

Atos Origin

H1 2003 Results

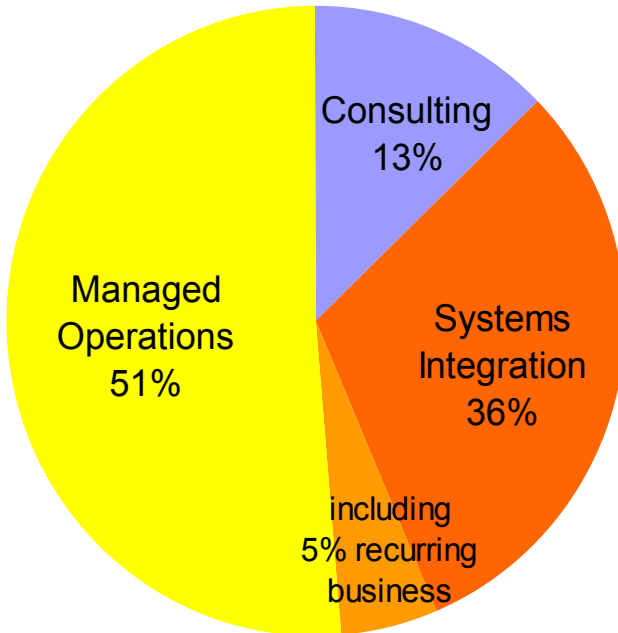
Bernard Bourigeaud



- **GROUP ACHIEVEMENTS**
- **H1 2003 BUSINESS PERFORMANCE**
- **YEAR 2003 OUTLOOK**
- **STRATEGY**

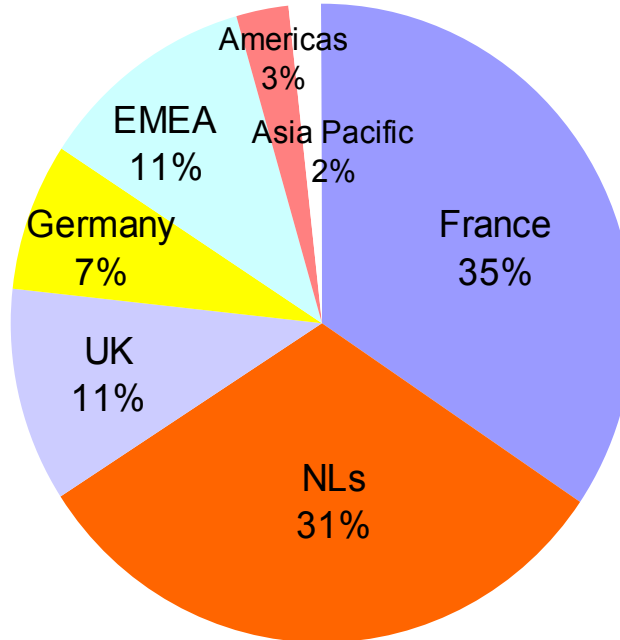
- Revenue growth of 3.8%
- Operating profit of € 123M (7.9% margin)
- Improving margin trend from 7.4% in Q1 to 8.5% in Q2
- Net debt reduced to € 386 M
- Continuous & encouraging inflow of orders with a book-to-bill ratio of 108%
- Consulting has expanded our range of services and increased the number of commercial opportunities

