Architect of an Open World™

Press release

Strong growth in operating profitability in the first six months of 2012

- Continued commercial growth in H1 2011, taking the book-to-bill ratio to 1.09
- Increase in gross margin and significant progress in operating profitability (up 29%)
- Improved operating cashflow compared to H1 2011
- Medium-term objectives reaffirmed

Paris, 26 July 2012: A meeting of the Board of Directors of Bull, on 25 July 2012, has examined and approved the accounts for the first six months of 2012, as reviewed by the company's auditors.

Key figures

€ millions	First six months		Variation
	2012	2011	
Consolidated order intake[1]	670.3	649.8	+3.2%
Consolidated revenues	616.7	612.4	+0.7%
Gross margin *% of revenues*	141.5 *22.9%*	137.8 *22.5%*	+2.7%
Net R&D costs	(11.4) *1.8%*	(10.9) *1.8%*	
Selling, general and administrative costs	(112.1) *18.2%*	(110.3) *18.0%*	
EBIT[1] *% of revenues*	18.1 *2.9%*	14.0 *2.3%*	+29%
Net income	7.5	7.4	+1.3%
Operating cashflow	(54.5)	(65.1)	

Philippe Vannier, Bull Chairman and CEO, commented: *"During the first six months of the year, the Group significantly improved its profitability and accelerated its positioning in the key growth segments in our sector. Most notably, Bull has been chosen by the French National Fund for a Digital Society (FSN) (managed by the* Caisse des Dépôts*) for two future investments: the first in partnership with SFR, to create a Europe-wide computing power plant and the second, NumInnov, to extend access to High-Performance Computing to SMEs. In an extremely uncertain economic climate, we are especially mindful of the need to manage our profitability and preserve our cash, so as to guarantee that we will be able to continue investing in the future."*

[1] See glossary

Highlights of the first six months of 2012:

- Bull was chosen by FSN (the French National Fund for a Digital Society) – along with SFR and the *Caisse des Dépôts* – to establish a secure, high-availability data center. The project will represent an investment of some €225 million and Bull will have a 20% stake
- Also as part of the French State program of future investments, Bull has been chosen to create a High-Performance Computing (HPC) Cloud, which will enable this technology to be made more widely available to SMEs. The investment to be made over the next few years is in the order of €28 million, with Bull taking a 55% share
- Order intake grew by 3.1% for the six month period, while the book-to-bill ratio[1] was 1.09
- Sales were especially buoyant in France in the Group's outsourcing business and for the majority of the Security Solutions Business Line's offerings
- On the international front, orders were up significantly in the UK, as well as in a number of emerging markets including Poland, Egypt and Morocco
- As a result, revenue from international activities increased, to account for 43.2% of consolidated revenues compared with 42.6% in the first half of 2011
- Gross margin for the period was €141.5 million, representing 22.9% of revenues: an increase both in terms of total value and percentage
- R&D costs increased, reflecting the Group's continued and sustained efforts in research and development: vital in HPC, especially at a time when the European Union is starting to assess its strategic value to business activities. Gross R&D expenditure amounted to €38.8 million, an increase of €8.8 million
- EBIT for the period was €18.1 million, a 29% increase compared with the EBIT of €14.0 million recorded for the first six months of 2011
- Net income was a profit of €7.5 million, slightly higher than in H1 2011
- Operating cashflow was €10.6 million higher than in the first six months of 2011.

Outlook

The Group confirmed the medium-term objectives published on 9 December 2010 as part of its strategic development plan, BullWay 2011-2013. The implementation of this plan, launched during the first half of 2011, is progressing as expected. Actions aimed at instilling a new commercial momentum are bearing fruit. As a result, in two years order intake has risen by 7.7% while revenues have grown by 4.3%[2]. In addition, careful control of business processes and indirect costs has led to a 7.9% increase in gross margin and growth in EBIT of more than 40% over the same period[3].

Performance by Business Line

Bull publishes contributive margins for each of its Business Lines, reflecting the way in which the Group is managed. Certain functional and cross-divisional costs – relating among other things to the commercial management of key accounts and the organization of international activities – have not been allocated to the BLs because of their shared nature, designed to encourage synergies.

Comparisons are made year-on-year for the corresponding period.

[2] In the first half of 2010, order intake was €622.4 million and revenues were €591.3 million, at constant business structure.

[3] In the first half of 2010, gross margin was €131.2 million and EBIT (recast to include the effect of the CVAE tax) was €12.9 million.

