

Press release

30.11.17

Altran Group acquires Aricent and creates the undisputed global leader in Engineering and R&D services

- ***New entity to offer outstanding value proposition to its clients and outpace competition with:***
 - ***Unmatched scale: close to €3 billion in revenues¹, 44,000 employees operating in ~ 30 countries, including 15,000 near and offshore engineers across 5 Global Delivery Centers***
 - ***No. 1 worldwide, no. 1 in Europe, no. 1 in the US²***
 - ***Leadership positions in key industries: Aerospace, Automotive, Design & Innovative Product Development, Life sciences, Semiconductors, Software & Internet, Telecoms***
 - ***Superior expertise in key technology domains, design, product & system engineering, digital & software***
- ***Acquisition price of €1.7³ billion (\$2.0 billion), all cash***
- ***Enhanced financial profile; Altran 2020. Ignition plan's strategic objectives achieved in 2018***
- ***EPS accretive from year 1 and double digit accretion supported by EBITDA run-rate synergies in excess of €50 million***
- ***Acquisition expected to close in Q1 2018, subject to customary conditions***

Altran, a global leader in Engineering and R&D services (ER&D), has entered today, through its subsidiary Altran US, into a definitive agreement to acquire Aricent, a global digital leader in design and engineering services, from a group of investors led by KKR, for a total enterprise value of €1.7³ billion or \$2.0 billion in an all-cash transaction. Based on LTM June 2017 data, this corresponds to 10.6x EBITDA⁴ pre-synergies, and 8.0x⁴ post run-rate-synergies (14.4x EBIT⁴ pre-synergies and 9.9x EBIT⁴ post-synergies). The transaction has been unanimously approved by Altran's Board of Directors and is expected to close in Q1 2018, subject to receipt of antitrust approvals and satisfaction of customary closing conditions. Following the transaction, the

¹ Based on combined LTM Jun-17 revenue pro-forma of €2.9 billion: for Altran pro-forma for full-year impact of acquisitions and for Aricent pro-forma for full-year impact of software deals

² Excluding financial services

³ Converted using FX spot rate EUR/USD of 1.18

⁴ Based on LTM Jun-17 EBITDA and EBIT pro-forma for full-year impact of software deals. Calculations based on enterprise value and financials in US\$. Synergies have been converted using the FX spot rate EUR/USD of 1.18.

combined entity will become the undisputed global leader in ER&D services, a market expected to be worth €220 billion by 2020¹.

Arcent is a global digital leader in integrated design and engineering services, primarily serving clients of the Communications and Technology, Semiconductor and Software industries. Headquartered in Santa Clara (California), Arcent brings design and engineering capabilities to help its clients get to market faster, transform legacy products to digital, and create new revenue opportunities. Among the company's assets is the iconic brand frog, which has with world-class design and client experience capabilities, outstanding knowledge and intellectual property for the Telecom, Software and Semiconductors industries. Arcent also has solid experience in shaping large engineering outsourcing deals and key capabilities in key emerging technologies including Artificial Intelligence, Cognitive Systems, Internet of Things and software frameworks. Over the LTM June 2017, Arcent generated revenues of \$687m with ca.10,500 employees and operated through 24 engineering centers and design studios, serving ca.360 clients globally.

Commenting on the acquisition, Dominique Cerutti, Chairman & CEO of the Altran Group, said: *“Through this acquisition, Altran will be uniquely positioned to offer an unmatched value proposition to its clients and outpace competition. Altran will now have superior scale and scope, and now masters all four critical criteria necessary to lead the industry: a global presence and reach, leadership across most industries, strong expertise in key technology domains and a superior global delivery supply chain. This transaction acts as a catalyst allowing us to achieve Altran 2020. Ignition strategic goals as early as 2018. Current and future shareholders will benefit from this value-enhancing acquisition, delivering EPS accretion immediately while preserving our robust financial profile.”*