End to end offerings



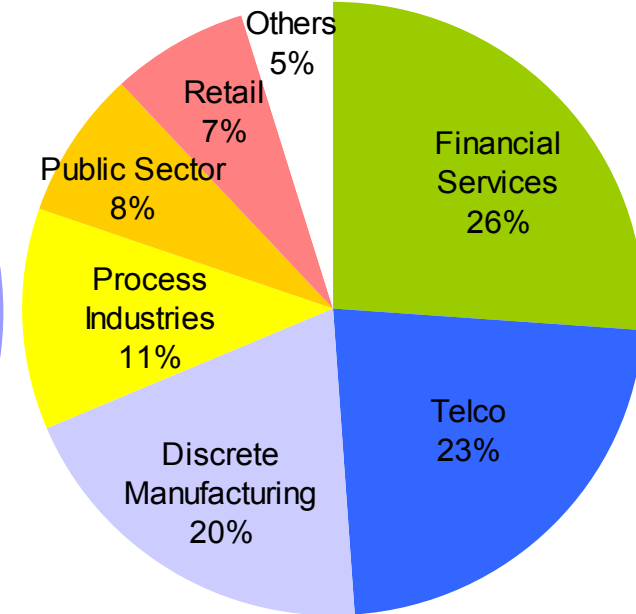
>55% recurring revenue

Global presence



Strong European base

Well balanced industry mix



Focus on key accounts

- **GROUP ACHIEVEMENTS**



- **H1 2003 BUSINESS PERFORMANCE**

- **YEAR 2003 OUTLOOK**

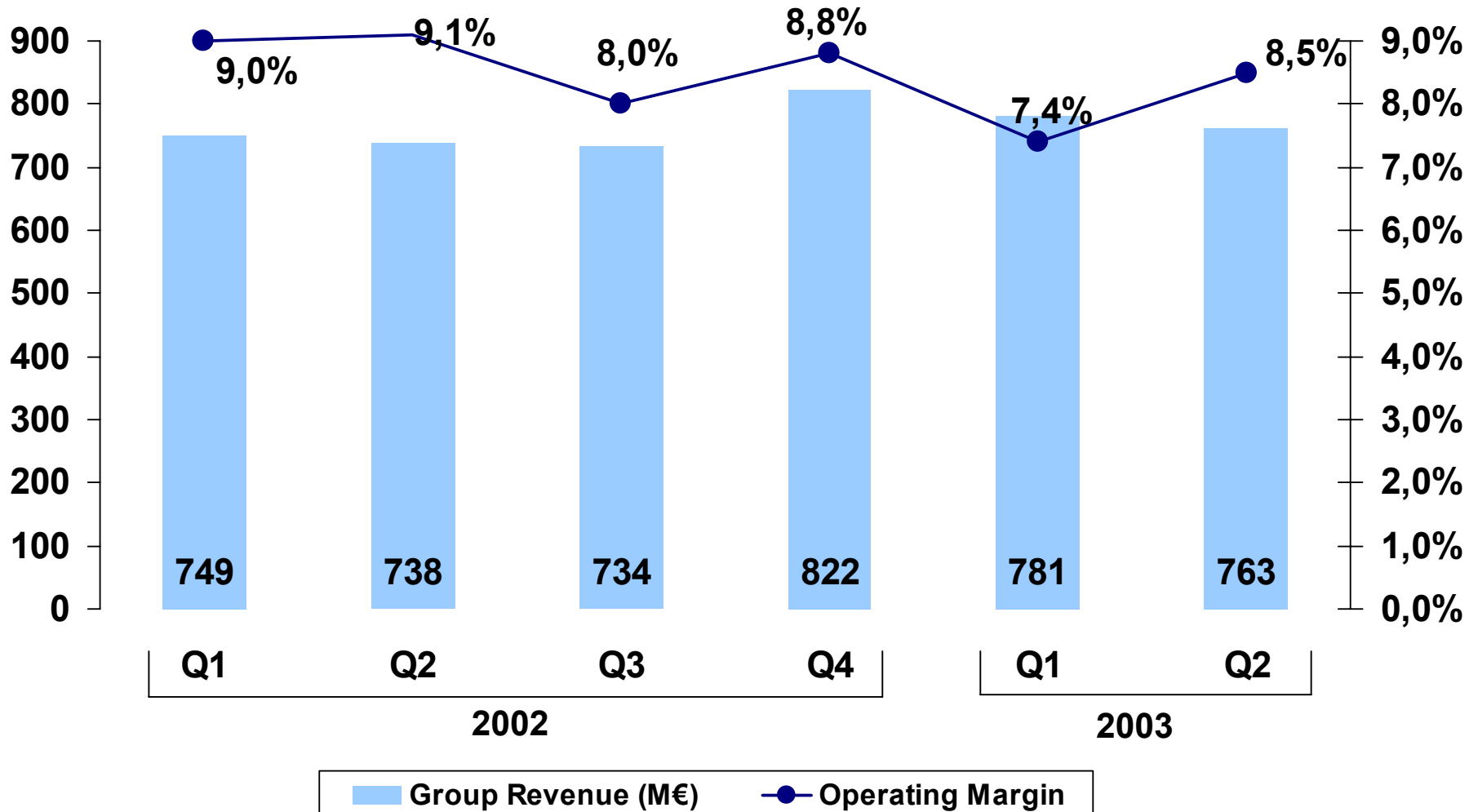
- **STRATEGY**

Financial Performance

	H1 2003	H1 2002	Change	H2 2002
In € Millions				
Revenue	1543.1	1486.7	+3.8%	1556.2
Income from operations	122.6	135.1	-9.2%	130.5
Operating margin	7.9%	9.1%		8.4%
Net income before non recurring items & goodw ill	78.4	83.1	-5.7%	96.9
EPS* before goodw ill and non recurring items (in €)	1.78	1.90	-6.3%	2.09
Net cash from operating activities	175.9	125.4	+40.3%	256.9
Net debt	385.6	181.4		440.3

Note (*) : In €, based on a weighted average number of shares excluding the ORA bonds linked to Atos KPMG Consulting acquisition

Sustained Profitability



In € Millions	H1 FY03	H1 FY02	Comments
Income From Operations	123	135	
Net financial expenses	(12)	(7)	Increase due to AKC* financing. Cost of debt stable
Non-recurring items	(25)	(10)	Cost of restructuring
Corporate income tax	(25)	(40)	Tax deductibility of restructuring costs and goodwill
Minority interests	(7)	(6)	
Goodwill amortisation	(29)	(12)	Additional goodwill on AKC
Net income (Group share)	24	61	
Net income before goodwill & non recurring items	78	83	

