Atos Origin SA – Half Year Results
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Chaired by Philippe Germond – Chairman of the Management Board and CEO

Philippe Germond – Chairman and CEO

Good morning and thank you for joining us on this busy day because I understand there are many there are many announcements this morning. You have on the website all the slides we are going to present to you. So I will start with slide number four, which is a summary of the first semester 2008 financials. And I would like to start by saying that we are happy to confirm that the first semester is new at a strong organic growth. If we look at the total scope of the Company today, including Italy and AEMS Exchange we are going to dispose in September, we achieve EUR 2.864 billion of revenues, which is a +6.5% growth. But if we exclude Italy and AEMS Exchange, we achieve EUR 2.745 billion of revenues which is a +6.8% organic growth.

So, this is very good because on top of that, it's clearly an acceleration of organic growth and you'll remember that in Q1 we achieved a +5.9% organic growth on the future scope and we achieved in Q2, +7.7% organic growth.

The operating margin stands at EUR 124 million, 4.3% of revenues versus 4.1% last year, including Italy and AEMS Exchange. And if we exclude Italy and AEMS Exchange, which is the future scope, the operating margin reach EUR 123 million, with a 4.5% operating margin rate, to be compared with 4.3% last year. So, this is a growth of +15% at constant scope and exchange rate. Excluding the 303 costs, the operating margin amounted to EUR 150 million, representing 5.5% of revenues, compared to 5.6% last year.

The operating income amounted to EUR 191 million, compared to EUR 108 million last year and a net income Group share of EUR 125 million versus EUR 57 million as of first half of '07.

The net debt at the end of June was at EUR 514 million, which is a normal seasonality for the Group, after a cash-out of EUR 64 million for pensions in the UK during the first semester.

We will come back for the 2008 Guidance, but just to give you a summary of the Guidance, we confirm the free cash flow, so we clearly confirm our Guidance of decreasing our net debt by EUR 100 million this year, down to EUR 238 million at the end of this year. We confirm our operating margin rate of 5.6% and we decided to upgrade the guidance on the growth. I can tell you that, based on the initial +4%, now we feel comfortable that we will achieve more than +5% organic growth during year '08, compared to '07.

On slide number five, among the different things which happened in the first half, the environment around the Company now is quite stabilised and I am very happy to see that, that we are back to a clear focus on developing the Group. So, we have a new Supervisory Board, which was elected in June '08. We have 11 members at that Supervisory Board, including two members from PAI Partners, one from Centaurus and one from Pardus,. We also have the Strategic Committee operating with already two working sessions.

If we look at the commercial activity, on top of the good news in term of organic growth of the Company, we have also very good news in term of orders intake. Excluding Italy and AEMS Exchange, the first half ’08 order entry reached EUR 2.7 billion, representing a year-on-year growth of +14%. So on one side we have an organic revenue growth of +6.8% and in parallel we have an order intake growth of +14%. If we want to compare both periods H1’08 and H1’07 at constant exchange rate, the increate of order entry is at +17%.

The book to bill ratio during the first half was at 98%, to be compared to 89% last year, which gives you an idea of the good momentum we have. If we look backward 12 months period, we have a book to bill ratio of 114%. So, the full backlog reached EUR 7.5 billion and represent 1.4 year of revenues.

In terms of highlight, we can also give some highlights on The Netherlands, we have a specific business orientation about The Netherlands, where the activity continued to be affected by the effect from the re-in-sourcing of desktop services activities from KPN. So, we have a revenue organic growth, which was negative during the first half of ’08, minus 1.4%, but if we exclude KPN, we have a +4.6% organic growth in The Netherlands. A strong action plan regarding cost savings to realign with the new scope of The Netherlands is underway.

Linked to the strong growth of our top line, we had to use more subcontractors than what we planned initially. So we have about 1,000 additional external staff to be compared with last year, with an additional cost and you’ll see some more information later. The additional cost which penalised the operating margin was EUR 9 million.

On slide number six, we give you some information about the contracts we signed during the first half. You remember, we announced EDF Smart meters, which has a high potential for the future of the Company. Biometric passports, which might be a reference for international deals in the future; NXP Netherlands, which is a win-back on the former Phillips contract; Neckermann in Germany; a contract with a major telecom operator for Consulting in the UK on a transformation programme; several large contracts in UK, both in public and private sectors; and Michelin we signed in July ’08. One of the key points that many of these contracts have a significant added value, and are therefore generating a strong gross margin, and I will come back to that later. It just illustrates that we are capable of demonstrating to our customers our technical expertise to take in charge good added value contracts with good margins.

On the slide number seven, as I said at the beginning of the presentation, the commercial dynamic is good and during the first semester of the year, the group won more than EUR 2.7 billion orders, excluding Italy and the AEMS Exchange. So, this is an increase of +14%, compared to the same period last year, with an increase of +11% in Q1 and +17% in Q2. The book to bill ratio is at 98% concerned compared to 89% last year.
If you look at the details, Consulting has a book to be ratio which is above 100%, which gives you a good sign of the capacity of rebound of our Consulting activity. System Integration is at 102% and Managed Operations is at 95% book to bill ratio, which is +15 points above last year.

So, let’s move into more financial information on slide number nine. So, on the actual scope, which includes Italy for one month and the AEMS Stock Exchange for six months, revenues for the first semester of 2008 amounted for EUR 2,864 million to be compared to EUR 2,692 million on the constant exchange rate basis and excluding the total disposals of EUR 117 million, includinh Italy for EUR 113 million, Actis in Germany and Marben in France for a total of EUR 4 million. So, it represents a +6.4% organic growth.

Exchange rate movements resulting in a negative adjustment of EUR 80 million on the comparable year-on-year basis mainly from British Pound for minus EUR 72 million and US Dollar related currencies for negative EUR 8 million.

Excluding both Italy and the AEMS Stock Exchange business, which is expected to be sold, as I said before, in Q3 of this year, the H1 ’08 revenues stand at EUR 2,745 million, representing an organic growth of EUR 175 million, +6.8% at constant scope and exchange rate.

As a conclusion, Atos Origin registered overall a firm revenue organic growth over the period. After +5.9 in Q1, it is a strong +7.7 in Q2, leading to an average +6.8 for the full semester.

On slide number ten, you have all the details how do we move from the reported revenues in H1 ’08, down to the revenues at constant scope and exchange rate, which shows a strong growth of H1.

