

First half 2015 results

Wednesday, July 29, 2015

-

Bezons

- ▶ 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 2014 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 1, 2015 under the registration number: D15-0277.
- ▶ This document does not contain or constitute an offer of Atos' shares for sale or an invitation or inducement to invest in Atos' shares in France, the United States of America or any other jurisdiction.
- ▶ Revenue organic growth is presented at constant scope and exchange rates.
- ▶ Business Units include **Germany, France, United-Kingdom & Ireland, Benelux & The Nordics** (BTN: The Netherlands, Belgium, Luxembourg, Denmark, Finland, Sweden, and Estonia), **Worldline, North America** (USA and Canada), and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, Hungary, Italy, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Switzerland and Turkey), Iberia (Spain, Portugal, and Andorra), Asia-Pacific (Australia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand), Latin America (Brazil, Argentina, Mexico, Colombia, Chile and Uruguay), India, Middle East & Africa (IMEA: Algeria, Benin, Burkina Faso, Egypt, Gabon, India, Ivory Coast, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Saudi Arabia, Senegal, South Africa and UAE), Major Events, and Cloud & Enterprise Software.

1. Key figures and achievements
2. Financial performance
3. Commercial activity
4. Follow-up on Tier One Program and costs synergies on Bull
5. Update on North America
6. Conclusion and Q&A session

Key figures and achievements

Thierry Breton
Chairman & CEO

Revenue

€ 4,941 m

*+18% year-on-year
+0.3% organically*

Operating margin

€ 345.6 m

+26% year-on-year

Operating margin rate

7.0%

+60bps at constant scope and FX

Net income Group share

€ 123 m

+61% year-on-year

Free cash flow

€ 141 m

+14% year-on-year

Net cash position

€ 354 m

*vs. € 217 m at the
end of June 2014*

Book to bill ratio: 103%

115% in Q2 2015

Order entry +17% year-on-year

Backlog: € 17.1 bn

**Total number of
employees**

83,602*

1

Better economic environment in Europe, **strong Q2 book to bill (118%)** in **Consulting & Systems Integration**

2

Deep transformation of **Managed Services** towards more virtualization, Cloud, and automation

3

Third consecutive quarter with **positive revenue organic growth**
Acceleration planned in **H2 2015**

4

Operating profitability benefiting from continuous transformation actions (End-to-end & cost synergies on Bull)

5

Solid H1 **free cash flow**: € 141 million
Lower contribution from stock options (€-20m)
→ **Full-year objective raised** to **circa €420m**

6

- **New Group tax profile**: H1 2015 Effective Tax Rate decreased by -180bps, expected -500bps from 2016
- Sustainable reduction of **pension plans** exposure and related cash-outs

7

- Xerox ITO**: deep preparation work before closing
- Quality of management even better than expected
 - Cross-selling & push innovative offerings driving pipeline growth

8

Solid **acquisitions** pipeline in Payment for **Worldline**

2015 objectives*

▶ Revenue: confirmed

The Group targets a **positive revenue organic growth**

▶ Operating margin: confirmed

The Group has the objective to improve its operating margin rate targeting **8.0% to 8.5% of revenue**

▶ Free cash flow: raised

The Group expects to generate a free cash flow of **circa € 420 million**

* including Xerox ITO contribution as of July 1st, 2015

Financial performance

Elie Girard
Group CFO

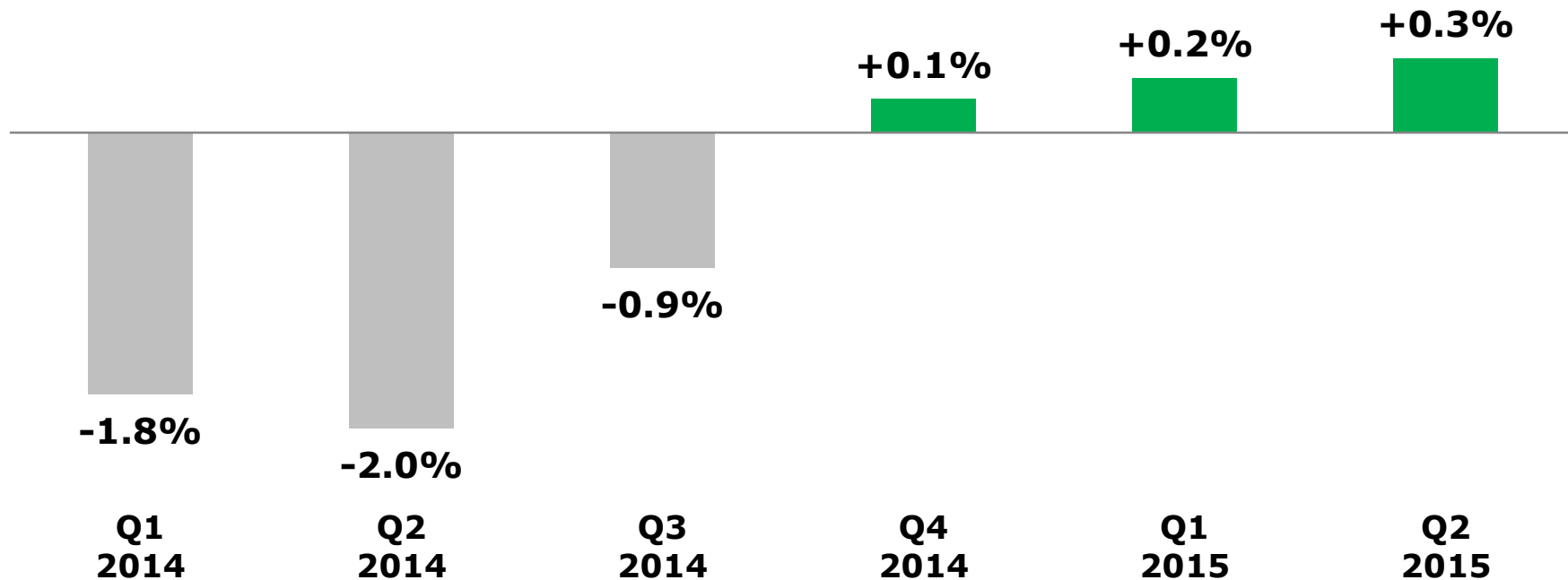
<i>In € million</i>	H1 2015	H1 2014	% change
Statutory revenue	4,941	4,176	+18.3%
Scope effect		536	
Exchange rates effect		216	
Revenue at constant scope and exchange rates	4,941	4,928	+0.3%
Statutory operating margin	345.6	274.6	+25.9%
Scope effect		18.0	
Exchange rates effect		21.7	
Operating margin at constant scope and exchange rates	345.6	314.3	+9.9%

- ▶ **Scope effect** was related to the acquisitions of Bull (France, August 2014), and Cambridge Technology Partners (Other Business Units, June 2014), combined with the outsourcing of on-sites services activities in France (France, March 2015) and the early termination from the Work Capability Assessment BPO contract with the Department for Work and Pensions (United Kingdom, March 1st, 2015).
- ▶ **Significant exchange rates effect** mainly resulted from the British pound and the US dollar strengthening versus the euro.

