

INTERIM FINANCIAL REPORT

30 JUNE 2018



altran

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As a global leader in Engineering and R&D services (ER&D)⁽¹⁾, Altran offers its clients a new way to innovate by developing the products and services for tomorrow. Altran works alongside its clients on every link in the value chain of their project, from conception to industrialization. For over 30 years, Altran has provided its expertise to key players in the following sectors: Automotive; Aerospace, Defence & Rail; Energy, Industry and Life Sciences; Communications; Software and Internet; Finance and Public Sector.

(1) Source: HFS Engineering services Top 20: Leading Engineering Service Providers 2016.

1 SIGNIFICANT EVENTS OVER THE PERIOD

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1.1 Finalisation and financing of the acquisition of Aricent

On March 20, 2018, Altran finalised the acquisition of the Aricent group, thus creating the global leader in ER&D services. This announcement was made once the necessary approvals had been obtained from the competition authorities and the conditions precedent provided for by the agreement signed on November 29, 2017 between Altran and group of investors led by KKR had been met.

Founded in 1991, Aricent has a workforce of around 10,500 employees and operates 24 engineering centres and design studios catering to some 360 clients worldwide.

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

- 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;
- a high level of industry expertise in three main industries with solid growth potential: telecom, semiconductors and software development;
- 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);
- an industrialised service delivery model mainly by leveraging almost 8,500 engineers in India offering a broad range of expertise;
- proven know-how in the implementation of significant outsourcing contracts with top-tier clients; and
- the status as a partner of choice for its clients, with which Aricent has successfully developed long-standing relations.

Altran is now aiming to devise new global standards for the ER&D service sector. The Group will offer services of unprecedented magnitude and variety:

- an unrivalled size: ER&D service sector leader with revenues of just under €3bn, nearly 45,000 employees in around 30 countries and exceptional market positioning;
- a leading position in key industries: Aeronautics, Automotive, Semiconductors, Software & Internet, Telecoms, Electronics and Industry, Life Sciences and Energy;

- an industrialised and globalised engineering services model: a unique portfolio of expertise, local to customers due to world technology and innovation centres and GDC (Global Delivery Centers) with 15,000 employees, in India, North Africa, Eastern and Southern Europe; and
- cutting-edge expertise in critical technological fields: development of innovative products, digital transformation, mechanical and systems engineering, digital & software, and unique design skills thanks to frog.

To finance this acquisition, Altran successively used:

- external financing

A Senior Facilities Agreement was signed on February 15, 2018 between the Altran group and a number of banks, providing the Company with several loans:

- a term loan of a total amount of €2,125m divided into two tranches, one of €1,880m and the other of \$300m ("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 to (i) pay the acquisition price for Aricent (\$2.1bn), (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 loan agreement contains the usual clauses for this type of financing, which involve compliance by the Group with certain obligations detailed in note 6.12 "Net debt" to the interim condensed consolidated financial statements.

- a capital increase

A capital increase with preferential subscription rights for existing shareholders was launched on March 22, 2018 and finalised on April 17, 2018, for a final gross amount of approximately €750m (resulting in the creation of 81,220,840 new shares).

Net income from the capital increase enabled Altran to repay the Bridge Facility in full and part of Term Loan B as described above.

1.2__ Launch of the new strategic plan: The High Road, Altran 2022

On June 28, 2018, Altran announced the launch of *The High Road, Altran 2022*, its new five-year strategic plan aimed at raising the profile of its service model and extending its presence in key sectors and regions to respond to demand from its clients and to current major technological breakthroughs.

The High Road, Altran 2022 is banking on market growth of around 9% a year forecast for the ER&D market, which is likely to increase from €155bn in 2017 to €240bn in 2022, with growth patterns varying from region to region.

In 2022, at the end of the five-year period, the roll-out of *The High Road, Altran 2022* strategic plan is likely to generate:

- revenues of around €4bn (on a like-for-like basis);
- an operating margin of around 14.5%;
- a Free Cash Flow (inclusive of financial costs) of around 9% of revenues;
- a debt ratio of less than 1.5x; and
- an earnings per share doubled (compared with the 2017 reported value of €0.68/share).

The High Road, Altran 2022 involves three strategic areas:

- **cutting edge and mutually beneficial service models:** clients make the distinction between activities that create a competitive edge and those that do not. They also single out activities that have an immediate impact on their performances from those that do not. Altran will have to adapt its models to meet segment-specific needs. The Group anticipates growth from high value-added services of well-known brands and entities such as, Cambridge Consultants and Synapse, the development of innovative products, frog in design, the portfolio of World Class Centers and even the Group's software components. The Industrialized GlobalShore® model will ensure that clients may access all the advantages offered by a pool of global talent and greater cost-competitiveness. The number of near- and offshore engineers deployed in service centres will approximately hit 25,000 mark and will increase industrialization;
- **focusing on high-growth industries:** revenues from Software and Internet, Semiconductors and Electronics, Automotive and Communications are likely to increase by approximately €750m between 2017 and 2022. The fact that some of its sectors are now core sectors for technology and make new generation innovations such as driverless cars, the Internet of Things and 5G possible, means that they are creating significant cross-industry opportunities;
- **geographical leadership:** demonstrating Altran's leadership in North America by achieving revenues of around \$1.2bn in the

region in 2022 (a rise from 50% in respect of the \$800m achieved in 2017) by creating cutting-edge positioning in software engineering and aggressive expansion in the Automotive industry due to synergies with Aricent; consolidating European leadership by focusing on accelerated organic growth; and launching a selective expansion programme in Asia.

The Group defined four operational catalysts to provide a structure for the implementation of the strategic plan:

- **convergence programme:** gradual, allowing strategy execution without risk, its main objective being the materialization of synergies and the preparation of the roll-out of a joint Altran and Aricent operational model;
- **organisation:** new operational organisation, based on execution by region, supported by industry leaders and cross-functional Group teams for the provision of services, transformation, technology and innovation;
- **a leadership resource:** Altran has nurtured, including via the acquisition of Aricent, a unique pool of industry leaders, made up of seasoned Executive Directors with additional skills, corporate cultures and experience, and used to managing major corporate transformations;
- **operational excellence:** Altran confirmed, once again, that operational excellence has been a Group priority and the driver of a significant increase in its margins.

The Group intends to distribute its financial resources evenly between creating value for shareholders, reinvesting in the Company and taxes and financial obligations:

- the Group's financial strategy prioritizes debt reduction, the target being to achieve a debt ratio of less than 2.5x by 2020 and less than 1.5x by 2022. This target will be achieved by using free cash flows to gradually pay back debt whilst maintaining a cash balance in excess of €250m and compensating shareholders in the same way as before;
- powerful drivers are boosting the expansion of the Group's Free Cash Flow: (i) an improved operating margin, including synergies and cost savings, capital intensity of around 2% of revenues with a corresponding increase in our working capital requirement; (ii) financial expenses should fall in proportion to our debt repayment, whilst Aricent's cash liabilities will drop year-on-year and will come to an end in 2021. Lastly, the fiscal structure will be reviewed and the Group is likely to benefit from a more favourable fiscal environment.

2 HALF-YEAR ACTIVITY REPORT

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2.1 Group performance

2.1.1 Income analysis for the first half of 2018 and the first half of 2017

The table below shows the Group's financial performance for the first half of 2018 and the first half of 2017.

<i>(in millions of euros)</i>	1st half of 2018	1st half of 2017 *	%
Revenues	1,372.7	1,158.0	+18.5%
Net operating expenses	(1,234.2)	(1,050.5)	+17.5%
Operating margin	138.5	107.5	+28.8%
% of revenues	10.1%	9.3%	0.8 pt
Other expenses	(69.9)	(16.0)	n.a.
Operating income	68.6	91.5	-25.0%
Net financial expenses	(53.8)	(14.1)	+281.6%
Income tax	(5.0)	(23.1)	-78.4%
Share of net income of associates	0.0	(0.2)	n.a.
Net income before discontinued operations	9.8	54.1	-81.9%
Net income from discontinued operations	(0.2)	0.6	-133.3%
Non-controlling interests	(0.1)	0.0	n.a.
NET INCOME (GROUP SHARE)	9.5	54.7	-82.6%
Earnings per share <i>(in euros)</i>	0.05	0.32	
Diluted earnings per share <i>(in euros)</i>	0.05	0.32	

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

2.1.1.1 Revenues

Growth in revenues

In the first half of 2018, the Group's consolidated revenues was up €214.7m (or +18.5%), rising from €1,158.0m to €1,372.7m.

This increase in revenues was partly due to a scope impact of +14.9% related to the acquisitions made by the Group, of which Pricol Technologies in the first half of 2017, Global Edge Software and Information Risk Management in the second half of 2017 and IRM on March 20, 2018.

The reported growth was impacted by the negative foreign exchange rate impact of -1.4%, primarily relating to the appreciation of the euro against the USD (+11.8%) and against the Indian rupee (+11.8%) based on average foreign exchange rates for the first half of 2018 compared with average foreign exchange rates for the first half of 2017.

The Group generated organic growth of +5.0% over the period. Organic revenues growth is calculated as follows: Reported growth less (i) effect of consolidation scope changes as a result of acquisitions and disposals as well as (ii) foreign exchange rate impact.

Reported growth	18.5%
Scope impact	14.9%
Foreign exchange rate impact	-1.4%
ORGANIC GROWTH	5.0%

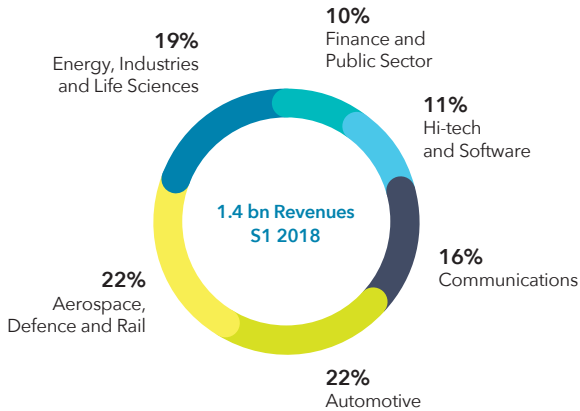
Reported growth was also affected by fewer working days in the first half of 2018, which amounted to 124.6 days, compared with 124.7 days in the first half of 2017 (i.e. down 0.2%).

Economic growth, which corresponds to organic growth, restated for the working days effect, stood at +5.2% for the first half of 2018.

Organic growth	5.0%
Working days impact	-0.2%
ECONOMIC GROWTH	5.2%

Breakdown of revenues by type of industry *

The diagram below breaks down revenues by type of industry for the first half of 2018.



The increase in Group revenues over the period was mainly the result of Altran’s strong business momentum in the following industries:

- Communications

Business growth in this area was driven by Altran’s strategic positioning in relation to the market’s main growth drivers, such as seeking to improve the efficiency of telecommunications network operators (digitisation, Cloud), or tests carried out within the context of developing the network for the changeover to 5G, particularly through its World Class Center.

The acquisition of Aricent enabled the Group to increase its exposure and expertise in this sector in order to speed up the implementation of its strategy as an international player in this concentrated market.

- Hi-tech and Software

The Group’s strong growth in this segment was driven by its focus on small and medium-sized US West Coast businesses (start-ups), as well as by the major digital player (GAFAM) vertical integration, enabling Altran to offer its full range of services, from software development to electronic components design and support activities.

The acquisition of Aricent also strengthened Altran’s market offering and accelerated its growth.

The following industries continued to be the main contributors to Group revenues in the first half of 2018:

- Automotive

In the first half of 2018, the European automotive market continued to grow. Passenger vehicle registrations were up by 2.9%⁽¹⁾ in the first half of 2018, whilst the number of registrations of commercial and heavy goods vehicles was up by 4.7%⁽¹⁾ over the same period. This momentum fostered 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. Market growth also contributed to changes in industrial processes (Internet of Things (IoT), Application Lifecycle Management). As in 2017, Altran’s Automotive business was bolstered by these trends in the first half of 2018.

The continued success of Altran’s highly competitive Industrialized GlobalShore® model, combined with its automotive project integration know-how, reinforced its market positioning among major automotive manufacturers in this high-growth segment. This enabled the Group to win a number of large-scale projects in 2018.

- Aerospace, Defence & Rail

- Aeronautics: robust/strong manufacturing activity (about 35,000 new aircrafts should be delivered by 2036⁽²⁾) proves the success of civil aeronautics to be a sustainable trend. Major aircraft and parts manufacturers, whose product policy has now reached a certain level of maturity, are seeking to ramp up their production of industrial equipment and support their product sales through tie-ins and incremental innovation. Against this backdrop, Altran succeeded in retaining its European leadership in the field of product development and continued to diversify its offering to include production engineering business lines. This diversification provided the Group with strategic positioning throughout the entire value chain (industry 4.0, supply chain, industrial transfers, innovation, etc.),

- Aerospace and Defence: Altran’s business remained steady in these two industries with its positioning focused on the modernisation of products and services, against a backdrop of increased demand and digitisation,

- Rail: continuing on from 2017, Altran consolidated its position with industry leaders, maintaining its commitment to transformation projects, outsourcing development activities (such as the autonomous train) and the digitisation of industrial services.

