# English Audio Call Alten

**Bruno BENOLIEL, Deputy CEO, Alten**

Good evening, everyone, for being here for this video conference for 2024. It was a tough year, as you may have seen, for our activities. Some of you may have read the press release, which was released by mistake a few hours or minutes before the closing of the stock exchange. We would like to apologise for that. I hope that this will not happen again, because I think it was not the first time. It may have been because of the communication agency.

For 2024, for Alten, despite an expected rebound for the second quarter, unfortunately, the slowdown of the activity that we had observed at the end of 2023 worsened in the second quarter of 2024 for all sectors of activity. Even though the macroeconomic environment has deteriorated, the causes of this slowdown are heterogeneous. It really depends on the sector. For 2024, the activity of the Group remained almost stable, while the latest expectations showed a 0.3% to 0.7% recovery. We had revised our growth expectations and forecast for our October publication after a September start that was more difficult than expected.

At the end of December 2024, the Group’s revenue was EUR 4.13 million, which is down. In France, the activity has increased by 4.8%. On a like‑for‑like scope, we are down 0.2%. However, we are up 4.8% in France because we have made no acquisitions. However, we are down by 2.6% outside of France. We have had 1.5 opening days more than 2023, or a 0.5% increase on like‑for‑like organic growth. For the fourth quarter, we are down 0.5% (up 2% in France, but down by 3.5% outside of France). On a like‑for‑like scope, we are down 2.7% in our activities, and 2.6% outside of France, but we are up 2% in France. The activity rate is about 91.3% for the last quarter. It was 91.8% in the fourth quarter of 2023, which is rather satisfactory, especially given the fact that a lot of projects have been postponed since last September.

The headquarters of the Group has slightly increased with 58 000 compared to 57 000 at the end of 2023, including 50 900 engineers. 1 580 come from acquisitions, 230 were sold and 418 have left the group. This is because of the organic decline. We have lost 158 people abroad and 290 people in France. 11 510 engineers are in France, while 39 390 of our engineers are working outside of France. The activity has grown across the different sectors, except for BFA and telecommunications, but there has been a major slowdown in the third quarter. We did not expect it, especially in the aerospace and automotive sectors. However, life science, defence and energy have remained buoyant.

In the Iberian region, the growth of activity is around 10%. Other sectors are growing significantly, except for life science and finance, which are down slightly. In the Iberian region, you have the appendix with the growth rate per quarter. The growth has increased in 2020, unlike Italy, where the decline has slowed down throughout the year, except for in the banking and finance sector. In Germany, the decline of the activity has worsened throughout the year, reaching 14% year‑on‑year. As you know, the automotive sector, which accounts for 47% of our revenue, is struggling and has been down 18%. The German manufacturers are all down in the third quarter. OEMs are down in the fourth quarter as well. However, generally speaking, regarding OEMs in Sweden and in Germany, if we compare our headcount and our projects within OEMs, or part manufacturers, they are down 45% year‑on‑year, but we end the year with a slowdown that is higher than 60% if we compare to the beginning of the year. Civil aeronautics, which represents 20% of our revenue in Germany, is stable, but it is down in the fourth quarter.

In the UK, activity is down 12%, mainly because of the public sector, which accounts for 45% of the revenue in the UK. It has been down throughout all of 2024 and is down up to 20%. Civil aeronautics, which represents 18% of the revenue in the UK, is also down by 10%, but the activity has stabilised in the second quarter. However, the automotive sector, which accounts for 15% in the UK, has gone up. The growth has slowed down throughout the year, but globally it remains above 15%. Activity is stable in Benelux, but the slowdown has worsened in the second quarter because of Belgium, especially for automotive and life science. In the Netherlands, activity is stable with semiconductors, which has increased in the second quarter. In Scandinavia, the slowdown of the activity is 12% and it has worsened and reached 18% in the last quarter. The automotive sector in Sweden, with tools and tertiary coming from Sweden, have mostly been hit. The automotive sector accounts for 52% of revenue in Sweden. Manufacturers are significantly down, above 50%, while OEMs are also down by around 20%. Eastern Europe is down by 5.5%. Poland, which represents two‑thirds of the region’s revenue, is growing. However, in Romania the decline has continued to worsen in the second quarter and is almost 15% down because of the tertiary and automotive sectors.