(*) AKC : Atos KMPG Consulting

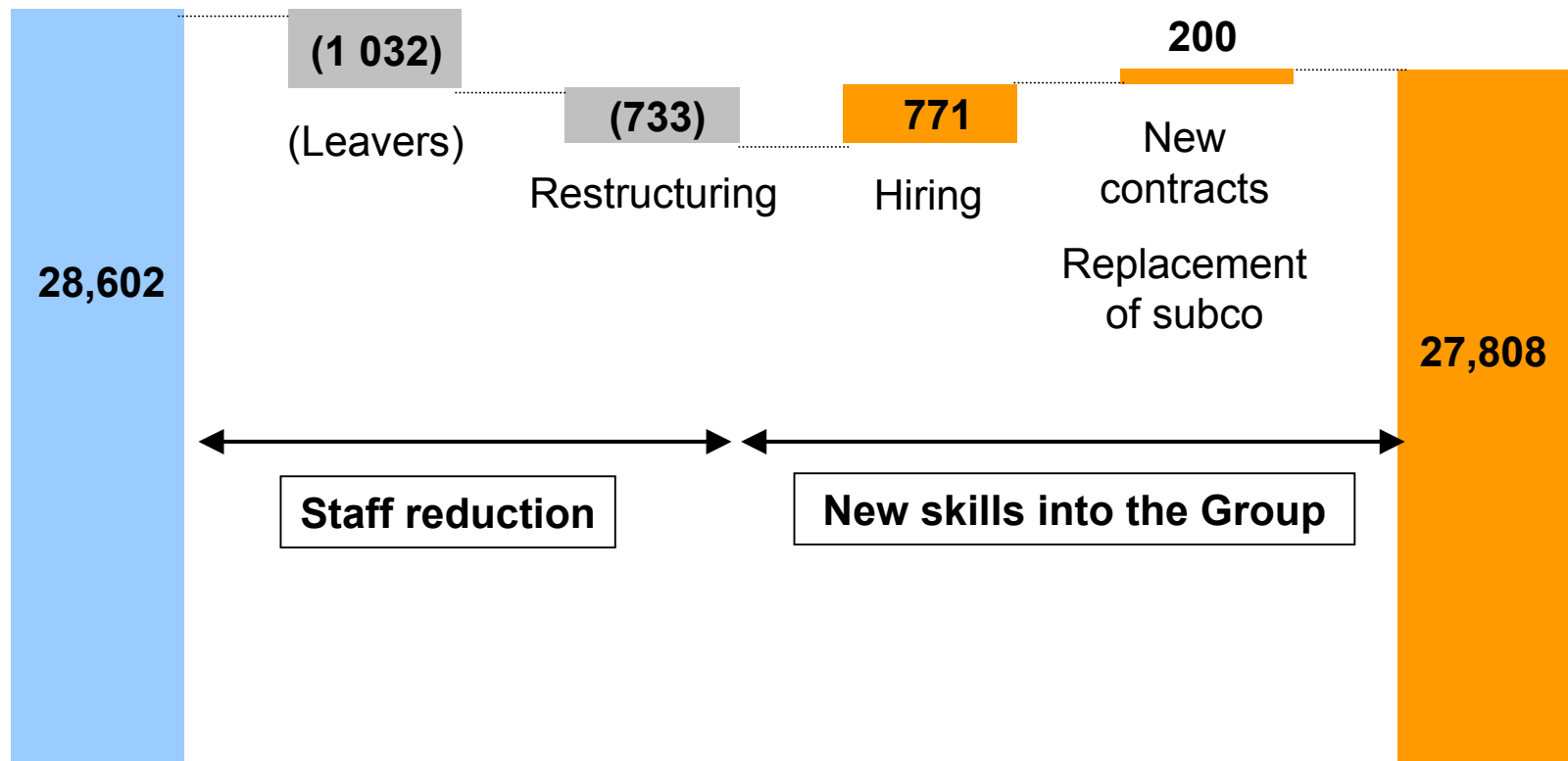
2001	2002	Plan	People	Q1 2003	Q2 2003	H2 2003	Beyond 2003
1 504	1 489	Plan end of Dec 02	1 344	381	352		
		Update in Q2 03	230			648	193
		Total end of period	1 574		733	1 381	1 574
					H1 2003	2003	2004
(10)	(71)	P&L impact (M€)			(23)	(58)	0
(89)	(67)	Cash Impact (M€)			(47)	(90)	(14)
	49	Provisions at period-end (M€)			30		

Changing the skills base

3% increase of revenue per head sequentially

Dec. 31, 2002

June 30, 2003



Subcontractors : stable at about 4% of productive staff

In € Millions	H1 FY03	H1 FY02	Comments
Net cash from operating activities*	147	155	
Change in working capital	29	(29)	DSO 67 days
Net cash from operating activities after WK	176	126	11.4% of revenue (+40%)
Capital expenditure	(37)	(52)	2.4% of revenue (-29%)
Net cash from current operations	139	73	
Reorganization & restructuring	(60)	(24)	Restructuring 47 / Reorg 13
Origin fair value adjustments	(5)	(7)	Software licenses
Disposal of intangible, tangible and financial assets	5	37	
Other changes**	(15)	(5)	DIV 4 / PS 8 / EXCH 3
Net cash before financial investments	64	74	
Financial investments	(10)	(20)	Minority interests
Net Cash Flow	55	54	
Opening net debt	(440)	(235)	
Closing net debt	(386)	(181)	Gearing 50% at 30/06/03

Note (*): Before reorganization, restructuring costs and Origin fair value adjustments

Note (**): Include common stock issues, dividends paid to minority shareholders of subsidiaries (DIV), translation differences (EXCH) and profit sharing amounts payable to French employees transferred to debt (PS)