(1) Growth in number of vehicles registered in the first half of 2018 in the European Union and countries of the European Free Trade Association. Source: European Manufacturers’ Association (ACEA). Publication dated July 25, 2018.
 (2) Source: <https://www.airbus.com/aircraft/market/global-market-forecast.html>

2.1.1.2 Net operating expenses

Net operating expenses for the period break down as follows:

(in millions of euros)	1 st half of 2018	1 st half of 2017 *
Cost of revenues	(995.6)	(843.6)
o/w amortization of large software deals	(7.3)	-
Selling, General & Administrative expenses (SG&A)	(238.6)	(206.9)
NET OPERATING EXPENSES	(1,234.2)	(1,050.5)

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

The table below provides details of net operating expenses for the first half of 2018 and the first half of 2017, by type of operating expense.

(in millions of euros)	1 st half of 2018			1 st half of 2017 ^(a)		
	Cost of revenues	SG&A	Total	Cost of revenues	SG&A	Total
Other income from operations	37.1	0.0	37.1	30.1	0.0	30.1
Cost of goods and services sold	(15.7)	(3.3)	(19.0)	(16.9)	(2.3)	(19.2)
Change in work in progress	0.4	0.0	0.4	(0.1)	0.0	(0.1)
External expenses	(203.7)	(69.0)	(272.7)	(167.5)	(60.2)	(227.7)
Personnel costs salaries ^(b)	(795.9)	(152.1)	(948.0)	(682.6)	(132.8)	(815.4)
Taxes and duties	0.0	(2.3)	(2.3)	0.0	(2.0)	(2.0)
Depreciation, amortization and net provisions ^(b)	(14.2)	(8.3)	(22.5)	(4.4)	(6.8)	(11.2)
Other operating expenses	(3.6)	(3.6)	(7.2)	(2.1)	(2.8)	(4.9)
COST OF REVENUES	(995.6)			(843.6)		
SG&A		(238.6)			(206.9)	
NET OPERATING EXPENSES			(1,234.2)			(1,050.5)

(a) 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

(b) Excluding the impact of share-based compensation not covered by the definition of net operating expenses.

Other income from operations

Other income from operations mainly comprises operating grants (including the French research tax credit - *crédit impôt recherche*) and self-constructed assets. In the first half of 2018, these were up €7.0m (or +23.3%), rising from €30.1m to €37.1m.

Cost of goods and services sold

Cost of goods and services sold mainly comprises purchases not held in inventory, including materials, supplies and project equipment. These were down €0.2m (or -1.0%), falling from €19.2m for the first half of 2017 to €19.0m for the first half of 2018.

External expenses

(in millions of euros)	1 st half of 2018	1 st half of 2017 *	Variation
Revenues	1,372.7	1,158.0	+18.5%
Total external expenses	(272.7)	(227.7)	+19.8%
% of revenues	19.9%	19.7%	+0.2 pt
o/w outsourcing	(102.8)	(91.9)	+11.9%
% of revenues	7.5%	7.9%	-0.4 pt

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

External expenses were up by €45.0m (or +19.8%) over the period, rising from €227.7m in the first half of 2017 to €272.7m in the first half of 2018.

The increase is mainly due to:

- operating leases (mainly property leases) amounting to €11.3m;

- outsourcing expenses amounting to €10.9m; and
- transportation and travel expenses amounting to €7.7m.

Personnel costs salaries

<i>(in millions of euros)</i>	1 st half of 2018	1 st half of 2017 ^(a)	Variation
Revenues	1,372.7	1,158.0	+18.5%
Personnel costs salaries ^(b)	(948.0)	(815.4)	+16.3%
% of revenues	69.1%	70.4%	-1.3 pt

(a) 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

(b) Excluding the impact of share-based compensation not covered by the definition of net operating expenses.

Personnel costs salaries were up €132.6m (or +16.3%) over the period, rising from €815.4m in the first half of 2017 to €948.0m in the first half of 2018. This increase reflects Group trends in staff

levels, including the acquisition of Aricent. The table below shows the total headcount at end of period and average headcount for the first half of 2018 and the first half of 2017.

	06/30/2018	12/31/2017	06/30/2017
Total headcount at end of period	45,526	33,665	30,821

	06/30/2018	12/31/2017	06/30/2017
Average headcount	41,491	31,109	30,355

At June 30, 2018, the Group had a total of 45,526 employees (up 35.2%), representing an increase of 11,861 employees compared with the year ended December 31, 2017 and up 47.7% (+14,705 employees) compared with June 30, 2017.

On a like-for-like basis, the Group's total headcount was up 3.3% (+1,111 employees) compared with December 31, 2017 and 8.8% (+2,714 employees) compared with June 30, 2017.

The acquisition of Aricent alone increased the headcount by 31.8% (+10,719 employees) in the first half of 2018.

Depreciation, amortization and net provisions

Depreciation, amortization and net provisions (excluding the impact of share-based compensation not covered by the definition of net operating expenses) was up €11.3m (or +100.9%), rising from €11.2m in the first half of 2017 to €22.5m in the first half of 2018.

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.

2.1.1.3 Operating margin

The operating margin is an Alternative Performance Measure (APM) used, alongside other indicators, to measure the Group's operating performance.

The operating margin is defined as the difference between, on the one hand, revenues, and on the other, net operating expenses as detailed in note 2.1.1.2 above.

The Group's operating margin was up €31.0m (or +28.9%), rising from €107.5m in the first half of 2017 to €138.5m in the first half of 2018. The operating margin ratio was up 80 basis points, rising from 9.3% to 10.1% over the period.

The table below shows the reconciliation between the Group's operating income on ordinary activities and the operating margin for the first half of 2018 and the first half of 2017.

<i>(in millions of euros)</i>	1 st half of 2018	1 st half of 2017
OPERATING INCOME ON ORDINARY ACTIVITIES	111.3	103.0
Share-based compensation	(0.8)	(2.3)
<i>o/w personnel costs - share-based payments and similar</i>	(2.0)	(1.6)
<i>o/w depreciation, amortization and net provisions</i>	1.2	(0.7)
Amortization of intangibles arising from business combinations	(26.4)	(2.2)
OPERATING MARGIN	138.5	107.5

2.1.1.4 Other expenses

Other expenses include share-based compensation items, amortization of intangibles arising from business combinations, as

well as non-recurring items likely to alter the understanding of the Group's operating performance.

Other expenses for the first half of 2018 and the first half of 2017 were as follows:

<i>(in millions of euros)</i>	1 st half of 2018	1 st half of 2017
Share-based compensation	(0.8)	(2.3)
Amortization of intangibles arising from business combinations	(26.4)	(2.2)
Restructuring costs	(14.8)	(7.3)
Costs and litigations related to acquisitions and legal reorganizations	(27.5)	(2.6)
Litigations and miscellaneous	(0.4)	(1.6)
OTHER EXPENSES	(69.9)	(16.0)

Share-based compensation

The total cost of share-based payments and long-term, multi-year share-based compensation plans amounted to €0.8m in the first half of 2018 compared with €2.3m in the first half of 2017 and mainly related to free-share plans set up on March 11, 2015, June 1, 2016 and April 28, 2017 (see note 7.4 "Personnel cost" of interim condensed consolidated financial statements).

Amortization of intangibles arising from business combinations

In the first half of 2018, amortization of intangibles arising from business combinations mainly related to fixed-term intangible assets recognised upon the allocation of the Aricent purchase price of €24.4m.

Restated for this expense, amortization primarily related to customer relations recognised for acquisitions made in previous financial years. These amounted to €2.0m, compared with €2.2m in the first half of 2017.

Non-recurring operating income and expenses

Over the period, non-recurring operating income and expenses comprised (see also note 7.6 "Non-recurring operating income and expenses" of interim condensed consolidated financial statements):

- acquisition-related costs of €27.5m (compared with €2.6m for the first half of 2017), including an expense of €31.6m for Aricent and income of €5.0m relating to confirmation, in the first half of 2018, of the successful outcome of a dispute over a previous acquisition;
- a net impact of -€14.8m for restructuring plans (compared with -€7.3m for the first half of 2017); and
- disputes and other non-recurring expenses of €0.4m (compared with €1.6m in the first half of 2017).

2.1.1.5 Net income

Net financial expenses

Over the period, net financial expenses break down as follows:

<i>(in millions of euros)</i>	1 st half of 2018	1 st half of 2017
Interest expenses on borrowings	(25.2)	(4.3)
Other interest income and expenses	0.3	(2.0)
Cost of net financial debt	(24.9)	(6.3)
Other financial items	(28.9)	(7.8)
NET FINANCIAL EXPENSES	(53.8)	(14.1)

In the first half of 2018 the Cost of net financial debt rose by €18.6m (increasing from €6.3m to €24.9m).

The Cost of net financial debt in the first half of 2018 related:

- to interest income of €1.4m (almost unchanged from the first half of 2017), from the investment of cash and cash equivalents; and
- to bond-related interest expense and the cost of other financing operations amounting to €26.3m (compared with €7.8m in the first half of 2017), primarily comprising:
 - interest and expense relating to the Bridge Facility repaid in the first half and amounting to €3.1m,
 - interest and expense relating to the bond repaid over the period amounting to €2.4m,

- amortised interest and expense relating to the €18.6m Term Loan B taken out over the period,
- amortised interest and expense relating to the €1.0m Revolving Credit Facility subscribed for over the period, and
- interest on factoring transactions amounting to €1.0m.

Other financial income and expenses changed as follows:

Other financial income was up €4.0m over the period, rising from €1.8m for the first half of 2017 to €5.8m for the first half of 2018. This increase was mainly due to the rise in foreign exchange gains (€5.4m in the first half of 2018 compared with €1.6m in the first half of 2017).

Other financial expenses were up €25.2m (rising from a total expense of €9.6m for the first half of 2017 to a net expense of €34.8m for the first half of 2018).

The increase is mainly due to the following:

- penalties for early repayment of the €17.2m bond;

- unamortised issue costs of €6.2m;
- foreign exchange losses of €7.0m (up from €4.4m in the first half of 2017); and
- financial expense for discounting of €2.8m (up from €0.3m in the first half of 2017).

Income tax

Tax expense on income before income taxes of €14.8m for the first half of 2018 stood at €5.0m after application of an estimated effective tax rate (TEI) for 2018 (including "secondary" taxes such as the CVAE in France or the IRAP in Italy).

Net income (Group share) and earnings per share

In the first half of 2018, net income (Group share) (including residual income from the disposal of the Utilities business in the USA) was down €45.2m, falling from €54.7m to €9.5m. Earnings per share for the first half of 2018 stood at €0.05.

2.1.2 Analysis of income on ordinary activities (revenues) and operating margin by operating segment for the first half of 2018 and the first half of 2017

In accordance with IFRS 8, the Group discloses the segmentation of its business activity in line with internal management reports reviewed by the Group's Chief Operating Decision Maker (CODM).

Since January 1, 2018, the criterion used by the Group to assess performance by operating segment has been the operating margin, as defined in note 2.1.1.3 "Operating margin" of the half-year activity report.

The Group's operating segments for the period were as follows:

- France: France, Luxembourg, Morocco and Tunisia;
- Europe: Germany, Austria, Belgium, Netherlands, Czech Republic, Romania, United Kingdom, Scandinavia, Slovakia, Switzerland, Spain, Italy, Portugal, Turkey;
- Americas: North and South America, India and Ukraine; and
- Asia: Asia and Oceania.

"France" includes the operating subsidiaries and the Group's headquarters (with the management bodies and Group-wide services).

The tables below provide a breakdown of revenues and operating margin by operating segment for the first half of 2018 and the first half of 2017.

(in millions of euros)	1 st half of 2018		1 st half of 2017 *		Variation	Organic growth	Economic growth
	Total revenues	% of revenues	Total revenues	% of revenues			
France	484.5	35.3%	470.8	40.7%	+2.9%	+3.5%	+4.3%
Europe	619.5	45.1%	594.9	51.4%	+4.1%	+5.7%	+5.7%
Germany & Austria	144.5	10.5%	139.0	12.0%	+4.0%	+6.9%	+7.1%
Iberia	130.2	9.5%	116.0	10.0%	+12.2%	+12.3%	+12.1%
Italy	117.8	8.6%	108.9	9.4%	+8.2%	+8.1%	+7.3%
Belgium & Netherlands	79.4	5.8%	84.0	7.3%	-5.5%	-4.9%	-4.1%
United Kingdom	98.9	7.2%	94.0	8.1%	+5.2%	+3.7%	+3.7%
Scandinavia	32.6	2.4%	36.0	3.1%	-9.4%	+3.1%	+3.1%
Switzerland	16.1	1.2%	17.0	1.5%	-5.3%	+3.1%	+3.9%
Americas	252.2	18.4%	77.1	6.7%	+227.1%	+10.5%	+9.7%
Asia	16.5	1.2%	15.2	1.3%	+8.6%	-2.3%	-3.5%
TOTAL	1,372.7	100%	1,158.0	100%	+18.5%	+5.0%	+5.2%

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

(in millions of euros)	1 st half of 2018					1 st half of 2017 *				
	France	Europe	Americas	Asia	Group	France	Europe	Americas	Asia	Group
REVENUES	484.5	619.5	252.2	16.5	1,372.7	470.8	594.9	77.1	15.2	1,158.0
% of revenues	35.3%	45.1%	18.4%	1.2%	100.0%	40.7%	51.4%	6.7%	1.3%	100.0%
OPERATING MARGIN	55.2	47.4	36.0	(0.1)	138.5	55.2	47.3	4.8	0.2	107.5
Operating margin (%)	11.4%	7.7%	14.3%	-0.6%	10.1%	11.7%	8.0%	6.2%	1.3%	9.3%

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

2.1.2.1 France

In the first half of 2018, the Group's consolidated revenues generated in France was up €13.7m (or +2.9%), rising from €470.8m to €484.5m, or economic growth of 4.3%. The main growth sectors were Aerospace, Defence & Rail, as well as Energy, Industry and Life Sciences, as a result of clients and partners' strong growth in these industries.