Performance for the first half of 2012 by Business Line

€ millions	Innovative Products	Computing Solutions	Business Integration Solutions	Security Solutions	Total
External order intake Book-to-bill ratio[4]	36.7 1.18	399.0 1.07	169.7 1.07	64.9 1.17	670.3 1.09
Total revenues Inter-BL revenues	85.6 (54.6)	374.5 (2.2)	164.5 (6.5)	58.7 (3.3)	- -
Consolidated revenues 2011/2012 change	31.0 +10.9 %	372.3 -2.7 %	158.0 +6.3 %	55.4 +4.3 %	616.7 +0.7 %
Contributive margin before PPA[4]	9.0	27.9	5.8	1.8	44.5
PPA	-	-	-	(1.3)	(1.3)
Contributive margin	9.0	27.9	5.8	0.5	43.2
Cross-divisional functional costs					(25.1)
EBIT					18.1

Innovative Products

Thanks to the growth in integration activities and R&D partnerships in High-Performance Computing (HPC), external order intake grew strongly by 21.2% in the first half of 2012. Revenues were €31 million, an increase of 10.9% due on the one hand to growth in bullion – the high-end server which features native integration of VMware technologies and forms the core of *bullion cloud platform* – and on the other to R&D cooperation with a key industrial customer in France. The relevance of the Group's HPC offerings was a key factor in the decision of the *Caisse des Dépôts et Consignations* (CDC) to chose the NumInnov project for future investment and support. The book-to-bill ratio for the period was 1.18, while the contributive margin from this Business Line was 10.6% of total revenues, a stable rate compared with 2011.

Computing Solutions

Thanks to extremely strong momentum in 2011, Extreme Computing offerings suffered from an unfavourable basis for comparison, both in terms of order intake in the first half (the University of Aachen, Rokkasho) and deliveries (Aachen, Rokkasho, CURIE). As a result, order intake was slightly down, by 1% compared with 2011, although orders for the Business Line's other activities increased.

Revenues were €372.3 million, a slight fall of 2.7% compared with H1 2011. The relative fall in the Extreme Computing business and the shrinking back of Unix activities in a more competitive marketplace were not completely compensated by the notable growth in infrastructure services and storage. The book-to-bill ratio for the Business Line was 1.07. Active monitoring of costs enabled Computing Solutions to deliver a contributive margin of €27.9 million, or 7.4% of revenues; an increase both in total value and percentage.

Computing Solutions, along with the Security Solutions Business Line, is responsible for launching the *Andromède* project with SFR and CDC. This project complements the Business Line's existing offerings in cloud computing, which were chosen by customers including the French Post Office group (La Poste) and Valeo in H1 2012.

Business Integration Solutions

[4] *See glossary.*

Order intake grew strongly by 8.1% to the end of June, compared with the same period in 2011, driven mainly by software solutions and application management activities. Similarly, the Business Line recorded revenues of €158 million, up 6.3% in a market that is nevertheless extremely competitive. Activities in France, Belgium and Poland largely supported this growth. The book-to-bill ratio was 1.07 for the period while contributive margin was €5.8 million, an increase of over 70% compared with 2011 both in overall value and percentage. This dual achievement, both in terms of business activity and profitability, is especially significant in the current extremely tough economic situation. The Business Line is involved in increasingly complex initiatives, such as the project in Brazil for cosmetics company O'Boticario, where it has developed a global communications solution for 3,000 franchises on the scale of a whole continent.

Security Solutions

Order intake in this Business Line grew significantly, by 9% compared with the first six months of 2011, with the majority of the BL's activities contributing to this growth. Revenues were €55.4 million, up 4.3%. The security business being developed by Bull Amesys grew significantly both in terms of revenues and profitability. The Business Line's book-to-bill ratio was 1.17 for the period, while the contributive margin before Purchase Price Allocation (PPA) for Security Solutions was €1.3 million; a slight improvement compared with 2011. Growth continued, as it had in Q1, in the transport sector where, for example, the BL has delivered a complete bespoke ticketing solution for the Rhônexpress airport shuttle.

EBIT

Once unallocated functional and cross-divisional costs have been taken into account (including the costs associated with the commercial management of major accounts and managing the Group's international organization), along with the effect of exchange rates on operating cashflow, Bull recorded consolidated EBIT of €18.1 million, or 2.9% of revenues: a 29% increase in value compared with H1 2011 (when it was €14 million, or 2.3% of revenues for the period).