In Northern America, the activity is slightly down by 1%. In the US, it is down 3.5% because of a decline in the automotive sector, especially with Stellantis and life science in the last quarter. In Canada, which accounts for 20% in the area, the activity is down across all of the sectors by 5%. In Mexico, there has been 25% growth in finance and in the automotive sector. Finally, the activity is stable in Asia‑Pacific. We are still penalised by Singapore. If it was not for the project that stopped last year, it would be up by 3.5%. China has gone up by 5%, but slowed down because of telecommunication and the automotive sector. India has grown by 8%, but the growth rate has slowed down in the second quarter because of electronics and the automotive sector. Japan was down by 20%, but in the third quarter, we managed to strike a balance thanks to an improvement in the tertiary activity. Korea, which is 10% of the zone, is also slightly down, by 3%, because of the automotive sector.

Now, if we look at the activity by sector, I will give you the main trends. However, the trends have already been mentioned because I have covered most of the regions. Unsurprisingly, the automotive sector was up in the beginning of the year, but this growth eroded and stabilised in the third quarter. However, it started to decline in September. It was up 15% at the end of September. For manufacturers of parts in Scandinavia, the decline is unprecedented, down 20% in the first half of the year and down 30% in the second part of the year, mainly because of Germany. That is a decline of 24.5% over the year. Railway is up 6%. Aerospace is also up 6%, but started slowing down in the second quarter. That was mainly anticipated because of the announcements made by Airbus in July, but the slowdown was more important than expected and more important than what Airbus and parts manufacturers had anticipated. Naval and defence have gone up 5%, but the rate of the growth has slowed down by one‑third in the second quarter.

Energy has increased over the year, by 7.5% and then 2% in the first semester and then by 7% in the second semester, thanks to oil and gas, which has gone up, which is a first in 10 years, and also thanks to the nuclear sector. Energy equipment remains stable. Life sciences was stable at the beginning of the year, but it was down in the second part of the year. Pharma equipment, electronics and semiconductors is down by 1.8%, even though it went up and is now growing starting in the second quarter. Other industries – mainly transformation, processing and equipment – have remained stable throughout the year, when the electronic and semiconductors sector, which was down in the first part of the year, started growing again in the second part of the year.

Telecommunications, which accounts for 5% of the revenue, is down 6.7%, both with operators and parts manufacturers. Finance is down 8.5% and the decline started to slow down at the end of the second semester. Retail services and public services, which accounts for 17% of our revenue, is down by more than 6% because of the budget cuts in public services. You can therefore see that this last quarter is in line with our latest forecast and confirmed a slowdown that is worse than we anticipated in the summer, especially in auto and aerospace, even though the latter was up in the last quarter.

Regarding mergers and acquisitions, the Worldgrid acquisition was finished at the end of November 2024. Only a small business that represents about EUR 5 million in turnover will be transferred in the second semester of 2025 because of social processes in place. The carveout process is long‑lasting and complicated. It is steered under TSA for the entire second semester. The company’s integration into our systems gives way to a long transition, but the operational business will be under Alten as of 1 December. Alten also divested a small business in China and Japan for strategic reasons. It represented EUR 8.9 million in 2024 and 230 consultants.

Regarding our outlook for 2025 now, the second semester was tougher than expected because of an economic slowdown that was worse than expected in most sectors, including the automotive sector, the aeronautics sectors and the public sector. Many of our clients seem to be surprised to have been faced with such difficulties. In the other sectors – life sciences, other industries, telecommunications and tertiary services – we had well anticipated the slowdown. In this gloomy economics, the defence sector, the rail sector and the oil sector are continuing to grow. We will see if the measures taken in the US will give way to a rebound in the US and then probably trickle down to a rebound in Asia and in Europe, but it is too early to anticipate a change in these trends. 2025 is starting just as 2024 was. Just like every year, we are not going to provide figures in January, but we are only going to tell you about onboard growth and the business days. In 2025 compared to 2024, there is one and a half less business days and our degrowth will be about 3%. Our 2025 performances will depend on the second semester and it is too early to say what it will look like.

