First half 2012 results

Friday 27 July 2012

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Paris

Disclaimers

First half 2012
27 July 2012

► This document contains further forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability in the future. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2011 Reference Document filed with the Autorité des Marches Financiers (AMF) on April 5th, 2012 under the registration number: D12-0288.

►Global Business Units include **Germany**, **France**, **United Kingdom & Ireland**, **Benelux** (The Netherlands, Belgium and Luxembourg), **Atos Worldline** (French, German, Belgian, Asian and Indian subsidiaries), **Central & Eastern Europe** (CEE: Austria, Bulgaria, Croatia, Serbia, Poland, Czech Republic, Russia, Romania, Slovakia and Turkey), **North America** (NAM: USA and Canada), **North & South West Europe** (N&SW Europe: Switzerland, Italy, Denmark, Finland, Sweden & Greece), **Iberia** (Spain and Portugal), and **Other Business Units** including Major Events (including MSL), Latin America (Brazil, Argentina, Mexico, Colombia and Chile), Asia Pacific (Japan, China, Hong Kong, Singapore, Malaysia, Indonesia, Philippines, Taiwan, Thailand and Australia), IMEA (India, Middle East, Morocco and South Africa), blueKiwi and Atos Worldgrid (including E-Utile).

►Revenue organic growth is presented at constant scope and exchange rates.

►Adjusted (non diluted) Earnings Per Share (EPS) represents the net income adjusted of restructuring, rationalization and customer relationship amortization, net of tax, divided by the weighted average number of shares during the year.

►The AtoS proforma financial information for the 18 months to 30 June 2011 comprises the results of the former Atos Origin perimeter and the acquired scope of the ex Siemens IT Services (SIS), as if AtoS had been in existence since 1 January 2010. The information is provided as guidance only and is unaudited. The key assumptions used in the preparation of the information are as follows:

- The proforma information has been prepared using accounting policies consistent with those used in the historic Atos Origin interim and year-end financial statements;
- Proforma tax is based on the estimated effective rate of tax for AtoS for the relevant periods applied to proforma profit before taxation.
- The proforma Profit and Loss account excludes significant exceptional items as being non-recurring, notably provisions on contract risks recorded in the first semester 2011.

►The Group has decided to exclude all acquisitions and disposals from the Group free cash flow and not only the significant ones, as it was previously the case. Non "Significant" was defined by the rule "which price is below 0.15 % of Group External Revenue". The objective of such a change is to provide a more adequate assessment of the Group operational performance as well as to align the Free Cash Flow definition on the market position and main competitors. This change has no effect on the Group free cash flow reported in 2011.

►The half-year condensed financial statements are unaudited. They have been subject to a limited review by the statutory auditors and the report is in the process of being issued.

Agenda

1. H1 2012 Highlights
2. H1 2012 Financial performance
3. Action plan in France and update on integration and Group transformation
4. Commercial performance and strategic initiatives for future growth
5. Strategy and 2012 objectives
6. Q&A session

Thierry Breton, Chairman & CEO

H1 2012 Highlights

H1 2012 key achievements

- **We reached all our targets for H1 2012**
- **Partnership strengthened:**
- **Acquisitions of companies:**
  - blueKiwi, a social workplace software company located in France
  - E-Utile, an Italian leader in smart energy solutions
  - MSL, a specialist in major events located in Spain
  - Quality Equipment, a Dutch player in electronic payments
- **Major deals signed with:**
  - McGraw-Hill in the US
  - Renewal contract with the first German bank
  - UK Nuclear Decommissioning Authority
  - EDF Energy
- **The Group is transforming** its legal status to a SE (**European company**) in line with its new European dimension

H1 2012 Highlights

4,366
Revenue (EUR m)
(H1 2011 pro forma: EUR 4,307 m)

+1.4%
Revenue organic evolution
(H1 2011 : -0.7%)

15
Backlog (EUR bn)
(1.7 years of revenue vs. 1.5 years in H1 2011)

113%
Book to bill
120%
(excluding Siemens)
(H1 2011: 101%)

5.7%
Operating margin
(H1 2011 pro forma: 3.7%)

102
Net income Group share (EUR m)
(H1 2011: EUR 100* m)

129
Free cash flow (EUR m)
(H1 2011: EUR 83 m)

+101
Net cash (EUR m)
(Dec 2011: EUR -142 m)

H1 2011 is Atos Origin only, except revenue and operating margin on a pro forma basis
** Including EUR 32 million positive one-off result before tax on pensions new indexation in the UK*

2

Michel-Alain Proch,
Executive Vice President and Group CFO

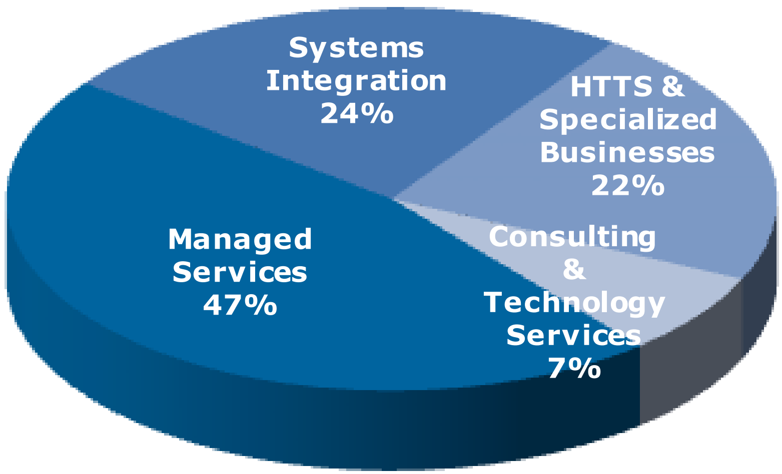
H1 2012 Financial performance

Constant scope and exchange rates figures reconciliation

In EUR million	H1 2012	H1 2011	*% growth*
Statutory revenue	4,366	2,476	*+76.3%*
Scope impact		1,768	
Exchange rates impact		63	
Revenue at constant scope and exchange rates	4,366	4,307	*+1.4%*
Operating margin	248.8	166.2	*+49.7%*
Scope impact		-9.4	
Exchange rates impact		1.9	
Operating margin at constant scope and exchange rates	248.8	158.7	*+56.8%*

H1 2012 performance by Service Line

First half 2012
27 July 2012



- **Growth in 2 Service Lines**
- **Atos revenue based on multi-year contracts increased to 77 percent**
- **Cyclical activities started to slowdown**

	Revenue			Operating Margin		*Operating Margin %*	
In EUR million	H1 2012	H1 2011*	*% growth*	H1 2012	H1 2011*	H1 2012	H1 2011*
Managed Services	2,026	1,967	*+3.0%*	146.2	66.0	*7.2%*	*3.4%*
Systems Integration	1,067	1,087	*-1.9%*	41.2	32.7	*3.9%*	*3.0%*
HTTS & Specialized Businesses	967	936	*+3.2%*	105.8	96.7	*10.9%*	*10.3%*
Consulting & Technology Services	307	316	*-2.8%*	11.6	23.5	*3.8%*	*7.4%*
Corporate costs**				-56.1	-60.3	*-1.3%*	*-1.4%*
Total Group	4,366	4,307	*+1.4%*	248.8	158.7	*5.7%*	*3.7%*

** Constant scope and exchange rates*
*** Corporate costs exclude Global delivery Lines costs allocated to the Service Lines*