Quarterly revenue organic evolution in 2014 and 2015

First half 2015

July 29, 2015



In € million	Revenue				Operating margin		Operating margin %	
	H1 2015	H1 2014*	% organic	% yoy	H1 2015	H1 2014*	H1 2015	H1 2014*
Managed Services	2,488	2,467	+0.8%	+16.3%	185.7	161.3	7.5%	6.5%
Consulting & Systems Integration	1,612	1,652	-2.4%	+7.3%	76.6	88.8	4.8%	5.4%
Big Data & Cyber-security	270	260	+4.2%		37.5	37.4	13.9%	14.4%
Corporate costs**					-32.3	-54.7	-0.7%	-1.2%
Total IT Services	4,370	4,379	-0.2%	+20.0%	267.5	232.8	6.1%	5.3%
Worldline***	571	549	+3.9%	+6.7%	78.1	81.6	13.7%	14.9%
TOTAL GROUP	4,941	4,928	+0.3%	+18.3%	345.6	314.3	7.0%	6.4%

* at constant scope and exchange rates

** Corporate costs exclude Global Delivery Lines costs allocated to the Service Lines

*** Worldline reported +4.1% organic growth on a stand alone basis

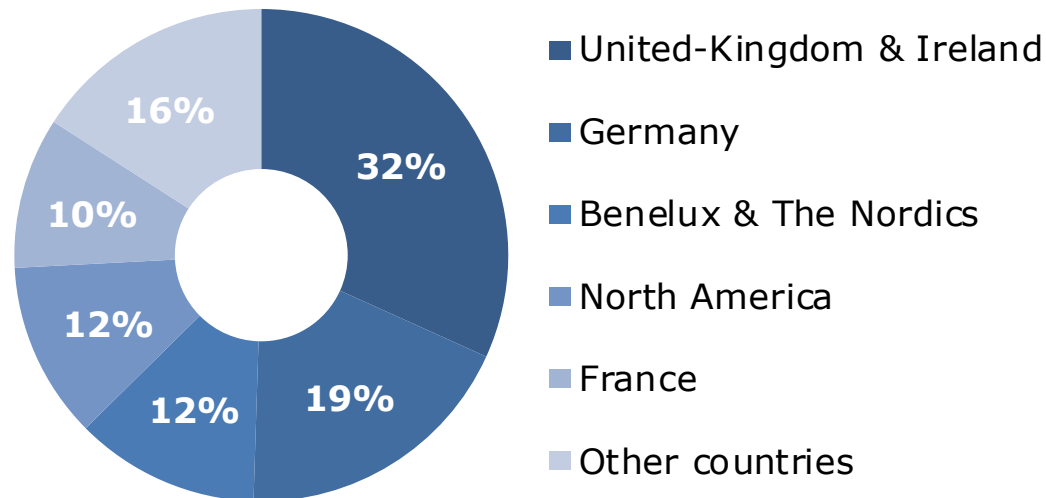
- ▶ **Operating margin improvement by +60 basis points, on track to reach 2015 objective**

<i>In € million</i>	H1 2015	H1 2014*	% organic	% yoy
Revenue	2,488	2,467	+0.8%	+16.3%
Operating margin	185.7	161.3		
<i>Operating margin rate</i>	7.5%	6.5%		

* at constant scope and exchange rates

- ▶ **Strong growth in the UK**
- ▶ **Improved dynamics in France, Iberia, and Asia Pacific**
- ▶ **Savings executed as planned in all Business Units**

33,155 direct headcount end of June

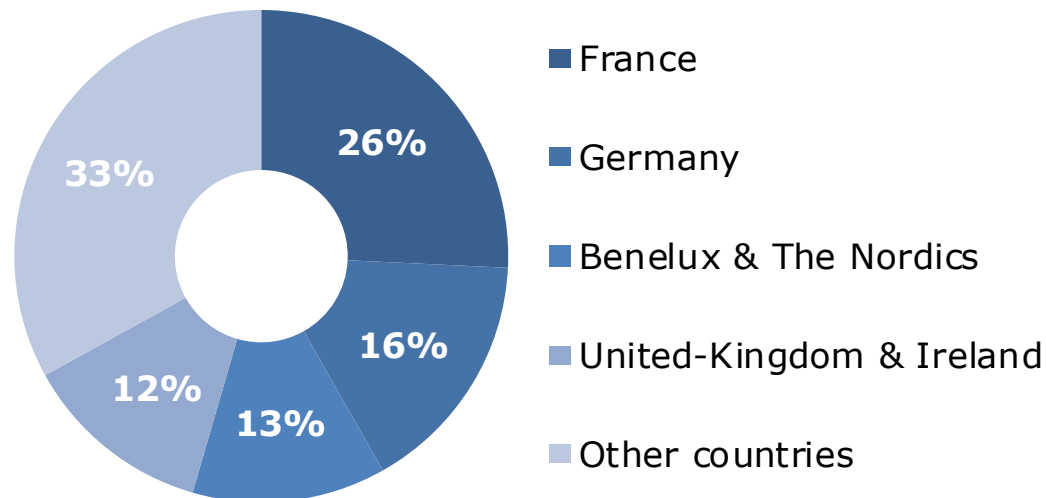


<i>In € million</i>	H1 2015	H1 2014*	% organic	% yoy
Revenue	1,612	1,652	-2.4%	+7.3%
Operating margin	76.6	88.8		
<i>Operating margin rate</i>	4.8%	5.4%		