Alten also confirms that its operational profitability for the business in 2024 will be negatively impacted by a level of inter‑contract that is higher than usual, even if slightly so. The G&A is not covered as well as during the previous years and this will bear fruit in 2025. It started bearing fruit in 2024. We will also see results in 2026. We have made commitments for that. We also confirmed that last October we made an operational margin that is over 8.6% of our turnover, 8.7%.

Nicolas DAVID, Oddo BHF

Good afternoon, Bruno. I had a first question regarding the headcount figures that you mentioned: 58 000 people at the end of the year. Does this include Worldgrid?

Bruno BENOLIEL

It is an excellent question. Indeed, I should have said so. This figure does not include Worldgrid. Worldgrid will be consolidated as of 1 January this year. The figures as of 31 December 2024 do not include it.

Nicolas DAVID

I struggle to reconcile that because you were already at 58 000 at the end of September, if I remember correctly.

Bruno BENOLIEL

Exactly.

Nicolas DAVID

Therefore, there has not been any additional M&A impact?

Bruno BENOLIEL

Yes. Let me give you the figures, as I usually do. If we look at the entire year, organically speaking, we have lost 448 people (158 worldwide and 219 in France). In Q4, we have lost 714 people in France and internationally, so 534 outside of France to cover the inter‑contract costs. This last quarter, we consolidated a company that we had acquired throughout the year, the VMO company in Vietnam. We thus have 694 engineers there as of 1 October. There are about 1 000 consultants in that business, but a lot of them are external. We deconsolidated the business that we sold as of 1 December and it had 230 people.

Nicolas DAVID

That is much clearer. Therefore, there were a lot of people who left in the fourth quarter, I bet mostly in the automotive sector. Does this mean that there will be exceptional costs, as for MOA, for the first quarter?

Bruno BENOLIEL

We had some during the first semester. We will have some in the second semester as well, which will be at least the same. There will be restructuring costs, the cost of people leaving, as well as transaction costs. There will also be the acquisition costs of Worldgrid, and its integration costs, which will continue throughout 2025, and they are far higher than what we usually see at Alten because we are trying to rationalise premises everywhere in order to cut costs as well. We started that in 2024.

Nicolas DAVID

I saw in the press release that you mentioned civil aviation as being one of the growing sectors. That was for the whole year, right? Not to say that that sector had been doing well during the fourth quarter.

Bruno BENOLIEL

That is clearly not the case for Airbus, but I am not sure how to understand this sentence. Civil aviation continued its growth, even through the last quarter, even for the aerospace industry, both aerospace and civil aviation, even if aerospace has decreased. They have had growth of 3% during the last quarter. However, the first semester growth dynamic was much more favourable, and it was based in part on sectors that had positive growth, as well as a much more dynamic civil aviation sector. Overall, if I only look at civil aeronautics, the first semester had a 12.5% growth whereas the second semester, between parts manufacturers and manufacturers, is only growing by 5%. Therefore, growth has slowed more than we expected. We had anticipated a slowdown. I explained this in July. I explained that it was going to slow down quite significantly because Airbus had communicated on budget cuts and a lower number of projects, but actually at the end of September and October, many projects were postponed, and we had not planned on this, and the slowdown was worse than what everyone had anticipated.

Nicolas DAVID

Therefore, this plus 3% includes Airbus?

Bruno BENOLIEL

Yes, absolutely. Yes, of course. Airbus is still growing in the fourth quarter. In the automobile sector, Airbus was slowing down in Germany for the fourth quarter but not overall.

Nicolas DAVID

Are there reasons to believe that it might be worse for Airbus for both France and Germany?

Bruno BENOLIEL

I do not think that we will see a slowdown.

Nicolas DAVID

For the automobile sector, I understand that you lack visibility, but quarter to quarter are there reasons to believe that we have hit rock bottom or can it continue to go down, in particular for parts manufacturers?

