

## BUSINESS IN FIRST HALF 2020

- BUSINESS AND OPERATING MARGIN IMPACTED BY HEALTH CRISIS
- THREE ACQUISITIONS OVERSEAS

€ million	June 2019	June 2020	Var.
<b>Revenue</b>	<b>1,292.3</b>	<b>1,240.4</b>	<b>-4.0%</b>
<i>* France</i>	571.2	491.1	-14.0%
<i>* International</i>	721.1	749.3	+3.9%
<b>Operating Profit on Activity</b>	<b>116.6</b>	<b>75.2</b>	<b>-35.6%</b>
<i>As % of revenue</i>	9.0%	6.1%	
<b>Operating Profit</b>	<b>108.9</b>	<b>68.7</b>	<b>-37.0%</b>
<i>As % of revenue</i>	8.4%	5.5%	
<b>Net profit, Group share</b>	<b>76.4</b>	<b>60.6</b>	<b>-20.6%</b>
<i>As % of Revenue</i>	5.9%	4.9%	
<b>Free Cash flow</b>	<b>89.0</b>	<b>167.4</b>	<b>+88.2%</b>
<i>As % of Revenue</i>	6.9%	13.5%	
<b>Net Cash position</b>	<b>-17.7</b>	<b>224.3</b>	
<b>Headcount</b>	<b>35,500</b>	<b>36,100</b>	<b>+1.8%</b>

### ACTIVITY AT END OF JUNE: -4.0%

Revenue reaches €1,240.4 M decreasing by 4.0% as compared to June 2019. On a like-for-like basis, the activity decreases by 7.3% (-13.7% in France and -2.2% outside France) as it is highly impacted by the health crisis in the second quarter.

The crisis has mostly impacted the business sectors of Automotive and Civil Aeronautics whereas Rail/Naval, Life Sciences and Energy have been steady and are currently growing.

As a consequence, the countries where the Automotive and Aeronautics activities are predominant - such as France, Germany, Sweden and UK - have experienced a significant decrease in business in the second quarter.

### OPERATING PROFIT ON ACTIVITY: 6.1% OF REVENUE

Operating Profit on Activity reaches €75.2 M decreasing by 35.6% as compared to June 2019 due to a decrease in activity in the last quarter as well as additional costs induced by the health crisis.

ALLEN quickly implemented some measures to face the crisis: recruitment freeze (almost total), SG&A cost cuts, partial unemployment in Europe, and reduction in workforce in several countries.

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## OPERATING PROFIT:

Operating Profit reaches €68.7 M (i.e. 5.5% of revenue) including €2.5 M of share-based payments and €4.0 M of non-recurring costs mainly associated with restructuring and acquisition fees.

## NET PROFIT, GROUP SHARE:

Financial result reaches €11.5 M mainly thanks to gains on investment disposals. After taking into account tax expenses of -€21.0 M, earnings from equity affiliates of €1.4 M and minority interests of €0.1 M, net income equals €60.6 M.

## NET CASH FLOW: €224.3 M / GEARING: - 19.2%

Cash flow reaches €98.5 M decreasing by 32.5% as compared to 2019, in line with a declining OPA (-35.6%). WCR decrease equals €95.1 M, as a result of reduced customer receivables linked to the decrease in activity. Free cash flow reaches €160.2 M as 12.9% of revenue. Without IFRS16 effects, free cash flow reaches €134.9 M i.e. 10.9%, increasing by 130% as compared to June 2019 (€58.9 M).

After taking into account acquisitions (€17.9 M), other financial investment and because of the absence of dividend payments this year, net cash position equals €224.3 M at end of June 2020.

