Atos

Press release

Atos Full Year 2011 Results

All 2011 objectives achieved

Revenue: EUR 6,812 million, +0.3 percent organic growth
Operating margin rate: 6.2 percent of revenue
Net income: EUR 182 million, up +56 percent
Free cash flow: EUR 194 million; net debt at EUR 142 million,

Integration of Siemens IT Solutions and Services completed

2012 Objectives: strong increase in operating margin and free cash flow

Paris, 23 February 2012 - Atos, an international IT services company, today announced its 2011 annual results. 2011 was the first year of the integration of Siemens IT Solutions and Services (SIS).

Thierry Breton, Chairman and CEO, said: *"In 2011, as in previous years, we achieved all our objectives. The Atos Group revenue returned to organic growth and thanks to a very good execution of its plans, it also achieved 6.2 percent operating margin rate, higher than the initial guidance of 6.0 percent. Free cash flow was over 36 percent compared to last year. 2011 marked a turning point in our history, when, following the acquisition of Siemens IT Solutions and Services, Atos became a European IT champion. We are now even better positioned to reach our 2013 targets thanks to the ramp up of our transformation program, TOP², and our new eXpand project for business growth. We believe 2012 will be a solid year."*

Revenue, which includes 6 months revenue from SIS acquired on July 1st, 2011, **was EUR 6,812 million**, **representing +0.3 percent organic growth** compared to 2010 revenue at constant scope and exchange rates. Organic growth was **+2.2 percent** in the fourth quarter. **Book-to-bill ratio** was **103 percent** in 2011 with a strong increase in the fourth quarter at **113 percent**.

Operating margin was **EUR 422.4 million**, representing **6.2 percent of revenue** compared to 4.3 percent in 2010 at constant scope and exchange rates. The Group generated in 2011 **EUR 194 million** of **free cash flow**, leading to a **net debt** of **EUR 142 million** at the end of 2011. **Net income Group share** stood at **EUR 182 million** compared to EUR 116 million in 2010.

In EUR million	2011	2010	*% growth*
Statutory revenue	6,812	5,021	*+35.7%*
Scope impact		1,791	
Exchange rates impact		-22	
Revenue at constant scope and exchange rates	6,812	6,790	*+0.3%*
Operating margin	422.4	337.4	*+25.2%*
Scope impact		-40.0	
Exchange rates impact		-2.7	
Operating margin at constant scope and exchange rates	422.4	294.7	*+43.4%*

Performance by Service Line

Managed Services:

Revenue was **EUR 2,892 million**, up **+1.7 percent** compared to 2010. The growth was led by Germany and the United Kingdom, with respectively +4.4 and +3.5 percent organic growth. The GBUs Central & Eastern Europe and North America reported double digit growth as a result of new orders signed during the year. Further to the integration of SIS, half of the activity of the Service Line is based on Infrastructure Management and more than 25 percent is Adaptative Workplace. The situation remained difficult in 2011 in France and in the Netherlands, where the activity declined.
During the **fourth quarter of 2011**, **revenue** in Managed Services grew **+3.6 percent**, an acceleration compared to +0.8 percent for the first nine months of the year.

Operating margin was **EUR 221.2 million**, representing **7.6 percent** of revenue compared to 5.3 percent in 2010. Increase in profitability was achieved for two key reasons. Firstly the industrialization of the activity through Global Delivery Lines and secondly as a result of restructuring on the SIS scope.

Systems Integration:

Revenue was **EUR 1,771 million**, down **-2.0 percent** compared to last year. The Group reported an increase in Germany, Central & Eastern Europe, and in the Benelux. Application Management and Fixed Price Projects represented respectively one third and two thirds of the Service Line.
During the **fourth quarter of 2011**, revenue in System Integration was **flat year on year**, while a -2.9 percent decline was reported for the first nine months of the year.