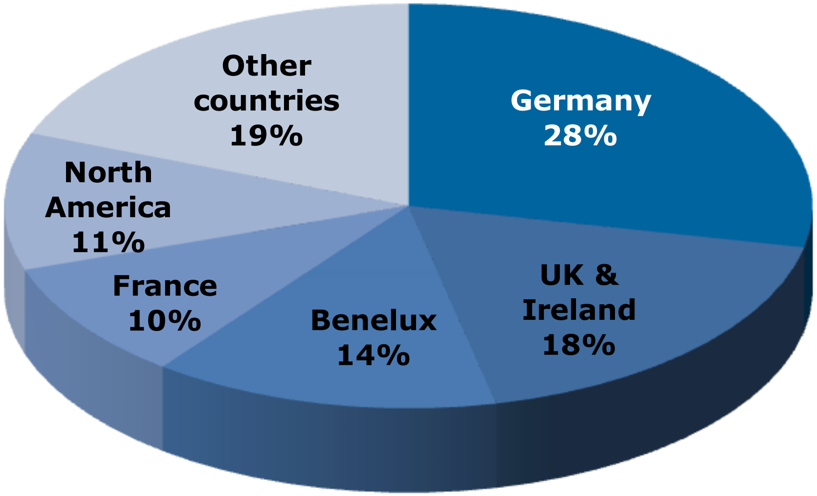
Managed Services

- Revenue, operating margin:

In EUR million	H1 2012	H1 2011*	*% growth*
Revenue	2,026	1,967	*+3.0%*
Operating margin	146.2	66.0	*+121.5%*
Operating margin rate	*7.2%*	*3.4%*	*+386bp*

**constant scope and exchange rates*

- Revenue breakdown by GBU:



- Headcount at June 30th, 2012 was **27,362**

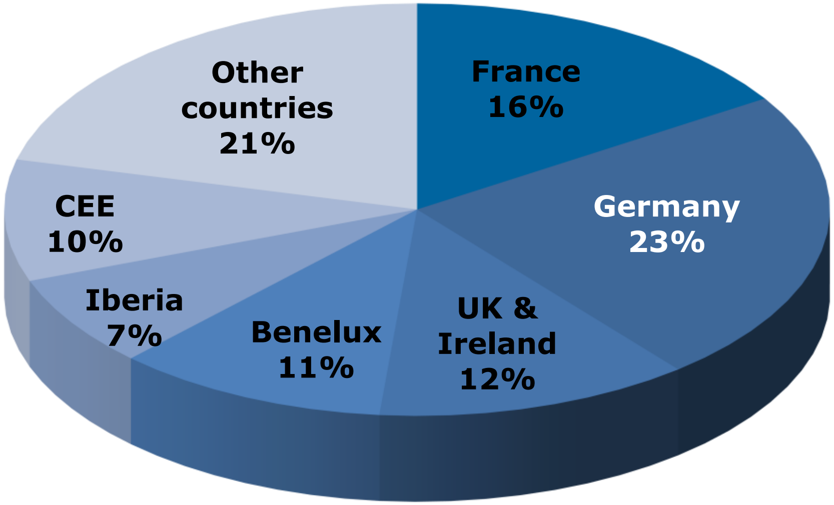
Systems Integration

▶ Revenue, operating margin:

In EUR million	H1 2012	H1 2011*	*% growth*
Revenue	1,067	1,087	*-1.9%*
Operating margin	41.2	32.7	*+26.0%*
Operating margin rate	*3.9%*	*3.0%*	*+85bp*

**constant scope and exchange rates*

▶ Revenue breakdown by GBU:



▶ Headcount at June 30th, 2012 was **22,210**

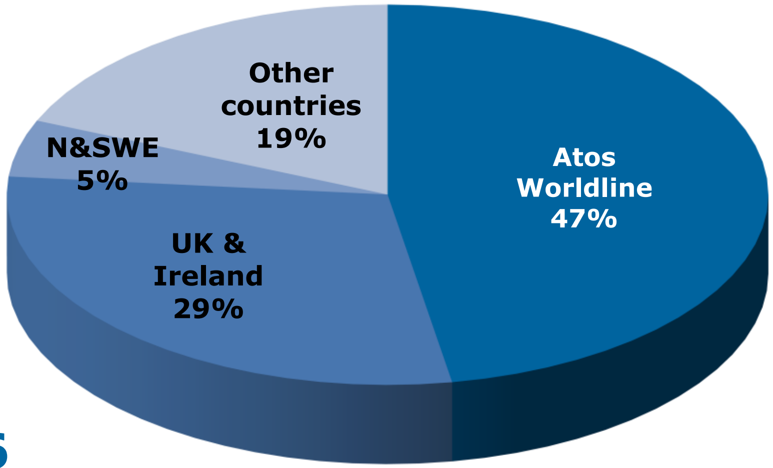
HTTS & Specialized Businesses

- Revenue, operating margin:

In EUR million	H1 2012	H1 2011*	*% growth*
Revenue	967	936	*+3.2%*
of which HTTS	*597*	*571*	*+4.4%*
Operating margin	105.8	96.7	*+9.4%*
of which HTTS	*89.9*	*81.9*	*+9.7%*
Operating margin rate	*10.9%*	*10.3%*	*+61bp*
of which HTTS	*15.1%*	*14.3%*	*+72bp*

**constant scope and exchange rates*

- Revenue breakdown by GBU:



- Headcount at June 30th, 2012 was **11,796**

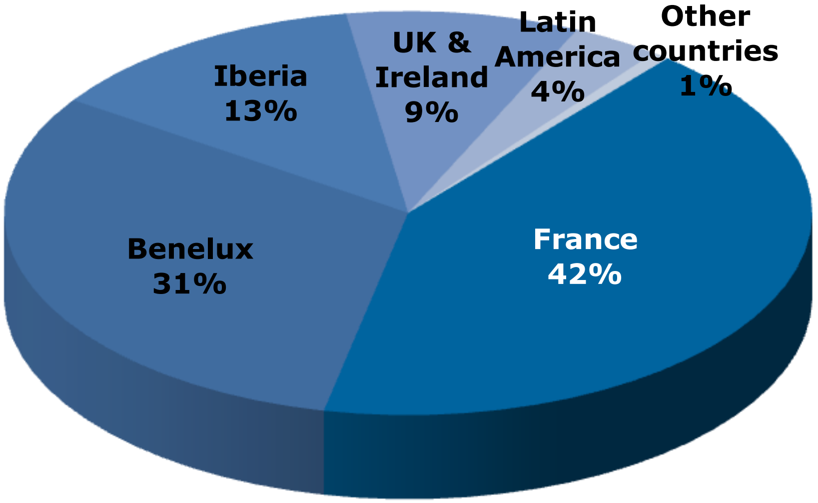
Consulting & Technology Services

- Revenue, operating margin:

In EUR million	H1 2012	H1 2011*	*% growth*
Revenue	307	316	*-2.8%*
Operating margin	11.6	23.5	*-50.5%*
Operating margin rate	*3.8%*	*7.4%*	*-365bp*

**constant scope and exchange rates*

- Revenue breakdown by GBU:



- Headcount at June 30th, 2011 was **6,993**

H1 2012 performance by Business Units (GBU/SBU)

