

5th February 2016

TMT

**Atos**

Price EUR68.96

**No intention of acquiring Perot Systems**

**Fair Value EUR93 (+35%)**

**BUY-Top Picks**

Bloomberg	ATO FP
Reuters	ATOS.PA
12-month High / Low (EUR)	79.3 / 61.7
Market Cap (EUR)	7,139
Avg. 6m daily volume (000)	369.5

	1 M	3 M	6 M	31/12/15
Absolute perf.	-8.4%	-12.9%	-1.7%	-11.0%
Softw.& Comp.				
SVS	-3.3%	-4.1%	0.2%	-6.1%
DJ Stoxx 600	-7.8%	-13.5%	-17.6%	-10.1%

  

	2014	2015e	2016e	2017e
P/E	16.0x	12.2x	10.0x	8.1x
Div yield (%)	1.2%	1.3%	1.6%	2.0%

#### ANALYSIS

- **Yesterday Atos issued a statement mentioning it had no intention of acquiring Perot Systems.** Management denies the press articles (Re/code, Economic Times...) published since mid-December 2015 reporting that Atos was involved in the sale process of Perot by Dell. In the statement, it reiterates that “when contemplating potential acquisitions, Atos sticks to its strong financial discipline and value creation criteria as disclosed and explained since 2010”.
- **Nothing lost, nothing gained.** Our view is that, while we considered buying Perot would have made sense from a strategic standpoint (raising Atos’ presence in the US and application management), we were sceptical on the price mentioned in the press, which Atos could only have shouldered by undertaking a rights issue - otherwise the net gearing ratio would have reached an est. 80-100%. Based on a scenario whereby Perot would generate c. USD3bn revenues and an op. margin close to 8%, paying USD4.2-4.3bn would mean an est. 18x EV/EBIT multiple that would have been excessive in our view. Anyway, even though Atos would have been ready to pay such a price, it would not have matched Dell’s requirements for the disposal of Perot (USD5bn).

#### VALUATION

- Atos’ shares are trading on 2016 and 2017 EV/EBIT multiples of 5.8x and 4.0x 2017.
- 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 61,2%

NEUTRAL ratings 29,9%

SELL ratings 9%

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