Operating margin was **EUR 52.3 million**, representing **3.0 percent** of revenue compared to 0.3 percent in 2010. As planned, operating margin in Germany and Central & Eastern Europe returned positive compared to 2010, to represent respectively 6.4 and 5.4 percent of revenue. Profitability increased in North America thanks to a tight monitoring of costs and remained strong in the United Kingdom & Ireland at 6.6 percent.

Hi-Tech Transactional Services (HTTS) & Specialized Businesses:

Revenue was **EUR 1,562 million**, up **+1.9 percent** compared to 2010. Growth came mainly from Business Process Outsourcing, which reported revenue of EUR 253 million representing +10.6 percent organic growth. HTTS posted +2.8 percent organic growth led by Payment Services up +3.3 percent and e-CS up +6.5 percent.
In other Specialized Businesses, as a result of less hardware revenue compared to last year on the Linky pilot project for ERDF, Smart Energy reported revenue of EUR 136 million.
During the **fourth quarter of 2011**, revenue in HTTS & Specialized Businesses was up **+3.0 percent**. For the first nine months of the year, revenue grew +1.4 percent.

Operating margin was **13.5 percent** of revenue, **stable** compared to 2010. HTTS reported 15.5 percent operating margin in 2011 and continued to invest in project development and in new countries both in Europe and in China. Profitability strongly increased in the United Kingdom, operating margin represented 10.2 percent of revenue, benefiting from higher transaction volumes in BPO and in HTTS.

Consulting & Technology Services:

Revenue was **EUR 588 million**, down **-3.3 percent** compared to 2010. France reported double digit growth in revenue in Technology Services thanks to the strong activity in Manufacturing and in Public sector. Iberia was stable despite the tough market environment and in the United Kingdom revenue was also maintained at the level of 2010. The Netherlands had a strong focus on operational efficiency, new offerings and workforce management to increase the utilization rate.
During the **fourth quarter of 2011**, revenue in Consulting & Technology Services was down **-1.2 percent**, an improvement compared to the decline of -4.3 percent for the first nine months of the year.

Operating margin increased to **EUR 27.6 million**, representing **4.7 percent** of revenue compared to 4.4 percent in 2010. Iberia returned positive at 3.0 percent of revenue and France achieved 5.1 percent of revenue.

Performance by Group Business Unit (GBU)

In 2011, the Group's activity **returned to organic growth**. The revenue growth was led by:

- Central & Eastern Europe and North America reported around +10 percent organic growth, with a strong performance in Managed Services;
- United Kingdom & Ireland and Germany grew more than +4 percent;
- Payment and e-CS activities reported growth of +3.5 percent in Atos Worldline;
- Iberia was stable;
- France and Benelux declined respectively -2.9 and –6.3 percent.

In **Germany**, **revenue** was **EUR 1,100 million**, up **+4.4 percent** compared to 2010. Managed Services grew +4.4 percent with the ramp up of new clients signed during the year. Revenue in Systems Integration was up +5.4 percent organically, mainly due to increased project activity in the Telecoms sector and additional software sales and maintenance.
Operating margin strongly increased to **EUR 83.1 million**, representing **7.6 percent** of revenue. The improved performance was led by Systems Integration which returned to profitability after one-off effects in 2010 thanks to revenue growth, the contribution from the TOP Program and the sound and timely execution of the integration plan.

In the **United Kingdom & Ireland**, **revenue** was **EUR 1,195 million**, up **+4.2 percent** compared to 2010. The increase came mainly from HTTS & Specialized Businesses, which were up +9.5 percent, due to higher volumes in BPO and the ramp up of new contracts. Managed Services was up +3.5 percent thanks to additional projects with some large clients. Revenue was almost stable in Systems Integration and in Consulting & Technology Services.
Operating margin was **EUR 79.7 million** representing **6.7 percent** of revenue. Within HTTS & Specialized Businesses, BPO posted a strong improvement due to an increase in the activity and offsetting price pressure in Managed Services in the Public sector.