Balance Sheet Performance

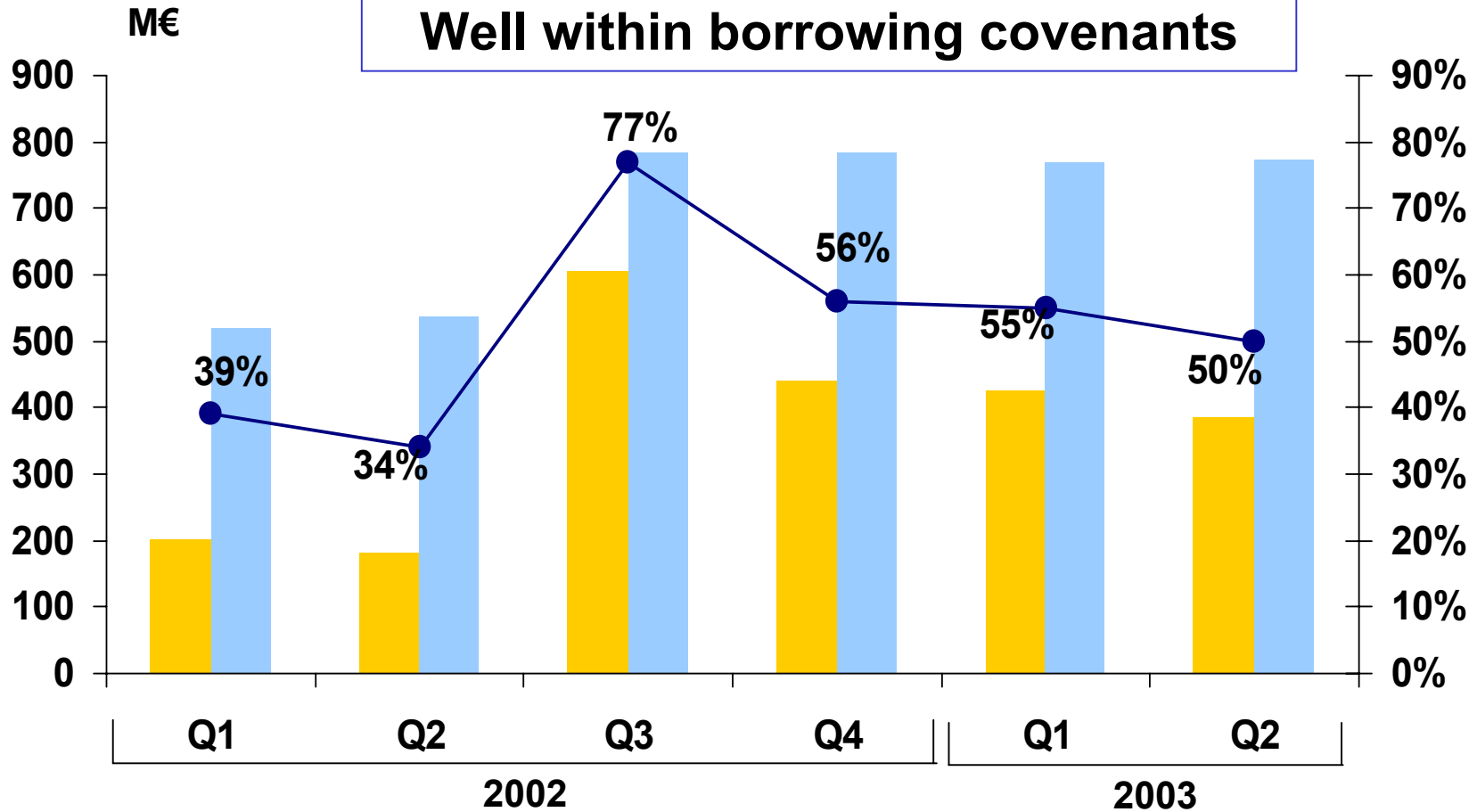
In € Millions	June 30, 2003	Dec 31, 2002	June 30, 2002
Goodwill	976	1 029	402
Other fixed assets	236	271	324
Working capital	187	191	209
Capital employed	1 398	1 491	935
Equity	775	784	535
Provisions	238	267	219
Net debt	386	440	181
Capital allotted	1 398	1 491	935
Working Capital / Revenue	6.1%	6.1%	7.1%
Gearing	50%	56%	34%
Return on Capital Employed	7.8%	6.0%	14.8%
Net Debt / EBITDA	1.1	1.1	0.5

Funds available to meet repayment commitments

In € Millions	June 30, 2003	Falling due within			
		1 year	2 years	3 years	>3 years
Convertible bonds	(173)	-	(173)	-	-
Long-term borrowings	(585)	(99)	(157)	(153)	(177)
Finance leases & other borrowing	(52)	(32)	(4)	(3)	(13)
Total borrowings	(810)	(131)	(334)	(155)	(189)
Total cash and cash equivalents	424	<ul style="list-style-type: none"> • Cash currently available to meet 1 year commitment two times over • Current cash and 2003 cash flow more than sufficient to meet 2004 commitment • Other facilities available 			
Total net debt	(386)				