Bruno BENOLIEL

I think that it can continue to get worse for equipment manufacturers, but that would be marginal. Now, there has indeed been a decrease for manufacturers, quite a severe stop during the last quarter. I am not sure what will happen in the first quarter. We do not expect things to bounce back quite yet. However, these are different problems from one sector to another. The aeronautics sector is faced with supply chain problems, capacity to deliver and thus cash flow issues, whereas for the automobile manufacturers, there are strategic decisions that have been called into question. Some projects have been put on hold for that reason. It is not my position to comment on their strategy, but our clients have all made different strategic decisions, and they are faced with strict regulations in Europe. Some of them thus have to think about how best to abide by these new constraints, and in the meantime to put their projects on hold. For those of you who read the specialised press, you know what is happening, and some of them are far behind the Chinese. They need to invest in technologies that already exist. Is it worth it or should they just acquire them rather than developing technologies that will only be mature in five years? There are therefore discussions and decisions to be made and that is underway.

Nicolas DAVID

That is very clear. Thank you for this information.

Laurent DAURE, Kepler Cheuvreux

Good evening, Bruno.

Bruno BENOLIEL

Good evening, Laurent.

Laurent DAURE

I have several points to cover with you. When I look at your press release for 2025, you say that ‘our business should stabilise over the first part of the year’ sequentially speaking. In your vision, are there areas where there is growth and others where there are decreases and this cancels out or is everything the same for Q4?

Bruno BENOLIEL

That is a good point. Indeed, when we talk about stabilisation, we talk about sequential stabilisation. We hope that in some areas we have hit rock bottom. We do not necessarily expect to bounce back yet. It is probably going to get worse in some sectors. There have been many more projects cancelled or put to an end than should have been, than is usually the case. When I tell you that we have a negative growth, I take this into account between 31 December and 1 January. It is higher than usual. Compared to where we started the year, there are going to be increases and decreases depending on the sectors, but I hope that overall we will manage to stabilise the business.

Laurent DAURE

Which sector concerns you the most?

Bruno BENOLIEL

Automobile manufacturers.

Laurent DAURE

Are there other segments, other geographical areas, where you are worried about this stabilisation?

Bruno BENOLIEL

Potentially all sectors, Laurent. I see life science, for instance. Sanofi has made announcements, so things might get worse as well in life science. It might be compensated by an increase in nuclear energy and in energy in general. Semiconductors are restarting. We have seen this at the beginning of the year. Is it going to continue or not? I do not know. Things are seeming to stabilise in the banking sector. It is difficult to say as of 20 January. We cannot have reliable perspectives yet.

Laurent DAURE

I have two questions regarding Worldgrid. First of all, what is the consolidation date? 1 December or 1 January?

Bruno BENOLIEL

1 January, which is the reason why the headcount was not included as of 1 December. To be even more precise, because you are professionals, Worldgrid’s balance sheet will be consolidated as of 31 December, so when you look at accounts next year, the goodwill will be externalised for Worldgrid, because the cash was handed, but the P&L will not be. The P&L consolidation, because I think that is what your question underpins, will be as of 1 January.

Laurent DAURE

In the beginning of the process, we lacked visibility regarding costs and the actual margins of this asset. I hope that you are now starting to have a better vision. What is the starting point, in your opinion, regarding these margins?

Bruno BENOLIEL

I will answer this question during the next conference, because this is what we are currently working on. We just received the December information. You consider that we need to work on costs for this asset? It depends on what we are talking about. We are either talking about growth margin, in which case we can probably improve our consulting activities, but we need to understand there are activity rates that are quite low in some places. For the core business, I do not think there are huge improvements to be made on margins because it is quite well managed. Honestly, these are professionals. It is a good company. Now, what is below the growth margin? For sales managers, recruitment and G&A, the company is entirely steered by Atos, which has a recharge system. However, when we bought the company, we bought it on a standalone basis. Therefore, the question now is, because there are only recharge costs, actually, and in gross margin as well, because there are quite a number of consultants that are part of this. When we try to think in an entirely carveout system, just like for Worldgrid, it is different. This is what we are working on today. What is the target standalone structure that would need to be as lean as possible, so that the cost would be as low as possible? I am not answering the question clearly, because I cannot, but that is it.

