Architect of an Open World™

Press release

Bull: 2010 results show progress

- Growth in order intake, representing 106% of revenues
- Significant increase in revenues: +12%
- Strong generation of operational cash flow: €48.6 million
- EBIT in line with objectives
- Significant increase in revenues in Q4 2010: +20.2%

Paris, 18 February 2011**: The Board of Directors of BULL (Euronext Paris: BULL) approved the Group's consolidated accounts for 2010 on 17 February 2011**. Auditing procedures have been carried out on the financial statements, and the certification report will be issued following the Board meeting convening the next Annual General Meeting.

2010 key figures

		Variation	
(€ million)	**2010**	*2009*	*Organic growth[1]*
Order intake[1]	**1,312.5**	*+11.4%*	*+3.7%*
Consolidated revenues	**1,243.1**	*+12.0%*	*+2.7%*
Gross margin	**22.4%**	*+0.2 point*	
EBIT[1,2]	**35.5**	*+28.6%*	-
Net income (Group share)	**6.5**	*+364%*	-
Cash flow from continuing operations	**48.6**	*+€38.3 million*	-
Net cash[1]	**283.2**	*-€2.2 million*	-

Philippe Vannier, Chairman and CEO of Bull, commented: *"Improving performance is the main priority for the Group and its senior management team. It is one of the cornerstones of the BullWay strategic plan published in Autumn 2010, which will be implemented over the course of the first half of 2011, most notably through the roll-out of a new organization structure. By effectively combining computing power with security, Bull now offers a portfolio of solutions whose technological relevance is recognized internationally and which our teams are determined to promote. The commitment of each and everyone who works for Bull has*

[1] See glossary.

[2] Taking into account the Purchase Price Allocation (PPA) for Amesys and the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises* or Assessment of Corporate Added Value) – which are accounted for as a tax charge under EBIT, given that the *Taxe Professionelle* (business rates) used to be recognized as part of EBIT – EBIT has been recast at €33.0 million, in line with the target for the 2010 financial year published in July 2010.

resulted in a significant increase in revenues in Q4, as well as an acceptable level of operating cash flow in 2010."

- **Book-to-bill[1] ratio for the period was 1.06**
- **Consolidated revenues were €1,243.1 million, representing a 12% increase.** When corrected to exclude the effects of exchange rates, they were 11% higher. Organic growth was 2.7%
- **Gross margin was €278.3 million, or 22.4% of revenues;** the gross margin rate was 0.2 percentage points higher than in 2009
- **EBIT[1]** was €35.5 million; using a comparable method of assessment[2], EBIT for the year was €33 million, inline with the published target in July 2010 to exceed €30 million
- **Net operating profit[1]** was €24.6 million, €10.6 million higher than in 2009[3]
- **Net income (Group share) was €6.5 million** (€1.4 million in 2009)
- **Continuing operations generated positive cashflow** of €48.6 million for the year, the result in particular of a net fall in working capital; the cash outflow observed in the first half of the year was compensated for, as anticipated, by higher levels of operating cash generation during the second half
- **Net cash[1] stood at €283.2 million,** compared with €285.4 million at the end of 2009.

Outlook: The Group is confirming its medium-term objectives published on 9 December 2010 as part of the unveiling of BullWay 2011-2013, its strategic plan for growth. The plan will be implemented over the first six months of 2011.

Financial results for the full year 2010

Comparisons are made year-on-year with published 2009 figures, except where a recast is specifically indicated.

Order intake grew by 11.4%; when the orders taken by the Amesys group are excluded, the increase was 3.7%.

Consolidated revenues for the year were €1,243.1 million, representing a 12% increase. Organic growth (based on a like-for-like business scope and constant exchange rates) was 2.7%.

- The *Services and Solutions* business recorded growth of 3.8%, at €501.4 million. This shows that the Group is continuing to perform ahead of market estimations for the French IT services sector, with 1%[4] growth in a European market that has declined by more than 2%[5]. This performance has been driven in particular by the Group's outsourcing offerings and the recovery in some international markets in a highly competitive environment. *Managed services* made an especially significant contribution to sales momentum in this segment, as illustrated by the book-to-bill ratio of 1.06 for the period.

- Revenues from the *Hardware and Systems Solutions* business were €397.1 million, up by 11%. This performance, which follows a 5.8% increase in 2009, confirms the continued success of the Group's integrated systems offerings, especially those in *Extreme Computing*. This offering – which recorded growth in excess of 50% in 2010 – has become the largest in this segment. The book-to-bill ratio for this segment was 1.04.