Banks
financial
covenants

Well within borrowing covenants



■ Net Debt (M€)
 ■ Equity (M€)
 ● Gearing

Net debt / Ebitda

0.5 0.5 1.6 1.0 1.2 1.0

2.0

Provisions


Total : 267 M€

Total : 238 M€

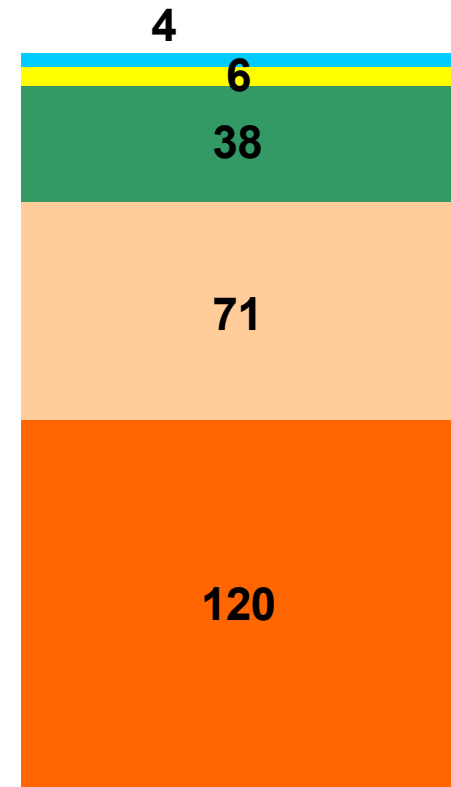
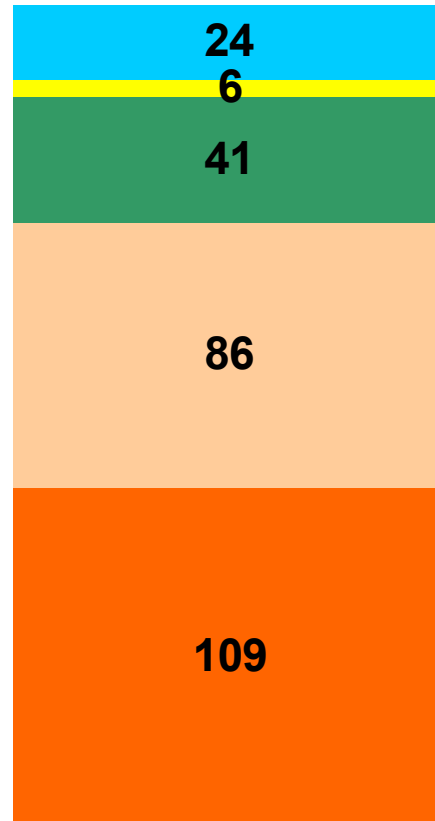
 M&A Acquisition

 AO Merger

 Fair Value Origin

 Operating Provisions

 Pensions



Dec. 31st 2002

June 30th 2003

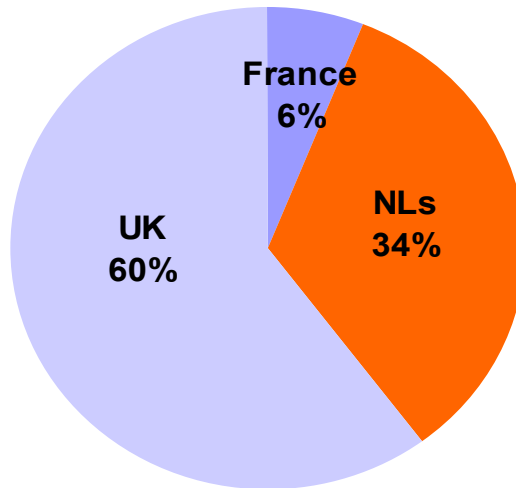
Share ownership structure

	No of shares	At June 30th, 2003	After August 16th, 2003
Philips	21,321,043	48.4%	44.7%
BNP Paribas	2,696,883	6.1%	5.6%
Morgan Stanley	2,467,136	5.6%	5.2%
Employees	412,342	0.9%	0.8%
Treasury stock	301,293	0.7%	0.6%
Public	16,856,979	38.3%	35.3%
Common stock as of June 30th, 2003	44,055,676	100%	92.3%
ORA bonds	1,415,641		3.0%
KPMG Consulting Staff trust consultants	370,000		0.8%
KPMG Audit	1,871,359		3.9%
Common stock as of August 16th, 2003	47,712,676		100%
Stock options	4,709,055		
Convertible bonds	1,440,501		
KPMG Consulting 2003 earn-out	847,500		
Potential dilution	6,997,056	12.8% of potential common stock	
Total potential common stock	54,709,732		

Strengthening our positioning

In € Millions	H1 2003	H1 2002	Change	H2 2002
Revenue	196	12		162
Income from operations	13.0	3.7		12.4
Operating margin	6.6%	30.2%		7.6%
Headcount at period-end	2,137	138		2,383

- Atos KPMG Consulting is enhancing the Group's profile in UK & NLs
- Significant bid opportunities and new contract signings arising
- Bid costs affecting 2003 result
- NLs restructuring nearing completion. Some further restructuring in UK to be completed in Q3 2003
- Utilization rate improved to 64% in Q2 2003



Examples of Synergies : Bids won

	UK	Netherlands
Atos KPMG Consulting's influence on Atos Origin	<ul style="list-style-type: none"> • Virgin Mobile • Synetix • Huntsman Petrochemicals • Vantico • Vodafone • NextiraOne • Terra • Brakes 	<ul style="list-style-type: none"> • Ministry of Justice • Ministry of Agriculture • Vitens • Ministry of Education • Akzo Nobel • KPN • ABN Amro • VGZ • Rabobank
Atos Origin's influence on Atos KPMG Consulting	<ul style="list-style-type: none"> • Bradford Hospital • Unilever • Hutchinson • Vodafone • Rural Payment Agency 	<ul style="list-style-type: none"> • Ministry of Economic Affairs • Ministry of Transport • KPN • Heineken • Trias • ING • ABN Amro

