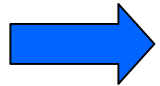


# Atos Origin

FY 2003 results  
March 10, 2004

# Management Board

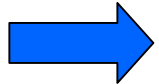
Member	Responsibility	Coordination
Bernard Bourigeaud	CEO	
Xavier Flinois	UK, Americas, Asia Pacific	Global Markets, Key Accounts/Olympics
Eric Guilhou	CFO	
Dominique Illien	France, Central Europe	Managed Operations, Atos Euronext, Worldline
Wilbert Kieboom	Benelux, ICA, Scandinavia	Consulting & Systems Integration
Giovanni Linari	Italy, Spain, Middle East, Africa	
Jans Tielman	Human Resources & Communications	



- **GROUP ACHIEVEMENTS**
- **2003 BUSINESS PERFORMANCE (PRE-SEMA)**
- **THE NEW GROUP IN 2004**
- **SUMMARY**

- Stable revenue in a difficult market at €3,035 M
- Operating profit of 8.2%
- Improving margin trend (8.4% in H2)
- Net debt significantly reduced to €266 M
- Continuous streamlining of operations
- Acquisition of Sema Group

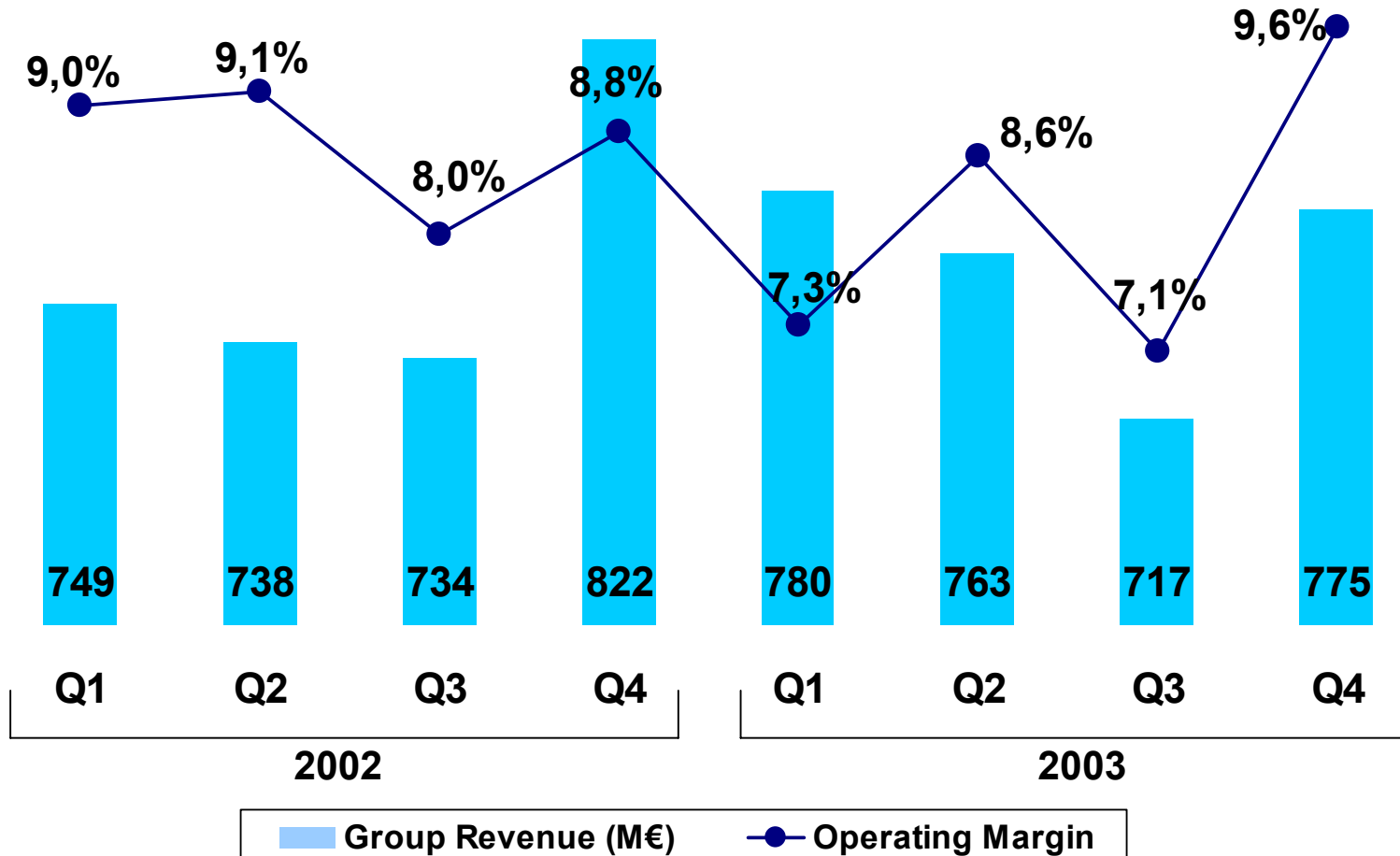
- **GROUP ACHIEVEMENTS**



- **2003 BUSINESS PERFORMANCE (PRE-SEMA)**
- **THE NEW GROUP IN 2004**
- **SUMMARY**

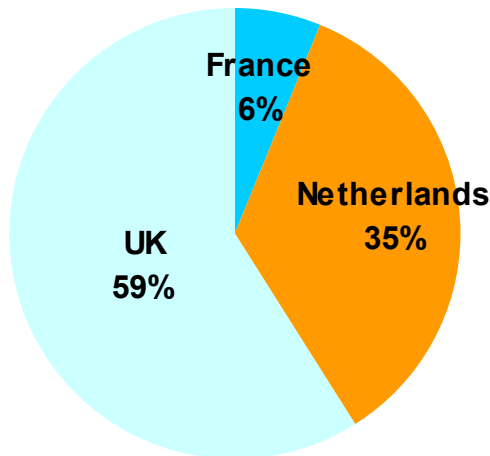
	FY 2003	FY 2002	% change
<b>In € Millions</b>			
Revenue	3,035	3,043	-0.3%
Income from operations	248	266	-6.7%
Operating margin	8.2%	8.7%	
Net income before goodwill	114	109	+4%
Net income (Group share)	(169)	71	
EPS (in €)	(3.72)	1.61	
Net debt	266	440	

