

15th January 2016

TMT

Atos

Price EUR71.80

Disposal of the Occupational Health business in the UK to CBPE Capital

Fair Value EUR93 (+30%)

BUY-Top Picks

Bloomberg	ATO FP
Reuters	ATOS.PA
12-month High / Low (EUR)	79.3 / 61.7
Market Cap (EURm)	7,415
Avg. 6m daily volume (000)	369.6

	1 M	3 M	6 M	31/12/14
Absolute perf.	-5.9%	3.2%	0.0%	8.3%
Softw.& Comp.				
SVS	0.1%	9.5%	3.1%	22.9%
DJ Stoxx 600	-2.9%	-4.6%	-14.8%	-0.9%

	2014	2015e	2016e	2017e
P/E	16.7x	12.7x	10.4x	8.4x
Div yield (%)	1.1%	1.3%	1.5%	1.9%

ANALYSIS

- **Yesterday evening Atos announced the disposal of its Occupational Health business in the UK**, for an undisclosed sum. This business, which was renamed OH Assist in 2014 and formally separated from Atos IT Services UK as of 1st January 2016, generates GBP30m (est. EUR42m) in revenues (i.e. 2% of UK sales) with c. 500 staff - o/w 300+ occupational health practitioners. All employees, business contracts and assets of the business have been transferred over to the new organisation. The acquirer is the private equity fund CBPE Capital (formerly Close Brothers PE).
- **No material impact to Atos' numbers.** We expect the negative impact on 2016 sales to be marginal (-0.3ppt) and this should not impact Atos' lfl growth for 2016 that we estimate at 0.2% (vs. est. +0.4% for 2015) given the loss of the automated speed control contract at Worldline (est. EUR60m per year). In any case, we do not view Atos as an organic growth buy, but a story built on synergies from acquisitions (Bull, Xerox ITO, Unify, Equens) allowing an est. adj. EPS CAGR of 18% over 2015-18 - notwithstanding potential M&A (a bid on Dell's Perot Systems business?).

VALUATION

- Atos' shares are trading on est. EV/EBIT multiples of 6.1x for 2016 and 4.2x for 2017.
- The net cash position on 30th June 2015 was EUR354m (net gearing: -9%).

NEXT CATALYSTS

FY15 results on 24th February before markets open.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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