2018 financial report

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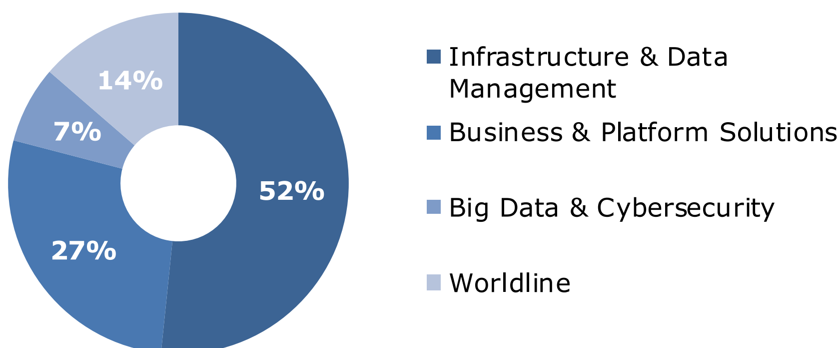
A. Group overview

A.1 Revenue profile

A.1.1 By Division

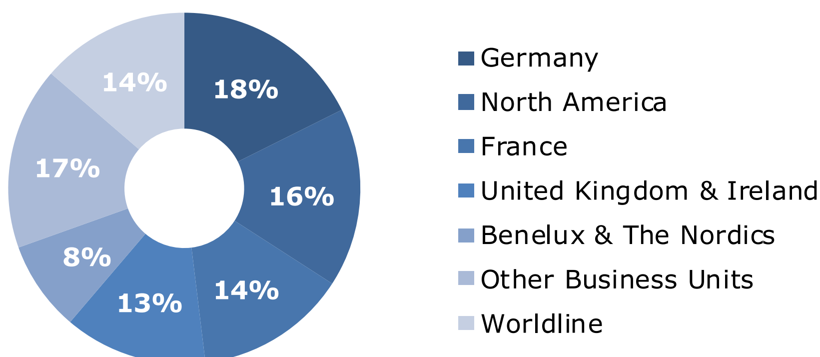
In 2018, 73% of the Group revenue was generated by multi-year contracts, deriving from Infrastructure & Data Management (52% of total revenue), 75% of Worldline transactional services (10%), Application Management contracts included in Business & Platform Solutions, and half of Big Data & Cybersecurity (respectively 7% and 4%).



(In € million)	**2018**
Infrastructure & Data Management	6,328
Business & Platform Solutions	3,361
Big Data & Cybersecurity	895
Worldline	1,674
TOTAL GROUP	**12,258**

A.1.2 By Business Unit

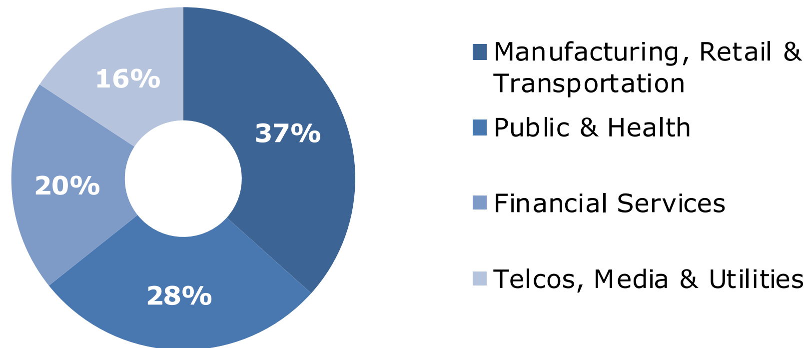
Europe and North America are the Group's main operational bases, generating 93% of total revenue in 2018.



(In € million)	**2018**
Germany	2,161
North America	2,022
France	1,710
United Kingdom & Ireland	1,612
Benelux & The Nordics	1,017
Other Business Units	2,061
Worldline	1,674
TOTAL GROUP	**12,258**

A.1.3 By Market

The Group provides high value-added digital services and solutions to many industry sectors. Customers are addressed through four global markets which are Manufacturing, Retail & Transportation, Financial Services, Public & Health, and Telcos, Media & Utilities.



(In € million)	**2018**
Manufacturing, Retail & Transportation	4,492
Public & Health	3,387
Financial Services	2,449
Telcos, Media & Utilities	1,930
TOTAL GROUP	**12,258**

A.2 Business profile

Atos SE (Societas Europaea) is a leader in digital transformation with circa 120,000 employees in 73 countries and pro forma annual revenue of circa € 13 billion. European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions through its Digital Transformation Factory, as well as transactional services through Worldline, the European leader in the payment industry, and a comprehensive portfolio of cybersecurity products and services. With its cutting-edge technologies and industry knowledge, Atos supports the digital transformation of its clients across all business sectors. As an emblematic example, the Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games.

Atos' objective is to empower its clients on their digital journey thanks to its in-depth market knowledge and extensive portfolio of services. Pursuing this objective, Atos identified four key challenges that its customers face, whatever their industry sector and whatever their geography. Atos has the resources, the scale, and the expertise to help its customers meet all these challenges related to their digital transformation:

- reinvent business model;
- improve the customer experience;
- ensure trust and compliance;
- reinforce operational excellence.

Atos is listed on Euronext Paris and is included in the CAC40 stock index. Atos operates under the brands Atos, Atos|Syntel, Unify, and Worldline.

A.2.1 Atos Digital Transformation Factory

In order to answer the holistic challenges and needs of large organizations in their digital transformation, the Group designed a Digital Transformation Factory based on four end-to-end offers relying on the joint skills and capabilities of all the Group divisions and the consistent sales organization focusing on its top clients.

With *Hybrid Cloud*, Atos leverages all the Group strengths and the expertise of its unique and powerful ecosystem of partners. It proposes an industrial end-to-end approach to transform customer applications and infrastructures and to migrate them to a common framework managing and orchestrating the bi-modal landscape of legacy and multi-sources of cloud.

Leveraging 33 years of experience, the Group provides a unique end-to-end SAP HANA value proposition with a recognized set of tools and accelerators, flexible SAP HANA hosting and cloud services, and the leading SAP HANA appliance, the Bullion. With *Business Accelerators* end-to-end approach from Consulting & Integration to Digital & Analytics, Atos accelerates innovation and transformation by simplifying and optimizing its clients IT costs with the combination of both classical SAP and new SAP HANA.

In a context of consumerization redefining the way we work and business requirements of the end user, the *Digital Workplace* end-to-end offering is answering its clients' needs of productivity of employees, security, and costs. The Atos solution encompasses automated help & interaction centers, cloud & mobile solutions, unified communication and collaboration tools such as Circuit from Unify.

Connected Intelligence is a suite of business-driven analytics and IOT solutions and services which accelerates client´s Digital Transformation. It supports public and private sector organizations to transform data into actionable business insight using cognitive capabilities. In this field, the Atos difference relies on an open innovation model to collect the world's intelligence and make it works for its clients, made to measure platforms to perfectly fit to the unique business context of its clients, in a fully secured environment.

A.2.2 Atos expertise covers a wide range of specialties and always accompanying its customers for new opportunities and innovations

Infrastructure & Data Management (IDM): transforming today's IT landscapes to future hybrid IT environments

Atos is at the forefront of transforming its client's IT infrastructures to the new world of hybrid IT landscapes. This is built on Atos' expertise in delivering IT outsourcing for many years, strengthened by the *Hybrid Cloud*. Atos has been recognized several times by independent analysts as the most visionary workplace services provider in Europe thanks to its *Digital Workplace* offering leveraging on its unique unified communications capabilities from Unify, and as a leader in European and Asia-Pacific Datacenter Outsourcing and Infrastructure Utility Services as well as global leader in outsourcing services globally. Finally, Atos delivers Business Process Outsourcing (BPO) services in Medical and Financial areas.

Business & Platform Solutions (B&PS): transforming business through innovative business technologies

In order to better answer to market needs, Business & Platform Solutions has fundamentally changed the way it conducts its business and more particularly with the acquisition in October 2018 of Syntel, an Indian leading company in Digital and Automation. The organization focuses on global delivery with strengthened management for strategic accounts and offering development to ensure high quality standards, improve customer satisfaction and drive operational performance.

Business & Platform Solutions contributes to the Group Digital Transformation Factory and proposes an industrial end-to-end approach to transform customer applications and to migrate them in the scope of *Hybrid Cloud* solutions. Through *Business Accelerators* offering, it delivers innovation for key customer business processes with an innovative platform and a consulting approach based on design thinking. As part of the *Digital Workplace* offering, Business & Platform Solutions delivers solutions for mobile apps and devices as well as SaaS integration. And finally, with *Connected Intelligence*, an analytics, cognitive & IoT solution allowing enterprises across all industries to minimize their time to value, B&PS delivers fast track solutions to identify and accelerate development of new use cases and scenarios that can scale massively on an open, industrial analytic platform fabric.

The Atos Consulting practice is part of the Business & Platform Solutions division and aims to transform business through innovative business technologies. As such, Atos helps its clients to deliver innovation to their customers, reduce costs, and improve effectiveness by leveraging business technologies. Atos Consulting's comprehensive Digital Transformation solutions enable organizations to connect and collaborate both within and outside the organization much more effectively.

Big Data & Cybersecurity (BDS): a business differentiator empowering digital transformation

Atos works with organizations in the private and public sectors, including manufacturing, telecommunications, financial services and defense to generate value from their growing volumes of data, with the highest levels of security. Through its technologies mostly brought by Bull, Atos develops High Performance Computing platforms, security solutions, software appliances and services allowing its customers to monetize and protect their information assets.

Worldline: ePayment Services

Worldline [Euronext: WLN] is the European leader in the payments and transactional services industry. With innovation at the core of its DNA, Worldline core offerings include pan-European and domestic Commercial Acquiring for physical or online businesses, secured payment transaction processing for banks and financial institutions, as well as transactional services in e-Ticketing and for local and central public agencies. Thanks to a presence in 30+ countries, Worldline is the payment partner of choice for merchants, banks, public transport operators, government agencies and industrial companies, delivering cutting-edge digital services. Worldline activities are organized around three axes: Merchant Services, Financial Services including equensWorldline and Mobility & e-Transactional Services.

Further to the acquisition of SIX Payment Services on November 30, 2018, Worldline employs circa 11,000 people worldwide, with estimated pro forma revenue of circa 2.3 billion euros on a yearly basis. Worldline is an Atos company.

A.2.3 Atos industry expertise

Atos forges long-term partnerships with both large and multinational groups and small and medium size companies. Its high technological expertise and industry knowledge allow the Group to work with clients in the following sectors:

Manufacturing, Retail & Transportation

Atos helps enterprises to transform and optimize their business processes and IT infrastructures. In the manufacturing sector, Atos designs, builds, and runs solutions covering the entire value chain. Atos' solutions include strong focus on Enterprise Resource Planning (ERP) and Manufacturing Execution Systems (MES) and drive improvements in Product Lifecycle Management (PLM) and Customer Relationship Management (CRM). Atos enables its Retail customers to meet the challenges presented by the increasingly empowered consumer. Atos' ubiquitous commerce and payment solutions help its clients to understand and address their customers via all available channels (Online, Store, Call Desk) in the most efficient manner. Across the Manufacturing, Retail & Services sectors, Atos offers the entire solution portfolio as a Cloud service and enables the mobile users with enterprise mobility services.

Public & Health

Atos is an active partner in business improvement and technology for governments, defense, healthcare, and education. Citizen and patient-centric services, cognitive and analytics platforms, effective application modernization, shared services and securing systems have become pivotal as cultural changes and new streamlined processes become the norm. In a rapidly transforming world, Atos helps its clients invent the public and health digital platforms of the future.

As an expert in powerful, secured and mission-critical systems, infrastructures and applications, Atos' products and commercial solutions under the Bull brand help defense and homeland security authorities and organizations to take current risks into account. From services (engineering and integration of complex hardware/software systems) to solutions, Atos helps nations and industrial players to build the new defense systems and technologies of tomorrow. The Group has been involved in projects as diverse as the largest European supercomputers for nuclear simulations, countrywide border control, battlefield and warship information systems, mobile tactical communications, intelligence and reconnaissance systems.

Financial Services

Atos supports the world's leading Financial Services organizations globally by offering solutions to improve their operational performance and IT agility on the long term. It enables them to manage risks and ensuring compliancy with changing regulations across multiple geographies. In the world of the connected customer, Atos provides the banking and insurance sectors with end-to-end smart solutions to attract and engage customers across multiple channels and to understand them more intimately and respond quicker to their needs thereby building stronger loyalty rate.

