaries – IFRS (in thousands of respective currency)** | | | | | | | | | | |
| | *Currency* | *Currency* | | € | € | € | *Currency* | *Currency* | *Currency* | € |
| Altran (Switzerland) | 1 000 | 8 303 | 100,00% | 2 397 | 2 397 | | | 37 921 | 2 190 | 4 575 |
| Altran Australia (Australia) | | | 100,00% | | | | | | | |
| Altran Belgium (Belgium) | 62 | 51 842 | 99,84% | 31 | 31 | | | 71 478 | 3 333 | |
| Altran Innovación (Spain) | 2 000 | 116 925 | 100,00% | 84 142 | 84 142 | 3 250 | | 199 706 | 17 980 | 10 000 |
| Altran International (The Netherlands) | 125 000 | 35 740 | 100,00% | 124 998 | 124 998 | | | | 7 427 | |
| Altran Italia (Italy) | 5 000 | 84 910 | 100,00% | 70 305 | 70 305 | | | 218 448 | 22 015 | 15 000 |
| Altran Middle East (United Arab Emirates) | 50 | (13 006) | 80,00% | 3 469 | 3 469 | 2 915 | | 13 408 | (5 099) | |
| Altran Norge (Norway) | 250 | 4 123 | 100,00% | 2 350 | 2 350 | | | 13 910 | (394) | |
| Altran Sverige (Sweden) | 596 | 123 649 | 100,00% | 12 | 12 | | | 648 206 | 28 746 | 2 594 |
| Altran Telnet Corporation (Tunisia) | 19 507 | 230 | 70,00% | 5 104 | 5 104 | | | 6 043 | (364) | |
| Altran UK Holding (UK) | 22 500 | 3 855 | 100,00% | 32 927 | 32 927 | | | 5 568 | (29) | |
| Altran US (USA) | 100 300 | (19 032) | 100,00% | 90 352 | 90 352 | | | 63 019 | (8 781) | |
| Titan Engineering (Tunisia) | 3 604 | | 100,00% | 2 894 | 2 894 | | | | | |
| **Stakes (in thousands of euros)** | | | | | | | | | | |
| CQS | | | | 1 | | 13 | | | | |
| H2scan | | | | 2 350 | 2 350 | | | | | |

# 8 Information on the Company and the Group

## *8.1 General information about the Company*

### 8.1.1 Corporate name and registered office

The Company's corporate name is Altran Technologies.

The Company's registered office is located at 96, avenue Charles de Gaulle – 92200 Neuilly-sur-Seine (France).

### 8.1.2 Legal form and applicable law

The Company is a French joint stock corporation with a Board of Directors (*société anonyme à Conseil d'administration*), governed by the legal and regulatory provisions applicable in France (and particularly those of Book II of the French Commercial Code) and by its Articles of Association.

### 8.1.3 Place of registration and registration number

The Company is registered in the trade and companies register of Nanterre under number 702 012 956.

Its Siret number is 702 012 956 00653 and its APE code is 7112 B.

### 8.1.4 Date and term of incorporation

The Company was incorporated on February 14, 1970 for a duration of 75 years from its date of registration in the trade and companies register, *i.e.* until March 18, 2045, unless dissolved in advance or extended.

### 8.1.5 Place for consulting the corporate documents

The legal documents relating to the Company, and in particular its Articles of Association, financial statements, reports submitted in the General Shareholders' Meeting by the Board of Directors, and more generally all the documents to be sent or made available to the shareholders and referred to in Articles L. 225-115, L. 225-116 and L. 225-117 of the French Commercial Code can be consulted at the Company's registered office, which is located 96, avenue Charles de Gaulle – if 92200 Neuilly-sur-Seine (France) (telephone: +33 (0)1 46 41 70 00).

In addition, historical financial information as well as the items and documents to be included in the Group's regulated information can also be accessed on the Company's website (www.altran.com).

## 8.2 __ Articles of Association

The Articles of Association were drawn up in accordance with the legal and regulatory provisions applicable to a public limited company with a Board of Directors governed by French law. The principal stipulations of the Articles of Association described below come from the Company's Articles of Association as revised on April 29, 2016. For a description of the main statutory provisions relating to the composition, organisation, remuneration and functioning of the corporate bodies, please see Chapter 3 "Corporate governance and remuneration" of this Registration Document.

### 8.2.1 Corporate purpose

The Ordinary and Extraordinary General Shareholders' Meeting held on June 23, 2009, by adopting its 5th resolution, decided to modify the corporate purpose in order to make a more clear-cut distinction between the Company's various activities.

Since the adoption of this resolution, Article 3 of the Articles of Association reads as follows:

"The Company's purpose is to exercise the following activities in France and abroad:

- technology and innovation consulting;
- organisation and information systems consulting;
- strategy and management consulting;
- design and marketing of software and/or software packages;
- component and equipment design, supply, production and/or distribution;
- provision of related support services including maintenance, human-resource consulting and/or training;
- more generally, all industrial, commercial, financial, movable or immovable activities that are, or could be, directly or indirectly associated with the activities included in the corporate purpose listed above or which are likely to facilitate their development and expansion."

### 8.2.2 Financial year

In accordance with Article 20 of the Company's Articles of Association, the financial year runs from January 1 to December 31 of each calendar year.

### 8.2.3 Rights, privileges and restrictions attached to the shares

In addition to voting rights, each share entitles the holder to a proportionate share of the number of shares issued, in the ownership of the corporate assets, in profit-sharing and in the liquidation proceeds, under the conditions provided for by the applicable legal and regulatory provisions and by the Articles of Association (Article 9 of the Articles of Association). Subject to the double voting rights, no privilege is attached to any specific category of shares or a specific category of shareholders.

#### 8.2.3.1 Double voting rights (Article 9 of the Articles of Association)

Double voting rights were adopted by the General Shareholders' Meeting held on on October 20, 1986.

Each share in the Company carries with it the right to vote in General Shareholders' Meetings. The number of votes attached to shares is proportional to the percentage of the Company's capital that the shares represent; each share carrying one vote.

However, holders of registered shares (or their representatives) have double voting rights at Ordinary and Extraordinary General Shareholders' Meetings if the shares have been registered in their name for at least 4 years and are fully paid-up, or if the shares arise from the reverse stock split of fully paid-up shares that have all been registered in their name for at least four years.

All shares converted to bearer shares or transferred to another shareholder lose the double voting rights mentioned above.

However, share transfers resulting from inheritance, liquidations of spouses' jointly-owned assets, or inter vivo donations to spouses or family members entitled to inherit, do not entail loss of acquired rights or interrupt the time limits mentioned above.

#### 8.2.3.2 Statutory allocation of earnings (Article 20 of the Articles of Association)

At least 5% of the Company's net annual earnings (less previous losses, if any) are first allocated to the legal reserve until this reserve reaches 10% of the Company's share capital.

The remainder, plus any retained earnings from previous years and minus any other reserve allocations required either by law or by the Articles of Association, constitutes the distributable earnings for the year.

Upon the recommendation of the Board of Directors, the General Shareholders' Meeting may decide whether or not to carry forward all or part of these distributable earnings to the next year, or to allocate them to one or more general or special reserve funds.

The remainder, if any, is then divided in full among the Company's shareholders.

The General Shareholders' Meeting may decide to distribute funds drawn from the available reserves. In this case, the decision must explicitly indicate from which reserves the funds are to be taken.

If necessary, an exception may be made to this Article for the allocation of earnings to a special employee profit-sharing reserve, pursuant to the legal conditions.

Upon the recommendation of the Board of Directors, the General Shareholders' Meeting may decide to carry forward all or part of the annual earnings to the next year, or to allocate all or part of the retained earnings to one or more reserves.

#### 8.2.3.3 Dividend payment procedure (Article 20.3 of the Articles of Association)

The General Shareholders' Meeting held to approve the annual financial statements may give shareholders the option to receive some or all of the distributed dividend in the form of cash or new shares to be issued in accordance with the law. This option also applies to advance payments granted on dividends.

Shareholders may claim dividends up to five years after the dividend distribution date. After a period of five years, any unclaimed dividends become the property of the French treasury department, as required by law.

#### 8.2.3.4 Modification of the shareholders' rights

The shareholders' rights may be modified under the conditions provided for by the legal and regulatory provisions. There is no specific stipulation governing the modification of the shareholders' rights that is stricter than the law.

### 8.2.4 General Shareholders' Meetings

#### 8.2.4.1 Provisions of the Articles of Association common to all General Meetings of Shareholders (Article 19 of the Articles of Association)

The General Shareholders' Meetings are convened and deliberate under the conditions provided for by law.

These meetings place either at the registered office or at another location specified in the convening notice. The Board of Directors may decide, when convening the meeting, to broadcast the entire meeting through a video-conferencing and/or remote transmission system, subject to the legal and regulatory provisions in force. In this event, the decision will be stated in the notice of meeting and the convening notice.

The Works Council may appoint two of its members to attend General Shareholders' Meetings. The opinions of these members must, at their request, be heard in connection with all resolutions requiring unanimous shareholders' approval.

An intermediary, having satisfied the criteria set forth in the 7th and 8th paragraphs of Article L. 228-1 of the French Commercial Code, may, under a general power of attorney for management of securities, transmit a shareholder's votes or proxy to a General Shareholders' Meeting. Prior to delivering the proxy or casting the shareholder's vote at the General Shareholders' Meeting, the intermediary must, upon the request of the Company or the Company's agent, provide a list of the non-resident shareholders to which these voting rights are attached. This list must meet all the conditions required by the regulations in force. Votes or proxies submitted by an intermediary who is not declared as such or who does not disclose the identity of the shareholders represented will not be taken into account.

All shareholders may attend General Shareholders' Meetings, regardless of the number of shares owned, provided that their shares are fully paid up. All shareholders may vote irrespective of the number of shares owned, upon proof of identity and shareholder ownership, and providing that the number of shares held is recorded by the Company no later than midnight (Paris time), two working days before the General Shareholders' Meeting, as follows:

- registered shares are recorded under the name of the holder in the registered-share register held by the Company;
- bearer shares are recorded under the name of the intermediary acting on behalf of the shareholder in the bearer-share register kept by the authorised intermediary,

if necessary, all information pertaining to the holder's identity must be submitted to the Company, in accordance with the dispositions in force. The recording of shares in the bearer-share register held by the authorised intermediary is attested to by a certificate of participation delivered by the intermediary in accordance with the applicable legal and

regulatory dispositions. The right to participate in General Shareholders' Meetings is subject to the respect of the conditions laid down by the legislative and regulatory texts in force.

All shareholders may vote by mail. The conditions under which the voting-by-mail form may be obtained are indicated in the convening notice.

Under French law, the conditions for a quorum at General Shareholders' Meetings depend on the type of meeting and the number of shares with voting rights attached. Votes submitted by mail will only be taken into account in the calculation of the quorum providing the Company receives the voting forms, correctly completed, within the time-frame specified by decree of the Council of State.