Laurent DAURE

Do you have the level of the margin for that company?

Bruno BENOLIEL

We do not, but we should have it soon.

Laurent DAURE

Okay. I have one last question. I know that it is really early to talk about the 2025 margins, but I would like to talk about your strategy. I know that you do not have any visibility for the end of the year, but if the business remains as it is right now throughout 2025, how are you going to manage your cost base? Is your ambition to cut more in order to actually extract a little bit of margin or to continue to invest a little bit to protect your margins on a similar level as 2024?

Bruno BENOLIEL

For 2025, even though we have made efforts when it comes to cost, we have structuring costs that we need to engage, especially for offshore areas, Asia and the US. This is something that we need to keep at. We have already started reducing costs in other geographies that are high‑cost geographies, but you cannot tell because of the drop in revenue, even though in terms of millions of euros these are significant amounts of money. In 2025, there are two main uncertainties at this stage. The first is the top line, because it is quite sensitive on the gross margin and therefore the EBIT. The second uncertainty, and this is something that we are going to try to work on, is inter‑contracts. We managed them quite well in 2024. We have managed them quite well, especially given what happened. Our ambition is to improve that again for 2025. As you know, the sensitivity is quite high. We will then continue to optimise and reduce costs, so G&A costs. We can do it, but we do not want it to be detrimental to the way that we are working.

I think that there is going to be a start‑up again at one point or another. There will be a recovery, but there are areas where we need talented people. That is something that we can do without. We might outsource part of our activities and rationalise our legal entities and operational entities in order to limit costs. These are the options that we have. We might outsource. These are processes that are quite long, though, before you actually start seeing the result in the accounts. Therefore, even though this is fruit that may be born in the long run, for now we do not have visibility on the 2025 margin for these reasons. Anyway, we never give our outlook in January or February, but given that there will be fewer working days – I think we have one less working day in France – we had 123.7 in the first half of the year and 122.5 in 2025 – so we know that the margin will be much lower for the first quarter.

Laurent DAURE

I know that it is hard to answer this question, but if we have to sum up, if the revenue continues on the same pace as right now, given the decline of organic growth by 2%, your goal is to optimise costs?

Bruno BENOLIEL

If we are stable based on what we have published in 2024, yes, that is what we are going to do.

Laurent DAURE

Thank you. That was clear.

Emmanuel PAROT, Société de Bourse Gilbert Dupont

I have two questions just so I understand you well on embedded decline. You usually talk about embedded growth at this period of the year. Right now I would say an embedded decline. Do you have the figures? The second question: to date with inter‑contracts, we are at the beginning of the year, so compared to last year, how do we stand with inter‑contracts?

Bruno BENOLIEL

Yes, 3% embedded decline. On top of that, we have the 0.5% working day impact.

Emmanuel PAROT

Therefore, embedded decline is volume plus price?

Bruno BENOLIEL

Yes, exactly. It also factors in the mix impact because when we are talking about prices there are different effects here. You have the price effect per se, so the negotiations, knowing that most of the activity is a work package basis where the prices are one part of the bid that we make, and then we evolve with the negotiations with the client. There is a mixed effect on the activity because there are sectors that are going up, others that are going down, and we do not have the same price index depending on the sector. You have the geography effect as well, which plays a huge role into this because you have countries such as Germany, Benelux and Scandinavia where the price per capita is higher than in Southern Europe, for instance, where we are growing more, such as in Italy and Spain, of course, or in offshore areas where the price per capita is much lower in projects where we have an offshore part. Therefore, when we have done our analysis, to be precise in my answer, we have included the embedded elements in our mix analysis when we posted a 3% embedded decline. For inter‑contract, we do not have the statistics for January yet, naturally, but if we look at the weekly reports, the inter‑contract levels are pretty much equivalent, slightly higher, but not by much compared to last year. It is hard to draw conclusions right now on this.

Emmanuel PAROT

Okay. As a consequence of Q4 for restructuring, you have done the job in the fourth quarter. What can we expect in the first quarter if the inter‑contracts are quite managed? Are you expecting stability?