Telcos, Media & Utilities

Across telecommunications, media, energy and utilities sectors, operators face the challenges of increased competition, deregulation, consolidation and disruptive technologies. Within this context, the pressure is on to establish new business models to maintain leading market positions or increase market share. Using IT to transform its clients' operations and customer relations, Atos helps them to increase their agility while reducing their costs. Atos powers progress for its clients by accelerating and securing the adoption of transformational technologies, such as data-centric approaches in telecommunications, multi-channel and interactive media delivery, and smart grid systems for energy and utilities.

B. Financials

B.1 Operational review

B.1.1 Statutory to constant scope and exchange rates reconciliation

2018 revenue was € 12,258 million, down -3.4% compared to 2017 reported statutory, -1.5% at constant exchange rates, and +1.2% organically. Operating margin reached € 1,260 million (10.3% of revenue), down -2.5% compared to 2017 reported statutory and -3.7% compared to € 1,308 million (10.8% of revenue) in 2017 at constant scope and exchange rates.

In €million	2018	2017 Restated for IFRS 15	% change	2017 Reported	% change
Statutory revenue	12,258	11,996	2.2%	12,691	-3.4%
Exchange rates effect		-234		-249	
Revenue at constant exchange rates	**12,258**	**11,762**	**4.2%**	**12,442**	**-1.5%**
Scope effect		359		359	
Exchange rates effect on acquired/disposed perimeters		-8		-8	
Revenue at constant scope and exchange rates	**12,258**	**12,114**	**1.2%**	**12,794**	**-4.2%**
Statutory operating margin	1,260	1,292	-2.5%	1,292	-2.5%
Scope effect		52		52	
Exchange rates effect		-37		-37	
Operating margin at constant scope and exchange rates	**1,260**	**1,308**	**-3.7%**	**1,308**	**-3.7%**
as % of revenue	*10.3%*	*10.8%*		*10.2%*	

The table below presents the effects on 2017 revenue of acquisitions and disposals, internal transfers reflecting the Group's new organization, and change in exchange rates.

	FY 2017 revenue					
In € million	FY 2017 statutory	Scope effects	Internal transfers	IFRS 15	Exchange rates effects*	FY 2017 at constant scope and exchange rates
Germany	2,251	8	10	-112		2,158
North America	2,231	171	-17	-153	-96	2,136
France	1,725	13	-8	-65		1,665
UK & Ireland	1,715	5		-106	-14	1,600
Benelux & The Nordics	1,084	-0		-60	-5	1,018
Other Business Units	2,136	69	6	-157	-94	1,961
Worldline	1,550	92	8	-42	-33	1,576
TOTAL GROUP	**12,691**	**359**	**0**	**-695**	**-242**	**12,114**
Infrastructure & Data Management	7,144	6		-490	-147	6,513
Business & Platform Solutions	3,243	185	-8	-139	-55	3,227
Big Data & Cybersecurity	754	76		-24	-7	799
Worldline	1,550	92	8	-42	-33	1,576
TOTAL GROUP	**12,691**	**359**		**-695**	**-242**	**12,114**

* *At 2018 average exchange rates*

Scope effects amounted to €+359 million for revenue. This was mostly related to the acquisitions of Syntel (2 months for €+142 million), SIX Payment Services (1 month for €+50 million), and CVC (12 months for €+73 million). Other effects were related to the acquisitions of Healthcare Consulting firms in North America, Imakumo, Air Lynx and payment companies by Worldline on one side, and to the disposal of some specific Unified Communication & Collaboration activities, Cheque Service and Paysquare Belgium on the other side.

The following internal transfers occurred in 2018: (i) Diamis activities from Business & Platform Solutions in France to Worldline, (ii) activities from Other Business Units to Germany, (iii) centralization of global contracts with German clients from Other GBUs to Germany, and (iv) activities in Israel which were consolidated in North America as part of Xerox ITO acquisition to Other Business Units.

IFRS 15 adjustment represented a restatement of 2017 accounts of €-695 million for revenue.

Currency exchange rates effects negatively contributed to revenue for €-242 million, mainly came from the American dollar, the Argentina peso, the Brazillian real, the Turkish lira as well as the British pound depreciating versus the Euro.

The impacts described above are reflected in the operating margin at constant scope and exchange rates. In particular, scope effects amounted to €+52 million, and most of the impact came from the acquisitions of Syntel (2 months for €+43 million), SIX Payment Services (1 month for €+6 million), and CVC (12 months for €-8 million). Currency exchange rates effects negatively contributed to operating margin for €-37 million. These effects and internal transfer impacts are detailed below:

	FY 2017 operating margin					
In € million	**FY 2017 statutory**	**Scope effects**	**Internal transfers**	**IFRS 15**	**Exchange rates effects***	**FY 2017 at constant scope and exchange rates**
Germany	190	2	3			195
North America	266	19	-5		-12	268
France	163	-2	-2			159
UK & Ireland	181	1			-2	180
Benelux & The Nordics	94	0			-1	94
Other Business Units	224	18	2		-16	228
Global structures**	-79				0	-79
Worldline	253	14	2		-6	263
TOTAL GROUP	**1,292**	**52**	**0**		**-37**	**1,308**
Infrastructure & Data Management	752	-1			-20	730
Business & Platform Solutions	245	48	-2		-9	283
Big Data & Cybersecurity	114	-9			-1	104
Corporate costs	-72				0	-72
Worldline	253	14	2		-6	263
TOTAL GROUP	**1,292**	**52**			**-37**	**1,308**

** At 2018 average exchange rates*
*** Global structures include the IT Services Global Divisions costs and IT Services Corporate costs not allocated to the Group Business Units. Worldline holds its own corporate costs.*

B.1.2 Performance by Division

Revenue was € 12,258 million, +4.2% at constant exchange rates, and +1.2% organically, particularly led by the Atos Digital Transformation Factory which represented 30% of 2018 revenue (vs. 23% in 2017) benefitting from the strong demand of large organizations implementing their digital transformation.
Operating margin was € 1,260 million, representing 10.3% of revenue, compared to 10.8% in 2017 at constant scope and exchange rates (10.6% excluded one off pension).

	Revenue			Operating margin		Operating margin %	
In €million	**2018**	**2017***	**Organic evolution**	**2018**	**2017***	**2018**	**2017***
Infrastructure & Data Management	6,328	6,513	-2.8%	604	730	9.5%	11.2%
Business & Platform Solutions	3,361	3,227	4.2%	300	283	8.9%	8.8%
Big Data & Cybersecurity	895	799	12.0%	138	104	15.4%	13.0%
Corporate costs	-	-		- 74	- 72	-0.7%	-0.7%
Worldline	1,674	1,576	6.3%	293	263	17.5%	16.7%
Total	**12,258**	**12,114**	**1.2%**	**1,260**	**1,308**	**10.3%**	**10.8%**

** At constant scope and exchange rates*

B.1.2.1 Infrastructure & Data Management

Infrastructure & Data Management

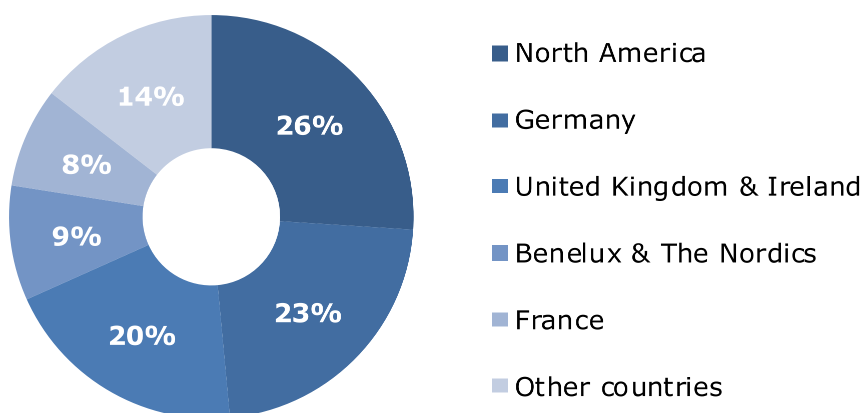
In €million	2018	2017*	Organic evolution
Revenue	6,328	6,513	-2.8%
Operating margin	604	730	
Operating margin rate	9.5%	11.2%	

**At constant scope and exchange rates*

Infrastructure & Data Management **revenue** was € 6,328 million, down -2.8% at constant scope and exchange rates, despite a significant growth in Cloud Services and in Digital Workplace fostered by the transformation of existing classic infrastructures and workplace businesses. In line with the transformation of the business model of the Division, revenue significantly grew in Hybrid Cloud Orchestration, in Digital Workplace and in projects in Technology Transformation Services. Indeed, the Division continued the digital transformation of its main clients through automation and robotization, supporting growth in several geographies, notably in France, the United Kingdom, Iberia, Asia Pacific, Central & Eastern Europe, and Middle East & Africa, while North America, Germany and Benelux & The Nordics faced more challenging situations.

Growth materialized in the Public & Health sector, primarily in North America driven by increased volumes and additional scope with Allscripts and the Texas Department of Information Resources, and in Benelux through the ramp up of new contracts with Major Hospitals in Belgium and Dutch governmental institutions. Despite the termination of the contract with Standard & Poor's in North America, Financial Services benefitted from strong commercial activity in the United Kingdom with the ramp up of the significant contracts with Aviva and other major Insurance companies coupled with increased volumes and projects with National Savings & Investments, and was sustained by increased business volumes with a large bank in Hong Kong and new business opportunities in North America with CNA Financial Corporation. Manufacturing, Retail & Transporation was impacted by the finalization of digitalization and transformation projects for some large customers, such as Rheinmetall in Germany and Monsanto in North America, combined with the end of the contract with Mariott International in North America. On the opposite, France recorded a high performance thanks to the ramp up of new Hybrid Cloud contracts with Safran and a global leader in Aerospace & Defense. The situation in Telco, Media & Utilities remained challenging, impacted by scope reductions with BBC in the United Kingdom, reinsourced contract with Microsoft in North America during the first half of the year, as well as lower volumes with Disney, and finally contractual issues with a large telco operator in Germany.

Infrastructure & Data Management revenue profile by geography



Operating margin in Infrastructure & Data Management was € 604 million, representing 9.5% of revenue, decreasing by -170 basis points compared to the last year. IDM margin was impacted by lower revenue due to ending contracts and scope reductions, notably in North America and Germany. These two georaphies monitored throughout the year a cost take-out to mitigate as much as possible the effects on the profitability. The Division benefited from improved results posted in the United Kingdom and in the Other Business Units.

B.1.2.2 Business & Platform Solutions

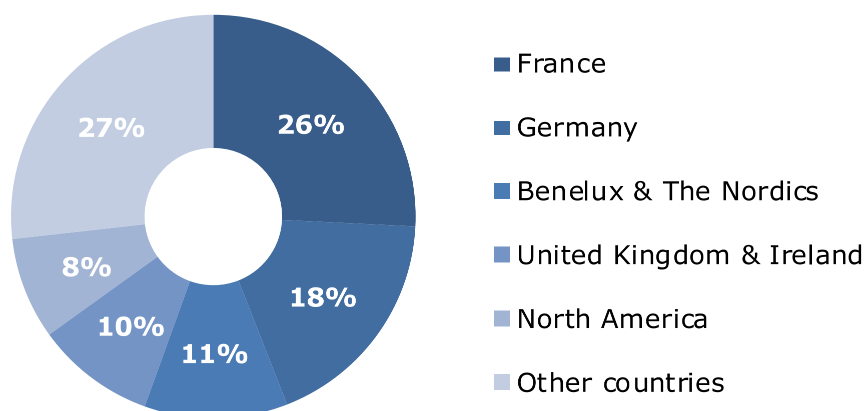
Business & Platform Solutions

In €million	2018	2017*	Organic evolution
Revenue	3,361	3,227	4.2%
Operating margin	300	283	
Operating margin rate	8.9%	8.8%	

**At constant scope and exchange rates*

Business & Platform Solutions **revenue** reached € 3,361 million, +4.2% at constant scope and exchange rates, confirming a positive trend, after +2.5% in 2017. The sales dynamic was visible in most markets with acceleration from the Atos Digital Transformation Factory, in particular, the activity within Manufacturing, Retail & Transportation remained high thanks to the increased SAP HANA activities mainly within automotive sector and Siemens in Germany, as well as ramp up of contracts notably in France with PSA, and a new Hybrid Cloud programme with International Airlines Group in the United Kingdom. The Financial Services sector benefitted from new business and increased volumes in the United Kingdom and in Other Business Units. Within Public & Health, growth came from France fueled by larger volumes, notably with Government agencies, as well as in Germany, which largely offset the base effect from the Asian Games contract successfully delivered last year within Middle East & Africa. Telecom, Media & Utilities sector was impacted in Germany and in Benelux & The Nordics due to lower volumes with large telco operators which was compensated by the ramp up of several new contracts within Energy & Utilities.