Altran continued its "nearshoring" development strategy in the Automotive segment in Morocco and continued to increase its diversification ability, particularly in Aeronautics.

The contribution of France to consolidated Group revenues over the period fell from 40.7% to 35.3% due to the Group's international acquisition strategy and, in particular, the acquisition of Aricent in the first half of 2018.

The operating margin in France was stable in the first half of 2018 at €55.2m. It had, however, fallen by 30 basis points, dropping from 11.7% in the first half of 2017 to 11.4% in the first half of 2018, reflecting an ambitious recruitment campaign to promote long-term revenues growth in the region.

2.1.2.2 Europe

In the first half of 2018, the Group's consolidated revenues was up €24.6m (or +4.1%), rising from €594.9m to €619.5m, or economic growth of 5.7%. Growth also included a scope impact of €5.3m (or +€0.9%) relating to the half-year contribution made by Information Risk Management (IRM) in the United Kingdom, having been consolidated on August 1, 2017.

Europe's contribution to the Group's consolidated revenues dropped over the period, falling from 51.4% in the first half of 2017 to 45.1% in the first half of 2018.

Growth in Europe was primarily driven by trends in Southern European countries:

- in Italy, the positive upturn recorded in 2017 continued into the first half of 2018 and was reflected by economic growth of 7.3% as a result, in particular, of signing major Communications and Finance and Public Sector contracts;
- in Iberia, economic growth of 12.1% was recorded, driven by growth in the Aeronautics industry in Spain and in the Communications sector in Portugal.

In a German market that is always highly competitive, Altran recorded sustained economic growth of 7.1% due, in particular, to winning a major Automotive industry contract.

In the United Kingdom, Altran performed well in the Aeronautics and Automotive sectors, driven by multi-year projects with international operators.

Recruitment difficulties impacted business in Belgium and in the Netherlands. Action plans designed to revive growth are being implemented in these countries.

Between the first half of 2017 and the first half of 2018, the operating margin increased by €0.1m (or +0.2%), rising from €47.3m to €47.4m, despite increased price pressure as a result of a more competitive climate in Europe.

2.1.2.3 Americas

The Americas region mainly comprises the United States and India since their performances must be interpreted together, as a large number of US projects are carried out in India.

In the first half of 2018, the Group's revenues for the Americas region was up €175.1m, rising from €77.1m to €252.2m, or economic growth of 9.7%. The region's growth includes a scope impact of €176.0m corresponding to Aricent's contribution since the acquisition date on March 20, 2018, and to a lesser extent, to the whole half-year contribution made by Pricol Technologies and Global Edge Software, consolidated, respectively, from February 1, 2017 and from October 1, 2017.

These acquisitions increased the contribution made by the Americas region to the Group's consolidated revenues over the period, rising from 6.7% to 18.4%.

On a like-for-like basis, the region benefited from strong growth 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. After an unfavourable economic cycle, Altran's business in the United States recorded a positive economic growth driven by the Group's fierce competitiveness due to its "nearshore" base in Ukraine.

The Americas region operating margin increased by €31.2m over the half year, rising from €4.8m to €36.0m. The changes in perimeter, especially Aricent acquisition, made a major contribution to the profitability of the Americas region and, more widely, the profitability of the Altran group.

2.1.2.4 Asia

In the first half of 2018 revenues for the Asia region were up €1.3m (or +8.6%), rising from €15.2m in 2017 to €16.5m in 2018, but recorded negative economic growth of 3.5%.

Business in China suffered in the Automotive sector, but made significant gains in the Communications sector.

Between the first half of 2017 and the first half of 2018, the operating margin fell by €0.3m, dropping from €0.2m to -€0.1m. The region's profitability was impacted by costs incurred to support long-term business growth.

2.2 Group financial structure

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.

2.2.1 Consolidated cash flows

The table below provides a summary of the Group's cash flows for the first half of 2018 and the first half of 2017.

<i>(in millions of euros)</i>	1st half of 2018	1st half of 2017
Cash flows before net interest expenses and taxes	139.0	96.7
Change in working capital requirement	(177.6)	(72.7)
NET OPERATING CASH FLOWS	(38.6)	24.0
NET CASH FLOWS FROM OPERATING ACTIVITIES	(167.3)	15.9
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,838.8)	(63.7)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,861.2	(32.1)

2.2.1.1 Net cash flows from operating activities (including net interest paid)

Net cash flows from operating activities were down €183.2m between the first half of 2017 and the first half of 2018, at -€167.3m (compared with €15.9m in 2017).

The change is mainly due to the following:

- cash flows before net interest expenses and taxes (defined as operating income, plus goodwill impairment and amortization of intangibles arising from business combinations, 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 €139.0m, up €42.3m on the first half of 2017;
- a decline of -€104.9m in working capital requirement over the period can mainly be explained by a decrease in trade and other payables of €-29.1m during the first semester of 2018 (compared to €+5.5m over the same period in 2017), and by the negative impact of important fixed-price projects for which invoice milestones are usually defined in the initial contract; and
- net interest paid (€25.0m, up €23.2m on the same period in 2017) corresponding to funding of the acquisition of Aricent in the first half of 2018, the cash impact of other financial income and expenses of €83.2m, corresponding to interest on the early repayment of bond loans and taxes paid (€20.1m, or up €7.1m on the first half of 2017).

2.2.1.2 Net cash flows from investing activities

A significant part of the Group's cash flows is used to finance capital expenditure, which mainly comprises investments in the following:

- scope of consolidation changes (-€1,765.5m over the period) mainly corresponding to the acquisition of Aricent (including related costs);
- property, plant and equipment: the most significant investments made in the first half of 2018 relate to the extension of Cambridge Consultants' premises amounting to €10.2m and, to a lesser extent, to the acquisition of office and computer equipment and furniture in the different countries where the Group operates;
- intangible assets: in line with the first half of 2017, 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 in the first half of 2018 amounted to -€1,838.8m, up €1,775.1m on the same period in 2017.

2.2.1.3 Net cash flows from financing activities

Cash amount from financing activities is mainly related to the funding of the acquisition of Aricent, as reported in chapter 1 "Significant events over the period".

In the first half of 2018, net cash flows from financing activities stood at €1,861.2m (compared with -€32.1m for the first half of 2017) and comprised:

- proceeds from new loans of €2,136.3m, including the drawing of Term Loan B net of loan issue costs of €2,077.4m;

- the capital increase finalised on April 17, 2018 for €718.8m net;
- -€751.5m in loan payments, including repayment of the balance of the outstanding bond loan (-€249.4m) and part of Term Loan B (-€497.5m) following the capital increase;
- -€60.9m in dividend payments in the first half of 2018 (compared with -€41.5m in the first half of 2017);
- other flows from financing operations amounting to -€181.4m, including the repayment of -€149.4m in relation to commercial papers.

2.2.2 Free Cash Flow

Free Cash Flow is an alternative indicator used by the Company to measure performance. The definition has changed and now refers to the cash flow generated by Group operations after payment of taxes, investments needed by the Company to carry out its business, and payment of net interest. It represents the cash flow available to repay debt, pay out dividends or carry out specific transactions, in particular growth-related operations.

Free Cash Flow is calculated as follows: operating margin plus depreciation, amortization and net operating provisions plus current income and expense with no cash impact plus non-recurring income and expense with a cash impact, plus/minus changes in working capital requirement, minus capital expenditure necessary for operations, net of disposals, minus net interest and financial expense paid, minus tax paid.

Free Cash Flow is broken down as follows:

<i>(in millions of euros)</i>	1st half of 2018	1st half of 2017 *	Variation
Operating margin	138.5	107.5	31.0
Depreciation, amortization and changes in provisions	25.1	11.3	13.8
Non-cash P&L items	(0.2)	(3.6)	3.4
Non recurring items (cash impact)	(24.4)	(18.5)	(5.9)
Cash flows before net interest expenses and taxes	139.0	96.7	(42.3)
Change in working capital requirement	(168.8)	(63.0)	(105.8)
Capital expenditures	(69.4)	(28.5)	(40.9)
<i>o/w payments of large software deals</i>	(32.0)	0.0	(32.0)
Net interest and financial expense paid	(105.5)	(5.9)	(99.6)
Tax paid	(20.1)	(13.0)	(7.1)
FREE CASH FLOW	(224.8)	(13.7)	(211.1)
% of revenues	-16.4%	-1.2%	+15.2 pt

* 2017 data were restated for the impact of IFRS 15 (see note 5 "Year-on-year comparability" of interim condensed consolidated financial statements).

2.2.3 Group net debt

Group net debt at June 30, 2018 and at June 30, 2017 is shown in the table below:

<i>(in millions of euros)</i>	06/30/2018	12/31/2017	Variation
Bonds	0.0	253.3	(253.3)
Long-term credit line	1,593.3	1.2	1,592.1
Short-term credit line	312.5	469.5	(157.0)
<i>o/w factoring</i>	54.5	63.0	(8.5)
Gross financial debt	1,905.8	724.0	1,181.8
Cash and cash equivalent	208.2	372.9	(164.7)
NET DEBT	1,697.6	351.1	1,346.5

The analysis of net debt by categories and by contractual annual maturity is described in note 6.12 "Net debt" of interim condensed consolidated financial statements.

The table below shows the change in Group net debt in the first half of 2018 and the first half of 2017.

<i>(in millions of euros)</i>	1st half of 2018	1st half of 2017
Free Cash Flow	(224.8)	(13.7)
Financial Investments / Divestments	(1.2)	(2.6)
Net cash flows from acquisitions	(1,768.5)	(32.1)
Capital increase	718.8	0.0
Dividends	(60.9)	(41.5)
Share buy-back	0.1	(1.0)
Discontinued operations	(0.2)	6.6
Change in Factoring	(23.6)	(76.5)
Others	13.8	(14.3)
NET DEBT VARIATION	(1,346.5)	(175.1)

In the first half of 2018, Group net debt rose by €1,346.5m (increasing from €351.1m at December 31, 2017 to €1,697.6m at June 30, 2018).

This change was mainly due to external financing for the acquisition of Aricent as reported in chapter 1 "Significant events over the period".

2.3 Outlook

The Altran Group had announced medium-term outlook when its strategic plan *The High Road, Altran 2022* was presented on June 28, 2018.

2.4 Other information

Financial risk monitoring, related-party disclosures and scope of consolidation changes are described in the notes to the interim condensed consolidated financial statements. Operational risks are described in the 2017 Registration Document, in chapter 2.1 "Risk factors".

3_ INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2018

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1_ Consolidated balance sheet

<i>(in thousands of euros)</i>	Notes	June 2018		Dec. 2017 *	
		Gross value	Amort. and Prov.	Net Value	Net value
Net Goodwill	6.1	2,470,151	(188,444)	2,281,707	901,762
Intangible assets	6.2	917,421	(168,817)	748,604	89,989
Land and buildings		67,043	(8,526)	58,517	41,336
Other property, plant and equipment		260,425	(179,418)	81,007	50,851
Property, plant and equipment	6.3	327,468	(187,944)	139,524	92,187
Non-current financial assets	6.4	60,046	(4,015)	56,031	39,239
Deferred tax assets	7.9	118,498	(17,803)	100,695	96,231
Non-current tax assets	6.5	158,763	(96)	158,667	117,245
Other non-current assets	6.5	23,615	(5,150)	18,465	4,766
TOTAL NON-CURRENT ASSETS		4,075,962	(572,269)	3,503,693	1,341,419
Inventory and work in progress	6.6	2,178	(33)	2,145	2,086
Advances to suppliers		2,211	-	2,211	303
Trade receivables and related accounts	6.7	452,665	(8,014)	444,651	357,901
Other receivables	6.9	322,142	(427)	321,715	134,869
Trade accounts and other receivables		777,018	(8,441)	768,577	493,073
Assets linked to customer contracts	6.8	289,600	-	289,600	128,432
Current financial assets	6.10	11,742	(505)	11,237	12,954
Cash equivalents	6.12	5,911	-	5,911	203,911
Cash	6.12	202,243	-	202,243	169,015
TOTAL CURRENT ASSETS		1,288,692	(8,979)	1,279,713	1,009,471
TOTAL ASSETS		5,364,654	(581,248)	4,783,406	2,350,890

* 2017 data were restated for the impact of IFRS 15 (see note 5).