**Profitability sustained in a difficult market**



## Strengthening our positioning

In € Millions	FY 2003
Revenue	363
Income from operations	26.5
Operating margin	7.3%
Headcount at year end	1,934



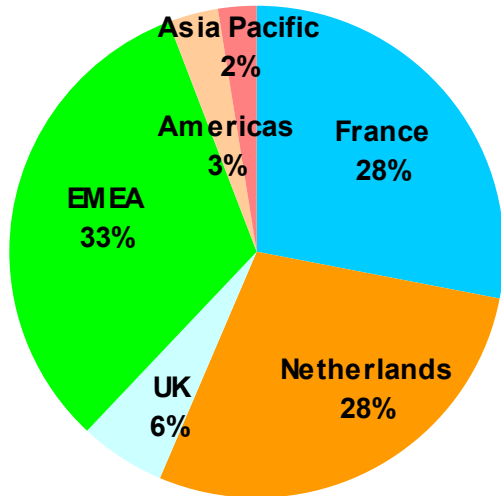
- Atos KPMG Consulting is enhancing the Group's profile in UK & NLs and increasingly elsewhere in the Group
- Business synergies
- Bid costs affected 2003 result
- Restructuring completed in 2003
- Utilization rate at 64% in Q4 2003
- Margin improved from 6.6% in H1 to 8.0% in H2 as a result of restructuring action



## Continuous adjustment to market conditions

In € Millions	FY 2003	FY 2002	% change
Revenue	1,089	1,243	-12%
Income from operations	55.6	65.9	-16%
Operating margin	5.1%	5.3%	-0.2 pt
Headcount at year end	12,671	13,954	-9%

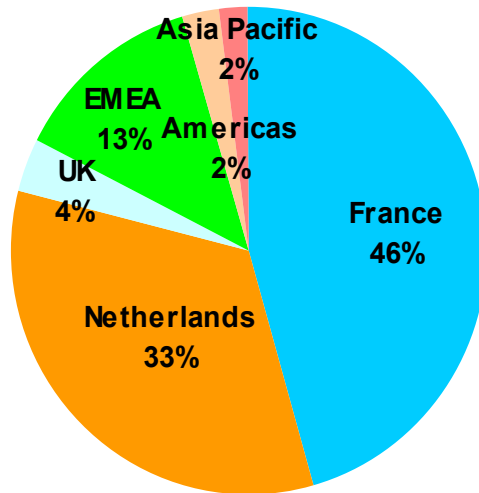
- Pricing pressure persisted in 2003 but volume levels starting to improve in Q4 2003
- ERP operations provide 31% revenue with stable SAP business
- Long-term revenue in Application Management with 14%
- Sustainable level of activity maintained in France & NLs due to critical mass
- Utilization rate improved to 78% in Q4 2003
- Margin improved from 4.9% in H1 to 5.3% in H2



## Steady inflow of orders

In € Millions	FY 2003	FY 2002	% change
Revenue	1,582	1,625	-2.7%
Income from operations	198.7	213.6	-7%
Operating margin	12.6%	13.1%	-0.5 pt
Headcount at year end	11,773	12,166	-3%

- Steady flow of mid-size contract signings. Pipeline improving also
- Creation of Wordline division
- 4% growth in Payment Processing and 14% growth in Internet Services
- Further organizational efficiency has kept margin at a healthy 12.6%, in spite of new contract start-up costs
- Margin improvement from 12.2% in H1 to 13.0% in H2
- Document & check processing businesses sold in Sep-03



# Performance by Service Line

In € Millions	Revenue				Operating margin		Employees
	FY 2003	FY 2002	% change	% Organic	FY 2003	FY 2002	Year end 2003
Consulting	363	174	+108%	-20.3%	7.3%	9.2%	1,934
Systems Integration	1,089	1,243	-12.4%	-9.4%	5.1%	5.3%	12,671
Managed Operations	1,582	1,625	-2.7%	-0.3%	12.6%	13.1%	11,773
Corporate *					-1.1%	-1.0%	95
<b>Total Group</b>	<b>3,035</b>	<b>3,043</b>	<b>-0.3%</b>	<b>-5.2%</b>	<b>8.2%</b>	<b>8.7%</b>	<b>26,473</b>

Margin rate Corporate based on total revenue

Organic growth: at constant scope and exchange rates

# Performance by Geography

**All regions remain profitable**

In € Millions	Revenue				Operating margin		Employees
	FY 2003	FY 2002	% change	% organic	FY 2003	FY 2002	Year end 2003
France	1,050	1,086	-3%	-2%	10.8%	10.7%	7,894
The Netherlands	961	913	5%	-4%	11.9%	13.6%	8,424
United Kingdom	331	238	39%	-15%	4.7%	5.4%	1,847
Other EMEA	561	610	-8%	-6%	5.7%	4.7%	6,036
Americas	76	132	-42%	-24%	0.7%	5.9%	1,014
Asia Pacific	55	63	-12%	-3%	9.3%	9.2%	1,163
Corporate					-1.1%	-1.0%	95
<b>Total Group</b>	<b>3,035</b>	<b>3,043</b>	<b>-0.3%</b>	<b>-5.2%</b>	<b>8.2%</b>	<b>8.7%</b>	<b>26,473</b>

Margin rate Corporate based on total revenue

Organic growth: at constant scope and exchange rates

**Top 50 represent 55% of Group revenues**

- Philips
  - 23% lower at € 323 M
  - Philips now represents 11% of Group revenues
  - Renewal of Preferred Supply Agreement from Sep.1st, 2003 for 3 years
  - Target of €320M in 2004
  
- KPN
  - KPN +5% growth
  - 11% of Group revenues
  
- Euronext
  - Euronext –8% decrease
  - 6% of Group revenues

## France, Italy, Latin America

Redcats/PPR, Linedata, Pechiney, VU Cegetel, Société Générale, BNP Paribas, Snecma, Auchan, CIC Securities, Canal+