Bruno BENOLIEL

It will depend on the activity. I cannot tell because it will depend on the activity. If the activity remains stable, then it will be stable. If it continues to go down, we will continue to protect the inter‑contract rates. Of course, we want to keep our talents. We will have to make choices to let people go, but we accept having profiles that are in inter‑contracts. I mean, we need profiles that are in high demand on the market, given that there are talents that we keep in other contracts. Even though the inter‑contract period continues to extend, we know that these are people that we need to keep, so we will see. The turnover has gone down, but it is still quite high, around 20%, which allows us to adjust. Typically, we do not have any net recruiting ambitions, especially because it is hard to give these types of ambitions in a market that is down. We have actually slowed down our hirings to take into account the fact that we will not recruit as much in 2025 as even in 2024, at the beginning of 2024, when we recruited much more.

Emmanuel PAROT

Okay. Thank you very much for this.

Bruno BENOLIEL

My pleasure. Have a nice evening. Have a good night. Thank you.

Aditya BUDDHAVARAPU, Bank of America

Good afternoon, Bruno. This is Aditya from Bank of America. Thanks for taking my questions. There are a couple for me. Firstly, on the full‑year performance in 2024, you did minus 0.2%, so just a bit better than your guidance. Could you just talk about what actually was better than your own expectations in Q4, which geography or which sector? My second question: I know it is too early to give the guidance on the margins, but if I go back to your H1 presentation last year, in September, you talked about the aim to increase your offshore capacity, the aim to deploy your technical direction model overseas, and overall internationalise your offering. Could you talk about the level of investments needed this year, and if maybe any cost savings will be reinvested into those initiatives? That is it for me.

Bruno BENOLIEL

Okay. First, Aditya, 0.2% or 0.4% is really very close. Even if it is better than the highest range, if I may say so, we are very, very close. In the end, we were expecting a decrease in the growth of aeronautics higher than what we finally faced, because we heard in September/October that many, many projects would be cancelled, but in the end, some were launched anyway. In the energy sector, we saw some acceleration among some activities, like nuclear activities, that we did not think would be so high on the one hand, and on the other hand that we could be able to recruit the people that that type of project would require. Also, we had some additional growth among the semiconductor activities. Therefore, some plus did offset some minus, and in the end we were very close to our expectations when we did our forecast mid‑October.

Regarding our offshore capabilities, yes, we did increase our offshore capabilities in some countries, mainly India. We have also added some capabilities in Vietnam for Japan and China, and we are going to try to rely on that company that we bought. We will position within the embedded software to develop that business. However, in the end, in our business, when we rely on offshore capabilities, we do not increase our gross margin because, unlike the IT activities, the aim is to be able to cope with the productivity expectations of the customers, meaning that if a customer launches a bid, for example, and wants to rely on an average daily rate of, let us say, EUR 300, for example, all activities included – I mean, technical management, project managers, young engineers, etc. – and if you accept answering the bid, if you do not have offshore capabilities, and of course, if you do not have the skills among your offshore capabilities to positively answer the bid, you are out of the market. Therefore, as we did develop those short capabilities, today we are able to accompany our customers when they are looking for productivity gains. I am talking, for example, about the aeronautics activities, but more and more the auto business and the offshore capabilities are well positioned today for the transition that the German automakers are putting in place today because of their search for cost reduction.

However, in the end, I would say that it is strategic because we save revenue or we can increase our revenue against the competition, but it does not bring additional margin to the company because the whole gross margin remains unchanged. You know what I mean? The only way, if you want to increase our margins, will be to lower our structure in high‑cost countries for all functions – technical, finance, marketing, HR, etc. – in order to be able to maintain the same level of overall SG&A cost to be consistent with the gross margin contribution to the P&L.

Valentin‑Paul JAHAN, CFA

Good afternoon, Bruno. Good afternoon, everyone. I have several different questions. First of all, regarding the automobile sector, can you please tell us how much Volkswagen weighs in the overall turnover? Also, maybe just the share of the biggest clients – which client is worth how much – to get a better idea of the main margins that could have an impact for 2025?