In **France**, **revenue** was **EUR 991 million**, a decline of **-2.9 percent** compared to 2010. The ramp down of contracts and the lack of cross-selling in Telecoms, Media & Technology and in Financial Services led to lower revenue in Managed Services and in System Integration, while strong workforce management allowed Consulting & Technology Services to grow by +9.0 percent.
Operating margin was **EUR 19.4 million**, representing **2.0 percent** of revenue. A new management was appointed in France on October 1st, 2011 with the objective to return France to profitable growth and clear targets for operating margin improvement in 2012 and in 2013.

In **Benelux**, **revenue** was **EUR 942 million**, down -**6.3 percent** compared to 2010. Market conditions remained difficult with a decline in volumes in Consulting & Technology Services.

While Systems Integration posted positive revenue organic growth, Managed Services continued to decline with the ramp down of some contracts in the Netherlands.
In such a difficult economic environment, the management ran the business in order to protect the **operating margin** which was **EUR 70.2 million**, representing **7.4 percent** of revenue.

Revenue for **Atos Worldline** grew by **+1.2 percent** to **EUR 913 million**. Revenue in electronic payments was up +3.7 percent with higher transaction volumes mainly in Belgium. e-Cs was up +1.5 percent and Financial Markets continued to decline in 2011.
Operating margin was **EUR 157.0 million**, representing **17.2 percent** of revenue.

Revenue in **Iberia** was **EUR 314 million**, **flat** compared to 2010. Revenue growth in Managed Services and HTTS & Specialized Businesses compensated the decrease in IT cyclical activities, which were still impacted by the tough economic environment and market conditions.
As planned, **Iberia** returned to profitability in 2011 with **operating margin** at **EUR 4.0 million** representing **1.3 percent** of revenue after a loss of EUR 10.4 million in 2010. This improvement came mainly from Systems Integration and Consulting.

In **Central & Eastern Europe**, **revenue** was **EUR 311 million**, up **+9.8 percent** organically. In this region which is predominately based on the activities coming from SIS, the growth was generated both from Managed Services and from Systems Integration.
Operating margin was **EUR 29.1 million** at **9.4 percent** of revenue. Most of the improvement came from the performance in Austria and Poland and the successful implementation of the integration program in all countries.

Revenue in **North America** grew **+10.2 percent** to **EUR 304 million**. The strong double digit growth in Managed Services resulted from increased volumes and the ramp up of new contracts. Thanks to this growing business and the well managed integration plan, **North America** reported **operating margin** of **EUR 31.5 million**, representing **10.4 percent** of revenue.

Revenue in **North & South West Europe** was **EUR 224 million** down **-7.3 percent** compared to 2010. A lower level of activity was posted in the cyclical businesses, and the GBU had an unfavorable comparison effect due to more hardware sales in 2010 for the Civil & National Security contract in Switzerland.
The successful management of fixed price projects and the adjustment of the cost base, including SG&A staff restructuring led to **a positive operating margin** of **7.4 percent**.

In **Other BUs**, **revenue** reached **EUR 519 million**, down **-4.8 percent** compared to 2010. While areas such as Latin America posted double digit growth, revenue significantly declined in South Africa with the conclusion of some System Integration contracts.
Therefore **operating margin** rate was down slightly at **6.6 percent** of revenue.

Global structure costs continued to decrease as a result of the TOP program and thanks to the synergies materializing from the integration of SIS. Costs were **EUR 102.3 million** compared to EUR 119.6 million in 2010.

Operating income and net income

Operating income was **EUR 348 million** as a result of the following items:

Expenses for **staff reorganization** were **EUR 57 million** and costs for **rationalization** were **EUR 30 million**, mainly on premises. One-time **expenses relating to the acquisition of SIS** totaled **EUR 14 million** in 2011. **Integration costs** totaled **EUR 32 million**, representing primarily the migration of internal IT platforms and the rebranding of the new Group.

EUR 18.5 million were recorded as **amortization** of the SIS intangible assets, represented by the SIS backlog and customer relationships (together 'the Customer Relationships') recognized as part of the Purchase Price Allocation (PPA) for the second half of the year.