## The Netherlands, Belgium

Philips, KPN, DAF, VGZ, D-Reizen, Vitens, DSM, Rabobank, Akzo Nobel, Ministerie van Defensie, Ahold European Sourcing, Heineken, Nuon

## UK

Brakes, Dept for Intl. Development, Virgin Mobile, Electrocomponents, Canon Europe, West Yorkshire Health

## Germany & Central Europe

Bakemark, Vodafone, Wipack Walsrode, Philips, Agro Linz Melamin, AGES, Roland Assistance, Schering, Wolff Cellulosis

## North America, Asia Pacific, Middle East

Philips, Lexmark, ICI, Airservices Australia, McDermott, Mass Mutual

# Net Income

(M€)	FY03	FY02	Comments
<b>Income From Operations</b>	<b>248</b>	<b>266</b>	
Net financial expenses	(27)	(27)	Average rate from 5.0% to 4.6%
Non-recurring items	(55)	(71)	Cost of restructuring
Corporate income tax	(41)	(47)	Notional tax rate from 30.3% to 29.3%
Minority interests	(11)	(11)	
<b>Net income before goodwill</b>	<b>114</b>	<b>109</b>	<b>+4%</b>
Goodwill amortisation	(58)	(38)	full year amortization of goodwill
Goodwill depreciation	(225)		Impairment charge on AKC UK
<b>Net income (Group share)</b>	<b>(169)</b>	<b>71</b>	

Note(\*): AKC = Atos KPMG Consulting

(M€)	FY03	FY02	Comments
Net cash from operating activities	268	331	8.8% of revenues
Change in working capital	80	51	DSO from 68 to 57 days
Capital expenditure	(70)	(102)	From 3.4% to 2.3% of revenues
<b>Net cash from current operations</b>	<b>277</b>	<b>280</b>	<b>9.1% of revenues</b>
Reorganisation and restructuring	(96)	(73)	81 M€ staff restructuring
Origin fair value adjustments	(9)	(15)	
Disposal of assets	30	108	Document Management
Other changes(*)	(14)	(12)	
<b>Net cash before financial investments</b>	<b>188</b>	<b>287</b>	<b>6.2% of revenues</b>
Financial investments	(14)	(493)	Minority Interests / Change in loan
<b>Net cash flow</b>	<b>174</b>	<b>(205)</b>	
<b>Opening net debt</b>	<b>(440)</b>	<b>(235)</b>	
<b>Closing net debt</b>	<b>(266)</b>	<b>(440)</b>	<b>Gearing at 46%</b>

Note(\*): Other changes include common stock issues, dividends paid to minority shareholders of subsidiaries, translation differences and profit sharing amounts payable to French employees transferred to debt