“For 26 years, Arcent has positioned itself as a leading global design and engineering company, helping our clients solve their most complex challenges in today's ever-changing, connected world,” said Frank Kern, CEO, Arcent. *“In doing so, we are well-positioned to merge our engineering and design capabilities with those of Altran to create a global leader in R&D engineering services with enormous scale, unparalleled capability, and unique and differentiated innovation. We are excited to join forces with Altran, an organization that seamlessly aligns with our values and core mission. This acquisition is a testament to Arcent's long-standing and deep relationships with our clients and it recognizes the special talents and strength of our more than 10,500 dedicated Arcent employees. We look forward to working closely with Dominique Cerutti and his leadership team to bring even greater value to our clients.”*

Value-enhancing transaction

The acquisition of Arcent is expected to enhance Altran's financial profile, improve profitability and cash generation.

Based on LTM June 2017, the combined entity has:

- pro-forma revenues of ca. €2.9 billion²,
- an EBITDA margin of 14.9%³ (EBIT margin of 12.7%) and
- operating cash generation of 10.0%⁴ of revenues.

¹ Altran 2020. Ignition, Zinnov, McKinsey

² Based on combined LTM Jun-17 revenue pro-forma: for Altran pro-forma for full-year impact of acquisitions and for Arcent pro-forma for full-year impact of software deals

³ Based on combined LTM Jun-17 EBITDA pro-forma: for Altran pro-forma full-year impact of acquisitions and for Arcent pro-forma for full-year impact of software deals

⁴ Operating free cash flow defined as EBITDA pro-forma + share based compensation expense- non-recurring income and expenses +/- change in Net Working Capital - capital expenditure. Excluding IP payments on large 2016 software deal (ca.\$250m to be paid over next 4 years). Operating cash generation defined as operating free cash flow / revenue

With this acquisition, Altran is expected to complete the operational and financial objectives of *Altran 2020. Ignition* plan as early as 2018 and will be in a position to accelerate and capture emerging demand and new opportunities.

This acquisition is expected to generate €150 million of additional revenues translating into €25 million EBITDA run-rate synergies and €25 million of delivery and cost synergies. These synergies are expected to be delivered progressively within 3 years, with implementation costs representing close to 1 year of cost synergies, to be spread over 2018-2019. The deal is expected to be EPS accretive from year 1, and double digit accretive when taking into account run-rate synergies.

Altran has obtained a full financing package for the transaction, which is intended to be refinanced in part through a €750 million rights issue, subject to shareholders' approval and market conditions. Altran shareholders Apax Partners and the founders, who respectively hold 8.4% and 2.8% of the share capital, together representing 16.6% of the voting rights, have confirmed their full support of the transaction, their commitment to vote in favour of the rights issue at the EGM and their intention to participate pro-rata in the rights issue.

Relevant staff representative bodies within Altran and some of its subsidiaries will be informed and/or consulted with respect to the debt financing and/or the rights issue contemplated in the context of the acquisition of Aricent.

Thanks to the strong cash flow generation of the newly created entity, rapid deleveraging is expected while maintaining shareholder remuneration consistent with past practices. Pro-forma for the transaction, Altran will maintain a strong liquidity profile and targets a rapid deleveraging below 2.5x¹ two years after closing.

Strategic Rationale

Altran and Aricent share a common vision of the drivers fueling accelerated growth in the ER&D market, and through their respective transformations have developed capabilities to match the four strategic criteria that top global clients expect from their ER&D partners. Together, Altran and Aricent will have:

- **Global scale and scope:** close to €3 billion in revenues, 44,000 employees operating in ~ 30 countries, and outstanding client reach. The combined company will be No. 1 worldwide, no. 1 in Europe, no. 1 in the US²
- **Leadership positions in key industries:** Aerospace, Automotive, Design & Innovative Product Development, Life sciences, Semiconductors, Software & Internet, Telecoms
- **Premier global delivery model:** the significant build-up of the Indian footprint (ca. 8,500 additional engineers) contributed by Aricent will provide Altran with a best-in-class industrialized supply chain, with a unique scale and balanced split through near/offshore locations (with 15,000 FTEs or 35% of total workforce), enabling the combined company to offer seamless end-to-end delivery to clients cost effectively
- **Superior expertise in key technology domains,** design, product & system engineering, digital & software

¹ Proforma for the €750m capital increase to be realized in 2018, subject to usual conditions including shareholders' approval, works council consultation and market conditions

² Excluding financial services

The combination of these strengths will result in an enhanced client footprint: together with Aricent, Altran will consolidate its preferred access and long-term partnerships with top R&D spenders across all industries and leverage first class access to blue-chip US clients.