On slide number 11, that slide demonstrates two things. We are first an acceleration of organic growth. Looking back at ’06, ’07, you see that we used to be in the range of 2%, 3% maximum organic growth. Starting second semester of ’07, we were back at market growth and clearly now, we are exceeding European market growth. So, we have a strong momentum in terms of top line growth and order intake.

On slide number 12, it shows that we have a traditional seasonality in terms of increasing the growth from Q1 and Q2 but with a strong step in this year with an incremental 1.8 points of incremental growth between Q1 and Q2.

If we move to slide number 13, it gives you the operating margin. So, we achieve EUR 123 million of operating margin on future scope, without Italy and AEMS Exchange to be compared to EUR 107 million last year. This includes the 303 cost, so we have a 4.5% operating margin rate, which is an increase of 15% operating margin year-on-year. If we include the 303 costs, we have an operating margin rate of EUR 150 million, so it just demonstrates that the net costs of the transformation programme were at EUR 27 million during the first semester to be compared to EUR 118 million for operating margin before transformation costs last year. The transformation costs last year were over a period of three-months less because last year we really launched the transformation programme during Q2. So, before transformation costs, we have an increase of our operating margin of +27% and the operating margin rate before transformation cost is 5.5%.

If we move to slide number 14, we give you more details about service lines. So, by service lines, the revenue performance is mainly due to good trend in System Integration, which continue to improve quarter after quarter and recorded a +7.8% organic growth in Q2 ’08, after +7.2 in Q1. H1 ’08 revenue organic growth was +7.5% in SI after a +6.7% in H2 ’07 and +3.9% in H1 ’07. Clearly, system integration is back to above the market growth and I am very satisfied with the performance in the first half of ’08.

The operating margin rate of SI is at 3.6%, compared to 4% last year. Itis mainly affected by reliance on a higher level of subcontractors, due to lower inflow of own staff at the beginning of the year, with an impact of around EUR 6 million to EUR 7 million. In addition, in Thailand and in Turkey, one-off charges for delivery slippages were booked with a negative effect of EUR 7 million in H1 08. This is one-off effect of about 0.6% of revenues and the 303 cost in SI represented EUR 13 million in H1 ’08, to be compared with H1 ’07 of EUR 4 million.

Managed Operations, revenue remains strong with +7.4% organic growth in H1 ’08 and accelerated between Q1 and Q2 from +6.2% to +8.6%. So, once again, it’s a top line growth, which is very good. Revenue growth was already strong in H2 07 at +7.7% after a +3.1% during H1 ’07. We have installed Managed Operations in a strong growth over the last two semesters.

Atos Worldline posted a solid +10% organic growth in H1 ’08, while Managed Operations businesses performed well, with a satisfactory +7.6% in H1 ’08, especially in Q2 at +10%. Managed Operations operating margins stands at 7.8%, one point above last year and this was primari led by the UK and Atos Worldline.

Consulting continued to show a recovery trend, despite the negative H1 revenue growth, at -1.6%. The revenue organic growth was at -11% in H2 ’07, -6.5% in H1 ’07. Clearly the trend is better and after Q1 ’08 organic decrease of -3.3%; revenue was flat in Q2, compared to last year. Consulting operating margin at EUR 8 million, down by EUR 3.5 million versus H1 ’07, many coming from the UK, where the sales decline and the cost reduction could not fully compensate the business decrease. France increased its profitability by one point, many thanks to better utilisation rate.

Corporate costs not allocated to service lines are stable, around EUR 38 million and remain at a level of 1.4% of revenues.

So, a conclusion on that point. First half delivered an incremental EUR 175 million of revenues, organically. This performance was driven by SI and MO, both beyond the +7% organic growth. As far as operating margin is concerned, SI was affected by a higher level of sub-co’s and one-off charges on two projects. MO improved by one point, with strong preference in UK and Worldline. In Consulting, the operating margin is weak, at 4.5% rate and strong action plans are on the way to improve profitability as you know in both UK and The Netherlands.

On the next slide, you have more details about Consulting. I would like to highlight just a few points. We’ve started to have good news in Consulting. France is showing some improvement with double digit revenue growth and operating margin increasing to 7.2%, compared to 5.3% last year. Utilisation rate increased at 63%, one point above last year’s average. And the order entries increased by two points, with a book to bill ratio above one point. So, this is good news for the next few quarters. The attrition rate decreased by more than three points compared to last year. So, and the fact that the revenue was flat in Q2, compared to Q2 last year, is a sign that now the rebound will happen. It is clear that we should see some recovery in the UK during the second semester of ’08. Besides, we changed the management in Consulting in France, in May last year, and you know that we changed the Consulting management at the end of last year in the UK which will benefit the UK Consulting activity during the second semester. And one of the good news we see also in Consulting is that we see more synergies between Consulting and system integration.

If we look at slide number 16 on System Integration, SI had a good trend this first half, with revenue organic growth at +7.2% in Q1, +7.8% in Q2. In the UK, after a limited revenue organic of just below one point in Q1, Q2 gained a strong momentum at +23% in the UK for SI. So, after several quarters of restructuring this service line, the business is clearly back to growth. Germany benefited from the Dresdner Bank application management contract. In The Netherlands, SI revenue was flat, mainly because of delay in business volume. Utilisation rate overall is satisfactory at 80%. So, the operating margin rate, as I said before, decreased by 0.4 basis points versus H1 ’07, despite a strong improvement of plus 4.3 points in the UK and double-digit margin in The

Netherlands, but there were delivery slippage on two projects in Thailand and Turkey, impacting by 0.6 basis points, our operating margin rate in SI during first half.

We have also, as I said before, a higher level of sub-co's to compensate delays in recruitment with a negative impact around EUR 6 million for SI. Attrition rate decreased and, based on future scope, excluding Italy, order entry increased by five points on the semester, with an acceleration in the order entry growth in Q2, of +7%. So, the normative operating margin was, for SI, EUR 40 million, plus EUR 7 million on projects in Thailand and Turkey slippages, plus an additional cost of subcontractors of EUR 6 million, plus EUR 9 million incremental costs on 303. So, clearly, system integration normative is more in the range of 5.5% and that's why we clearly confirm the Guidance we gave for the full year.

On Managed Operations, slide number 17, we had a satisfactory revenue organic growth of +7.4%, with an acceleration in Q2 at +8.6% growth, after a +6.2% growth in Q1. All geographies posted reasonable growth, except The Netherlands, which remained flat, with a strong impact from the KPN re-sourcing of their desktop services. So, excluding KPN, the group revenue organic growth in managed operation would have been at +9.2% and in The Netherlands at +9.1%. Atos Worldline continued to develop and confirmed of the trend observed in Q1, with the first semester organic growth at +10% and an improvement of operating margin by two points compared to last year.

