Press release

Strong first half 2016 results

Revenue at € 5,697 million, up +18% at constant exchange rates and +1.7% organically

Continued commercial dynamism with order entry up +24% year-on-year

Operating margin up by +23% year-on-year to 7.8% of revenue

Net income Group share up by +67% year-on-year

Free cash flow at € 181 million, up +74% year-on-year

All 2016 objectives raised

Bezons, July 26, 2016 - Atos, a global leader in digital services, today announces its financial results for the first half of 2016.

Revenue was **€ 5,697 million**, up +17.9% at constant exchange rates and **+1.7% at constant scope and exchange rates**. Organic growth at +1.8% during the second quarter of 2016 reflected the sustainability of the revenue momentum.

Order entry totaled **€ 6,309 million** during the first half of 2016, up +24.0% year-on-year and representing a **book to bill ratio** of **111%**. Commercial activity remained strong in Q2 with a book to bill ratio of 120%.

Operating margin was **€ 444.4 million**, up +23.1% compared to H1 2015 operating margin and representing **7.8% of revenue**, an improvement by **+60 basis points** at constant scope and exchange rates. **Net income** was **€ 234 million** including € 51 million for Worldline share in Visa Europe sold to Visa Inc.. **Net income Group share** reached **€ 205 million** (including € 36 million Group share for Visa), up **+66.9%** compared to H1 2015.

Free cash flow totaled **€ 181 million** during the first half of 2016, +74.2% compared to H1 2015 free cash flow. Further to free cash flow generation, payment of Unify acquisition, dividend paid on 2015 results, and proceeds received from Visa Inc., Group **net cash position** was **€ 412 million** at the end of June 2016.

Thierry Breton, Chairman and CEO said: *"During the first half of the year we delivered very strong financial results materializing our strategy to leverage our leading position in Managed Services in order to cross-sell the skills and expertise of all our Service Lines. As we continue to invest in our offerings, I am proud of the momentum we have created in our business with new bookings up +24% in H1 2016, a record revenue at € 5.7 billion, a strong free cash flow up +74%, and an EPS growing four times faster than revenue. We foresee a strong second half of the year and we anticipate a very limited effect from Brexit due to our low exposure to discretionary IT spending in financial services in the UK. Considering all of this,* ***the Group raised all its objectives for 2016****."*

2016 objectives

The Group raised all its objectives for 2016:

Revenue: Organic growth of +1.5% to +2.0% (vs. above +0.4% initially). Growth at constant exchange rates above +11% (vs. above +8% initially).

Operating margin: Between 9.2% and 9.5% of revenue (vs. 9.0% to 9.5% initially).

Free cash flow: Above € 550 million (vs. circa € 550 million initially).

The figures above include Unify Managed Services from February 1st, 2016 and exclude Equens contribution.

H1 2016 performance by Service Line

In € million	Revenue			Operating margin		Operating margin %	
	H1 2016	H1 2015*	% organic	H1 2016	H1 2015*	H1 2016	H1 2015*
Managed Services	3,221	3,203	+0.6%	281.0	230.4	8.7%	7.2%
Consulting & Systems Integration	1,584	1,576	+0.5%	77.8	74.8	4.9%	4.7%
Big Data & Cybersecurity	302	268	+12.8%	42.4	37.1	14.0%	13.9%
Corporate costs**				-48.4	-17.8	-0.9%	-0.4%
Worldline	589	556	+5.9%	91.6	76.9	15.6%	13.8%
TOTAL GROUP	**5,697**	**5,603**	**+1.7%**	**444.4**	**401.5**	**7.8%**	**7.2%**

** At constant scope and exchange rates*

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

Managed Services

Managed Services **revenue** was **€ 3,221 million**, **+0.6%** at constant scope and exchange rates. The Service Line continued to successfully drive the transition of its customers to hybrid cloud infrastructures resulting in positive organic growth, thanks to growing volumes and new contracts globally compensating for the decrease in the unit price, while increasing margin. This trend materialized particularly in North America with a strong commercial dynamism further to the integration of Xerox ITO, and in Germany with existing large customers including Siemens. Asia Pacific also contributed to growth mostly thanks to higher volumes in Financial Services.