* at constant scope and exchange rates

► **Consulting & Systems Integration impacted by Germany**

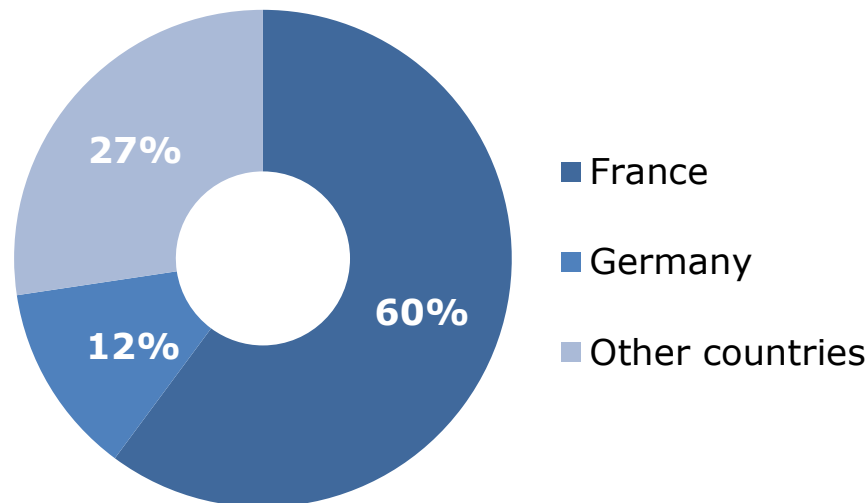
34,097 direct headcount end of June



<i>In € million</i>	H1 2015	H1 2014*	% organic
Revenue	270	260	+4.2%
Operating margin	37.5	37.4	
<i>Operating margin rate</i>	<i>13.9%</i>	<i>14.4%</i>	

* at constant scope and exchange rates

- ▶ **Cross-selling both with other Service Lines and in new geographies**



3,160 direct headcount end of June

<i>In € million</i>	H1 2015	H1 2014*	% organic	% yoy
Revenue	571	549	+3.9%	+6.7%
Operating margin	78.1	81.6		
<i>Operating margin rate</i>	<i>13.7%</i>	<i>14.9%</i>		

** at constant scope and exchange rates*

Worldline reported +4.1% organic growth on a stand alone basis

6,660 *direct headcount end of June*

- ▶ **More balanced revenue evolution**
- ▶ **Improved revenue trend in continental Europe**

<i>In € million</i>	Revenue			% organic evolution		
	Q1 2015	Q2 2015	H1 2015	Q1 2015	Q2 2015	H1 2015
United-Kingdom & Ireland	511	483	995	+15.3%	+7.7%	+11.5%
France	403	422	825	-0.3%	+0.4%	+0.1%
Germany	373	386	759	-9.1%	-6.7%	-7.9%
Benelux & The Nordics	256	260	515	-7.8%	-4.3%	-6.1%
North America	164	177	340	-7.6%	-7.6%	-7.6%
Other Business Units	445	491	936	+1.4%	+1.6%	+1.5%
Worldline	275	296	571	+1.6%	+6.2%	+3.9%
TOTAL GROUP	2,427	2,514	4,941	+0.2%	+0.3%	+0.3%

<i>In € million</i>	Revenue				Operating margin		Operating margin %	
	H1 2015	H1 2014*	% organic	% yoy	H1 2015	H1 2014*	H1 2015	H1 2014*
United-Kingdom & Ireland	995	892	+11.5%	+22.5%	102.9	64.1	10.3%	7.2%
France	825	824	+0.1%	+63.3%	30.1	23.8	3.7%	2.9%
Germany	759	824	-7.9%	-3.2%	41.1	52.8	5.4%	6.4%
Benelux & The Nordics	515	549	-6.1%	+3.1%	47.6	50.6	9.2%	9.2%
North America	340	368	-7.6%	+16.7%	26.4	28.2	7.8%	7.7%
Other Business Units	936	922	+1.5%	+25.1%	59.9	68.5	6.4%	7.4%
Global structures**					-40.4	-55.3	-0.9%	-1.3%
Total IT Services	4,370	4,379	-0.2%	+20.0%	267.5	232.8	6.1%	5.3%
Worldline***	571	549	+3.9%	+6.7%	78.1	81.6	13.7%	14.9%
TOTAL GROUP	4,941	4,928	+0.3%	+18.3%	345.6	314.3	7.0%	6.4%

* at constant scope and exchange rates

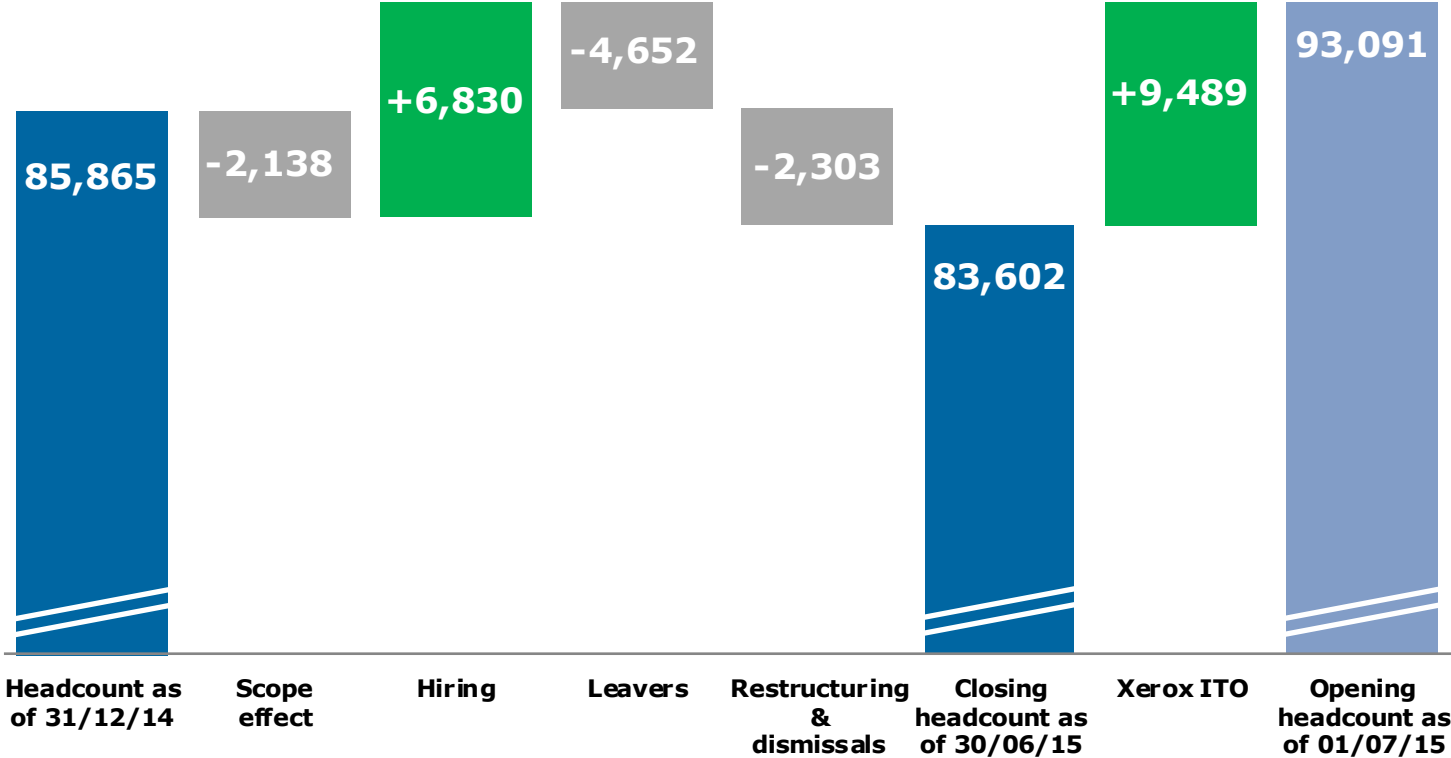
** Global structures include the Global Delivery Lines costs not allocated to the Group Business Unit and the Corporates costs