Business & Platform Solutions revenue profile by geography



Operating margin was € 300 million, representing 8.9% of revenue slightly up compared to 2017 at constant scope and exchange rates, mainly attributable to a good revenue performance combined with continued cost savings effects in most geographies notably through the industrialization of global delivery, and a more efficient workforce management. Overall, Business & Platform Solutions continued to invest in innovation and new Codex and SAP HANA offerings.

B.1.2.3 Big Data & Cybersecurity

Big Data & Cybersecurity

In €million	2018	2017*	Organic evolution
Revenue	895	799	12.0%
Operating margin	138	104	
Operating margin rate	15.4%	13.0%	

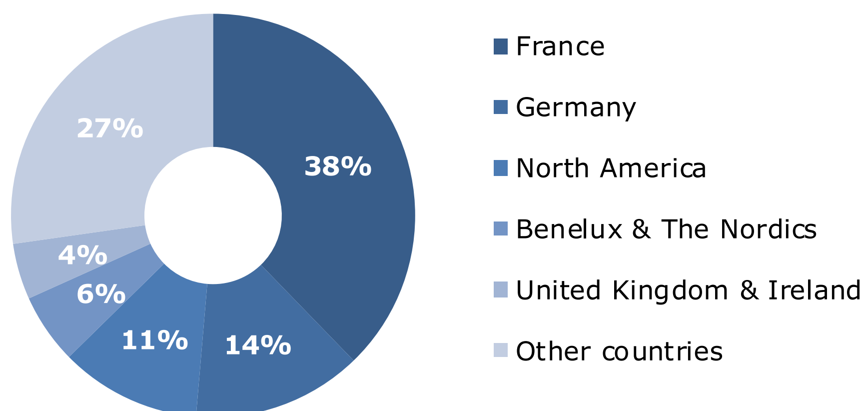
**At constant scope and exchange rates*

Revenue in Big Data & Cybersecurity was € 895 million, up +12.0% organically, maintaining a strong performance all over the year and pulled by the extension of the Division's markets both in terms of industries served and geographies. In particular, growth was driven by Cybersecurity services where customers' investments are increasing to face more and more sophisticated cyberattacks. The activity was strong in all main geographies, with main increasing volumes in the United Kingdom, France, Benelux & the Nordics and Germany.

The performance was also driven by the strong commercial dynamics in Big Data, notably from higher sales of Bullions notably in North America and large computer products, as well as increased projects in France. High Performance Computing benefitted from new wins achieved in several geographies such as South America, Benelux and India, which could not compensate for the base effect of significant deliveries achieved last year in France with the CEA and GENCI as well as in the United Kingdom.

Mission critical systems grew thanks to solid performance recorded in Central Europe, which more than offset the ramp down of projects in France and Iberia notably.

Big Data & Cybersecurity revenue profile by geography



Operating margin was € 138 million significantly improving by +240 bps compared to 2017 on a like for like basis and representing 15.4% of revenue. This performance resulted from strong growth contribution and improved cost base monitoring, while pursuing investments in innovative solutions and products, as well as the benefits from the successful integration of CVC activities.

B.1.2.4 Worldline

A detailed review of Worldline full year 2018 results can be found at worldline.com, in the "Investors" section.

Worldline

In € million	2018	2017*	Organic evolution
Revenue	1,674	1,576	6.3%
Operating margin	293	263	
Operating margin rate	17.5%	16.7%	

**At constant scope and exchange rates*

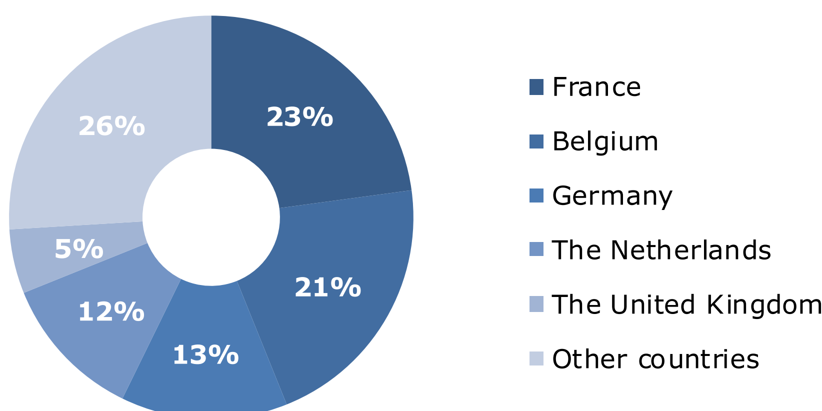
From a contributive perspective to Atos, Worldline **revenue** was € 1,674 million, improving by +6.3% at constant scope and exchange rates, representing 13.7% of the Group revenue. Growth was led by increased transactions volumes within *Merchant Services* and *Financial Processing* business lines and new projects ramp up within *Mobility & e-Transactional Services.*

- *Merchant Services* grew by +4.2% organically and reached € 621 million. The growth mainly came from Merchant Payment Services, which benefitted from increased transactions volumes, notably through a strong momentum in India following the Demonetization Act and from positive business trends in Continental Europe leading to higher volumes on international card transactions. The good operational performance more than compensated for the temporary slow-down of Payment Terminal Services and lower volumes in Omnichannel Payment Acceptance;

- *Financial Processing* reached € 773 million, up +7.6% organically. Account Payment division was the main contributor with increased volumes, notably in Sepa payment transactions, Dutch iDeal scheme and Instant and SWIFT payments, coupled with software license revenue linked to the newly signed significant outsourcing contract with a large German bank. Strong growth in Acquiring Processing was driven by dynamic activity in Italy combined with good volumes in authorizations in France and Germany. Finally, Issuing Processing benefitted from continuous growth in internet payments, whereas Digital Banking increased mainly thanks to the new projects in France;

- *Mobility & e-Transactional Services* revenue was € 280 million, up +7.4% organically. Growth was led by Trusted Digitization, notably through the ramp up of various projects with French government agencies and increased volumes in tax collection activities in Latin America. E-Consumer and Mobility growth was driven by Connected Living business, essentially in Germany, combined with higher volumes in Contact and Consumer Cloud activities in France.

Worldline revenue profile by geography



Operating margin was € 293 million or 17.5% of revenue, improving by +80 basis points led by the strong performance of *Financial Processing*, thanks to top line growth combined with the successful implementation of equensWorldline costs synergies plan. *Merchant Services* operating margin benefitted from transactions volume growth, continued productivity improvement and first results of synergies with MRL Posnet, an Indian Company bought in 2017, which more than compensated for the decrease in Terminal Services. Finally, *Mobility & e-Transactional Services* operating margin was as expected impacted by base effect of pensions recorded last year, commercial litigations and build phase of recently won contracts, while contributive margin from the additional revenue could partly compensate for these effects.

B.1.3 Performance by Business Unit

	Revenue			Operating margin		Operating margin %	
In €million	2018	2017*	Organic evolution	2018	2017*	2018	2017*
Germany	2,161	2,158	0.1%	137	195	6.3%	9.0%
North America	2,022	2,136	-5.3%	202	268	10.0%	12.5%
France	1,710	1,665	2.7%	150	159	8.8%	9.6%
United Kingdom & Ireland	1,612	1,600	0.7%	193	180	11.9%	11.3%
Benelux & The Nordics	1,017	1,018	-0.1%	76	94	7.5%	9.2%
Other Business Units	2,061	1,961	5.1%	275	228	13.4%	11.6%
Global structures**	-	-		- 66	- 79	-0.6%	-0.8%
Worldline	1,674	1,576	6.3%	293	263	17.5%	16.7%
Total	**12,258**	**12,114**	**1.2%**	**1,260**	**1,308**	**10.3%**	**10.8%**

** At constant scope and exchange rates*

*** Global structures include the IT Services Divisions global costs not allocated to the Business Units and Corporate costs. Worldline holds its own corporate costs*

B.1.3.1 Germany

Germany			
In €million	2018	2017*	Organic evolution
Revenue	2,161	2,158	0.1%
Operating margin	137	195	
Operating margin rate	6.3%	9.0%	

**At constant scope and exchange rates*

In 2018, the Business Unit achieved a revenue organic growth stable compared to the same period last year at constant scope and exchange rates, leading to € 2,161 million, with an increasing performance of +1.1% posted in the fourth quarter. Growth was primarily fueled by new contracts in Business & Platform Solutions as well as in Big Data & Cybersecurity, which compensated for lower performance in Infrastructure & Data Management.

In Infrastructure & Data Management, revenue was affected by the ramp down of some legacy contracts, as well as a base effect on transformation activities achieved in the previous year. The unit benefitted from the ramp up of several new contracts notably in Manufacturing, Retail & Transportation, such as a large car manufacturer in Germany, a global leader in Aerospace & Defense and Henkel; this compensated for negative effects from transformation activities achieved in the previous year with Rheinmetall. However, this could not compensate the impact from several legacy contracts primarily materialized within Telecom, Media & Utilities, notably through the difficulties encountered with a large telco operator, while Financial Services faced with lower volumes achieved with Deutsche Bank and lower volumes with Siemens.

Business & Platform Solutions achieved a strong growth, primarily in Manufacturing, Retail & Transportation and Public & Health with a double-digit growth. The unit continued to generate new digital opportunities with a dynamic SAP activity, notably thanks to projects delivered to customers such as Volkswagen and Kion Group. It also benefitted from the new Application management services with Siemens. This largely offset the ramp down of a large telco operator and Nokia contracts affecting the performance in the Telecom sector.

Big Data & Cybersecurity showed a solid momentum, led by Manufacturing, Retail & Transportation and Financial Services sectors. The performance was achieved thanks to new business with a large car manufacturer in Germany and Siemens.

Operating margin reached € 137 million, representing 6.3% of revenue, -270 basis points compared to 2017 at constant scope and exchange rates. Profitability grew significantly in Business & Platform Solutions, driven by the strong revenue growth and continued workforce optimization, while within Infrastructure & Data Management the performance was affected by the revenue decline, which could be only slightly offset by costs optimization actions.

B.1.3.2 North America

North America

In € million	2018	2017*	Organic evolution
Revenue	2,022	2,136	-5.3%
Operating margin	202	268	
Operating margin rate	10.0%	12.5%	

**At constant scope and exchange rates*

Revenue reached € 2,022 million, decreasing by -5.3% organically. The Business Unit achieved significant growth in Business & Platform Solutions and Big Data & Cybersecurity activities, confirming the progressive diversification trend of its portfolio as per previous quarters, but this could not compensate for the effect from off-boarding contracts and reduced scope with some legacy customers in Infrastructure & Data Management.

Revenue in Infrastructure & Data Management was affected by the termination and scope reduction of two large contracts with legacy customers. Increased volumes were achieved within Public & Health, mainly from Allscripts and Texas Department of Information Resources. However, this was not sufficient to offset the adverse evolution in other sectors and primarily within Manufacturing, Retail & Transportation. This market benefitted from the ramp up of contracts with new logos such as Enterprise and WSP Global, but the overall performance was impacted by the termination of several legacy contracts, notably with Marriott International. Within Telecom, Media & Utilities, the decrease was mainly attributable to the impact from lower volumes with Disney and terminated contract with Microsoft. Financial Services benefitted from the contribution of the new contract won with CNA Financial Corporation, which however did not fully compensate for lower volumes with Standard & Poor's global. The Unit continued to increase its digital footprint through hybrid cloud solutions.

Business & Platform Services closed the year with a double digit growth, largely attributable to Public & Health, which benefitted from the contribution of the new entities integrated last year, and notably fueled by new logo within Healthcare area. The Unit also benefitted from a significant growth with Syntel, positively impacting Manufacturing, Retail & Transportation and Financial Services markets.

Revenue in Big Data & Cybersecurity achieved a very strong growth, mainly within Manufacturing, Retail & Transportation as well as Public & Health sectors. The performance was largely driven by a very strong activity in Big Data, mainly thanks to increased Bullion sales.

Operating margin reached € 202 million, representing 10.0% of revenue, decreasing by -250 basis points compared to last year. The Business Unit benefitted from revenue increase in Business & Platform Solutions and Big Data & Cybersecurity, which maintained in total a double digit level of profitability despite the effect from revenue in Infrastructure & Data Management, whose decline was too significant to be compensated by a full cost take out in the year.

B.1.3.3 France

France			
In € million	2018	2017*	Organic evolution
Revenue	1,710	1,665	2.7%
Operating margin	150	159	
Operating margin rate	8.8%	9.6%	

**At constant scope and exchange rates*

At € 1,710 million, **revenue** in France improved by +2.7% organically. The performance of the Business Unit was driven by Infrastructure & Data Management thanks to a continued solid performance over the year.