Operating margin was **€ 281.0 million**, representing **8.7% of revenue** compared to 7.2% during the first half of 2015 at constant scope and exchange rates. This strong improvement came from the continued actions to decrease the cost base thanks to higher industrialization as well as more cloud based businesses and automation. The increased profitability was also generated by the successful integration of Xerox ITO and by the first effects of the cost saving plan on Unify from restructuring, rationalization, and procurement.

Consulting & Systems Integration

Revenue in Consulting & Systems Integration was **€ 1,584 million**, up **+0.5%** at constant scope and exchange rates materializing a steady top line improvement. A stronger activity with several large banks in France and Germany, compensated for the Ashgabat project delivered last year in Central & Eastern Europe. The business was also fueled by new contracts with central and local administrations in France and Germany and with a large media company in the UK, offsetting contracts delivered last year in Manufacturing and Retail in the US and in the UK.

Operating margin was **€ 77.8 million**, representing **4.9% of revenue**, +20 basis points compared to the first half of 2015 at constant scope and exchange rates. Excluding pension one-offs recorded in H1 2015, the margin improvement represented +70 basis points thanks to a strong revenue growth in Germany and in France, and a better project and workforce management in all geographies.

Big Data & Cybersecurity

Revenue growth in Big Data & Cybersecurity accelerated at **+12.8%** at constant scope and exchange rates, leading to **€ 302 million** revenue in H1 2016. Revenue growth was generated in all geographies and mostly in the public sector. Demand for High Performance Computing remained very strong in order to support the growing Big Data processing needs of our clients, as well as for encryption, access management solutions, and Intrusion testing solutions.

Operating margin was **€ 42.4 million**, up by +14.1% compared to H1 2015 at constant scope and exchange rates and representing **14.0% of revenue**, thanks to revenue growth and the remaining synergies resulting from the Bull integration.

Worldline

From a contributive perspective to Atos, Worldline **revenue** was **€ 589 million**, improving by **+5.9%** organically. On a standalone basis, revenue reached € 615 million, up +6.0% at constant scope and exchange rates. Merchant Services & Terminals was up +10.0% mainly thanks to higher volumes and positive price mix in Commercial Acquiring. Financial Processing & Software Licensing was up +4.1%, mainly driven by Acquiring processing volume growth in France and India and a strong level of license sales in Payment Software & Licensing. Mobility & e-Transactional Services grew by +3.5% thanks to a strong activity in e-Government Collection and in e-Consumer & Mobility compensating for the UK VOSA contract ended in Q3 2015. Except the UK, all the geographies strongly grew.

Standalone OMDA increased by +80 basis points, reaching € 117.2 million and representing 19.1% of revenue. Contributive **operating margin** was **€ 91.6 million**, or **15.6% of revenue**, +180 basis points at constant scope and exchange rates compared to H1 2015. This strong improvement was led by Merchant Services & Terminals, thanks to both volume transaction growth and a tight cost control.

A detailed presentation of Worldline H1 2016 performance is available at worldline.com, in the investors section.

H1 2016 performance by Business Unit

	Revenue			Operating margin		*Operating margin %*	
In € million	**H1 2016**	**H1 2015***	***% organic***	**H1 2016**	**H1 2015***	***H1 2016***	***H1 2015****
North America	990	948	*+4.4%*	100.4	72.7	*10.1%*	*7.7%*
Germany	930	886	*+4.9%*	80.8	43.3	*8.7%*	*4.9%*
United-Kingdom & Ireland	918	962	*-4.6%*	89.0	98.9	*9.7%*	*10.3%*
France	847	819	*+3.4%*	47.6	31.0	*5.6%*	*3.8%*
Benelux & The Nordics	492	521	*-5.5%*	38.3	48.0	*7.8%*	*9.2%*
Other Business Units	931	911	*+2.2%*	53.4	56.5	*5.7%*	*6.2%*
Global structures**				-56.8	-25.8	*-1.1%*	*-0.5%*
Worldline	589	556	*+5.9%*	91.6	76.9	*15.6%*	*13.8%*
TOTAL GROUP	**5,697**	**5,603**	***+1.7%***	**444.4**	**401.5**	***7.8%***	***7.2%***