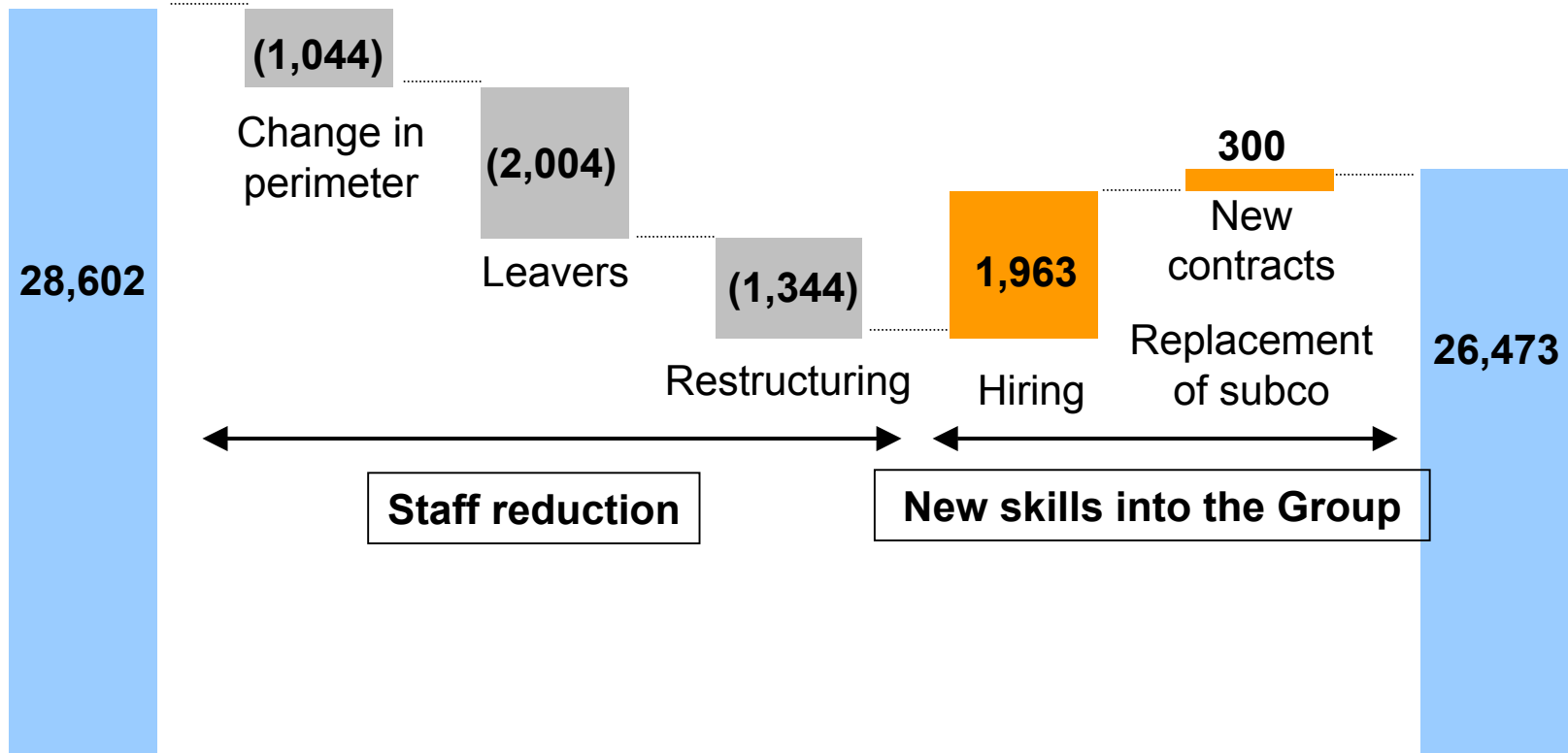
# Balance Sheet

(M€)	Dec 31, 2003	June 30, 2003	Dec 31, 2002
Goodwill	742	976	1 029
Other fixed assets	201	235	271
Working capital	146	187	191
<b>Capital employed</b>	<b>1,089</b>	<b>1,398</b>	<b>1,491</b>
Equity	584	775	784
Provisions	239	238	267
Net debt	266	386	440
<b>Sources of Capital</b>	<b>1,089</b>	<b>1,398</b>	<b>1,491</b>
Working Capital / Revenue	4.8%	6.1%	6.3%
Net Debt / Equity	46%	50%	56%
Return on Capital Employed	8.5%	7.8%	7.7%


**-7% decrease of total staff**  
**+3% increase of revenue per head**

Dec. 31, 2002

Dec. 31, 2003



**Subcontractors : stable at about 4% of productive staff**

- **GROUP ACHIEVEMENTS**
- **2003 BUSINESS PERFORMANCE (PRE-SEMA)**
-  • **THE NEW GROUP IN 2004**
- **SUMMARY**

## Atos Origin

- 2003 revenue: €3,035M
- Operating margin: 8.2%
- Current staff: 26,473

## Sema Group

- 2003 revenue: €2,371M
- Operating margin: 3.1%
- Current staff: 20,844

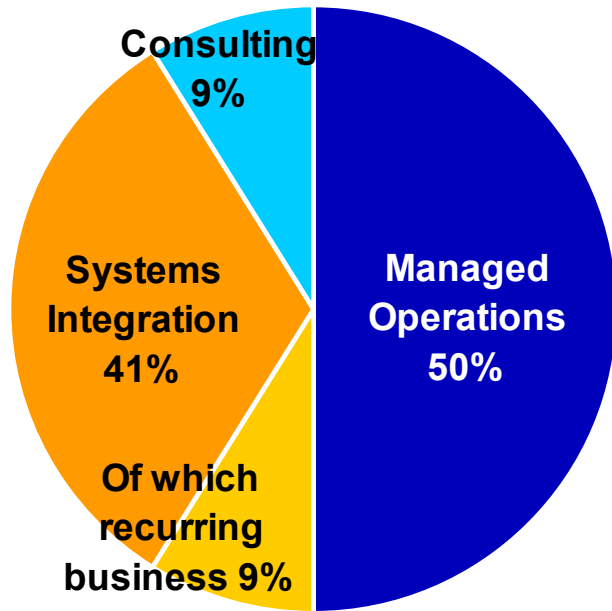
# Creating a World-wide IT Services Leader

## New Co

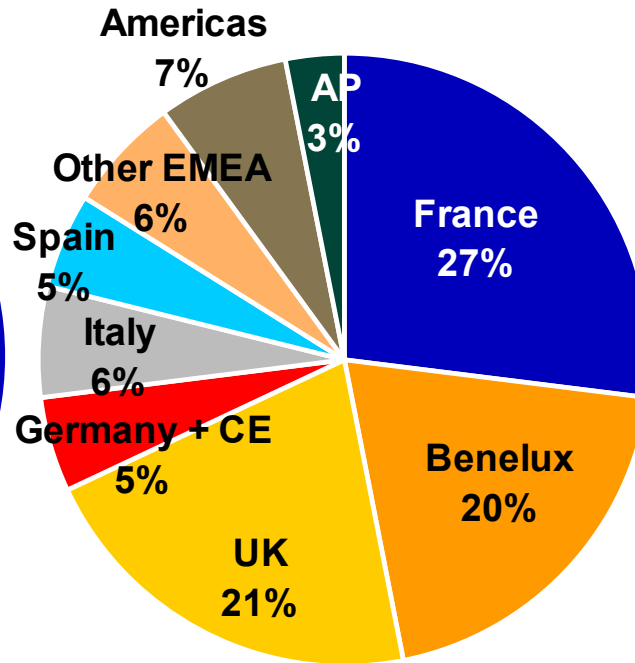
- 2003 revenue: €5,406M
- Operating margin: 6.0%
- Current staff: 47,317
- More than 50 countries