In BPO medical, the planned end of the DTI project that we have completed had an effect of EUR 15 million less on revenues this year. Excluding DTI, BPO medical had a +18% revenue growth in H1, which is a very good and strong performance. Operating margin improvement of one point in Managed Operations was led by Atos Worldline with an incremental two points operating margin rate and UK, where the margin increased by 5.2 points, thanks to a higher level of revenues and the effect from the ramp-up of large contracts signed in H1 '07, which confirms what we announced over the last few quarters.

So, order entry, as mentioned before, reached EUR 1.4 billion, representing an increase of +24%, compared to last year, and a higher book to bill ratio by 15 points.

If we look at slide number 18, which gives you detail on the different countries, let me comment each geographical area.

In France, H1 '08 revenue was up by +7% organic growth, at EUR 779 million versus H1 '07. Consulting grew by +13%, confirming the positive trend observed at the end of last year, benefiting from the actions of the new management team. Managed Operations achieved a +8% organic growth, with an increasing level of up-selling business with existing customers. SI was up +6% organic, many led by the telecom and industry sectors, both at double-digit growth. So, the operating margin in France increased by 1.2 points, compared to last year.

In the UK, stronger revenue organic growth at +6% in Q1, +19% in Q2. By service line Managed Operations posted a +19% organic growth, with the ramp-up of Highways Agency and additional projects with the Ministry of Justice and NHS, Scotland. This was achieved, despite the end of the DTI projects in medical DPO. System integration achieved +11% growth, with a good momentum and additional revenue in public sectors, large clients such as British Energy and Premier Foods. Operating margin rate in UK increased by four points, despite a negative margin in Consulting, System Integration gained 4.3 points and Managed Operations gained 5.2 points.

As expected in The Netherlands, revenue decreased by 1.4 points because of the effect of re-sourcing of their desktop services to KPN. If we exclude KPN, H1 '08 revenue would have shown a growth of +4.6 points and operating margin is, in Netherland, at 8.6% with a higher utilisation rate of subcontractors and a decrease of profitability in Managed Operations. I confirm what I told you three months ago, The Netherlands will be back to growth during the second semester and the full year for Netherland will show growth after a small decline during the first semester.

Germany and Central Europe continued to benefit from strong organic growth in SI, plus 23%, including the Dresdner ramp-up and good performance of Atos Worldline in Germany. Operating margin improved by 0.9 points, with good performance in telecom sector, in addition of Dresdner Bank ramp-up.

Spain, Belgium, Asia Pacific, Mediterranean countries and Africa continue to progress and are reporting strong revenue organic growth. As said before, one-off charges due to delivery slippage of two projects in Thailand and Turkey affected the first semester profitability.

The decrease of revenues in the Americas come from South America, where we have EUR 24 million less revenue organically, of which EUR 28 million come from the end of the PanAmerican Games in Brazil. So, including PanAmerican Games, which was a one-year contract, revenues were up EUR 4 million.

Corporate costs at 1.9% of revenues, including here, the global service line costs not allocated to the countries. I just want to precise that the global service line cost increased by EUR4.4 million, due to ramp-up of the transformation plan.

If we look at slide number 19, I would like to give you some highlights of events where we need to have some action plans in order to increase the operating margin rate improvement, quarter after quarter.
As stated before, we used 1,000 more subcontractors than what was planned initially, just in order to fulfill the delivery requirement of our customers. Just to be clear: a subcontractor is more expensive than an Atos Origin employee, and we have a lower mark-up on subcontractors. So, we had a one-off negative effect during the first semester of ’08 of EUR 9 million on our operating margin. Despite that, we have been able to deliver what we committed to you in terms of operating margin. So, strong action plans will be put in place in order to reduce the number of subcontractors in H2 2008 and one objective we have is to replace, where we can, subcontractors with offshore resources, not with European resources.

The second subject where we need to have additional actions and improvement is the profitability of SI in France. We have a strong action plan in France system integration. On the one side, there are good signs such as revenue growth close to 6% and a book to bill ratio, which is clearly above one, at 1.1 which shows a good trend and the level of order intake was excellent.

However, the operating margin rate, during the first half of ’08 of SI France was at break-even and we have decided to accelerate a few things. We have a new management in place, which presented us a plan to significantly improve the operating margin rate in SI, France during the second semester of ’08 with a strong improvement also in ’09. This new management has the objective to simplify the organisation, to increase the level of off-shoring, which is still too low in France, and to complete the standardization of processes and tooling. So, the French SI organisation has to align to the Group organisation as soon as possible on a model close to what we have implemented in Spain and in Germany with good operating margin rate results. We have here a strong area for margin improvement, not waiting for ’09, but already in ’08.

The third area of continuous improvement is not a surprise for you, it is Consulting in UK. As I said before, we recovered; we are on the way to recover with a good organic growth, with the first step of improvement in operating margin rate in France. Spain is doing well in Consulting. In The Netherlands, they have to speed up their growth over the next few quarters, but we have an improvement in terms of order intake.
Clearly, for UK Consulting, we need to continue to improve and I believe the business unit should be back to organic growth during the second semester. We need, at the same time, to have a margin improvement. So, even if the commercial activity is better, with the recent signature of a large procurement transformation contract with a Telco operator, and even if Q2 was better in utilisation than Q1, the productivity reached is also still too low, and we have realigned this activity in two directions. One is to focus on four sectors, where we have our best practice and working only on IT Consulting, and the other one is clearly cross-selling and up-selling with the two other service lines. Once again, I am very satisfied with what has been done in France in Consulting, with strong synergies between Consulting, SI, and Atos Worldline. It benefits to the order intake and to the organic growth, and that should happen also in the UK.

The very good point, and I'm moving on slide 22, as I said before, we have a strong momentum in terms of order intake. But you can have a stronger main turn in terms of order intake, with order intake with a medium profitability. And I'm very satisfied to see that the level of profitability we have on the order intake is very good for the future.

The gross margin embarked with this new contract is excellent. It is clearly above what we have achieved the previous years and this is why we are not buying market share, we are not buying with low profitability contract. We are embarking, in our contract basis, strong profitability contract for the future. So, we are, with this order intake, embarking the profitability improvement for the future, on top of the transformation programme.

