# Atos Origin - Q1 2011 revenue

## SIS integration plan ahead of schedule

## Group focused on margin improvement with TOP Program strongly delivering

## First quarter 2011 revenue: EUR 1,228 million, down -0.2% reported

## Book to bill: 101% and full backlog up +3% at EUR 7.5 billion

## Net debt further reduced to EUR 115 million

## Objectives for the Full Year 2011 confirmed

**PARIS – 10 May 2011** - Atos Origin, an international IT services company, today reported revenue for the first quarter of 2011.

### SIS integration plan

After the signature of the binding agreement with Siemens in February 2011, following the opinion provided by the European Work Council and the approval by the Board of Directors of Atos Origin, the relevant anti-trust authorities granted their approval on March 25th, 2011, for the expected transaction.

The transaction is planned to be completed following the expected approval from the Atos Origin shareholders at the Extraordinary General Meeting on July 1st, 2011.

All the involved teams are working intensively on the preparation and the integration of SIS through 24 work streams, including the 12 projects of the TOP² Program dedicated to increasing the operational efficiency of SIS and the new company. This program is now ready to be rolled out as soon as the transaction is finalized.

Business development is progressing well: the top line deal rationale is confirmed by a pipe of commercial opportunities which is building up. Comfort meetings, calls and visits are being conducted with all major customers as well as with customers who request it.

Synergies are fully confirmed after four months of integration planning in areas including optimisation of support functions, creating a single headquarters, procurement, Lean management, off-shoring, and revenue synergies.

The organisation design is well under way, with the selection of managers at levels 1, 2 and 3 in progress with a specific focus on talent management.

In terms of delivery synergies, the data centers optimisation plan is ready, tooling and methodology selection has been completed and the Global Factory model will be extended to SIS.

In summary, the SIS standalone results are in line with due diligence expectations, the synergies identified are confirmed and the Group is well positioned for operational readiness of the new company on July 1st, 2011. Globally, the SIS integration plan is ahead of schedule.

## TOP Program

After two years of intensive transformation of the company, the TOP Program continues to contribute to margin improvement.

Lean management continues to leverage the operational performance. At the end of March 2011, 11,000 staff in Managed Services were using Lean techniques daily, in line with the objective set of 16,000 by the end of the year.

While costs have stabilized in areas such as travel, company cars, maintenance and marketing, other items such as costs for offices and buildings decreased by -16 per cent and telecom by -9 per cent during the first quarter of 2011.

## Revenue

The Group reported revenue of EUR 1,228 million for the first quarter of 2011, representing an organic decline of -1.3 per cent compared to the same period last year, at same scope and exchange rates.

| *In EUR Million* | *Q1 2011* | *Q1 2010* | Δ% |
|---|---|---|---|
| **Revenue** | **1,228** | **1,231** | -0.2% |
| **Revenue at constant scope and exchange rates** | **1,228** | **1,244** | -1.3% |

## Revenue by Service Line

| | Revenue | | |
|---|---|---|---|
| ***In EUR Million*** | ***Q1 2011*** | ***Q1 2010*** | ***% growth*** |
| Managed Services | 449 | 454 | *-1.0%* |
| Systems Integration | 438 | 452 | *-3.2%* |
| Hi-Tech Transactional Services | 254 | 240 | *+5.7%* |
| Consulting | 45 | 57 | *-20.8%* |
| Medical BPO | 42 | 41 | *+1.9%* |
| **Total Group** | **1,228** | **1,244** | ***-1.3%*** |

Representing 37 per cent of the Group, **Managed Services** revenue was **EUR 449 million** in the first quarter, down -1.0 per cent compared to the first quarter of 2010. The decline came mainly from the Benelux, and was partially offset by organic growth in the UK and in Asia. For the last time, the ramp-down of Arcandor in Germany had an effect on Managed Services revenue. Excluding Arcandor, Managed Services posted a revenue increase of +0.9% in the first quarter of 2011.

Representing 36 per cent of the Group, **Systems Integration** revenue was **EUR 438 million**, down -3.2 per cent in the first quarter. Benelux and the UK were flat while France reported a slight decline with lower volumes in the Public Sector. Germany posted organic growth coming from increased activity in the Telecom sector. Main decline came from Spain and other minor countries.