<i>(In thousands of euros)</i>	Notes	June 2018	Dec. 2017
Capital	6.11	128,511	87,900
Share premium		1,040,350	351,331
Reserves attributable to parent company shareholders		458,294	399,286
Foreign currency translation reserve		13,767	(48,678)
Net income for the year		9,493	130,768
Non-controlling interests		(51,188)	(30,100)
Shareholder's equity		1,599,227	890,507
Bank loans and borrowings (> 1 year)		1,595,540	7
Other non-current financial liabilities		(2,223)	1,180
Non-current financial liabilities	6.12	1,593,317	1,187
Non-current provisions for contingencies and liabilities	6.13	89,034	47,661
Non-current employee benefits	6.14	61,077	38,941
Non-current liabilities for fixed assets	6.16	66,845	93
Deferred tax liabilities	7.9	174,022	19,270
Non-current liabilities for securities	6.17	-	32,853
Other long-term liabilities		15,393	5,579
Other non-current liabilities		406,371	144,397
TOTAL NON-CURRENT LIABILITIES		1,999,688	145,584
Trade payables and related accounts	6.15	162,058	135,918
Taxes payable		222,892	111,087
Current employee benefits	6.14	251,553	214,464
Current liabilities for fixed assets	6.16	71,402	4,277
Other current liabilities		8,282	6,550
Trade accounts and other payables		716,187	472,296
Liabilities linked to customer contracts		81,481	96,389
Provisions for short-term risks and charges	6.13	17,538	17,056
Current liabilities for securities	6.17	56,809	6,249
Current financial liabilities	6.12	312,476	722,809
Other current liabilities		386,823	746,114
TOTAL CURRENT LIABILITIES		1,184,491	1,314,799
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,783,406	2,350,890

* 2017 data were restated for the impact of IFRS 15 (see note 5).

2_ Consolidated Income Statement

<i>(in thousands of euros)</i>	Notes	June 2018	Dec. 2017 *	June 2017 *
Revenues	7.1 & 7.2	1,372,691	2,295,257	1,158,011
Other income from operations		37,126	69,412	30,073
REVENUES FROM ORDINARY OPERATIONS		1,409,817	2,364,669	1,188,084
Cost of goods and services sold		(18,948)	(36,377)	(19,196)
Change in work in progress		358	912	(149)
External expenses	7.3	(272,741)	(455,057)	(227,688)
Personnel costs salaries	7.4	(948,041)	(1,605,116)	(815,393)
Personnel costs - share-based payments and similar	7.4	(1,951)	(2,309)	(1,612)
Taxes and duties		(2,253)	(2,879)	(2,032)
Depreciation, amortization and net provisions	7.5	(21,344)	(7,333)	(11,904)
Other operating expenses		(7,193)	(10,165)	(4,926)
Amortization of intangibles arising from business combinations		(26,421)	(4,263)	(2,171)
OPERATING INCOME ON ORDINARY ACTIVITIES		111,283	242,082	103,013
Other non-recurring operating income		10,069	22	26
Other non-recurring operating expenses		(52,733)	(39,029)	(11,551)
Other non-recurring operating income and expenses	7.6	(42,664)	(39,007)	(11,525)
Goodwill impairment				
OPERATING INCOME		68,619	203,075	91,488
Income from cash and cash equivalents		1,418	2,808	1,456
Cost of gross financial debt		(26,316)	(14,590)	(7,793)
Cost of net financial debt	7.7	(24,898)	(11,782)	(6,337)
Other financial income	7.8	5,803	9,216	1,821
Other financial expenses	7.8	(34,770)	(17,594)	(9,566)
Tax expenses/income	7.9	(5,016)	(42,780)	(23,091)
Share of net income of associates			(414)	(191)
NET INCOME BEFORE DISCONTINUED OPERATIONS		9,738	139,721	54,124
Net profit/loss on discontinued operations	7.10	(173)	(8,885)	564
NET INCOME		9,565	130,836	54,688
Non-controlling interests		(72)	(68)	-
NET INCOME ATTRIBUTABLE TO THE GROUP		9,493	130,768	54,688
Earnings per share (in euros)		0.05	0.76	0.32
Diluted earnings per share (in euros)		0.05	0.77	0.32
Earnings per share on continuing activities (in euros)		0.05	0.81	0.31
Diluted earnings per share on continuing activities (in euros)		0.05	0.82	0.32
Earnings per share on discontinued operation (in euros)		-0.00	-0.05	0.00
Diluted earnings per share on discontinued operation (in euros)		-0.00	-0.05	0.00

* 2017 data were restated for the impact of IFRS 15 (see note 5).

3 Consolidated Statement of Comprehensive Income

3

<i>(In thousands of euros)</i>	June 2018	Dec. 2017	June 2017
CONSOLIDATED NET INCOME	9,565	130,836	54,688
Financial instruments	(1,871)	630	352
Exchange rate differences	54,916	(32,761)	(19,646)
<i>Other comprehensive income net of tax that may subsequently be reclassified to profit</i>	53,045	(32,131)	(19,294)
Employee benefits - Revised IAS 19	-	1,105	-
<i>Other comprehensive income net of tax that will not be reclassified to profit</i>	-	1,105	-
Other comprehensive income for the year, net of tax	53,045	(31,026)	(19,294)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	62,610	99,810	35,394
o/w attributable to:			
- owners of the Group	61,539	100,142	35,538
- Non-controlling interests	1,071	(332)	(144)

<i>(In thousands of euros)</i>	June 2018			Dec. 2017			June 2017		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Financial instruments	(2,522)	651	(1,871)	960	(330)	630	537	(185)	352
Exchange rate differences	63,963	(9,047)	54,916	(36,998)	4,237	(32,761)	(23,089)	3,443	(19,646)
Other comprehensive income net of tax that may subsequently be reclassified to profit	61,441	(8,396)	53,045	(36,038)	3,907	(32,131)	(22,552)	3,258	(19,294)
Employee benefits - Revised IAS 19	-	-	-	(1,105)	2,210	1,105	-	-	-
Other comprehensive income net of tax that will not be reclassified to profit	-	-	-	(1,105)	2,210	1,105	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	61,441	(8,396)	53,045	(37,143)	6,117	(31,026)	(22,552)	3,258	(19,294)

4 Consolidated Statement of Changes in Shareholders' Equity

<i>(in thousands of euros)</i>	Number of shares	Capital	Premium	Resources	Change in fair value & other differences	Exchange rate differences	Net profit	Total Group share	Minority interests	Total
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	-	-	-	3,443	352	(22,945)	54,688	35,538	(144)	35,394
Capital increase	-	-	-	-	-	-	-	-	2,022	2,022
Share-based payments	-	-	1,612	-	-	-	-	1,612	-	1,612
Change in treasury shares	(36,382)	-	(905)	-	-	-	-	(905)	-	(905)
Net income appropriation	-	-	-	122,483	-	-	(122,483)	-	-	-
Dividends paid	-	-	(41,459)	-	-	-	-	(41,459)	-	(41,459)
Other changes	-	-	-	39	-	-	-	39	244	283
JUNE 30, 2017	172,662,692	87,900	351,554	397,553	(278)	(35,168)	54,688	856,251	3,035	859,286
Comprehensive income for the year	-	-	-	1,899	278	(13,653)	76,080	64,604	(188)	64,416
Capital increase	-	-	-	-	-	-	-	-	(148)	(148)
Share-based payments	-	-	440	-	-	-	-	440	-	440
Change in treasury shares	(68,268)	-	(662)	-	-	-	-	(662)	-	(662)
Net income appropriation	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	(1)	-	-	-	-	(1)	-	(1)
Other changes	-	-	-	(168)	-	143	-	(25)	(32,799)	(32,824)
DECEMBER 31, 2017	172,594,424	87,900	351,331	399,284	-	(48,678)	130,768	920,607	(30,100)	890,507
Comprehensive income for the year	-	-	-	(9,047)	(1,871)	62,964	9,493	61,539	1,071	62,610
Capital increase	81,220,840	40,611	688,348	-	-	-	-	728,959	-	728,959
Share-based payments	-	-	689	-	-	-	-	689	-	689
Change in treasury shares	(6,508)	-	(17)	-	-	-	-	(17)	-	(17)
Net income appropriation	-	-	-	130,768	-	-	(130,768)	-	-	-
Dividends paid	-	-	-	(60,914)	-	-	-	(60,914)	-	(60,914)
Other changes	-	-	-	70	-	(518)	-	(448)	(22,159)	(22,607)
JUNE 30, 2018	253,808,756	128,511	1,040,351	460,161	(1,871)	13,768	9,493	1,650,415	(51,188)	1,599,227

5 Consolidated Statement of Cash flows

3

<i>(in thousands of euros)</i>	June 2018	Dec. 2017	June 2017
OPERATING INCOME FROM CONTINUING ACTIVITIES	68,619	203,075	91,489
Goodwill impairment and amortization of customer-relationship intangible assets	26,421	4,263	2,171
OPERATING INCOME BEFORE GOODWILL IMPAIRMENT	95,040	207,338	93,660
Depreciation, amortization and net operating provisions	11,944	10,286	3,051
Income and expenses relating to share-based payments	689	2,309	1,612
Gains or losses on disposals	42	(233)	278
Other gains and charges	31,272	5,476	(1,928)
CASH FLOWS BEFORE NET INTEREST EXPENSES AND TAXES	138,987	225,176	96,673
Change in inventory and work in progress	(448)	(341)	73
Change in trade accounts and other receivables	(148,068)	(24,139)	(78,268)
Change in trade accounts and other payables	(29,121)	19,852	5,505
Change in working capital requirement	(177,637)	(4,628)	(72,690)
NET CASH FLOWS FROM OPERATIONS	(38,650)	220,548	23,983
Interest paid	(26,455)	(12,709)	(3,299)
Interest received	1,420	2,797	1,454
Tax paid	(20,104)	(44,866)	(12,998)
Cash impact of other financial income and expenses	(83,242)	(1,773)	126
Net cash flows from discontinued operations	(248)	(2,966)	6,660
NET CASH FLOWS FROM OPERATING ACTIVITIES	(167,279)	161,031	15,926
Cash outflows for acquisitions of property, plant & equipment and intangible assets	(69,431)	(57,973)	(28,679)
Proceeds from disposals of property, plant & equipment and intangible assets	44	436	142
Cash outflows for acquisitions of financial assets (unconsolidated investments)	(1,242)	(2,801)	(2,575)
Proceeds from disposals of financial assets (unconsolidated investments)	-	801	-
Earn-out disbursements	100	(425)	-
Impact of scope-of-consolidation changes	(1,765,505)	(108,684)	(31,044)
Dividend received	52	-	-
Change in loans and advances granted	(2,888)	(2,719)	(2,313)
Other flows from investing activities	88	1,800	848
Net cash from investments made from discontinued operations	-	104	(75)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,838,782)	(169,461)	(63,696)

Consolidated Statement of Cash flows

<i>(in thousands of euros)</i>	June 2018	Dec. 2017	June 2017
Amounts received from shareholders during the capital increase	718,785	-	-
Proceeds from the exercise of stock options	-	(257)	-
Treasury share transactions (purchase/sales)	109	(1,646)	(1,014)
Liquidity contract	(170)	105	166
Dividends paid during the period	(60,914)	(41,460)	(41,460)
Proceeds from new loans	2,136,280	874	-
Reimbursement of loans	(751,522)	(127,371)	(89,089)
Other flows from financing activities	(181,407)	81,557	99,295
Net cash from financing activities of from discontinued operations	-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,861,161	(88,198)	(32,102)
Impact of variations in exchange rates	(20,900)	(8,776)	(3,495)
Impact of changes in accounting principles	1,028	-	-
CHANGES IN NET CASH	(164,772)	(105,404)	(83,367)
Opening cash balance	372,926	478,330	478,330
Closing cash balance	208,154	372,926	394,963
CHANGES IN NET CASH	(164,772)	(105,404)	(83,367)

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:

<i>(in thousands of euros)</i>	June 2018	Dec. 2017	June 2017
Cash equivalents	5,911	203,911	254,036
Cash	202,243	169,015	140,927
NET CASH AND CASH EQUIVALENTS	208,154	372,926	394,963

6_ Explanatory notes

Note.1 Accounting policies

Accounting policies

The half-year consolidated financial statements at June 30, 2018 are drawn up in accordance with the standard IAS 34 "Interim Financial Information" which allows the presentation of a selection of notes attached thereto. These half-year consolidated financial statements must then be read together with the notes to the Group's consolidated financial statements at December 31, 2017 included in the 2017 Registration Document filed with the *Autorité des marchés financiers* (French Financial Markets Authority) on March 21, 2018 under number D18-0154.

The international accounting standards applied in the half-year condensed financial statements at June 30, 2018 are those that are mandatory in the European Union on this date. The Group did not apply, in advance, the standards, amendments to the standards or interpretations whose application is not mandatory at June 30, 2018.

Except for the impact of the new standards applicable from January 1, 2018, including IFRS 15 and IFRS 9, the accounting principles considered are identical to those used for preparing the consolidated annual financial statements at December 31, 2017.

Use of estimates

As indicated in paragraph 1.5 (chapter 6.2 - Consolidated financial statements at December 31, 2017) on page 214 of the 2017 Registration Document, 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, especially considering persistent macro-economic uncertainties.

Estimates mainly concern provisions, assumptions used to prepare business plans for carrying out impairment tests on the Group's intangible assets presenting indications of loss of value, the recognition of deferred tax assets net of liabilities, long-term employee benefits and the recognition of revenue from fixed-priced contracts.

