Press release

First half 2015 results

Solid H1 results well in line with full year objectives

Strong increase in Net income Group share of +61%

Free cash flow objective raised to circa € 420 million

2015 objectives confirmed

Bezons, July 29, 2015 - Atos, a global leader in digital services, today announces its first half 2015 results. **Revenue** was **€ 4,941 million**, up +18% year-on-year and up **+0.3% at constant scope and exchange rates**. Organic growth in the second quarter of 2015 was +0.3%, continuing the positive trend recorded in the fourth quarter of 2014 (+0.1% organic growth) and in the first quarter of 2015 (+0.2% organic growth).

Operating margin was **€ 345.6 million**, up +26% year-on-year and representing **7.0% of revenue**, an improvement by +60 basis points on a like for like basis. **Net income** was **€ 138 million**, up **+79%** year-on-year and **Net income Group share** was **€ 123 million**, up **+61%** year-on-year.

Free cash flow totaled **€ 141 million** during the first half of 2015 and the Group **net cash position** at the end of June was **€ 354 million**.

Commercial activity was strong in Q2 with a book to bill ratio of 115% leading to a **book to bill ratio** of **103%** and an **order entry** totaling **€ 5,088 million** for the first half of 2015.

H1 2015 key figures

In € million	**H1 2015**	**H1 2014***	***change***
Revenue	**4,941**	**4,176**	***+18%***
Organic growth	*+0.3%*	*-1.9%*	
Operating margin	**345.6**	**274.6**	***+26%***
% of statutory revenue	*7.0%*	*6.6%*	
Net income	**138**	**77**	***+79%***
% of statutory revenue	*2.8%*	*1.8%*	
Net income Group share	**123**	**76**	***+61%***
% of statutory revenue	*2.5%*	*1.8%*	
Free cash flow	**141**	**124**	***+14%***
Net cash	**354**	**217**	

** statutory figures*

Thierry Breton, Chairman and CEO of Atos, said: *"The Group posted a solid first half of the year confirming the improvement in the organic evolution of our revenue quarter after quarter, while continuing to deliver increased operational profitability, free cash flow, and net income.*

Commercial activity was strong in the second quarter with the important contracts signed to bring state-of-the-art technologies to large companies that reflect the relevant new positioning of Atos, as the trusted partner of the digital journey. In this context we continue to enhance the skilling and expertise of our professionals to better support our clients in their transformation.

As planned, Atos completed the acquisition of Xerox ITO on June 30 and was immediately fully operational to provide seamless services and to execute a fast integration program.

Looking ahead, we are positive for the second half of 2015 and we raise our full year free cash flow guidance to circa € 420 million."

H1 2015 performance by Service Line

	Revenue				Operating margin		Operating margin %	
In € million	**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*

Managed Services revenue was **€ 2,488 million**, up +16.3% year-on-year and +**0.8%** organically. Growth was mainly generated in the United Kingdom benefiting from major BPO contracts. The Service Line also benefited from the ramp-up of several large Managed Services contracts in the UK, in France, in the US, and in "Other Business Units". Conversely, the Service Line faced several ramp-downs and scope reductions in Germany, North America, and Benelux.

During the **second quarter**, the revenue trend of Managed Services significantly improved compared to the first quarter in most of the Business units. In particular, France benefited from the ramp up of large contracts won last year. Contracts recently signed also benefited to the improvement of the revenue evolution in Germany and Benelux & The Nordics.

Operating margin was **€ 185.7 million** representing **7.5% of revenue**, an improvement by +100 basis points compared to the same period last year. Managed Services activity in the UK strongly contributed to the Service Line improvement, as well as pension plans optimization in Germany and the impact of various workforce actions, synergies, and savings plans conducted in all Business Units.

Revenue in **Consulting & Systems Integration** was **€ 1,612 million**, up +7.3% year-on-year and down **-2.4%** at constant scope and exchange rates. The activity was strong in the Public Sector, mainly in the UK, in Central & Eastern Europe, and in France. As it was already the case during the first quarter, revenue decline was concentrated in Germany, mainly in the Telco sector.

Operating margin was **€ 76.6 million**. Lower volumes and utilization rate in Germany and to a lesser extent project slippages in France accounted for most of the difference in operating margin with the first half of 2014. Conversely, operating margin significantly increased in the UK and in "Other Business Units".

Revenue during the first half of 2015 in **Big Data & Cyber-security** was **€ 270 million**, representing organic growth of **+4.2%**. Revenue growth stemmed from strong activity in High Performance Computing in France and Germany. In Security, Cybersecurity posted a robust performance led by France, partly compensating Swiss governmental order delays.