Likewise, if they wish, shareholders may submit questions to be discussed at the meeting. All questions must be addressed in writing to the Board of Directors, in accordance with Article L. 225-108 of the French Commercial Code, and be received by the Board of Directors within the legal deadline.

Depending on the type of General Shareholders' Meeting, the conditions for a majority are based on the number of voting rights attached to the shares owned by the shareholders present, represented, or voting by mail.

Any undeclared shares belonging to a shareholder failing to meet the disclosure requirements stipulated in Article L. 233-7 of the French Commercial Code will be deprived of their voting rights attached to the number of undeclared shares, upon the request of one or more shareholders owning at least 5% of the Company's share capital. This request will be recorded in the minutes of the General Shareholders' Meeting.

The Chairman of the Board of Directors, or the Vice-Chairman in the Chairman's absence, presides over General Shareholders' Meetings. If neither is available, a Director will be specially delegated by the Board of Directors to preside over the meeting. Failing this, the President will be elected by the members of the meeting.

The Board of Directors may decide, when convening the General Shareholders' Meeting, to broadcast the entire meeting through a video-conferencing or any other authorised remote transmission system, including the Internet. In this event, the decision will be stated in the notice of meeting published in the French Journal of Mandatory Legal Announcements (*Bulletin d'annonces légales obligatoires* – BALO).

If the Board of Directors so decides, all shareholders may participate in General Meetings *via* a videoconferencing or other remote transmission systems, including the Internet, in accordance with the legislative and regulatory conditions in force at that time of broadcasting. In this event, the decision will be stated in the notice of meeting published in the BALO.

The minutes of General Shareholders' Meetings are drawn up and copies thereof are duly certified and delivered in accordance with the law.

#### 8.2.4.2 Conditions to which the amendment to the Articles of Association is subject

Pursuant to Article L. 225-96 of the French Commercial Code, the Extraordinary General Shareholders' Meeting is the only body authorised to amend all of the provisions of the Articles of Association.

Therefore, the Articles of Association may only be amended under the conditions of quorum and legal majority applicable to Extraordinary General Shareholders' Meetings. The required quorum therefore corresponds to one fourth of the shareholders on first call for meeting, and

one fifth on the second, whereas the required majority is two thirds of the votes of the shareholders present or represented.

## 8.2.5 Provisions of the Articles of Association likely to have an impact on the occurrence of a change of control

There is no provision in the Company's Articles of Association that is likely to have an impact in case of occurrence of a change of control.

## 8.2.6 Crossing of legal and statutory thresholds

Pursuant to Articles L. 233-7 *et seq*. of the French Commercial Code, any shareholder, acting alone or in concert, who exceeds the thresholds of owning of 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's shares or voting rights must inform the Company and the AMF of the number of shares and voting rights held. The same applies where the holding of a shareholder falls below the thresholds indicated above.

Furthermore, pursuant to Article 7.3 of the Company's Articles of Association, any shareholder, acting alone or in concert, who exceeds the threshold of owning, directly or indirectly, 0.5% (or any multiple thereof) of the Company's shares, voting rights, or securities giving future access to the Company's share capital, must notify the Company, within five days of breaking through the threshold, by registered letter with return receipt stating the total number of shares, voting rights, or securities giving access to the Company's share capital that it holds either alone or in concert, directly or indirectly.

Failure to comply with these provisions will result in the suspension of the voting rights attached to the undeclared shares. The suspension of voting rights will be applied at all General Shareholders' Meetings held during the two-year period following the date of regularisation of the aforementioned notification, if the application of this sanction is requested by one or more shareholders owning a minimum of 5% of the capital or voting rights of the Company. This request will be recorded in the minutes of the General Shareholders' Meeting.

Intermediaries, authorised in accordance with paragraph 7 of Article L. 228-1 of the French Commercial Code, are bound, without prejudice to the obligations of the shareholder, to make the appropriate declarations in accordance with the present article for the entire number of shares that they have recorded in the register.

The sanctions provided for under Article L. 228-3-3 of the French Commercial Code will be applied if this obligation is not respected.

Any shareholder, acting alone or in concert, whose capital stake or voting rights fall below any one of the thresholds mentioned in the 2nd paragraph of this section must notify the Company within five days.

## 8.2.7 Identification of shareholders and holders of securities giving access to the capital

### 8.2.7.1 Identification of bearer shareholders

In order to facilitate the identification of bearer shareholders, the Company may ask the securities clearing agent for the information outlined in Article L. 228-2 of the French Commercial Code.

#### 8.2.7.2 Identification of holders of securities giving access to the capital

In the case of registered securities giving immediate or future access to the capital, an intermediary registered under the conditions provided for by the French Commercial Code is required to disclose the identity of the owners of such securities at the request of the Company or its representative, which may be submitted at any time.

### 8.2.8 Changes in the share capital

Insofar as the Articles of Association contain no specific provisions concerning its changes, the share capital may be increased, decreased or redempted using any means or ways permitted by law.

## *8.3 __ Information about the Company's capital*

### 8.3.1 Amount and composition of the share capital

On December 31, 2017, the Company's share capital stood at €87,900,132.50, composed of 175,800,265 fully paid up shares with a nominal value of €0.50, all of the same category.

### 8.3.2 Changes in the share capital over the last three financial years

The table below lists the changes in the Company's share capital over the last three financial years, it being specified that the Company's capital has not changed since December 30, 2015:

| Date | Nature of the operation | Change in the number of shares | Nominal change in the share capital *(in euros)* | Amount of the share capital after the operation *(in euros)* | Issue or contribution premium *(in euros)* | Number of shares constituting the capital after the operation |
|---|---|---|---|---|---|---|
| January 29, 2015 | Exercise of options | 59,664 | 29,832.00 | 87,519,354.50 | 206,437.44 | 175,038,709 |
| June 18, 2015 | Exercise of options | 340,071 | 170,035.50 | 87,689,390.00 | 1,175,201.79 | 175,378,780 |
| December 16, 2015 | Exercise of options | 370,051 | 185,025.50 | 87,874,415.50 | 1,198,965.24 | 175,748,831 |
| December 30, 2015 | Exercise of options | 51,434 | 25,717.00 | 87,900,132.50 | 166,646.16 | 175,800,265 |

### 8.3.3 Company shares controlled by the Company and treasury shares

At December 31, 2017, the Company held 3,205,841 treasury shares, representing 1.82% of the Company's capital (on the basis of the share capital at December 31, 2017) and recorded at the end of the financial year for a value of €28,538,144 (€1,602,920.50 in nominal value), held in treasury shares or as part of the liquidity contract (see section 8.4 "Share buybacks"). These shares have no voting rights.

Furthermore, none of the companies controlled by the Company owns shares in the latter: there are no company shares controlled by the Company.

## 8.3.4 Share capital authorised but not issued

### 8.3.4.1 Delegations of authority and financial authorisations granted to the Board of Directors and available on January 26, 2018

| Nature of the delegations and authorisations granted to the Board of Directors | Ceiling | Authorisation date, resolution no. and duration | Expiry date |
|---|---|---|---|
| Delegation of authority to issue ordinary shares, with maintained preferential subscription rights for shareholders, for early repayment of part of the bank debt incurred by the Company as part of the Acquisition | €750m | January 26, 2018 1st resolution (12 months) | January 26, 2019 |
| Delegation of authority to the Board of Directors to carry out capital increases reserved for the employees of the Company and Group companies who are part of a company savings plan, without preferential subscription rights for shareholders | €3m in nominal value | January 26, 2018 2nd resolution (26 months) | March 26, 2020 |
| Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, by way of a public offering | ► nominal €7.5m for the shares [(a)]<br>► nominal €112.5m for the other securities [(b)] | April 28, 2017 15th resolution (26 months) | June 28, 2019 |
| Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, as part of an offer referred to in II of Article L. 411-2 of the French Financial and Monetary Code | ► nominal €7.5m for the shares [(a)]<br>► nominal €112.5m for the other securities [(b)] | April 28, 2017 16th resolution (26 months) | June 28, 2019 |
| Delegation of authority to the Board of Directors to issue, up to 10% of the capital, shares and/or securities giving access to the capital, to remunerate the contributions in kind granted to the Company and comprising securities | ► nominal €7.5m for the shares [(a)]<br>► nominal €112.5m for the other securities [(b)] | April 28, 2017 18th resolution (26 months) | June 28, 2019 |
| Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital, without preferential subscription rights, in the event of a public offering implemented by the Company on the securities of another listed company | ► nominal €7.5m for the shares [(a)]<br>► nominal €112.5m for the other securities [(b)] | April 28, 2017 19th resolution (26 months) | June 28, 2019 |
| Delegation of authority to the Board of Directors to increase the capital through incorporation of reserves, profits, premiums or similar | €20m in nominal value [(c)] | April 28, 2017 17th resolution (26 months) | June 28, 2019 |
| Share buyback | ► 10,000,000 shares<br>► Maximum unit price: €20<br>► Maximum amount of the acquisitions: €200,000,000 | April 28, 2017 8th resolution (18 months) | October 28, 2018 |
| Reduction of the share capital through cancellation of treasury shares | 10% of the amount of the share capital by 24 month periods | April 28, 2017 13th resolution (18 months) | October 28, 2018 |
| Authorisation to allocate existing or to-be-issued free shares, without preferential subscription rights for shareholders, to employees and/or companies linked to it | 3% of the number of shares comprising the share capital on the allocation day | April 29, 2016 24th resolution (38 months) | June 29, 2019 |
| Authorisation to allocate existing or to-be-issued free shares, without preferential subscription rights for shareholders, to the corporate officers of the Company | 3% of the number of shares comprising the share capital on the allocation day | April 29, 2016 25th resolution (38 months) | June 29, 2019 |

(a) This amount shall be included in the global nominal ceiling of €7.5m applied to several authorisations.
(b) This amount shall be included in the global nominal ceiling of €112.5m applied to issuances of securities giving access to the share capital.
(c) This amount shall be included in the global nominal ceiling of €750m applied to several authorisations.

In accordance with the aforementioned authorisations, the Board of Directors carried out the following operations in 2017:

- concerning the allocation of free shares:
  - during its meeting of April 28, 2017, the Board of Directors voted to attribute a maximum of 437,366 free shares to Group employees subject to their uninterrupted presence in the Company,

- this decision was taken within the context of the authorisation granted to the Board of Directors, by the Combined General Meeting of April 29, 2016 (24th resolution), to allocate, within 38 months, existing or to-be-issued free shares to staff members (or certain categories thereof) of the parent company Altran Technologies and companies linked to it. The number of allocated shares was capped at 3% of the share capital of Altran Technologies on the day of the free share allocation by the Board,

- no free shares were granted to the Group's corporate officers;

- concerning the share buyback:

  - 1,373,341 Altran Technologies shares were acquired at an average unit price of €15.00 and 1,248,672 shares were sold at an average unit price of €15.07 as part of the Exane-BNP Paribas liquidity contract,

  - the Board of Directors did not buy back shares outside of the liquidity contract.