Impacts related to the entry of new standards, amendments and interpretations

IFRS 15

The new standard IFRS 15 replaces IAS 18 - Revenue from ordinary operations and IAS 11 - Construction contracts, and draws up a new model in five steps, which is applicable to income from contracts concluded with clients.

As per this standard, applicable as of January 1, 2018, the income is recognised to reflect the transfer of goods and services promised to clients for amounts that reflect the consideration that an entity expects to receive in exchange of these goods and services.

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 main topics identified pursuant to IFRS 15 concerning Altran's business and which were subject of a specific analysis, are as follows:

- timing of revenue recognition (recognition at completion for certain contracts). No identified impact considering the following elements (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) re-invoiced 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 €12m for the 2017 financial year (€6.1m at June 30, 2017);
- other specific areas for analysis, with no identified 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; recognising license fees.

Altran has adopted the retroactive transition method for IFRS 15. As a result, the financial statements for 2018 are presented only under the IFRS 15 standard and 2017 was restated.

IFRS 9

Altran carried out an analysis on the quality of its client portfolio over the last 10 financial years. As Altran works with major European clients, the Group did not record substantial payment losses over the period analysed and therefore no IFRS 9 impact was identified.

The Group resorted to exchange rate and interest rate hedging instruments. The IFRS 9 recommendation on these instruments was taken into account in the method used to recognise the fair value.

Approval of the half-year financial statements

The half-year consolidated financial statements at June 30, 2018 were approved by the Board of Directors of Altran Technologies on September 5, 2018.

Note.2 Scope of consolidation

The consolidated financial statements include the financial statements of Altran Technologies and its 118 subsidiaries. The Group fully consolidates all its subsidiaries.

Acquisitions: In the 1st half of 2018, Altran finalised the acquisition of the Aricent Group.

The Group acquired full ownership of Aricent Technologies Cayman on March 20, 2018 from a group of investors led by KKR.

The acquisition-related costs, amounting to €28.9m, have been recognised as non-recurring expenses.

Goodwill recognised in the financial statements amounts to €1,370.2m (including a €73.7m unrealised foreign currency translation loss).

Contributed balance-sheet items can be summarised as follows: fixed assets of €257.1m, non-current assets of €513.3m, trade and other receivables of €590.5m, cash amounting to €36.8m, non-current liabilities of €1,365.0m, and trade and other current payables of €674.5m.

The contribution of this acquisition, since March 20, 2018, to the revenue represents €162m, €3.0m as current operating income, €24.4m as amortisation of intangible rights from the business combination.

The completion of this transaction in March 2018 had a net impact of -€1,731.5m on the group's cash flow of which:

- €896.0m as payment for the securities of Aricent Technologies Cayman;
- €822.9m as repayment for the pre-existing debt;
- €49.4m as payment towards transaction costs;
- +€36.8m as net cash acquired on March 20, 2018.

If the acquisition took place on January 1st, 2018, Aricent's contribution to the group's main aggregates would have been:

- revenues = €271.0m;
- current operating income = -€8.7m, including -€42.0m for amortization of the intangible rights arising from business combinations.

The Group is not in a position to provide accurate restated figures beyond the current operating income, in particular the net income. The complexity and the numerous transactions to restate would have required too much resource.

The contribution over 6 months corresponds to:

- the contribution to the Group's consolidated financial statements since the acquisition date of March 20, 2018;
- the estimated contribution from 1 January to March 19, 2018.

The estimated contribution of the Aricent group was based on the following elements:

- aggregates of Aricent over the period, corrected by changes in nature of expenses between current operating income and non-recurring income;
- extrapolation of the impact of the allocation of the exercise price, taking into account:
 - depreciation of the customer relationship,
 - depreciation of technologies,
 - amortization of backlogs,
 - amortization of insurance premiums,
 - changes in valuation of provisions for risks and charges.

Merger: To streamline its consolidation scope, the Group performed a number of mergers, particularly in India, the Netherlands, Germany and the Czech Republic.

Note.3 Seasonal nature of the activity

The Group's activity is not subject to seasonality and can be carried out in a relatively even manner between each half-year. The principal factors that can have an impact are the number of working days (more in the second half-year compared to the first half-year) and leave taken.

Note.4 Risks and uncertainties

The risks and uncertainties have not changed significantly since the closing of the financial statements for the year ended December 31, 2017 (pages 44 to 59 of the 2017 Registration Document), outside the acquired scope.

Note.5 Year-on-year comparability

5.1 IFRS 15: "Revenues from ordinary operations drawn from the contracts concluded with customers"

IFRS 15 is a mandatory standard applied to the financial years beginning on or after January 1, 2018. The Altran group has adopted the retroactive transition method for IFRS 15. As a result, the information presented for 2017 has been restated.

The expenses invoiced to customers, excluding margins, are now recognised under revenues in accordance with IFRS 15, whereas under IAS 18, they were deducted from external costs.

For effects in figures, please refer to 5.2.

5.2 Effect on the 2017 consolidated financial statements

5.2.1 Effect on the 2017 income statement

<i>(in thousands of euros)</i>	June. 2017 (Published)	IFRS 15 Impact	Change in presentation	June. 2017 (Restated)
Revenues	1,151,849	6,162	-	1,158,011
Other income from operations	30,073	-	-	30,073
REVENUES FROM ORDINARY OPERATIONS	1,181,922	6,162	0	1,188,084
Cost of goods and services sold	(19,196)			(19,196)
Change in work in progress	(149)			(149)
External expenses	(221,526)	(6,162)		(227,688)
Personnel costs salaries	(815,393)			(815,393)
Personnel costs – share-based payments and similar	(1,612)			(1,612)
Taxes and duties	(2,032)			(2,032)
Depreciation, amortization and net provisions	(11,904)			(11,904)
Other operating expenses	(4,926)			(4,926)
Amortization of intangibles arising from business combinations			(2,171)	(2,171)
OPERATING INCOME ON ORDINARY ACTIVITIES	105,184	0	(2,171)	103,013
Other non-recurring operating income	26	-	-	26
Other non-recurring operating expenses	(11,551)			(11,551)
Other non-recurring operating income and expenses	(11,525)			(11,525)
Goodwill impairment				0
Amortization of intangibles arising from business combinations	(2,171)		2,171	0
OPERATING INCOME	91,488	0	0	91,488
Income from cash and cash equivalents	1,456	-	-	1,456
Cost of gross financial debt	(7,793)			(7,793)
Cost of net financial debt	(6,337)			(6,337)
Other financial income	1,821			1,821
Other financial expenses	(9,566)			(9,566)
Tax expenses/income	(23,091)			(23,091)
Share of net income of associates	(191)			(191)
NET INCOME BEFORE DISCONTINUED OPERATIONS	54,124	0	0	54,124
Net profit/loss on discontinued operations	564			564
NET INCOME	54,688	-	-	54,688
Non-controlling interests	0			0
NET INCOME ATTRIBUTABLE TO THE GROUP	54,688	-	-	54,688

In accordance with the recommendation of the AMF, amortisation of intangible rights from business combinations are presented in current operating income.

<i>(in thousands of euros)</i>	Dec. 2017 (Published)	IFRS 15 Impact	Change in presentation	Dec. 2017 (Restated)
Revenues	2,282,195	13,062	-	2,295,257
Other income from operations	69,412	-	-	69,412
REVENUES FROM ORDINARY OPERATIONS	2,351,607	13,062	0	2,364,669
Cost of goods and services sold	(36,377)			(36,377)
Change in work in progress	912			912
External expenses	(441,995)	(13,062)		(455,057)
Personnel costs salaries	(1,605,116)			(1,605,116)
Personnel costs - share-based payments and similars	(2,309)			(2,309)
Taxes and duties	(2,879)			(2,879)
Depreciation, amortization and net provisions	(7,333)			(7,333)
Other operating expenses	(10,165)			(10,165)
Amortization of intangibles arising from business combinations	0		(4,263)	(4,263)
OPERATING INCOME ON ORDINARY ACTIVITIES	246,345	0	(4,263)	242,082
Other non-recurring operating income	22	-	-	22
Other non-recurring operating expenses	(39,029)			(39,029)
Other non-recurring operating income and expenses	(39,007)			(39,007)
Goodwill impairment	0			0
Amortization of intangibles arising from business combinations	(4,263)		4,263	0
OPERATING INCOME	203,075	0	0	203,075
Income from cash and cash equivalents	2,808	-	-	2,808
Cost of gross financial debt	(14,590)			(14,590)
Cost of net financial debt	(11,782)			(11,782)
Other financial income	9,216	-	-	9,216
Other financial expenses	(17,594)			(17,594)
Tax expenses/income	(42,780)			(42,780)
Share of net income of associates	(414)			(414)
NET INCOME BEFORE DISCONTINUED OPERATIONS	139,721	0	0	139,721
Net profit/loss on discontinued operations	(8,885)	0	0	(8,885)
NET INCOME	130,836	-	-	130,836
Non-controlling interests	(68)			(68)
NET INCOME ATTRIBUTABLE TO THE GROUP	130,768	-	-	130,768

In accordance with the recommendation of the AMF, amortisation of intangible rights from business combinations are presented in current operating income.

5.2.2 Effect on the 2017 balance sheet

<i>(in thousands of euros)</i>	Dec. 2017 (Published)	IFRS 15 Impact	Dec. 2017 (Restated)
Inventory and work in progress	7,103	(5,017)	2,086
Advances to suppliers	303		303
Trade receivables and related accounts	481,316	(123,415)	357,901
Other receivables	134,869		134,869
Trade accounts and other receivables	616,488	(123,415)	493,073
Assets linked to customer contracts	-	128,432	128,432
Current financial assets	12,954		12,954
Cash equivalents	203,911		203,911
Cash	169,015		169,015
TOTAL CURRENT ASSETS	1,009,471	-	1,009,471

<i>(in thousands of euros)</i>	Dec. 2017 (Published)	IFRS 15 Impact	Dec. 2017 (Restated)
Trade payables and related accounts	135,918		135,918
Taxes payable	111,087		111,087
Current employee benefits	214,464		214,464
Current liabilities for fixed assets	4,277		4,277
Other current liabilities	102,939	(96,389)	6,550
Trade accounts and other payables	568,685	(96,389)	472,296
Liabilities linked to customer contracts	-	96,389	96,389
Provisions for short-term risks and charges	17,056		17,056
Current liabilities for securities	6,249		6,249
Current financial liabilities	722,809		722,809
Other current liabilities	746,114		746,114
TOTAL CURRENT LIABILITIES	1,314,799	-	1,314,799

Note.6 Notes relating to certain balance sheets items

6.1 Net goodwill

Changes in the carrying amount of goodwill can be analysed as follows:

Balance at December 31, 2017	901,762
Price-complements	-
Loss in value	-
Scope-of-consolidation changes	1,299,132
Exchange rate differences	76,303
Other changes	4,510
BALANCE AT JUNE 30, 2018	2,281,707

- an increase of €2,171k due to the acquisition of the companies Sitz! and Eco! in Germany;

- an increase of €477k due to an adjustment on the acquisition of Information Risk Management in the United Kingdom.

The line item "Other changes" includes an increase of €4,510k attributable to the acquisition of a business in France.

The balance sheet items contributed by the acquired groups are currently being analysed.

The item "Scope-of-consolidation changes" includes:

- an increase of €1,296,484k due to the acquisition of companies of the Aricent group mainly in India and the United States. These values may be modified depending on the finalization of work on the purchase price allocation;

The cash-generating units (CGUs) that have contributed the most to goodwill are listed below:

Main contributors (in thousands of euros)

Aricent	1,370,215
Germany/Austria/Czech Republic ^(a)	172,879
United States/Canada ^(b)	156,085
France	142,716
Netherlands	106,058
Italia	60,300
Spain	50,768
Tessella	48,293
United Kingdom	41,079
Cambridge ^(c)	32,507
India	31,096
Synapse ^(c)	26,653
Belgium	12,434
Others	30,624
TOTAL	2,281,707

(a) The goodwill of Microsys Technologies, the Canadian subsidiary of Altran Concept Tech (Austria), is included in the Germany/Austria/Czech Republic CGU.

(b) The goodwill of Lohika, American subsidiary of Altran US is included in the USA/Canada CGU.

(c) The CGU Synapse formerly associated with the Cambridge CGU is now part of a full-fledged CGU.

(d) The CGU France now includes Luxembourg

The item "Others" mainly includes the goodwill of other recently acquired entities that have not yet been allocated to a CGU and the less significant CGUs.

The CGU Aricent is provisional

The Cash Generating Units (CGU) presenting indicators of loss of value at June 30, 2018 were subject to an impairment test, which did not lead to the recognition of impairment in the income statement.

For carrying out the impairment tests, a revenue growth rate to infinity of 2% was considered, unchanged from the tests performed in 2017, and a post-tax discount rate per CGU (WACC) presented below:

	Discount rate	
	June 2018	Dec. 2017
Germany/Austria/Czech Republic	6,62%	6,50%
USA/Canada	7,50%	7,20%

Sensitivity tests were performed for Cash Generating Units with indications of loss of value. The additional impairment of goodwill, which could result therefrom, concerning the Germany/Austria/Czech Republic CGU and the USA/Canada CGU, is summed up in the table below (in thousands of euros):

Perpetual growth rate		WACC	+1.00%
2.00%	CGU Germany/Austria/Czech Republic	0	10,583
1.00%	CGU Germany/Austria/Czech Republic	0	36,277
1.00%	CGU United States/Canada	0	2,139

Furthermore, based on the assumptions considered, a 3 point decrease in the EBIT rate used in the business plans would lead to a €116m impairment of goodwill for the Germany/Austria/Czech Republic CGU.