This is a very satisfactory point and we made an analysis on the 200 largest contracts signed in 2004 and 2005 and it demonstrated that we have embarked, in 2004, 2005, contracts with low gross margin which is not the case anymore since 2007, with a significant improvement in H1 '08.

Moving to slide number 23, we give you some more information about the operating income. What should we say from the operating margin to operating income? The main items are first the completion,of the pension deal in UK, which allowed EUR 64 million operating income. We continued to restructure, with a EUR 6 million cost in H1, mainly in France, and this led to an operating income of EUR 191 million; significantly higher compared to figures we saw last year, which was at EUR 108 million.

Moving to slide 24, from the operating income to net income, let me insist on two items. One is the financial result which remained at the same level than last year. The other one, after the sale of Italy, the effective tax rate is back to 30%, versus 37% last year. So, the net income reached EUR 128 million to be compared to EUR 63 million last year and the adjusted net income, if take out all the exceptional, unusual and abnormal infrequent items as we call, the adjusted net income is at EUR 76 million, to be compared to EUR 64 million, which is a 20% increase.

If we move to slide number 25, you have the earnings per share, so the basic earnings per share is at EUR 1.79 per share H1 '08, to be compared to EUR 0.83 last year. If we look at the adjusted earning per share, we are at EUR 1.09 to be compared to EUR 0.92, so an improvement close to 20%.

If we move to the balance sheet on slide 26, the main items you should be aware are first the decrease in goodwill is only due to the decrease of the Pound versus the Euro in the

UK and the effect on the UK goodwill. The increase by EUR 23 million of tangible assets is to be compared to reduction of IT operating lease by EUR 18 million on the same period.

The net deferred tax asset is mainly on pension. We have a very low working capital after the disposal of Italy. The decrease of the net pension position came from the pensions in UK and the sale of Italy. And last, the decrease in provisions came from the restructuring in France, which were accrued in ’07 and done during the first half of ’08.

If we move to the cash-flow statement, we are here on statutory figures, so it does include Italy for one month and it does include AEMS Stock Exchange. The increase on OMDA is higher than the increase in the operating margin. I already explained the Capex and working capital and the net financial investment reflects the disposal of Italy in’08 and Actis in Germany in ’07. All these led to a net debt of EUR 540 million, an increase compared to EUR 338 million at the end of last year, but this is normal in terms of seasonality and I fully confirm the objective of EUR 238 million of net debt at the end of this year.

So, net debt evolution. The main items are the cash received in Italy, approximately EUR 38 million, the cash-out for the pension in UK for about EUR 64 million, Capex at constant scope, excluding AEMS worth at EUR 121 million, to be compared to EUR 168 million in H1 ’07, so we start to better monitor the Capex. Out of the EUR 121 million in H1 ’08, EUR 20 million were invested in 303, mainly for the global delivery initiative.

Working capital increase was limited to EUR 106 million, to be compared to EUR 95 million last year. In 2008, the incremental bonus was EUR 25 million, due to the poor results in ’06 and low level of bonus paid in’07. During the second half of this year, dividends have been paid for an amount of EUR 28 million in July, and we plan to receive the proceeds from NYSE Euronext for an amount of EUR 140 million in Q3 ’08. You see on that slide I confirm the forecast of net debt by the end of this year.

One other strong improvement we have achieved in the last five years is a reduction of financial liabilities. The financial liabilities was significantly reduced to EUR 540 million at the end of June ’08, compared to June ’07 at EUR 746 million. Main effect comes from the strong reduction of the net pension deficit, thanks to the New Deal agreement with the Trustees in the UK and the reduction in liabilities coming from the disposal of Italy. And we have now a net positive pension asset. So, if you include the significant net debt decrease during the second semester of this year, the financial liabilities will be at a very low level.

In terms of headcount evolution, the attrition rate first decreased down to 13.6%. We had close to 5,600 hirings. We had the departure for our Italian colleagues, so the headcount at the end of the semester was at 50,655 heads.

If you look on slide 31, on the evolution of the staff by geographical area, the key points I would like to insist on is the fact that the net addition of headcounts were clearly coming from low cost areas. It was coming from Asia, Brazil, Spain mainly from Valladolid where we have a closeshore center where the salaries are significantly lower than in Barcelona and Madrid. And if you look at France and The Netherlands, we had a net decrease.

Attrition rate: just the fact that we have been able to decrease and monitor the attrition rate in consulting, System Integration and managed operations.

On slide number 33, I confirm the objective of moving the share of employees in low cost countries by the end of ’09 at 20%. Today, 12% of all employees are based in low cost countries, and you have, here, the list of the low cost countries where we are present.

Contributing to the increase of our head count in low cost countries, is the increase of 20% of our off-shore/near-shore during H1 ’08, and we confirm the objective of around 5,000 staff at the end of ’08 in off-shore. We will have waves of recruitment in Q3 and Q4 ’08 from universities in India, and that will accelerate our monthly net additions during the second semester compared to the first semester.
I confirm that early ’09, the new centres in Pune, in India, will be ready and as a reminder there will be 3,000 seats in Pune, and the new campus in Brazil, in Curitiba will also be ready early ’09, and that will allow an acceleration of the off-shore recruitment. This is why I confirm the objective of 8,000 staff in off-shore by the end of ’09.

On the transformation programme, here you have a few slides; we have three slides. I just want to give you a few messages.
The transformation programme is moving at full speed, and clearly, if we can accelerate some of the actions, some of the plans, we will accelerate these plans. And clearly, since we are now fully concentrated on developing the company and in a very constructive approach with our Supervisory Board and Strategic Committee; that’s an important thing for us, to accelerate some of our 303 planned actions.

So here you have a list of all the different actions; we have performed in Industrialization with some KPI indication on off-shore, on MS Global Factory moving very fast in moving our capacity in Essen on a single mainframe for Europe on sales. We can easily notice there is a link between the strong momentum in terms of order intake and the training of our people, and a few information about purchasing, talent and support function.

Let me finish before we enter into the Q&A session with the outlook for ’08. On slide number 40, we give you some information about the backlog coverage on the 2008 revenue. What we see today is that the backlog we have for this year represents 86% of our revenue of the full year, ’08 which is two points higher than last year. Last year it was at 84; 86 this year, so clearly at the end of the first semester, we are in a more comfortable position than last year. And you know that last year, we fulfilled our commitment in terms of top line growth.