#### 8.3.4.2 Delegations of authority and financial approvals that will be submitted to the General Shareholders' Meeting of April 27, 2018

During the Combined General Meeting convened for April 27, 2018, shareholders will be called to decide on the renewal of the share buyback programme, as well as on certain financial approvals that are expiring in 2018 and are listed in the table included in section 8.3.4.1 "Delegations of authority and financial authorisation granted to the Board of Directors and available on January 26, 2018".

### 8.3.5 Information relating to potential capital dilution

#### 8.3.5.1 Free shares

In 2015, 2016 and 2017, the Company implemented free share allocation plans, the principal characteristics whereof are described in sections 3.1.3.2 "Long-term incentive plans: Stock options, performance shares and performance units" and 3.1.3.4.2 "Free share plan".

| Nature of the potentially dilutive instruments | Date of attribution of the rights | Potential dilution in the attribution of rights | **Theoritical maximum number of shares which can be acquired on December 31, 2017** | Rate of dilution |
|---|---|---|---|---|
| Free shares | March 11, 2015 | 291,959 | 261,959 | 0.15% |
| Free shares | June 1, 2016 | 519,395[(a)] | 421,246[(b)] | 0.24% |
| Free shares | April 28, 2017 | 437,366[(a)] | 404,096[(b)] | 0.23% |
| TOTAL | - | 1,248,720 | 1,087,301 | 0.62% |

*(a) For the performance share plans set in 2016 and 2017, the number of rights corresponds to the number of shares which can be acquired, namely 120% of the number of awarded shares if the achievement rate of the established performance conditions is equal to 110%.*

*(b) For the performance share plans set in 2016 and 2017, the theoritical maximum number of shares which can be acquired correspond to the maximal number of shares which can be acquired by a beneficiary if its achievement rate of the established performance conditions is equal to 110%.*

#### 8.3.5.2 Other potentially dilutive instruments

On the date of this Registration Document, the Company had not issued any share subscription options or securities giving immediate or future access to the Company's capital.

### 8.3.6 Pledges

On December 31, 2017, the Company's shares were not subject to any pledges.

# 8.4 __ Share buybacks

### 8.4.1 Share buyback programme

The Ordinary and Extraordinary General Shareholders' Meeting held on April 28, 2017, ruling under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, resolved in the 8th resolution to terminate, with immediate effect, for the unused portion, the share buyback authorisation granted by the Ordinary and Extraordinary General Shareholders' Meeting held on April 29, 2016. It granted the Board of Directors, for a period of 18 months, the power to buy back, exchange or transfer a maximum of 10,000,000 the Company's shares, *i.e.* almost 6% of the number of shares comprising the share capital on December 31, 2016, at a maximum purchase price of €20 per share. This share buyback authorisation was granted by the General Shareholders' Meeting for the purposes of:

- "ensuring an active market of the Company's shares *via* a liquidity contract concluded with an investment service provider in accordance with a charter of ethics approved by the AMF;
- granting share purchase options to employees of the Group within the context of the plans implemented pursuant to the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code;
- allocating free shares pursuant to the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- issuing shares when rights attached to securities giving access to the Company's share capital are exercised by redemption, conversion, exchange, presentation of a warrant or in any other way;
- cancelling shares, subject to the adoption by the General Shareholders' Meeting of the 13th resolution in accordance with the terms and conditions specified therein or any another authorisation of the same kind;
- and, more generally, to perform any authorized market practice or market practice as may be authorized by applicable regulation, including any market practice which may be authorized by the AMF after this General Shareholders' Meeting."

The table below presents the transactions carried out by the Company under the share buyback programme in 2017:

| | |
|---|---|
| Opening treasury shares on January 1, 2017 | 3,101,191 |
| Number of securities acquired in 2017 | 1,373,341 |
| Number of securities sold in 2017 | 1,248,672 |
| Number of securities cancelled/issued in the last 12 months | 20,019 |
| Treasury shares directly or indirectly held on December 31, 2017 [a] | 3,205,841 |
| Market value of the portfolio on December 31, 2017 *(in euros)* | 44,529,131 |
| (a) On December 31, 2017, the 3,023,073 shares held by the Company were allocated under treasury shares. | |

A resoluton proposing the renewal of this share buyback programme will be proposed at the next General Shareholders' Meeting of April 27, 2018.

### 8.4.2 Liquidity contract

In July 2011, the Company entrusted Exane-BNP Paribas with the implementation of a liquidity contract in accordance with the ethics charter drawn up by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI) on March 8, 2011, and approved by AMF on March 21, 2011. The purpose of this contract, which is still in force, is to enhance the liquidity of transactions, stabilise the share price and prevent any price swings not justified by market trends. €2m were allocated to the implementation of the liquidity contract and credited to the liquidity account. On December 31, 2017, the 182,768 treasury shares were fully allocated to the liquidity objective and represented €2,629,812.

### 8.4.3 Balance of the treasury shares at year-end

On December 31, 2017, the shares held by the Company were distributed as follows:

- 182,768 shares were owned by the Company as part of the Exane-BNP Paribas liquidity contract; and
- 3,023,073 shares were also held by the Company.

## 8.5 __ Company's shareholding

### 8.5.1 Distribution of the capital and voting rights

Based on the legal declarations establishing a holding of more than 5% of the capital or voting rights at year-end pursuant to the provisions of Article L. 233-7 of the French Commercial Code, and based on the declarations of the Company's Managers, the distribution of the capital on December 31, 2017, December 31, 2016 and December 31, 2015 was as follows:

| | December 31, 2017 | | | | | | December 31, 2016 | | | | December 31, 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | % of the share capital | Number of theoretical voting rights | % of the theoretical voting rights | Number of voting rights that can be exercised in General Meeting | % of voting rights that can be exercised in General Meeting | Number of shares | % of the share capital | % of the theoretical voting rights | % of the voting rights that can be exercised | Number of shares | % of the share capital | % of the theoretical voting rights | % of the voting rights that can be exercised |
| Altrafin Participations | 14,796,677 | 8.42% | 23,072,756 | 12.26% | 23,072,756 | 12.47% | 29,593,354 | 16.83% | 20.12% | 20.46% | 29,593,354 | 16.83% | 20.12% | 20.41% |
| Alexis Kniazeff & family * | 2,493,100 | 1.42% | 4,132,202 | 2.20% | 4,132,202 | 2.23% | 4,981,242 | 2.83% | 3.52% | 3.58% | 6,981,242 | 3.97% | 4.58% | 4.65% |
| Hubert Martigny * | 2,489,495 | 1.42% | 4,126,344 | 2.19% | 4,126,344 | 2.23% | 4,978,989 | 2.83% | 3.52% | 3.57% | 6,978,989 | 3.97% | 4.58% | 4.64% |
| TOTAL INITIAL CONCERT | 19,779,272 | 11.25% | 31,331,302 | 16.65% | 31,331,302 | 16.94% | 39,553,585 | 22.50% | 27.15% | 27.61% | 43,553,585 | 24.77% | 29.28% | 29.70% |
| Managers (shareholders of Altimus) | 89,000 | 0.05% | 89,000 | 0.05% | 89,000 | 0.05% | 101,092 | 0.06% | 0.05% | 0.05% | 101,092 | 0.06% | 0.05% | 0.05% |
| Maurice Tchenio | 373,000 | 0.21% | 373,000 | 0.20% | 373,000 | 0.20% | 373,000 | 0.21% | 0.20% | 0.20% | 373,000 | 0.21% | 0.20% | 0.20% |
| TOTAL CONCERT | 20,241,272 | 11.51% | 31,793,302 | 16.90% | 31,793,302 | 17.19% | 40,027,677 | 22.77% | 27.41% | 27.87% | 44,027,677 | 25.04% | 29.53% | 29.96% |
| Treasury shares | 3,205,841 | 1.82% | 3,205,841 | 1.70% | 0 | 0% | 3,101,191 | 1.76% | 1.65% | 0% | 2,679,081 | 1.52% | 1.42% | 0% |
| Floating | 152,353,152 | 86.66% | 153,159,607 | 81.40% | 153,159,607 | 82.81% | 132,671,397 | 75.47% | 70.95% | 72.13% | 129,093,507 | 73.43% | 69.05% | 70.04% |

| TOTAL OUTSTANDING SHARES | 175,800,265 | 100% | 188,158,750 | 100% | 184,952,909 | 100% | 175,800,265 | 100% | 100% | 100% | 175,800,265 | 100% | 100% | 100% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| * Access to voting rights attributed to Altrafin Participations. | | | | | | | | | | | | | | |

In accordance with Article 223-11 of the General Regulations of the AMF, the theoretical voting rights presented in the table above take into account all the voting rights attached to the outstanding shares, including the Company's private shares with voting rights (in respect of treasury shares). This number of theoretical voting rights therefore differs from the number of voting rights that can be effectively exercised in the General Shareholders' Meeting.

It is further specified that a double voting right is granted to shares held in registered form by a shareholder for a minimum period of four years pursuant to Article 9 of the Company's Articles of Association (see section 8.2.3.1 "Double voting rights (Article 9 of the Articles of Association)").

Altrafin Participations acts in concert with the founders of the Company, Mr. Alexis Kniazeff (and his family) and Mr. Hubert Martigny, with certain members of the Executive Committee of the Group through Altimus, shareholder of Altrafin Participations, and with Mr. Maurice Tchenio. Altrafin is a French *société par actions simplifiée* of which FCPI Apax France VII holds 54.73%, of which Altamir (previously Altamir Amboise) holds 41.29%, of which Altimus holds 2.44% and of which AlphaOmega holds 1.54%. On December 31, 2017, the shares held by the concert represented 11.51% of the capital, 16.90% of the theoretical voting rights and 17.19% of the voting rights that can be exercised by the Company.

## 8.5.2 Double voting rights

On December 31, 2017, 12,358,485 shares enjoyed a double voting right in accordance with Article 9 of the Company's Articles of Association, the stipulations whereof are described in section 8.2.3.1 "Double voting rights (Article 9 of the Articles of Association)".

## 8.5.3 Control of the Company

On December 31, 2017, none of the shareholders held, directly or indirectly, alone or in concert, the control of the Company or were deemed to exercise the control of the Company.

## 8.5.4 Declarations of crossing thresholds

In accordance with the applicable legal provisions, the concert comprising Altrafin Participations, Mr. Alexis Kniazeff and his family, Mr. Hubert Martigny, Mr. Maurice Tchenio and Mr. Pascal Brier on June 26, 2017 declared to the AMF to have, on that date, fallen below the thresholds of 25% of the voting rights, 20% of the capital and voting rights, and 15% of the Company's capital and to be holding 20,241,272 Altran Technologies shares representing 31,793,302 voting rights, *i.e.* 11.51% of the capital 16.90% of the Company's voting rights (www.amf-france.org, reference 217C1350).

On this occasion, Altrafin Participations had individually fallen below the thresholds of 20% of the voting rights, 15% of the capital and voting rights and 10% of the Company's capital.