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[3] Provision for the *Clause de retour à meilleure fortune* (CMRF) profit-sharing agreement is included in the operating profit for 2010 and has been reallocated for 2009. The effect of this is a €1 million increase in operating profit for 2009. This reallocation does not affect the net income for 2009.
[4] Source: Syntec Numérique, November 2010
[5] Source: Gartner Group, January 2011

- The *Maintenance and PRS* business recorded revenues of €189.5 million, down slightly (-1.3%) in comparison with 2009. Following a 4% decline in revenues in the first half of the year, new infrastructure services-type offerings helped to compensate for the decline in more mature offerings in the second half of the year. As a result, revenues increased by 1.3% in the second half of the year and the book-to-bill ratio improved markedly, to reach 1.08.

- Revenues from the *Fulfillment and Third-Party Products* business, at €66.2 million, fell by 13.9%, the result of Bull's conscious decision to focus its sales efforts on the Group's own, higher added-value offerings.

- Revenues from the *Security and Mission-Critical Systems* business *were €88.9 million.*

Gross margin of €278.4 million, or 22.4% of revenues, grew by 0.2 percentage points compared with 2009 due to the contribution from the Amesys group, as well as a slight improvement (+0.7 percentage points) in the Services and Solutions business.

- Gross margin from the *Hardware and Systems Solutions* business was €117.6 million, or 29.6% of revenues; stable compared with 2009. The improvement in margins from growth offerings and open servers compensated for the decline in the value of margins from more mature offerings.

- Gross margin rates from the *Services and Solutions* business improved by 0.7 percentage points in 2010 to 15.6% for the financial year. This increase is largely explained by the growth in volumes and improved resource utilization of the Group's own staff.

- Gross margin rates from the *Maintenance and PRS* business fell by 2.8 percentage points to 27.6% in 2010, due mainly to the falling volume of traditional maintenance activities.

- The gross margin rate from the *Security and Mission-Critical Systems* business was 25.1% of revenues.

EBIT for the full year was €35.5 million, up by €7.9 million compared with 2009. The rate of EBIT stood at 2.9% of revenues, up by 0.4 percentage points. Taking into account the Purchase Price Allocation (PPA) for Amesys and the French CVAE tax (*Cotisation sur la Valeur Ajoutée des Entreprises* or Assessment of Corporate Added Value) – which are accounted for as a tax charge under EBIT, given that the *Taxe Professionelle* (business rates) used to be recognized as part of EBIT – EBIT has been recast at €33.0 million, in line with the target for the 2010 financial year published in July 2010.

- The Group's overall R&D expenditure, which was €58.5 million in 2010, increased by €13.6 million compared with 2009. This is now mainly focused on HPC servers (*Extreme Computing*) and the Group's security and mission-critical systems offerings. Net investment in *Research and Development* was €19.8 million, €1.2 million lower than in 2009, thanks to an active policy of seeking funding through partnerships and an increase in the research tax credit.

- *Selling and administrative expenses* were €220.1 million in 2010. The increase in expenditure was mainly due to the fact that Amesys is now part of the Bull Group, to additional spending on information systems, and to the refurbishment of certain locations.

Net operating profit was €24.6 million, up by €10.6 million compared with 2009[3]. This includes, on the one hand, charges related mainly to the acquisition of Amesys and amortization of residual goodwill in Siconet during the first half of the year, and on the other, to income, principally the 2009 research tax credit and a €6 million benefit related to recovery of funding on old early retirement plans.

Net income (Group share) was €6.5 million; higher than the figure of €1.4 million recorded for 2009. This includes net financial expenses of €8.6 million as well as a tax charge of €10.2 million. Financial charges include principally costs linked to the pension plan at Bull Germany, stable compared with last year. The drop in interest rates caused a fall in interest received for the period. The tax charge now includes CVAE (€5.9 million in 2010), while the *Taxe Professionnelle* (which this new tax partially replaces) formerly used to be accounted for in EBIT. Deferred tax assets have been adjusted accordingly, most notably to take account of the provisional results for Amesys.

Continuing business operations generated positive cashflow of €48.6 million for the year, compared with €10.3 million in 2009. The cash outflow observed in the first half of the year was compensated for, as anticipated, by higher levels of operating cash generation during the second half.

Gross cash[1] stood at €326.3 million at 31 December 2010. Net cash[1] stood at 283.2 million, compared with €285.4 million at the end of 2009. Operational cashflow generated virtually covered the impact of the exceptional items of cash outflow, particularly the acquisition of the Amesys group.

Fourth quarter revenues for 2010 (unaudited data)

- Revenues for the fourth quarter were €396.6 million, an increase of 20.2%. At a like-for-like business structure[6], revenues grew by 12.7%.
- The *Hardware and Systems Solutions* business grew by 13.7% to €137.9 million, driven by dynamic sales in open servers as well as by the growth in the Extreme Computing and secure storage businesses.
- The *Services and Solutions* business recorded growth of 10.8% compared with 2009, with revenues of €151.1 million; the result of a further strengthening of the positive trend noted in Q3.
- Revenues from the *Maintenance and PRS* segment were €53.1 million, up by 5.7% compared with the same period in 2009.
- Revenues from *Security and Mission-Critical Systems* were €24.4 million.