** At constant scope and exchange rates*

*** Global structures include the Global Services Lines costs not allocated to the Group Business Unit and Corporate costs*

Several large geographies significantly improved their revenue performance during the first semester:

- Germany confirmed its recovery, turning back to positive in all Service Lines, with a strong organic growth of +4.9% (to be compared to -1.4% posted in H2 2015), notably thanks to strong actions undertaken by the management combined with positive sales achieved in Big Data & Cybersecurity;
- North America was up +4.4%, compared to +0.1% posted in H2 last year, benefitting from the full effect of the integration of Xerox ITO and the new sales dynamic in Managed Services;
- France with +3.4% revenue organic growth, improving compared to +1.1% recorded in H2 2015, grew notably in Systems Integration and in Big Data & Cybersecurity.

Worldline continued to contribute to the Group organic growth with a strong +5.9% over the period and "Other Business Units" also contributed to Group revenue increase, thanks to a double digit growth in Asia Pacific, South America and IMEA.

Conversely:

- The United Kingdom posted a -4.6% organic decrease mainly attributable to the base effect of outstanding volumes processed for NS&I in H1 2015;
- Benelux & The Nordics at -5.5% due to the ramp-down of contracts in Managed Services, notably in Financial Services.

During the first half of 2016, the Group continued to execute the Tier One program through industrialization, global delivery from offshore locations, and continuous optimization of SG&A. In addition, operating margin benefitted from ongoing cost synergies including the integration of Unify. This resulted in a strong margin improvement in several large geographies such as Germany, North America, and France. Finally, in the first half of 2016, the Group did not benefit from any positive one-off impact of pension schemes optimization.

Global structures costs for IT Services increased by +60 basis points compared to the first semester of 2015 at constant scope and exchange rates, mainly due the positive effect recorded in H1 2015 for pension plan optimization.

Globally, the Group improved its operating margin rate by +60 basis points. The improvement was +130 basis points excluding pension schemes optimization one-offs recorded in H1 2015.

Commercial activity

During the first half of 2016, the Group recorded **€ 6,309 million order entry**, **up +24.0% year-on-year** and representing a **book to bill ratio** of **111%**.

Commercial activity was particularly strong in Q2 with a book to bill ratio of 120%, driven by Cloud migration projects such as in the contract signed with the Texas Department of Information Resources for Hybrid Cloud Services and by digital transformation projects as for example the signature with a new logo, an American large quick serve restaurant provider, to deliver digital retail solution and an improved customer experience with the development of a mobile app. The Group also renewed large contracts such as the PIP contract with the UK Department for Work & Pensions. Commercial dynamism also came from the cross-selling strategy of the Group. As such, the Group signed a significant contract in Big Data with a French car manufacturer including the sale of a HPC, showing the promising perspectives of Big Data opportunities in the private sector, and had one of its first significant wins with Unify for the outsourcing of the communication network's management and services of Solvay.

Commercial dynamism translated into healthy book to bill ratios in all Service Lines. **Managed Services** book to bill ratio reached **110%** thanks to large signatures in Benelux & The Nordics as well as in North America and Germany. **Consulting & Systems Integration** order entry represented **106%** of revenue thanks to several contract wins in UK & Ireland in particular as well as in Benelux & The Nordics and in France. The level of booking was also high in **Big Data & Cybersecurity** and **Worldline** at **127%** and **116%** respectively.

