

## Atos to enhance its global leadership in digital services

### Atos to acquire Xerox IT outsourcing operations Atos and Xerox to enter in a worldwide strategic collaboration

- **Atos would acquire Xerox's IT Outsourcing (ITO) business to almost triple its size in the US which would represent its largest operating geography**
- **Atos would become one of Xerox's primary IT services providers and Xerox's Business Process Outsourcing (BPO) and Document Outsourcing clients would gain access to Atos' global IT Services capabilities**
- **Global cash consideration for the transaction represents €840 million plus additional consideration of €40 million subject to the occurrence of certain events prior to closing**
- **Atos and Xerox to enter in a worldwide strategic collaboration to team up in joint innovation projects and to jointly go to market in order to maximize opportunities in IT services for Atos and in BPO for Xerox in Europe and North America**
- **Substantial benefits expected from the transaction, in terms of cross selling opportunities, growth acceleration through the collaboration with Xerox, and cost efficiencies across the combined organization**
- **Transaction is expected to close in the second quarter of 2015 and to be accretive on Atos' EPS by 10% as early as the first year**

**Bezons, December 18, 2014** - Atos, an international leader in digital services, announces its intention to enter a worldwide strategic collaboration in IT Services and BPO with Xerox, a global business services, technology, and document management company.

Atos would acquire Xerox's Information Technology Outsourcing (ITO) business for a cash consideration US\$ 950 million (translating into €760 million) plus \$100 million (i.e. €80 million) representing the estimated present value of future tax benefits to Atos, and an additional consideration of \$50 million (i.e. €40 million) subject to the condition of certain assets at closing. The consideration is on a cash free / debt free basis.

With estimated 2014 revenue of \$1.5 billion and 8% operating margin rate, Xerox ITO business employs approximately 9,800 employees in 45 countries of which 4,500 are located in the US and more than 3,800 are in global delivery countries such as India, the Philippines, and Mexico. The Xerox ITO business is led by a strong and experienced management team which would reinforce Atos' talent pool in the US.

As part of the collaboration, Atos would provide IT services to Xerox and become one of its primary IT services suppliers. Atos would add Xerox's existing ITO clients comprising blue chip companies in the US to its customer base in order to accompany them on their digital transformation journey.

**Thierry Breton**, Chairman and CEO of Atos, said: *"Increasing our position in the US is a major step in the completion of our three year strategic plan and responds to a strong demand from our global customers. This intended transaction would allow us to strengthen our footprint in the US market which is an early adopter of high growth innovative technologies and to access a pool of talented and highly skilled technologists. At Atos we are all excited to welcome soon our 9,800 new colleagues who would be part of a leader fully dedicated to the most advanced IT Services."*

*Xerox, with its US and European roots, is an ideal partner to support Atos' ambition in its development in the US market. It allows Atos to move from its European foothold to a global leading position, in the top 5 IT Services player in the world. The two companies already have a successful long-standing commercial relationship. The strategic collaboration that we set up today makes me very confident in the value creation for our customers and shareholders."*

For Atos, the intended transaction represents a new step in its development. It would strengthen its worldwide position as a leading digital services company with pro forma revenue of €11 billion and further anchor its global leadership position in managed services with annual revenue over €6 billion with reinforced Atos offerings in infrastructure outsourcing and workplace services.

### **A worldwide strategic collaboration between Atos and Xerox**

Atos and Xerox would enter into a worldwide strategic collaboration under which both companies would team up on joint innovation projects and would jointly go to market in order to maximize IT services opportunities for Atos and BPO opportunities for Xerox in Europe and North America. The aim of the collaboration is to accelerate growth and innovation, to generate incremental beneficial business for both companies and to better serve their customers both in the US and in Europe.

As part of this worldwide collaboration, Atos would take over the operation of the IT infrastructure services currently delivered by Xerox ITO to Xerox.

Atos would also supply IT Services on Xerox BPO and Document Outsourcing opportunities in Europe and in North America.

In order to cement the collaboration, a specific governance structure would be set up and co-chaired by both companies Chairmen and CEOs, Ursula Burns and Thierry Breton. Quarterly steering committees at CEO and operational levels would take place in order to maximize the cross benefits of the collaboration and to coordinate innovative initiatives.

### **An enhanced US presence and global player footprint for Atos**

With more than 90% of Xerox ITO revenue deriving from the US market, Atos would almost triple its revenue in the US from €0.6 billion to €1.7 billion (on a 2013 pro forma basis), exceeding one of its "2016 Ambition" objectives to double its revenue in the US, the largest IT services market in the world and an early adopter of high growth innovative technologies. The share of Atos' global revenue generated in the US would increase from 6% to 17% which will ensure access a pool of talented and highly skilled technologists thanks to a better visibility.

As a result of the acquisition, Atos would benefit from a more balanced geographic exposure with revenue exceeding €1.5 billion per year in five geographies (the UK, North America, Germany, Benelux and France). Atos would have the ability to offer its European and US clients the necessary presence to better support their needs anywhere in the world and a highly complementary portfolio of services and cutting-edge technologies, particularly in Cloud, Big Data, Cyber-security, and in High Power Computing needed to handle the massive volumes of data generated in the digital world.