Bruno BENOLIEL

Therefore, all of the big automobile manufacturers, but is it well divided or do we have one big client? Our biggest client in the automobile sector is Stellantis, so several brands on several continents. They represent 3.4% of our turnover. We also have Renault, Volvo and Volkswagen. Those represent several brands as well: Audi, Porsche, Volkswagen, [inaudible] and so on. BMW, Jaguar, Land Rover, General Motors – so really there are a lot of them.

Valentin‑Paul JAHAN

There is therefore no one client that stands out?

Bruno BENOLIEL

No, no, our main client is Stellantis, worth 3.4% of our turnover, and then the others are just below 2%.

Valentin‑Paul JAHAN

Okay, thank you very much. My second question is regarding the aviation sector. What is the organic variation for the turnover of the aviation sector in Q4, and then can you tell us a little bit about the growth in that sector for Q1?

Bruno BENOLIEL

I have not said so, but for Q4, the aviation sector growth was 3.5%, and there is degrowth in the space industry because we would be above 5% in the aviation sector alone.

Valentin‑Paul JAHAN

This 3.5% is decreasing quite significantly. Does this continue during Q1?

Bruno BENOLIEL

I do not know that, for the headcount, that is. There is minus 3% of growth, and we do not calculate it per sector. It is too complex because there are projects that are spread out through several geographies, and there are projects that are losing momentum throughout the quarter. Therefore, we calculate geography per geography in a global manner, and we start with the embedded situation as of 1 January. That said, it is slightly positive, of course.

Valentin‑Paul JAHAN

Okay. Just to make things a little clearer regarding your guidance‑

Bruno BENOLIEL

It is not exactly a guidance.

Valentin‑Paul JAHAN

Yes, yes, of course. What I mean to say is that there is a stabilisation. You said that it was a sequential stabilisation earlier?

Bruno BENOLIEL

What I understand from it is that it is going to create an organic degrowth in the first quarter of 2025 compared to the first quarter of 2024, with one less business day. It is almost a multi‑digit organic degrowth. I hope that we will not reach minus five, but indeed, we are more at minus four.

Valentin‑Paul JAHAN

Okay. Thank you very much for your answer.

Bruno BENOLIEL

You are welcome.

Derric MARCON, Société Générale

Good evening, Bruno. I have three questions regarding the minus 3% of embedded degrowth in 2024. Is this as of 31 December versus the average headcount and what you expected? This is linked to the previous question. Is it the degrowth that we are going to have as of the first quarter or is it calculated based on the average of 2024? Also, can you give us more granularity between the French embedded degrowth and that of the rest of the world?

Bruno BENOLIEL

The answer to the second question is no. That is an easy one. We calculated the situation as of 1 January and not 31 December. As I have mentioned, it is important because there are projects that stop because the project is supposed to end by the end of the quarter. Therefore, we have quite a step as of 1 January. If we take into account the business situation as of 1 January, and if we take into account the business mix as it was at the end of last year, and we bring that in perspective with the 2024 average, we have an onboard degrowth of 3%. Therefore, it takes into account the mix effect of the business, because even if there is a lot of inertia in our business, we have still had the offshore being developed throughout the year. In Germany, we have seen a significant decrease of turnover, as well as for Scandinavia and the UK, whereas other countries, such as Spain or Italy, that do not contribute as much to the turnover have made progress, have improved. Therefore, this takes this into account as well.

Derric MARCON

Okay, but if this is calculated based on an average, how can you reach minus 4%?

Bruno BENOLIEL

Because this is a snapshot based on an average at the beginning of the fiscal year, in the end, it was not that hard, and you reach a 3% decline on average, so it should be worse. However, for growth onboard the scenario is that the revenue is flat or not growing or declining throughout the year at all, right?

Derric MARCON

I know, but that is what I am saying. However, you are calculating it based on the 2024 average.

Bruno BENOLIEL

Yes, based on the 2024 average.

Derric MARCON

Therefore, the more time passes, the more comparisons you have?

Bruno BENOLIEL

Yes, and it means that by the end of the year, if you look at the trend, we should be lower than minus 3%. Right now, our forecast is minus 4%.