In line with the dynamic commercial activity, the **full backlog** at the end of June 2016 amounted to **€ 19.5 billion**, representing 1.7 year of revenue, compared to € 19.1 billion published at the end of 2015. The **full qualified pipeline** was representing 6.7 months of revenue at **€ 6.4 billion**, compared to € 6.2 billion published at the end of 2015.

Operating income and net income

Operating income for the first half of 2016 year was **€ 324 million**, +64.2% year-on-year, resulting from the following items:

Costs for staff **reorganization, rationalization, and integration** amounted to **€ 97 million** compared to € 116 million in H1 2015, as a consequence of the adaptation of the Group workforce in continental Europe. These actions were initiated as early as possible in order to maximize cost savings effect in FY 2016.

€-45 million were recorded as **amortization** of Purchase Price Allocation for SIS, Bull, Xerox ITO, and Unify. The **amortization of the equity based compensation plans** amounted to **€-22 million**, compared to €-16 million in H1 2015.

Other items amounted to **€ 43 million** compared to a charge of €-1 million in H1 2015. They included the gain on the sale of the share in Visa Europe to Visa Inc. for € 51 million, partially offset by a settlement of an old litigation in Germany.

Net financial result was a charge of **€-32 million**, including the cost of the straight bond issued in mid-2015. Total **tax charge** was **€-58 million**, representing an **effective tax rate** of **19.8%**, significantly down compared to 25.2% in H1 2015.

As a result, **net income** was **€ 234 million**, +69.8% compared to € 138 million in H1 2015. **Non-controlling interests** amounted to **€ 29 million** and were related to the minority shareholders in Worldline. Therefore, the **net income Group share** reached **€ 205 million**, +66.9% compared to € 123 million in H1 2015.

Net income of Unify Software & Platforms discontinued operations was a loss of €-31 million. The annual objective to reach €+10 million net income is confirmed.

Basic EPS Group share was **€ 1.99**, +62.3% compared to € 1.23 in H1 2015 and **diluted EPS Group share** was **€ 1.98**, +62.9% compared to € 1.22 during the first half of 2015.

Free cash flow

Operating Margin before Depreciation and Amortization (OMDA) was **€ 586 million** representing 10.3% of revenue, compared to € 459 million in H1 2015 (9.3% of revenue).

As planned, total cash-out for **reorganization, rationalization, and integration** was **€-96 million** compared to €-142 million in H1 2015, fully in line with the € 150 million 2016 target.

During the first half of 2016, **capital expenditures** totaled **€ 202 million**, representing **3.5% of revenue**, compared to € 215 million in H1 2015 (4.3% of revenue). **Change in working capital** negatively contributed by **€-22 million**, due to a growing activity in the public sector. It represented €+49 million in H1 2015 mainly thanks to the optimization of Bull's working capital.

Cash-out for **financial costs** was **€-8 million** (€-3 million in H1 2015) and **tax paid** was **€-74 million** compared to €-58 million in H1 2015. Finally, **other items** totaled **€-3 million**, compared to €+14 million in H1 2015.

As a result, the Group **free cash flow** generated during the first half of 2016 totaled **€ 181 million**, strongly up compared to € 104 million in H1 2015.

Net cash evolution

Net acquisitions / disposals in H1 2016 amounted to **€-322 million**, mainly related to the acquisition of Unify.

As part of the **sale of Visa Europe**, the Group received **€ 36 million** from Visa Inc.

Capital increase, mostly related to proceeds from stock-options totaled **€ 21 million** in H1 2016 compared to € 38 million in H1 2015.

The cash-out resulting from the option for the payment in cash of **dividend** on 2015 results was **€-47 million** compared to €-31 million last year, roughly in line with the increase of dividend per share from €0.80 to €1.10.

Finally, mainly due to the British pound decreased versus the euro, foreign **exchange rate fluctuation effect** on debt or cash in foreign currencies totaled **€-49 million** compared to €+67 million in H1 2015.