If we move to slide number 41, what do we see? First, H1, we had a +6.8% revenue organic growth on the future perimeter, without Italy and without AEMS stock exchange. Second point, we see an order intake growth by 14%. Third point, we have a better coverage by two points. So, clearly it leads us to upgrade our outlook for the top line, so we have a new guidance for the top line moving from +4% organic growth to more than 5% organic growth in ’08. And I can tell you that, little bit like the way I mentioned to you at the end of the first quarter, we feel comfortable about exceeding 5% organic growth in ’08.

At the same time, we fully confirm all the other information about the outlook for ’08. So we confirm a 100 basis points improvement of the operating margin rate between ’07 and ’08 after transformation costs. We confirm the 5.6% operating margin rate in ’08. And I confirm, as I said before, the net debt reduction by EUR 100 million between December ’07 and December ’08, after the payment of dividends, EUR 28 million in July, after cash out for pension, EUR 64 million in H1 in the UK and proceeds from the disposal of Italy and AEMS exchange.

So that’s it for the presentation. So now we will be happy to – Eric Guilhou, Management Board member, Michel-Alain Proch Group CFO and Gilles Arditti Head of Investor Relation to answer any of your questions.

Questions and Answers

Laurent Daure - Landsbanki - Analyst

Yes, good morning. I have two questions. The first is on the French SI business, which was still at breakeven. You've got, I think, about 700 staff. So, what happened? I understand you still have a lot of work to do but why is the SI business not improving slightly on the back of the cut in headcount?

Philippe Germond - Atos Origin - Chairman & CEO

Okay. Laurent, you have a second question?

Laurent Daure - Landsbanki - Analyst

Yes. The second question is concerning the acquisition or disposal, so if you could update us on your view on the Medical BPO business and your thoughts on the acquisition -- the potential acquisition in Italy of [SISV].

Philippe Germond - Atos Origin - Chairman & CEO

Okay. On your first question, if we talk about the -- Laurent, about the restructuring, what we call in France PSE, the PSE was a move of people to -- from Paris, mainly from Paris, to the regions. So, out of the 500 you have about, I would say, 80% which were moved from Paris to the regions and the remaining -- the 20% remaining moved out of the Company.

Second point. It's clear that in France, in SI, because of the good momentum in terms of top line -- and by the way, because of some customers asking to -- a faster delivery of their developments, we had to use more subcontractors than what we planned and it had a negative effect on the profitability of SI in France.

At the same time, as I said before, the organization of SI in France is not optimized. And, France, in opposition to Netherlands, to the UK, even to Germany, is not benefiting at the same level of the offshore resources. So, clearly, we have to align the organization of SI in France the same way as we approach for Spain, for the UK, for Netherlands, and clearly benefit from offshore resources.

On top of that, we have some SI contracts which were embarked a few years ago, which put pressure on the margin of SI. And I am very satisfied that among the contracts we embarked during the first semester in Atos Origin there are a few contracts in SI France with a very good level of gross margin and SI France will benefit from that, starting mainly next year.

And clearly, in France, I am going to be very direct, we still have a mark-up issue and it has to be solved and actions will be taken. And clearly, one of the reasons we decided to change the management of SI in France is the fact that we are willing to see some significant actions to be taken on the organization and on the mark-up. And clearly, what we saw in terms of improvement in the other countries, there is no reason to see that improvement in France.

And when I talk about the organization, when I talk about the simplification of the organization, clearly, we probably have too many layers in terms of management. We have to streamline the middle management in Systems Integration. And the new management of SI, which was appointed less than one month ago, made a very clear presentation in terms of action plans, with clear commitment, and I'm very confident they will achieve a significant improvement of SI profitability within the next 18 months.

On acquisition and disposal, Medical BPO, as you saw in the presentation, we have a good momentum in the Medical BPO. Without DTI, it's an 18% growth. So we have been able to embark new contracts, new good quality contracts, where the margin of Medical BPO is above the average margin, operating margin, of the Company. So we have a good development.

Is it core in our business? I continue to say it is not core in our business. What is the best time to dispose that activity? I'm not going to give you an answer. I can just confirm to you that Medical BPO, I'm very satisfied with the management of that activity. I'm looking at BPO -- Medical BPO as an asset portfolio manager and I'm looking at what is the best time to maximize -- exercise the value for shareholders of the Medical BPO activity.

On the other subject about acquisition and disposal, by the way, we had a chance to review with the Strategic Committee, with the Supervisory Board, the priority in terms of acquisition for the Group. And what I told you over the last few quarters, in terms of priority of acquisition, has been fully confirmed by the Strategic Committee and the Supervisory Board.

So, clearly, one of my very first priorities, if not my very first priority, is to consolidate our activities in the payments in Europe. And we are looking, currently, at different opportunities in Europe, including [SIS, Italy].

Laurent Daure - Landsbanki - Analyst

Okay. Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

You're welcome, Laurent.

Operator

The next question comes from Chris McGinnis. Please go ahead.

Chris McGinnis - Merrill Lynch - Analyst

Hi. Thanks for taking my question. Just on the two project overruns that you announced today, can you discuss what led to those a bit and what you've done to resolve them? Are they fully behind us and is there any risk of them recurring, being further overruns, in the future? Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

Okay. On these two contracts, it's now totally monitored. There might be different reasons, including issues with the software vendor, so I'm not going to enter into the details. Clearly, as I said, we had an impact, a negative impact of EUR 7 m between Thailand and Turkey.

It puts on the table the question of management attention on small countries. And clearly, it leads us to question should we be in so many small countries and there should be some arbitrage at some point of time. But clearly, what we have put in place over the last few quarters, in terms of monitoring, in terms of managing the contracts, led to really an improvement and a significant decrease on this type of event.

By the way, without giving too many details, there will be soon one person in the Executive Committee fully dedicated on managing the small countries and having a full management attention on the small countries.

Chris McGinnis - Merrill Lynch - Analyst

Okay. Thank you.

Operator

The next question comes from Patrick Standaert. Please go ahead.

Patrick Standaert - Morgan Stanley - Analyst

Hi, good morning. A couple of questions, if I may. The first one is on the growth. You've raised your expectations, which is great, but I remember at the beginning of the 3o3 plan you were saying that you didn't want to grow too fast, you focused on margin exclusively. In which way is faster growth putting that focus on margin a bit into question? That's the first one.

And the second one is linked to this. You have the issues about the subcontractors. You probably will increase the hiring. How do you see this being solved, considering the remaining buoyant market in France, primarily, with Sopra reporting 20% growth in France and the market being good?

And finally, I've got a small question on Italy and AEMS. You report a EUR 1m EBIT for those two divested countries. If I remember well, that was EUR 33m in 2007. How did that completely disappear? Thank you very much.