Net income

After taking into account costs such as severance payments which were lower than in previous years (€0.7 million in 2012, compared with €4.9 million in 2011), net income was €18.6 million in the first six months of 2012. This compares with €18.2 million for the same period in 2011, which included a positive gain of €6 million related to the favourable resolution of historical litigation.

In H1 2012, lower financial expenses meant that the net financial loss for the period was -€5.1 million, an improvement on 2011 due to the lower net discounting charge related to the R&D tax credit receivable.

The tax charge for the period was €6.0 million, which includes CVAE of €4.1 million in relation to the first half of 2012.

Bull recorded net income (Group share) of €7.5 million for the first six months of 2012, compared with €7.4 million for the same period in 2011.

Cashflow

Operating cashflow for the period was -€54.5 million compared with -€65.1 million in the first six months of 2011. This improvement is mainly due to better management of working capital requirements in 2012.

As in previous years, the Group's cashflow demonstrates marked seasonal variations, with the second half of the year typically being more favourable in terms of cash generation than the first. Seasonal variations are also significant within each six-month period: the months of June and December representing high-points in the Group's cash position.

Finally, non-recurring items in the first half of 2012, relating to acquisitions and restructuring, resulted in negative cashflow of €9.5 million, compared with negative cashflow of €4.8 million for the same period in 2011.

At the end of June 2012, gross cash[1] stood at €275 million and the Group's net cash position[1] was €199 million. The latter compares with €204.9 million as at 30 June 2011.

<u>Key highlights of the first six months of 2012</u>

Bull and SFR have been chosen to establish a sovereign computing power plant for Cloud computing: in an initiative known as the *Andromède* project. In order to deliver this, Bull, SFR and the French State-owned *Caisse des Dépôts* (CDC) will set up a jointly owned company. The project will represent an investment of some €225 million, with Bull taking a 20% stake.

Bull's NumInnov initiative has also been chosen by the French National Fund for a Digital Society (FSN), which is managed by CDC, to put in place an HPC Cloud. This new cloud will ensure that Extreme Computing technology is available much more widely to SMEs, both in terms of its use to support business activities and the creation of an HPC ecosystem in France.

Innovative Products

<u>Bull-Joseph Fourier Prize 2012 recognizes three scientific teams for their advances in research and innovation</u>

First Prize went to a team who carried out the first modeling of the structure of the entire observable Universe from the Big Bang to the present day, carried out using GENCI's CURIE supercomputer. Second Prize was awarded to a team working on optics, especially the propagation of lasers in dense materials such as silica glass, while Third Prize went to researchers working on nanotechnologies for semi-conductors, nanowires and nanotubes.

<u>Industry and research centres create a European Technology Platform for High-Performance Computing</u>

Major suppliers of High-Performance Computing (HPC) technologies including Allinea, ARM, Bull, Caps Entreprise, Eurotech, IBM, Intel, ParTec, STMicroelectronics and Xyratex in association with HPC research centres BSC, CEA, CINECA, Fraunhofer, Forschungszentrum Juelich and LRZ have created a European Technology Platform for HPC (ETP4HPC). The aim of this platform is to define the research priorities for European technological development at all levels in the HPC solutions value chain.

Computing Solutions

<u>French Ministry of Culture and Communication gives Bull its approval to preserve public archives on digital media</u>

Bull has received approval from the French Ministry of Culture and Communication, to offer a 'third-party archiving service' to preserve current and intermediate public archives on digital media. The new electronic archiving system offered in SaaS (Software as a Service) mode, will be hosted by Bull's three main data centers at Trélazé (Maine-et-Loire), Les Clayes-sous-Bois (Yvelines) and Saint-Ouen (Seine-Saint-Denis), which support the Group's Le cloud by Bull™ offerings and its outsourcing solutions.

<u>Valeo choses Agarik to host the secure portal to its office automation cloud</u>

Agarik, the Bull Group subsidiary specializing in critical Web infrastructure hosting and outsourcing, is taking over responsibility for the platform that provides directory services, authentication and access to Google Enterprise and Cordys services via the cloud for Valeo's 37,000 connected employees.

Business Integration Solutions

<u>Mobile application supportsdecision-makers from the Languedoc Roussillon regional council</u>

Developed by Bull, the iRégion geolocation-enabled iPad application provides context-sensitive, comprehensive and up-to-date information to decision-makers from the Languedoc Roussillon region, when they are out and about. The innovative tool helps council managers in their interventions and links back to preparatory work already carried out by the council's Services teams.