Note : Based on Sema Group preliminary 2003 unaudited figures

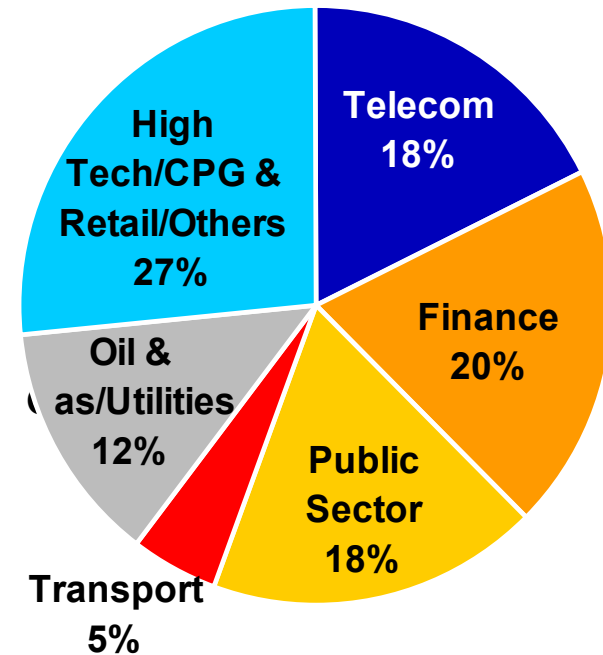
## Business mix



## Geography



## Industry



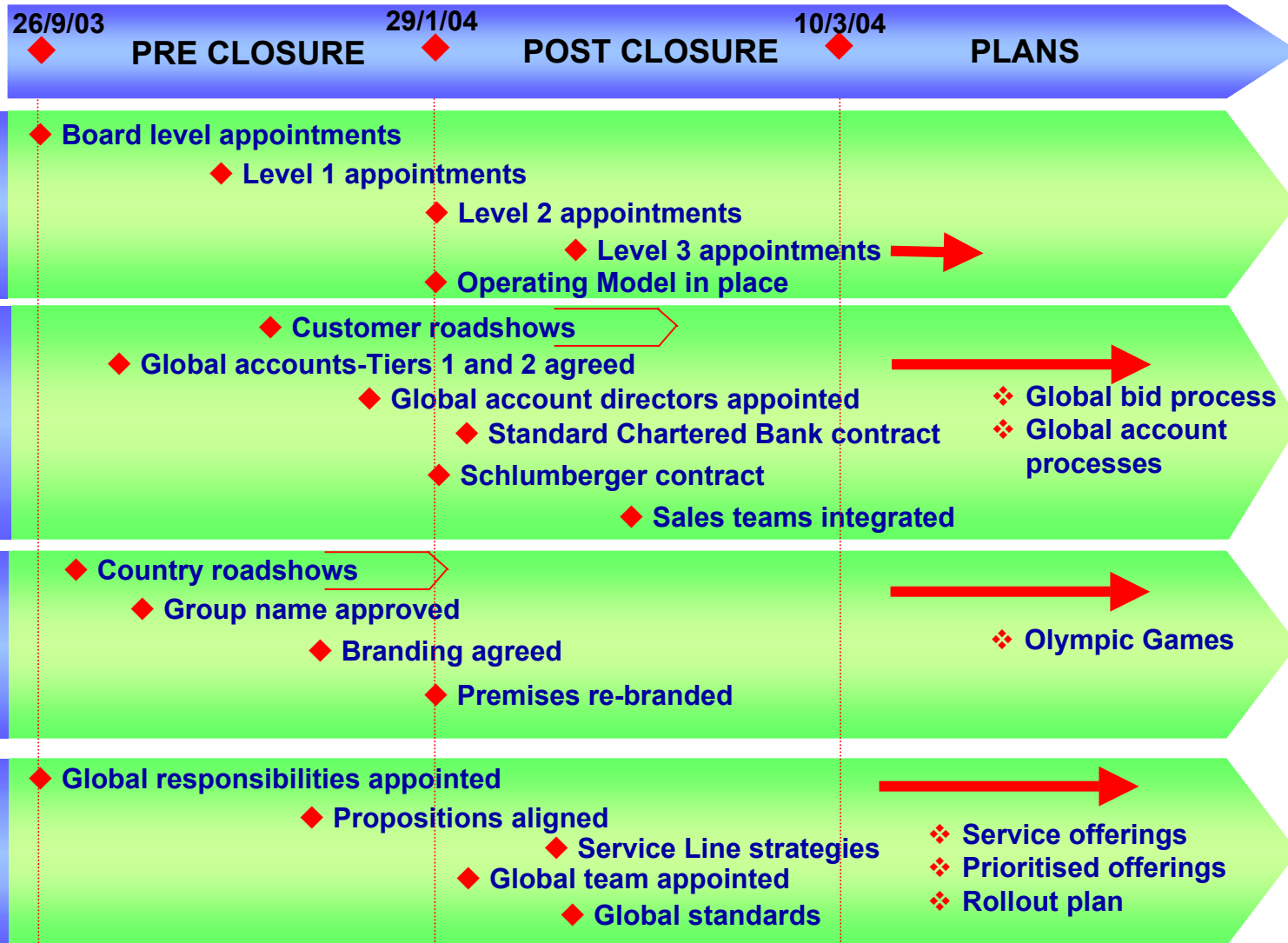
2003 Pro Forma Revenue: €5,406M

Note : Based on Sema Group preliminary 2003 unaudited figures

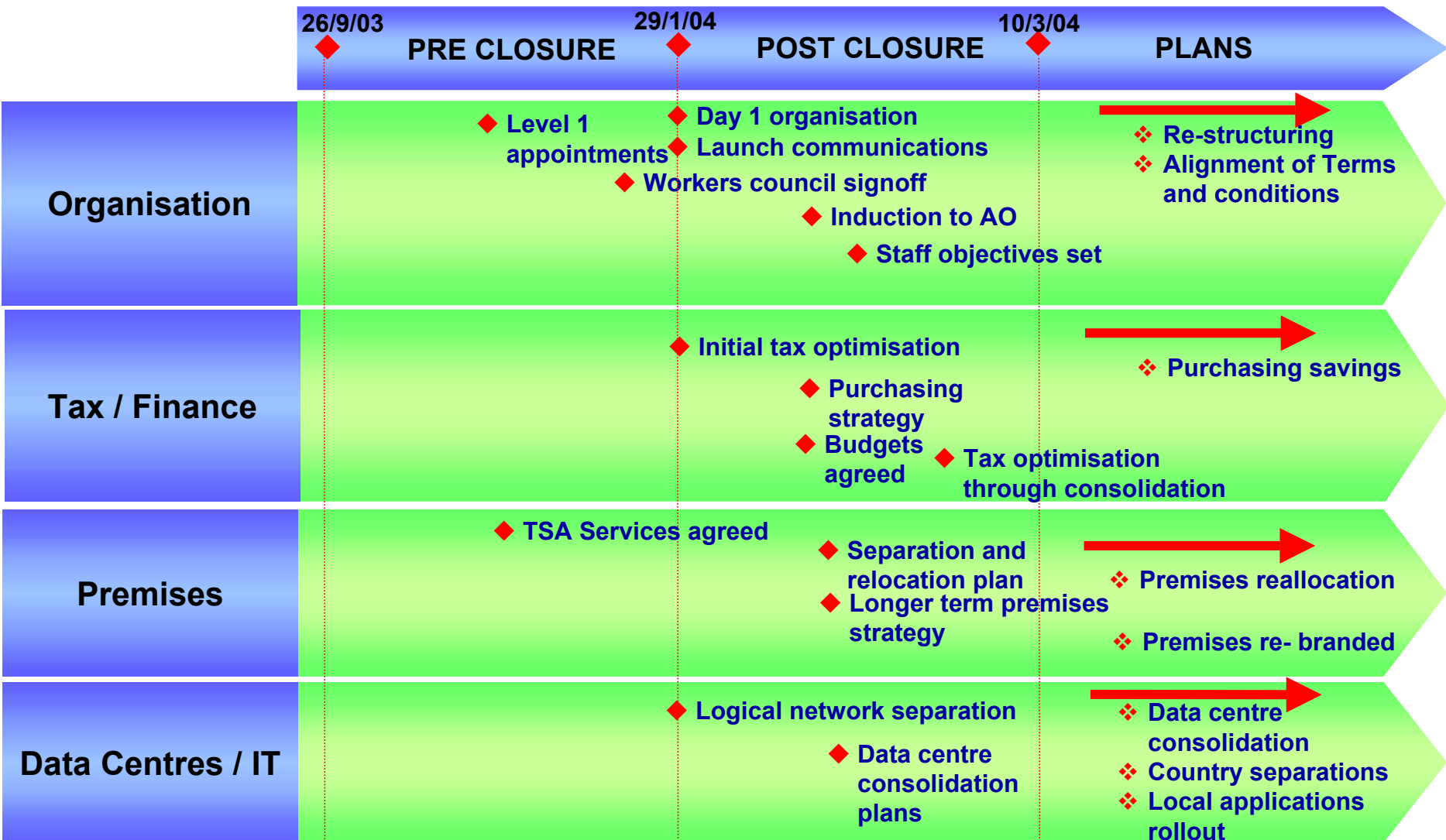
- Integrate the businesses
- Execute our disposal program
- Meet our financial targets