To the knowledge of the Company, there is no other shareholder holding, directly or indirectly, alone or in concert, more than 5% of the capital or voting rights.

## 8.5.5 Transactions carried out by the Managers and related parties

Pursuant to Article L. 621-18-2 of the French Financial and Monetary Code, Article 223-26 of MAR Regulation, the transactions carried out on the Company's securities by the Managers

and closely related persons as defined in Article 3 of the MAR Regulation must be the subject of a declaration to the AMF in accordance with Articles 223-22-A *et seq.* of the General Regulations of the AMF and under the conditions stipulated by Article 19 of the MAR Regulation during the financial year ended December 31, 2017.

To the Company's knowledge, one single transaction submitted to this declarative obligation has been carried out on the Company's securities by a Manager or a closely related person as defined in Article 3 of the MAR Regulation during the financial year ended December 31, 2017. The characteristics of this transactions are the following ones:

| | Transaction date | Transaction nature | Number of shares | Unit price | Reference number of the related AMF declara |
|---|---|---|---|---|---|
| Mrs. Martha Heitzmann Crawford, Director | March 28, 2017 | Acquisition | 3,800 | €14.99 | 2018DD53733 8 |

## 8.5.6 Employee and corporate officers' participation in the share capital

On December 31, 2017, the employees held 587,182 shares, representing 0.334% of the outstanding shares and 0.317% of the voting rights of the Company, through a company employee mutual fund (*fonds commun de placement d'entreprise* – FCPE).

The employees' participation in the Company's capital is essentially linked to the employee shareholding operation implemented in the first half of 2006.

Furthermore, on December 31, 2017, the Chief Executive Officer, the Deputy Chief Executive Officer and the Directors owned 446.313 shares, representing approximately 0.25% of the outstanding shares (see section 3.1.1.1 "Board of Directors", paragraph 1 "Composition of the Board of Directors").

## 8.5.7 Other information concerning the capital

### 8.5.7.1 Agreements that may lead to a change in the control of the Company

On the date of this Registration Document, and to the Company's knowledge, there was no shareholders' pact or agreement, the implementation whereof could, at a later date, lead to a change in the control of the Company.

### 8.5.7.2 Conditional or unconditional options or agreements on the capital of the Company or its subsidiaries

On the date of this Registration Document, there was no option on the capital of the Company or its subsidiaries subject to an option or a conditional or unconditional agreement providing for placing it under options (including the identity of the persons that they refer to).

## 8.5.8 Elements likely to have an impact in case of a tender offer

### 8.5.8.1 Agreements having an impact in case of change in the control of the Company

The Senior Facilities Agreement concluded on February 15, 2018 particularly between the Company and several banks as part of the Acquisition comprises provisions pursuant to which a change of control of the Company, characterised by one or more shareholders holding, acting alone or together, more than 30% of the Company's voting rights, might give

rise to acceleration of the maturity of all the new loans arranged under the Senior Facilities Agreement (see section 2.1.3.5 “Risk related to the terms of the new financing agreements entered into as part of the Acquisition” and, for a description of the new financing, please refer to section 1.4.3 “New financing put in place in connection with the Acquisition”)

In addition, the contracts concluded between Aricent and IBM, as well as most of the contracts concluded by the Group companies with its clients, contain a change of control clause that might, in some cases and under certain conditions, be implemented in case of a tender offer leading to a change of control that would be initiated on the Company (for a description of the contracts concluded between Aricent and IBM, refer to section 8.8.4.2 “Contracts concluded between Aricent and IBM”).

#### 8.5.8.2 Shareholders’ agreements

To the best of the Company’s knowledge, the shareholders’ agreement concluded on June 24, 2008 between Altrafin Participations, Mr. Hubert Martigny, Mr. Alexis Kniazeff (and his family), the company Altamir Amboise and the Apax France VII fund as indicated on the AMF’s website www.amf-france.org, reference 208C1233) could have an impact in the event of a public offering.

It is noted that the conclusion, on July 4, 2013, of the shareholders’ agreement pertaining to Altrafin Participations between the Apax France VII fund and the companies Altamir, AlphaOmega and Altimus (in which some members of the Group Executive Committee are direct or indirect shareholders) resulted in the creation of a multi-party shareholders’ agreement between Altrafin Participations, its above-mentioned associates, Mr. Hubert Martigny and Mr. Alexis Kniazeff (and his family).

#### 8.5.8.3 Agreements providing for compensation for corporate officers if they resign or are dismissed without real and serious cause

There are no agreements providing for compensation for corporate officers if they resign without any real and serious cause.

# 8.6 __ Dividends and other distributions

## 8.6.1 Distribution policy

The Company determines the amount of future distributions by taking into account various factors, including, in particular, the environment in which the Company operates and especially its strategic objectives, financial situation, opportunities it wishes to seize and the applicable regulation.

Moreover, the Company’s ability to distribute dividends to its shareholders is likely to be restricted pursuant to the provisions of the financing agreement (Senior Facilities Agreement) entered into as part of the Acquisition (see section 2.1.3.5 “Risk related to the terms and conditions of the new financing contract concluded as part of the Acquisition”, and for a description of the new financing, please see section 1.4.3 “New financing put in place in connection with the Acquisition”).

Subject to all the elements mentioned above, the Company plans to remunerate the shareholders in line with past practices, it being specified that any distribution would be subject to the vote of the shareholders during each Annual General Meeting, and upon the recommendation of the Board of Directors.

The Board of Directors will propose the distribution of a dividend of €0.24 per share at the Ordinary and Extraordinary Shareholders' General Meeting to be held on April 27, 2018.

It must be specified that unclaimed dividends are prescribed in favour of the State after a period of five years from their payment date.

### 8.6.2 Dividends paid out to shareholders over the last three financial years

The Company did not pay out any dividend strictly speaking, *i.e.* by drawing on its profit or reserves, during the years ended December 31, 2015, December 31, 2016 and December 31, 2017, respectively.

However, the Shareholders' General Meeting held on April 30, 2015 decided to distribute a sum of €26,255,806.35, *i.e.* €0.15 per share, fully drawn on an issue premium account, which was paid on May 12, 2015.

Likewise, the Shareholders' General Meeting held on April 29, 2016 decided to distribute a sum of €33,402,050.35, *i.e.* €0.19 per share, fully drawn on an issue premium account, which was paid on May 11, 2016.

Finally, the Shareholders' General Meeting held on April 28, 2017 decided to distrubte a sum of €42,192,063.60, *i.e.* €0.24 per share, fully drawn on an issue premium account, which was paid on May 11, 2017.

Following the votes of the Shareholders' General Meeting which took place during financial years repectively ended December 31, 2016, and December 31, 2017, the Company has actually distributed the following sums:

| | Sums distribted during financial year ended December 31, 2015 | Sums distributed during financial year December 31, 2016 | **Sums distributed during financial year December 31, 2017** |
|---|---|---|---|
| Number of outstanding shares at the date of the Annual Shareholders' General Meeting (including trasury shares) | 175,038,709 | 175,800,265 | 175,800,265 |
| Distributed amount per share (excluding tax credit) | €0.15 | €0.19 | €0.24 |
| Global amount voted by the Shareholders' General Meeting | €26,255,806.35 | €33,402,050.35 | €42,192,063.60 |
| Global amount actually distributed and registered in the financial statements | €25,904,009.55 | €32,921,920.16 | €41,459,686.08 |

The difference betwenn the global amount voted by each Annual Shareholders' General Meeting and the global amount actually distributed by the Company and registered in the financial statements is due to the absence of distribution as regards treasury shares.

## *8.7 __ Information on the share price*

### 8.7.1 Listing place

The Company is listed on the stock market in compartment A of the regulated market of Euronext in Paris.

**Data sheet of the Altran Technologies share:**

- ISIN value code: FR0000034639;

- listing places: Trading consistently on Euronext Paris (Compartment A);
- number of shares outstanding at December 31, 2017: 175,800,265;
- closing price on December 29, 2017: €13.89;
- stock market capitalisation at December 31, 2017: €2,442m.

## 8.7.2 Volume and price change

| | High *(euros)* | Low *(euros)* | Average stock price *(euros)* | End-of-month stock price (last trading day of the month) *(euros)* | Number of shares traded per month | Daily average of shares traded | End-of-month market capitalisation *(in millions euros)* |
|---|---|---|---|---|---|---|---|
| January 2017 | 14.19 | 13.30 | 13.76 | 13.50 | 5,550,444 | 252,293 | 2,374 |
| February 2017 | 15.01 | 13.62 | 14.36 | 14.67 | 4,801,300 | 240,065 | 2,578 |
| March 2017 | 15.55 | 14.48 | 14.88 | 15.55 | 6,061,638 | 263,549 | 2,733 |
| April 2017 | 15.83 | 14.61 | 15.25 | 15.18 | 4,451,254 | 247,292 | 2,669 |
| May 2017 | 16.42 | 15.37 | 14.97 | 16.06 | 4,559,520 | 207,251 | 2,822 |
| June 2017 | 16.73 | 14.27 | 15.14 | 14.27 | 9,195,705 | 417,987 | 2,509 |
| July 2017 | 15.49 | 14.10 | 13.90 | 14.86 | 8,064,520 | 384,025 | 2,612 |
| August 2017 | 15.01 | 14.17 | 13.82 | 14.36 | 4,432,274 | 192,708 | 2,524 |
| September 2017 | 15.71 | 14.20 | 14.50 | 15.56 | 6,660,666 | 317,175 | 2,735 |
| October 2017 | 16.10 | 15.05 | 15.31 | 15.88 | 7,058,700 | 320,850 | 2,792 |
| November 2017 | 15.87 | 14.35 | 14.56 | 14.35 | 8,046,155 | 365,734 | 2,523 |
| December 2017 | 14.44 | 13.89 | 14.15 | 13.89 | 10,193,367 | 536,493 | 2,442 |
| January 2018 | 15.20 | 13.98 | 14.76 | 14.99 | 9,463,451 | 430,157 | 2,635 |
| February 2018 | 14.97 | 14.08 | 14.54 | 14.93 | 10,177,973 | 508,899 | 2,625 |
| March 2018* | 14.33 | 13.91 | 14.13 | 14.08 | 4,038,213 | 367,110 | 2,475 |
| *as of March 15th, 2018 | | | | | | | |

### 8.7.3 ADR (American Depositary Receipt) Altran Technologies

The Altran Technologies share is part of a Level- 1 ADR programme (American Depositary Receipt) in the United States with the code 02209U108. The exchanges on this instrument are highly limited and irregular.

