Press release

First half 2011 results

Operating margin further improved at 6.7 per cent
Net debt further reduced to EUR 91 million
Revenue: EUR 2,476 million, down -0.7 per cent organically
Book to bill ratio at 101 per cent

AtoS is ahead of schedule in the integration of SIS and fully operational to deliver the merger synergies
Therefore, full year operating margin guidance raised to 6.2 per cent

Paris, 27 July 2011 - AtoS, an international information technology services company, today announced its results for the first half of 2011. Thanks to the TOP transformation Program, which is now in its third year, **operating margin** was **EUR 166 million**, representing **6.7 per cent** of revenue compared to 6.0 per cent in the first half of 2010. The operating margin increased by +11 per cent in the first half of 2011. **Revenue was EUR 2,476 million**, representing **-0.7 per cent.** Net Income Group share stood at EUR 100 million, up +66 per cent compared to the first half of 2010.

Thierry Breton, Chairman and CEO, said: "During the first half of 2011, as planned, we have been able to further improve the operating margin for the fifth semester in a row, while at the same time preparing the integration of SIS. The new Group, with its very large customer base, is ready to improve its competitiveness. Furthermore, the new AtoS is already fully operational to roll out the TOP² Program and to deliver synergies ahead of schedule, allowing us to increase the operating margin forecast for the full year."

In EUR Million	*H1 2011*	*H1 2010*	*% growth*
Revenue	**2,476**	**2,494**	-0.7%
Exchange rates impact		1.0	
Revenue at constant exchange rates	**2,476**	**2,495**	-0.7%
Operating margin	**166.2**	**150.1**	10.7%
Exchange rates impact		-0.5	
Operating margin at constant exchange rates	**166.2**	**149.6**	11.0%

Performance by Service Line

In **Managed Services**, **operating margin** was **EUR 63 million**, stable compared to the first half of 2010, and representing **6.9 per cent of revenue**. This level of profitability was maintained thanks to the industrialization of the activity through Global Delivery Lines. Profitability in France, Spain and Other Countries improved. In Benelux, profitability remained above 10 per cent.
Revenue was **EUR 906 million**, up **+0.6 per cent** compared to the first half of 2010. In the UK, revenue grew +6.6 per cent as a result of new orders in the public sector, following the end of the moratorium with the UK Cabinet Office. Revenue in Other Countries, mainly

Asia and the Americas, grew +5.9 per cent while in France and Benelux it was down by around -2 per cent.

In **Systems Integration**, **operating margin** was **EUR 42 million**, an improvement of +130 basis points compared to the first half of 2010 and representing **4.8 per cent of revenue**. As planned, operating margin in Germany/CEMA and Spain returned to positive compared to the first half of 2010, to represent respectively 3.5 and 0.6 per cent of revenue. Profitability increased in France to 5.0 per cent of revenue and remained strong in the UK at 8.0 per cent. The operating margin rate in the Benelux declined to 4.0 per cent, where the economic environment continued to be tough with high price pressure.
In order to improve profitability in Systems Integration, the Group continued to apply strict criteria for gross margin to new deals, especially in France and the UK. As a result, **revenue** in Systems Integration declined by **-2.6 per cent**.
Revenue increased in Germany, led by the Telecom & Media market with new projects. Revenue was down in CEMA, mainly due to the telecom market in South Africa.
In Spain revenue remained stable after the strong decline in 2010. In Benelux, revenue decline was stabilized at -0.9 per cent.

In **Hi-Tech Transactional Services** (HTTS), the **operating margin rate** was **15.3 per cent** of revenue compared to 15.8 per cent in the first half of 2010. The Group continued to invest in new countries for this Service Line such as the Netherlands, the UK, Spain and Asia, in order to build the sales and delivery infrastructure to leverage the existing AtoS customer base in these countries. The Service Line continued also to invest heavily in project development.
Revenue reached **EUR 524 million**, **up +3.3 per cent** compared to the first half of 2010. Growth came from payment services which posted +6.3 per cent growth and from e-Services which grew +4.4 per cent. However, Financial Markets revenue reached EUR 45 million, down -18 per cent, still affected by delays due to software developments to implement new offerings for the investment banks.