Infrastructure & Data Management achieved a strong organic growth, primarily thanks to the strong performance achieved within Manufacturing, Retail & Transportation, where the growth came notably from new business and the ramp up of several contracts such as Safran and a global leader in Aerospace & Defense through the Hybrid Cloud increasing business. Growth also came from Financial Services with notably the ramp up of the Axa contract. This was partly offset by Public & Health, due to the base effect in the Escala area in the Public sector. Telecom, Media & Utilities was also impacted by some terminations of legacy contracts, but could offset them by higher volumes through Hybrid Cloud business with large customers.

Business & Platform Solutions posted a solid growth, mainly driven by increasing business in the Digital and Hybrid Cloud projects. Growth came primarily from Public & Health driven by higher volumes with municipalities and regions and from new contracts through UGAP (national IT procurement department) in the Digital Workplace area. Manufacturing, Retail & Transportation market showed a sustained activity as well, attributable to the ramp up with PSA. Telecom, Media & Utilities benefitted from *Atos Codex* projects with large companies such as Orange and EDF, while Financial Services remained stable.

Big Data & Cybersecurity was down organically, largely concentrated in Public & Health due to the base effect from significant successful sales of High Performance Computing Solutions with CEA and Genci last year. This was partly compensated thanks to new contracts signed such as Peugeot in High Performance Computer, combined with renewals or extensions with EDF and CNAF, as well as significant growth in Managed Security Services, and a good performance in Financial Services.

Operating margin reached € 150 million, representing 8.8% of revenue. Business & Platform Solutions increased its operating margin, driven by a strong monitoring of productivity. This was not enough to compensate for Infrastructure & Data Management and Big Data & Cybersecurity impacted by an unfavorable business mix.

B.1.3.4 United Kingdom & Ireland

United Kingdom & Ireland

In €million	**2018**	**2017***	**Organic evolution**
Revenue	1,612	1,600	0.7%
Operating margin	193	180	
Operating margin rate	11.9%	11.3%	

**At constant scope and exchange rates*

Revenue was € 1,612 million, up +0.7% at constant scope and exchange rates. Growth was primarily derived from the strong dynamism of Business & Platform Solutions. Across the Business Unit, continued efforts to renew the portfolio more than compensated for the partial scope reinsourcing of BBC following the contract renewal achieved in April 2017 and scope reduction in Ministry of Justice.

Infrastructure & Data Management remained slightly positive over the year thanks to a strong performance achieved within Financial Services, where the growth came from increased volumes and projects with National Savings & Investments, coupled with the ramp up of the new contracts with Aviva, a large US commercial broadcast television and radio network and a pension, insurance and investment Company in the United Kingdom. This more than compensated for lower volumes from legacy customers in Telecom, Media & Utilities, due to contractual scope reductions with BBC, as well as in Manufacturing, Retail & Transportation impacted by the ramp down of legacy contracts, which were partly mitigated by the ramp up of new contracts won since the end of last year, such as International Airlines Group. Within Public & Health, the ramp down of legacy contracts and base effect from transitions successfully achieved last year such as Ministry of Justice were partially offset by the contribution of significant new contracts won with University College London Hospitals, DECC NDA and DEFRA.

Business & Platform Solutions pursued its positive trend thanks to continued demand for digital projects, notably related to SAP HANA and Orchestrated Hybrid Cloud solutions which materialized in all markets but Telecom, Media & Utilities, notably affected by contractual reduction with BBC. Growth in Manufacturing, Retail & Transportation Sector and Financial Services derived from strong sales dynamics combined with the contribution from large contracts won last year such as a pension, insurance and investment Company and a building Society both in the United Kingdom. Public & Health benefitted from increased volumes with legacy customers which largely compensated for a ramp down with an industrial French Group.

The decrease in Big Data & Cybersecurity was largely attributable to Public and Health market with a significant reduction in HPC activities following successful sales and deliveries achieved last year. This was partly compensated by increasing cybersecurity sales notably within the Manufacturing, Retail & Transportation sector such as International Airlines Group.

Operating margin was € 193 million and represented 11.9% of the revenue, an improvement of +60 basis points compared to last year at constant scope and exchange rate. The profitability increased in Infrastructure & Data Management and Big Data & Cybersecurity, driven by improved revenue mix combined with increased operational efficiency through continued tight project management and strong actions to optimize the cost base. It largely compensated for the decrease in Business & Platform Solutions coming from a significant pension one-off recorded last year.

B.1.3.5 Benelux & The Nordics

Benelux & The Nordics

In € million	2018	2017*	Organic evolution
Revenue	1,017	1,018	-0.1%
Operating margin	76	94	
Operating margin rate	7.5%	9.2%	

**At constant scope and exchange rates*

At € 1,017 million, 2018 **revenue** was roughly stable organically.

In Infrastructure & Data Management, revenue slightly decreased organically. Growth was posted mainly in Public & Health sector thanks to higher volumes achieved with Dutch Government Institutions, as well as Dutch University Hospitals. The situation remained more challenging in the other markets such as in Financial Services sector which was affected by a negative impact of declining volumes with Achmea and VGZ.

Business & Platform Solutions was decreasing organically, showing a decline within Systems Integration representing more than half of the Division as well as Technology Services which are local to local business, facing a lower demand, notably in the Public & Health sector. Financial Services posted a positive organic growth while Manufacturing, Retail & Transportation remained stable organically. This was not enough to compensate for the ramp down in Telecom, Media & Utilities, mainly attributable to the lower level of projects with KPN coupled with decreasing volumes with several customers.

Big Data & Cybersecurity pursued its development and recorded a strong organic growth, driven by various sales in Manufacturing, Retail & Transportation and Financial Services sectors, from both High-Performance Computing and Cybersecurity activities. Public & Health benefitted from the ramp up of Dutch Government Institutions and the European Union.

Operating margin reached € 76 million, representing 7.5% of revenue, below last year by -170 basis points at constant scope and exchange rates. Infrastructure & Data Management and Business & Platform Solutions profitability were affected by a revenue decline, while Big Data & Cybersecurity was still in a process of investing in business development and presales activity to further accelerate top line growth.

B.1.3.6 Other Business Units

Other Business Units

In €million	2018	2017*	Organic evolution
Revenue	2,061	1,961	5.1%
Operating margin	275	228	
Operating margin rate	13.4%	11.6%	

**At constant scope and exchange rates*

Revenue in "Other Business Units" reached € 2,061 million, up +5.1% organically, fueled by activity in all Divisions and especially in Big Data & Cybersecurity.

Infrastructure & Data Management posted a growth in almost all Markets. Telecom, Media & Utilities expanded, driven by the contracts ramp up with an international telecommunications provider in Middle East & Africa and business opportunities in Italy, Czech Republic and Iberia. Financial Services benefitted from higher volumes with a large bank in Hong-Kong and with its Austrian customers. Finally, Public Sector slightly grew, notably thanks to the ramp up of the Western Australian Government migration to Canopy Orchestrated Hybrid Cloud. This compensated for the volume reductions in Manufacturing in Central Europe and decrease in Unified Communication & Collaboration in South America.

Business & Platform Solutions revenue continued to grow in almost all markets as well. In particular, Telecom, Media & Utilities posted a double-digit growth, fueled by increased volumes and new contracts in Continental Europe, notably with Italian large accounts, as well as with Austrian and Romanian clients, coupled with the ramp up of a significant contract with an Indian oil company. The increase in Financial Services was driven notably by the ramp up of contracts in Banking sector in Iberia and Brazil, while Manufacturing, Retail & Transportation grew mainly in South America thanks to new contracts and additional volumes. This could fully compensate for the end of the last phase of the Asian Games contract last year.

Big Data & Security enjoyed a double-digit growth benefitting from new HPC opportunities in South America and Asia Pacific, sustained by higher project activity in Central Europe, compensating for comparison basis in Africa where significant HPC sales were achieved last year.

Operating margin was € 275 million, representing 13.4% of revenue, improving by +180 basis points compared to 2017 at constant scope and exchange rates. Margin mainly benefitted from the contribution of the revenue growth, primarily in Infrastructure & Data Management and in Big Data & Security, from the successful CVC integration and from a tight monitoring of costs across all the Other Business Units. Productivity improvement in Global Delivery Centers (reported in Other Business Units) also supported the operating margin improvement.

B.1.3.7 Global structure costs

Global structures costs reached €-66 million, decreasing by € 13 million compared to 2017 at constant scope and exchange rates, reflecting the continued efforts on internal costs optimization in most functions as well as on third party costs.

B.1.4 Revenue by Market

In €million	Revenue 2018	2017*	Organic evolution
Manufacturing, Retail & Transportation	4,492	4,501	-0.2%
Public & Health	3,387	3,372	0.4%
Financial Services	2,449	2,313	5.9%
Telcos, Media & Utilities	1,930	1,928	0.1%
Total	**12,258**	**12,114**	**1.2%**

** At constant scope and exchange rates*

B.1.4.1 Manufacturing, Retail & Transportation

Manufacturing, Retail & Transportation was the largest market segment of the Group (37%) and reached € 4,492 million in 2018, declining by -0.2 % compared to 2017 at constant scope and exchange rates. Revenue decrease mainly came from North America partially compensated by France. In particular, good performance was recorded within Business & Platform Solutions and Big Data & Cybersecurity Divisions.

In this market, the top 10 clients (excluding Siemens) represented 17% of revenue with Conduent, a global leader in Aerospace & Defense, Johnson & Johnson, Daimler, Rheinmetall, a large car manufacturer in Germany, Renault Nissan, Philips, Volkswagen and Xerox.

B.1.4.2 Public & Health

Public & Health was the second market of the Group (28%) with total revenue of € 3,387 million, representing an increase of +0.4% compared to 2017 at constant scope and exchange rates. Growth mainly came from contract ramp up in the United Kingdom and North America, coupled with a good performance in Worldline.

36% of the revenue in this market was realized with 10 main clients: UK Department for Work & Pensions (DWP), Texas Department of Information Resources, European Union Institutions, McLaren Health Care Corporation, Allscripts, UK Ministry of Justice, UK Nuclear Decommissioning Authority, Bundesagentur für Arbeit, SNCF and French Ministry for the Economy and Finance.

B.1.4.3 Financial Services

Financial Services was the third Market of the Group and represented 20% of the total revenue at € 2,449 million, representing an increase by +5.9% compared to 2017 at constant scope and exchange rates. A good performance was recorded in North America thanks to CNA Financial Corporation and in Worldline.

In this market, 41% of the revenue was generated with the 10 main clients: UK National Savings & Investments, Standard Chartered Bank, Deutsche Bank, ICBPI SpA Group, BNP Paribas, ING, Standard & Poor's Global, Crédit Agricole, Société Générale and Commerzbank.

B.1.4.4 Telcos, Media & Utilities

Telcos, Media & Utilities represented 16% of the Group revenue and reached € 1,930 million, representing an increase of +0.1% compared to 2017 at constant scope and exchange rates. Revenue increase is mainly coming from the strong performance recorded within the Big Data & Cybersecurity Division as well as the good performance in France with EDF and in Germany with Deutsche Telekom which have compensated the ramp down of large contracts such as a large telco operator in Germany and BBC in the United Kingdom.

Main clients were EDF, Orange, Telefonica/O2, Nokia, BBC, Deutsche Telekom, The Walt Disney Company, Enel, Telecom Italia and Engie. The top 10 main clients represented 50% of the total Telcos, Media & Utilities Market revenue.

B.1.5 Portfolio

B.1.5.1 Order entry and book to bill

In 2018, the Group **order entry** totaled **€ 13,696 million**, stable **year-on-year**, representing a **book to bill ratio** of **112%** compared to 109% in 2017. During the fourth quarter, the book to bill reached 124%.

Order entry and book to bill by **Division** was as follows:

	Order entry			Book to bill		
In €million	H1 2018	H2 2018	FY 2018	H1 2018	H2 2018	FY 2018
Infrastructure & Data Management	3,897	2,889	6,787	123%	91%	107%
Business & Platform Solutions	1,700	1,963	3,663	105%	113%	109%
Big Data & Cybersecurity	546	788	1,333	127%	169%	149%
Worldline	908	1,005	1,913	114%	115%	114%
Total	**7,051**	**6,645**	**13,696**	**117%**	**106%**	**112%**

Several large new contracts were signed over the period in Infrastructure & Data Management, which contributed to the continued growth of the Atos Digital Transformation Factory. In particular large order entries were signed with CNA in North America, with a pension, insurance and investment Company in the United Kingdom, with a large car manufacturer and Siemens in Germany, as well as with a global leader in Aerospace & Defense both in Germany and France. Business & Platform Solutions signed new contracts notably in Italia and Spain respectively with a multinational energy company and an international telecom provider. Big Data & Cybersecurity pursued its strong commercial dynamics reaching 149% book to bill ratio in 2018. Worldline managed to achieve 114% over the period, with new contracts mainly in Financial Services.

Renewals of the year included several large contracts in Infrastructure & Data Management such as in Public Sector in the United Kingdom and leading provider of technology and services in The Benelux & The Nordics and North America, while Worldline renewed several Issuing Processing contracts.