Brittany Bagley, member of the Board of Directors of Aricent and a Director on KKR's Technology investment team, said: *"Since first acquiring Aricent over a decade ago, we have supported the company throughout its evolution and growth. As Aricent now enters its next phase, we believe the combination with Altran creates a broader platform for continued success. We are enthusiastic about the opportunities that lie ahead for the company."*

Next Steps

The transaction is expected to close during Q1 2018, subject to receipt of necessary antitrust approvals and satisfaction of other customary conditions.

The launch of the Altran rights issue is subject to an Extraordinary General Meeting's approval of the relevant authorisations and to market conditions.

Crédit Agricole Corporate and Investment Bank, Goldman Sachs International and Morgan Stanley & Co are acting as financial advisors and have provided a committed financing for the full acquisition amount. Altran has obtained a standby commitment from the banks to underwrite the €750 million rights issue, subject to usual conditions. Sullivan & Cromwell LLP is acting as legal advisor to Altran.

J.P. Morgan Securities LLC acted as financial advisor to Aricent, a KKR & Co. portfolio company, Simpson Thacher & Bartlett LLP acted as legal advisor to Aricent and KKR & Co.

Altran will announce its 2017 Full Year results on February 28, 2018 and unveil a new strategic plan during an Investor Day in mid 2018.

Investor Calls Details

Investor meeting & conference call on November 30, 2017 at 8:30 am Paris time (CET) in Altran HQ,

located 96, Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine

Telephone numbers: +33 172727403 or +44 2071943759 or +1 8442860643

Confirmation Code: 57921601#

A conference call dedicated to US investors will be held at 3:30 pm Paris time (CET)

Telephone numbers: +33172727403 or +44 2071943759 or +1 8442860643

Confirmation Code: 93710226#

An investor presentation and the full press release are available on Altran's website:

- https://www.altran.com/us/en/news_press_release/altran-acquires-aricent-and-creates-the-undisputed-global-leader-in-engineering-and-rd-services
- https://www.altran.com/as-content/uploads/sites/7/2017/11/aricent_acquisition.pdf

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About Altran

As a global leader in Engineering and R&D services (ER&D), Altran offers its clients a new way to innovate by developing the products and services of tomorrow. Altran works alongside its clients on every link in the value chain of their project, from conception to industrialization. For over thirty years, the Group has provided its expertise to key players in the Aerospace, Automotive, Defence, Energy, Finance, Life Sciences, Railway, and Telecom sectors, among others. In 2016, the Altran group generated revenues of €2.120 billion. With a headcount of more than 30,000 employees, Altran is present in more than 20 countries.

www.altran.com

About Aricent

Aricent is a California based global provider of ER&D services, offering integrated design and engineering services mainly to clients of the Communications and Technology, Semiconductor and Software industries. Aricent brings design and engineering capabilities to help its clients get to market faster, transform legacy products to digital, and create new revenue opportunities. In 2017, the company generated revenues of \$687 million. Aricent, which currently has ca.10,500 employees, of which ca.8,500 are located in India, operates through 24 engineering centers and design studios, serving ca.360 clients globally.