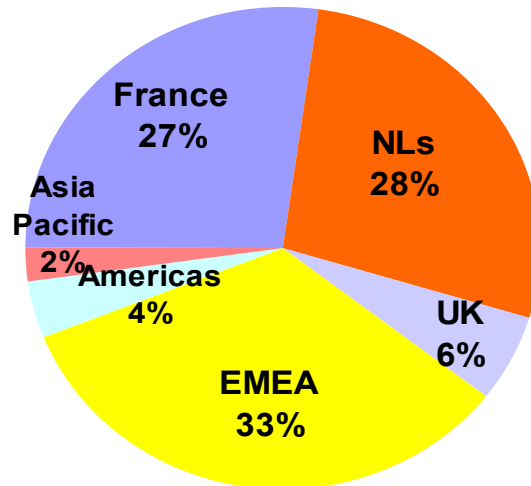
- Around 180 bids have been won through the co-operation of Atos Origin and Atos KPMG Consulting teams since September 1st, 2002
- Over 250 M€ of 1,661 order entries in H1 come from synergies
- This co-operation is not limited to UK and the Netherlands but is now the habit for most of the important international bids (e.g. Ferrero, BNP Paribas, Renault or Orange)

- Atos Origin is partnering IBM
- Bidding to be a Local Service Provider (LSP)
- Bidding to be the National Application Service Provider (NASP)
- Revenues could be significant and long-term
- Too early to discuss revenue expectations
- Decisions expected late 2003

Continuous adjustment to market conditions

In € Millions	H1 2003	H1 2002	Change	H2 2002
Revenue	555	647	-14.2%	596
Income from operations	27.4	45.9	-40%	20.1
Operating margin	4.9%	7.1%	-2.2 pts	3.4%
Headcount at period-end	13,005	13,962	-7%	13,954

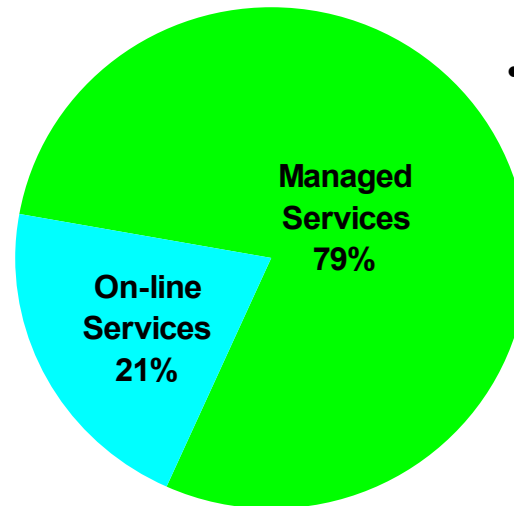
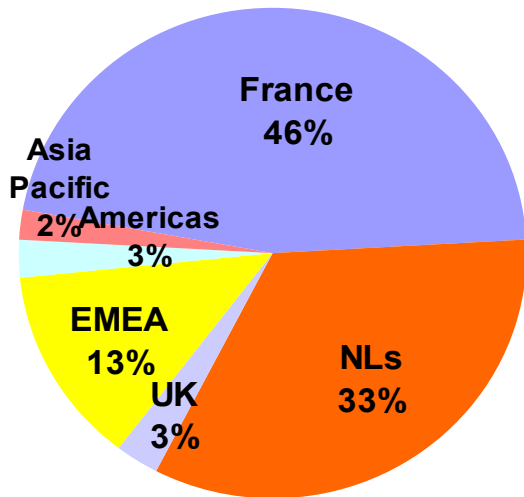
- Some pricing pressure persists but volume levels starting to improve in Q2 2003
- Utilization rate improved to 77% in Q2 2003
- Adaptation of the Business Model to improve organizational & operational efficiency
- Reasonable level of activity maintained in France & NLs due to critical mass
- Solid ERP operations provide 33% revenue with stable SAP business
- Strong base of long-term revenue in Application Management



Encouraging inflow of orders

In € Millions	H1 2003	H1 2002	Change	H2 2002
Revenue	793	827	-4.2%	798
Income from operations	96.3	103.5	-7%	110.1
Operating margin	12.2%	12.5%	-0.3 pt	13.8%
Headcount at period-end	12,573	12,453	+1%	12,166

- Steady flow of mid-size contract signings. Book-to bill ratio of 115. Pipeline improving also
 - Further organizational efficiency has kept margin at a healthy 12.2%, in spite of new contract start-up costs
 - Steady 7% growth in Payment Processing
- Document & check processing businesses sold - subject to regulatory approval