Order entry and book to bill by **Market** were as follows, with a strong contribution from Financial Services both in Worldline and Digital Services:

	Order entry			Book to bill		
In €million	H1 2018	H2 2018	FY 2018	H1 2018	H2 2018	FY 2018
Manufacturing, Retail & Transportation	2,281	2,300	4,581	105%	99%	102%
Public & Health	1,763	1,596	3,359	104%	94%	99%
Telcos, Media & Utilities	1,086	1,064	2,150	115%	108%	111%
Financial Services	1,921	1,685	3,606	162%	134%	147%
Total	**7,051**	**6,645**	**13,696**	**117%**	**106%**	**112%**

B.1.5.2 Full backlog

In line with the positive evolution of Atos commercial activity, the **full backlog** at the end of December 2018 including the integration of the Syntel and SIX Payment Services acquisitions increased by **+7.9%** compared to December 2017, and amounted to **€ 24.5 billion**, representing **1.8 year of revenue**.

B.1.5.3 Full qualified pipeline

The **full qualified pipeline** was **€ 8.1 billion** at the end of 2018 including the integration of the acquisitions, up **+9.5%** compared to the end of 2017, representing **7 months of revenue**.

B.1.6 Human Resources

The total headcount was 122,110 at the end of December 2018 compared to 97,267 at the end of December 2017. The Group total workforce increased by +26% or + 24,843 staff, mostly coming from acquisitions (+26,861 staff). +23,480 came from Syntel, notably in Other Business Units in India, as well as in North America, and to a lesser extent in the United Kingdom. +1,344 people came from SIX Payment Services in Worldline, +1,237 from Simtec insourcing in Turkey, +800 from CVC in Central & Eastern Europe, and to a lesser extent in Germany, in North America and in Asia. Excluding acquisitions, the total decrease amounted to -2.1% mainly in Infrastructure & Data Management to accompany automation while the Group continued to pursue its digital transformation and that of its customers. In Big Data & Cybersecurity, direct staff increased by +7.7% during the year excluding acquisitions, supporting the strong growth of the Division.

In 2018, the Group hired 14,601 staff (95% were direct employees). The hirings were mainly achieved in the "Other Business Units" (totaling 61% of direct hirings), notably in offshore and nearshore countries such as India, Poland, Romania and the Philippines, as well as in Worldline, North America, France and the United Kingdom. 45% of the direct hirings over the period were performed in Business & Platform Solutions.

Attrition rate was 14.4% at Group level, of which 20.3% in offshore countries. The number of restructured and dismissed employees over the period amounted to 2,938.

Headcount evolution in 2018 by Business Unit and by Division was the following:

	End of December 2017	Scope	Hiring	Leavers, dismissals & restructuring	End of December 2018
Infrastructure & Data Management	45,678	1,232	5,371	-7,750	44,530
Business & Platform Solutions	31,279	22,103	6,224	-6,652	52,954
Big Data & Cybersecurity	4,221	639	803	-477	5,186
Functions	130		0	26	156
Worldline	8,682	1,120	1,415	-765	10,452
Total Direct	**89,989**	**25,094**	**13,812**	**-15,618**	**113,278**
Germany	8,497	60	182	-236	8,503
North America	8,600	3,537	1,402	-2,412	11,127
France	11,267		1,036	-1,697	10,606
United Kingdom & Ireland	8,350	644	953	-1,462	8,485
Benelux & The Nordics	5,688	27	350	-830	5,235
Other Business Units	38,409	19,706	8,416	-8,215	58,316
Global structures	496		59	-1	554
Worldline	8,682	1,120	1,415	-765	10,452
Total Direct	**89,989**	**25,094**	**13,812**	**-15,618**	**113,278**
Total Indirect	**7,277**	**1,767**	**788**	**-1,001**	**8,832**
TOTAL GROUP	**97,267**	**26,861**	**14,601**	**-16,619**	**122,110**

The number of direct employees at the end of 2018 was 113,278, representing 92.8% of the total Group headcount, compared to 92.5% at the end of December 2017. Indirect staff was 8,832 end of December 2018, decreasing by -2.9% compared to the end of December 2017 when excluding the impact from acquisitions.

B.2 2019 objectives on current scope

In 2019, the Group targets objectives for its 3 key financial criteria in line with its ADVANCE 2021 3-year plan:

Revenue organic growth: +2% to +3%;

Operating margin: 11.5% to 12% of revenue;

Free cash flow: between €0.9 billion to €1.0 billion.

B.3 2019 objectives on digital services scope (excluding Worldline)

In 2019, the Group targets objectives for its 3 key financial criteria in line with its ADVANCE 2021 3-year plan:

Revenue organic growth: +1% to +2%;

Operating margin: c. 10.5% of revenue;

Free cash flow: between €0.6 billion to €0.7 billion.

B.4 Financial review

B.4.1 Income statement

The Group reported a net income (attributable to owners of the parent) of € 630 million for 2018, which represented 5.1% of Group revenue and an increase of 5% compared to 2017. The normalized net income before unusual, abnormal and infrequent items (net of tax) for the period was € 907 million, representing 7.4% of 2018 Group revenue.

(In € million)	**12 months ended 31 December 2018**	**%**	**12 months ended 31 December 2017 restated**	**%**
Operating margin	**1,260**	**10.3%**	**1,292**	**10.8%**
Other operating income/(expenses)	-424		-417	
Operating income	**836**	**6.8%**	**875**	**7.3%**
Net financial income/(expenses)	-87		-62	
Tax charge	-47		-149	
Non-controlling interests and associates	-72		-64	
Net income – Attributable to owners of the parent	**630**	**5.1%**	**601**	**5.0%**
Normalized net income – Attributable to owners of the parent (*)	**907**	**7.4%**	**866**	**7.2%**

(*) The normalized net income is defined hereafter

B.4.1.1 Operating margin

Income and expenses are presented in the Consolidated Income Statement by nature to reflect the specificities of the Group's business more accurately. Below the line item presenting revenues, ordinary operating expenses are broken down into staff expenses and other operating expenses.

These two items together are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

Operating margin represents the underlying operational performance of the on-going business and is analyzed in detail in the operational review.

B.4.1.2 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual, abnormal and infrequent and represented a net expense of € 424 million in 2018. The following table presents this amount by nature:

(In €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Staff reorganization	-79	-83
Rationalization and associated costs	-38	-38
Integration and acquisition costs	-83	-43
Amortization of intangible assets (PPA from acquisitions)	-128	-109
Equity based compensation	-52	-86
Other items	-43	-59
Total	**-424**	**-417**

The € 79 million **staff reorganization** expense was mainly the consequence of the adaptation of the Group workforce in several countries such as Germany, the United Kingdom and the Netherlands. A significant staff reorganization was implemented in North America, however with more limited costs compared to other countries.

The € 38 million **rationalization and associated costs** primarily resulted from the closure of office premises and data centers consolidation, mainly in France, Germany and North America.

Integration and acquisition costs mainly relate to the acquisition and integration costs of new acquired companies. Syntel, SIX Payment Services and equensWorldline acquisition and integration costs amount to € 52 million while the other costs relate to the migration and standardization of internal IT platforms of earlier acquisitions.

The 2018 amortization of intangible assets recognized in the **Purchase Price Allocation** (PPA) of € 128 million was mainly composed of:

- € 22 million of SIS customer relationships amortized over 4 to 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 18 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014;
- € 11 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 10 million of Equens and Paysquare customer relationships amortized over 6.5 to 9.5 years starting October 1, 2016;
- € 4 million of SIX Payment Services customer relationships, technologies and patents amortized over 6 to 19 years starting December 1, 2018.

The **equity-based compensation** expense amounted to € 52 million compared to € 86 million in 2017, in particular due to a lower erformance in 2018.

In 2018, the Group strongly decreased the amount of **other items** from € 59 million to € 43 million facing less exceptional expenses related to cyberattacks, the implantation of GDPR or settlement of litigations. The € 43 million expenses this year corresponded mainly to semi retirement schemes in Germany and France.

B.4.1.3 Net financial expense

Net financial expense amounted to € 87 million for the period (compared to € 62 million prior year) and was composed of a net cost of financial debt of € 31 million and non-operational financial costs of € 56 million.

Net cost of financial debt was € 31 million (compared to € 24 million in 2017) and resulted from the following elements:

- the average gross borrowing of € 3,330 million compared to € 2,190 million in 2017 bearing an average expense rate of 1.25% compared to 1.49% last year. The average gross borrowing expenses were mainly explained by :
    - the used portion of the syndicated loan combined with the Negotiable EUropean Commercial Papers (NEU CP) and the Negotiable EUropean Medium Term Note program (NEU MTN) for an average of € 1,239 million (compared to an average of € 1,103 million in 2017) bearing an effective interest rate of 0.28%, benefiting from the attractive remuneration applied to the NEU CP;
    - a € 600 million bond issued in July 2015 bearing a coupon rate of 2.375%;
    - a € 300 million bond issued in October 2016 bearing a coupon rate of 1.444%;
    - a € 700 million bond issued in November 2018 bearing a coupon rate of 0.750%;
    - a € 750 million bond issued in November 2018 bearing a coupon rate of 1.750%;
    - a € 350 million bond issued in November 2018 bearing a coupon rate of 2.500%;
    - a $ 1,900 million 3 and 5 year term loan signed in October 2018 drawn in $ and € at variable rate partially repaid in December for an amount of $ 200 million bearing an average effective interest rate of around 1.78%;
    - other sources of financing, including securitization, for an average of € 194 million, bearing an effective interest rate of 2.60%.
- the average gross cash varied from € 1,339 million in 2017 to € 1,313 million in 2018 bearing an average income rate of 0.80% compared to 0.67% in 2017.

Non-operational financial costs amounted to € 56 million compared to € 38 million in 2017 and were mainly composed of pension related interest (broadly stable compared to € 30 million expense in 2017) and a net foreign exchange gain (including hedges) of € 5 million versus a net foreign exchange loss (including hedges) of € 3 million in 2017 and the SIX Payment Services contingent consideration variance for € -18 million. The pension financial cost represented the difference between interest costs on pension obligations and interest income on plan assets.

B.4.1.4 Corporate tax

The Group effective tax rate is 6.3% for 2018 corresponding to a tax charge of € 47 million with a profit before tax of € 749 million.

It includes the recognition of deferred tax assets for € 90 million inherited from the Bull acquisition, due to the significant growth of digital transformation activities including cloud.

Excluding this positive effect of € 90 million, the effective tax rate would be at 18.3% comparable to last year.

B.4.1.5 Non-controlling interests

Non-controlling interests included shareholdings held by joint venture partners and other associates of the Group. Non-controlling interests amounted to € 73 million in December 2018 (compared to € 64 million in December 2017). This increase was mostly related to the improved performance of Worldline.

B.4.1.6 Normalized net income

The normalized net income attributable to owners of the parent is defined as net income attributable to owners of the parent excluding unusual, abnormal, and infrequent items (attributable to owners of the parent) net of tax based on effective tax rate by country. In 2018, the normalized net income attributable to owners of the parent was € 907 million, increasing by 4.7% compared to previous year.

(In €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Net income - Attributable to owners of the parent	**630**	**601**
Other operating income and expenses net of tax	-277	-265
Normalized net income - Attributable to owners of the parent	**907**	**866**

B.4.1.7 Earnings per share

(In €million and shares)	12 months ended 31 December 2018	% Margin	12 months ended 31 December 2017 restated	% Margin
Net income – Attributable to owners of the parent [a]	**630**	**5.1%**	**601**	**4.7%**
Impact of dilutive instruments	-		-	
Net income restated of dilutive instruments - Attributable to owners of the parent [b]	**630**	**5.1%**	**601**	**4.7%**
Normalized net income – Attributable to owners of the parent [c]	**907**	**7.4%**	**866**	**6.8%**
Impact of dilutive instruments	-		-	
Normalized net income restated of dilutive instruments - Attributable to owners of the parent [d]	**907**	**7.4%**	**866**	**6.8%**
Average number of shares [e]	106,012,480		105,081,802	
Impact of dilutive instruments	15,254		376,158	
Diluted average number of shares [f]	106,027,734		105,457,960	
(In €)				
Basic EPS [a] / [e]	**5.95**		**5.72**	
Diluted EPS [b] / [f]	**5.95**		**5.70**	
Normalized basic EPS [c] / [e]	**8.56**		**8.24**	
Normalized diluted EPS [d] / [f]	**8.56**		**8.21**	

Further to the increase of net income as detailed above, basic and diluted Earning per Share (EPS) reached respectively € 5.95 (€ 5.72 in 2017) and € 5.95 (€ 5.70 in 2017). Normalized basic and diluted EPS reached respectively € 8.56 (€ 8.24 in 2017) and € 8.56 (€ 8.21 in 2017).