In EUR million	Revenue			Operating Margin		*Operating Margin %*	
	H1 2012	H1 2011*	*% growth*	H1 2012	H1 2011*	H1 2012	H1 2011*
Germany	840	791	*+6.2%*	65.6	24.7	*7.8%*	*3.1%*
United-Kingdom & Ireland	812	761	*+6.7%*	55.7	45.7	*6.9%*	*6.0%*
France	500	514	*-2.7%*	0.5	19.3	*0.1%*	*3.8%*
Benelux	493	524	*-6.0%*	33.6	36.9	*6.8%*	*7.0%*
Atos Worldline	457	454	*+0.8%*	78.6	75.0	*17.2%*	*16.5%*
North America	275	254	*+8.6%*	23.3	-1.4	*8.5%*	*-0.6%*
Central & Eastern Europe	269	272	*-0.9%*	26.8	10.4	*10.0%*	*3.8%*
North & South West Europe	202	205	*-1.4%*	13.2	-8.7	*6.5%*	*-4.2%*
Iberia	165	173	*-5.0%*	2.5	1.6	*1.5%*	*0.9%*
Other BUs	353	360	*-1.9%*	18.1	19.7	*5.1%*	*5.5%*
Global structures**				-69.1	-64.5	*-1.6%*	*-1.5%*
Total Group	4,366	4,307	*+1.4%*	248.8	158.7	*5.7%*	*3.7%*

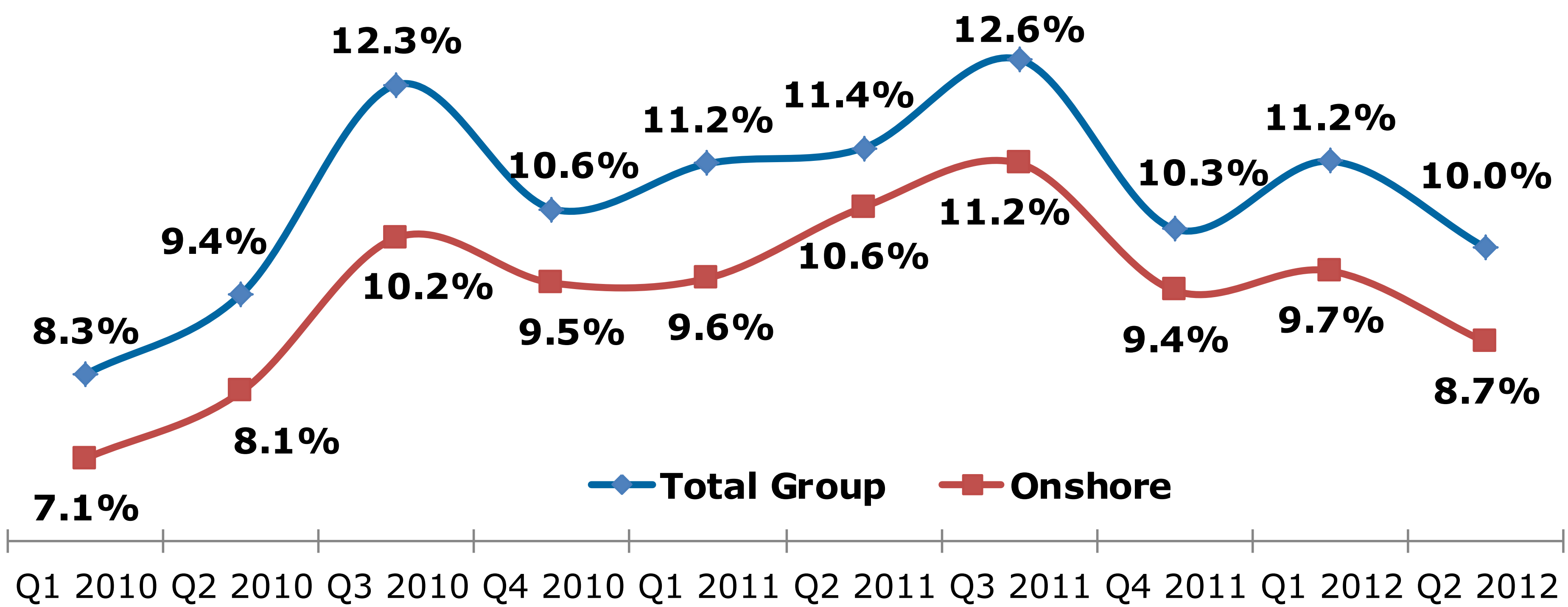
** Constant scope and exchange rates*

*** Global structures include the Global delivery Lines costs not allocated to the Group Business Unit and the Corporates costs*

H1 2012 Group headcount evolution

Annualized attrition by quarter

▶ **Attrition remains under control**



IT integration costs

- Integration costs: primarily the migration of internal IT platforms
- Completion of the program expected by the end of 2012

H2 2011	**EUR 30 million**	**18 months**
H1 2012	**EUR 28 million**	
H2 2012e	**EUR 22 million**	
	EUR 80 million	

Total cost of the IT integration program estimated around EUR 80 million representing less than 1 percent revenue.

Situation of Atos pension plans

- Atos has around **80%** of its pension liabilities **in the UK and the Netherlands**

- In H1, main impacts were :
  - **finalization of the SIS UK pension transfer** with EUR 285 million liabilities and EUR 393 million assets, which resulted in a EUR 108 million net pension surplus
  - **Decrease in discount rates** for the Eurozone negatively impacted net pension provision by EUR 173 million

- **Net pensions provision** at 30 June 2012 at **EUR 248 million** compared to EUR 200 million at 31 December 2011

H1 2012 Statutory income statement

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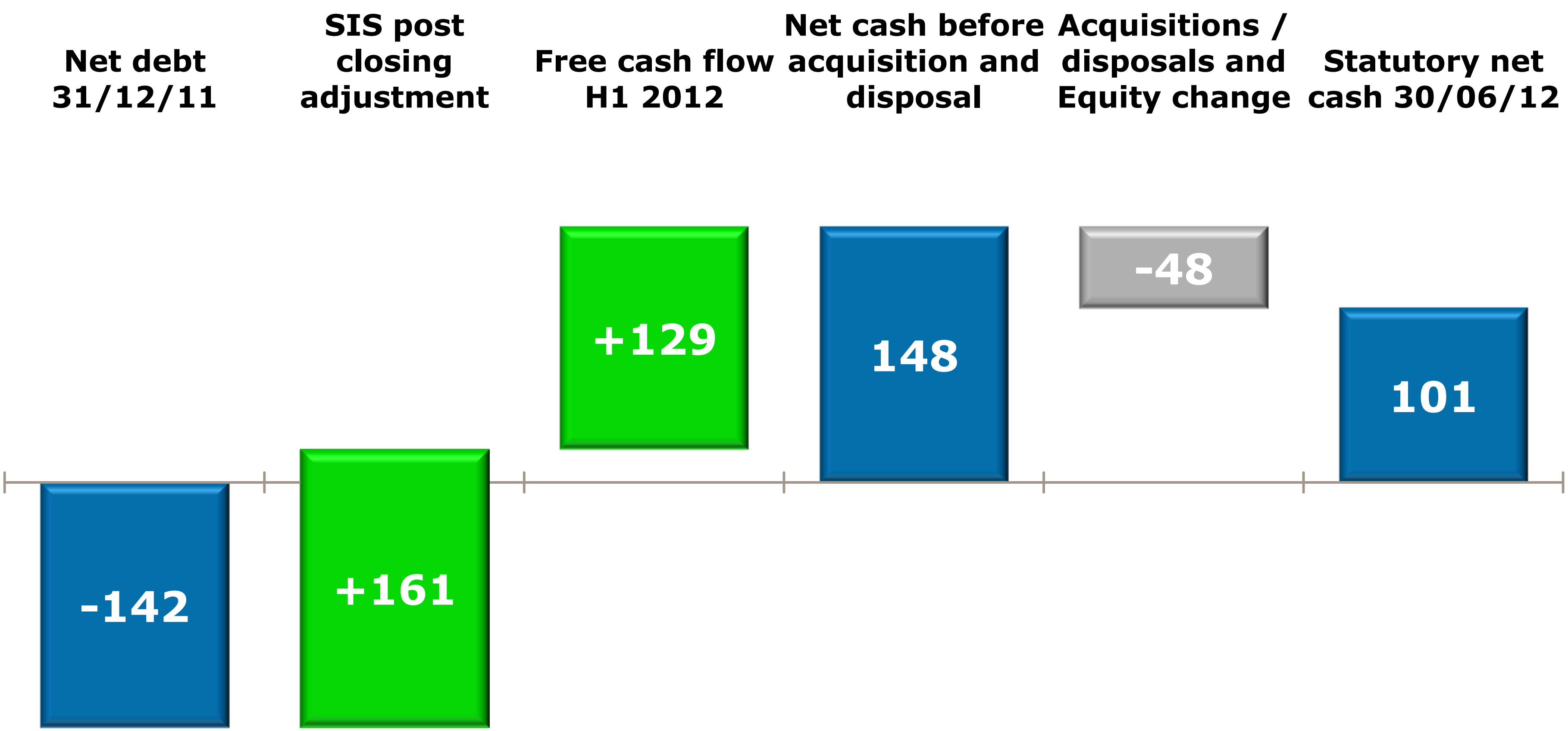
In EUR million	***H1 2012***	***H1 2011 statutory***
Revenue	**4,366**	**2,476**
Operating Margin	**248.8**	**166.2**
% revenue	*5.7%*	*6.7%*
Staff reorganization	-27.6	-24.1
Premises rationalization	-8.1	1.8
Integration & acquisition costs	-28.4	-16.3
Customer relationships amortization (PPA)	-20.2	-
Change in UK pension indexation	-	33.0
Others	5.9	-0.2
Operating income	**170.4**	**160.4**
Net financial expenses	-19.7	-22.6
Income tax expenses	-47.7	-38.9
Non controlling interests and associates	-1.2	0.7
Net income Group Share	**101.8**	**99.6**

