

21st January 2016

TMT

Atos

Price EUR69.35

Completion of Unify acquisition

Fair Value EUR93 (+34%)

BUY-Top Picks

| | |
|----------------------------|-------------|
| Bloomberg | ATO FP |
| Reuters | ATOS.PA |
| 12-month High / Low (EUR) | 79.3 / 61.7 |
| Market Cap (EUR) | 7,162 |
| Avg. 6m daily volume (000) | 369.9 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|--------|--------|--------|----------|
| Absolute perf. | -10.2% | -0.3% | -4.9% | -10.5% |
| Softw.& Comp. | | | | |
| SVS | -5.7% | 2.2% | -3.4% | -6.9% |
| DJ Stoxx 600 | -10.8% | -11.1% | -20.8% | -11.9% |

| | 2014 | 2015e | 2016e | 2017e |
|---------------|-------|-------|-------|-------|
| P/E | 16.1x | 12.3x | 10.1x | 8.2x |
| Div yield (%) | 1.2% | 1.3% | 1.6% | 2.0% |

ANALYSIS

- Yesterday evening Atos announced the completion of the Unify acquisition. The Services business (EUR400m revenues) is to be consolidated as of 1st February. Cash consideration was EUR366m (adjusted for working capital), vs. a preliminary est. of EUR340m at the signing of the transaction on 3rd November 2015). Net debt was EUR48m at closing (vs. a preliminary est. of EUR50m) and the pension deficit was EUR176m (vs. a preliminary est. of EUR200m). This leads to an enterprise value of EUR590m as disclosed initially.
- Strong EPS accretion expected. In order to generate the expected cost savings by 2017 (EUR130m), Unify is completing its current EUR267m restructuring plan, and is starting a further EUR103m plan which is fully provisioned at closing. Both restructuring plans are funded by the sellers (Gores and Siemens). As announced on 3rd November, Atos intends to sell Unify's products business by end 2016 or early 2017 for an EV/EBIT multiple of 10x, i.e. an est. EUR1bn. In that case, and taking into account EUR250m of tax credits, EPS accretion is estimated at 15% for 2017.

VALUATION

- Atos' shares are trading at est. 5.8x 2016 and 4.0x 2017 EV/EBIT multiples.
- 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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| | |
|---------|--|
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SELL ratings 9%

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