O Boticário: Bull's telecoms expertise in a continental-scale challenge

As one of Brazil's leading cosmetics companies, O Boticário has over 3,000 franchises and one of the largest distribution networks in the country. Bull has provided O Boticário with a global, turnkey communications solution along with telecoms operator Embratel. This innovative system – which includes infrastructures, software and services – gives each retail outlet high-speed access to point-of-sale and stock management applications via a satellite link in SaaS (Software as a Service) mode, four HD video channels and an electronic payments solution.

Security Solutions

Axis Aerospace & Technologies and Bull sign MoU in homeland security and electronic warfare

The Memorandum of Understanding (MoU) sets out the terms of their cooperation on future projects in the field of electronic warfare (EW). Axis Aerospace & Technologies is a licensed defense manufacturer for EW systems and, as prime contractor, will provide complete systems to the Indian Ministry of Defense, with all the associated local support for long-term maintenance.

Rhônexpress secures its revenues with a Bull Amesys ticketing solution

Rhônexpress, the new express tramway that links Saint-Exupéry airport with the center of Lyon, has turned to Bull Amesys to design and implement a made-to-measure ticketing solution. The solution manages the three sales channels for Rhônexpress tickets – 13 automated ticketing machines in the stations, 34 hand-held terminals used by conductors on board the shuttles, and the Internet site for on-line sales – in an integrated way.

Glossary:

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

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

CRMF *(Clause de Retour à Meilleure Fortune*) or profit sharing agreement: In return for the forgiveness of a shareholder's loan, Bull agreed in 2004 to pay annually to the French State a portion of pre-tax profits (EBT) between 2005 and 2012 under certain conditions. Please refer to Bull's annual report for a full description of the CRMF.

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.

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

Indebtedness: Financing receivables sold with recourse, bank loans and bonds, leasing and rental, derivative instruments.

Net cash: Gross cash minus financial debt.

Contributive margin: For each Business Line, corresponds to the profit before tax, other operating income or expenses, other financial income or expenses, proportional share of the results of associated companies, and allocation of functional and cross-divisional costs.

Order intake: Represents the total value of 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.

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

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.

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

- 25 October 2012: Third quarter 2012 revenues

Key figures for the first half[5]

2012

€ millions	Innovative Products	Computing Solutions	Business Integration Solutions	Security Solutions	Total
Order intake	78.4	400.0	176.0	69.6	
Inter-BL orders	(41.7)	(1.0)	(6.3)	(4.8)	
Consolidated order intake	36.7	399.0	169.7	64.9	670.3
Revenues	85.6	374.5	164.5	58.7	
Inter-BL revenues	(54.7)	(2.1)	(6.5)	(3.3)	
Consolidated revenues	31.0	372.3	158.0	55.4	616.7
Contributive margin % of revenues**	9.0 10.6%	27.9 7.4%	5.8 3.5%	0.5*** 0.9%	43.2
Functional and cross-divisional costs					(25.1)
EBIT % of revenues					18.1 2.9%
Proceeds from sales and other operating income and expenses (including CRMF)					0.5
Operating income					18.6
Net financial income					(5.1)
Tax					(6.0)
Net income (Group share)					7.5

* Including commercial management of Key Accounts, international organization, foreign exchange gains on operating cashflow...
** As a percentage of total revenues for each BL and of the Group's total external revenues
*** After taking into account a charge of €1.3 million in respect of PPA

2011

€ millions	Innovative Products	Computing Solutions	Business Integration Solutions	Security Solutions	Total
Order intake	102.8	406.0	161.2	61.7	
Inter-BL orders	(72.5)	(3.0)	(4.2)	(2.2)	
Consolidated order intake	30.3	403.0	157.0	59.5	649.8
Revenues	96.9	386.1	151.7	55.6	
Inter-BL revenues	(69.0)	(3.3)	(3.1)	(2.5)	
Consolidated revenues	27.9	382.7	148.6	53.1	612.4
Contributive margin % of revenues**	10.2 10.6%	27.5 7.1%	3.2 2.1%	0.0*** 0%	40.9
Functional and cross-divisional costs					(26.9)
EBIT % of revenues					14.0 2.3%
Proceeds from sales and other operating income and expenses (including CRMF)					4.2
Operating income					18.2
Net financial income					(6.2)
Tax					(4.6)
Net income (Group share)					7.4

* Including commercial management of Key Accounts, international organization, foreign exchange gains on operating cashflow...
** As a percentage of total revenues for each BL and of the Group's total external revenues
*** After taking into account a charge of €1.7 million in respect of PPA

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

[5] At the beginning of 2012, a review of certain business activities in Belgium, Brazil, Spain and France led to a slight redrawing of the scope of the Computing Solutions and Business Integration Solutions Business Lines in these countries. For a more accurate comparison between 2012 and 2011, the results for each Business Line in the first six months of have been adjusted to reflect their current scope.