H1 2012 cash flow and net cash position *(in EUR million)*



H1 2012 Cash flow statement

In EUR million	***H1 2012***	***H1 2011***
OMDA (*)	**345.4**	**241.0**
Net capital Expenditures	-131.0	-72.3
Change in working capital	58.4	51.7
Cash flow from operations	**272.8**	**220.4**
Reorganisation	-25.4	-34.7
Rationalisation	-24.9	-20.1
Taxes paid	-30.8	-21.9
Net costs of financial debt paid	-16.5	-8.5
Net long term investments	-4.9	-8.6
Integration & acquisition costs	-28.5	-16.3
Other changes	-12.4	-27.2
Free cash flow	**129.4**	**83.1**
Net material (acquistions) / disposals	103.0	-
Capital increase / (decrease)	10.0	-
Dividends paids to shareholders	-	-34.9
Change in net debt	**242.4**	**48.2**
Closing net cash	**100.6**	**(91.0)**

(*) Operating Margin before Depreciation and Amortization

Simplified balance sheet

In EUR million	30 June 2012	31 Dec. 2011	30 June 2011
Goodwill	1,966	1,982	1,578
Intangible assets	466	472	84
Tangible assets	683	680	368
Non-current financial assets	57	208	256
Net Deferred tax assets	159	137	201
Net Non-current assets	**3,331**	**3,479**	**2,486**
Working Capital	**-308**	**-136**	**-137**
Shareholders Equity	2,314	2,323	1,670
Equity of minority interests	31	6	4
Total Equity	**2,345**	**2,329**	**1,674**
Net pension provision	248	200	434
Provisions	529	672	149
Net cash	**101**	**-142**	**-91**

Charles Dehelly,

Senior Executive Vice President of Global Operations

Action plan in France and update on integration and Group transformation

France Focus

First half 2012
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New Management team

- **New CEO**
  as of October 2011
- **New HR Director**
  as of December 2011
- **New MS Head**
  as of February 2012
- **New Consulting Head**
  as of February 2012
- **New SI Head**
  as of July 2012

+

Client first Program

Short term actions

- **Margin improvement**
- **Simplification of the organisation**
- **Enhanced people management**

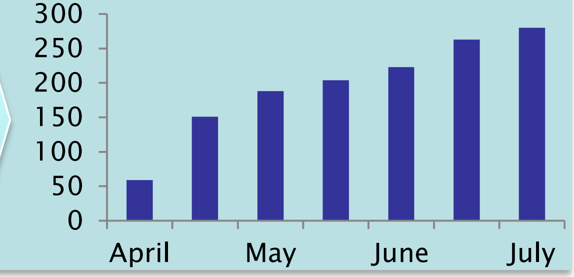
Long term actions

- **Porfolio mix**
- **eXpand program**
- **Canopy & Yunano**

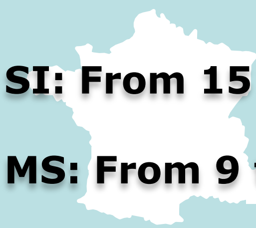
France Focus
Short term execution plan

- **Margin improvement**
  - Weekly review of projects in MS and SI starting with most critical ones
  - Monitoring of associated action plans (price renegotiation, delivery model optimization…)
  - Increased focus on margin in local project manager incentive scheme
- **Simplification of organisation**
  - Focus SI delivery center on technology
  - Consolidate MS and capitalize on Global Factory
  - Well distributed TS agencies to cope with small deals and to shorten the loop with the customer and management (transfer of 950 resources as of July 1^{st})
- **People management**
  - Wellbeing@work Program including training
  - Tight hiring and subcontractors control
  - Increased and encouraged internal mobility

Nb of projects reviewed



Nb of delivery centres (January 1^{st} vs. July 1^{st})