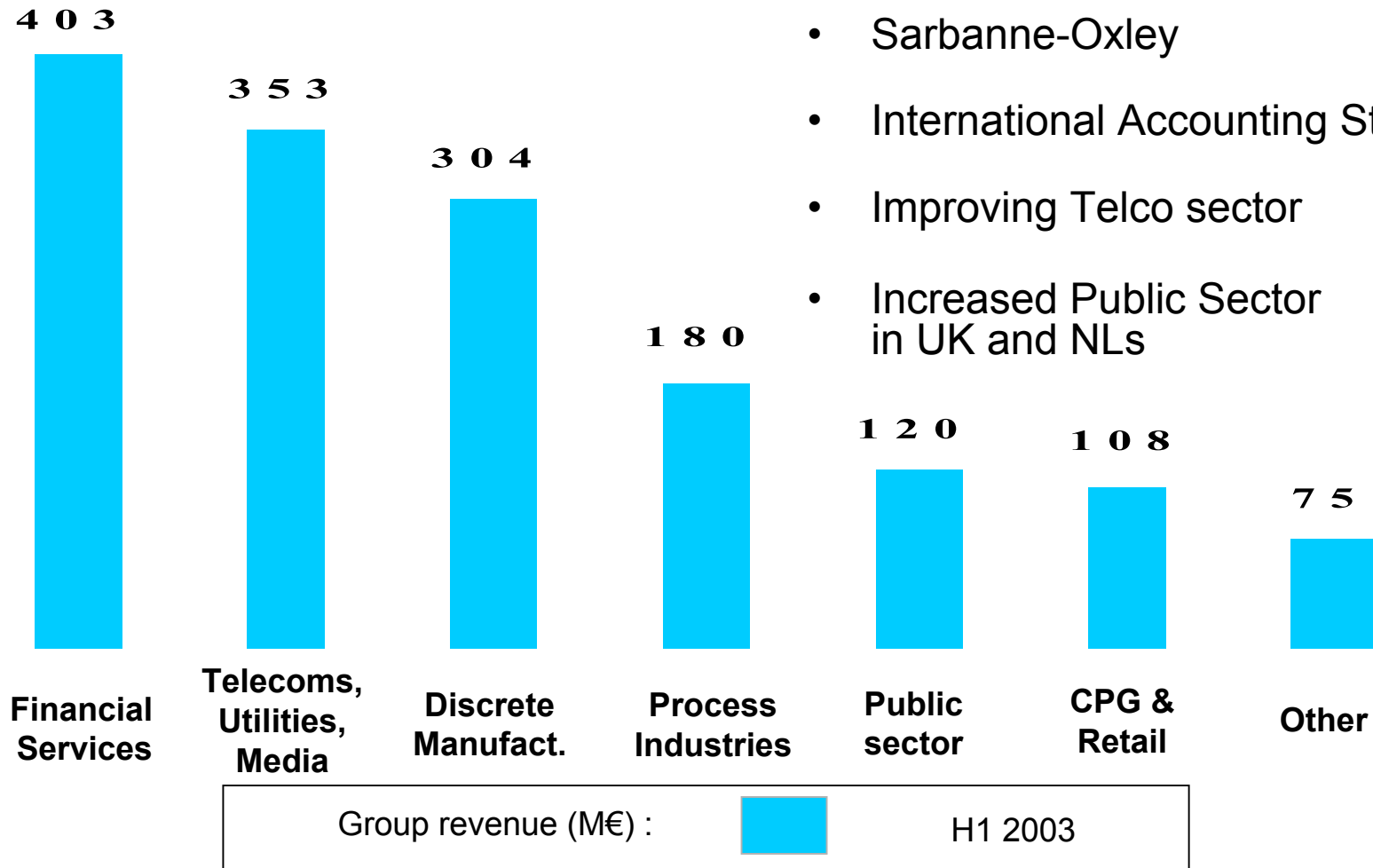


All countries remain profitable

In € Millions	Revenue			Operating margin		Employees
	H1 2003	H1 2002	change	H1 2003	H1 2002	Period-end
France	532	543	-2.2%	10.5%	10.6%	8,678
The Netherlands	482	441	+9.5%	11.4%	14.0%	8,623
UK	171	71	+139%	2.7%	7.8%	2,015
EMEA	289	326	-11.1%	6.2%	6.7%	6,240
Americas	42	76	-44.5%	3.0%	5.3%	1,045
Asia Pacific	27	30	-9.9%	8.1%	6.9%	1,114
Corporate				-0.9%	-1.2%	93
Total Group	1 543	1 487	+3.8%	7.9%	9.1%	27,808

Markets drivers

- General economic recovery
- Basel II
- Sarbanne-Oxley
- International Accounting Standards
- Improving Telco sector
- Increased Public Sector in UK and NLS

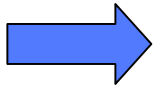


- Top 50 key accounts
 - Key Account program increased to 50 clients with 9 from AKC
 - Key Accounts represent more than 55% of revenue
- Philips
 - 16% lower sequentially at € 170 M (low range of the budget)
 - Philips now represents 11% of Group revenue
 - Renewal of Preferred Supply Agreement from Sep.1st,2003 for 3 years

France, Italy, Latin America	Redcats/PPR, Linedata, Pechiney, VU Cegetel, Société Générale, BNP Paribas, Snecma, Auchan, CIC Securities
The Netherlands, Belgium	Philips, KPN, DAF, VGZ, D-Reizen, Vitens, DSM, Rabobank, Ministerie van Defensie, Ahold European Sourcing
UK	Brakes, Dept for Intl. Development, Virgin Mobile, Electrocomponents, Canon Europe, West Yorkshire Health
North America, Asia Pacific, Middle East	Philips, Lexmark, ICI, Airservices Australia, McDermott, Mass Mutual
Germany & Central Europe	Bakemark, Vodafone, Wipack Walsrode, Philips, Agro Linz Melamin, AGES, Roland Assistance, Schering, Wolff Cellulosis

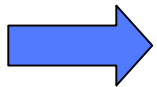
	Full backlog	Order entry	Revenue	Full backlog		Book-to-bill
In € Millions	Dec. 02	H1-03	H1-03	June 03	In years	H1-03
Consulting	126	195	-195	126	0.3	100%
Systems Integration	553	554	-555	552	0.5	100%
Managed Operations	2 907	912	-793	3 027	1.9	115%
Total Group	3 587	1 661	-1 543	3 704	1.2	108%