In **Consulting**, **operating margin** returned to positive at **2.8 per cent** after a loss in the first half of 2010. The improvement was led by France, which reported a double digit operating margin rate, and by Spain where there was a return to almost break even.
Revenue reached **EUR 91 million**, a decline of **-16.9 per cent** compared to the first half of 2010. Most of the decline came from the Netherlands where the new management appointed at the beginning of this year continued to focus on operational efficiency, on new offerings, and on workforce management to increase the utilization rate.

In **Medical BPO**, **operating margin** remained flat at **EUR 8.6 million**, representing more than **10 per cent rate**. **Revenue** slightly increased to **EUR 81 million**, due to higher volumes with its large customers.

Performance by Group Business Unit (GBU)

Operating margin in **France** was **EUR 20 million**, representing **3.7 per cent of revenue**, an improvement of +50 basis points. The improvement mainly came from Systems Integration, which was at 5.0 per cent rate compared to 4.2 per cent in the first half of 2010. As already mentioned, the Group has applied in France strict criteria on new deals to ensure margin improvement.
Revenue was **EUR 557 million**, **down -2.9 per cent** compared to the first half of 2010. The decline mainly came from lower volumes in Systems Integration in Energy & Utilities, and in Managed Services in Financial Services. Energy & Utilities continued to grow strongly in Managed Services. A new CEO for the GBU France will join the Group on October 1st 2011, with the objective to enhance profitable growth.

In **Benelux**, where economic conditions continue to be tough, especially for cyclical activities, **operating margin** was **EUR 33 million** compared to EUR 43 million in the first half of 2010. Most of the decline came from Systems Integration where continued price pressure and declining volumes, most particularly in Professional Services, directly affected the operating margin. Managed Services maintained its operating margin rate at almost 11 per cent of revenue.
Revenue reached **EUR 441 million**, down **-4.1 per cent** compared to the first half of 2010. Most of the decline came from Consulting where the new management is implementing strong actions to stabilize the business. For Systems Integration, the decline has stabilized at -0.9 per cent and Managed Services slightly declined to -2.1 per cent.

In the **United Kingdom**, **operating margin** was **EUR 34 million** representing **7.5 per cent of revenue**. The margin was almost stable for each Service Line.
Revenue reached **EUR 458 million**, up **+3.0 per cent** compared to the first half of 2010. The increase mainly came from Managed Services, up +6.6 per cent and HTTS, up +7.0 per cent, reflecting the orders which materialized in the Public Sector for these two activities. A slight growth in Medical BPO came from higher volumes in medical services delivered on behalf of major customers. In Systems Integration, revenue was down -1.5 per cent, mainly in the public sector.

AtoS Worldline operating margin was **EUR 69 million**, representing **15.9 per cent of revenue**, compared to 16.6 per cent in the first half of 2010.
Revenue grew **+3.4 per cent** to **EUR 435 million**. Revenue in electronic payments was up +7.3 per cent due to higher volumes, e-Services was up +4.0 per cent with the ramp up of the Electronic tickets (Efine) contract in France. As already mentioned, the activity in Financial Markets strongly declined by –22.0 per cent.

In **Germany/CEMA**, **operating margin** increased to **EUR 13 million**, representing **5.4 per cent of revenue**, with an improvement both in Germany and in CEMA. The increase came from Systems Integration in Germany which benefited from higher revenue and the positive effect of the TOP Program, both in Lean management and off-shoring.
Revenue reached **EUR 240 million**, representing a decline of **-0.8 per cent**. Revenue in Germany had a solid growth of +4.6 per cent to EUR 198 million. Revenue in CEMA declined by -20.5 per cent due to the resizing of this geography in anticipation of the acquisition of SIS.