www.aricent.com

Appendix - LTM¹ Financials as of 30-June-2017

Table A: Revenue, EBITDA, and EBIT

In €m, LTM as of 30-Jun-17	Altran ²	Aricent	Combined
Revenue reported	2,191.6	582.6	2,774.2
Pro-forma full-year impact of software deals	-	47.9	47.9
Pro-forma full-year impact of acquisitions	46.4	-	46.4
Revenue pro-forma	2,238.0	630.6	2,868.6
EBITDA	246.4	140.7	387.1
<i>EBITDA margin</i>	11.2 %	24.1 %	14.0 %
Pro-forma full-year impact of software deals	-	35.3	35.3
Pro-forma full-year impact of acquisitions	4.9	-	4.9
EBITDA pro-forma	251.3	176.0	427.2
<i>EBITDA pro-forma margin</i>	11.2 %	27.9 %	14.9 %
EBITDA	246.4	140.7	387.1
D&A ³	(14.8)	(44.3)	(59.1)
D&A (related to business combinations)	-	12.0	12.0
Net retirement obligation accruals	0.2	-	0.2
EBIT⁴	231.8	108.3	340.1
<i>EBIT margin</i>	10.6 %	18.6 %	12.3 %
Pro-forma full-year impact of software deals	-	21.5	21.5
Pro-forma full-year impact of acquisitions	3.7	-	3.7
EBIT pro-forma	235.5	129.8	365.3
<i>EBIT pro-forma margin</i>	10.5 %	20.6 %	12.7 %

¹ "LTM" stands for Last Twelve Months, i.e. the twelve months preceding 30-Jun-2017

² US utilities business is considered as discontinued (IFRS5)

³ Aricent's D&A relate only to fixed assets. Altran's D&A include depreciation of fixed assets, provisions for current assets and provisions for risks and charges

⁴ EBIT defined as Operating income on ordinary activities as per Altran filings (does not include goodwill impairment, amortization related to intangible assets recognized in the context of business combinations and non-recurring income and expenses)

Note: all numbers of Aricent in US GAAP – captions aligned to Altran's definitions of financial aggregates when possible (including amortization of client relationships below EBIT and criteria used for non recurring income and charges); converted from USD to EUR at the average EURUSD rate over the twelve months preceding 30-Jun-2017 of 1.0901

Table B: Altran Operating Cash Flow Before Tax

In €m, LTM as of 30-Jun-17	Altran ¹
Operating income (IFRS5)	202.1
Goodwill depreciation & intangible rights amortization	7.0
Net operating depreciation and provisions	21.1
Other non-cash items	(10.1)
Cash operating income	220.1
Change in Net Working Capital	(31.0)
Capital expenditure	(46.4)
Proceeds from tangible & intangible asset disposals	(0.7)
Operating cash flow before tax	142.0
<i>Operating cash generation as % of revenue</i>	<i>6.5 %</i>
Pro-forma full-year impact of acquisitions	4.9
Operating cash flow pro-forma before tax	146.9
<i>Operating cash generation pro-forma as % of revenue pro-forma</i>	<i>6.6 %</i>

Table C: Aricent Operating Cash Flow Before Tax

In €m, LTM as of 30-Jun-17	Aricent
EBITDA	140.7
Non cash items	2.7
Non-recurring items	(11.6)
Change in Net Working Capital	(12.4)
Capital expenditure	(15.8)
Operating cash flow before tax	103.7
<i>Operating cash generation as % of revenue</i>	<i>17.8 %</i>
Pro-forma full-year impact of software deals	35.3
Operating cash flow pro-forma before tax	139.0²
<i>Operating cash generation pro-forma as % of revenue pro-forma</i>	<i>22.0 %</i>

Table D: Combined Operating Cash Flow Before Tax

In €m, LTM as of 30-Jun-17	Altran ¹	Aricent	Combined
Operating cash flow before tax	142.0	103.7	245.7
<i>Operating cash generation as % of revenue</i>	<i>6.5 %</i>	<i>17.8 %</i>	<i>8.9 %</i>
Pro-forma full-year impact of software deals	-	35.3	35.3
Pro-forma full-year impact of acquisitions	4.9	-	4.9
Operating cash flow pro-forma before tax	146.9	139.0²	285.9
<i>Operating cash generation pro-forma as % of revenue pro-forma</i>	<i>6.6 %</i>	<i>22.0 %</i>	<i>10.0 %</i>

¹ US utilities business is considered as discontinued (IFRS5)