Further to the change in future **pensions indexation** in the United Kingdom, a positive result of **EUR 77 million** was reported, of which EUR 44 million in the second semester.

Financial result was a charge of **EUR -35 million**, including expenses for the convertible bond issued in July 2011 and an exchange rate gain during the second half of the year.

Total **tax charge**, including current and deferred taxes, was **EUR -129 million**. Tax paid was EUR 59 million in 2011.

Therefore, **net income Group share** reached **EUR 182 million** compared to EUR 116 million reported in 2010.

Net debt and free cash flow

Group **net debt** as of 31 December 2011 was **EUR 142 million**, compared to EUR 139 million at 31 December 2010. Dividends paid in the first semester were EUR 35 million.

In 2011, the Group absorbed the SIS acquisition with no debt level increase.

OMDA was **EUR 632 million** representing 9.3 percent of revenue (EUR 533 million in 2010 statutory). The EUR +99 million increase in OMDA is consistent with the EUR +85 million increase in operating margin.

Staff **restructuring** was **EUR 70 million** cash out compared to EUR 100 million in 2010. Cash out for **rationalization** represented **EUR 49 million** (mainly relating to the closure of premises) compared to EUR 68 million in 2010 statutory.

As a result of the TOP transformation during the first semester and actions initiated through the TOP² Program during the second half, mainly on the SIS scope, **working capital** improved by **EUR 98 million**. Net **capital expenditure** was **EUR 249 million**, representing **3.7 percent** of statutory revenue.

Finally, **tax paid** was **EUR 59 million** and **financial costs paid** were **EUR 28 million**.

The **free cash flow** reached **EUR 194 million** up **+36 percent** compared to EUR 143 million in 2010.

Atos employees subscribed to the Group shareholding plan which resulted in a **capital increase** of **EUR 27 million**.

Goodwill

On February 21st, 2012, as the last step of the acquisition process of SIS, Siemens and Atos have agreed on a final settlement leading to a definitive purchase price of EUR 748 million.

After allocation of EUR 324 million to the Customer Relationships, the residual goodwill coming from the SIS acquisition amounted to EUR 373 million.

At the end of 2011, Atos goodwill was EUR 1,982 million, representing 27 percent of total assets, compared to 36 percent at the beginning of the year.

Dividend

During its meeting held on 22 February 2012, the Board of Directors decided to propose at the next Annual General Meeting of Shareholders, **a dividend** in 2012 on the 2011 results of **0.50 Euro** per share.

Commercial activity

The Group **order entries** for 2011 totaled **EUR 7,040 million**, representing a **book to bill ratio** of **103 percent**. Book to bill was 102 percent for cyclical activities (Consulting & Technology Services and Systems Integration) and 104 percent for recurring businesses (Managed Services and HTTS & Specialized Businesses).

During the **fourth quarter of 2011**, the Group achieved a **113 percent book to bill ratio** with **EUR 2,528 million order entry**, compared to 99 percent for the first nine months of the year.

This performance was led by a high level of order entry in Managed Services and more particularly major contracts signed in the last quarter of the year. The Public, Health & Transports, Telecoms, Media & Technology, and Energy & Utilities markets reported a book to bill ratio for the full year above 105 percent.

Several new contracts and renewals were signed during the fourth quarter of 2011. In Manufacturing, Retail & Services, the most important deals signed were related to Managed Services, in Germany with Bayer and Siemens, in the United-States with a sport goods manufacturer, and in France with Darty.

In Public, Health & Transports, the most important signature came from Atos Worldline with the renewal of a large contract with the French government, and the United Kingdom was successful in signing contracts with the Ministry of Justice in Managed Services, and with DWP for Systems Integration projects.

In Financial Services, Atos Worldline renewed payment processing contracts with a large German bank and Axis Bank. Signatures were renewed in the United Kingdom with LV= and in Benelux with a large institution. Finally, a new outsourcing contract was signed in North & South West Europe with a Swiss regional bank.