B.4.2 Cash Flow

Free cash flow representing the change in net cash or net debt, excluding net acquisitions/disposals, equity changes, and dividends paid to shareholders, reached € 658 million, or € 720 million excluding acquisition and upfront financing costs related to Syntel and SIX Payment Services acquisitions, versus € 714 million achieved in 2017.

(in € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Operating Margin before Depreciation and Amortization (OMDA)	**1,601**	**1,608**
Capital expenditures	-476	-526
Change in working capital requirement	-74	-25
Cash from operation (CFO)	**1,051**	**1,057**
Tax paid	-130	-133
Net cost of financial debt paid	-31	-24
Reorganization in other operating income	-88	-95
Rationalization & associated costs in other operating income	-26	-22
Integration and acquisition costs	-75	-40
Other changes (*)	-43	-30
Free Cash Flow (FCF)	**658**	**714**
Net (acquisitions) / disposals	-3,644	-403
Capital increase / (decrease)	22	38
Share buy-back	-102	-59
Dividends paid	-79	-168
Change in net cash/(debt)	**-3,145**	**123**
Opening net cash/(debt)	**307**	**329**
Change in net cash/(debt)	-3,145	123
Foreign exchange rate fluctuation on net cash/(debt)	-34	-144
Closing net cash/(debt)	**-2,872**	**307**

(*) "Other changes" include other operating income with cash impact (excluding reorganization, rationalization and associated costs, integration and acquisition costs) and other financial items with cash impact, net long term financial investments excluding acquisitions and disposals, and profit sharing amounts payable transferred to debt.

Cash from Operations (CFO) amounted to € 1,051 million, stable compared to prior year. This resulted from the change of the three following components:

- OMDA (€-7 million) ;
- Capital expenditures (€ +50 million) ;
- Change in working capital requirement (€-49 million).

OMDA of € 1,601 million represented 13.1% of revenue, compared to 13.4% of restated revenue of last year:

(in €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Operating margin	**1,260**	**1,292**
+ Depreciation of fixed assets	431	448
+ Net book value of assets sold/written off	34	14
+/- Net charge/(release) of pension provisions	-68	-82
+/- Net charge/(release) of provisions	-56	-65
OMDA	**1,601**	**1,608**

Capital expenditures amounted to € 476 million or 3.9% of the revenue compared to € 526 million in 2017. The Group continued to invest, especially in its infrastructure business, in particular in Cloud architectures as well as in its payment platforms within Worldline.

The **working capital requirement** increased by € 74 million. The DSO ratio reached 43 days compared to 39 days at the end of December 2017. Further to IFRS 15 implementation, the calculation of the DSO takes into account the resale transactions receivables on which related revenue is recognized on a net basis (net of suppliers costs) while it does not take into account the gross revenue related to these transactions. The impact from this restatement at the end of 2017 amounts to 4 days. As a result, the post IFRS 15 DSO is structurally slightly higher than the underlying customer billing terms and payment terms. DSO has been positively impacted by the sale of receivables with no recourse on large customer contracts by 23 days, stable compared to December 2017. As of December 31, 2018, € 894 million of trade receivables were sold with no recourse to banks with transfer of risks as defined by IFRS 9 (€ 858 million as of December 31, 2017) and were therefore derecognized in the Statement of Financial Position as of December 31, 2018.

Cash out related to **tax paid** reached € 130 million, in line with last year.

The **cost of net debt** reached € 31 million compared to € 24 million in 2017. This was mainly explained by the new financing structure due to Syntel acquisition since October 2018.

Reorganization, rationalization and associated costs, and integration and acquisition costs reached € 189 million compared to € 157 million in 2017, significantly impacted by major acquisitions (Syntel, SIX Payment Services and equensWorldline) for € 53 million. Excluding those exceptional costs, those costs reached circa 1% of revenue in line with the Group policy.

Other changes amounted to €-43 million, compared to € -30 million in 2017. Excluding € 31 million of upfront and underwriting fees paid for the acquisition of Syntel, other changes amounted to € 12 million, mainly related to expenses of semi retirement schemes in Germany and France and payments related to 2017 litigations settlements mainly in UK.

As a result, the **Group Free Cash Flow (FCF)** generated during the year 2018 was € 658 million, or € 720 million excluding acquisition and upfront financing costs related to Syntel and SIX Payment Services acquisitions.

The net debt impact resulting from **acquisitions net of disposals** amounted to € 3,644 million and corresponded mainly to the acquisitions of Syntel for € 3,116 million (including acquired net debt/cash), SIX Payment Services for € 503 million (including acquired net debt/cash and the contingent consideration valuation).

Capital increase totaled € 22 million in 2018 compared to € 38 million in 2017, reflecting proceeds from stock options exercised (old equity-based compensation plans).

Share buy-back was implemented in 2018 for € 102 million in order to deliver performance shares with no dilution for shareholders.

The Group distributed a **dividend** of € 1.70 per share on 2017 results. The cash component (excluding option in shares) amounted to € 68 million.

Foreign exchange rate fluctuation determined on debt or cash exposure by country represented a decrease in net cash of €-34 million, mainly coming from the exchange rate of the Euro against British pound, Brazilian real, Argentinian peso and US dollar.

As a result, the **Group net debt position** was € 2,872 million at the end of December 2018, compared to a net cash position of € 307 million at the end of December 2017.

B.4.3 Financing policy

Atos has implemented a strict financing policy which is reviewed by the Group Audit Committee, with the objective to secure and optimize the Group's liquidity management. Each decision regarding external financing is approved by the Board of Directors. Under this policy, all Group treasury activities, including cash management, short-term investments, hedging and foreign exchange transactions, as well as off balance sheet financing through operating leases, are centrally managed through the Group Treasury department. Following a cautious short term financial policy, the Group did not make any short-term cash investment in risky assets.

B.4.3.1 Financing structure

Atos' policy is to fully cover its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

On December 20, 2018, Worldline signed with a number of major financial institutions a five-year revolving credit facility for an amount of € 0.6 billion maturing in December 2023, with an option for Worldline to request the extension of the maturity date until December 2025. The facility is available for general corporate purposes. The revolving credit facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On November 5, 2018, Atos announced the successful placement of its € 1.8 billion bond issue. The € 1.8 billion triple tranche bond issue consists of three tranches:

- € 700 million notes with a 3.5 year maturity and 0.75 % coupon
- € 750 million notes with a 6.5 year maturity and 1.75 % coupon
- € 350 million notes with a 10 year maturity and 2.50 % coupon

There are no financial covenants. The rating agency Standard and Poor's has assigned a rating of BBB+ to the three tranches, subsequently to the rating of Atos described herebelow.

On October 22, 2018, the rating agency Standard and Poor's has assigned a rating of BBB+ to Atos recognizing the strong investment grade profile of the Group.

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion revolving credit facility (the Facility) maturing in November 2023 with an option for Atos to request the extension until November 2025. The Facility is available for general corporate purposes and replaces the existing € 1.8 billion facility signed in November 2014. The Facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On October 9, 2018, Atos drew a bridge loan of $ 1.9 billion for the acquisition of Syntel. The bridge loan was fully reimbursed on November 9, 2018.

On October 9, 2018, Atos drew a term loan of $ 1.9 billion for the acquisition of Syntel. The term loan was composed of a 3-year $ 1.1 billion loan and a 5-year $ 0.8 billion loan. The term loan issuance by currency was $ 0.6 billion equivalent euros and $ 1.3 billion in USD. On December 14, 2018, Atos reimbursed $ 200 million out of the loan drawn in USD.

The $ 1.9 billion term loan includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On May 4, 2018 Atos implemented a Negotiable European Medium Term Note program (NEU MTN) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 600 million.

On June 2, 2017, Atos implemented a Negotiable European Commercial Paper program (NEU CP) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 900 million raised to € 1.8 billion in October 2018.

On September 29, 2016, Atos issued a Euro private placement bond of € 300 million with a seven-year maturity and with a 1.444% fixed interest rate (unrated). There are no financial covenants.

On July 2, 2015 Atos issued a bond of € 600 million with a five-year maturity. The coupon rate is 2.375% (unrated). There are no financial covenants.

Atos securitization program of trade receivables has been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program has been restricted to two French participant entities.

The program is still structured with two compartments, called ON and OFF:

- compartment "ON" is similar to the previous program (i.e. the receivables are maintained in the Group balance sheet) which remains by default the compartment in which the receivables are sold. This compartment was used at its lowest level;
- compartment "OFF" is designed so the credit risk (insolvency and overdue) of the debtors eligible to this compartment of the program is fully transferred to the purchasing entity of a third party financial institution.

As of December 31, 2018, the Group has sold:

- in the compartment "ON" € 85.2 million receivables for which € 5.9 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet;
- in the compartment "OFF" € 33.1 million receivables which qualify for de-recognition as substantially all risks and rewards associated with the receivables were transferred.

The Atos securitization program includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5.

B.4.3.2 Bank covenants

The Group was well within its borrowing covenant (leverage ratio) applicable to the multi-currency revolving credit facility, the $ 1.9 billion term loan and the securitization program, with a leverage ratio (net debt divided by OMDA) of 1.54 at the end of December 2018.

According to the credit documentation of the multi-currency revolving credit facility, the $ 1.9 billion term loan and the securitization program, the leverage ratio is calculated on a proforma basis, taking into account full year OMDA 2018 for Syntel and Six Payment Services.

The leverage ratio must not be greater than 2.5 times under the terms of the multi-currency revolving credit facility, the $ 1.9 billion term loan and the securitization program.

B.4.3.3 Investment policy

Atos has a policy to lease its office space and data processing centers. Some fixed assets such as IT equipment and company cars may be financed through leases. The Group Treasury department evaluates and approves the type of financing for each new investment.

B.4.3.4 Hedging policy

Atos' objective is also to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the existing floating-rate financial debt. Authorized derivative instruments used to hedge the debt are swap contracts, entered into with leading financial institutions and centrally managed by the Group Treasury department. The Group has entered into interest rate swaps in 2018.

B.5 Consolidated financial statements

B.5.1 Statutory auditors’ report on the consolidated financial statements for the year ended December 31, 2018

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors’ report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of Atos Company,

Opinion

In compliance with the engagement entrusted to us by the annual general meetings, we have audited the accompanying consolidated financial statements of Atos Company for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Business combination accounting
Note 1 "changes in the scope of consolidation" of consolidated financial statements

Key Audit Matter	Our audit approach
The Group completed the acquisition of Syntel Inc, on October 9, 2018 for an amount of €2,966m. Through its Worldline's division, the Group also acquired the payment services division of the SIX Group ("SPS") on November 30, 2018 for an amount of €2,826m. As described in note 1 of the consolidated financial statements, at December 31, 2018, the considerations transferred were subject to a preliminary allocation to the identifiable assets acquired and liabilities assumed, based on an estimate of their fair value and the information available at that date. These allocations led to the recognition of intangible assets, mainly customer relationship and technologies, and of a preliminary goodwill of €4,451m. We considered that the accounting treatment of these transactions was a key audit matter, given the materiality and the use of Management's estimates and judgment, in the determination of the considerations transferred, the preliminary allocation of this consideration to the asset et liabilities identified and goodwill.	We examined the determination of the fair value of the consideration for both acquisitions, including the assumptions and methods used to estimate the fair value of the contingent consideration for SPS. The consolidated opening balance sheets of Syntel Inc as of November 1st and the SPS as of December 1st, 2018 were subject to specific audit procedures covering their main entities. Our approach consisted in reviewing the preliminary expert's reports and assessing the consistency of the hypothesis and estimate used with the business plans obtained: - we performed interviews with the independent experts on the scope of his work, the valuation methodologies used and the main assumptions used; - we reviewed the relevance of the valuation methods used, with the support of our own valuation specialists; - we performed interviews with Management to corroborate the assumptions used in the business plans underlying the valuation of intangible assets. We examined the accounting treatment of related financing Based on these elements, we reviewed the calculation of these preliminary goodwill and assessed the appropriateness of the disclosures related to these acquisitions provided in the notes to the consolidated financial statements

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Revenue recognition on long term fixed-price contracts *Note 3 "Revenue, trade receivables, contract assets and contract costs" of consolidated financial statements*	
Key Audit Matter	**Our audit approach**
Regarding fixed-price contracts performed over the course of several years, particularly related to outsourcing, consulting and system integration activities, revenues are recognized, in accordance with IFRS 15 'Revenue from contracts with customers' based on the transfer of the control of the service provided. For multi-element service contracts, which may be a combination of different services, revenue is recognized separately for each performance obligation when the control is transferred to the customer. Revenue recognized depends on the fair value of the performance obligation and its allocated transaction price. Total contract costs and expected remaining costs are subject to regular monitoring to determine whether the stage of completion and margin recognized should be revised. If these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately through a provision for estimated losses on completion. We consider revenue recognition on long-term contracts and the associated costs as a key audit matter as identification of performance obligations and related allocations of the transaction price requires judgment from Management. When revenue is recognized on the basis of costs incurred, the completion degree relies on operational assumptions and estimates which impact the Group consolidated revenue and operating margin. .	We assessed the internal control environment relating to contract accounting. We tested the effectiveness of the key controls implemented by the financial controllers and the operational managers, in particular those relating to the costs incurred on contract and those relating to the costs to complete. For a number of contracts that were selected based upon quantitative and qualitative criteria (contracts that experienced technical difficulties or low profitability), we performed the following procedures: - For new fixed-price contracts, we corroborated the analysis and accounting treatment retained (allocation of the transaction price to the different performance obligations identified, and definition of recognition conditions of the revenue recognized for each performance obligation). - We corroborated initial budget margin to the financial data within the signed contract and the associated cost estimation. - For contracts in progress, we performed the following procedures on the completion degree when revenue is recognized over time: ▪ We reconciled the financial data (revenue, billing and work-in-progress) including in the workprogress spreadsheet that is updated monthly by the financial controller to the accounting records; ▪ we corroborated the amount of costs incurred with the data from the timesheet application system; ▪ We analyzed standard hourly rates' calculation methodology; ▪ We performed interviews with financial controllers and / or operational managers to assess the estimated costs yet to be incurred and the percentage of completion on the contract, which is the basis on which revenue and margin is recognized, we have furthermore analyzed the appropriateness of these estimates by comparing

	the forecasted data with the actual performance of the contract and by reconciling, if necessary, to the discussions with the client since the contract was signed; ▪ When necessary, we analyzed assumptions used by management to determine the loss recognized on any unprofitable contracts and confirmed these assumptions with historical performance on the contract and the remaining technical milestones to be achieved.