As a result, Group **net cash position** as of June 30, 2016 was **€ 412 million**, compared to € 593 million on December 31, 2015.

Human resources

The **total headcount** was **96,352** at the end of June 2016. The increase of +5.5% of the Group workforce compared to 91,322 at the end of December 2015 was mainly due to the circa 5,200 staff who joined the Group from Unify on February 1st, 2016.

Attrition was 12.2% at Group level of which 18.4% in offshore countries, excluding the discontinued Unify Software & Platforms operations.

The number of **direct employees** at the end of June 2016 was **88,926**, representing 92.3% of the total Group headcount, compared to 93.7% at the end of 2015. Adjusted from the scope effect from Unify, **indirect staff** decreased by -5.1% in line with the continuous optimization of the indirect workforce.

Number of **staff in offshore countries** reached **26,126** people by the end of June 2016. The majority of the offshore workforce is located in India, the rest being mainly in Eastern Europe. Offshore for Systems Integration represented 44% of direct staff.

Appendix

The review procedures on the interim financial information have been performed by the statutory auditors. Their review report is currently being issued.

Revenue and operating margin at constant scope and exchange rates reconciliation

In € million	**H1 2016**	**H1 2015**	***% change***
Statutory revenue	5,697	4,941	*+15.3%*
Exchange rates effect		-108	
Revenue at constant exchange rates	5,697	4,833	*+17.9%*
Scope effect		776	
Exchange rates effect on acquired/disposed perimeters		-6	
Revenue at constant scope and exchange rates	**5,697**	**5,603**	***+1.7%***
Statutory operating margin	444.4	345.6	*+28.6%*
Equity based compensation reclassification		15.5	
Scope effect		51.7	
Exchange rates effect		-11.2	
Operating margin at constant scope and exchange rates	**444.4**	**401.5**	***+10.7%***
as % of revenue	*7.8%*	*7.2%*	

Exchange rates effect mainly came from the British pound (-6% year-on-year versus euro), the Argentine peso (-39%), the Brazilian real (-20%), the Turkish lira (-13%) and the Swiss franc (-4%).

Scope effects were mainly related to the positive contribution of Xerox ITO (6 months for €+596 million) and Unify (5 months for €+244 million, including €+89 million of revenue made with Unify Software & Platforms discontinued operations). Other effects were related to (i) the early termination of the DWP WCA contract (2 months), (ii) the disposal of on-sites services in France (2 months), (iii) the sale of the Occupational Health business in January 2016 (6 months), and (iv) the external revenue made with Unify and accounted as internal revenue further to the acquisition (5 months).

Same effects as well as the reclassification of the cost of equity based compensation are reflected in the operating margin at constant scope and exchange rates.

H1 2016 key figures

In € million	**H1 2016**	**H1 2015**	***change***
Revenue	**5,697**	**4,941**	***+15.3%***
Organic growth	*+1.7%*	*+0.3%*	
Operating margin	**444.4**	**361.1**	***+23.1%***
Net income Group share	**205**	**123**	***+66.9%***
Free cash flow	**181**	**104**	***+74.2%***
Net cash	**412**	**354**	

H1 2016 revenue performance by Market

In € million	**H1 2016**	**H1 2015***	***% organic***
Manufacturing, Retail & Transportation	2,000	1,982	*+0.9%*
Public & Health	1,639	1,532	*+6.9%*
Telcos, Media & Utilities	1,125	1,111	*+1.3%*
Financial Services	933	978	*-4.6%*
TOTAL GROUP	**5,697**	**5,603**	***+1.7%***

** At constant scope and exchange rates*

Q2 2016 revenue performance by Service Line

In € million	**Q2 2016**	**Q2 2015***	***% organic***
Managed Services	1,666	1,655	*+0.7%*
Consulting & Systems Integration	806	802	*+0.6%*
Big Data & Cybersecurity	165	146	*+13.3%*
Worldline	302	287	*+5.3%*
TOTAL GROUP	**2,940**	**2,889**	***+1.8%***