Representing 21 per cent of the Group, **Hi-Tech Transactional Services (HTTS)** revenue was **EUR 254 million**, up +5.7 per cent compared to the first quarter of 2010. Growth came from e-Services which increased +12.6 per cent and from the payments activity which posted +7.6 per cent growth.

Representing 4 per cent of the Group, **Consulting** revenue was **EUR 45 million**, down -20.8 per cent compared to the first quarter of 2010. In the Netherlands, the market demand continued to be low and the price pressure persisted. The new management appointed in 2010 in the Netherlands is entirely reorganising the business unit with new offerings and a focus on the utilization rate.

Representing 3 per cent of the Group, **Medical BPO** revenue was **EUR 42 million**, up +1.9% per cent. The activity in the UK benefited from higher volumes with its large customers.

## Revenue by Global Business Unit

| | Total Revenue | | |
|---|---|---|---|
| *In EUR Million* | *Q1 2011* | *Q1 2010* | *% growth* |
| France | 281 | 289 | *-2.6%* |
| United Kingdom | 224 | 220 | *+1.7%* |
| Benelux | 220 | 234 | *-5.7%* |
| Atos Worldline | 213 | 202 | *+5.4%* |
| Germany/CEMA | 121 | 123 | *-2.1%* |
| Spain | 75 | 80 | *-6.9%* |
| Other countries | 94 | 96 | *-2.4%* |
| **Total Group** | **1,228** | **1,244** | ***-1.3%*** |

In **France**, revenue was **EUR 281 million** down EUR -8 million, representing a decline of -2.6 per cent compared to the first quarter of 2010. The Group has been very selective, especially in France in the order entry and in revenue with the priority to improve the gross margin. More particularly, criteria for new deals have been strengthened in order to avoid new contracts subject to further price decreases or requiring significant volumes of sub-contractors which would have led to non profitable growth. Therefore, the decline in revenue came mainly from lower volumes in Systems Integration for project activities, predominantly in the Public Sector, and in Managed Services in Financial Services.

In **the United Kingdom**, revenue totalled **EUR 224 million**, up +1.7 per cent compared to the first quarter of 2010. Further to the signature of the MOU with the UK Cabinet Office in September 2010, orders have materialized in Managed Services and in HTTS which posted organic growth respectively of +2.4 and +14.8 per cent. Medical BPO was up +1.9 per cent and Systems Integration was flat.

Revenue in the **Benelux** was **EUR 220 million**, down EUR -14 million representing a decline of -5.7 per cent compared to the first quarter of 2010. Systems Integration was flat after two years of decline. Managed Services and Consulting suffered from low market demand while HTTS posted strong organic growth due to more cross-selling in the Netherlands.

**Atos Worldline** revenue for the first quarter was **EUR 213 million**, up +5.4 per cent compared to the same period last year. The growth was driven by Belgium where there were high volumes in card payment transactions. In France, the Personal Medical File (DMP) contract and the Electronic tickets (Efine) contract are in a ramp-up phase. Venture Infotek contributed EUR 5 million in payments during the first quarter of 2011.

In **Germany / CEMA**, revenue was **EUR 121 million**, representing a limited decline of EUR -2.5 million, down -2.1 per cent compared to the first quarter 2010. Germany posted a +5.2 per cent organic growth with a boost in Systems Integration, where revenue was up +14.2 per cent. Excluding the Arcandor effect, first quarter organic growth in GCEMA remained positive at +5.6 per cent, despite persistent tough market conditions in South Africa and in Greece while revenue grew in Poland.

In **Spain,** revenue was **EUR 75 million**. Despite market conditions that remained tough, the decline was limited to EUR -5.5 million, down -6.9 per cent compared to -9.4 per cent in the fourth quarter of 2010.

**Other countries** reported revenue of **EUR 94 million**, down -2.4 per cent. Managed Services activities increased in all geographies while revenue declined in Systems Integration in Asia, and in North America due to a reduction in the number of projects mainly in the public sector.

## Commercial activity

Total order entries for the first quarter of 2011 were EUR 1,241 million, representing a Book to bill ratio of 101 per cent. By Service Line, Book to bill was 153 per cent in Consulting, 98 per cent in Systems Integration, 102 per cent in HTTS and 99 per cent in Managed Services and Medical BPO.