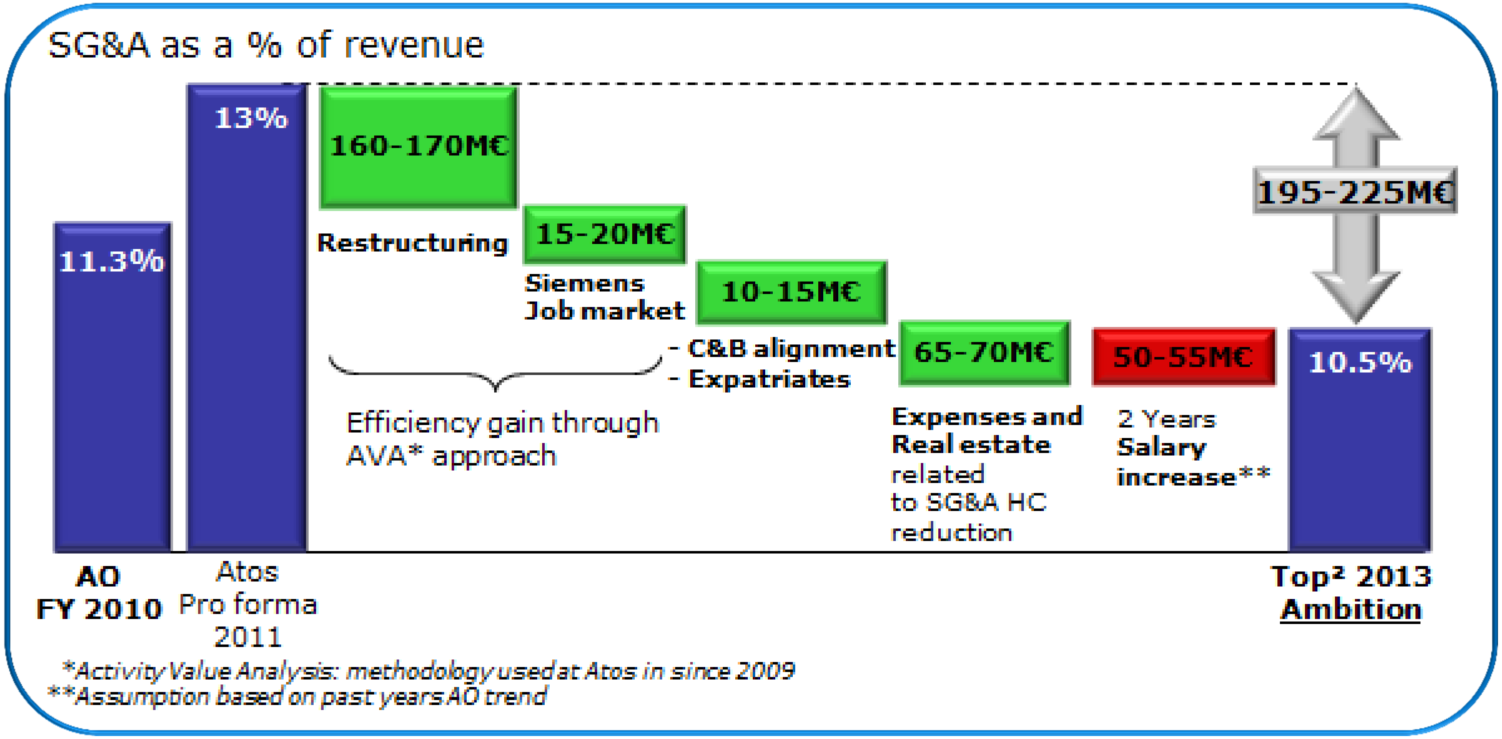


SI: From 15 to 5

MS: From 9 to 5

SG&A: Update of post-merger savings

▶ **As presented** at the Investor Day on 6 October 2011:



▶ **Confirmation** of the 2012e SG&A **target at 11.5%** with **Q4 2012e below 11%**

Indirect headcount reduction: fully identified and exit plan well online to deliver expected savings

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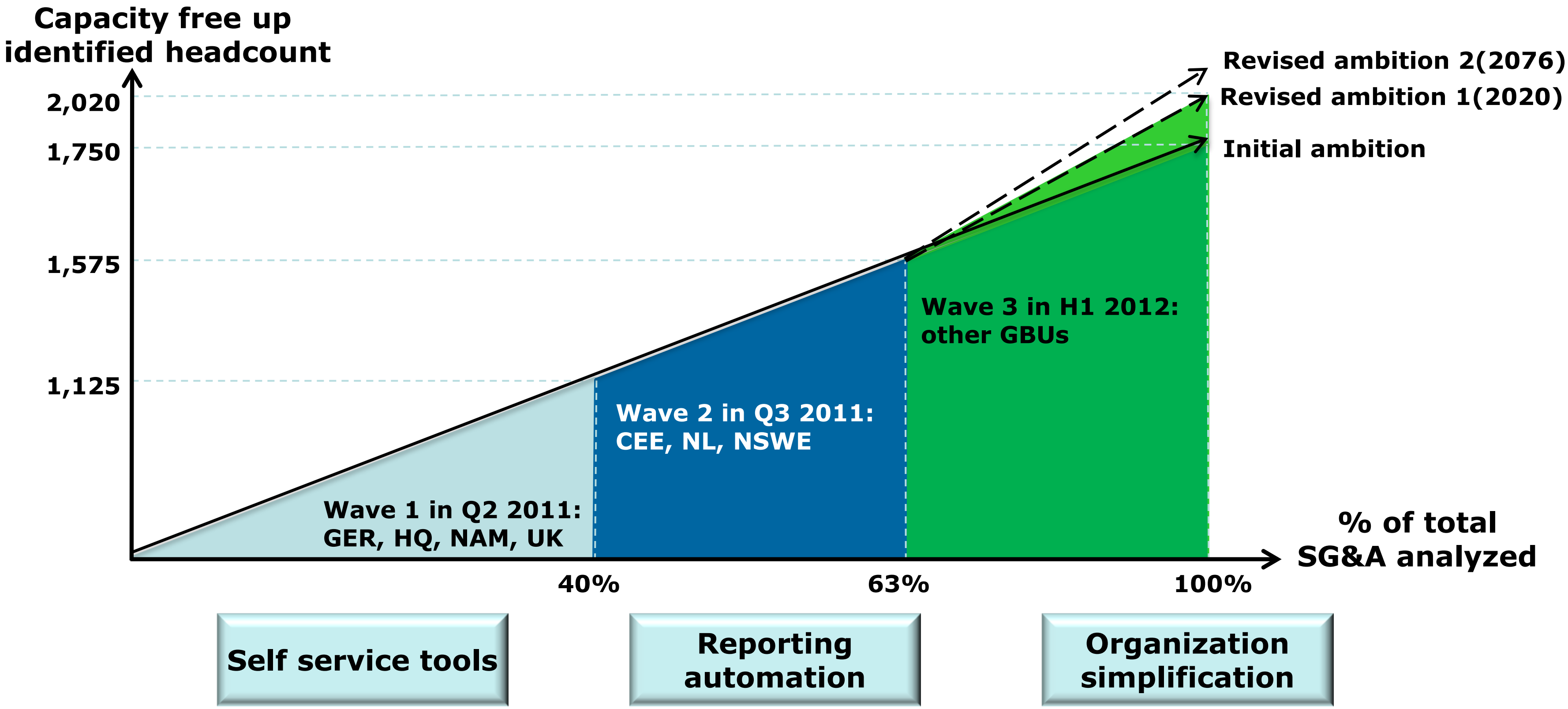
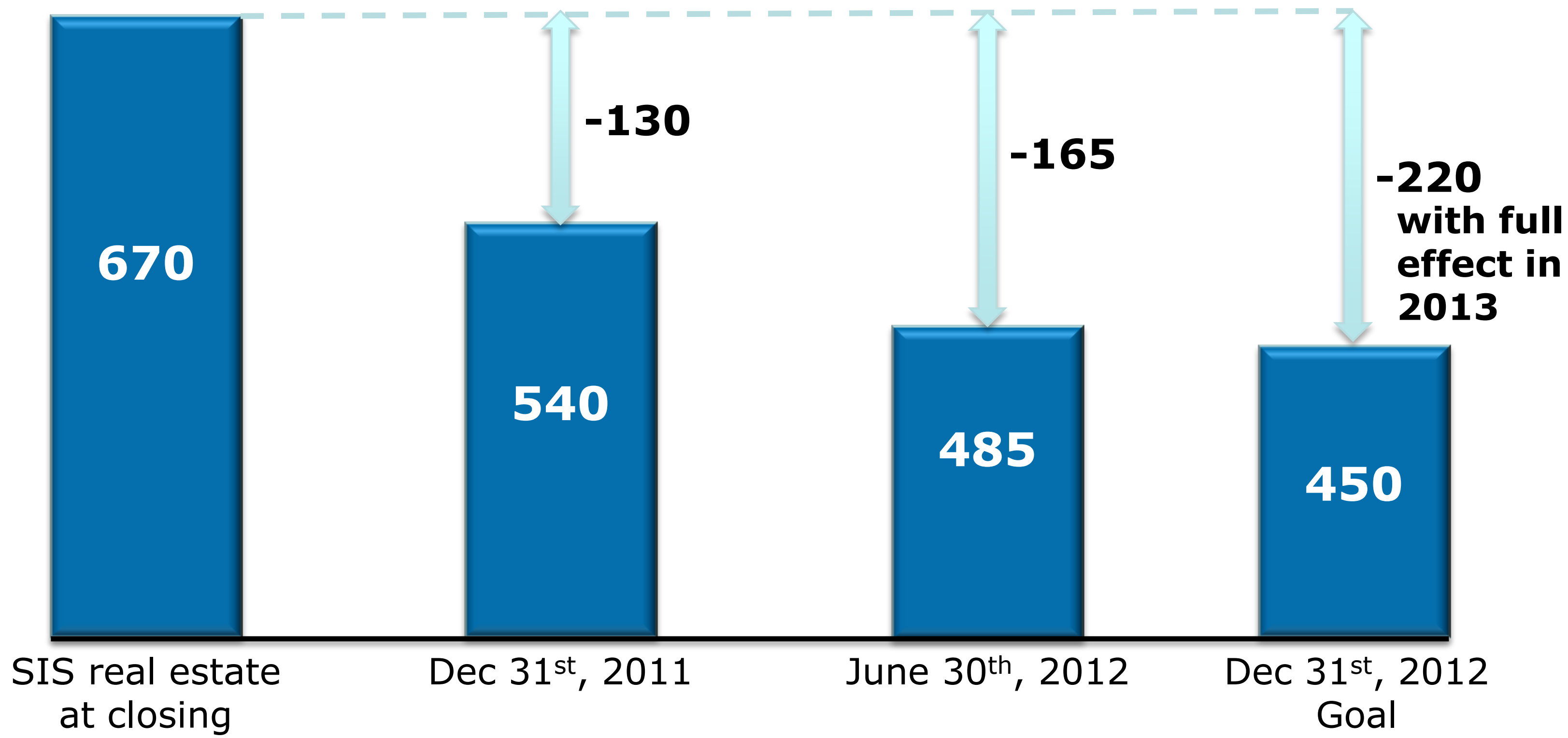