*** Worldline reported +4.1% organic growth on a stand alone basis

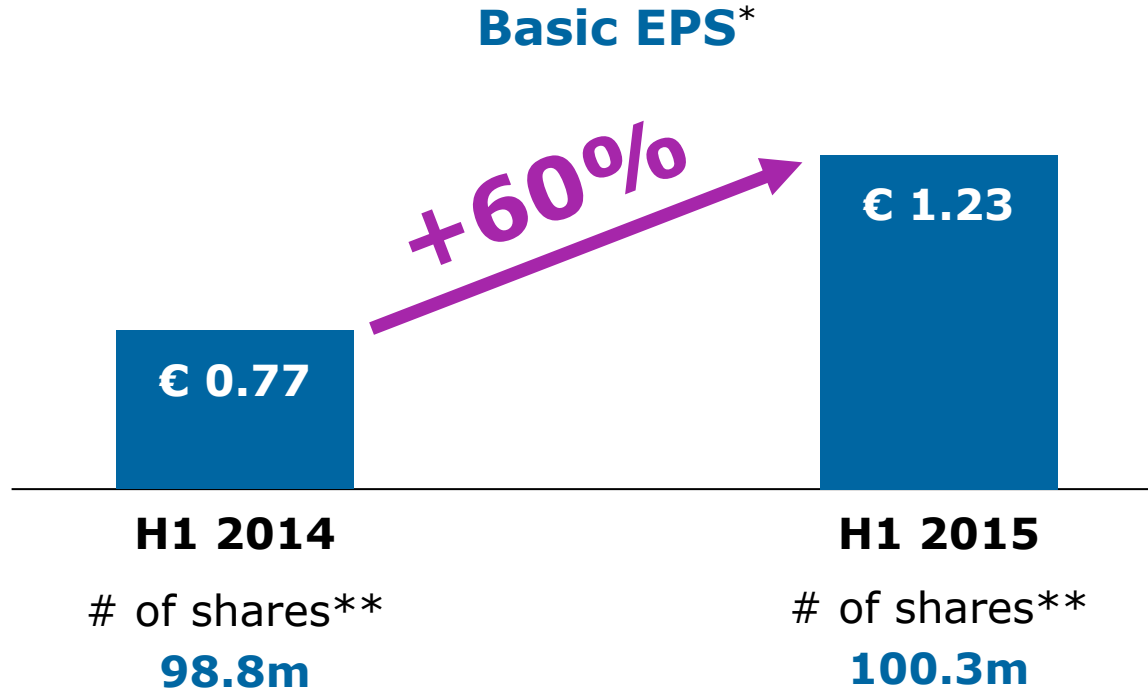
Headcount evolution

First half 2015

July 29, 2015

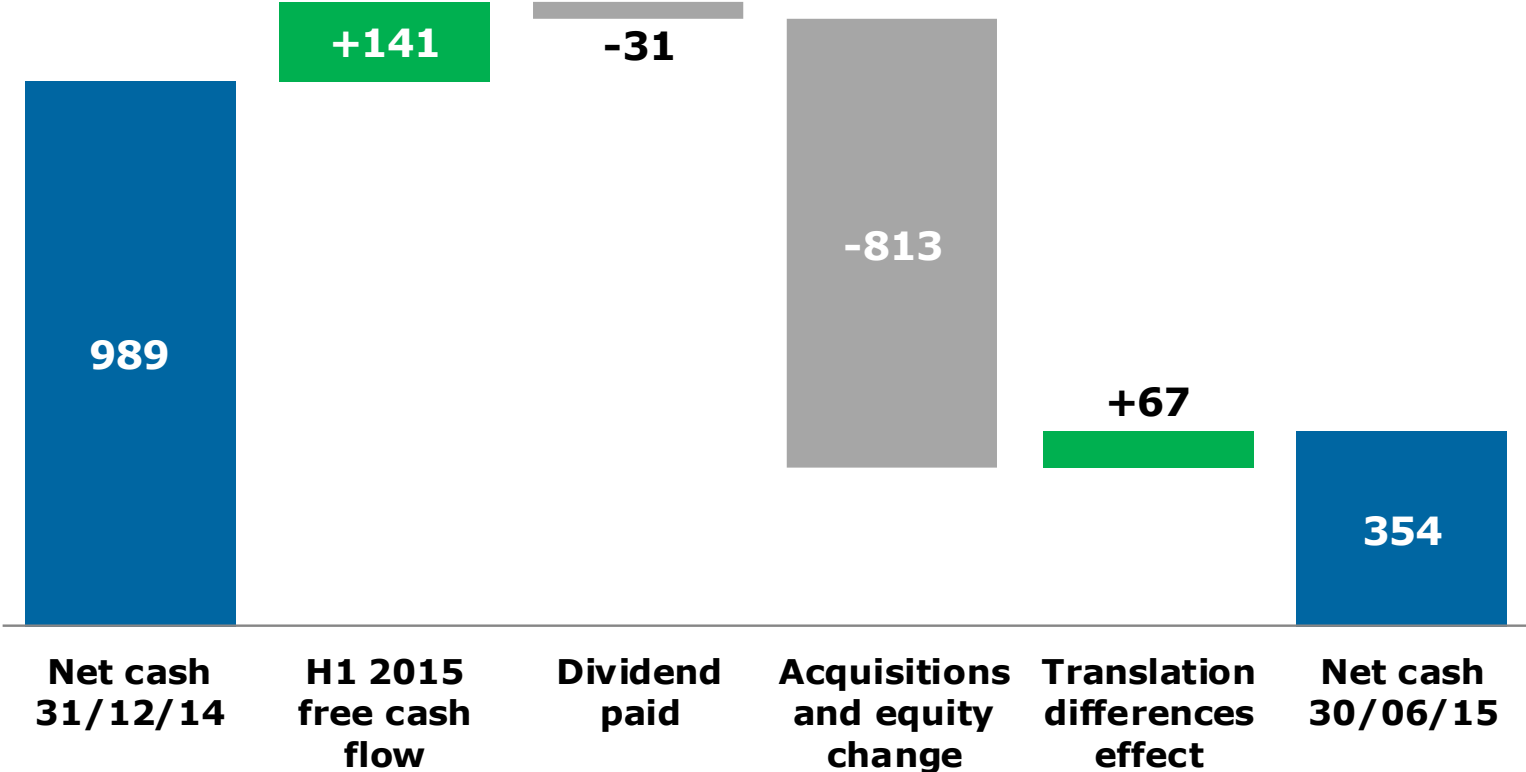


<i>In € million</i>	H1 2015	H1 2014	<i>% yoy</i>
Revenue	4,941	4,176	+18%
Operating margin	345.6	274.6	+26%
Staff reorganization	-68.4	-81.7	
Rationalization & associated costs	-29.5	-22.5	
Integration & acquisition costs	-18.3	-7.1	
Customer relationships amortization (PPA)	-31.2	-22.1	
Others	-0.9	-11.8	
Operating income	197.3	129.4	+52%
Net financial expenses	-10.7	-21.0	
Profit before tax	186.6	108.4	+72%
Tax charge	-47.1	-29.2	
<i>Effective tax rate</i>	25.2%	27.0%	-180bps*
Share of net loss of associates	-1.6	-2.0	
Net income	137.9	77.2	+79%
Non-controlling interests	-14.9	-0.8	
Net income Group share	123.0	76.4	+61%



* Diluted EPS increased by +61% ** Weighted average number of shares

<i>In € million</i>	H1 2015	H1 2014
Operating Margin before Depreciation and Amortization	458.5	400.7
Capital Expenditures	-214.9	-154.5
Change in working capital requirement	49.1	31.3
Cash from operations	292.7	277.5
Reorganization	-95.7	-70.8
Rationalization & associated costs	-27.9	-19.1
Integration & acquisition costs	-18.3	-7.1
Net financial investments	1.7	-1.6
Taxes paid	-57.8	-74.8
Net cost of financial debt paid	-3.2	-6.1
Profit sharing amounts payable transferred to debt	-0.2	-1.0
Other changes	50.1	26.8
Free cash flow	141.4	123.8
Net material (acquisitions) / disposals	-813.0	-648.4
Share buy-back	-	-138.7
Dividends paid to owners of the parent	-30.7	-38.3
Change in net cash	-702.3	-701.6
Impact of foreign exchange rate fluctuation	67.2	12.9
Opening net cash / debt	989.1	905.4
Closing net cash	354.0	216.7



1

Plan amendments completed in H1: run rate service cost improvement by c. € 4 million per year in operating margin

2

Cash-out savings at c. € 3 million per year run rate