- **GROUP ACHIEVEMENTS**
- **H1 2003 BUSINESS PERFORMANCE**
- **YEAR 2003 OUTLOOK**
- **STRATEGY**



- Modest revenue increase (before exchange rate impact)
 - Full year impact of Atos KPMG Consulting
- Operating profit
 - Organizational streamlining and tight costs control
 - Bid and new contract start-up costs and IAS pension provisions
 - Targeting an operating margin in excess of 8%
- Net debt
 - Targeting to reduce net debt to 350 M€

- **GROUP ACHIEVEMENTS**
- **FY 2002 BUSINESS PERFORMANCE**
- **YEAR 2003 OUTLOOK**

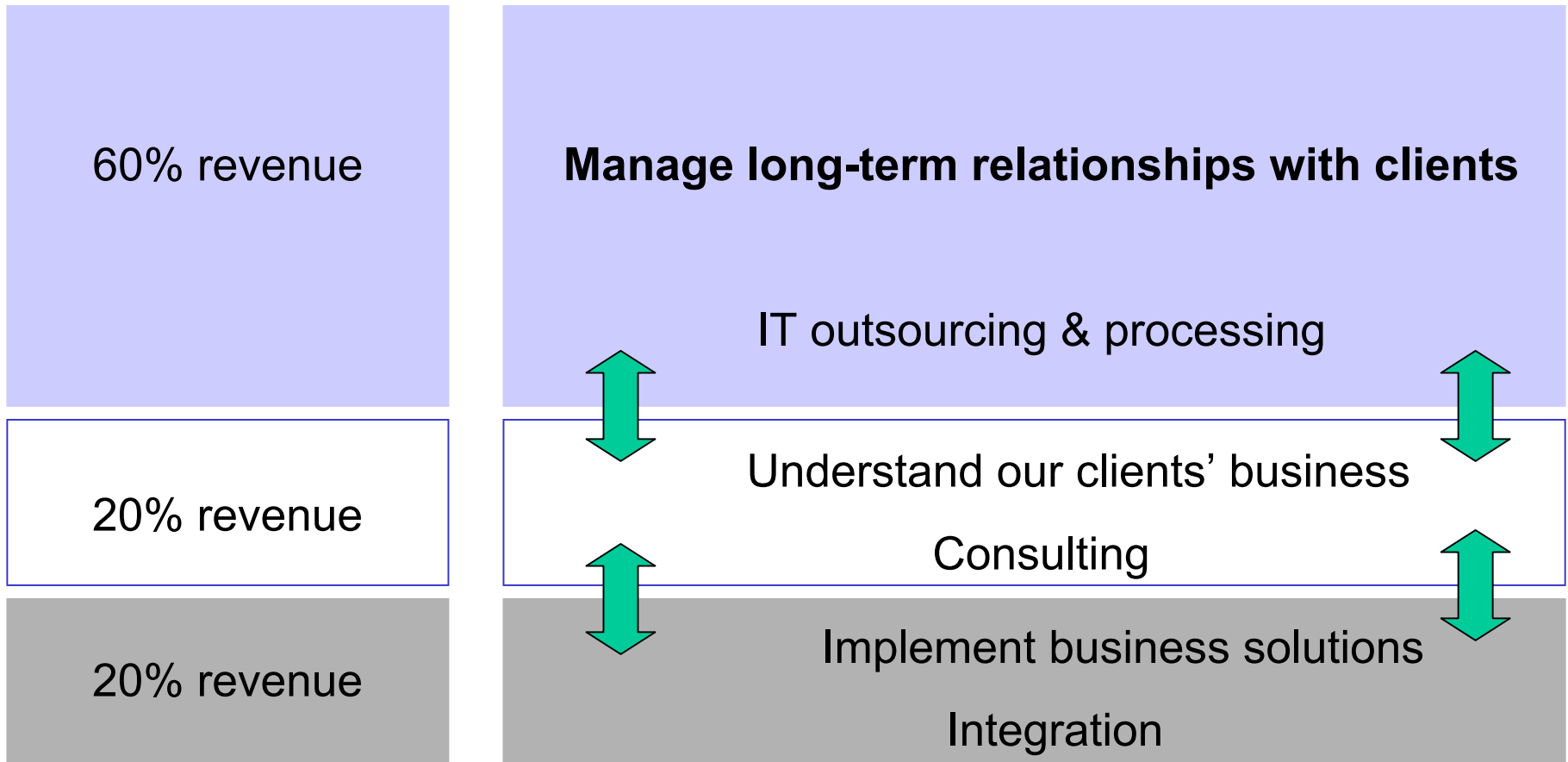


- **STRATEGY**

- End to end service offerings
- Balanced mix of consulting, build and run
- Capitalize on industry sector knowledge
- Develop a focused consulting practice
- Focus on clients
- Leverage strong HR management

Build on global presence

Strategy : Business mix



A client-centric company with global operations

- Clear strategy
- Solid business mix
- Balanced industry sector mix
- Strong client base
- Stable and international management team

In € Millions	June 30, 2003	Dec 31, 2002	Change	Variance Analysis			
				Scope	P&L	Release with cash	Release with cash in future
Origin fair value adjustments	38	41	-3	1		-5	
Atos Origin merger	6	6	0	1		-1	0
Other M&A restructuring	4	24	-20	-1	4	-24	
Operating provisions	71	86	-15	3	12	-30	0
Pensions	120	109	11	0	16	-4	-1
Total	238	267	-28	4	32	-63	-1