Spain returned as planned **to a positive operating margin** even though the economic environment remained difficult. This improvement came from the reinforcement in management of fixed price projects, and the adjustment of the cost base, including staff restructuring.
Revenue reached **EUR 155 million**, down **-1.9 per cent** compared to the first half of 2010 and shows signs of stabilization. More particularly, Systems Integration, representing 73 per cent of total revenue, returned to a slight growth of +0,4 per cent, despite price pressure continuing in sectors such as Telecom and Energy & Utilities.

In **Other Countries**, **operating margin** was **EUR 22 million**, representing **11.7 per cent** compared to 10.5 per cent in the first half of 2010. The improvement came both from Asia and Americas, mainly in Managed Services with the roll-out of the global delivery model and a reduction of indirect costs.
Revenue reached **EUR 191 million**, down **-3.2 per cent** compared to the first half of 2010 which benefited from additional revenues from the Winter Olympic Games of Vancouver and the Asian Games. Revenue increased in South America in Systems Integration with new projects in the Telecom sector.

Corporate Central costs continued to decrease, benefiting from the effect of Lean Management and the Added Value Analysis (AVA).

The cost of **Global Functions** (Global Delivery Lines and Corporate Central), totalled **EUR 28 million** compared to EUR 39 million for the first half of 2010. Global Delivery Lines central costs are recharged to the GBU as of the second half of 2010, which explains the change between the first half of 2011 and the first half of 2010.

Operating income and net income

Operating income was **EUR 160 million**, after EUR 22 million of expenses for staff reorganization and rationalization of premises, down as planned, compared to EUR 30 million in the first half of 2010.

As a result of the change in future **pensions** indexation in the **United Kingdom**, a result of **EUR 32 million** was recognized. Expenses related to the **acquisition of SIS** totalled **EUR 16 million** during the first half of 2011.

Financial result charge was **EUR 23 million** and total **tax** charge was **EUR 39 million.**

Therefore, **net income Group share** reached **EUR 100 million** compared to EUR 60 million in the first half of 2010.

Basic earnings per share (EPS) was **EUR 1.43** and **diluted EPS** was **EUR 1.36**.

Net debt and free cash flow

Group **net debt** as of 30 June 2011 was **EUR 91 million**, compared to EUR 139 million at 31 December 2010. Dividends paid were EUR 35 million and there was no acquisition / disposal during the period.

OMDA was **EUR 241 million** representing 9.7 per cent of revenue, compared to EUR 240 million in the first half of 2010 which benefited from the disposal of a mainframe in Germany for EUR 10 million.

Staff restructuring represented EUR 35 million cash out compared to EUR 47 million for the first half of 2010. Rationalization of offices represented EUR 20 million relating to the closure of offices compared to EUR 22 million for the first half of 2010.

As a result of TOP Program actions, working capital further improved by EUR 52 million. Net capital expenditures were EUR 72 million, at the same level as the first half of 2010, representing 2.9 per cent of revenue.

Therefore, **free cash flow** reached **EUR 83 million** up +9 per cent compared to EUR 76 million for the first half of 2010.

Commercial activity

The Group **order entries** for the first half of 2011 totalled **EUR 2,497 million**, representing a **book to bill ratio** of **101 per cent**. Book to bill was 103 per cent for cyclical activities (Consulting and Systems Integration) and 99 per cent for recurring businesses (Managed Services, HTTS and Medical BPO).

At the end of the first half of 2011, the **full backlog** was **EUR 7,5 billion** representing 1.5 years of revenue, flat compared to 31 December 2010, and up +3.3 per cent compared to 30 June 2010.

The **full qualified pipeline** at 30 June 2011 was **EUR 2.7 billion**, flat compared to 31 December 2010 and up +6.5 per cent compared to 30 June 2010.