AVA allowed to overachieve the initial ambition of 1,750 staff by 326HC with 100% of SG&A scope analyzed at the end of June 2012. 1670 staff exited by mid 2012. 1,751 exited by the end of 2012 and 2,076 by the end of June 2013.

Real Estate : surface reduction well on track to deliver expected savings

▶ Former SIS scope real estate in thousand of square meter



Confident in achieving Atos standards
EUR 40-50 million/year savings through m²/staff ratio reduction

Source: TOP² program, Atos real estate

Gilles Grapinet,

Senior Executive Vice President, Global Functions

Commercial performance and strategic initiatives for future growth

H1 Commercial activity

- **Total order entry in H1 2012 at EUR 4,949 million**

- **Book to bill ratio by activity:**

	H1 2012	H1 2011*
Recurring businesses	121%	99%
Cyclical activities	97%	103%
Total Group	113%	101%

- **Book to bill ratio by market:**

	H1 2012	excluding Siemens
Manufacturing, Retail & Services	95%	111%
Public sector, Healthcare & Transport	105%	105%
Financial Services	113%	113%
Telecoms, Media & Technology	154%	154%
Energy & Utilities	150%	150%
Total Group	113%	120%

* *Statutory figures*

Manufacturing, Retail & Services

Business trend and Atos commercial performance

First half 2012
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MRS business trends:

- Main international manufacturing firms globalizing IT landscape
- Aggressive development strategy in emerging markets (new plants supply chains…)
- More and more digital IT Innovation embedded in core products

Atos growth drivers:

- Unique positioning in IT outsourcing: Atos is systematically invited to major MRS bids in H1 2012
- Strong PLM and MES portfolio and capabilities from the merger
- Significant first penetration in telematics and interactive IT for the automotive industry

- **Key achievement in H1 2012:**
  - **Revenue H1 2012:** EUR 1,447 million
  - **Book to bill:** 111% (excluding Siemens)
  - Large deal signed in H1
  - Positive book to bill expected in H2

- **Main win in H1 2012:**

AkzoNobel
SIEMENS
KARSTADT
RENAULT NISSAN

Public sector, Healthcare & Transport
Business trend and Atos commercial performance

PHT business trends:

- More pressure on short term for discretionary spends
- Public debt crisis drive rethinking on « core activities » in the public sector
- Openness for different business models (PPP, transaction based services) to save Capex on public customers side

Atos growth drivers:

- In ITO : European footprint and customers intimacy in the largest countries
- Post-merger portfolio offerings fully matching specialized IT needs in PHT (cyber security, consolidation, virtualization,…)
- HTTS Business model and Atos Cloud offerings are ideally positioned to address the new business model trend

- **Key achievement in H1 2012:**
  - **Revenue H1 2012:** EUR 1,163 million
  - **Book to bill:** 104%
  - Significant deals signed in H1 in Europe and in the US
  - Book to bill > 100% anticipated for H2

- **Main win in H1 2012:**

DH Department of Health

Ministerie van Onderwijs, Cultuur en Wetenschap

THE CITY OF SAN DIEGO · STATE OF CALIFORNIA · SEMPER VIGILANS

Llywodraeth Cymru
Welsh Government

Financial Services

Business trend and Atos commercial performance

FS business trends:

- Crisis in the financial sector reinforces trend for IT outsourcing and transformational sourcing models
- Reinforced regulation & compliance needs drive additional IT spending
- Banks and Insurers need more innovation to deliver revenue growth and profitability

Atos growth drivers:

- Key position in outsourcing with strong positioning in Europe, but increasing footprint in APAC & NAM
- Reinforce application management
- Reinforced Atos offerings in security, risk & compliance
- Business enabling solutions (HTTS, MCM, BigData) to support customers competitive positioning

- **Key achievement in H1 2012:**
  - **Revenue H1 2012:** EUR 838 million
  - **Book to bill:** 113%
  - Significant deals signed in H1 in Europe and in the US
  - Book to bill > 100% anticipated for H2

- **Main win in H1 2012:**

Boursorama Banque, KBC, La Poste, ASR nederland, 大新銀行 DahSingBank, CAPITA Life & Pensions Services, Morgan Stanley

Telecoms, Media & Technology

Business trend and Atos commercial performance

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TMT business trends:

- Strong pressure on Telco leading to consolidation and savings
- Leverage customer base by pushing new added value services
- Mixed landscape in Systems Integration with freeze in discretionary expenses
- In media, focus on core business leading to outsource business processes

Atos growth drivers:

- Major positioning on outsourcing
- Business enabling IT portfolio offerings: HTTS, digital media,...
- New projects for vendors consolidation
- Large signatures in MS and new projects in Digital media transformation for SI

- **Key achievement in H1 2012:**
  - **Revenue H1 2012:** EUR 609 million
  - **Book to bill:** 155%
  - High level in order entry with a book to bill at 155%
  - Confidence in MS and HTTS in H2 2012

- **Main win in H1 2012:**

McGraw Hill
orange
kpn
france telecom
Alcatel·Lucent

Energy & Utilities

Business trend and Atos commercial performance

E&U business trends:

- **Significant challenges in 2012: Energy prices, ongoing environmental sensitivity, search for successful business models**
- **Increasing trend on, CRM-Social Media, ERP harmonization, OT-IT convergence, SaaS and Cloud, Mobile Computing, Big-Data**
- **Customers looking how technology can reduce cost, drive efficiency, and enhanced competitive advantage**