# 8.8 __ Group information

## 8.8.1 Simplified organisational chart of the Group

At the date of this Registration Document, the simplified organisational chart of the Company is as follows:

| EUROPE |
|---|
| **Austria**<br>Altran Concept Tech |
| **Belgium**<br>Altran Belgium |
| **Czech Republic**<br>Altran Technologies Czech Republic / Kon / Swell |
| **France**<br>Altran Allemagne / Altran Connected Solutions / Altran Education Services / Altran Lab / Altran Participations / Altran Participations 1 / Altran Participations 2 / Altran Prototypaes Automobiles / Global Management Treasury Services / Logiqual |
| **Germany**<br>Altran Aviation Consulting / Altran Deutschland / Altran Engineering / Altran Management / Altran Service |
| **Italy**<br>Altran Italia / Altran Innovation |
| **Luxembourg**<br>Altran Luxembourg |
| **Netherlands**<br>Altran International / Altran Netherlands / Altran Engineering / Altran Testing |
| **Norway**<br>Altran Norge |
| **Portugal**<br>AltranPortugal |
| **Romania**<br>Altran Romania / Altran Solutions |
| **Slovak Republic**<br>Altran Slovakia |
| **Spain**<br>Altran Innovación / Agencia de Certificación en Innovación Española |
| **Sweden**<br>Altran Sverige |
| **Switzerland**<br>Altran |
| **United Kingdom**<br>Altran UK Holding / Altran UK / Altran Engineering Solutions (Europe) / Cambridge Consultants / Information Risk Management / Tessella Holdings / Tessella |
| **Ukraine**<br>Lohika LTD |

| AMERICA |
|---|
| **Canada**<br>Altran Solutions / Microsys Technologies |
| **Mexico**<br>Altran Solutions de Mexico |
| **United States Of America**<br>Altran US / Altran Engineering Solutions / Cambridge Consultants / Foliage / Global Edge Software USA / Lohika Systems / Synapse Product Development / Tessella |

| ASIA |
|---|
| **China**<br>Altran Shanghai / Altran Automotive Technology *(51% held)* Altran-Beyondsoft (Beijing) Technologies *(70% held)* Altran-Beyondsoft (Shanghai) Information Technologies *(70% held)* / Sicon Design Technologies (Shanghai) |
| **Hong-Kong**<br>Altran China / Synapse Product Development HK |
| **India**<br>Altran Technologies India / ATIPL Altran Technologies / Cambridge Consultants (India) Product Development / Global Edge Software |
| **Japan**<br>Altran Engineering Solutions Japan / Cambridge Consultants Japan |
| **Malaysia**<br>Altran Malaysia |
| **Singapore**<br>Altran (Singapore) / Cambridge Consultants (Singapore) |
| **South Korea**<br>Altran Technologies Korea |
| **Turkey**<br>Altran Inovasyon ve Teknoloji |
| **United Arab Emirates**<br>Altran Middle East *(80% held)* |

| AFRICA |
|---|
| **Morocco**<br>Altran Maroc |
| **Tunisia**<br>Altran Telnet Corporation *(70% held)* / Titan Engineering |

| OCEANIA |
|---|
| **Australia**<br>Altran Australia |

Note: All companies 100% held, unless otherwise mentioned (in capital and voting rights).

The entities joining the Group in the context of the Acquisition by the intermediary of Octavia HoldCo, which is itself owned by Altran US, are, for each geographical area, the following ones:

**UNITED STATES**
Octavia Holdco

**PARENT COMPANY OF THE ARICENT GROUP (CAYMAN ISLANDS)**
Aricent Technologies

**EUROPE**

| Country | Entities |
|---|---|
| Belgium | Aricent Belgium |
| Cyprus | Aricent Holdings Cyprus |
| Denmark | Aricent Technologies Denmark |
| Germany | Aricent Technologies Germany / Frog Design Europe |
| Gibraltar | Aricent Holdings (Gibraltar) |
| Hungary | Aricent Technologies Services |
| Ireland | Aricent Ireland / Aricent Technologies Ireland |
| Italy | Frog Design |
| Luxembourg | Aricent Holdings Luxembourg |
| Netherlands | Frog Design |
| Poland | Aricent Poland |
| Spain | Aricent Spain |
| Sweden | Aricent Technologies Sweden |
| United Kingdom | Aricent Technologies UK / Frog Design Group |

**AMERICA**

| Country | Entities |
|---|---|
| Canada | SmartPlay Technologies (Canada) |
| United States | Aricent Acquisition / Aricent N.A. / Aricent US / Aricent Technologies US / Aricent Software US / frog design *(détention 99.98%)* |

**ASIA**

| Country | Entities |
|---|---|
| China | Aricent Technology (Shenzhen) / Frog Business Consultancy (Shanghai) |
| India | Aricent Communications / Aricent Technologies *(détention 98.25%)* Aricent Technologies (Holdings) *(détention 98.25%)* |
| Israel | Aricent Israel |
| Japan | Aricent Japan |
| Singapore | Frog Strategy and Design / SmartPlay Technologies (Singapore) |
| Vietnam | Aricent Vietnam Company |

**AFRICA**

| Country | Entities |
|---|---|
| Mauritius Island | Aricent Holdings Mauritius / Aricent Holdings Mauritius India / Aricent Mauritius Engineering Services / Aricent Technologies Mauritius / frog design Mauritius |

**OCEANIA**

| Country | Entities |
|---|---|
| Australia | Aricent Technologies Australia / Frog Design |

Note: All companies are 100% held, unless otherwise mentioned (in capital and voting rights).

## 8.8.2 Role of the Company towards its subsidiaries

As the parent company of the Group, the Company, manages and supervises the actitivities of its different subsidiaries. These management and supervision functions are in particular ruled by the management agreements described in section 8.8.7 “Management fees and royalities”.

Furthermore, the Company let its subsidiaries benefit from the advantages resulting from the size and the reputation of the Group, in particular by enabling them to use the trademark Altran in exchange for royalties (see section 8.8.7 “Management fees and royalties”).

Besides, the subsidiary Global Management Treasury Services (GMTS) is responsible for centralizing the cash of all the compnies of the Group, including the Company (see section 8.8.6 “Centralised cash management”).

## 8.8.3 Major subsidiaries of the Group

The Group’s major subsidiaries on December 31, 2017 are listed in note 2 “Consolidation scope” attached to the parent company’s consolidated statements in section 6.6 “Notes to the consolidated financial statements”.

## 8.8.4 Material contracts

### 8.8.4.1 Financing contracts

In connection with the Acquisition, a Senior Facilities Agreement was signed on February 15, 2018 particularly between the Company and several banks, whereby several loans have been made available to it:

- a term loan ***(Term Loan B)*** of a total amount of €2,125m divided into two tranches, one of €1,880m and the other of $300m;
- a bridging loan ***(Bridge Facility)*** of €250m; and
- a new multi-currency revolving credit facility (Revolving Credit Facility), of €250m.

A number of real or personal sureties have been granted by the Company and some of its subsidiaries to lenders in the context of the new financing contracts.

For a description of the principal terms and conditions of the new financing contracts concluded as part of the Acquisition, please see section 1.4.3 “New financing put in place in connection with the Acquisition”.

### 8.8.4.2 Contracts concluded between Aricent and IBM

Between September 2016 and April 2017, Aricent and IBM entered into three product engineering partnerships, pursuant to which Aricent was granted licenses on certain software products of IBM under software license agreements for a total amount of $347.1 million payable until 2022. $231.7 million were still due by Aricent as of September 30, 2017.

The following table includes the schedule of payments to be made by Aricent under the IBM software license agreements, as of September 30, 2017:

| *Financial year ended on March 31* | *Amounts due (in millions of US dollars)* |
|---|---|
| 2018 | 38.3[49] |
| 2019 | 86.3 |
| 2020 | 54.9 |
| 2021 | 41.8 |
| 2022 | 10.5 |

Under related agreements, Aricent undertakes to further develop and upgrade the software products, IBM being then primarily responsible for the commercialization of the further developed and upgraded software products. The proceeds from the sale of the software licenses and services are then shared between IBM and Aricent on the basis of a contractually agreed-upon ratio.

These licenses are granted in perpetuity and irrevocable unless terminated by IBM for certain specified events such as (i) non-payment of the license fee by Aricent, (ii) if Aricent is liquidated or permanently ceases to do business except in the case of an internal reorganization of Aricent and (iii) non-compliance (default) by Aricent with specific material terms of the agreements such as compliance with applicable anti-bribery laws.

Because of a change-of-control clause in these license agreements, Aricent has requested a written consent from IBM in respect of the change of control of Aricent which took place because of the Acquisition. The consent was granted to Aricent before the closing of the Acquisition.

Between the signing and the closing of the Acquisition, Aricent and IBM continued to extend their common software engineering product development.

For information regarding the risks relating to these agreements, refer to section 2.1.3.8 “Risks relating to the undertakings of Aricent and its subsidiaries in the context of the contracts entered into with IBM”.

### 8.8.5 Related-party transactions

Details of the transactions with related parties, as referred to in the norms adopted in accordance with the European EC Regulation no. 1606/2002, concluded by Group companies in 2015, 2016 and 2017, can be found in note 8 of the Appendix to the consolidated accounts (see section 6.2 “Consolidated financial statements”). For the Statutory Auditors’ special report on regulated agreements and commitments, see section 3.2.

These transaction mainly concern the remuneration of the corporate officers.

### 8.8.6 Centralised cash management

The Company, like other Group companies, manages its bank facilities through Global Management Treasury Services (GMTS), a subsidiary of the Company, wherein the Group’s cash is centralised pursuant to a cash management agreement. On a day-to-day basis, GMTS pays cash surpluses or, conversely, covers overdrafts from Group companies. In addition, in the event that GMTS is no longer controlled, directly or indirectly, by the Company, the cash management agreement will be terminated automatically.

[49] Including $16 million which remain due as of the date of this document.

### 8.8.7 Management fees and royalties

As the parent company, the Company bears the costs of various support functions and services (executive management, strategy, the marketing, legal and technical departments, communications, information systems, human resources, etc.). The Company then bills the costs of these services to its subsidiaries in the form of services fees. Billing is calculated on a *"cost +"* basis and divided between the subsidiaries according to their operating revenues and use of resources.

The Company also charges a royalty fee for the use of the Altran trademark. These royalties are calculated as a percentage of revenues (for a description of the Group's trademarks and patents, refer to section 8.9 "Trademarks and patents").

For 2017, the Company invoiced a total of €52.9m as management fees and royalties. The non-invoiced part of the recurring costs of various services borne by the Company in 2017 amounted to €3.5m.

## 8.9 __ Trademarks and patents

The Group participates in R&D projects on behalf of its clients and also carries out R&D activities and innovation with its own funds.

### 8.9.1 Research, development and innovation policy

The R&D and innovation activities that the Altran group conducts with its own funds help it to improve the services and integrated solutions that it offers to its clients. As a result, these activities enable it to respond in a more agile and efficient manner to the current and future needs of its clients, thus delivering augmented value.

The Altran group's very active R&D and innovation policy also enables it to explore and develop new models of co-innovation in the context of international and multi-sectoral ecosystems, such as the CoherenSE® electronic platform, which the Altran group co-developed with Jaguar Land Rover.

