Atos Origin™

CONSULTING > SOLUTIONS > OUTSOURCING

1st half revenues announcement

18 July 2006

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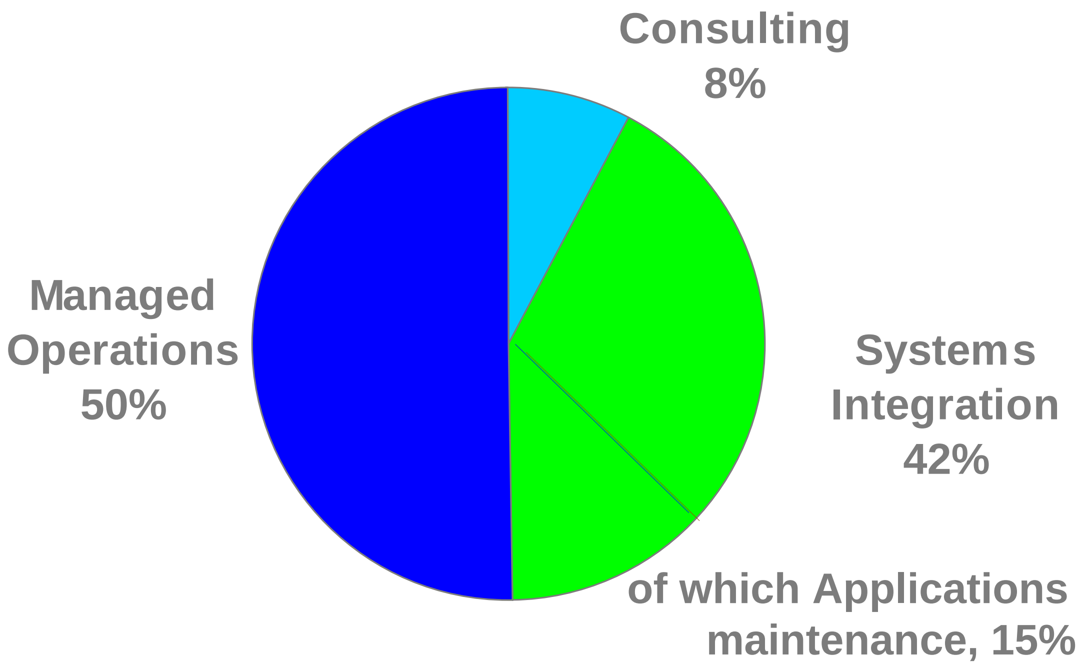
Disclaimers

- This document contains preliminary unaudited figures that should be finalised during the half-year closing and reviewed by the external auditors.
- This document contains further forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability for the second half of the year 2006. 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 2005 annual report filed with the Autorités des Marchés Financiers (AMF) on May 15th, 2006 as a Document de Référence under the registration number : D06-402.

Key points

- H1 revenues up +2.9%, progressive increase in organic growth, as expected, +3.2% in Q2 versus +2.7% in Q1, but below budget.
- New business slower than budget, particularly in the UK, due to delays in some large deals, pushing out pipeline to 2007.
- New estimate of cost to complete on some loss-making Government legacy contracts of € 25 million in H1 2006, or 1 point of H1 operating margin.
- H1 margin slightly above 5%, in line with budget excluding costs to complete
- Apart from the UK, all other activities are in line with budget in terms of revenues and operating margins.
- As a result, 2006 guidance revised to +3% (vs + 5% previously)
- Revenue shortfall and costs to complete impact of more than 1.5 point on 2006 operating margin

Breakdown of revenues relatively stable



65% of the revenue base is recurring business from multi-year outsourcing and application maintenance contracts

Organic growth by quarter

Euro Millions	Q1 2006 revenues	Q1 2005 revenues	% change	Q2 2006 revenues	Q2 2005 revenues	% change	H1 2006 revenues	H1 2005 revenues	% change
Growth	**1,342**	**1,356**	**-1,0%**	**1,354**	**1,370**	**-1,2%**	**2,696**	**2,725**	**-1,1%**
Disposals		-62			-57			-119	
Exchange Rate impact		13			-1			12	
Organic growth (*)	**1,342**	**1,307**	**+2,7%**	**1,354**	**1,312**	**+3,2%**	**2,696**	**2,619**	**+2,9%**

(*) Organic growth at constant scope and exchange rates

Organic growth by geography

Euro Millions	H1 2006 revenues	% organic growth
France	808	+10,4%
United Kingdom	541	-7,8%
The Netherlands	518	+2,8%
Germany +Central Europe	290	+6,2%
EMEA	374	+6,2%
Americas	99	-2,4%
Asia Pacific	65	-5,7%
Total	2 696	+2,9%

% organic growth	
Q2 2006	Q1 2006
+6,7%	+14,3%
-4,6%	-10,8%
+4,1%	+1,4%
+6,5%	+5,8%
+5,1%	+7,3%
-0,4%	-4,6%
+2,9%	-12,7%
+3,2%	+2,7%

Excluding UK, revenue growth remains in line with our expectations, up +6.0%.