Goodwill valuation
Note 8 "Goodwill and fixed assets" of consolidated financial statements

Key Audit Matter	Our audit approach
As of December 31, 2018, the Goodwill is recorded in the balance sheet at a net book value of € 8,863 million, or 41% of the total assets. These assets are not amortized and are subject to an impairment test at least once a year. The annual impairment test is based on the value-in-use of each cash-generating unit (CGU), determined on the basis of an estimate of discounted future cash flows, requiring the use of assumptions and estimates. CGUs correspond to the geographical areas in which the Atos Group operates, with the exception of the Worldline CGU. We considered the valuation of goodwill as a key audit matter, given the weight of these assets in the consolidated balance sheet, the importance of management's judgment in determining cash flow assumptions, discount rates and long-term average growth rate, as well as the sensitivity of the valuation of their value-in-use to these assumptions.	As part of our audit, we examined the process implemented by the Company regarding the performance of impairment tests. We performed the following procedures, on the impairment tests for each CGUs: - we reconciled the cash-flow projections with the three year financial plan; - we analyzed the overall consistency of assumptions used with the performance history of the Group and / or the CGUs concerned and strengthened, especially through interviews with Management, future growth prospects, including the estimation of the perpetual growth rate used ; - we assessed, with the support of our valuation specialists, the appropriateness of the valuation model and the discount rates used in relation with market benchmarks; - we performed our own sensitivity calculations, to corroborate the analysis performed by Management, and verified the information disclosed in note 8 related to the assumption used and the sensitivity analysis is appropriate.

Valuation of defined benefits plans *Note 9 "Pension plans of other long-term benefits" to the consolidated financial statements*	
Key Audit Matter	**Our audit approach**
Certain employees and former employees of the Group benefit from defined benefit pension plans, which can be prepaid through plan assets (pension funds or insurance companies). The net obligations recognized in the Group balance sheet in respect of pension plans amount to € 1,197 million at December 31, 2018. The Group amends on a regular basis, by collective agreement or options to beneficiaries, the lump sum payments or annuities rights of certain plans. The main amendments performed in 2018 and their related impacts are disclosed in note 9 to the consolidated financial statements. We have considered the valuation of defined benefit pension plans as a key audit matter, based on: - the technical expertise required to assess inflation, discount, and longevity assumptions underlying the valuation of the plans, and the impacts that could result from a change in those assumptions on the recognized obligations. - the estimates related to beneficiaries' behaviors made by management to assess the impact of certain plan amendments, which could lead to significant impacts in operating margin, in case of variances with actual behaviors observed.	We reviewed the pension plans valuation process, and the methodology used by the Group to set up the underlying actuarial assumptions. With the support of our actuarial experts: - we assessed the actuarial assumptions used, in particular the consistency between the financial (inflation and discount rates) and demographic (mortality table) assumptions, in comparison with market indices and benchmarks, and; - for the plans we considered as the most significants, we reviewed the independent actuaries reports. We also reconciled the fair-value of plan assets with their market value (listed shares, bonds, swaps) or other external reports (real estate, unlisted shares, investments in infrastructure projects). We also verified that the recorded amendments of rights reflected the agreements signed with the beneficiaries of the plans. For amendments implying estimates on the beneficiaries' behaviors, we corroborated those estimates with the ones observed on similar plan amendments. Then, we verified that the information disclosed on the note 9 to the consolidated financial statements, in particular the description and changes on plans, the actuarial assumptions, and the sensitivity analysis disclosed, was appropriate.

Deferred tax assets recognition on tax loss carryforward *Note "Income tax" to the consolidated financial statements*	
Key Audit Matter	**Our audit approach**
Atos recognized a deferred tax asset on tax loss carryforward for € 90 million in the 2018 Group income tax. Deferred assets on tax losses carryforward amount to € 376 million as of December 31, 2018. Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as prepared by Management. Duration of forecasts depends on local specificities. The deferred tax assets on tax losses carryforward amount to € 4,107 million in basis, as of December 31, 2018, of which only a part is recognized with respect to estimated use. Unrecognized deferred assets on tax losses carryforward amounts to € 746 million as of December 31, 2018. We identified this issue as a key audit matter due to the particularly high level of tax loss carryforward that can be recognized, and the importance of Management judgment in taxable profits estimated and in tax loss carryforward use.	Our audit approach consisted in verifying the probability of the Company making future use of the tax loss carryforward generated to date, particularly in regard to: - deferred tax liabilities in the same tax jurisdiction, that could be offset against deferred tax assets with the same maturity; and - the Group's ability to generate future taxable profits in the relevant tax jurisdiction in order to use prior-year tax losses recognized as deferred tax assets. We reviewed the appropriateness of main data and assumptions on which relies tax forecasts underlying the recognition and recoverability of deferred tax assets on tax loss carryforward. We also assessed the appropriateness of information disclosed in the note 7 to consolidated financial statements.

Specific verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report, being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent insurance services provider.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We have been appointed as statutory auditors of the Company by your General Shareholders' meetings held on December 16, 1993 for Deloitte & Associés, and on October 31, 1990 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés was in its 25th year mandate, of total uninterrupted engagement, and for Grant Thornton in its 28th year mandate, total uninterrupted engagement, and for both statutory auditors, on 23 years of exercise of mandate since the Company securities were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-sur-Seine, February 21, 2019

The Statutory Auditors

French original signed by

Deloitte & Associés	Grant Thornton
Christophe Patrier	*Virginie Palethorpe*

B.5.2 Consolidated income statement

(in €million)	Notes	12 months ended 31 December 2018	12 months ended 31 December 2017 restated
Revenue	Note 3.1	**12,258**	**11,996**
Personnel expenses	Note 4.1	-5,553	-5,557
Operating expenses	Note 4.2	-5,444	-5,147
Operating margin		**1,260**	**1,292**
% of revenue		**10.3%**	**10.8%**
Other operating income and expenses	Note 5	-424	-417
Operating income		**836**	**875**
% of revenue		**6.8%**	**7.3%**
Net cost of financial debt	Note 6.1	-31	-24
Other financial expenses	Note 6.1	-94	-72
Other financial income	Note 6.1	38	34
Net financial income		-87	-62
Net income before tax		**749**	**813**
Tax charge	Note 7.1	-47	-149
Share of net profit/(loss) of associates		1	1
Net income		**703**	**665**
Of which:			
- attributable to owners of the parent		**630**	**601**
- non-controlling interests	Note 12.3	73	64

(In €million and shares)	Notes	12 months ended 31 December 2018	12 months ended 31 December 2017
Net income - Attributable to owners of the parent	**Note 12.1**	630	601
Weighted average number of shares		106,012,480	105,081,802
Basic earnings per share		**5.95**	**5.72**
Diluted weighted average number of shares		106,027,486	105,457,960
Diluted earnings per share		**5.95**	**5.70**

B.5.3 Consolidated statement of comprehensive income

(in € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017 restated**
Net income	**703**	**665**
Other comprehensive income		
- to be reclassified subsequently to profit or loss (recyclable):	**-4**	**-255**
Cash flow hedging	4	1
Change in fair value of available for sale financial assets	-	4
Exchange differences on translation of foreign operations	-12	-261
Deferred tax on items recyclable recognized directly on equity	4	2
- not reclassified to profit or loss (non-recyclable):	**-28**	**116**
Actuarial gains and losses generated in the period on defined benefit plan	-39	157
Deferred tax on items non-recyclable recognized directly in equity	11	-41
Total other comprehensive income	**-32**	**-139**
Total comprehensive income for the period	**671**	**526**
Of which:		
- attributable to owners of the parent	**609**	**463**
- non-controlling interests	62	63

B.5.4 Consolidated statement of financial position

(in € million)	Notes	December 31, 2018	December 31, 2017
ASSETS			
Goodwill	Note 8.1	8,863	4,384
Intangible assets	Note 8.2	2,813	1,310
Tangible assets	Note 8.3	725	693
Non-current financial assets	Note 6.3	328	281
Deferred tax assets	Note 7.4	459	381
Total non-current assets		**13,188**	**7,049**
Trade accounts and notes receivables	Note 3.2	2,965	2,660
Current taxes		74	33
Other current assets	Note 4.4	2,791	1,475
Current financial instruments	Note 11	12	8
Cash and cash equivalents	Note 6.2	2,546	2,260
Total current assets		**8,387**	**6,436**
TOTAL ASSETS		**21,576**	**13,484**

(in € million)	Notes	December 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		107	105
Additional paid-in capital		2,862	2,740
Consolidated retained earnings		2,760	1,498
Translation adjustments		-285	-282
Net income attributable to the owners of the parent	Note 12.1	630	601
Equity attributable to the owners of the parent	Note 12.2	**6,074**	**4,662**
Non-controlling interests	Note 12.3	2,027	564
Total shareholders' equity		**8,101**	**5,226**
Provisions for pensions and similar benefits	Note 9	1,385	1,350
Non-current provisions	Note 10	101	113
Borrowings	Note 6.4	4,381	1,241
Deferred tax liabilities	Note 7.4	421	119
Other non-current liabilities		5	5
Total non-current liabilities		**6,295**	**2,828**
Trade accounts and notes payables	Note 4.3	2,462	2,060
Current taxes		132	100
Current provisions	Note 10	146	173
Current financial instruments	Note 11	2	7
Current portion of borrowings	Note 6.4	1,037	712
Other current liabilities	Note 4.5	3,400	2,378
Total current liabilities		**7,180**	**5,431**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**21,576**	**13,484**

B.5.5 Consolidated cash flow statement

(in € million)	Notes	12 months ended 31 December 2018	12 months ended 31 December 2017
Profit before tax		**749**	**813**
Depreciation of assets	Note 4.2	431	448
Net charge / (release) to operating provisions		-124	-147
Net charge / (release) to financial provisions		35	37
Net charge / (release) to other operating provisions		20	23
Amortization of intangible assets (PPA from acquisitions)		128	109
Losses / (gains) on disposals of fixed assets		1	0
Net charge for equity-based compensation		52	86
Unrealized losses / (gains) on changes in fair value and other		-3	1
Net cost of financial debt	Note 6.1	31	24
Cash from operating activities before change in working capital requirement, financial interest and taxes		**1,320**	**1,395**
Tax paid		-130	-133
Change in working capital requirement		-74	-25
Net cash from / (used in) operating activities		**1,116**	**1,237**
Payment for tangible and intangible assets		-476	-526
Proceeds from disposals of tangible and intangible assets		33	25
Net operating investments		**-443**	**-501**
Amounts paid for acquisitions and long-term investments		-3,399	-411
Cash and cash equivalents of companies purchased during the period		-142	14
Proceeds from disposals of financial investments		11	5
Cash and cash equivalents of companies sold during the period		-	-3
Dividend received from entities consolidated by equity method		1	1
Net long-term investments		**-3,529**	**-393**
Net cash from / (used in) investing activities		**-3,972**	**-894**
Common stock issues on the exercise of equity-based compensation		22	18
Capital increase subscribed by non-controlling interests		-	20
Purchase and sale of treasury stock		-102	-59
Dividends paid		-68	-168
Dividends paid to non-controlling interests		-11	-2
New borrowings	Note 6.5	3,555	589
New finance lease	Note 6.5	3	6
Repayment of long and medium-term borrowings	Note 6.5	-287	-293
Net cost of financial debt paid		-31	-24
Other flows related to financing activities		-3	3
Net cash from / (used in) financing activities		**3,078**	**90**
Increase / (decrease) in net cash and cash equivalents		**222**	**433**
Opening net cash and cash equivalents		**2,182**	**1,900**
Increase / (decrease) in net cash and cash equivalents		222	433
Impact of exchange rate fluctuations on cash and cash equivalents		-26	-151
Closing net cash and cash equivalents	Note 6.5	**2,378**	**2,182**