Under Keith Williams, the Group's Technical Director since 2016, this policy materialised, in 2017, through the deployment of the world organisation "Technology and Innovation", whose objectives are as follows:

- generate and ensure a constant flow of innovations throughout the Group. This flow of innovation aims at developing and enriching the range of integrated solutions and multi-sectoral expertise offered, particularly in specific strategic areas that address the key technological challenges of the Company's clients;
- lead and coordinate the global R&D strategy; and
- manage the Group's seven Word Class Centres at December 31, 2017.

In addition, at December 31, 2017, more than 90 Research and Development projects, structured within strategic programmes, were underway.

Thus, the Altran group continued to develop its technological assets, particularly by leveraging its World Class Centers and its network comprising a number of expertise centres and several Global Delivery Centers.

The R&D costs incurred by the Group amounted to €21.4m for the financial year ended December 31, 2017 (*versus* €10m for the financial year ended December 31, 2016 and €6.7m for the financial year ended December 31, 2015).

### 8.9.2 Intellectual property

The Group offers innovation consulting services to its clients. The clients retain sole ownership of the developments in which their teams participate. Nevertheless, pursuant to its R&D and innovation policy, the Group may be prompted to develop patented assets on its own behalf, particularly within its subsidiary Cambridge Consultants and its Expertise Centres.

Thus, for example, the Altran group has patented the algorithms developed by its teams as part of the OBSYNA R&D project, associated with an intelligent and adaptive GNSS receiver in its software part and designed to provide the performances required by restrictive navigation and localisation applications. Thanks to the patents filed, these software bricks can be integrated into future products, enabling the Group to support its clients by co-developing innovative and disruptive solutions.

When projects are driven by co-investment with clients or partners, the intellectual property rights related to the co-produced elements can also be shared. For a description of the contracts concluded between Aricent and IBM and realting to intellectual property rights, see section 8.8.4.2 “Contracts concluded between Aricent and IBM”.

The Group owns the trademarks that it uses.

Pursuant to Article L. 611-7 of the French Intellectual Property Code and Article 75 of the SYNTEC Collective Agreement, inventors compensation was established for the Company’s employees, and then applied in France.

The Group own approximately ten patents. The Acquisition should not change the Group policy as regards intellectual property.

### 8.9.3 Licences

The Group’s Integrated Solutions for client assignments, based on its technology assets and proprietary intellectual property assets, are deployed under licence.

That is the case, for example, of the solution “VueForge For Health”, which enables the digitisation of clinical trials.

# 9 Additional information

## 9.1 Publicly available documents

The financial information comprises all of the information published periodically or on an ongoing basis as set out in Article 221-1 of the General Regulations of the AMF: quarterly, half-yearly and annual publications, financial report, communications related to General Shareholders' Meetings and, more generally, any information that may affect the share price. All of this financial information is available on the Group's website (www.altran.com), as well as on the AMF website (www.amf-france.org).

### 9.1.1 Summary of principal financial information published since January 1, 2017

| Publication | **Date** |
|---|---:|
| Fourth quarter 2016 revenue | January 27, 2017 |
| Publication of the 2016 results | March 9, 2017 |
| First quarter 2017 revenue | April 27, 2017 |
| Annual Shareholders' General Meeting | April 28, 2017 |
| Second quarter 2017 revenue | July 28, 2017 |
| First half-year 2017 results | September 7, 2017 |
| Third quarter 2017 revenue | October 27, 2017 |
| Extraordinary Shareholders' General Meeting | January 26, 2018 |
| Publication of the 2017 results | February 28, 2018 |

In addition to these regular publications, on November 30, 2017, the Altran group announced the Acquisition, a global leader in design and engineering services with a high level of digital expertise, with the aim of creating the worldwide market leader in engineering and R&D services.

### 9.1.2 Publication schedule

| Publication | **Date** |
|---|---:|
| First quarter 2018 revenue | April 26, 2018 |
| Annual Shareholders' General Meeting | April 27, 2018 |
| Second quarter 2018 revenue and first half-year 2018 results | September 6, 2018 |
| Third quarter 2018 revenue | October 26, 2018 |

Altran has also informed the market that it will unveil its new strategic plan on June 28, 2018, at an investor day.

# 9.2 Annual information document

## 9.2.1 Historical financial information

All of the Group's historical financial information about its assets and liabilities, financial position and results is included in the Registration Documents from prior years which have been filed with the AMF may be consulted on the Company's website (www.altran.com), as well as on the AMF's website (www.amf-france.org).

## 9.2.2 Pro forma information

On March 20, 2018, Altran acquired Aricent, a global leader in design and engineering services with a high level of digital expertise, from a group of investors led by KKR (see section 1.4 "Acquisition of Aricent by Altran").

Section 5.8.1 "Pro forma financial information" of this Registration Document provides unaudited pro forma summary information on the Aricent acquisition.

# 9.3 Person responsible for the document

## 9.3.1 Statement by the person responsible for the 2017 Registration Document

I certify, after having taken all reasonable measures to this effect, that the information in this Registration Document is, to the best of my knowledge, accurate and that no information has been omitted that would change the interpretation of the information provided.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated operations, and that all of the information within the management report and set out in annex III of this Registration Document faithfully reflects changes in the business, the results and financial position of the Company and all consolidated operations and describes the main risks and uncertainties they are facing.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read the entire Registration Document.

**Dominique CERUTTI**
**Chairman and Chief Executive Officer**

## 9.3.2 Person responsible for the financial information

**Albin JACQUEMONT**
Executive Vice-President and CFO

# 9.4 Person responsible for auditing the accounts and fees

## 9.4.1 Statutory Auditors

Principal Statutory Auditors

The principal Statutory Auditors are members of the Compagnie Régionale de Versailles (regional institute of Statutory Auditors).

**Deloitte & Associés**
Represented by Mr. Arnaud de Planta and Mr. Amboise Depouilly
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

**Date of first appointment:** June 28, 2004.
**Date appointment ends:** on the date of the Ordinary General Shareholders' Meeting called in 2022 to approve the financial statements for the financial year ended December 31, 2021.

**Mazars**
Represented by Mr. Jean-Luc Barlet
Tour Exaltis – 61, rue Henri Régnault
92075 La Défense Cedex

**Date of first appointment:** June 29, 2005.
**Date appointment ends:** on the date of the Ordinary General Shareholders' Meeting called in 2020 to approve the financial statements for the financial year ended December 31, 2019.

## 9.4.2 Alternate Statutory Auditors

The alternate Statutory Auditors are members of the Compagnie Régionale de Versailles (regional institute of Statutory Auditors).

**BEAS**
195 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

**Date of first appointment:** June 28, 2004.
**Date appointment ends:** on the date of the Ordinary General Meeting called in 2022 to approve the financial statements for the financial year ended December 31, 2021.

**Mr Olivier Thireau**
Tour Exaltis – 61, rue Henri Régnault
92075 La Défense Cedex

**Date of first appointment:** June 28, 2013.
**Date appointment ends:** on the date of the Ordinary General Meeting called in 2020 to approve the financial statements for the financial year ended December 31, 2019.

## 9.4.3 Amount of the Statutory Auditors' fees

| | Mazars | | | | Deloitte et Associés | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount (excl. tax) | | as% | | Amount (excl. tax) | | as% | |
| *(in thousands of euros)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **Audit** | | | | | | | | |
| Statutory Auditors, certification, review of individual and consolidated financial statements [(a)] | 980 | 868 | 89% | 86% | 1,073 | 916 | 93% | 62% |
| *Altran Technologies* | *441* | *425* | | | *447* | *427* | | |
| *Subsidiaries* | *539* | *443* | | | *626* | *489* | | |
| Other work and services related to the Statutory Auditors' assignment [(b)] | 121 | 138 | 11% | 14% | 83 | 572 | 7% | 38% |
| *Altran Technologies* | *68* | *42* | | | *83* | *14* | | |
| *Subsidiaries* | *53* | *96* | | | *0* | *558* | | |
| SUB-TOTAL (I) | 1,101 | 1,006 | 100% | 100% | 1,156 | 1,488 | 100% | 100% |
| Other services provided to subsidiaries | | | | | | | | |
| Legal, tax, employment [(c)] | | | | | | | | |
| Other [(d)] | | | | | | | | |
| SUB-TOTAL (II) | | | | | | | | |
| TOTAL = (I) + (II) | 1,101 | 1,006 | 100% | 100% | 1,156 | 1,488 | 100% | 100% |

(a) Auditing services include all of the services invoiced by the Statutory Auditors in respect of the audit of the annual consolidated financial statements and the services provided by these Auditors as part of the Group's legal or regulatory obligations or commitments including, in particular, reviewing the interim financial statements and audits of the financial statements of the Company and its subsidiaries.
(b) Other services related to the Statutory Auditors' assignment include, for example, advice on the applicable accounting standards for the publication of financial information and investigations carried out as part of acquisition transactions.
(c) Tax advice represents all of the services invoiced in the context of complying with tax rules and tax advice provided as part of actual or proposed transactions, the treatment of expatriate employees or the analysis of transfer pricing.
(d) Other services include advice on human resources, cost control, asset valuation in the context of disposals made in accordance with the provisions of Article 24 of the Ethics Code.

# 10 Annex

## Annex I. Cross-reference table for Annex I of European Commission Regulation no. 809/2004

This cross-reference table uses the main headings provided by European Commission Regulation no. 809/2004 of April 29, 2004 and refers to the pages of this Registration Document where the information under each of these headings appears.