Operating margin was stable at **€ 37.5 million.** Significant growth in all the Business Units compensated for the effect of the Swiss contracts in Security.

On a standalone basis, **Worldline** increased its revenue by +4.1%. From a contributive perspective to Atos, revenue was **€ 571 million**, up **+3.9%** compared to the first half of 2014. All Global Business Lines grew organically. In Merchant Services & Terminals, growth was primarily driven by Commercial Acquiring and by the dynamism of the Terminal business. Main growth drivers in Financial Processing & Software Licensing were Online Banking and Payment Software Licensing activities. Revenue increased in Mobility & e-Transactional Services thanks to e-Ticketing increased volumes and new projects in Latin America as well as e-Government collection with new contracts signed in the Benelux.

While the **OMDA** increased by +60 basis points in line with full year objectives, **operating margin** was **€ 78.1 million**, representing **13.7% of revenue**.

A detailed presentation of Worldline performance during the first half of 2015 is available at worldline.com, in the investors section.

H1 2015 performance by Business Unit

In € million	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*

The Group organic growth remained contrasted in the first half of 2015:

- United Kingdom posted a strong revenue performance thanks to Managed Services and more particularly BPO;
- Worldline increased by +3.9% with growth in the second quarter at +6.2%;
- France returned to growth in Q2 thanks to an improvement in Managed Services and a continued positive trend in Big Data & Cyber-security;
- "Other Business Units" also contributed to Group revenue growth, with a strong activity in Financial Services and Public & Health for both Managed Services and Consulting & Systems Integration;
- In North America, revenue in Managed Services continued to be affected by contracts terminated in 2014;
- The situation continued to be challenging in Germany, mainly for Systems Integration, and in Benelux & The Nordics, mostly for Managed Services. In these two geographies, the second quarter shows a clear improvement of the revenue trend compared to the first quarter, as anticipated.

Operating margin reached 7.0% of revenue, representing an increase of +60 basis points. The improvement came from the UK beyond revenue performance and on the back of slippages on projects booked in the first half of 2014. In France, operating margin increase was led by the contribution of Big Data & Cyber-security.

Benelux & The Nordics and North America maintained their profitability level at 9.2% and 7.8% respectively.

Operating margin was affected in Germany by lower volumes and utilization rate in Systems Integration and in "Other Business Units" by the Swiss government order delays.

Finally, the Group generated the first synergies on Bull perimeter and benefited from the continuous optimization program of its pension schemes that are successfully executed since 2013.

Net income

Operating income for the first half of the year was **€ 197 million** (€ 129 million in H1 2014) as a result of the following items:

Expenses for **reorganization, rationalization and integrations costs** reached **€ 116 million** as the consequence of:

- the plan to generate Bull synergies;
- the adaptation of the Group workforce in several countries in continental Europe and more particularly in Germany;
- the rationalization of offices mainly in Benelux and Germany.

In the first half of 2015, **€ 31 million** was recorded as **amortization** of Purchase Price Allocation (PPA).

Financial result was a charge of **€ 11 million**, down from € 21 million in the first half of 2014.

Total **tax charge** was **€ 47 million**, representing an **effective tax rate** of **25.2%** compared to 27.0% in the first half of last year, starting to reflect the new tax profile of the Group.

As a result, **Net income** was **€ 138 million**, up **+79%** year-on-year. **Non-controlling interests** were **€ 15 million**, related to Worldline following the IPO in June 2014, leading to a **Net income Group share** of **€ 123 million**, +61% compared to € 76 million last year.

Net cash and free cash flow

OMDA was **€ 459 million** representing 9.3% of revenue.

Reorganization, rationalization, and integration costs totaled **€ 142 million**, in line with the full year amount expected at € 235 million**.**

Net capital expenditures totaled **€ 215 million**, representing 4.3% of revenue.

Working capital contribution was **€ 49 million**, resulting from the continuous actions of the Group and the improvement of the working capital of the Bull operations.

Tax paid was **€ 58 million** (€ 75 million last year).

The Group generated a **free cash flow** of **€ 141 million**.

At the end of June, the Group paid **€ 811 million for the acquisition of Xerox ITO**.

The cash-out resulting from the payment in cash of the **dividend** on 2014 results was **€ 31 million**.

Group **net cash position** as of June 30, 2015 was **€ 354 million**.

Commercial activity

The **order entry** during the first half of 2015 totaled **€ 5,088 million**, up +16.7% year-on-year and representing a **book to bill ratio** of **103%**.