In Telecoms, Media & Technology, Managed Services contracts were signed in North America with the leader desktop software editor, in the United Kingdom with a large media corporation, and in Central & Eastern Europe with a large mobile phone operator in the UK and AVEA.

In Energy & Utilities, large outsourcing contracts have been renewed or extended in France. Technology Services renewed an ERP consolidation with Gasunie in Benelux, and Systems Integration won an IT enterprise contract with a large oil company.

The **full backlog** stood at **EUR 14.1 billion** at the end of December 2011 which represented **1.7 year of revenue**. The **full qualified pipeline** at 31 December 2011 was **EUR 5.3 billion**, almost double compared to EUR 2.7 billion at the end of 2010 before SIS contribution. It represented 7.4 months of revenue compared to 6.5 months in December 2010 for the former scope of Atos Origin.

Human Resources

The **total number of Group employees** was **73,969** at the end of December 2011 compared to 48,278 at the beginning of the year.

26,895 SIS staff joined Atos during the second half of the year: 26,571 on July 1st, 2011 and 324 during the last quarter for the deferred assets contribution.

2012 Objectives

Revenue

In the current economic environment, the Group expects a **slight revenue organic growth** compared to proforma 12 months 2011.

Operating margin

Thanks to the continued integration of SIS and the roll out of the TOP² Program, the Group has the objective to improve its **operating margin rate to 6.5 percent of revenue** compared to 4.8 percent for proforma 12 months 2011.

Free cash flow

The Group has the ambition to achieve a **free cash flow** of around **EUR 250 million**.

The improvement compared to 2011 statutory is expected from the increase in operating margin and a tougher control on capital expenditure and working capital.

Earnings per share (EPS)

The Group forecasts EPS (adjusted, non diluted) in line with the **+50 percent increase** targeted **for 2013** compared to 2011 statutory.

Appendix

Performance by Service Line

In EUR million	Revenue 2011	Revenue 2010*	Revenue % growth	Operating Margin 2011	Operating Margin 2010*	Operating Margin % 2011	Operating Margin % 2010*
Managed Services	2,892	2,842	+1.7%	221.2	150.6	7.6%	5.3%
Systems Integration	1,771	1,806	-2.0%	52.3	5.7	3.0%	0.3%
HTTS & Specialized Businesses	1,562	1,533	+1.9%	211.5	210.1	13.5%	13.7%
Consulting & Technology Services	588	608	-3.3%	27.6	26.5	4.7%	4.4%
Corporate costs**				-90.3	-98.2	-1.3%	-1.4%
Total Group	6,812	6,790	+0.3%	422.4	294.7	6.2%	4.3%

** Constant scope and exchange rates*

*** Corporate costs excludes Global delivery Lines costs allocated to the Services Lines*

Performance by Group Business Unit (GBU)

In EUR million	Revenue 2011	Revenue 2010*	Revenue % growth	Operating Margin 2011	Operating Margin 2010*	Operating Margin % 2011	Operating Margin % 2010*
Germany	1,100	1,054	+4.4%	83.1	16.0	7.6%	1.5%
United-Kingdom & Ireland	1,195	1,146	+4.2%	79.7	81.6	6.7%	7.1%
France	991	1,021	-2.9%	19.4	35.6	2.0%	3.5%
Benelux	942	1,006	-6.3%	70.2	94.0	7.4%	9.3%
Atos Worldline	913	903	+1.2%	157.0	161.6	17.2%	17.9%
Central & Eastern Europe	311	283	+9.8%	29.1	4.7	9.4%	1.6%
North America	304	276	+10.2%	31.5	-4.3	10.4%	-1.6%
North & South West Europe	224	241	-7.3%	16.6	-5.5	7.4%	-2.3%
Iberia	314	315	-0.2%	4.0	-10.4	1.3%	-3.3%
Other BUs	519	545	-4.8%	34.3	41.1	6.6%	7.5%
Global structures**				-102.3	-119.6	-1.5%	-1.8%
Total Group	6,812	6,790	+0.3%	422.4	294.7	6.2%	4.3%