6.2 Intangible assets

<i>(in thousands of euros)</i>	Intangible rights	Development costs	Software	Other	Total
At December 31, 2017					
Gross value at opening	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
Changes during the period:					
Acquisitions	12	5,912	2,604	3,015	11,543
Disposals	-	-	-	-	-
Net amortization and provisions	(21,324)	(5,964)	(12,663)	(376)	(40,327)
Change in consolidation scope	346,085	52,755	252,291	12	651,143
Exchange rate differences	19,473	2,877	13,978	(11)	36,317
Other changes	-	-	685	(746)	(61)
Assets held for sale	-	-	-	-	-
TOTAL CHANGES (NET VALUE)	344,246	55,580	256,895	1,894	658,615
At June 30, 2018					
Gross value at June 30	420,318	83,062	400,933	13,108	917,421
Amortization and provisions	(41,610)	(11,316)	(114,530)	(1,361)	(168,817)
Net value at June 2018	378,708	71,746	286,403	11,747	748,604

At Group level, expenses towards development costs in the amount of €5,912k were activated during the 1st half of 2018. The accumulated gross value of the development costs at June 30, 2018 is €83,062k.

The changes in scope include the following intangible assets created as part of Aricent's business combination adjustments:

- development costs of €52,755k for technologies contributed;
- customer relations for €239,266k;
- a trademark for €43,421k;
- order books for €63,388k;
- and mainly the IBM licences contributed by Aricent.

These values may be modified depending on the finalization of work on the purchase price allocation.

For the first half of 2018, net allowances for amortization of intangible assets amounted to €40,327k, of which:

- €13,907k are included in net depreciation, amortization and provisions; and
- €26,421k in amortization of intangible rights.

6.3 Tangible assets

<i>(in thousands of euros)</i>	Land	Constructions	General facilities, fixtures and furnishings	Office & computer equipment & furniture	Other	Total
At december 31, 2017						
Gross value at opening	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 opening	1,088	40,248	26,822	21,718	2,311	92,187
Changes during the period						
Acquisitions	2	10,368	2,086	7,572	6,554	26,582
Disposals			(742)	(163)	(41)	(946)
Net depreciation and provisions		(453)	(3,592)	(7,288)	(397)	(11,730)
Change in consolidation scope	5,853	715	12,045	13,018	1,152	32,783
Exchange rate differences	31	(120)	376	199	103	589
Other changes		785	758	940	(2,424)	59
Assets held for sale						-
TOTAL CHANGES (NET VALUE)	5,886	11,295	10,931	14,278	4,947	47,337
At June 30, 2018						
Gross value at June 30	6,974	60,069	83,436	164,084	12,905	327,468
Depreciation and provisions		(8,526)	(45,683)	(128,088)	(5,647)	(187,944)
Net value at June 30	6,974	51,543	37,753	35,996	7,258	139,524

The Group owns land and property, primarily in the United Kingdom, the Czech Republic and India, for a total net value of €44,459k, €5,432k and €6,590k, respectively.

None of the property, plant and equipment that has been fully depreciated and is still in use has a significant carrying amount.

For the 1st half of 2018, net depreciation amounted to -€11,730k of which -€11,753k was included in depreciation, amortisation and provisions, and €23k in other non-recurring operating expenses.

6.4 Non-current financial assets

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Available for sale		
Cambridge Consultants incubator	2,010	1,595
	2,010	1,595
Loans and credits generated by the Group		
Construction-effort loans	18,659	16,551
Deposits and guarantees	25,397	9,960
Other receivables	262	677
	44,318	27,188
Other financial assets		
Other equity investments	9,703	10,456
Investments in associates		-
	9,703	10,456
TOTAL	56,031	39,239

During the 1st half of 2018, the changes relating to the non-current financial assets is notably explained by:

- the increase in equity interests held by Cambridge Consultants Limited in the start-up Evonetix for €415k;
- the increase of "construction-effort" loans for €2,108k;
- the increase in deposits and guarantees for €15,437k.

6.5 Other non-current assets and taxes

Other non-current assets mainly comprise:

- accrued income and prepaid expenses due in more than 1 year in respect of insurance for €11,846k;
- non-current trade receivables amounting to €546k;
- non-current tax receivables amounting to €158,667k.

6.6 Inventories

<i>(in thousands of euros)</i>	June 2018	Dec. 2017 *
Raw materials	2,070	1,977
Finished and semi-finished goods	108	141
Provisions for inventories	(33)	(32)
TOTAL	2,145	2,086

* 2017 data were restated for the impact of IFRS 15 (see note 5).

6.7 Trade receivables and related accounts, net of provisions for impairment

Trade receivables are due within one year.

<i>(in thousands of euros)</i>	June 2018			Dec. 2017 *		
	Total	Matured	Not matured	Total	Matured	Not matured
Trade receivables and related accounts, net	444,651	94,135	350,516	357,901	69,264	288,637

* 2017 data were restated for the impact of IFRS 15 (see note 5).

Changes in provisions for trade receivables and related accounts (in thousands of euros):

Dec. 2017	Additions	Reversals	Exchange rate differences	Scope of consolidation changes	Other changes	June 2018
(5,638)	(457)	1,898	(127)	(3,762)	72	(8,014)

Overdue trade receivables, net of impairment, can be analysed as follows:

<i>(in thousands of euros)</i>	June 2018	Dec. 2017 *
Less than one month overdue	46,564	43,529
Between one and three months overdue	26,128	12,790
More than three months overdue	21,443	12,945
TOTAL TRADE RECEIVABLES	94,135	69,264

* 2017 data were restated for the impact of IFRS 15 (see note 5).

The Group had factoring facilities amounting to €366m at June 30, 2018. The amount of receivables transferred under the factoring arrangements amounted to €198.2m.

The recognition of receivables assigned without recourse had the following effect on the financial statements (in thousands of euros):

Assets	June 2018	Dec. 2017
Trade receivables and related accounts	(130,711)	(156,314)
Security deposit	8,248	10,303
	(122,463)	(146,011)

Liabilities	June 2018	Dec. 2017
Current financial liabilities	(122,463)	(146,011)
	(122,463)	(146,011)

The Group is responsible for recovering the receivables transferred that are not guaranteed by the factor. These receivables are recognised under assets, with an offsetting entry under "Current financial liabilities" (see note 6.12).

The recognition of these items had the following effect on the financial statements (in thousands of euros):

Assets	June 2018	Dec. 2017
Trade receivables and related accounts	67,455	83,674
o/w unfunded portion of trade receivables and cancellation of deposits	(12,944)	(20,707)
	54,511	62,967

Liabilities	June 2018	Dec. 2017
Current financial liabilities	54,511	62,967
	54,511	62,967

6.8 Assets and liabilities related to client contracts

<i>(in thousands euros)</i>	June 2018	Dec. 2017 *
Inventory and work in progress	5,412	5,017
Clients - Invoices to be issued	284,188	123,415
ASSETS LINKED TO CUSTOMER CONTRACTS	289,600	128,432

* 2017 data were restated for the impact of IFRS 15 (see note 5).

<i>(in thousands euros)</i>	June 2018	Dec. 2017 *
Advances to suppliers	10,812	10,020
Clients - Credit memos to be issued	10,129	12,329
Deferred income	60,540	74,040
LIABILITIES LINKED TO CUSTOMER CONTRACTS	81,481	96,389

* 2017 data were restated for the impact of IFRS 15 (see note 5).

6.9 Other receivables

This line item includes tax receivables, prepaid expenses, personnel and social security receivables and other operating receivables.

Its development is mainly due to the entry of the Aricent group.

6.10 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 €8,248k).

6.11 Shareholders' equity and earnings per share

The following calculations are based on the average half-yearly price in 2018, per Altran Technologies share, of €12.92.

At June 30, 2018, the Altran Technologies share capital amounted to €128,510,552.50 divided into 257,021,105 ordinary shares. During the period ended June 30, 2018, the weighted average number of ordinary shares outstanding amounted to 205,929,446 and the weighted average number of ordinary and dilutive shares amounted to 206,644,885.

Breakdown of share capital	Number	Nominal value
Number of shares at January 1	175,800,265	€0.50
Capital increase	81,220,840	€0.50
Cancellation of treasury shares	(3,212,349)	€0.50
NUMBER OF SHARES AT JUNE 30 (EXCLUDING TREASURY SHARES)	253,808,756	€0.50

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Net income (Altran Technologies)	9,493	130,768
Effect of dilutive share-based payments	689	2,309
Ordinary shares (weighted average number)	205,929,446	172,760,172
Dilutive options granted	715,439	641,181
Earnings per share (in euros)	0.05	0.76
Diluted earnings per share (in euros)	0.05	0.77

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Net income (Altran Technologies) on continuing activities	9,666	139,653
Effect of dilutive share-based payments	689	2,309
Ordinary shares (weighted average number)	205,929,446	172,760,172
Dilutive options granted	715,439	641,181
Earnings per share (in euros)	0.05	0.81
Diluted earnings per share (in euros)	0.05	0.82

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Net income (Altran Technologies) on discontinued operations	(173)	(8,885)
Effect of dilutive share-based payments		
Ordinary shares (weighted average number)	205,929,446	172,760,172
Dilutive options granted	715,439	641,181
Earnings per share (in euros)	-0.00	-0.05
Diluted earnings per share (in euros)	-0.00	-0.05

The following instruments, having a strike price lower than the average price of the 1st half of 2018 with estimated dilutive effect at this time, concern:

- the free share plan set up on March 11, 2015, covering a maximum of 291,779 free shares;
- the free share plan set up on June 1, 2016, covering a maximum of 235,108 free shares;

- the free share plan set up on April 28, 2017, covering a maximum of 188,552 free shares.

The characteristics of the Group's free share plans are provided in paragraph 7.4.

6.12 Net debt

Net debt is the difference between total financial liabilities and cash and cash equivalents.

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Cash and cash equivalents	208,154	372,926
Net cash	208,154	372,926
Bank loans and borrowings (> 1 year)	1,595,540	54
Other non-current financial liabilities	(2,223)	1,133
Current bonds	-	253,340
Current bank loans and borrowings	(2,651)	174
Bank overdrafts	311,483	469,300
Other current financial liabilities	3,644	(5)
GROSS FINANCIAL DEBT	1,905,793	723,996
NET DEBT	(1,697,639)	(351,070)

The Group's net debt increased from €1,346,569k at December 31, 2017 to €1,697,639k at June 30, 2018.

<i>(in thousands of euros)</i>	Dec. 2017	Cash flow	Non-cash flow					June 2018
			Change in factoring	Scope of consolidation changes	Fair value changes	Exchange rate differences	Others	
Cash and cash equivalents	372,926	(164,772)						208,154
NET CASH	372,926	(164,772)	0	0	0	0	0	208,154
Bonds (> 1 year)	0							0
Bank loans and borrowings (> 1 year)	54	1,631,115		471		5,381	(41,481)	1,595,540
Other non-current financial liabilities	1,133	2,702		767	5,072	(509)	(11,388)	(2,223)
Current bonds	253,340	(250,000)					(3,340)	0
Current bank loans and borrowings	174	(290)		353		32	(2,920)	(2,651)
Bank overdrafts	469,300	(181,407)	23,562			4	24	311,483
Other current financial liabilities	(5)	1,231		1,507	3,847	(29)	(2,907)	3,644
GROSS FINANCIAL DEBT	723,996	1,203,351	23,562	3,098	8,919	4,879	(62,012)	1,905,793
NET DEBT	(351,070)	(1,368,123)	(23,562)	(3,098)	(8,919)	(4,879)	62,012	(1,697,639)

Bank loans and borrowings

Bank loans and borrowings can be broken down as follows:

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Banking facilities	6,472	6,333
Factored debts	54,511	62,967
Commercial paper	250,500	400,000
SHORT-TERM LOANS AND BANK OVERDRAFTS	311,483	469,300

Factored debts relate to unsecured receivables assigned to the factor, which amounted to €344m at June 30, 2018, compared with €344m at December 31, 2017.

Cash equivalents

At June 30, 2018, the market value of cash equivalents amounted to €5,911k, and can be broken down as follows:

<i>(in thousands of euros)</i>	June 2018	Déc. 2017
Certificates of deposit and other	1,116	203,911
Sicav and FCP	4,795	
TOTAL	5,911	203,911

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)	-	(4,806)	(5,081)	(5,201)	(4,874)	1,615,502
Other non-current financial liabilities	-	907	225	(3,943)	-	588
Non-current financial liabilities	0	(3,899)	(4,856)	(9,144)	(4,874)	1,616,090
Current bonds	-	-	-	-	-	-
Current bank loans and borrowings	(2,651)	-	-	-	-	-
Bank overdrafts	311,483	-	-	-	-	-
Other current financial liabilities	3,644	-	-	-	-	-
Current financial liabilities	312,476	-	-	-	-	-
TOTAL	312,476	(3,899)	(4,856)	(9,144)	(4,874)	1,616,090

The maturity of the financial liabilities at June 30, 2018 can be broken down as follows:

- less than one year: 16.40%;
- one to five years: -1.19%;
- more than five years: 84.80%.