## Strong track record in mergers

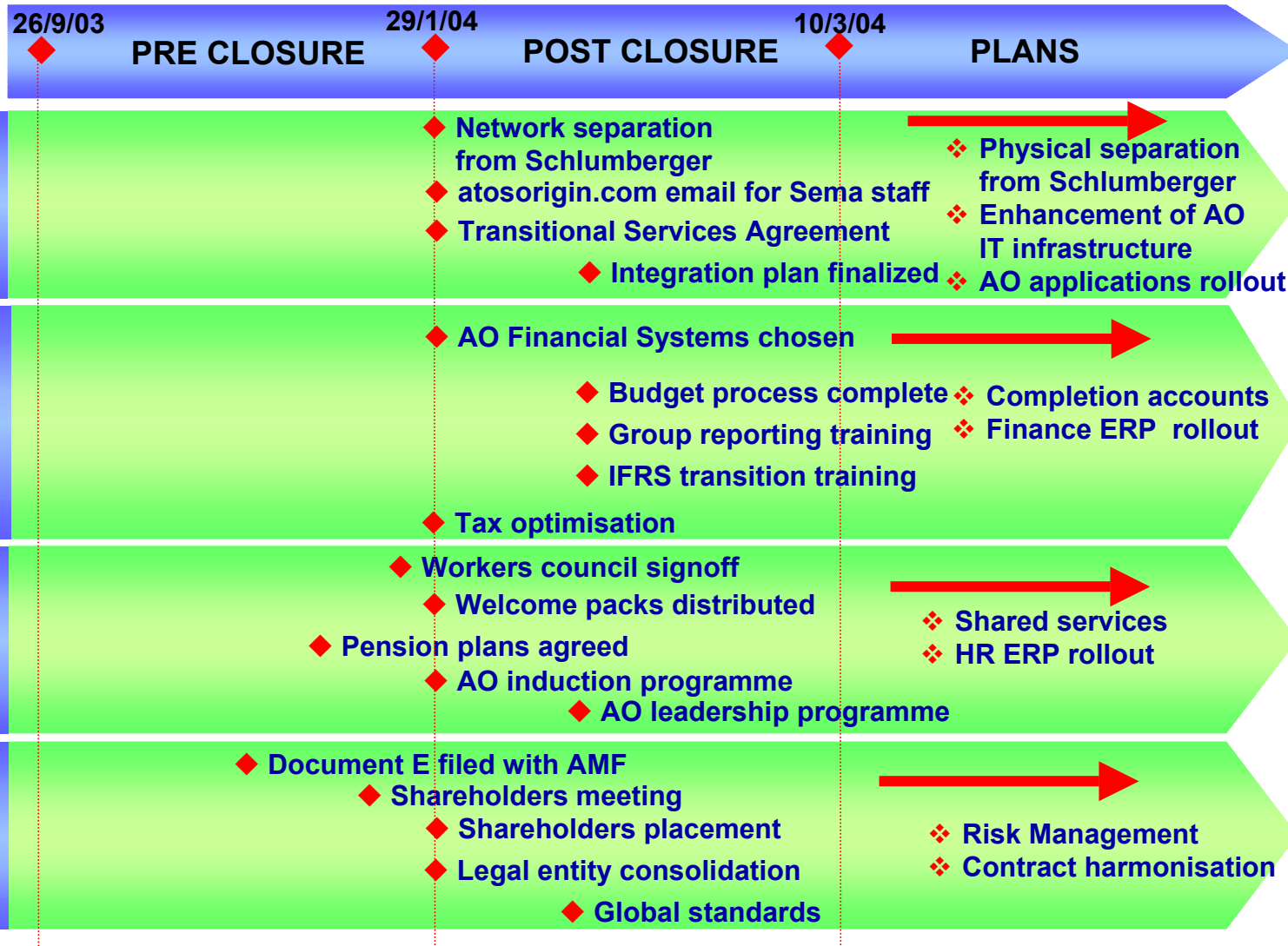
- **Strong complementarity / fit**
  - Top line synergies
  - Margin improvement
- **Clear strategic intent / clear disposal strategy**
  - Industry sectors – Clients – Skills & offerings
  - Disposals
- **Management structure must be clear**
- **Communication**
  - Internal – Markets – Clients
- **Speed of implementation**