3

c. € 38 million positive effect in operating margin: € 20 million in Germany and € 18 million in Corporate

4

Reduction of net pension deficit by € 100 million (plan amendments/interest rates)

5

Current negotiation in process in the UK to adjust future indexation

Strategic initiative started in 2013 to reduce pension plans exposure along the 3-year plan allowing to decrease yearly cash-out on a sustainable basis

	30 June 2015	31 December 2014
Shareholder equity	€ 3,781 m	€ 3,402 m
Net cash	€ 354 m <i>after cash out for Xerox ITO acquisition</i>	€ 217 m
Net pensions deficit	€ 1,025 m	€ 1,122 m
Goodwill	€ 2,731 m	€ 2,628 m
Non-current assets	€ 5,624 m	€ 4,619 m

Total Assets at the end of June 2015 reached € 10.5 billion

Commercial activity

Patrick Adiba

Executive Vice President & Chief Commercial Officer

Order entry

€ 5,088 m

+17% at constant exchange rates

Book to bill ratio

103%

115% in Q2 2015

Backlog

€ 17.1 bn

1.7 years of revenue

Qualified pipeline

€ 5.5 bn

6.6 months of revenue

We address tangible Customer Transformation Challenges

First half 2015

July 29, 2015



Key wins in Q2 2015

First half 2015

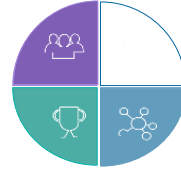
July 29, 2015

Accor Hotels



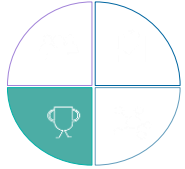
New

**Global Truck
Manufacturer**



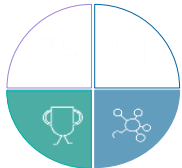
New

**Global manufacturer
of electrical and
electronic systems**



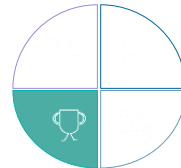
Extension of scope

**Emirates
Telecom operator**



Extension of scope

BASF



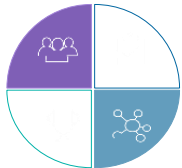
Extension of scope

**Public
Health Agency**



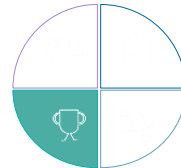
New

**Finnish
government**



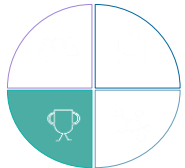
New logo

**Occupational
Health**



New

**Global leader in
the optical industry**



Renewal

We are accelerating the initiatives to grow...