** At constant scope and exchange rates*

Q2 2016 revenue performance by Business Unit

In € million	**Q2 2016**	**Q2 2015***	***% organic***
North America	513	488	*+5.1%*
Germany	487	474	*+2.7%*
United-Kingdom & Ireland	471	478	*-1.5%*
France	437	423	*+3.3%*
Benelux & The Nordics	246	263	*-6.6%*
Other Business Units	485	477	*+1.8%*
Worldline	302	287	*+5.3%*
TOTAL GROUP	**2,940**	**2,889**	***+1.8%***

** At constant scope and exchange rates*

Q2 2016 revenue performance by Market

In € million	**Q2 2016**	**Q2 2015***	***% organic***
Manufacturing, Retail & Transportation	1,003	994	*+0.9%*
Public & Health	852	799	*+6.7%*
Telcos, Media & Utilities	624	606	*+3.0%*
Financial Services	461	491	*-6.1%*
TOTAL GROUP	**2,940**	**2,889**	***+1.8%***

** At constant scope and exchange rates*

Conference call

Today, Tuesday, July 26, 2016, Thierry Breton; Chairman and CEO, Elie Girard, Chief Financial Officer, and Patrick Adiba, Chief Commercial Officer, will comment on Atos' first half 2016 results and answer questions from the financial community during a **conference call** in English starting at 6:00 pm (CET - Paris).

You can join the **webcast** of the conference:

- on atos.net, in the Investors section
- by smartphones or tablets through the scan of:
- by telephone with the dial-in:

France	*+33 1 76 77 22 30*	*code 4934166*
UK	*+44 20 3427 1919*	*code 4934166*
US	*+ 1 212 444 0412*	*code 4934166*

Forthcoming events

October 20, 2016	Third quarter 2016 revenue

Contacts

Media:	Terence Zakka	+33 1 73 26 40 76 terence.zakka@atos.net
Investor Relations:	Gilles Arditti	+33 1 73 26 00 66 gilles.arditti@atos.net
	Benoit d'Amécourt	+33 1 73 26 02 27 benoit.damecourt@atos.net

About Atos

Atos SE (Societas Europaea) is a leader in digital services with pro forma annual revenue of circa € 12 billion and circa 100,000 employees in 72 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO, Cloud operations, Big Data & Cybersecurity 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, Unify and Worldline.

For more information, visit: atos.net.

Disclaimers

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors behaviors. Any forward-looking statements made in this document are statements about Atos' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. 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 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2016 under the registration number: D.16-0300. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law. 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. Operating margin is presented as defined in the 2015 Registration Document.

Business Units include **Germany**, **France**, **United-Kingdom & Ireland**, **Benelux & The Nordics** (BTN: The Netherlands, Belgium, Luxembourg, Denmark, Finland, Sweden, and Estonia), **Worldline**, **North America** (NAM: USA, Canada, and Mexico), and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Switzerland and Turkey), Iberia (Spain, Portugal, and Andorra), Asia-Pacific (APAC: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand), South America (SAM: Brazil, Argentina, Colombia, Chile, Guatemala, Jamaica, Peru, and Uruguay), India, Middle East & Africa (IMEA: Algeria, Benin, Burkina Faso, Egypt, Gabon, Israel, India, Ivory Coast, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Saudi Arabia, Senegal, South Africa and UAE), Major Events, and Cloud & Enterprise Software.

Atos decided, as early as the acquisition date, to retain only part of the activity of Unify. As a result, the Software & Platforms business, along with the customers and the countries that were planned to be managed through indirect channels, have been accounted for as discontinued operations and are in the process of being physically carved-out to facilitate the disposal of this activity. Therefore, the 2016 and 2015 pro forma consolidated external revenue and operating margin reflect the retained scope of Unify only.