| No. – Heading in Annex I of EC Regulation no. 809/2004 | Section(s) | Page(s) |
|---|---|---|
| **1. Responsible persons** | | |
| 1.1 Name and function of the responsible persons | 9.3.1 | 422 |
| 1.2 Statement by the responsible persons | 9.3.1 | 422 |
| **2. Statutory Auditors** | | |
| 2.1 Name and address of the Statutory Auditors | 9.4 | 423 et seq. |
| 2.2 Any change of Statutory Auditors | N/A | N/A |
| **3. Selected financial information** | | |
| 3.1 Historical financial information | Key figures | 11 et seq. |
| 3.2 Interim financial information | N/A | N/A |
| **4. Risk factors** | 2.1 | 59 et seq. |
| **5. Information about the issuer** | | |
| 5.1. History and development of the Company | | |
| 5.1.1 Legal and trading name | 8.1.1 | 398 |
| 5.1.2 Place of registration and registration number | 8.1.3 | 398 |
| 5.1.3 Date and term of incorporation | 8.1.4 | 398 |
| 5.1.4 Registered office, legal form, applicable law, country of origin, address and telephone number of registered office | 8.1.1<br>8.1.2<br>8.1.5 | 398<br>398<br>398 |
| 5.1.5 Significant events in the development of the business activities | 1.4 | 42 et seq. |
| 5.2. Investments | | |
| 5.2.1 Principal investments made | 1.4<br>1.5 | 42 et seq.<br>54 et seq. |
| 5.2.2 Principal investments in progress | 1.4<br>1.5 | 42 et seq.<br>54 et seq. |
| 5.2.3 Principal future investments | N/A | N/A |
| **6. Business overview** | | |
| 6.1 Principal activities | | |
| 6.1.1 Nature of operations carried out by the issuer and its principal activities | 1.1 | 15 et seq. |
| 6.1.2 New products or services | N/A | N/A |
| 6.2 Principal markets | 1.2.1<br>5.1.3.1<br>5.1.4 | 31 et seq.<br>209 et seq.<br>218 et seq. |
| 6.3. Exceptional factors | 1.4 | 42 et seq. |
| 6.4 Dependence on patents, licences, contracts and manufacturing processes | N/A | N/A |
| 6.5 Competitive position | 1.2.2 | 36 et seq. |
| **7. Organisation chart** | | |
| 7.1 Brief description of the Group | 8.8.1 | 415 et seq. |
| 7.2. List of significant subsidiaries | 8.8.2 | 417 |

| No. – Heading in Annex I of EC Regulation no. 809/2004 | Section(s) | Page(s) |
|---|---|---|
| | 8.8.3<br>7.2 – Note 2 | 417<br>368 et seq. |
| **8. Property, plants and equipment** | | |
| 8.1. Material tangible fixed assets | 6.2 - Note 5.3 | 311 |
| 8.2 Environmental issues that may affect the use of tangible fixed assets | 4.4 | 196 et seq. |
| **9. Review of the financial position and results** | **5** | **203 et seq.** |
| 9.1 Financial position | 5 | 203 et seq. |
| 9.2 Operating results | | |
| 9.2.1 Significant factors materially affecting operating income | 5.1.2 | 205 et seq. |
| 9.2.2 Explanation of material changes in net revenue or net income | 5.1 | 203 et seq. |
| 9.2.3 Strategy or external factors (governmental, economic, budgetary, monetary or political) that have or could materially affect the issuer's operations | 5.1 | 203 et seq. |
| **10. Capital resources** | **5.2** | **221 et seq.** |
| 10.1 Issuer's capital resources | 5.2.5<br>6.2 - Note 5.10 | 224<br>315 et seq. |
| 10.2 Source and amount of cash flows | 5.2.2 | 221 et seq. |
| 10.3 Borrowing requirements and funding structure | 5.2.7<br>1.4.3 | 224 et seq.<br>52 et seq. |
| 10.4. Restrictions on the use of capital resources | 2.1.3.5<br>1.4.3 | 71 et seq.<br>52 et seq. |
| 10.5 Anticipated sources of funding | N/A | N/A |
| **11. Research and Development, patents and licenses** | **8.9** | **419 et seq.** |
| **12. Trend information** | **5.4** | **229 et seq.** |
| 12.1 Principal trends that have affected the production, sales and inventory and costs and selling prices since the end of the last financial year | 5.1.2<br>5.4 | 205 et seq.<br>229 et seq. |
| 12.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's outlook | 5.1.2<br>5.4 | 205 et seq.<br>229 et seq. |
| **13. Profit forecasts or estimates** | **N/A** | **N/A** |
| **14. Administrative, management and supervisory bodies and general management** | **3.1.1** | **107 et seq.** |
| 14.1. Information about the members of the administrative and management bodies | 3.1.1.1<br>3.1.1.2 | 108 et seq.<br>137 et seq. |
| 14.2 Conflict of interest | 3.1.1.3 | 140 et seq. |
| **15. Remuneration and benefits** | **3.1.2** | **144 et seq.** |
| 15.1 Remuneration paid and benefits in kind | 3.1.2 | 144 et seq. |
| 15.2 Total amounts set aside or accrued to provide pension, retirement or other benefits | 7.2 – Note 3.2 | 376 et seq. |
| **16. Functioning of the administrative and management bodies** | **3.1.1.1** | **108 et seq.** |
| 16.1 Date appointments end | 3.1.1.1<br>3.1.1.2 | 108 et seq.<br>137 et seq. |
| 16.2 Service contracts for the members of the administrative and management bodies | 3.1.1.3 | 140 |
| 16.3 Information on the Audit Committee and Remuneration Committee | 3.1.1.1 | 108 et seq. |
| 16.4 Statement on corporate governance | 3.1.1.9 | 143 et seq. |
| **17. Employees** | | |

| No. – Heading in Annex I of EC Regulation no. 809/2004 | Section(s) | Page(s) |
|---|---|---|
| 17.1 Number of employees | 4.2.1 | 182 et seq. |
| 17.2 Shareholdings and stock options | 8.5.6 | 410 |
| 17.3 Agreement involving employees in the capital of the issuer | N/A | N/A |
| **18. Major shareholders** | | |
| 18.1 Identification of major shareholders | 8.5.1 | 408 et seq. |
| 18.2 Existence of different voting rights | 8.5.2 | 409 |
| 18.3 Control of the issuer | 8.5.3 | 409 |
| 18.4 Agreement which if implemented could result in a change in control of the issuer | 8.5.7.1 | 410 |
| **19. Related-party transactions** | **8.8.5**<br>**6.2 – Note 8** | **418**<br>**347 et seq.** |
| **20. Financial information on the issuer's assets and liabilities, financial position and profits and losses** | | |
| 20.1 Historical financial information | 5.5 | 229 et seq. |
| 20.2 Pro forma financial information | 5.8 | 236 et seq. |
| 20.3 Financial statements | 6.2<br>7.2 | 272 et seq.<br>364 et seq. |
| 20.4 Auditing of historical annual financial information | 6.1<br>7.1 | 264 et seq.<br>356 et seq. |
| 20.5 Date of the latest financial information | 12/31/2017 | |
| 20.6 Interim and other financial information | N/A | N/A |
| 20.7 Dividend policy | 8.6.1 | 412 et seq. |
| 20.7.1 Amount of dividends | 8.6.2 | 413 |
| 20.8 Legal and arbitration proceedings | 2.1.4.2 | 78 et seq. |
| 20.9 Significant change in the financial or trading position | 5.3 | 228 et seq. |
| **21. Additional information** | | |
| 21.1 Share capital | | |
| 21.1.1 Amount of the subscribed capital | 8.3.1 | 405 |
| 21.1.2 shares not representing capital | N/A | N/A |
| 21.1.3 shares held by the issuer itself | 8.3.3 | 405 |
| 21.1.4 Convertible, exchangeable securities or securities with warrants | N/A | N/A |
| 21.1.5 Information about any acquisition rights and/or obligations over subscribed capital, but not paid up, or an undertaking to increase the capital | 8.3.4 | 406 et seq. |
| 21.1.6 Information about the capital of any member of the Group which is under an option or a conditional or unconditional agreement to be put under option | N/A | N/A |
| 21.1.7 History of the share capital | 8.3.2 | 405 |
| 21.2 Memorandum and Articles of Association | | |
| 21.2.1 Description of the issuer's corporate purpose | 8.2.1 | 400 |
| 21.2.2 Summary of any provisions of the issuer's Memorandum and Articles of Association with respect to the members of its administrative, management and supervisory bodies | 3.1.1 | 107 et seq. |
| 21.2.3 Description of the rights, preferences and restrictions attaching to each class of shares | 8.2.3 | 400 et seq. |
| 21.2.4 Description of what action is necessary to change the rights of shareholders | 8.2.3.4 | 402 |
| 21.2.5 Description of the conditions governing the manner in which Annual General Meetings and Extraordinary General Meetings are called | 8.2.4.1 | 402 et seq. |
| 21.2.6 Description of any provision that would have an effect of delaying, deferring or preventing a change in control of the | 8.2.5 | 404 |

| No. – Heading in Annex I of EC Regulation no. 809/2004 | Section(s) | Page(s) |
| --- | --- | --- |
| issuer | | |
| 21.2.7 Indication of any provision setting the threshold above which shareholder ownership must be disclosed | 8.2.6 | 404 |
| 21.2.8 Description of conditions governing changes in the capital where such conditions are more stringent than is required by law | 8.2.8 | 405 |
| **22. Material contracts** | **8.8.4** | **418 et seq.** |
| **23. Third-party information, statements by experts and declarations of any interest** | **N/A** | **N/A** |
| **24. Publicly available documents** | **8.1.5**<br>**9.1** | **399**<br>**422** |
| **25. Information on shareholdings** | **8.8.3**<br>**6.2 - Note 1**<br>**7.2 - Notes 2.5 and 3.10** | **418**<br>**282 et seq.**<br>**370 et seq.**<br>**384** |

## Annex II. Cross-reference table of the annual financial report

This Registration Document includes all the information of the financial report as set out in Articles L. 451-1-2 of the French Monetary and Financial Code and as required by Article 222-3 of the General Regulations of the AMF. The table below outlines the information in the financial report.

| Headings of the annual financial report | Section(s) | Page(s) |
|---|---|---|
| Financial statements of Altran Technologies | 7.2 | 363 et seq. |
| Group's consolidated financial statements | 6.2 | 272 et seq. |
| Management report | See Annex III Cross-reference table of the management report | |
| Statutory Auditors' report on the financial statements | 7.1 | 355 et seq. |
| Statutory Auditors' report on the consolidated financial statements | 6.1 | 264 et seq. |
| Statement by the responsible persons | 9.3.1 | 422 |
| Corporate governance report | See Annex III Cross-reference table of the management report | |
| Description of the share buyback programme | 8.4.1 | 407 |

## Annex III. Cross-reference table of the management report

This cross-reference table allows the identification, in this Registration Document, of information from the management report as at December 31, 2017 required by legal and regulatory provisions.