Philippe Germond - Atos Origin - Chairman & CEO

Okay. On your three questions, clearly, one of the key messages I would like to pass to you, the 14% growth in order intake and which may benefit the top line growth short term but also mid term, then long term, it's profitable contracts. And I can tell you that it's clear that the market has a good trend and the fact that we have been able to be successful on many contracts, good possible contracts, leads us to be selective.

So, clearly, my initial forecast in the 3o3 plan was 4% growth per year, was focusing on profitability. When we tell you that we reached 7.7% organic growth in Q2 and we embarked a 14% order intake growth, it's still with that objective of increasing the profitability. And as I said, we embarked -- when I look at the contracts we signed during the first semester of '08, the average gross margin of these contracts was significantly higher than the years '04, '05, '06 and higher than in year '07. And it is a very good, strong gross margin which would help us to better the operating margin rate in the future.

So, we are not making an arbitrage between order intake and operating margin rate for the future. It happened that we are able to grow faster with still that major operating margin rate improvement for the next few years.

Subcontractors. It's clear that, as you say, it's a buoyant market. You don't have all the announcements from all the different peers but I know that Sopra announced a double-digit growth in SI in France. And that's why I'm insisting on the fact that we should replace most of the subcontractors by offshore resources.

And one of the issues we have in France is that the organization doesn't favor the development of offshore. And that's why one of the key actions we need to perform with the new management of SI is to realign the organization of SI, like it is in Netherlands, like it is in the other countries, like Spain or the UK, in order to fully benefit from the synergies with offshore.

So, the objective is clearly to decrease the number of subcontractors. We have 1,000 more subcontractors than what we planned initially. And we should replace most of these subcontractors, or as much as possible, by offshore resources, with the full benefit on the costs.

Patrick Standaert - Morgan Stanley - Analyst

Thanks. Can you tell us by how fast you think you can do this, to relocate your customers, to push these subcontractors which are probably based onshore to offshore? Is this EUR7m SI impact going to fade away in the next 12 months, six months, 24 months?

Philippe Germond - Atos Origin - Chairman & CEO

Yes, I am not going to give you any figure but it's part of the margin improvement of the Company. And I think that the key point is that despite that pressure on the subcontractor additional costs, despite the one-off on Thailand and Turkey, we have been able to deliver what we committed. So it just shows that we have a good momentum on organic growth.

And educating the customer is not really an issue. If you look at Netherlands, Netherlands were not too far away from 20% of offshore resources in SI, so it's moving pretty fast. So, it's more a question of organization to be embettered or optimized to benefit from that.

On AEMS, I am not going to comment too much, maybe except that we disposed AEMS Exchange at the right time.

Patrick Standaert - Morgan Stanley - Analyst

Okay. Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

And at the right price, obviously. Next question.

Operator

The next question comes from Roy Lamb. Please go ahead.

Roy Lamb - Investec Securities - Analyst

Hi, good morning. Thank you for taking my questions. I've got two questions. One is on the operating profit. How much is released from provisions? How much has it benefited?

Philippe Germond - Atos Origin - Chairman & CEO

Okay. I'll pass that to Eric Guilhou.

Eric Guilhou - Atos Origin - SEVP Global Functions

There is no special effect from the provisions in the first half results It's operational profit and this is translated by the improvement of the OMDA compared between last year and this year.

Roy Lamb - Investec Securities - Analyst

Okay. And the second question is the organic growth improved in Q2 compared to Q1 this year. How much of that is benefiting from the increase in working days in Q2 compared to Q1?

Eric Guilhou - Atos Origin - SEVP Global Functions

I think there is one day. One day.

Roy Lamb - Investec Securities - Analyst

One day. Okay. Thank you. That's all.

Operator

The next question comes from Elizabeth Buckley. Please go ahead.

Elizabeth Buckley - Arete Research - Analyst

Yes, good morning. Just on the total subcontractor number, where did you stand at the end of the first half, if you look at total subcontractor numbers for the Group?

Philippe Germond - Atos Origin - Chairman & CEO

Yes. It's around 4,000.

Elizabeth Buckley - Arete Research - Analyst

4,000. And are most of these concentrated in France and the Netherlands, would you say?

Philippe Germond - Atos Origin - Chairman & CEO

No, we don't give the breakdown.

Elizabeth Buckley - Arete Research - Analyst

Okay. And just of the 1,000 that you added in the first half, where do you see this number at year end shrinking to?

Philippe Germond - Atos Origin - Chairman & CEO

Well, it's too early to tell you. The only thing I can tell you is that we have an action plan in place with the objective of reducing and transferring, as I said before, as much as possible of these subcontractor resources in offshore countries, in low-cost countries or nearshore. This has to be monitored and this has to be monitored linked with the customers. But clearly, this is our objective, to reduce -- and by the way, when you increase the number of subcontractors, it's maybe on one side good news because it means that we have more deals than what we planned initially.

At the same time, it demonstrates that there are limited resources in some cases in Europe. And just as a reminder, for me, offshore is not just a question of decreasing our costs. It's also a question of getting additional resources we cannot find in Europe and we can find in India, in Brazil or in some other country.

Elizabeth Buckley - Arete Research - Analyst

Right. So potentially, given that you're focused on lower-cost offshore resources, it may take a bit longer?

Philippe Germond - Atos Origin - Chairman & CEO

Yes. What I would like to do is really optimize. And I think that the additional subcontractors we have is one important key to accelerate the development of offshore.

Elizabeth Buckley - Arete Research - Analyst

Right. Because it seems that you did not upgrade your offshore targets. At least, we haven't seen that yet. But you are talking about adding more into the SI organization in France. So, reasonably, I guess also in conjunction with your Strategy Committee, could you talk a bit about the areas where we could see you accelerate the 3o3 plan over the next year and a half?

Philippe Germond - Atos Origin - Chairman & CEO

Well, on offshore, just as a reminder, we upgraded the number of offshore resources about nine months ago, from 6,000 to about 8,000 by the end of '09, which is already quite ambitious because you have to take into account that some countries -- maybe in these countries we need to educate the customers, for example Spain. Spain is a country which still is a bit reluctant but there are questions about language, about offshore. And that's why we are developing Brazil and Curitiba, in order to facilitate the development of offshore in Spain.

If I look at France in offshore, we are much too low. It should be significantly embettered and it has not been yet. Okay. So, clearly, if you ask me which kind of action we are going to accelerate, clearly, offshore in France is one of the actions we are going to accelerate.