# Business Management



# Combined performance 2003

(M€)	Revenue FY03					% Margin FY03		
	Atos Origin	Sema	New co	% change	% Organic	Atos Origin	Sema	New co
C&SI	1,453	1,255	2,708	-4.4%	-8.5%	5.6%	6.2%	5.9%
MO	1,582	1,116	2,698	-2.7%	+1.6%	12.6%	6.4%	10.0%
Corporate						-1.1%	-3.1%	-2.0%
<b>Total</b>	<b>3,035</b>	<b>2,371</b>	<b>5,406</b>	<b>-3.6%</b>	<b>-3.5%</b>	<b>8.2%</b>	<b>3.1%</b>	<b>6.0%</b>

C&SI : Consulting & Systems Integration  
 MO : Managed operations

Note : Based on Sema Group preliminary 2003 unaudited figures

# Combined performance 2003

(M€)	Revenue FY03					% Margin FY03		
	Atos Origin	Sema	New co	% change	% Organic	Atos Origin	Sema	New co
France	1,050	397	1,446	-7.0%	-6.5%	10.8%	0,9%	8.1%
UK	331	801	1,132	+12.1%	+8.2%	4.7%	9,2%	7.9%
The Netherlands	961	5	967	+5.0%	-4.0%	11.9%	15.1%	11.9%
MEA	561	732	1293	-7.9%	-8.1%	5.7%	4.7%	5.1%
Americas	76	310	386	-23.3%	-6.3%	0.7%	4,0%	3.4%
Asia-Pacific	55	126	182	-14.2%	+0.6%	9.3%	18,5%	15.7%
Corporate						-1.1%	-3,1%	-2.0%
<b>Total</b>	<b>3,035</b>	<b>2,371</b>	<b>5,406</b>	<b>-3.6%</b>	<b>-3.5%</b>	<b>8.2%</b>	<b>3.1%</b>	<b>6.0%</b>

Note : Based on Sema Group preliminary 2003 unaudited figures

## **Sema is a high quality company**

- Large scale project integration skills
- Better margin rate than Atos Origin in UK, Italy, Spain, Asia-Pacific

## **The opportunities for improvement are :**

- **Operational**

- Sema France margin rate at 0.9% (vs 10.8% for Atos Origin)
- Sema MO margin rate at 6.4% (vs 12.6% for Atos Origin)
- Indirect costs
- Corporate costs

- **Cash**

- Working capital over 10% of revenue (vs 4.8% for Atos Origin)
- Capital expenditure 3.3% of revenue (vs 2.3% for Atos Origin)

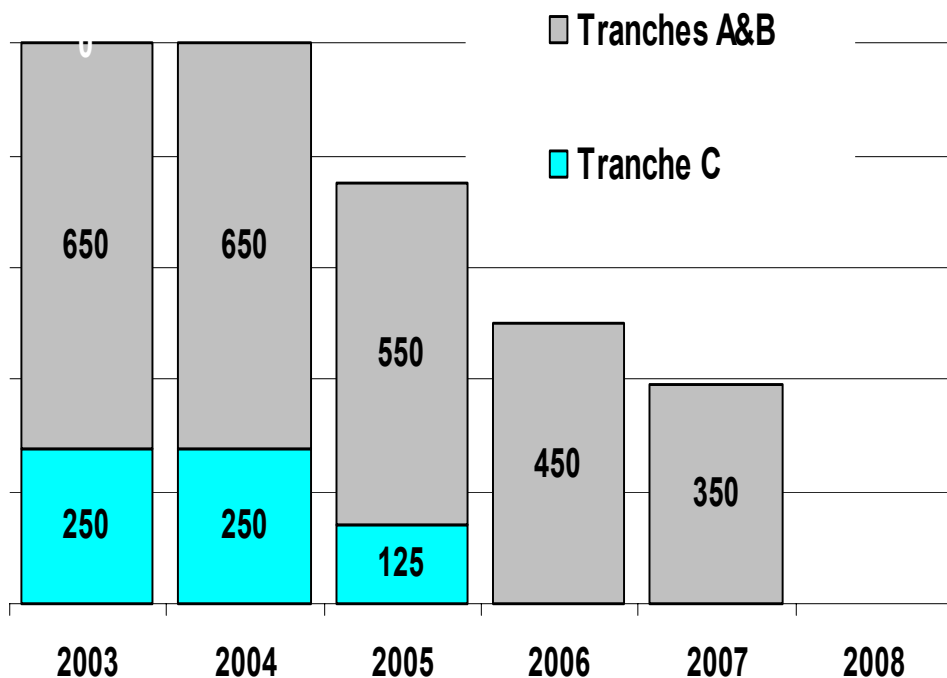
## Accelerated Program

- **Staff restructuring in certain countries**
  - **Premises and data centre rationalisation**
    - 35 premises identified as of today to be closed
    - 9 data centers identified as of today to be closed
  - **Purchasing optimisation**
  - **Administrative programs**
    - 3 Corporate programs (Finance, HR, IT)
- ⇒ **Restructuring costs will be higher in 2004**
- Staff + Premises + Data centers + Integration costs : €150M
  - With cash impact of €170M
- ⇒ **Benefits will flow through faster in 2005**

# Staff Restructuring

2002		2003	2004	2005
1,489	Staff reduction	1,344	2,333	130
(71)	P&L impact (M€)	(52)	(112)	
(67)	Cash Impact (M€)	(81)	(130)	(8)
	Pro forma Prov. Dec. 2003 (M€)	26		

# Transaction Financing



- New €900 M facility fully syndicated by ABN Amro, BNP Paribas and Lehman Brothers
- 18-month grace period on existing facility
- 3 tranches, repaid over 5 years
- Covenants:
  - Net Debt / EBITDA < 1.75x until end of 2004
  - Net Debt / EBITDA < 1.50x in 2005 afterwards
  - EBITA / Net Interests > 5.0x