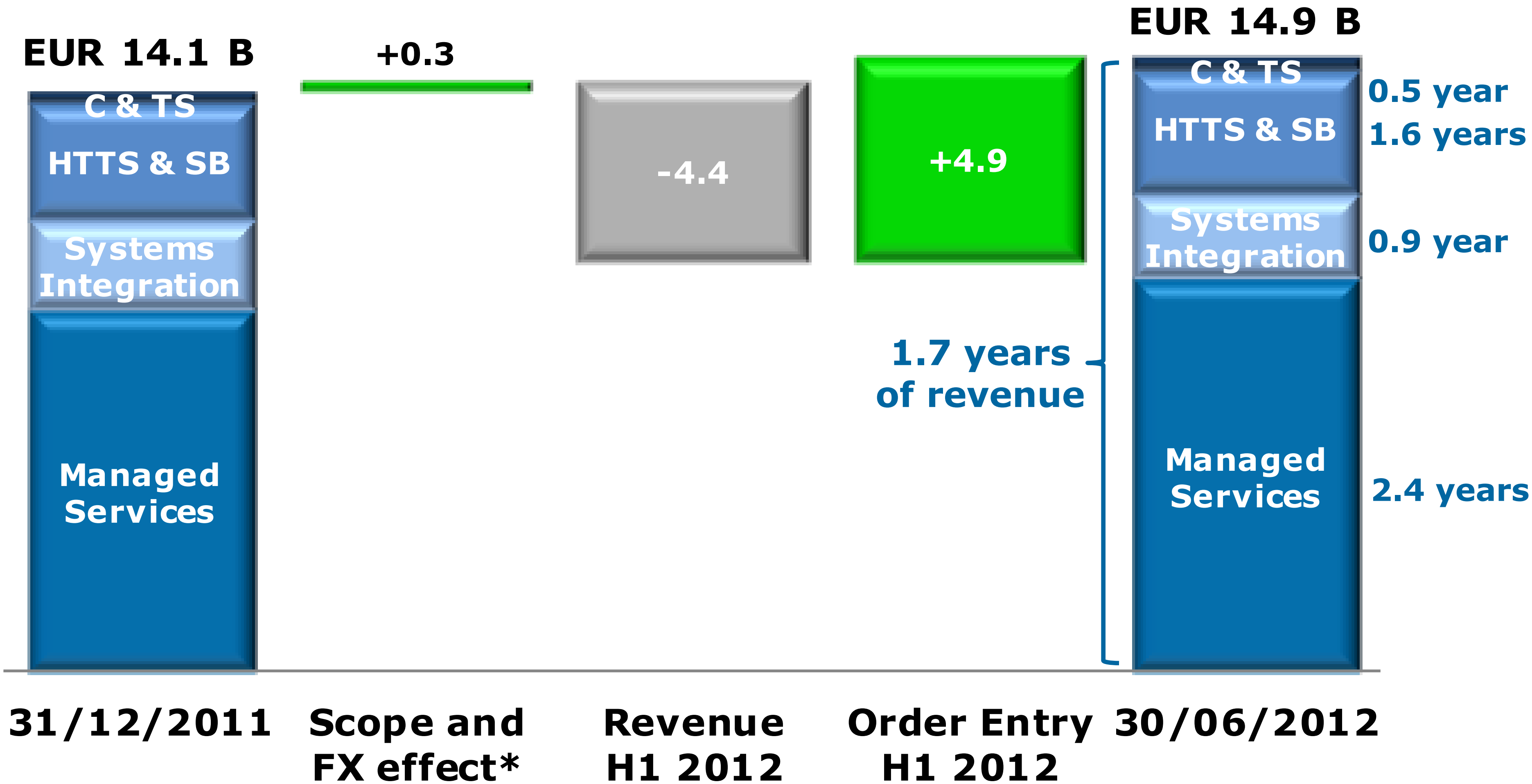
Atos growth drivers:

- **Major player in Managed Services**
- **Reinforcing sales strategy to offer Business enabling IT solutions**
- **Innovative offerings in smart energy with Atos Worldgrid**

- **Key achievement in H1 2012:**
  - **Revenue H1 2012:** EUR 310 million
  - **Book to bill:** 150%
  - Expected large signature in H2 from a solid current pipeline

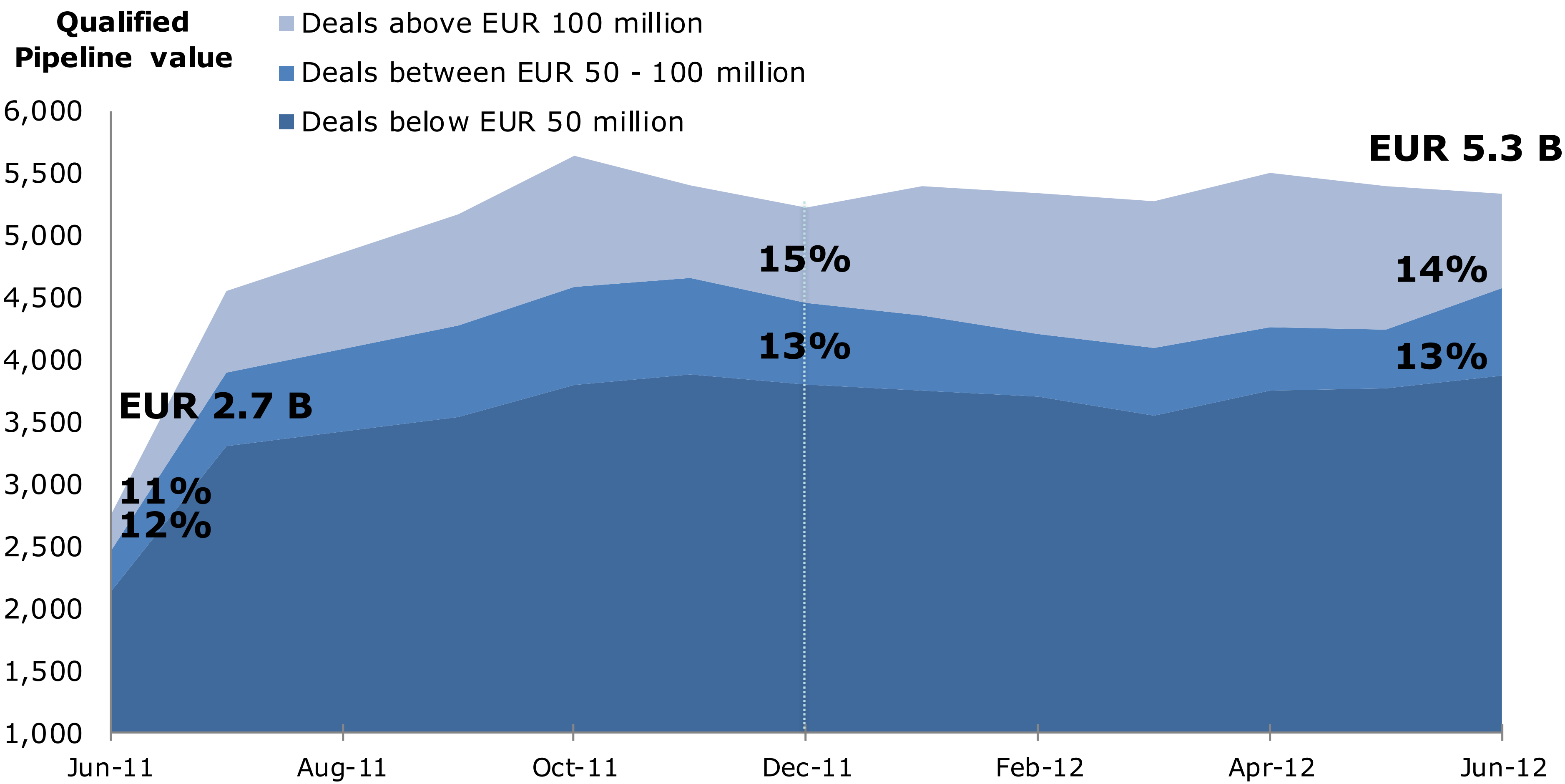
- **Main win in H1 2012:**

H1 2012 backlog evolution
(in EUR billion)