First half 2015

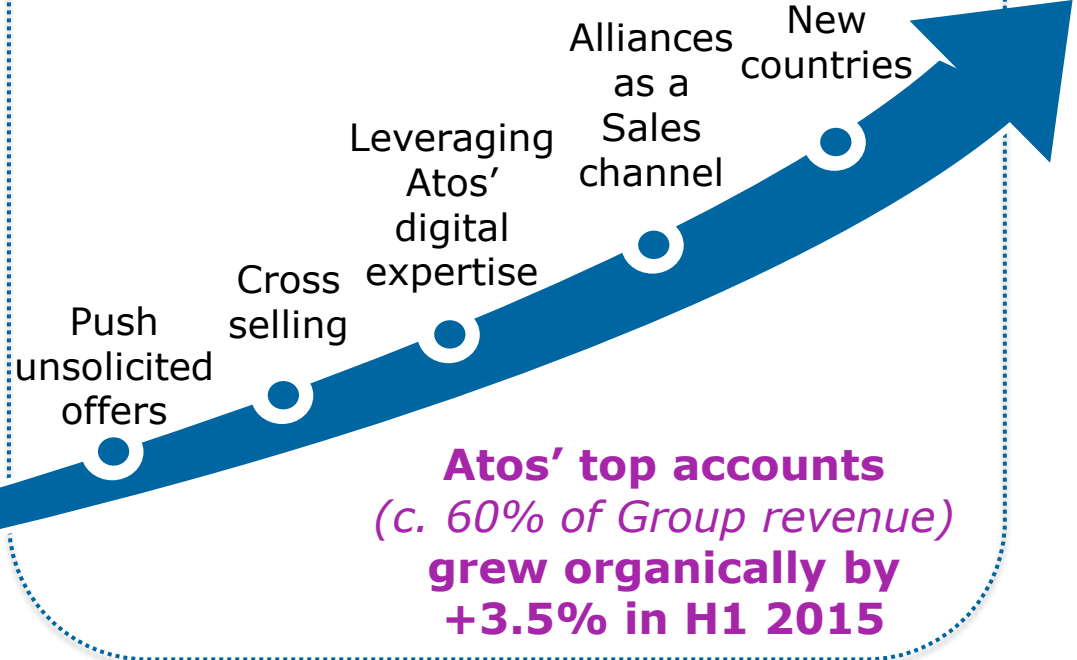
July 29, 2015

2014

increased efficiency:
+400 bps win rate

2015: focus on large accounts and pipeline increase

New Sales setup
Account plan as a contract
Rapid Growth Market Board
CTC*



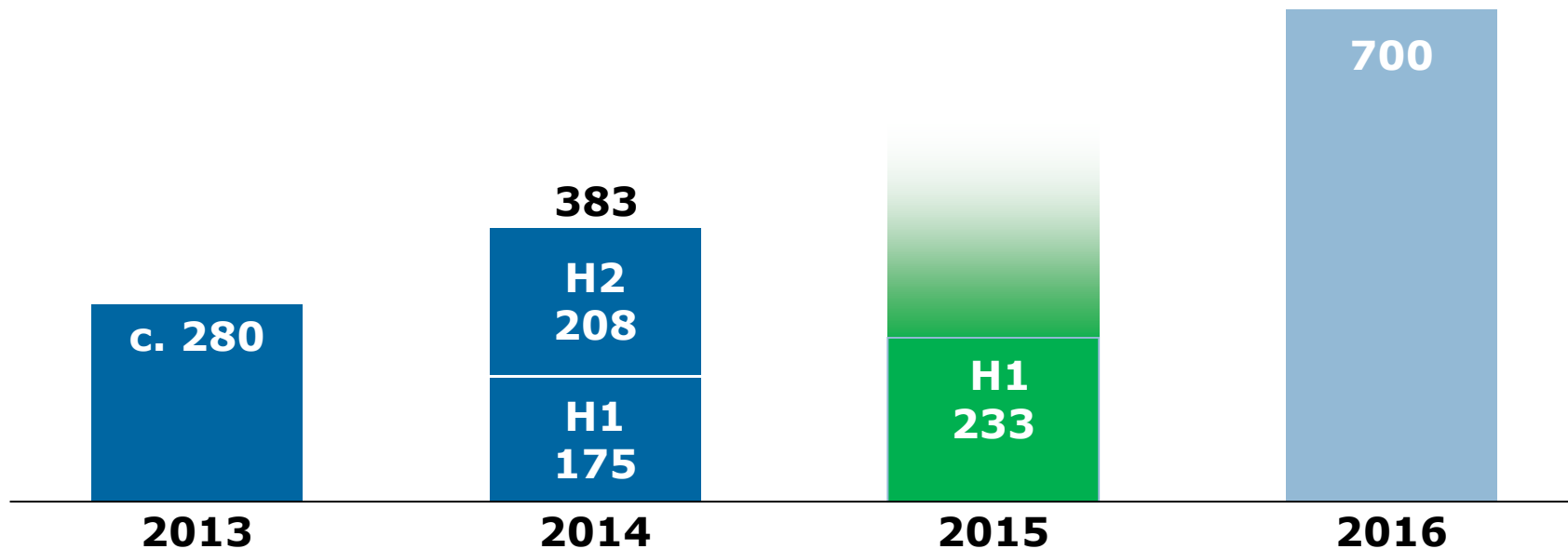
Atos' top accounts
(c. 60% of Group revenue)
grew organically by +3.5% in H1 2015

Strong growth in Cloud operations revenue in line with 2016 Ambition

First half 2015

July 29, 2015

Cloud operations revenue (in € million)



New commercial policy materializing in order entry mix

First half 2015

July 29, 2015

- ▶ **Strong increase of incremental businesses which represented more than 70% of H1 2015 bookings**



Based on c. 90% of order entry
Trusted Partner for your Digital Journey

Follow-up on Tier One Program and costs synergies on Bull

Charles Dehelly

Senior Executive Vice President

Global Operations

► Consulting & Systems Integration

- Exceptional issue in H1 impacting Germany and Global Consulting & Systems Integration performances
- Corrective actions have been implemented, in particular management change to secure H2 2015 operating margin back to H2 2014 level
- Optimization of pension accelerated in H1

► Agreement reached with Working councils/Unions leading to structural cost improvement