# Opening Net Debt

## New repayment schedule

### Funds available to meet repayment commitments

(M€)	Dec. 2003			Repayment schedule			
	AO	Sema	Total	2004	2005	2006	>2007
Convertible bonds	(173)		(173)	(173)	-	-	-
Long-term borrowings	(569)	(554)	(1 123)	(309)	(183)	(179)	(452)
Finance leases & other borrowing	(48)		(48)	(31)	(3)	(3)	(11)
<b>Total borrowings</b>	<b>(790)</b>	<b>(554)</b>	<b>(1 344)</b>	<b>(513)</b>	<b>(186)</b>	<b>(182)</b>	<b>(463)</b>
<b>Total cash and cash equivalents</b>	<b>524</b>	<b>100</b>	<b>624</b>	<b>624</b>			
<b>Total net debt</b>	<b>(266)</b>	<b>(454)</b>	<b>(720)</b>				

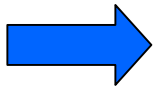
- Based on new syndicated loan and Sema acquisition
- Cash currently available to meet 2004 commitment
- Other facilities available : tranche C €150M not used
- €454M : €400M paid in cash + €44M change in working capital + €10M transaction fees

# Share Ownership

	Before closing		After closing		After sale	
	Shares	% of capital	Shares	% of capital	Shares	% of capital
Philips	21,321,043	44.6%	21,321,043	31.9%	21,321,043	31.9%
Schlumberger			19,300,000	28.9%	9,700,000	14.5%
Treasury	301,293	0.6%	1,293	0.0%	1,293	0.0%
Public	26,247,297	54.8%	26,247,297	39.2%	35,847,297	53.6%
<b>Total</b>	<b>47,869,633</b>	<b>100%</b>	<b>66,869,633</b>	<b>100%</b>	<b>66,869,633</b>	<b>100%</b>

Note : To the Management Board's knowledge

- **GROUP ACHIEVEMENTS**
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- **SUMMARY**

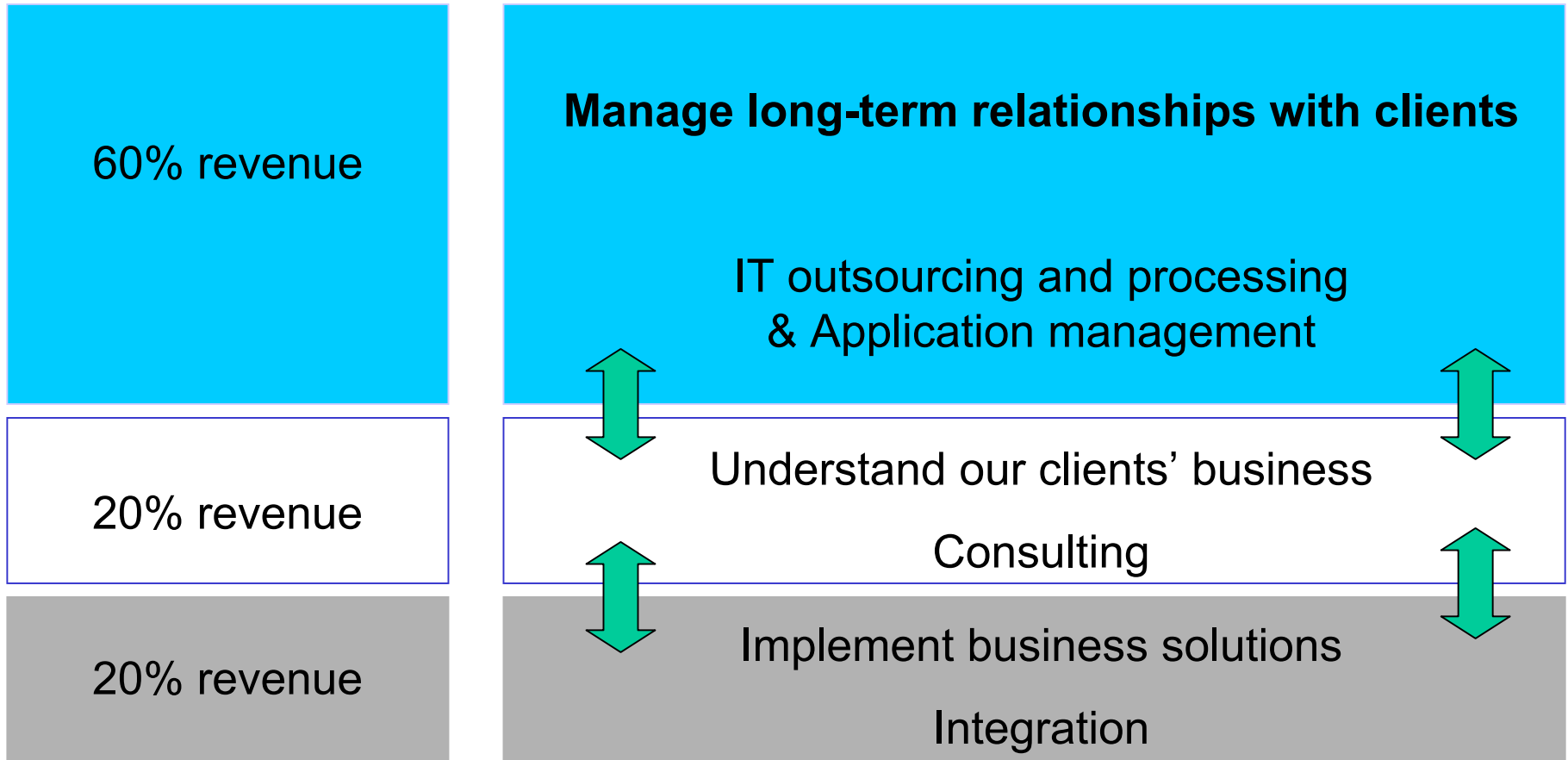


- Market sentiment improving slowly
- Actual client IT spending still constrained in Europe
- Reported revenues expected to be stable in 2004 compared with 2003 on a constant scope and exchange rate basis
- Combined operating margin targeted to exceed 7% for 2004
- Net debt below 600 M€ by December 31<sup>st</sup>, 2004

- 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