| Heading of the anagement eport | Section(s) | Page(s) |
|---|---|---|
| **ACTIVITY** | | |
| Analysis of changes in the business, the results and the financial situation, in particular of its debt situation, with regard to the volume and complexity of the business | 5.1 | 203 et seq. |
| Situation and activity of the Company, its subsidiaries and the companies that it controls during the previous financial year | 5.1<br>5.5 | 203 et seq.<br>229 et seq. |
| Potential changes in the situation | 5.1<br>5.5 | 203 et seq.<br>229 et seq. |
| Major post-closing events | 5.3 | 228 et seq. |
| Research and Development activity | 8.9 | 419 et seq. |
| Key financial and, where applicable, non financial performance indicators | Key figures | 11 et seq. |
| Existing branches | N/A | N/A |
| Table of subsidiaries and equity investments | 7.2 - Note 8 | 397 |
| Significant acquisitions or takeovers in companies headquartered in France | N/A | N/A |
| **RISKS** | | |
| Description of the principal risks and uncertainties | 2.1 | 59 et seq. |
| Objectives and policy regarding hedging, as well as its exposure to price, credit, liquidity and cash risk | 2.1.5 | 86 et seq. |
| Information on rate risks, exchange risks and risks on stocks and other financial instruments | 2.1.5 | 86 et seq. |
| Principal characteristics of internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information | 2.2 | 94 et seq. |
| **LEGAL INFORMATION AND SHAREHOLDING** | | |
| Distribution of the share capital and company shares, if any | 8.5<br>8.3.3 | 408 et seq.<br>404 |
| Calculation factors and results of the adjustment of the conversion bases and the conditions for subscription or exercise of the securities giving access to the capital or stock subscription or purchase options | 8.3.5 | 406 |
| Information relating to the acquisition of own shares by the Company with a view to allocating them to employees or managers | 8.4.1<br>8.5.6 | 407<br>410 |
| Statement of employee (and possibly manager) shareholding in the Company | 8.5.6 | 410 |
| Summary statement of the transactions carried out on their securities by managers, senior managers or by persons to whom they are closely related | 3.1.1.8<br>8.5.5 | 143<br>409 et seq. |
| Restrictions imposed by the Board of Directors with respect to the exercise of options granted or the sale of free shares awarded to managers | 3.1.2.2 | 146 et seq. |
| In case of decision of the Competition Authority to this effect, | N/A | N/A |

| Heading of the anagement eport | Section(s) | Page(s) |
|---|---|---|
| injunctions or financial penalties for anti-competitive practices | | |
| Supplementary report of the Board of Directors which made use of a delegation of authority or a delegation of powers of the General Meeting | N/A | N/A |
| **FINANCIAL INFORMATION** | | |
| Table of the Company's results for the last five financial years | 5.5 | 229 et seq. |
| Amount of dividends distributed for the last three financial years | 8.6.2 | 412 |
| Information on the payment periods of the Company's suppliers and customers whose financial statements are certified by a Statutory Auditor | 5.6.1 | 230 et seq. |
| Amount of loans of less than two years granted by the Company to micro-enterprises, SMEs or mid-size companies with which it has economic links justifying it | N/A | N/A |
| Amount of expenditure on luxuries | 5.6.2 | 231 |
| Reintegration of overhead expenses in the taxable income | 5.6.2 | 231 |
| Social and environmental information | | |
| Manner in which the company takes into account the social and environmental consequences of its activity including the consequences of climate change of its activity and the use of the goods and services it produces | 4.4 | 196 et seq. |
| Company's commitments in favour of sustainable development, the circular economy, combating food waste and anti-discrimination policy and promotion of diversity | 4 | 176 et seq. |
| Collective agreements concluded within the Company and their impact on its economic performance as well as on employees' working conditions | 4.2.4 | 185 |
| If the Company operates a "Seveso upper tier" classified establishment, policy for prevention of the risk of technological accident, ability to cover its civil liability and means implemented to ensure the management of compensation to victims in the event of an accident | N/A | N/A |
| Vigilance plan to identify risks and prevent serious violations of human rights and fundamental freedoms, health, safety and the environment resulting from the activity of the Company and the companies it controls and the activities of subcontractors and suppliers | 2.2.2 | 95 et seq. |
| Information on the financial risks related to the effects of climate change and overview of the measures taken by the Company to reduce them by implementing a low-carbon strategy in all the components of its activity | 2.1.4.6 | 85 |
| Opinion of the Independent Auditor | 4.5 | 199 et seq. |
| **CORPORATE GOVERNANCE REPORT** | | |
| List of offices and positions held by each corporate officer | 3.1.1 | 107 et seq. |
| Regulated agreements | 3.1.1.5<br>3.2 | 142<br>174 et seq. |
| Summary of the delegation of authority and powers granted by the General Meeting to the Board of Directors in the area of capital increases | 8.3.4 | 405 et seq. |
| Body chosen for exercising General Management of the Company (Chairman of the Board of Directors or Chief | 3.1.1.2 | 137 et seq. |

| Heading of the anagement eport | Section(s) | Page(s) |
| --- | --- | --- |
| Executive Officer) | | |
| Information on remuneration and benefits of any kind to corporate officers | 3.1.2 | 144 et seq. |
| Summary and explanation of the elements that are likely to have an impact in the event of a public offering | 8.5.8 | 410 et seq. |
| Composition and conditions for preparing and organising the work of the Board of Directors, application of the principle of balanced representation of men and women among its members | 3.1.1.1 | 108 et seq. |
| Provisions of the Corporate Governance Code that were eliminated and reasons for this (pursuant to “comply or explain”) | 3.1.1.9 | 143 et seq. |
| Specific procedures for shareholder participation in the General Meeting or reference to the provisions of the Articles of Association that provide for these procedures | 8.2.4 | 401 et seq. |
| Any restrictions placed by the Board of Directors on the powers of the Chief Executive Officer | 3.1.1.2 | 137 et seq. |
| Overview of the draft resolutions related to “say on pay” | 3.1.2.2 | 146 et seq. |
| Items of variable or exceptional remuneration awarded to managers during the previous financial year | 3.1.2 | 144 et seq. |

## Annex IV. Cross-reference table of the CSR information

Cross-reference table comparing the requirements arising from the Grenelle 2 Act (Article 225) and the indicators of the Global Reporting Initiative (GRI).

| Grenelle 2 Act (Article 225) requirements | GRI | Non-relevant | Ref. | Additional information |
|---|---|---|---|---|
| SOCIAL INDICATORS | | | | |
| **a) Employment** | | | | |
| Total workforce and breakdown of employees by gender, age group and geographical region | G4-9, G4-10 | | 4.2.1.1 | |
| Recruitment and dismissals | | | 4.2.1.2 | |
| Remuneration trends | G4-51 | | 4.2.2, 5.1.3.2 | |
| **b) Organisation of work** | | | | |
| Organisation of working time | | | 4.2.3 | |
| Absenteeism | G4-LA6 | | 4.2.5 | |
| **c) Employee relations** | | | | |
| Organisation of employee dialogue, particularly employee communication and consultation procedures and employee negotiations | | | 4.2.4 | |
| Record of collective agreements | G4-11 | | 4.2.4 | |
| **d) Health and safety** | | | | |
| Workplace health and safety conditions | G4-LA5 | | 4.2.5 | |
| Record of collective agreements signed with trade unions or employee representatives in the area of workplace health and safety | G4-LA8 | | 4.2.5 | |
| Workplace accidents, particularly their frequency and severity, and occupational illnesses | G4-LA6 | | 4.2.5 | |
| **e) Training** | | | | |
| Training policies implemented | G4-LA10 | | 4.2.6 | |
| Total number of training hours | | | 4.2.6 | |
| **f) Equal opportunity** | | | | |
| Measures implemented to support equality between women and men | | | 4.2.1.1<br>4.2.7.1 | |
| Measures taken to support the employment and integration of disabled people | | | 4.2.7.2 | |
| Anti-discrimination policy | | | 4.2.7.3 | |
| **g) Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation relating to…** | | | | |
| • the freedom of association and the right to collective bargaining; | | G4-HR4 | | |
| • the elimination of | | | 4.2.8, 2.2.2.1 | |

| Grenelle 2 Act (Article 225) requirements | GRI | Non-relevant | Ref. | Additional information |
|---|---|---|---|---|
| discrimination in employment and occupation; | | | | |
| • the abolition of forced or compulsory labour; | | G4-HR6 | | |
| • the effective abolition of child labour. | | G4-HR5 | | |
| **ENVIRONMENTAL INDICATORS** | | | | |
| **a) General environmental policy** | | | | |
| Way in which the company is organised in order to take into account environmental issues and, where applicable, approaches to evaluating or certifying environmental matters | | | 4.4.1 | |
| Employee training and information activities in the area of environmental protection | | | 4.4.2 | |
| Resources dedicated to preventing environmental risks and pollution | | G4-EN31 | 4.4.1 | |
| Amount of provisions and guarantees for environmental risks, provided that this information is not likely to cause serious harm to the company in an ongoing dispute | | | | The risks related to direct environmental impacts are low. The Group has no provisions or guarantees for environmental risks. |
| **b) Pollution** | | | | |
| Measures to prevent, reduce or compensate for emissions to air, water and soil that seriously affect the environment | | G4-EN21 EN22 EN24 EN25 EN26 | 4.4.3.3 | |
| Consideration of noise nuisance and any other form of activity-specific pollution | | | | Information which is not relevant given the Group's activities and, for this reason, excluded from the report. |
| **c) Circular economy** | | | | |

| Grenelle 2 Act (Article 225) requirements | GRI | Non-relevant | Ref. | Additional information |
|---|---|---|---|---|
| *i) Waste prevention and management* | | | | |
| Measures for the prevention, recycling, reuse, other forms of recovery and elimination of waste | G4-EN21<br>EN22<br>EN24<br>EN25<br>EN26 | | 4.4.3.3 | |
| Actions for combating food waste | | | | Information that is not relevant given the Group's business activity and, for this reason, excluded from the report. |
| *ii) Sustainable use of resources* | | | | |
| Consumption of water and supply of water in accordance with local constraints | | G4-EN9<br>EN10 | 4.4.3.1 | |
| Consumption of raw materials and measures taken to improve the efficiency of their use | G4-EN1 | G4-EN28 | 4.4.3.1 | |
| Energy consumption, measures taken to improve energy efficiency and use of renewable energies | G4-EN3<br>EN5 | | 4.4.3.2 | |
| Land use | | | | Information which is not relevant given the Group's activities and, for this reason, excluded from the report. |
| **d) Climate change** | | | | |
| The significant items of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces | G4-EN15<br>EN16<br>EN17 | | 4.4.4<br>4.4.5 | |
| Climate change adaptation | G4-EC2 | | 4.4.5 | |
| **e) Biodiversity protection** | | | | |
| Measures taken to protect or develop biodiversity | G4-EN11 | G4-EN12<br>EN13<br>EN14 | 4.4.6 | |
| **SOCIETAL INDICATORS** | | | | |
| **a) Regional, economic and social impact of the company's business activity...** | | | | |

| Grenelle 2 Act (Article 225) requirements | GRI | Non-relevant | Ref. | Additional information |
|---|---|---|---|---|
| • in the area of employment and regional development; | | | 4.3.1.3 | |
| • on neighbouring or local communities. | | G4-SO1 SO2 | | Information which is not relevant given the Group's activities and, for this reason, excluded from the report. |
| **b) Relationships with people or organisations affected by the company's business activity, particularly workplace integration associations, educational institutions, environmental associations, consumer associations and neighbouring communities** | | | | |
| The arrangements for dialogue with these people or organisations | | | 4.3.1.1 4.3.1.2 | |
| Partnership or patronage activities | | | 4.3.4 | |
| **c) Subcontractors and suppliers** | | | | |
| Consideration in the procurement policy of social and environmental issues | | | 4.3.3 | |
| Significance of subcontracting and the consideration in relationships with suppliers and subcontractors of their social and environmental responsibility | | | 4.3.3 | |
| **d) Fair practices** | | | | |
| Actions undertaken to prevent corruption | | | 2.2.2.1, 4.3.2 | |
| Measures taken to promote the health and safety of consumers | | G4-PR1 PR2 | | Information which is not relevant given the Group's activities and, for this reason, excluded from the report. |
| Other actions undertaken in this context in support of human rights | | G4-HR2 HR7 HR8 HR9 HR12 | 4.3.2 | |