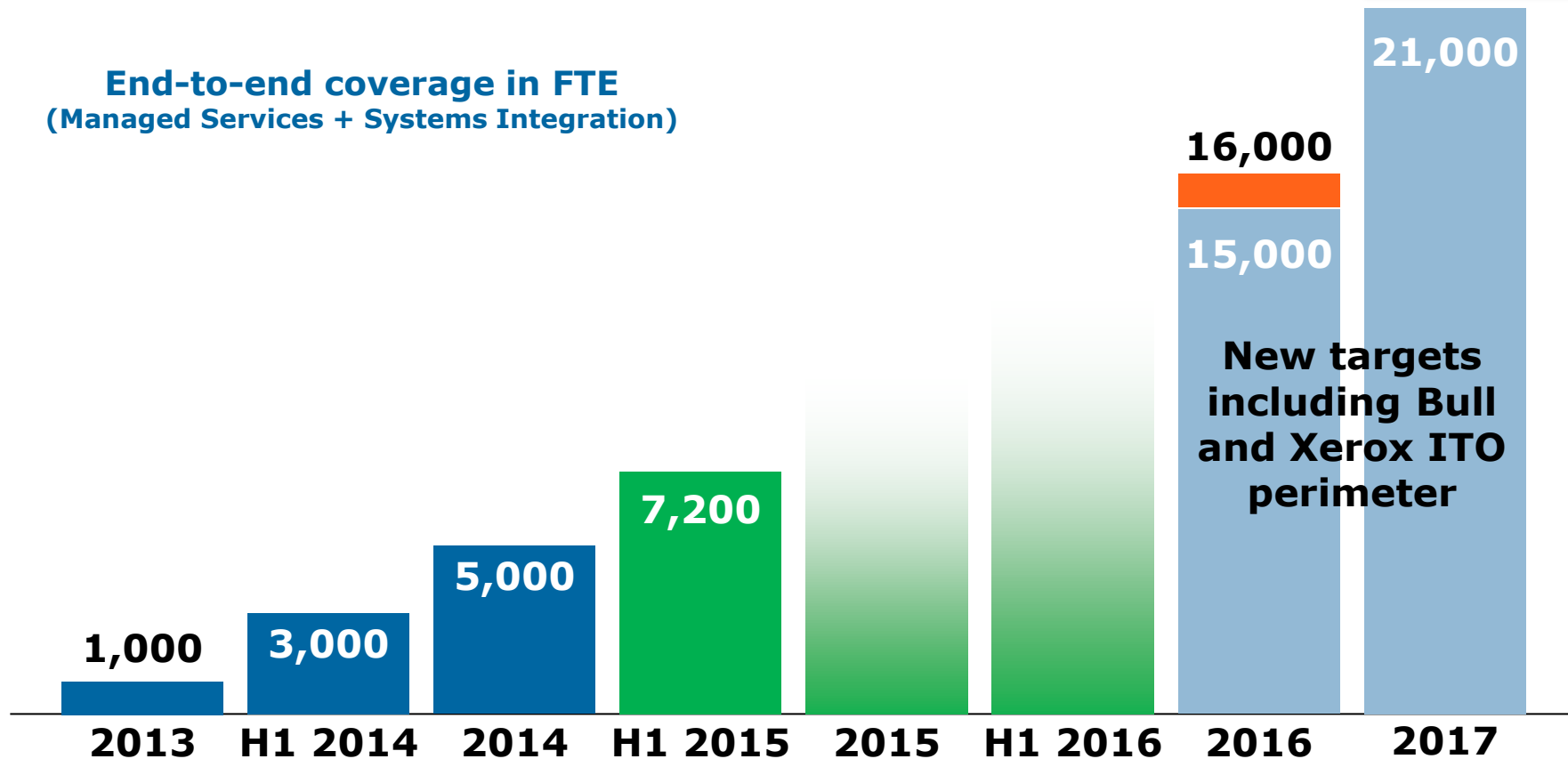
- Rationalization of IT-tooling environment
- Business oriented reorganization of location and site landscape
- Tariff landscape tailored for IT sector and Atos

Tier One Program delivering in line with 2016 Ambition

First half 2015

July 29, 2015

End-to-end coverage in FTE
(Managed Services + Systems Integration)



New targets including Bull and Xerox ITO perimeter

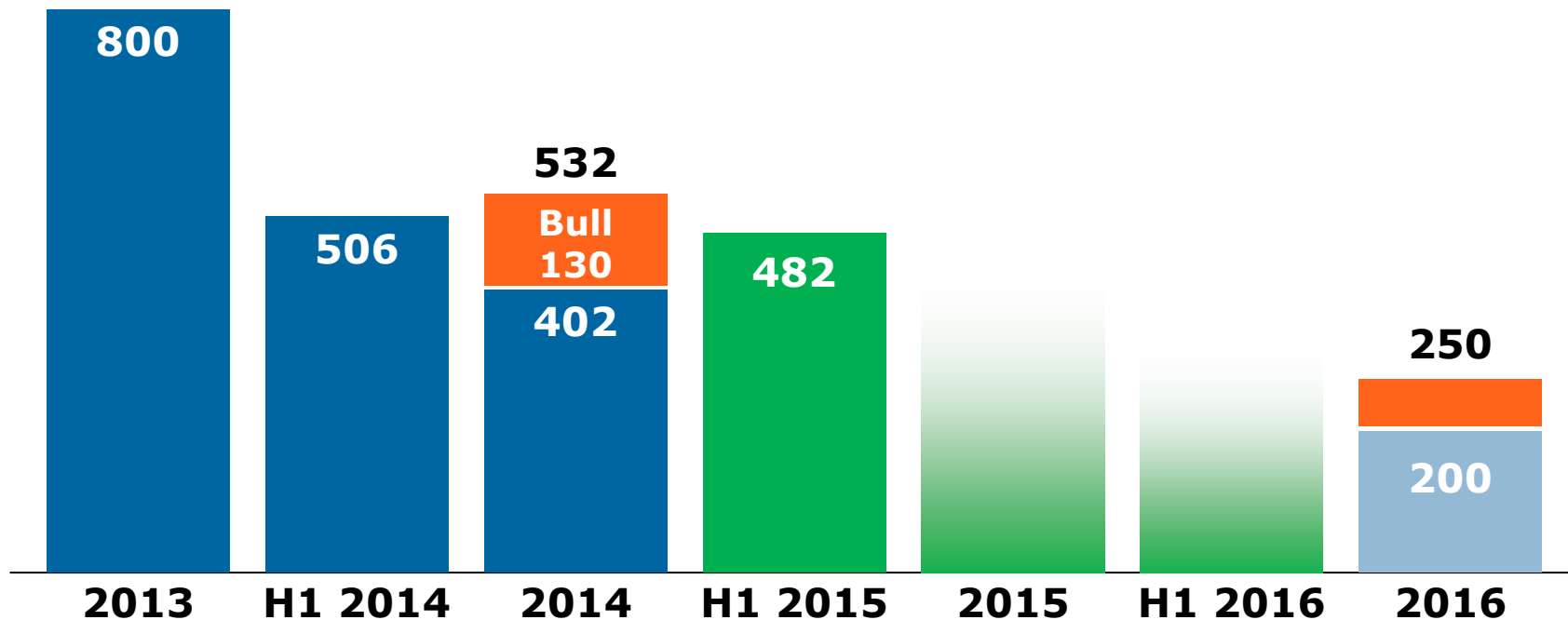
Tier One Program delivering in line with 2016 Ambition