Key highlights of 2010

- **Acquisition and integration of the Amesys group; impact on business scope and share capital**

At its meeting on 18 January 2010, the Extraordinary General Meeting (EGM) of Bull shareholders gave its overwhelming approval to Bull's purchase of Amesys group from Crescendo Industries. The EGM also approved an increase in share capital from 18 January 2010, with the creation of 24,000,000 new shares for the benefit of Crescendo Industries, the owner of the Amesys group. As a result of this, Crescendo Industries became Bull's largest shareholder, with 19.87% following this operation. A cash payment of €37.6 million was also made to Crescendo Industries when the operation was finalized on 18 January 2010.

As a result, Amesys was integrated into the Bull Group's scope of business as from 1 January 2010.

- **Bull corporate governance**

[6] Revenues from the Amesys group, acquired in 2010, were €22.4 million over the period.

Philippe Vannier was co-opted onto the Board as a Director – replacing Dominique Lesourd – and he was subsequently appointed as Chairman and CEO by the Board on 10 May 2010, succeeding Didier Lamouche.

The Annual General Meeting of shareholders on 16 June 2010 ratified Philippe Vannier's appointment as a Director. In addition, a further seven new Directors were appointed to the Board at the meeting.

- **A new strategic plan: 'BullWay 2011-2013'**

In December 2010, Bull unveiled 'BullWay 2011-2013': a major step in the Group's plan for growth featuring a strategy designed to capitalize on its fundamental strengths:

- Its technological expertise, in **computing power and security** – both of which are now seen as major concerns for all types of organizations
- Its **understanding of growth markets**, especially the public sector, defense, finance and telecommunications
- Its **historical geographic presence** in rapidly growing economies such as Brazil.

- **Bull continued to pursue an active recruitment campaign; with the aim to take on 1,000 new staff in 2011.**

- **In 2010, Bull confirmed its leadership position in the supercomputer market**:

  - Tera 100 – the supercomputer that Bull has installed at the French Alternative Energies and Atomic Energy Commission (the CEA) – was ranked as Europe's first Petaflops-scale supercomputer and the sixth largest in the world in the latest TOP 500 list, published in November 2010
  - As part of the European PRACE (Partnership for Advanced Computing in Europe) initiative, Bull began designing a new supercomputer – known as Curie – which was ordered by the French national High-Performance Computing organization GENCI (*Grand Equipement National de Calcul Intensif*), and will be one of the most powerful in the world
  - In 2010, Bull updated and enhanced its bullx family of supercomputers, to offer one of the most comprehensive, high-performance ranges of systems on the *Extreme Computing* market. The expertise that Bull has developed in *Extreme Computing* enabled the Group to build a whole new generation of servers that is turning both the supercomputer and enterprise server markets upside-down, with the launch of novascale bullion™ and novascale gcos; both based on the same technology platform as bullx.

- **Making processing power accessible to everyone:**

  - In 2010, Bull launched 'extreme factory': a powerful marriage between *Extreme Computing* and *Cloud Computing*. This is the first integrated on-demand computer simulation offering featuring a pay-as-you-go model.

- **Security solutions combining high power and reliability:**

  - *Data Loss Prevention (DLP)* effectively combines power and security. The aim of this new system is to fight data leakage, acting as a 'control tower' responsible for identifying all the files stored on an organization's servers – whether they are static or in the process of being transferred (going out of employees' computers) – and ensuring that all internal control procedures are respected.

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Glossary:

PPA (Purchase Price Allocation): A proportion of the purchase price for the Amesys group is allocated to intangible assets to be amortized as part of EBIT. This amortization is offset in 'EBIT before PPA' in order that the Group's performance can be compared against targets set before the PPA was determined.

***Book-to-bill* ratio**: Represents the ratio of new orders to revenues for the period.

CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*): Assessment of Corporate Added Value.

EBIT: Earnings before Interest and Taxes, non-operating and non-recurring items and contribution of equity affiliates.

Capital expenditure: Acquisition of assets by Bull for its own account or for the account of customers of managed services contracts.

Organic growth: Represents growth at like-for-like business scope and constant exchange rates.

Order intake: Represents the definite contracts signed during the year and the value of contracts that are renewed automatically or which are not subject to an end date attributable to the financial year in question.

Operating profit: Earnings before Interest and Taxes. Includes the impact, of changes in the scope of the business, as well as provisions for restructuring.

Gross cash: Cash and cash equivalents including marketable securities available for sale, deposits and guarantees.

Net cash: Gross cash minus financial debt.