Organic growth by service line

Euro Millions	H1 2006 revenues	% organic growth
Consulting	206	-6,8%
Systems Integration	1 129	+3,3%
Managed Operations	1 360	+4,3%
Total	2 696	+2,9%

% organic growth	
Q2 2006	Q1 2006
-11,8%	-1,2%
+0,6%	+6,0%
+8,1%	+0,7%
+3,2%	+2,7%

Consulting and Systems Integration heavily impacted by UK
Strong performance of Managed Operations in Q2 in all countries

Portfolio

- Lack of large wins during the period despite active contract renewals and business fertilisation
  - Book-to-bill ratio 96% in H1 excluding long-term BPO business
  - Backlog € 7.2 billion at end June 2006, representing 1.4 years of revenues, down on March
- On the otherhand, Pipeline still strong at € 2.8 billion at end June 2006, up 44% yoy and up 9% since December 2005
- Main new business : Symrise in Germany, Heijmans, Huntsman, Dutch Ministry of Defence, Mobistar, Wolters Kluwer and Nuon in Benelux, Hong Kong Government in China, EDF, SFR, Club Avantage, EADS and Airbus in France, Electrocomponents, WM Morrisons and South Wales Police in UK, Caja Madrid in Spain, Maroc Telecom.

Outlook 2006

- Organic growth + 3% versus previous guidance of + 5%, with a backlog coverage at end June 2006 of 82%
- Operating margin
  - 1st half Operating margin around 5%, 1 point below initial target, due to new estimate of costs to complete on several large UK government legacy contracts
  - Excluding loss-making contracts in the UK, the operating margin improved by 2 points between Q1 and Q2 thanks to improvements in operating performance in line with budget
  - Productivity gains in H2 should increase by more than 1.5 point relative to H1, in line with last year
- Net debt
  - Cashflow from operating activities before working capital reached 7.1% of revenues in H1 (vs 5.8% in H1 05)
  - Net debt at end June 2006 at € 339 million, due to seasonal increase of the working capital (€ 363 million at end June 2005)
  - Expected free cash flow generation of € 250 million in the second half should help us to reduce net debt to below € 100 million by year end

UK Action plan

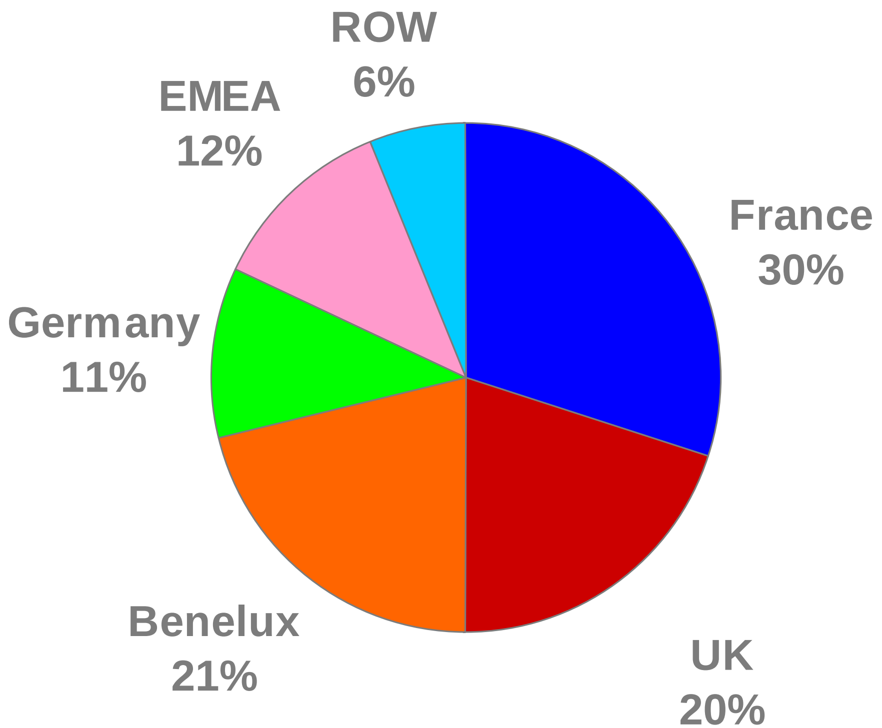
Last 2 years :

- Strategic reorganization into 4 best in class service lines, with unique ability to aggregate services in a design, build and operate proposition is done
- 2006: Strategic account management:
  - Selected preferred bidder for NHS Scotland
  - Shortlisted for 3 of 7 regions for the BPO diagnostic centres
  - Only Services company to be shortlisted for both infrastructure and integration contracts of Department of Constitutional Affairs
- 2006: Dedicated sales pushed down to the service line
- Recruit new partners in Consulting, by June 07, to increase the utilisation rate from 59% to 65% by end June 2007
- Rebalance SI Commercial efforts
- Improve delivery of projects

Outlook

- Confident that the UK action plan will deliver results
- Pipe-line strong
- Underperforming contracts cut
- Sales organizations being reorganized
- Rest of the Group in line with expectations
- Strategy constant
- Confident of rebound in 2007

Breakdown of revenues stable by geography



UK revenue share falls by 1 point, France increases share by 2 points