First half 2015

July 29, 2015

Number of vendors representing 80% of purchasing

(Xerox ITO vendor base not included as currently under analysis)

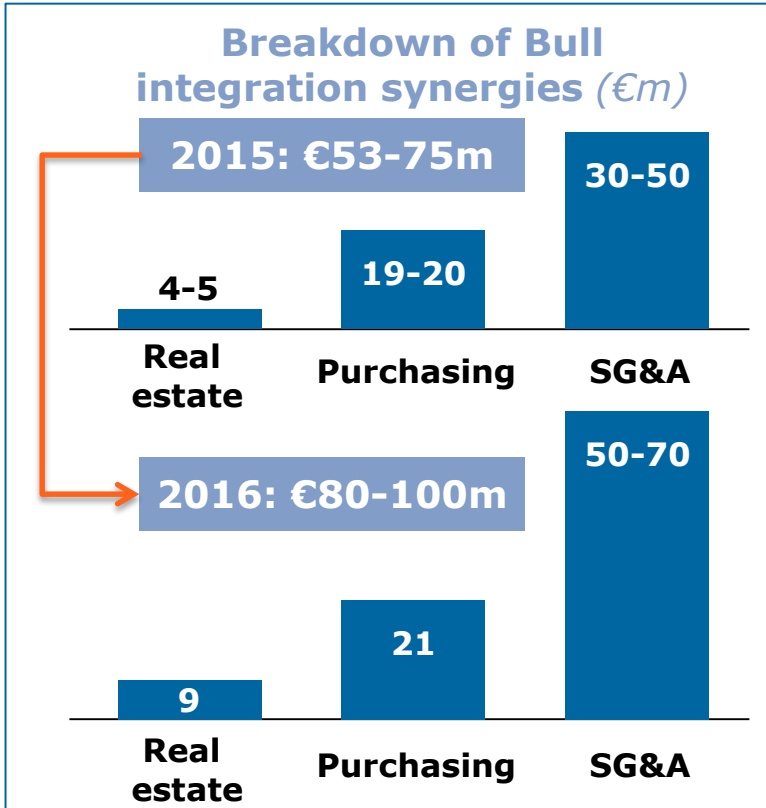


Delivering Bull synergies: A success story revenue and cost synergies wise

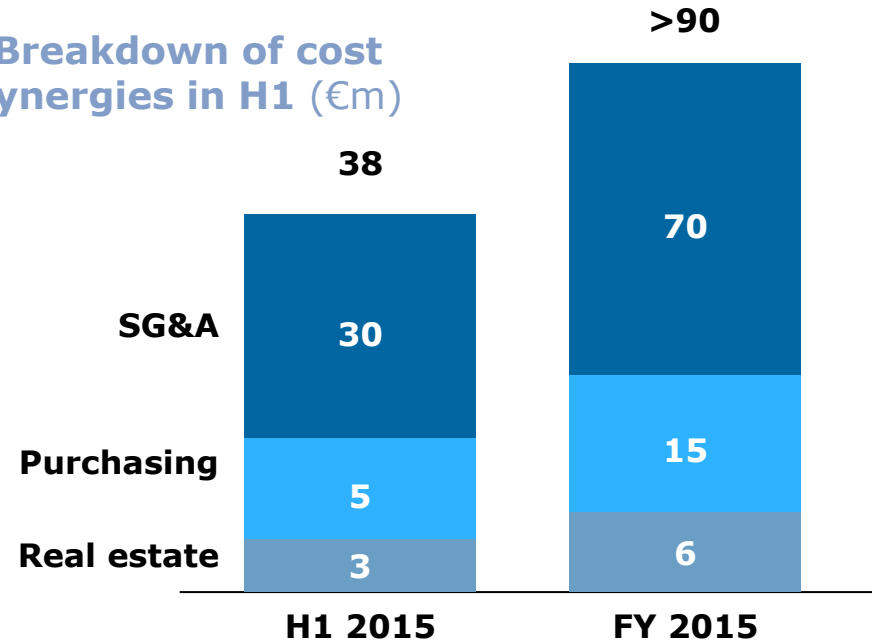
First half 2015

July 29, 2015

Reminder:



Breakdown of cost synergies in H1 (€m)



Achieving 2016 expectation as soon as 2015
2016 target raised from €80-100m up to €110-120m

Update on North America

Michel-Alain Proch

Senior Executive Vice President
& CEO North American Operations

Closing the transaction

- Closed on June 30, as planned
- Payment of €811m of which €84m representing the estimated present value of future tax benefits
- Consolidated in Atos Balance Sheet and P&L since July 1st

Organization

- Organization fully operational on Day 1
- Seamless delivery services to our clients
- Atos control framework in place and Top Tier One Program deployed

Go-to-market

- 6 vertical markets
- Special focus on Healthcare, Retail, and Manufacturing
- Roadshow with Third Party Advisors and Industry Analysts completed

Xerox strategic collaboration

- Atos-Xerox Alliance Board ("AXAB")
- Service delivery fully operational to Xerox Corporate and XBS
- First joint leads on BPO opportunities

Leveraging our multiple strengths to grow our pipeline in North America

First half 2015

July 29, 2015

**New player
in North
America**

**Atos'
expertise in
digitization**

**US presence
of Atos'
European
clients**

**Strategic
collaboration
with Xerox**

**Global
Alliance with
Siemens**

Strong pipeline as of July 1st, 2015 with a large part to be signed in H2 supporting growth ambition in 2016

Conclusion

Thierry Breton
Chairman & CEO

Closing of  acquisition on June 30, 2015
Atos now fully operational in North America

Enabling the **digital journey of our customers through key contracts signed in Q2**

Atos & EMC²
further strengthened their Strategic Alliance

Atos & SIEMENS
to further expand their successful Alliance

Atos' profile and positioning detailed and **2016 Ambition confirmed during the **2015 Analyst Day****

Issuance of a € 600 million, 5 year **straight bond with a **2.37%** coupon rate**

A solid first half of the year comforting 2015 objectives

Improved revenue trend
with +3.5% organic growth
of our largest clients

Leveraging Atos' expertise in
digitization

Promising pipeline in North
America

Continuous improvement of
profitability and cash
generation

→ 3-year plan **2016 Ambition** well on track

Atos

Questions & Answers

Thank you

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