## **An enlarged client base generating new revenue opportunities**

Xerox ITO would bring longstanding relationships with approximately 300 clients in the US, comprising multi-year contracts with blue chip companies. This includes strong positions in attractive verticals such as Retail and Healthcare.

The intended acquisition would represent a unique opportunity for Atos to expand and reinforce its customer base worldwide by introducing additional services both to the Xerox ITO US client base and to the European subsidiaries of those US clients.

Atos would also benefit from Right of First Offer / First Negotiation on specific business opportunities with Xerox.

The combined effect of cross-selling opportunities and the collaboration with Xerox is expected to deliver incremental sales to the enlarged perimeter in excess of \$100 million within three years, accelerating Atos' growth trajectory in North America.

## **Strong value creation potential and attractive financial profile**

The combination is expected to unlock significant value through operating efficiencies of Xerox ITO business as several levels of cost synergies were identified during the due diligence process.

The cost synergy potential is estimated to be \$35 million (€28 million) per year on a run-rate basis by 2017, resulting from the roll-out of Atos' business model and KPIs to Xerox ITO operations together with productivity gains through lean management and additional savings in SG&A and procurement.

These cost synergies are backed by proven integration and transformation programs successfully used in the integration of SIS and that are currently being for the Bull integration.

[As Xerox's ITO division is part of Xerox Services, the business needs to be carved-out. The envisaged structure of the transaction is the following:

- Share deals in the US after carve-out of Xerox ITO assets (4,500 headcount)
- Share deals in India, Philippines and Mexico after carve-out of Xerox ITO assets (3,800 headcount)
- Share deals in UK and Germany (570 headcount)
- Asset deals in other jurisdictions, all of them representing a small portion of the business

The acquisition is realized under the "deemed asset sale" tax regime in the US, resulting in future tax savings over the next 15 years with a net present value estimated at €80 million, paid to Xerox at closing.

The transaction is expected to be accretive by 10% as early as the first year and would preserve the solid financial structure and the flexibility for Atos to further implement its development strategy.

## **Contemplated timetable**

The intended transaction which has received the unanimous support from both the Atos' and the Xerox's Boards of Directors, is subject to customary closing conditions, completion of the carve-out of Xerox ITO, regulatory and antitrust approvals, and consultation with the relevant employee representative bodies.

The intended transaction is expected to close in the second quarter of 2015.

## Analysts and investors conference call

On Friday December 19, 2014, Thierry Breton, Chairman and CEO of Atos, together with Charles Dehelly, Senior Executive Vice President in charge of Global Operations and Michel-Alain Proch Executive Vice President and Chief Financial Officer, will hold an Analyst and Investor conference call in English for media starting at 8:00 am (CET - Paris).

The audio conference numbers are:

France dial-in:	+33 1 70 99 32 09	code 950419#
UK dial-in:	+44 207 1312 711	code 950419#
US dial-in:	+1 646 461 1757	code 950419#

The conference (audio and webcast) and the presentation will also be available on our website at: [atos.net](http://atos.net), in the Investors section.

## Press and Media conference and call

On Friday December 19, 2014, Thierry Breton, Chairman and CEO of Atos, together with Ursula Burns, Chairman and CEO of Xerox will hold a press conference in English for media starting at 13:30 pm (CET - Paris) / 07:30 am (EDT - New-York).

The audio conference numbers are:

France dial-in:	+33 1 70 99 32 09	code 950442#
UK dial-in:	+44 207 1312 711	code 950442#
US dial-in:	+1 646 461 1757	code 950442#

The conference (audio and webcast) and the presentation will also be available on our website at: [atos.net](http://atos.net), in the Media section and [xerox.com/news](http://xerox.com/news).

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## About Atos

Atos SE (Societas Europaea) is a digital services leader with 2013 pro forma annual revenue of € 10 billion and 86,000 employees in 66 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO, Cloud operations, Big Data & Cyber-security solutions, as well as transactional services through Worldline, the European leader in the payments and transactional services industry. With its deep technology expertise and industry knowledge, the Group works with clients across different business sectors: Defense, Financial Services, Health, Manufacturing, Media, Utilities, Public sector, Retail, Telecommunications, and Transportation.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and is listed on the Euronext Paris market. Atos operates under the brands Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, and Worldline.

For more information, visit: [atos.net](http://atos.net).

## Disclaimers

This document contains forward-looking statements that involve risks and uncertainties, including references concerning the Group's expected growth and profitability in the future which may significantly impact expected performance other than as indicated. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services and potential, and statements regarding future performance. Significant risks and uncertainties may be linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors behaviors. Any statements made in this document that are not statements of historical fact, including statements about Atos' beliefs and expectations and statements about Atos' proposed acquisition of Xerox's ITO division, are forward-looking statements and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenue or synergies, or performance, and other information that is not historical information. 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 2013 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 2, 2014 under the registration number: D14-0272 and its update filed with the Autorité des Marchés Financiers (AMF) on August 5, 2014 under the registration number: D.14-0272-A01. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.