Cashflow

€ millions	First six months	
	2012	2011
EBIT[6]	18.1	14.0
Depreciation (including PPA[6])	10.5	10.3
Capital expenditure[6]	(9.9)	(6.6)
Variation in working capital	(73.2)	(82.8)
Operating cashflow	(54.5)	(65.1)
Net financial expenses paid	(0.6)	(2.1)
Taxes paid	(6.1)	(6.3)
Non-recurring cashflow items	(9.5)	(4.8)
Cash inflow (outflow)	(70.7)	(78.3)
Increase/(reduction) in cash	(71.0)	(62.7)
Increase/(reduction) in debt	0.3	(15.6)
Variation in net cash	(70.7)	(78.3)

[6] See glossary

Geographic breakdown of revenues

€ millions	First six months of 2012	First six months of 2011	Variation
France	350.6	351.2	-0.2
Europe excluding France	177.9	178.2	-0.2
Rest of the world	88.2	83.1	+6.2
Total	616.7	612.4	+0.7%

The geographic split of consolidated revenues for the first half of 2012 has changed slightly since 2011. Business activities in France and Europe have remained stable overall. Growth in high-potential international markets, such as North Africa and the Middle East, as well as the business gained as a result of the acquisition finalized in Egypt, explains the increase in the proportion of revenues recorded outside Europe.

Summary consolidated accounts

- Consolidated income statement

€ millions	First six months				
	2012			2011	
Revenues	616.7			612.4	
Gross margin	141.5	22.9%		137.8	22.5%
R&D expenses	(11.4)			(10.9)	
Sales and administrative expenses	(112.1)			(110.3)	
Exchange rage gain/(loss)	(0.9)			(2.6)	
EBIT[7]	18.1	2.9%		14.0	2.3%
Other operating income	0.1			8.0	
Other operating expenses	(0.7)			(4.6)	
Share in net results of associated companies	1.1			0.8	
Operating income	18.6	3.0%		18.2	3.0%
Net exchange gains on financial flows	0.1			(0.0)	
Net financial income	(5.2)			(6.2)	
Taxes	(6.0)			(4.6)	
Net income	7.5			7.4	
Minority interests	-			-	
Net income (Group share)	7.5	1.2%		7.4	1.2%

[7] See glossary

- Simplified consolidated balance sheet

€ millions	As at 30 June 2012		2011
Tangible and intangible assets	74.4		77.2
Goodwill	104.6		132.0
Financial assets	35.9		14.6
Deferred taxes	16.7		15.3
Non-current assets	231.6		239.1
Stocks and work in progress	77.6		70.3
Receivables	134.5		161.3
Other current assets	130.4		97.2
Guarantee deposits	7.6		15.0
Cash and equivalents	217.0		225.4
Current assets	567.1		569.2
Total assets	798.7		808.3
Shareholder equity (Group share)	183.8		198.3
Minority interests	0.8		0.7
Reserves and non-current liabilities*	178.9		181.1
including CRMF[8]	*4.9*		*12.8*
Current liabilities and reserves*	435.2		428.2
Total liabilities	798.7		808.3

* Financial debt stood at €75.9 million as at 30 June 2012 and at €58.7 million as at 30 June 2011. Short-term borrowings stood at €25.3 million as at 30 June 2012 and €16.7 million as at 30 June 2011.

[8] See glossary

Annex

Published quarterly revenues from external customers for the financial years 2012 and 2011 (unaudited data)

€ millions		Q1	Q2	Q3	Q4	Full year
2012	Innovative Products	11.3	19.7	-	-	-
	Computing Solutions	175.6	196.7	-	-	-
	Business Integration Solutions	73.7	84.3	-	-	-
	Security Solutions	25.9	29.5	-	-	-
	Total	286.5	330.2	-	-	-
2011	Innovative Products	10.4	17.5	10.7	25.1	63.8
	Computing Solutions	166.6	218.1	154.8	268.2	807.8
	Business Integration Solutions	69.3	77.3	76.3	90.0	312.9
	Security Solutions	24.5	28.7	24.5	38.6	116.2
	Total	270.8	341.6	266.4	421.9	1,300.7

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

Disclaimer