² Excluding future payment of ca.\$250m over upcoming 4 years for the software deal acquired IP; fully reflected in the offer price of Aricent

Note: all numbers of Aricent in US GAAP – captions aligned to Altran’s definitions of financial aggregates when possible (including amortization of client relationships below EBIT and criteria used for non recurring income and charges); converted from USD to EUR at the average EURUSD rate over the twelve months preceding 30-Jun-2017 of 1.0901

Table E: Aricent Key Financials in \$m

In \$m, LTM as of 30-Jun-17	Aricent
Revenue pro-forma	687.4
EBITDA pro-forma	191.8
<i>EBITDA pro-forma margin</i>	<i>27.9 %</i>
EBIT pro-forma	141.5
<i>EBIT pro-forma margin</i>	<i>20.6 %</i>
Operating cash flow pro-forma before tax	151.5
<i>Operating cash generation pro-forma as % of revenue pro-forma</i>	<i>22.0 %</i>

Note: all numbers of Aricent in US GAAP – captions aligned to Altran’s definitions of financial aggregates when possible (including amortization of client relationships below EBIT and criteria used for non recurring income and charges)

DISCLAIMER

This press release includes certain projections and forward-looking statements with respect to the anticipated future performance of Altran, Aricent and/or the combined group of Altran and Aricent following completion of Altran's acquisition of Aricent, if completed (the "Transaction").

Such information is sometimes identified by the use of the future tense, the conditional mood and forward-looking terms such as "think," "aim," "expect," "intend," "should," "has the ambition of," "consider," "believe," "wish," "could" and so forth. This information is based on data, assumptions and estimates that Altran considers reasonable. Actual results could differ materially from those projected or forecast in the forward-looking statements, in particular due to the inability of Altran to achieve expected synergies or to successfully integrate Aricent, to uncertainties inherent to any business activity and to the economic, financial, competitive and regulatory environment. All forward-looking statements contained in this press release are expressly qualified in their entirety by the cautionary statements contained or referred to in this disclaimer. Each forward-looking statement speaks only as at the date of this press release. Altran makes no undertaking to update or revise any information or the objectives, outlook and forward-looking statements contained in this press release or that Altran otherwise may make, except pursuant to any statutory or regulatory obligations applicable to Altran.

No statement in this press release is intended as a profit forecast or estimate for any period. Persons receiving this document should not place undue reliance on forward-looking statements. Past performance is not an indicator of future results and the results of Altran or Aricent in this document may not be indicative of, and are not an estimate or forecast of, the future results of Altran, Aricent and/or the combined group of Altran and Aricent following completion of the Transaction.

This press release includes market and competition data relating to Altran, Aricent or the potential combined group of Altran and Aricent. Some of this data was obtained from external market research. Such publicly available data is not endorsed by Altran as being accurate and has not been independently verified and Altran cannot guarantee that a third-party using different fact-gathering, analytical or calculation methods to compute market data would obtain the same results. Unless otherwise stated, data included in this press release relating to market size and competitive positions in Altran's and/or the potential group of Altran and Aricent's core markets is based on Altran's management's estimates. All such data is included herein for information purposes only and is subject to the provisions of this notice.

Information relating to Aricent set out in this press release have been prepared based on information provided to Altran by Aricent within the context of the acquisition process. These financial figures have not been audited or reviewed by Altran's auditors.

Combined financial data provided in this press release regarding the potential combined group of Altran and Aricent has been neither audited nor reviewed by Altran's auditors.

Moreover, readers should consult the registration document of Altran, registered with the Autorité des marchés financiers (the "AMF") under no. D. 17-0223 on 24 March 2017 (the "Registration Document"), which is available free of charge from the AMF's website at www.amf-france.org and from Altran's website at www.altran.com/us/en/finance/regulation-information. The Registration Document includes a detailed description of Altran, its business, strategy, financial condition, results of operations and risk factors. Readers' attention is drawn to Chapter 4 "Risks" of the Registration Document. The materialization of all or any of these risks may have an adverse effect on Altran's operations, financial conditions, results or objectives, or the market price of Altran shares.

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