Elizabeth Buckley - Arete Research - Analyst

Okay. And what would be your offshore mix today in the French, I guess the SI business?

Philippe Germond - Atos Origin - Chairman & CEO

Offshore, what did you say?

Elizabeth Buckley - Arete Research - Analyst

What would be your percentage offshore in France today, if you look at maybe the SI and also the MO business?

Philippe Germond - Atos Origin - Chairman & CEO

Today, it's single digit --

Elizabeth Buckley - Arete Research - Analyst

Single digit, yes

Philippe Germond - Atos Origin - Chairman & CEO

And I would say it's more in the low single digit than in the high single digit. And the objective we should have in SI -- and by the way, Netherlands is already at that level, so it just demonstrates that within Atos Origin we are capable of developing a strong offshore activity linked to the European countries. In SI, we should be above 20%.

Elizabeth Buckley - Arete Research - Analyst

Okay. So -- and just finally, if you disclose it, what was your attrition rate in France in the first half and how has that trended since last year?

Philippe Germond - Atos Origin - Chairman & CEO

Same trend as the average of the Company, nothing special in France.

Elizabeth Buckley - Arete Research - Analyst

Same as the average. Okay. Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

You're welcome.

Operator

The next question comes from Josep Bori. Please go ahead.

Josep Bori - Deutsche Bank - Analyst

Hi, good morning. Thanks for taking my call. The first question we have here is just to clarify a little bit more on the net debt that you disclosed. I appreciate that there's a lot of information on slides 27 to 29 but I'm just trying to get a little bit more comfortable on how you will achieve the target you have at the end of the year. I believe there must be some one-off elements in there. Could you briefly walk me through that process, please?

Eric Guilhou - Atos Origin - SEVP Global Functions

Basically, you have the -- as a flip side to the procedure, the net procedure after the cash deconsolidation of the disposal of AEMS, which will provide around EUR140m net cash. You have the target, as every year, of the improvement of the cash working capital, which was negative in the first half and which is positive in the second half. And the third is the improvement of the operating profit and the OMDA between the first half and the second half. You have the three main drivers.

In some more detailed elements, you have the negative effect of the payment of the dividend for EUR28m in the second half. And you have, as a positive element, the employee stock purchase plan, which will represent around EUR15m to EUR20m, which is done usually every year at the end of the year. That are are all the major elements of the cash flow variance between H1 and H2.

Josep Bori - Deutsche Bank - Analyst

Okay. Perfect. That's very, very helpful. And then, if I may, just on the offshoring conversation that has been going on through the morning, just one question here. It looks like you definitely will have to accelerate recruiting in the second half of '08 and fiscal year '09. What is -- in your view, what's changed to make you able to recruit higher in those periods, versus the first half of '08?

Eric Guilhou - Atos Origin - SEVP Global Functions

There is a big program, recruit plan for us, which was first to have a fixed capacity increase in the course of '08 to welcome people. And second, as in many, I would say, European companies, there is a big, big campus program for recruitment between July and September, to recruit engineers coming out of school.

Philippe Germond - Atos Origin - Chairman & CEO

So we have clearly a (multiple speakers) effect and we'll have that effect as last year. So usually, during the first half we recruit experienced people and during the second half we have a mix of experienced and young people coming from universities, especially in India.

Eric Guilhou - Atos Origin - SEVP Global Functions

So just to give you an example, on the pure fresh information, as compared with the run rate that we have usually every month, in July we already have 80 people on campus, which are people more than the run rate of recruitment, than we have on the past months of the year.

Josep Bori - Deutsche Bank - Analyst

Okay. Great. Thank you very much.

Operator

The next question comes from Clara Van Der Elst. Please go ahead.

Clara Van Der Elst - Standard & Poor's - Analyst

Hi, good morning. Just a question on what's happening in France as well, because I think you referred to customers wanting projects finished earlier. Is that also clouded language for project slippage?

And what is the change -- is there any other change in the governance model for projects between, let's say, France and Thailand, Turkey, apart from the country mentioned responsibility?

Philippe Germond - Atos Origin - Chairman & CEO

No, we don't have any issue in France. Let's be very clear. There is just one point, that the French market and the French customers are very active these days and are running many projects. So -- and there are a few projects where they asked for acceleration on top of what we committed, so we are totally in line with our customers' expectations. We don't have issues.

Clara Van Der Elst - Standard & Poor's - Analyst

Okay. And then I was wondering, I think on the slide on Systems Integration you refer to an increased demand for short-term projects. I was wondering where is that happening most and what is driving that.

Philippe Germond - Atos Origin - Chairman & CEO

Well, the acceleration -- well, there is no specific country, let me put it that way. We see an activity in SI and which is a little bit in opposition with all the rumors about slowdown of the economy.

Clara Van Der Elst - Standard & Poor's - Analyst

Yes.

Philippe Germond - Atos Origin - Chairman & CEO

We see a pretty strong activity. And by the way, in many countries we had reviews of activity in our different countries recently and the feedback I got back, for example, from one country was we have many potential projects and we have to be selective because we cannot take all the projects at the same time.

So, clearly, I consider that this activity is an opportunity for us because we can be selective, because we can value more our technical competencies, our capacity of aggregating competencies coming from Worldline, from Systems Integration, from Managed Operations and from Consulting, to generate contracts with better gross margin.

Because clearly, one of the key points and maybe one of the key messages I would like to pass is that with the strong momentum we have on order intake, we are embarking contracts which are multi-year contracts, because most of our Systems Integration and Managed Operations contracts are multi-year contracts. And the contracts we embarked in H1 '08 have a very good gross margin and that will help us to embetter our operating margin rate for the next few years.

Clara Van Der Elst - Standard & Poor's - Analyst

Okay. Thanks. And I have one final question. The new management in France of Systems Integration, when is that change coming into effect?

Philippe Germond - Atos Origin - Chairman & CEO

The new management is in place, has been -- was in place less than one month ago.

Clara Van Der Elst - Standard & Poor's - Analyst

Yes.

Philippe Germond - Atos Origin - Chairman & CEO

They already, as I said before, presented to us their action plan and they are in action. So they have already committed for improvement during the second half of this year and they committed to a certain level of margin, and it's too early to give you some indication, but to a certain level of margin which is a significant improvement in '09.

Clara Van Der Elst - Standard & Poor's - Analyst

Okay. Thanks.

Operator

The next question comes from Stefan Kuppen. Please go ahead with your question.