The main new contracts were signed in the UK with a large Public Agency and the Department for International Development, in Germany with D+S, in the Netherlands with KPN and ING, in France with EDF, Kingfisher and one Ministry, and in North America with FirstGroup. Atos Worldline signed new contracts with Landesbank Berlin in Germany and BNP Paribas in France.

The main renewals were in the Netherlands with Shell and Equens, in France with Michelin and Total, in Spain with Banco de Espana, and in the UK with one large food manufacturer. Atos Worldline renewed contracts with Axa, with French Ministries and with Rabobank, and Asia with a large oil company for HTTS activity.

On 31 March 2011, the full backlog was EUR 7.5 billion, up +3 per cent compared to 31 March 2010 and representing 1.5 years of revenue.

On 31 March 2011, the weighted full pipeline was EUR 2.7 billion. Excluding Medical BPO in which significant contracts were signed during the last six months, full pipeline was up +5 per cent compared to March 2010.

## Net debt

Group net debt on 31 March 2011 stands at EUR 115 million. During the first quarter 2011, free cash flow was EUR 24 million. Capital Expenditure was limited to EUR 40 million, almost stable compared to last year, and additional actions allowed EUR 24 million improvement in working capital. Cash outflow for restructuring and rationalization reached EUR 27 million, stable compared to last year.

The Group signed on 11 April 2011 a new five year multi-currency revolving credit facility with an international syndicate of 12 banks for an amount of EUR 1.2 billion and that will mature in April 2016. The Facility will be available for general corporate purposes and is replacing the existing EUR 1.2 billion facility that was due to expire in May 2012. With this Facility, the Group maintains its financial flexibility and extends the maturity of its financial resources.

## Human Resources

The number of employees at the end of March 2011 was 47,894 compared to 48,278 at the end of 2010.

The number of direct staff is almost stable since December 2010 while the number of indirect staff declined by -2 per cent during the first quarter as part of the Added Value Analysis (AVA) program implemented by the Group.

The Group hired 1,437 engineers during the first quarter of 2011 (956 during the first quarter of 2010). Recruitment was mostly in India, and to prepare future growth in France, and in the UK. The level of hiring is obviously taking into account the expected transaction with SIS in countries where SIS has a large presence.

The attrition rate was 11 per cent in the first quarter 2011, compared to 10 per cent for the full year 2010.

In line with the Group plans, dismissals and restructuring was 502 staff in the first quarter of 2011.

In order to optimize its operating margin, the Group continues to manage tightly the level of external subcontractors in line with the policy that subcontractors represent around 5 per cent of total staff.

## First Half 2011 operating margin

The Group is focused on margin improvement as 2011 represents the third year of the three year transformation plan. The Group plans operating margin rate to increase +50 basis points for the first half of 2011 compared to 6 per cent in the first half of 2010.

## 2011 Objectives

The Group confirms its objectives for 2011 as communicated on February 16th 2011.

**A webcast in English will be held today 10 May at 9:00 am, CET time,**

**accessible on [www.atosorigin.com](http://www.atosorigin.com)**

## Forthcoming events

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|---|---|
| **1st June 2011** | **Annual General Meeting** |
| **1st July 2011** | **Extraordinary General Meeting** |
| **27 July 2011** | **First half results 2011** |

## Disclaimers

Global Business Units include **France**, **United Kingdom**, **Benelux** (The Netherlands, Belgium and Luxembourg), **Atos Worldline** (French, German, Belgium and Indian subsidiaries), **GCEMA** (Germany Central Europe with Austria, Poland, and Mediterranean countries and Africa which include South Africa, Greece, Turkey and Switzerland), **Spain**, and **Other countries** (South America including Argentina, Brazil and Columbia, Asia Pacific including China, Hong Kong, Singapore, Malaysia, Indonesia, Taiwan, and Japan, as well as North America, India, Major Events, Middle East with Dubai and Morocco).

Revenue organic growth is presented at constant scope and exchange rates.

The 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 2010 Reference Document filed with the Autorité des Marchés Financiers (AMF) on 1 April 2011 under the registration number: D11-0210.

## About Atos Origin

Atos Origin is a leading international Information Technology (IT) services company, providing Hi-Tech Transactional Services, Consulting, Systems Integration and Managed Services to deliver business outcomes globally. The company's annual revenues are EUR 5 billion and it employs 48,000 people. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Worldline and Atos Consulting. For further information, please visit www.atosorigin.com

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