Human Resources

The **total number of Group employees** was **47,826** at the end of June 2011, slightly down compared to 48,278 at the end of December 2010.

The number of direct employees was almost flat over the first half of 2011 with a total of 43,438 at the end of June 2011.

The number of indirect staff continued to decrease to 4,388 (9.2 per cent of total staff), down -3 per cent compared to 4,522 (9.4 per cent of total staff) at the end of December 2010.

3,105 employees were recruited, up +25 per cent compared to the first half of 2010.

During the first half of the year, attrition remained under control at 11 per cent.

As planned, dismissals and restructuring concerned 902 staff.

Staff increased in the United Kingdom, principally driven by the start of a new Medical BPO contract. Staff decreased in the Netherlands and in Spain in order to align the level of staff with revenue, and in France as a result of the actions to improve productivity.

Staff in the emerging countries totalled 7,820 at the end of June 2011, representing 16 per cent of total staff, with a majority located in India.

Creation of a new group, further to the acquisition of SIS

The AtoS Extraordinary Shareholders Meeting held on 1 July 2011 approved the acquisition of Siemens IT Solutions and Services.

The Shareholders have in particular voted in favour of the following resolutions:

- Approval of the contribution by Siemens to AtoS of Siemens IT Solutions and Services.
- As consideration for the contribution, Siemens has received shares of AtoS representing 15% of the share capital of AtoS as well as bonds convertible into new or existing shares of AtoS representing a nominal amount of 250 million Euros, and a cash payment of 176 million Euros.
- Dr. Roland Busch, Member of the Managing Board of Siemens AG, has been appointed member of the Board of Directors of AtoS. He will be a member of the Audit Committee.
- The change of company name from Atos Origin to AtoS.

AtoS – a new brand

The brand "AtoS" has been created to strengthen market positioning and highlight the Company's commitment to its clients and its corporate values – accountability, trust, operational competitiveness, service to clients, innovation, social well being and excellence.

The Group continues to focus on its WellBeing@Work ambition, one of its most important programs. The priorities are: the working environment, recognition and reward of key talents, corporate responsibility and communication with stakeholders. In this regard, GRI (Global Reporting Initiative) granted AtoS an A+ ranking. In addition, the Group has launched its "zero internal email" initiative and three countries (Brazil, UK, India) have entered the "Great Place to Work" competition.

AtoS – already operational for further margin improvement

Following the success of the six month integration program, which was set up to select the best practices from both companies, to identify the new portfolio and to align core operating processes, AtoS is today operating as one company with a newly appointed executive committee.

TOP² Program was immediately initiated and follows the successful TOP Program launched in December 2008. TOP² consisting of more than 20 sub-program, will focus on increasing the profitability of the new company by optimizing the synergies of the company, both in terms of indirect costs (AVA, office locations, procurement, expenses,...) and direct costs (industrialization, lean,...).

Extensive integration activities conducted pre closing confirmed all the expectations in terms of cost savings and synergies. As planned, the amount of EUR 250 million to cover the 1,750 indirect staffs restructuring has been booked by Siemens in the SIS accounts.

The social process is engaged and staff restructuring for G&A functions is well underway following the first added value analysis (AVA) implemented in Germany, North America and the UK. Departures are expected in Germany including Headquarters between September 2011 and the second half of 2012, and in the other countries in line with the efficiency improvement plan.

2011 Objectives

The following objectives relate to the year 2011 which includes 12 months of AtoS and 6 months of SIS acquired on 1st July 2011.

Operating margin

Further to the integration plan launched during the first half which is ahead of schedule, the Group increases its full year guidance to **6.2 per cent operating margin rate**.

Revenue

As planned, the business reviews with the new GBUs were completed in July.

The Group confirms the range of EUR 6.8 to 6.9 billion communicated in the contribution document issued on 8 June 2011, under the assumption that all transactional scope is transferred on 1st July 2011.