Principal changes in credit lines

The Group renegotiated its medium-term credit agreement, so all prior commitments were repaid in March 2018.

Term Loan B and revolving credit facility - bank consortium

On February 15, 2018, Altran signed a syndicated senior secured Term Loan B for a maximum of €2,125m (including €1,880m and \$300m), with a bank consortium, as well as a revolving credit facility for €250m. This syndicated loan was used to pay Aricent's acquisition price and to repay the Group's medium and long term debt early.

The key characteristics of these loans are as follows:

- for Term Loan B: maturity at 7 years from the date of disbursement of the funds, i.e. on March 20, 2025;
- for the revolving credit facility: maturity at 5 years, i.e. on March 20, 2023;
- these credits include a right to partial or total repayment, at any time, for a minimum amount of €1m or \$1m;
- in fine amortisation of Term Loan B (€);

- quarterly amortization of Term Loan B (\$) by 0.25% of the amount due, followed by repayment in fine;
- interests on Term Loan B and the revolving credit facility are payable in arrears according to a term of 1, 3 or 6 months as agreed by the borrower and the lender. The interest due dates on Term Loan B were fixed at March 20, June 20, September 20 and December 20;
- maximum remuneration on Term Loan B: EURIBOR +3.25% (€) and LIBOR +2.75% (\$);
- maximum remuneration on the revolving credit facility: EURIBOR +3.25%;
- only the provision of the revolving credit facility is subject to the upkeep of the Net Financial Debt/EBITDA ratio of less than or equal to 5.25 at the end of each quarter until maturity and this only if more than €100m are drawn on this revolving credit line at the end of each quarter;
- the EBITDA considered for the calculation of the covenant is the last 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 External Growth Operation carried out during the said period;
- the net financial debt corresponds to the net financial debt to which the sellers' loans and the price supplement clause relating to an external growth operation are added.

The Group made an early repayment of €500m towards Term Loan B over the period.

The margin level will be revised on a quarterly basis depending on the consolidated ratio of financial leverage (net financial debt/EBITDA).

Applicable margin	Term Loan B (€)	Term Loan B (\$)	Revolving credit
Ratio > = 4.00	3.25% per year	2.75% per year	3.25% per year
Ratio < 4.00	3.00% per year	2.50% per year	3.00% per year
Ratio < 3.50	2.75% per year	2.25% per year	2.75% per year
Ratio < 3.00	2.75% per year	2.25% per year	2.50% per year

The Term Loan B is accompanied by compliance clauses, details of the principal ones whereof are as follows:

- the Company is required, within a maximum period of 90 days as from March 20, 2018 (i.e. the date of 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 the Term Loan;
- 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;

- 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.

Details of the amortisation table of medium-term credit lines at the Group's disposal are as follows:

(in millions of euros)	June 2018	Dec. 2018	June 2019	Dec. 2019	June 2020	Dec. 2020	June 2021	Dec. 2021	June 2022	Dec. 2022	June 2023	Dec. 2023	June 2024	Dec. 2024	June 2025
TLB (Eur)	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0	1,880.0
TLB (USD)	299.3	298.5	297.0	295.5	294.1	292.6	291.1	289.7	288.2	286.8	285.4	283.9	282.5	281.1	0.0
Banking pool revolving loan	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	0.0	0.0	0.0	0.0	0.0

Ratio of financial leverage

The *pro forma* ratio (last 12 months) of the financial leverage is as follows:

	June 2018
Net financial debt/ <i>pro forma</i> EBITDA (financial leverage)	4.24

Derivative financial instruments

Interest rate derivatives

The majority of the bank loans and borrowings have been contracted at variable interest rates, indexed mainly to EURIBOR or LIBOR. The Group has a hedging policy to mitigate risk in accordance with the credit agreement.

	Start date	Maturity date	Type	Fixed rate	Nominal	Initial rate	Currency
Mogan Stanley	06/20/18	03/18/22	CAP	0.47%	400,000,000	Euribor3M	EUR
Goldman Sachs	06/20/18	03/18/22	CAP	0.46%	400,000,000	Euribor3M	EUR
CA	06/20/18	03/18/22	CAP	0.46%	200,000,000	Euribor3M	EUR
CA	06/20/18	03/18/22	CAP	3.10%	250,000,000	Libor3M	USD

At year end, Altran recognised changes in the fair value of interest rate CAP under:

- other comprehensive income, for a net amount of -€1,704k, of which -€2,297k in gross value, and €593k in deferred taxes.
- the CAP fair value is booked in the net debt for €6,320k.

Foreign exchange derivatives

Cash pooling exposes the Group to foreign exchange rate risk. Foreign exchange rate risk is hedged by foreign exchange rate swaps for the most important currencies.

All information relating to liquidity risk is described in paragraph 2.1.5 of the chapter "Risk factors" of the 2017 Registration Document.

The main features of these derivatives are presented below:

Start date	Maturity date	Type	Fixed rate	Nominal	Initial rate	Currency
06/27/18	10/04/18	Forward sale	0,0968	53,900,000	Spot rate	SEK
04/03/18	07/05/18	Forward sale	0,6305	4,700,000	Spot rate	CAD
04/03/18	07/04/18	Forward sale	0,0393	193,000,000	Spot rate	CZK
04/03/18	07/05/18	Forward purchase	1,1413	13,150,000	Spot rate	GBP
04/03/18	07/05/18	Forward sale	1,1360	7,500,000	Spot rate	GBP
05/04/18	08/24/18	Forward purchase	0,8344	19,800,000	Spot rate	USD
04/04/18	08/24/18	Forward sale	0,8236	116,852,405	Spot rate	USD
04/03/18	07/05/18	Forward purchase	0,8514	6,000,000	Spot rate	CHF
06/20/18	07/05/18	Forward sale	0,8678	6,000,000	Spot rate	CHF

At June 30, 2018, the fair value of the forward portion of the swaps (purchase or sale) is as follows (in thousands of euros):

Type	Currency	June 2018	Dec. 2017
Forward sale	CZK	166	36
Forward purchase	CHF	88	
Forward sale	CHF	18	
Forward sale	CAD	(95)	7
Forward purchase	GBP	(140)	16
Forward sale	GBP	45	(3)
Forward sale	SEK	56	
Forward purchase	USD	402	
Forward sale	USD	(3,729)	(706)
TOTAL FINANCIAL LIABILITIES		(3,197)	108

The fair value of foreign exchange derivative instruments was recorded as financial income under foreign exchange income.

Sensitivity analysis of net exposure to foreign exchange rate risk

A 10% appreciation in the euro at June 30, 2018 would have the following effects:

<i>(in thousands of euros)</i>	Asset	Liability	Net foreign currency position	Currency rate as at 06/30/18	Net position in euro before hedging	Derivative instruments	Net position in euro after hedging	Profit and loss Gain/Loss	Equity Gain/Loss
Currency									
USD	2,053.0	(7.0)	2,046.0	0.8578	1,755.0	(83.2)	1,671.8	0.0	167.0
GBP	82.6	(5.3)	77.3	1.1286	87.2	6.4	93.6	0.0	9.3
CHF	0.6	(1.0)	(0.4)	0.8644	(0.3)		(0.3)	0.0	0.0
SEK	53.9		53.9	0.0957	5.2	(5.2)	0.0	0.0	0.0
SGD	113.1		113.1	0.6291	71.1		71.1	0.1	7.1
MXN	3.4		3.4	0.0437	0.1		0.1	0.0	0.0
NOK	6.6		6.6	0.1051	0.7		0.7	0.0	0.0
CAD	4.9		4.9	0.6476	3.2	(3.0)	0.1	0.0	0.0
CZK	450.7		450.7	0.0384	17.3	(7.4)	9.9	0.0	1.0
MAD	22.6		22.6	0.0903	2.0		2.0	0.0	0.2
TRY	0.8		0.8	0.1873	0.1		0.1	0.0	0.0
INR	1,447.1		1,447.1	0.0125	18.1		18.1	0.0	1.8
AED	3.4	0.0	3.4	0.2330	0.8		0.8	0.0	0.0

6.13 Provisions and contingent liabilities

Changes in short and long-term provisions over the period can be broken down as follows:

<i>(in thousands of euros)</i>	Dec. 2017	Additions	Reversals (used)	reversals (not used)	Exchange rate differences	Scope of consolidation changes	Other changes	June 2018
Provisions for labor disputes	923	217	(84)	(171)	-	-	-	885
Provisions for other disputes	299	-	-	-	-	-	-	299
Provisions for subsidiary risk	167	-	-	-	5	-	-	172
Provisions for warranties	-	-	-	-	-	-	-	-
Provision for legal disputes and tax penalties	-	-	-	-	269	17,657	-	17,926
Provisions for other contingencies	41,160	241	(15,012)	(500)	1,398	6,164	(393)	33,058
Provision for restructuring	4,823	219	(719)	-	(9)	-	500	4,814
Provisions for other liabilities	289	3,319	(966)	-	370	27,995	873	31,880
TOTAL NON-CURRENT PROVISIONS	47,661	3,996	(16,781)	(671)	2,033	51,816	980	89,034
Provisions for labor disputes	5,839	914	(617)	(588)	-	-	-	5,548
Provisions for other disputes	354	2	(253)	(18)	1	-	32	118
Provisions for warranties	43	58	(12)	-	36	923	-	1,048
Provisions for legal disputes and tax penalties	-	-	-	-	-	-	-	-
Provision for losses on completion	517	34	(290)	(29)	(7)	-	-	225
Provisions for other contingencies	3,247	83	(1,355)	(321)	78	1,428	737	3,897
Provisions for restructuring	5,871	4,211	(2,108)	(1,002)	(13)	-	(500)	6,459
Provisions for other liabilities	1,185	-	(60)	-	(8)	-	(874)	243
TOTAL CURRENT PROVISIONS	17,056	5,302	(4,695)	(1,958)	87	2,351	(605)	17,538

The changes in scope reflect contingent liabilities, for an amount of €26,990k in accordance with the standard IAS 37 "Provision, contingent liabilities and contingent assets" and €27,177k in

accordance with the standard IFRS 3 "Business combination" in the context of the acquisition of the Aricent group.

These values may be modified depending on the finalization of work on the purchase price allocation.

Restructuring provisions

Changes in the Group's restructuring provisions can be broken down as follows:

Restructuring plans <i>(In thousands of euros)</i>	Dec. 2017	Additions	Reversals	Exchange rate differences	Reallocation	June 2018
Payroll expenses	9,451	4,050	(3,145)	(6)	(228)	10,122
Property lease rationalization	609	380	(264)	(19)	228	934
Other	634	-	(420)	3	-	217
TOTAL	10,694	4,430	(3,829)	(22)	-	11,273

6.14 Employee benefits

Liabilities relating to benefits for employees and social security bodies break down as follows:

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Current employee benefits	251,553	214,464
	251,553	214,464
Non-current employee benefits	61,077	38,941
	61,077	38,941
TOTAL	312,630	253,405

The Group's total obligations regarding retirement plans and post-employment benefits, recognised under "Non-current employee benefits", primarily concern France, India, Italy and Switzerland.

Hedging assets are mainly located in Switzerland and consist of mutual funds, general assets of insurance companies or equities.

6.15 Trade payables and related accounts

Payables to suppliers amounted to €162,058k at June 30, 2018 compared with €135,918k at December 31, 2017.

<i>(in thousands of euros)</i>	June 2018			Dec. 2017		
	Total	Matured	Not matured	Total	Matured	Not matured
Trade payables and related accounts	162,058	57,480	104,578	135,918	27,278	108,640

Overdue trade payables and related accounts can be analysed as follows:

<i>(in thousands of euros)</i>	June 2018	Dec. 2017
Due in less than one month	20,757	16,241
Due between one and three months	870	7,501
Due in more than three months	35,853	3,536
TOTAL MATURED	57,480	27,278

6.16 Suppliers of fixed assets

Payables to suppliers of fixed assets amounted to €138,247k including €66,845k with maturity of more than one year. They correspond to the acquisition of licences from IBM.

6.17 Current liabilities for securities

Current liabilities for securities comprise outstanding earn-outs, which amounted to €56,809k compared with €39,102k at the end of December 2017.

6.18 Fair value

(In thousands of euros)	Fair value	June 2018					Dec. 2017				
		Amor- tized cost	Fair value in income statement	Fair value in share- holders' equity	Account- ing value	Fair value of elements booked at amortized cost	Amor- tized cost	Fair value in income statement	Fair value in share- holders' equity	Account- ing value	Fair value of elements booked at amortized cost
Assets											
Unconsolidated investments	Level 3	9,703	-	2,010	-	-	10,456	-	1,595	-	10,456
Equity-accounted investments	Level 3	-	-	-	-	-	-	-	-	-	-
Loans and receivables	Level 2	25,659	18,659	-	-	-	10,637	16,551	-	-	10,637
Cash equivalents	Levels 1 & 2	-	5,911	-	-	-	-	203,911	-	-	-
Derivative instruments	Level 2	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		35,362	24,570	2,010	0	0	21,093	220,462	1,595	-	21,093
Liabilities											
Bonds	Level 1	-	-	-	-	-	250,000	-	-	-	249,696
Convertible bonds	Level 1	1,636,691	-	-	-	-	-	-	-	-	-
Derivative instruments	Level 2	-	5,716	(6,320)	-	-	-	(650)	-	-	-
TOTAL PASSIF		1,636,691	5,716	(6,320)	0	0	250,000	(650)	-	-	249,696

The fair value of other financial assets and liabilities recognised at amortised cost approximates their carrying amount.