Stefan Kuppen - Goldman Sachs - Analyst

Yes, thank you. I've got a couple of questions. One is about the performance in the Netherlands and the other one about your restructuring charges. Just briefly on the Netherlands, I understand the ramp-down in the KPN revenues, but even taking that into account the margin probably looks slightly weaker than what we would have looked for. You commented on initiatives to work on the indirect costs. Can you maybe give a little more detail around that?

And then, on the second one, in terms of restructuring expenses, it looked like you had a relatively low charge only this half-year, I think EUR6m or something like that. What should we expect for that for the full year and then into '09? Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

Okay. On the Netherlands side, the carve-out of the re-insourcing of desktop services in KPN had a double effect, had an effect on the top line and therefore we had a decline of our revenues of 1.4%, but also an effect on -- and by the way, on top of that, the renegotiation of the new contracts with KPN had also an effect on the operating margin rate.

So, clearly, the operating margin rate decreased down to a 8 points -- a little bit more than 8 points of operating margin rate during the first half. It's mainly coming from the KPN effect. At the same time -- and it's also an effect of traditional seasonality in our business. The second half will show a much better operating margin rate and you will see, obviously, a good improvement of the average operating margin rate for '08.

When I mentioned that we need to address indirect costs in Netherlands, it's clear that in Netherlands the indirect costs are higher than most of the other countries. And there is room for improvement and there is room to gain, let's say, 1, 2 points on the operating margin rate by optimizing the indirect costs in Netherlands.

Stefan Kuppen - Goldman Sachs - Analyst

Okay. Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

On the restructuring, maybe, Eric.

Eric Guilhou - Atos Origin - SEVP Global Functions

As far as the restructuring is concerned, our restructuring, I would say, envelope for the year '08 remains in the scope of EUR40m to EUR50m. It's clear that the acceleration of the growth in the beginning of the year has questioned some of the capacity restructuring. But we have requested the countries to work on all the low performer -- low attrition rate staff and middle management to perform a second wave of restructuring in the second half of the year.

Stefan Kuppen - Goldman Sachs - Analyst

Okay. Great. Thanks.

Operator

We have a follow-up question from Patrick Standaert. Please go ahead.

Patrick Standaert - Morgan Stanley - Analyst

Yes, sorry, a very quick one. It's one number. The base in terms of revenue for '07, is that EUR5.375b that we need to look for the year?

Gilles Arditti – Head of Investor Relations

Yes. Are you on future scope?

Patrick Standaert - Morgan Stanley - Analyst

Yes, on the new scope.

Gilles Arditti – Head of Investor Relations

On the new scope we have -- at constant exchange rates, we have EUR5.2b for the whole year of 2007.

Patrick Standaert - Morgan Stanley - Analyst

And excluding FX, that's EUR5.375b, is it or not?

Gilles Arditti – Head of Investor Relations

Excluding what?

Patrick Standaert - Morgan Stanley - Analyst

Sorry, keeping the currency, just excluding the AEMS and Italy, it's EUR4.8b, yes? Just to make sure.

Gilles Arditti – Head of Investor Relations

It's in that number but I will confirm.

Patrick Standaert - Morgan Stanley - Analyst

Okay.

Gilles Arditti – Head of Investor Relations

Okay? And the precise number for 2007 of the future scope is EUR5.190b

Patrick Standaert - Morgan Stanley - Analyst

Brilliant. Thank you very much.

Operator

The last question comes from Neil Steer. Please go ahead with your question.

Neil Steer - Redburn - Analyst

Yes. Thanks very much. Just looking at the quarterly trends between Q1 and Q2 this year, and also taking into consideration the improvement through the year last year, I'm just a little bit intrigued as to why your growth guidance is only above 5%. Would you not be happier giving a figure of 6.5%, 7%, or possibly a little in excess of that? Why can't you finesse the guidance a little bit further? Are you expecting a slowdown or a softening to come through in the third quarter at all?

Philippe Germond - Atos Origin - Chairman & CEO

I will give you two answers to that. The first one, coming back to the comment I made, we feel comfortable with that guidance of being above 5% growth. Second point, I may come back to one of your colleagues' questions or remarks, is that we are not going for just -- we are not running for just growth or top line growth. We are willing also to monitor and significantly improve our operating margin rate. That was the objective of the transformation program. So, I prefer to be in a comfortable position on the top line growth outlook and really monitor also, at the same time, our operating margin improvement.

Neil Steer - Redburn - Analyst

Okay. Thank you.

Gilles Arditti - Atos Origin - Head of IR

I think there is no further question on the call. We have just three questions which are coming from the web. The first one is a question from Colin Stewart (inaudible) [at Rhodes Leaf]. And the question is what is the split of 3o3 costs by division and geography.

So, on the EUR27m costs for the first half of the year, the main three items are EUR13m for Systems Integration on industrialization, EUR8m for Managed Operations for global delivery and EUR6m on the central for initiatives in order to prepare the rollout for the benefit of the countries, such as shared services, purchasing or sales initiative. By geographies, the main costs were in France, UK, Germany and in central.

We have another question coming from Jean Christophe Lermusiaux from Exane BNP Paribas and a third one coming from George O'Connor from Panmure Gordon and Eric Guilhou is going to answer both.

So the first one from Jean Christophe Lermusiaux is what is the growth of the order entry by service line on a statutory basis, compared to the actual -- compared to the future scope.

Eric Guilhou - Atos Origin - SEVP Global Functions

Consider that for this one you have the information of the growth of order entry in the presentation. And between the future scope and the total scope there is mainly the different of RMS, which is in Managed Operations. And Managed -- within RMS we have had no order entry, mainly due to the fact that the contractor is expected to end at the completion date of the disposal. So, excluding RMS, Managed Operations is even better than the one which is positioned into the slide.

As far as the last question, which is what is the positioning of Atos Origin on the market today in terms of market share and market position, on the basis of 2007 revenue we are number four in Western Europe, according to Gartner, and we were number six before. And we can expect that with a major between HP and EDF we will be ranked consequently number five in Europe.

Gilles Arditti - Atos Origin - Head of IR

Thank you.

Philippe Germond - Atos Origin - Chairman & CEO

Okay. If there is no further question, I would like to thank you for attending that call. And if I will make a summary, we are satisfied to see that good momentum but clearly that's one way to -- that organic growth is one way to improve operating margin rate. We are very focused on improving that operating margin rate. We are focused on delivering more free cash flow. And I'm very satisfied with the momentum we demonstrated during the first half.

Thank you very much.

Gilles Arditti - Atos Origin - Head of IR

Thank you