** Constant scope and exchange rates*

*** Global structures includes the Global delivery Lines costs not allocated to the Group Business Unit and the Corporates costs*

Performance by Vertical

In EUR million	Revenue 2011	Revenue 2010*	Revenue % growth
Manufacturing, Retail & Services	2,130	1,982	+7.5%
Public, Health & Transports	1,779	1,800	-1.2%
Financial Services	1,408	1,434	-1.8%
Telecoms, Media & Technology	959	989	-3.1%
Energy & Utilities	537	584	-8.1%
Total Group	6,812	6,790	+0.3%

** Constant scope and exchange rates*

Webcast – Today at 11 am (CET)

Thierry Breton, Chairman and CEO at Atos, invites you to join a webcast in English today (23rd February) at 11 am (CET) to present the 2011 annual results. Register here

The conference (audio and webcast) and the presentation will also be available on our website at: atos.net, in the News & Events section.

Forthcoming events

25 April 2012	First Quarter Revenue 2012
30 May 2012	Annual General Meeting
27 July 2012	First Half Results 2012
25 October 2012	Third quarter Revenue 2012

About Atos

Atos is an international information technology services company with annual 2011 proforma revenue of EUR 8.5 billion and 74,000 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; Public, Health & Transports; Financial Services; Telecoms, Media & Technology; Energy & Utilities.

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 and Paralympic Games and is quoted on the Paris Eurolist Market. Atos operates under the brands Atos, Atos Consulting & Technology Services, Atos Worldline and Atos Worldgrid. For more information, visit: www.atos.net.

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Disclaimers

This 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 Marches Financiers (AMF) on 1 April 2011 under the registration number: D11-0210 and its updates filed on 8 June 2011 under the registration number: D11-0210-A01 and on 29 July 2011 under the registration number: D11-0210-A02.

Global Business Units include **Germany**, **France**, **United Kingdom & Ireland**, **Benelux** (The Netherlands, Belgium and Luxembourg), **Atos Worldline** (French, German, Belgian, Asian and Indian subsidiaries), **Central & Eastern Europe** (CEE: Austria, Bulgaria, Croatia, Serbia, Poland, Czech Republic, Russia, Romania, Slovakia and Turkey), **North America** (NAM: USA and Canada), **North & South West Europe** (N&SW Europe: Switzerland, Italy, Denmark, Finland, Sweden & Greece), **Iberia** (Spain & Portugal), and **Other Business** Units including Major Events, Latin America (Brazil, Argentina, Mexico, Colombia and Chile), Asia Pacific (Japan, China, Hong Kong, Singapore, Malaysia, Indonesia, Philippines, Taiwan, Thailand and Australia), IMEA (India, Middle East, Morocco and South Africa) and Atos Worldgrid.

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

Adjusted (non diluted) Earnings Per Share (EPS) represents the net income adjusted of restructuring, rationalization and customer relationship amortization, net of tax, divided by the weighted average number of shares during the year.

The AtoS proforma financial information for the 18 months to 30 June 2011 comprises the results of the former Atos Origin perimeter and the acquired scope of the ex Siemens IT Services (SIS), as if AtoS had been in existence since 1 January 2010. The information is provided as guidance only and is unaudited. The key assumptions used in the preparation of the information are as follows:

- The proforma information has been prepared using accounting policies consistent with those used in the historic Atos Origin interim and year-end financial statements;
- Proforma tax is based on the estimated effective rate of tax for AtoS for the relevant periods applied to proforma profit before taxation.
- The proforma Profit and Loss account excludes significant exceptional items as being non-recurring, notably provisions on contract risks recorded in the first semester 2011.

The audit procedures on the consolidated financial statements have been completed. Audit opinion will be issued after the Board of Directors' meeting on March 29th, 2012, once the verification of the complete financial information and the management's report, as well as the review of subsequent events, have been performed.