Note.7 Notes to the income statement

7.1 Segment information at June 30, 2018

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 zones are defined as follows:

- France: France, Morocco, Luxembourg and Tunisia;

- Europe: Germany, Austria, Belgium, Netherlands, Czech Republic, Romania, United Kingdom, Scandinavia, Slovakia, Switzerland, Spain, Italy, Portugal, Turkey;
- Americas: North and South America, India and Ukraine;
- Asia: Asia, Oceania.

Segment information

At June 30, 2018 (in millions of euros)	France	Europe	Americas	Asia	Inter-segment elim.	Total
Revenues						
External	485	619	252	17		1,373
Inter-segment	37	19	6	1	(63)	-
TOTAL REVENUES	522	638	258	18	(63)	1,373
Total operating income	543	655	258	17	(63)	1,410
Total operating expenses	(489)	(609)	(247)	(17)	63	(1,299)
Operating income on ordinary activities	54	46	11	0	0	111
OPERATING INCOME ON ORDINARY ACTIVITIES (%)	10.3%	7.2%	4.3%	0.0%	0.0%	8.1%
Assets by region	3,590	1,018	2,613	67	(2,505)	4,783
TOTAL ASSETS	3,590	1,018	2,613	67	(2,505)	4,783

At June 30, 2017 * (in millions of euros)	France	Europe	Americas	Asia	Inter-segment elim.	Total
Revenues						
External	471	595	77	15		1,158
Inter-segment	31	19	5	1	(56)	-
TOTAL REVENUES	502	614	82	16	(56)	1,158
Total operating income	521	625	82	16	(56)	1,188
Total operating expenses	(468)	(579)	(78)	(16)	56	(1,085)
Operating income on ordinary activities	53	46	4	0	0	103
OPERATING INCOME ON ORDINARY ACTIVITIES (%)	10.6%	7.5%	4.9%	0.0%	0.0%	8.9%
Assets by region	1,996	938	149	28	(772)	2,339
TOTAL ASSETS	1,996	938	149	28	(772)	2,339

* 2017 data were restated for the impact of IFRS 15 (see note 5).

France includes the operating subsidiaries and the Group's headquarters (with the management bodies and Group-wide services).

Altran continues to grow with a displayed growth of 18.5% of its revenue which amounts to €1,372.7m compared to €1,158m in the 1st half of 2017 including a net favourable effect related:

- changes in the scope of consolidation: +14.9%;
- change in working days: -0.2%;
- changes in exchange rates: -1.4%.

The Group's operating income was down by 0.8 points and amounted to €111m and 8.1% of revenues.

7.2 Revenues

The following is a breakdown of revenue:

(in thousands of euros)	June 2018	June 2017 *	% Change
Sales of goods	13,792	9,322	+48.0%
Sales of services	1,357,969	1,148,401	+18.2%
Royalties	930	288	+222.9%
TOTAL	1,372,691	1,158,011	+18.5%

* 2017 data were restated for the impact of IFRS 15 (see note 5).

7.3 External expenses

The following is a breakdown of external expenses at June 30, 2018:

<i>(in thousands of euros)</i>	June 2018	June 2017 *	% Change
Outsourcing	102,779	91,902	+11.8%
Operating leases and related expenses	47,369	36,117	+31.2%
Training	7,126	6,503	+9.6%
Professional fees and external services	15,949	14,801	+7.8%
Transport and travel expenses	50,810	43,124	+17.8%
Other purchases and external services	48,708	35,241	+38.2%
TOTAL	272,741	227,688	+19.8%

* 2017 data were restated for the impact of IFRS 15 (see note 5).

Details of the analysis of the changes are provided in the business report in paragraph 2.1 "Group performance" under "External expenses".

7.4 Personnel costs

The following is a breakdown of personnel costs, including CICE (French payroll tax credits), at June 30, 2018:

<i>(in thousands of euros)</i>	June 2018	June 2017	% Change
Salaries & payroll	945,208	813,478	+16.2%
Expenses relating to share-based compensation	1,951	1,612	+21.0%
Non-current employee benefits	1,719	1,236	+39.1%
Employee benefit provisions	1,114	679	+64.1%
TOTAL	949,992	817,005	+16.3%

Share-based payments

The total cost of share-based payments amounted to €689k at June 30, 2018 compared with €1,612k at June 30, 2017 and mainly related to free-share plans set up on March 11, 2015, June 1, 2016 and April 28, 2017.

The key characteristics of the plans are 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
<i>o/w available to corporate officers</i>	0	0	0
<i>o/w available to 10 highest paid employees</i>	116,750	231,583	157,681
Balance at 12/31/2017	116,750	80,844	60,404
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 12/31/2017	261,959	247,166	195,144
Rights created in 2018	29,820	24,030	19,270
Rights forfeited in 2018			
Rights granted in 2018			
Performance stock valuation		(36,088)	(25,862)
Number of shares available for allocation at 06/30/2018	291,779	235,108	188,552

7.5 Depreciation, amortisation and net provisions

<i>(in thousands of euros)</i>	June 2018	June 2017	% Change
Depreciation and amortization of property, plant & equipment and intangible assets	(25,660)	(11,507)	+123.0%
Provisions for current assets	1,526	(553)	-375.9%
Provisions for contingencies and liabilities	1,670	858	+94.6%
Provisions for contingencies and liabilities - Share based compensation	1,120	(702)	-259.5%
TOTAL	(21,344)	(11,904)	+79.3%

7.6 Non-recurring operating income and expenses

<i>(in thousands of euros)</i>	June 2018	June 2017
Proceeds from disposals of property, plant & equipment and intangible assets	(17)	(278)
Proceeds from divestment & liquidation of consolidated investments	684	-
Business divestiture	(15)	14
Cost and litigations related to acquisitions and legal reorganizations	(27,525)	(2,616)
Trade disputes	(52)	(1,048)
Labor disputes	(275)	9
Legal disputes	-	(119)
Non-recurring costs relating to the Strategic Plan	-	(226)
Restructuring costs (net of change in provisions)	(14,810)	(7,264)
Other	(654)	3
TOTAL	(42,664)	(11,525)

Non-recurring operating expense amounted to -€42,664k including:

- the costs related to acquisitions and legal reorganisation: -€27,525k;
- a net impact of -€14,810k reflecting the net effect of the restructuring plans, an analysis by nature of which is presented below:

Restructuring costs

Breakdown of net expenses

<i>(in thousands of euros)</i>	June 2018	June 2017
Salaries	(13,267)	(6,739)
Property lease rationalization + fittings write-offs	(1,590)	(289)
Other	47	(236)
TOTAL	(14,810)	(7,264)

7.7 Cost of net financial debt

The cost of net financial debt of -€24,898k includes interests on loans in the amount of -€22,842k and interests on bank overdrafts and medium-term credits of -€1,075k.

<i>(in thousands of euros)</i>	June 2018	June 2017
Income from cash and cash equivalents		
Interest income from cash and cash equivalents	1,418	1,456
Proceeds from disposal of cash equivalents	-	-
	1,418	1,456
Cost of gross financial debt		
Interest expense relating to bonds	(2,399)	(4,317)
Interest expense relating to loans	(22,842)	
Interest expense relating to other financing operations	(1,075)	(3,476)
	(26,316)	(7,793)
COST OF NET FINANCIAL DEBT	(24,898)	(6,337)

7.8 Other financial proceeds and expenses

<i>(in thousands of euros)</i>	June 2018	June 2017
Financial income		
Financial gains from conversion to present value	251	247
Forex gains	5,441	1,561
Write-offs	11	0
Reversals of provisions for impairment of unconsolidated investments and other non-current financial assets	33	9
Other financial income	67	4
	5,803	1,821
Financial expenses		
Loss on disposal of unconsolidated investments and other financial asset	(2)	-
Impairment of unconsolidated investments and other non-current financial assets	-	(4,540)
Employee benefit provisions	(897)	(335)
Forex losses	(7,040)	(4,422)
Financial expense on measurement to present value	(2,789)	(264)
Other financial expenses	(24,042)	(5)
	(34,770)	(9,566)

Other financial expenses include €6,233k in expenses relating to the setting-up of Term Loan B, and €17,710k in expenses relating to the repayment of previous loans (including €17,484k for bonds). The foreign exchange income is impacted by the fair value of exchange rate instruments.

7.9 Tax expenses

Tax expense on income before income taxes of €14.8m for the first half of 2018 stood at €5m after application of an estimated effective tax rate (ETR) for the full financial year (including "secondary" taxes such as the French CVAE and the Italian IRAP).

The following table shows the change in net income (loss) from discontinued operations:

<i>(in millions of euros)</i>	June 2018	June 2017
Revenues	-	(13.9)
Operating income on ordinary activities	-	1.0
Operating income	(0.2)	0.9
Financial income	-	-
Tax expenses/income	0.1	(0.3)
NET INCOME ON DISCONTINUED OPERATIONS	(0.1)	0.6

7.10 Income from discontinued operations

In accordance with IFRS 5:

- income statement items relating to the Utilities business in the United States, which is being sold, have been reported under the line item "Net income (loss) from discontinued operations" for the 2017 and 2018 reporting periods, after eliminating intra-Group items,

Note.8 Follow-up of significant litigation and contingent liabilities

Significant litigation and contingent liabilities, as reported to shareholders during the approval of the financial statements for the year ended December 31, 2017 (pages 54 to 57 and 240 to 241 of the 2017 Registration Document), did not change notably on the date of approval of the financial statements for the 1st half of 2018.

Note.9 Off-balance sheet commitments

Changes in off-balance sheet commitments are presented below:

<i>(in thousands of euros)</i>	June 30, 2018	< 1 year	1-5 years	> 5 years	31 Dec. 2017
Commitments granted:					
Pledges, security deposits and guarantees					
- for recurring operations	29,286	6,352	7,442	15,492	31,533
- for financing operations	2,147,204	9,181	423	2,137,601	16,536
Operating lease (property, furniture)	1 828	1 828			
- minimum future payments	259,725	66,991	137,732	55,002	229,061
Non-competes concerning former employees					
- gross amount	1,428	1,428			1,316
- social security contributions	400	400			370
Commitments received					
Pledges, security deposits and guarantees					
- for recurring operations	4,398	1,541	2,204	653	5,206
- for financing operations	-				-

Note.10 Information on related parties

Nil.

Note.11 Events subsequent to the reporting date

The following significant events occurred between June 30, 2018 and September 5, 2018, when the Group's financial statements were approved by the Board of Directors of Altran Technologies:

Aricent - Discovery of a financial incident prior to the change of control

On July 13, 2018, the Group announced that an anomaly related to purchase orders that proved to be fictitious was discovered at Aricent, in the context of the first closing of accounts since the takeover by Altran (half-yearly closing at June 30, 2018). This action was the act of an individual and concerned one client,

involving about \$10m and relating to the period from the 3rd quarter of 2017 to the 1st quarter of 2018.

Since the incident was limited to the pre-acquisition period (March 20, 2018), the Group did not note any significant impact on the first half of the 2018 financial year.

The strategic rationale of Aricent's acquisition is strong and is not affected by this incident. Altran launched an external in-depth investigation to confirm that this event is an isolated case; Aricent's internal procedures will be updated following the conclusions of this investigation.

4__ STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

For the period from January 1 to June 30, 2018

This is a free translation into English of the Statutory Auditors' report on the interim financial information that is issued in French and is provided solely for the convenience of English speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report on the interim financial information should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Altran Technologies for the period from January 1 to June 30, 2018; and
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information involves making inquiries with the persons

responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, a review does not guarantee that the financial statements taken as a whole reflect all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements have not been prepared in accordance with IFRS standard, IAS 34, as adopted by the European Union applicable to interim financial information.

II Specific verification

We have also verified the information presented in the interim management report on the condensed consolidated interim financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed consolidated interim financial statements.

La Défense and Neuilly-sur-Seine, September 6, 2018

The Statutory Auditors

Mazars

Jean-Luc BARLET

Deloitte & Associés

Ambroise DEPOUILLY

5 STATEMENT OF RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the last half-year were prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and profit and loss of the Company and of all the companies included in the scope of consolidation, and that this Half-Year Activity Report is a true and fair view of material events arising in the six months in question, their impact on the financial statements, the main related-party transactions as well as a description of the material risks and main uncertainties for the remaining six months of the financial year.

Neuilly-sur-Seine, September 6, 2018

Dominique Cerutti

Chairman and Chief Executive Officer

The English language version of this text is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion, the original French language version of the document takes precedence over the translation.

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INFORMATION DESIGN

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and with a share capital of €128,510,552.50

Head office:

96, avenue Charles de Gaulle
92200 Neuilly-sur-Seine

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