Derric MARCON

On growth onboard, factoring in the margin, is this something that you used to do as well in the past? Also, what about the projects that have been stopped? Are they going to be postponed? It really depends on that. It depends on whether they are projects that will start up somewhere down the line.

Bruno BENOLIEL

When we are talking about projects that were stopped at 31 December. They are not paused. They are not on standby, no. They are projects that have been finalised, that are over. What we are seeing is that that is how the model is working. The business model is when you have a project that ends, you usually have another project that starts, but the volume of projects that start is still lower than the ones that end. You know the model. Starting in February, we usually start getting more and more volume, but at best in February we can give a more accurate forecast. There are less that started compared to last year. It is just that the discrepancy between the number of projects that ended and the number of projects that are starting up again this year is larger this year than last year.

Derric MARCON

Now, in the automotive sector, we have competitors, but we are seeing rather positive comments in Asia, in Europe and in the US. Is this something that you are also seeing, or did you not see a difference between your business with European car manufacturers and the ones outside of Europe? I am not talking about the parts manufacturers here.

Bruno BENOLIEL

Right now, if we look at the manufacturers, we resisted quite well with European car manufacturers, even the German ones, except for one or two. However, right now, whether this is related to our historical positioning with this manufacturer, we do not really see a difference between what is happening in the US, in China and in Europe. I do not see a major difference, depending on the continent and for the different OEMs.

Derric MARCON

Okay. Going back to the cost structure of Worldgrid, which was Laurent’s comment, the way that you are managing this, by definition, is supposed to be lower than Atos, which did have a lot of costs, but with a cost structure that was supposed to be not as lean as yours or not as efficient as yours.

Bruno BENOLIEL

The answer is yes.

Derric MARCON

Do you have a vision on the structure that they are reinvoicing to Worldgrid? When you do not see the Worldgrid margin right now, it means that you do not know what Atos is billing.

Bruno BENOLIEL

Atos billed costs to this subsidiary, and we are not able to analyse them all in detail right now. Therefore, I do not know exactly, to be perfectly honest. This is also Atos’ business, so it is difficult and sensitive to talk about it, but I do not know to what extent they consider that the billing is accurate based on the services that have been offered. Let me give you an example, to be clear. Worldgrid had to be insured when we took over, when they started working within Alten, and I know exactly what the insurance cost is, but if I had to look at the insurance amounts that are being rebilled to Worldgrid, I do not know that. I would have to ask the teams. We would have to benchmark and see if it is consistent, etc., etc. Right now, what we are doing is such that we do not know exactly how it is split. We do not know the breakdown. It is not up to me to look at the recharge or rebilling systems. This is not our business either. The main question is: what is cost structure that is necessary and how can we implement it so we are as efficient as possible?

Derric MARCON

Okay, that was very clear. The last question, just so we understand the seasonality between the different quarters: last year, you started with a lot of bad news for the first quarter of 2024, and in itself, does it make 2025 easier than 2024 if we analyse Q1 and Q2? The activity rate was lower last year and you were unpleasantly surprised, I remember, by the automotive sector. Also, I know that there were tensions in Asia. That was the beginning of 2024, I think.

Bruno BENOLIEL

Last year in Q1, for instance, the beginning of 2024, we were at 91.5 in the first quarter. This year, the activity rate is higher for Q1 in our scenario, in our forecast, because we worked really hard on our inter‑contracts. Now, the comparison basis is, of course, unfavourable because we struggled throughout the year.

Derric MARCON

However, your organic growth in Q1 2025, you do not think it is going to be much better than 2024? My question was really about the seasonality, Q1 and Q2, because the beginning of 2024, Q1 was really terrible and Q2 was better.

Bruno BENOLIEL

I guess it just evens itself out with Q1 this year being not as bad as last year.

Derric MARCON

I just wanted to know if you had the simulation of the forecast per quarter.

Bruno BENOLIEL

I do not have it, not off the top of my head here. I believe this was the last question. I think, because we do not have any hands raised, we can close this conference. Thank you very much. Thank you for being here for our results in 2024. We should reconvene on the 20 February, because then, even though it is quite early in the year, we will still have a few figures from January. Thank you very much for your attention. Have a nice evening. Goodbye.