About Bull

Bull is an Information Technology company, dedicated to helping Corporations and Public Sector organizations optimize the architecture, operations and the financial return of their Information Systems and their mission-critical related business processes.

Bull focuses on open and secure systems, and as such is the only European-based company offering expertise in all the key elements of the IT value chain.

For more information visit: http://www.bull.com/

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Financial calendar

- 28 April 2011: First quarter 2011 revenues
- 8 June 2011: Annual General Meeting
- 29 July 2011: 2011 half-year results
- 28 October 2011: Third quarter 2011 revenues

Disclaimer

This Press release includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause expected results to differ.
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Key figures for the full year 2010 (published data):

Income statement

(€ million)	2010		2009	
Revenues[1]	1 243.1	100%	1 109.9	100%
Services and Solutions[1]	*501.4*	*40.3%*	*483.2*	*43.5%*
Hardware and Systems Solutions[1]	*397.1*	*31.9%*	*357.7*	*32.2%*
Maintenance and PRS[1]	*18956*	*15.3%*	*192.1*	*17.3%*
Fulfillment and Third-Party Products[1]	*66.2*	*5.3%*	*76.9*	*6.9%*
Security and Mission-Critical Systems	*88.9*	*7.2%*	-	-
Gross margin	278.3	22.4%	246.3	22.2%
Services and Solutions[2]	*78.2*	*15.6%*	*71.9*	*14.9%*
Hardware and Systems Solutions[2]	*117.6*	*29.6%*	*106.0*	*29.6%*
Maintenance and PRS[2]	*52.3*	*27.6%*	*58.5*	*30.4%*
Fulfillment and Third-Party Products[2]	*7.9*	*11.9%*	*9.9*	*12.9%*
Security and Mission-Critical Systems	*22.4*	*25.2%*	-	-
R&D expenses	(19.8)	1.6%	(21.0)	1.9%
Selling and administrative expenses	(220.2)	17.7%	(196.9)	17.7%
Effects of exchange rates on operating cashflow	(3.0)	n/s	(0.8)	n/s
EBIT (see glossary)	35.5	2.9%	27.6	2.5%
Operating profit [3]	24.6	2.0%	14.0	1.3%
Net income (Group share)	6.5	-	1.4	-

1. Percentages express the revenues for each segment as a proportion of consolidated revenue
2. Percentages express the rate of gross margin for each segment (gross margin for the segment compared with the revenues for the segment)
3. Provision for the CRMF (*Clause de retour à meilleure fortune*) profit-sharing agreement is included in the operating profit for 2010 and has been reallocated for 2009. The effect of this is a €1 million increase in operating profit for 2009. This reallocation does not affect the net income for 2009.

Numbers may not add up to 100% due to rounding.

Cashflow

(€ million)	2010	2009
EBIT	35.5	27.6
Depreciation	19.8	13.8
Variation in working capital	39.7	(2.4)
Capital expenditure	(27.9)	(18.4)
Financial expenses	(8.6)	(6.0)
Taxes paid	(10.2)	(4.3)
Cashflow from continuing operations	48.6	10.3
Non-recurring cashflow items	(50.9)	(27.3)
Cash inflow (outflow)	(2.3)	(17.0)
Gross cash position	326.3	338.8
Net cash position	283.2	285.4

Geographic split of revenues

€ million	2010		2009	
France	701.0	56.3%	578.5	52.1%
Europe excluding France	362.0	29.1%	384.9	34.6%
USA	25.7	2.1%	18.7	1.7%
South America	54.4	4.4%	44.7	4.0%
Rest of the World	100.1	8.1%	83.1	7.5%
Total	1,243	100%	1,110	100%

Numbers may not add up to 100% due to rounding.

Annex

Published quarterly revenues for the financial years 2010 and 2009 (unaudited data):

	€ million	Q1	Q2	Q3	Q4	Full year
2010	Services and Solutions	113.7	127.5	109 .1	151.1	501.4
	Hardware and Systems Solutions	84.0	106.6	68.6	137.9	397.1
	Maintenance and PRS	42.2	49.4	44.8	53.1	189.6
	Security and Mission-Critical Systems	22.1	21.9	20.5	24.4	88.9
	Fulfillment and Third-Party Products	11.3	12.6	12.2	30.0	66.2
	Total	273.2	318.1	255.2	396.6	1,243.1
2009	Services and Solutions	111.1	129.9	105.9	136.3	483.2
	Hardware and Systems Solutions	74.7	105.9	55.8	121.3	357.7
	Maintenance and PRS	45.0	50.5	46.4	50.2	192.1
	Fulfillment and Third-Party Products	19.0	22.5	13.2	22.2	76.9
	Total	249.8	308.8	221.2	330.1	1,109.9

Numbers may not add up to 100% due to rounding.