New entities such as China, Turkey, Russia and others were not transferred at the date of closing on 1st July and will be contributed not earlier than the fourth quarter, lowering 2011 revenue by circa EUR 50 million.

Therefore, considering the mid-point of the range, the Group targets a **statutory revenue for 2011 around EUR 6.8 billion**.

Free cash flow*

The Group confirms the guidance for the **free cash flow representing an increase of 20%** compared to the level reached by AtoS stand alone in 2010, leading to **around EUR 170 million.**

(*) A working capital required by the new conditions of collection on the Siemens IT contract will be created progressively during the second half of 2011. The estimated amount is EUR 125 million and has been paid by Siemens on 1st July 2011.

Appendix

Performance by Service Line

In EUR Million	Revenue			Operating Margin		Operating Margin %	
	H1 2011	H1 2010	% growth	H1 2011	H1 2010	H1 2011	H1 2010
Managed Services	906	901	+0.6%	62.9	62.7	+6.9%	+7.0%
Systems Integration	874	897	-2.6%	42.2	31.7	+4.8%	+3.5%
HTTS	524	508	+3.3%	80.2	80.4	+15.3%	+15.8%
Consulting	91	109	-16.9%	2.6	-2.2	+2.8%	-2.0%
Medical BPO	81	80	+0.9%	8.6	8.5	+10.6%	+10.6%
Corporate Central (*)				-30.2	-31.4	-1.2%	-1.3%
Total Group	**2,476**	**2,495**	**-0.7%**	**166.2**	**149.6**	**+6.7%**	**+6.0%**

(*) Corporate Central excludes Global Delivery Lines costs allocated to service lines

Performance by Group Business Unit (GBU)

In EUR Million	Revenue			Operating Margin		Operating Margin %	
	H1 2011	H1 2010	% growth	H1 2011	H1 2010	H1 2011	H1 2010
France	557	573	-2.9%	20.4	17.6	+3.7%	+3.1%
United Kingdom	458	444	+3.0%	34.3	36.4	+7.5%	+8.2%
Benelux	441	459	-4.1%	33.2	42.8	+7.5%	+9.3%
Atos Worldline	435	420	+3.4%	69.3	69.7	+15.9%	+16.6%
Germany/CEMA	240	242	-0.8%	12.9	10.9	+5.4%	+4.5%
Spain	155	158	-1.9%	1.3	-9.3	+0.8%	-5.9%
Other countries	191	198	-3.2%	22.5	20.9	+11.7%	+10.5%
GDL costs (*)				2.6	-8.1	+0.1%	-0.3%
Corporate Central (*)				-30.2	-31.4	-1.2%	-1.3%
Total Group	**2,476**	**2,495**	**-0.7%**	**166.2**	**149.6**	**+6.7%**	**+6.0%**

(*) Corporate Central and Global Delivery Lines costs not allocated to the Group Business Units

A webcast in English will be held today 27 July at 9:00 am, CET time, accessible on atos.net

Forthcoming events

25 October 2011	Third quarter 2011 revenue

Disclaimers

The half-year condensed financial statements were subject to a limited review by the statutory auditors.

Group 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 and its update filed on 8 June 2011.

About AtoS

AtoS is an international information technology services company with annual 2010 proforma revenues of EUR 8.7 billion and 78,500 employees in 42 countries. Serving a global client base, it delivers hi-tech transactional services, consulting and technology services, systems integration and managed services. With its deep technology expertise and industry knowledge, it works with clients across the following market sectors: Manufacturing, Retail & Services, Financial Services, Energy & Utilities, Telecoms, Media & Technology, Public, Health & Transport.

AtoS is focused on business technology that powers progress and helps organizations to create their firm of the future. It is the Worldwide Information Technology Partner for the Olympic Games and is quoted on the Paris Eurolist Market. AtoS operates under the brands AtoS, AtoS Consulting and Technology Services, AtoS Worldline and AtoS WorldGrid. For more information, visit: atos.net

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