## EXTERNAL GROWTH: 3 ACQUISITIONS SINCE JANUARY 2020

ALTEN has consolidated its position abroad by completing 3 acquisitions since the beginning of 2020:

- One company in Asia (China/Japan) specialised in IT (annual revenue: €18 M, 400 consultants)
- One company in Asia (South Korea) specialised in software development and PLM (annual revenue: €21 M, 300 consultants)
- One business in the US and in Ukraine specialised in software development (annual revenue: €7.5 M, 100 consultants)

## OUTLOOK FOR 2020:

Similarly to most of the global industry players, ALTEN is impacted by the emergencies of the health crisis linked to the Covid-19 pandemic. Its economic consequences have been strongly affecting our economy since mid-March.

The business sectors of Automotive and Heavy trucks, Aircraft and associated activities, along with Civil Aeronautics have been durably impacted by the crisis.

From the lowest point in June, business will resume very progressively and the curve should grow again starting from the last quarter.

Consequently and on account of a decrease in the embedded activity at the end of the first half as well as a negative base effect, without prejudice, the decline in organic growth in the second half shall be similar to the second quarter. Hence, the Operating Margin on Activity should be lower than in the first half.

In the second half, ALTEN will pursue its external growth following a strategic plan to diversify business sectors and geographical areas.

**Next publication** : October 27th after market closing: *2020 Q3 results*

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## **About ALTEN**

For more information: **[www.alten.com/investisseurs](http://www.alten.com/investisseurs) / Contact: ESCAL Consulting Tel: + 33 1 44 94 95 66**

*As a European Leader in Engineering and Technology Consulting (ETC), ALTEN carries out design and research projects for Technical and IT divisions of major clients in industry, telecoms and services.*

*ALTEN's stock is listed in compartment A of the Euronext Paris market (ISIN FR000001946); it is part of the SBF 120, the IT CAC 50 index and MIDCAP100, and is eligible for the deferred Settlement Service (SRD).*

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## APPENDIX TO PRESS RELEASE:

### Definition of alternative performance measures and reconciliation with IFRS standards

The ALTEN Group uses alternative performance measures especially selected to follow up on its operational activities. The Group has chosen these measures as they supply additional information allowing the users of periodic financial information to have a comprehensive understanding of the Group's performance. Such alternative performance measures are complementary to IFRS standards.

### Revenue growth on a like-for-like basis (i.e. organic growth)

Growth on a like-for-like basis (and constant exchange rate) is calculated excluding the effects of exchange rate variations and the variations of the consolidation perimeter on a chosen period.

The effects of exchange impacts are measured by converting the revenue of the period with the average exchange rate from the previous period.

The effects of a perimeter are measured excluding acquisitions, revenue of the period and for transfers, revenue of the previous period, in order to create a perimeter which is identical to the previous period.

This alternative measure enables to identify the real performance of the Group in terms of activity on the chosen period.

### Evolution of business H1 2020

€M	Revenue H1 2019	Revenue H1 2020	% change
Revenue on a like-for-like basis	1,289.7	1,196.2	-7.3%
France	568.6	491.1	-13.7%
International	721.1	705.1	-2.2%
Scope variation	2.6	41.7	3.0%
France	2.6		-0.3%
International		41.7	5.8%
Exchange rate impact		2.5	0.3%
France		-	-
International		2.5	0.3%
Group revenue	1,292.3	1,240.4	-4.0%
France	571.2	491.1	-14.0%
International	721.1	749.3	3.9%

### Operating Profit on Activity

Operating Profit on Activity is the operating income before taking into account the costs on share-based payments, results from significant transfers of assets, goodwill impairment, as well as other significant and uncommon elements considered as miscellaneous fees and operational activities.

Since payments on share-based compensation have noticeable heterogeneous annual changes, the tables included in our financial statements show the operational performance of the Group and make it possible to compare with previous or selected periods.

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### **Net cash position**

Net debt - as defined and used within the Group, stands for cash flow and assimilated elements of cash flow less gross financial debt (bank loans and other assimilated financial debts).

### **Free cash flow**

Free cash flow corresponds to net cash flow from operating activities minus net operating investments and net cash flow from financing activities related to payments of leasing debts.