The commercial activity has been particularly strong in the second quarter with a book to bill ratio of 115%. The Group signed several important contracts enabling the digital journey of its clients by addressing the four ***Customer Transformation Challenges***:

The Group enables *Operational Excellence* for several large clients including Siemens, BASF and a global leader in the optical industry in Germany, in the Public Sector in the UK, and a telco operator in Middle-East.

Atos is supporting *Business Reinvention* and helping renew the *Customer Experience* of - among others - AccorHotels in France, and global truck manufacturer in Benelux. Some of these deals also leveraged Worldline's expertise.

Trust & Compliance is improved thanks to Atos' solutions being implemented on behalf of several Government Agencies in some European countries.

At the end of June 2015, the **full backlog** was **€ 17.1 billion** in line with the level reached at the end of December 2014, representing 1.7 years of revenue.

The **full qualified pipeline** totaled to **€ 5.5 billion** in line with the level reached at the end of December 2014, representing 6.6 months of revenue.

Human resources

The total headcount was 83,602 at the end of June 2015.

2,138 employees exited the Group workforce following the early termination of the Work Capability Assessment BPO contract with the Department for Work and Pensions and the outsourcing of on-sites services activities in France.

During the first half of 2015, 6,830 new employees were recruited while attrition during the first half was 11.1% at Group level and 20.6% in emerging countries.

Number of staff in offshore countries increased by +22% year-on-year, reaching 20,537 people by the end of June 2015. Offshore in Systems Integration represented 41% of direct staff in line with the objective to reach 50% by the end of 2016. More than two thirds of the offshore workforce was located in Asia (57% in India), the rest being mainly in Central & Eastern Europe.

On July 1st, 2015, 9,489 staff joined Atos from Xerox, with 4,309 in the US and Canada, 3,882 in India, the Philippines, and Mexico and the remaining 1,298 are mostly in the UK and in Germany. Including Xerox ITO, the total headcount of the Group was 93,091.

2015 objectives

The Group confirms its 2015 objectives and raises the free cash flow objectives. The figures below include Xerox ITO contribution from July 1st, 2015:

Revenue

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

Operating margin

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

Free cash flow

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

Conference call

Today, Wednesday July 29, 2015, Atos' Chairman and CEO, Thierry Breton; together with Charles Dehelly, Group Senior Executive Vice President in charge of Global Operations; Michel-Alain Proch, Group Senior Executive Vice President and CEO North America Operations; Elie Girard, Chief Financial Officer; and Patrick Adiba, Chief Commercial Officer, will comment on Atos' 2015 first half revenue and answer questions from the financial community during a **conference call** in English starting at 8:00 am (CET - Paris).

The conference will be webcasted on atos.net, in the Investors section.

You can also join the conference by telephone:

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Forthcoming event

October 22, 2015 Third quarter 2015 revenue

Appendix

H1 2015 revenue performance by Market

In € million	Revenue H1 2015	H1 2014*	% organic
Manufacturing, Retail & Transportation	1,598	1,649	*-3.1%*
Public & Health	1,438	1,293	*+11.2%*
Telcos, Media & Utilities	1,021	1,076	*-5.1%*
Financial Services	885	910	*-2.8%*
TOTAL GROUP	**4,941**	**4,928**	***+0.3%***

** at constant scope and exchange rates*

Revenue and operating margin at constant scope and exchange rates reconciliation

In € million	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%***

Net scope effect amounted to €+536 million and 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 (France, March 2015) and the early exit from the Work Capability Assessment BPO contract with the Department for Work and Pensions (United Kingdom, March 1st, 2015).

Significant exchange rates effect on revenue amounted to €+216 million mainly resulting from the British pound and the US dollar strengthening versus the euro.

Quarterly revenue evolution over the first half of 2015

	Revenue			*% organic evolution*		
In € million	**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%***

About Atos

Atos SE (Societas Europaea) is a leader in digital services with 2014 pro forma annual revenue of circa € 11 billion and 93,000 employees in 72 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO, Cloud operations, Big Data & Cyber-security solutions, as well as transactional services through Worldline, the European leader in the payments and transactional services industry. With its deep technology expertise and industry knowledge, the Group works with clients across different business sectors: Defense, Financial Services, Health, Manufacturing, Media, Utilities, Public sector, Retail, Telecommunications, and Transportation.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and is listed on the Euronext Paris market. Atos operates under the brands Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, and Worldline.

For more information, visit: atos.net.

Disclaimers

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 Reference Document filed with the Autorité des Marchés Financiers (AMF) on April 1, 2015 under the registration number: D15-0277.

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.