* *SIS deferred transferring asset: Russia and e-utile*

Pipeline at the end of June 2012
(in EUR million)



Thierry Breton, Chairman & CEO

Strategy and 2012 objectives

Atos key strategic action fields

First half 2012
27 July 2012

top²

- Integration & transformation
- Improve quality & security
- Capture Synergies
- Industrialization

expand

OPERATION
COMMERCIAL
Atos
PEOPLE
TECHNOLOGY

And

And

wellbeing @work

zero email

- Be awarded as great place to work

"Always innovate"

Big-Data
Cloud Computing
Smart Mobility

- Scientific community

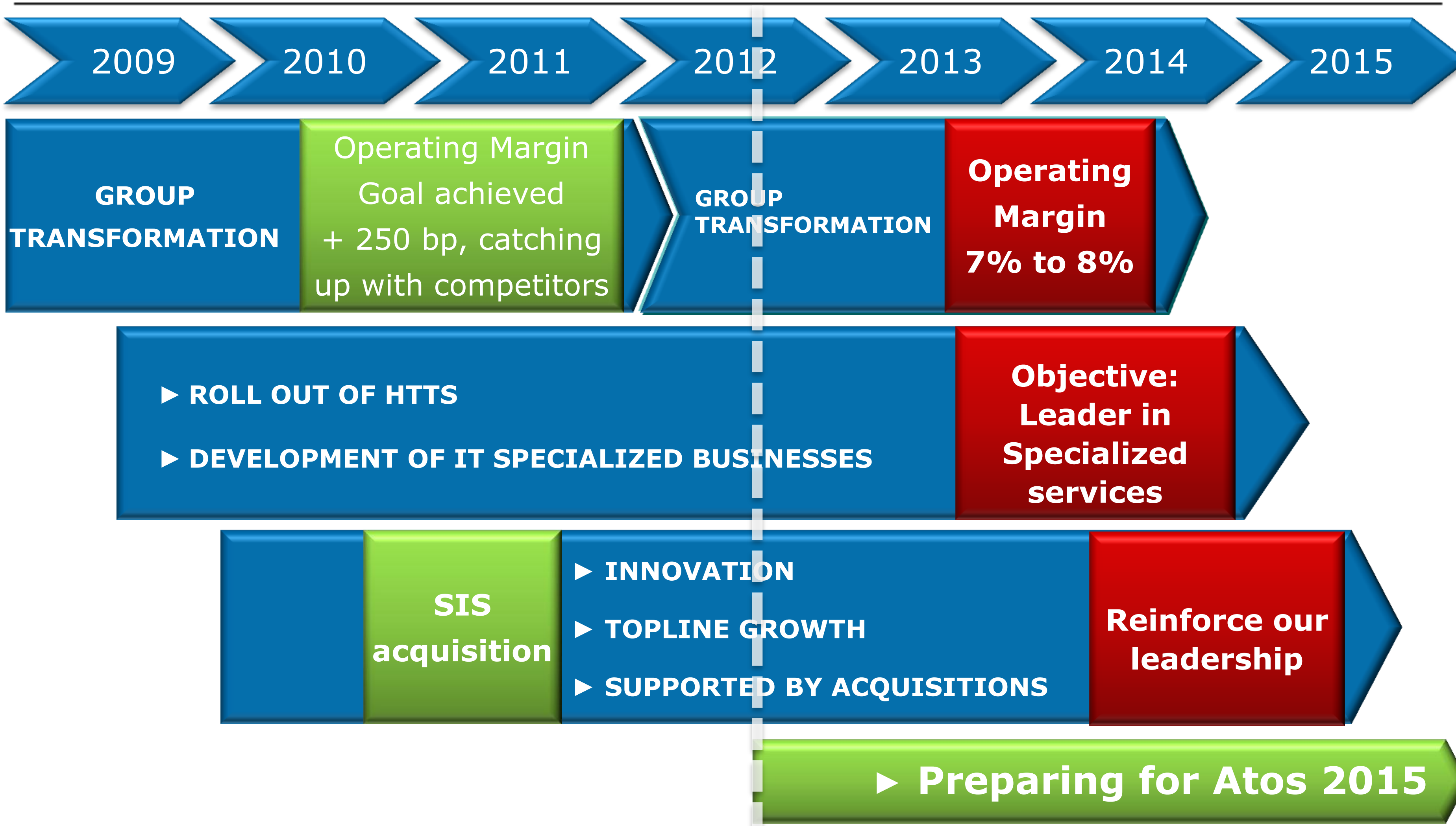
Being a global leader at addressing the three demands that Atos is seeing in the IT services market

Market demand	Customers expectations	Atos' answers		Ambition
Business Enabling IT Services	▶ Core Business innovation ▶ Competitive differentiation ▶ Top Line Growth and profitability	▶ HTTS development ▶ Specialized BU (AWL, AWG, MEV, CNS, ...) ▶ Vertical portfolio expertise and Go-To-Market ▶ Siemens partnership	▶ European leadership ▶ Reinforced CO/TS Service line ▶ Vertical skills in SI ▶ Big Deals capabilities ▶ Innovation & Scientific community ▶ Partnerships with leading technology providers ▶ Canopy	▶ Be amongst world leaders ▶ HTTS+SB: grow above 20% of Atos revenues
Community enabling IT	▶ Increase business performance through social technology	▶ Zero Mail™ GKO ▶ Bluekiwi		▶ European leader Social IT ▶ Zero email Company™
Foundation IT Services	▶ TCO decrease ▶ Flexibility ▶ IT Standardi-zation ▶ Rock-solid Delivery	▶ Industrialization ▶ Scale & footprint in MS ▶ Off-shore & Global delivery ▶ Cloud Infrastructure ▶ One stop-shop for global customers		▶ #1 in our home market and in TOP 3 in targeted markets ▶ European leader in Cloud

SB = Spezialized Business
TCO = Total Cost of Ownership

Dynamics of our strategy

First half 2012
27 July 2012



2012 Objectives

2012

After a satisfactory first half, the Group is in a position to confirm all its objectives for 2012 as stated in the February 23rd, 2012 release, i.e.:

Revenue

- The Group expects a slight revenue organic growth compared to pro forma for full year 2011.

▸Operating margin

- the Group has the objective to improve its operating margin rate to 6.5 per cent of revenue compared to 4.8 per cent pro forma 12 months 2011.

▸Free Cash Flow

- The Group has the ambition to achieve a free cash flow of around EUR 250 million.

▸Earnings per share (EPS)

- The Group ambitions an EPS (adjusted, non diluted) in line with the +50 per cent increase targeted for 2013 compared to 2011 statutory.

6

Management team

Q&A session

From
Questions
to
Answers

Thank you