B.5.6 Consolidated statement of changes in shareholders' equity

(in € million)	Number of shares at period-end *(thousands)*	Common Stock	Additional paid-in capital	Consolidated retained earnings	Translation adjustments	Items recognized directly in equity	Net income	Total	Non controlling interests	Total shareholders' equity
December 31, 2016	**104 908**	**105**	**2 713**	**950**	**-29**	**-1**	**579**	**4 316**	**519**	**4 835**
* Common stock issued	537	1	27	-	-	-	-	28	11	39
* Appropriation of prior period net income	-	-	-	579	-	-	-579	0	-	0
* Dividends paid	-	-	-	-168	-	-	-	-168	-2	-169
* Equity-based compensation	-	-	-	64	-	-	-	64	2	66
* Changes in treasury stock	-	-	-	-59	-	-	-	-59	-	-59
* Acquisition of Non controlling interest without a change in control	-	-	-	18	-	-	-	18	-29	-11
Transactions with owners	**537**	**1**	**27**	**434**	**0**	**0**	**-579**	**-117**	**-18**	**-135**
* Net income	-	-	-				601	601	64	665
* Other comprehensive income	-	-	-	112	-253	3		-137	-2	-139
Total comprehensive income for the period				**112**	**-253**	**3**	**601**	**463**	**63**	**526**
December 31, 2017	**105 444**	**105**	**2 740**	**1 496**	**-282**	**2**	**601**	**4 662**	**564**	**5 226**
* IFRS 9 Hedging impact				-6		6		0		0
December 31, 2017 restated	**105 444**	**105**	**2 740**	**1 490**	**-282**	**8**	**601**	**4 662**	**564**	**5 226**
* Common stock issued	1 442	2	122					123	5	128
* Appropriation of prior period net income	-	-	-	601	-	-	-601	0	-	0
* Dividends paid				-179				-179	-11	-190
* Equity-based compensation				53				53	4	57
* Changes in treasury stock				-84				-84	-13	-97
* Dilution impact				891				891	1 417	2 308
* Acquisition of Non controlling interest without a change in control				1				1	-1	0
* Other				-2				-2	0	-2
Transactions with owners	**1 442**	**2**	**122**	**1 281**	**0**	**0**	**-601**	**803**	**1 400**	**2 204**
* Net income							630	630	73	703
* Other comprehensive income				-22	-3	3		-22	-11	-32
Total comprehensive income for the period				**-22**	**-3**	**3**	**630**	**609**	**62**	**671**
December 31, 2018	**106 886**	**107**	**2 862**	**2 748**	**-285**	**11**	**630**	**6 074**	**2 027**	**8 101**

B.5.7 Notes to the consolidated financial statements

B.5.7.1 General information

Atos SE, the Group's parent company, is a société européenne (public limited company) incorporated under French law, whose registered office is located at 80, Quai Voltaire, 95870 Bezons, France. It is registered with the Registry of Commerce and Companies of Pontoise under the reference 323623603. Atos SE shares are traded on the NYSE Euronext Paris market under ISIN code FR0000051732. The shares are not listed on any other stock exchange. The Company is administrated by a Board of Directors.

The consolidated financial statements of the Group for the twelve months ended December 31, 2018 comprise the Group and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

These consolidated financial statements were approved by the Board of Directors on February 20, 2019. The consolidated financial statements will then be submitted to the approval of the General Meeting of Shareholders scheduled to take place on April 30, 2019.

B.5.7.2 Basis of preparation and significant accounting policies

Basis of preparation

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements for the twelve months ended December 31, 2018 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as at December 31, 2018. The international standards comprise the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Accounting policies applied by the Group comply with those standards and interpretations.

As of December 31, 2018, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB). Consequently, the Group's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB. Except the impacts of IFRS 15 and IFRS 9 implementations separately disclosed, the other new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning January 1, 2018 had no material impact on the consolidated financial statements:

- Amendment to IFRS 2 – Share based payments classification and measurement of share-based payment transactions.
- Amendments to IFRS 4 – Insurance contacts, regarding implementation of IFRS 9.
- Amendement to IAS 40 – Investement property regarding the transfer of property.
- Annual Improvements to IFRS Standards 2014–2016- Cycle – various standards.
- IFRIC 22 – Foreign currency transactions and advance consideration.

Changes in accounting policies

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has adopted IFRS 15 using the full retrospective method. Accordingly, the information presented for 2017 has been restated.

Principal versus agent

The Group has performed an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as an agent in the delivery of its contracts when the Group is reselling hardware, software or IT services. Under IAS 18, the Group used to apply a risks and rewards analysis to determine whether it was acting as principal or as an agent in a transaction. Under IFRS 15, the Group is considered as acting as principal if it controls goods and services before delivering them to the client by exercizing judgments that are further disclosed in Note 3.

Identification of the performance obligations in the multiple arrangements services contracts

Contracts delivered by Infrastructure & Data Management and Business & Platform Solutions Divisions often embed transition and transformation phases prior to delivery of recurring services. The new standard clarifies the treatment of such activities performed before delivering recurring services.

Under IFRS 15, when such transition and transformation phases represent standalone added value to the customer resulting in a transfer of control and are considered as distinct performance obligations, then revenue relating to those phases can be recognized. When this is not the case, costs incurred on those phases have to be capitalized when criteria required are met and amortized over the life of the contracts; the cash collected for such phases would have to be considered as advance payment. Under IAS 18, Atos Group used to recognize revenue on some transition phases when the Group had right to be paid for the work performed to date. Under IFRS 15, all transition phases are now capitalized, presented as contract costs and amortized over the life of the contract. This restatement is not material at Group level.

Financial impacts at Group level

2017 revenue under IFRS 15 decreased by € 695 million compared to the revenue recognized in accordance with IAS 18 and mostly relates to the agent versus principal restatement. The cumulative effect in equity as of January 1, 2017 is nil.

IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The Group elected not to present a comparative restated period as permited under IFRS 9.

Classification of Financial assets

IFRS 9 defines a new classification and measurement approach for financial assets. There are three principal classification categories for financial assets: measured at amortized cost, Fair Value through OCI (FVOCI), Fair Value through Profit & Loss. Those new classification requirements have no material impact on the Group's accounting for trade receivables, loans and cash and cash equivalent.

Impairment of financial assets and contract assets

IFRS 9 introduces a new forward-looking "expected loss" impairment model that replaces the existing "incurred loss" impairment model.

For trade receivables including contract assets, the Group applied the IFRS 9 simplified approach. Therefore, impairment requirement at January 1, 2018 had no material impact.

The cash and cash equivalents are held with bank and financial institution counterparties, majority of which are rated from A- to AA-. The estimated impairment on cash and cash equivalent is calculated based on the current default probability and is not material.

Hedge accounting

For hedge accounting, the Group has elected to apply the new requirements of IFRS 9.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchanges rates relating to foreign currency sales and purchases.

The Group designates only the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships for highly probable transactions. Under IAS 39, the change in fair value of the forward element of the forward exchange contracts is recognized immediately in profit and loss.

On adoption of IFRS 9 requirements, the Group has elected to separately account for the forward points as a cost of hedging. Consequently, the changes in forward points will be recognized in other comprehensive income and accumulated in a cost of hedging reserve as a separate component within equity and accounted for subsequently as gain and losses accumulated in the cash flow hedge reserve as part of the underlying covered transaction.

The impact on reserves and retained earnings at January 1, 2018 as result of the application of IFRS 9 hedge accounting requirements is a decrease in reserves and retained earnings and an increase in other comprehensive income by € 6 million.

Other standards

The Group does not apply IFRS standards and interpretations that have not been yet approved by the European Union at the closing date. A number of new standards are effective for annual periods beginning after January 1st, 2019 and an earlier application is permitted. The Atos Group has not early applied those amended standards in preparing these consolidated statements. Except for IFRS 16, Atos group does not anticipate any significant impact from the implementation of those new standards:

- IFRIC 23 Uncertainty over Tax Treatments;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement;
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards;
- Amendments to References to Conceptual Framework in IFRS Standards;
- IFRS 17 - Insurance Contracts.

IFRS 16

IFRS 16 replaces existing leases guidance IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. Atos Group, as a lessee, will have to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group will apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The Group also plans to apply exemptions allowed by IFRS 16.5 to not recognize short term leases (less than 12 months) and leases for which the underlying asset is of a low value.

When assessing the residual lease commitments duration for Real Estate, the Group has made an analysis of its main strategic sites including Data Centers to consider renewals reasonably certain to be exercised. The Group used incremental borrowing rates to calculate its lease liability as of January 1, 2019.

The Group has assessed the impact that initial application of IFRS 16 will have on its consolidated financial statements. As of January 1, 2019, the Group will recognize a right-of-use for Real Estate, IT equipments and cars used by employees and the underlying lease liability. The lease liability to be recognized as of January 1, 2019 will be in a range from € 1.3 to € 1.6 billion. The main impacts relate to Real Estate. This lease liability will be excluded from the Group net debt definition, therefore Free Cash Flow as per Group definition will remain comparable with prior years. Existing finance lease liability under IAS 17 as of January 1, 2019 will be reclassified from net debt to lease liability.

The nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge of right-of-use assets and interest expense on lease liabilities. The final impacts of adopting the standard on January 1, 2019 will be fine tuned and fully disclosed in June 30, 2019 interim financial statements.

These consolidated financial statements are presented in euro, which is the Group's functional currency. All figures are presented in € million. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

Accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities at the closing date. The estimates, assumptions and judgments that may result in a significant adjustment to the carrying amounts of assets and liabilities are essentially related to:

- Revenue recognition and associated costs on long-term contracts (Note 3 – Revenue, trade receivables, contract assets and contract costs);
- Goodwill, customer relationships, technologies & impairment tests (Note 8 – Goodwill & fixed assets);
- Measurement of deferred tax assets recognized on tax loss carry-forwards (Note 7 - Income Tax);
- Pensions (Note 9 - Pensions plans and other long-term benefits).

Consolidation methods

Subsidiaries are entities controlled directly or indirectly by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, combined with a shareholding of more than 50 percent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Jointly controlled companies are accounted for under the equity method when they are classified as joint ventures and consolidated on the basis of the percentage share specific to each balance sheet and income statement item when they are classified as joint operations.

Financial assets classification and business model

IFRS 9 defines three approaches to classify and measure financial assets based on their initial recognition.

- Amortized cost;
- Fair value though other components of comprehensive income;
- Fair value through profit and loss.

Financial assets are classified according to these three categories by reference to the business model the Group uses to manage them, and the contractual cash flows they generate. Loans, receivables and other debt instruments considered "basic lending arrangements" as defined by IFRS 9 (contractual cash flows that are solely payments of principal and interest) are carried at amortized cost when they are managed with the purpose of collecting contractual cash flows, or at fair value through other components of comprehensive income when they are managed with the purpose of collecting contractual cash flows and selling the asset, while debt instruments that are not "basic lending arrangements" or do not correspond to these business models are carried at fair value through profit and loss. Equity instruments are carried at fair value through profit and loss or, under an irrevocable option, at fair value through Other components of comprehensive income. The former financial asset categories under IAS 39 (loans and receivables, financial assets at fair value through profit and loss, investments held to maturity and available-for-sale financial assets) no longer exist.

The business model of the Group is to collect its contractual cash flows for its trade receivables. Trade receivables can be transferred to third parties (banks) with conditions of the transfers meeting IFRS 9 requirements, meaning transfer of contractual cash flows and transfer of substantially all risks and rewards are achieved. Those trade receivables are in that case derecognized, further to a precise analysis of the actual transfer of risks, the non materiality of any dilution risk based on past experience, and the absence of continuing involvement. The Group is selling 100% of the rights to cash flow it has on some trade receivables. A specific contract exists in the US where Atos only sells 90% of the right to cash flows and then derecognize 90% of the receivables. See Note 3 for full impact of trade receivables derecognized.

Presentation rules

Current and non-current assets and liabilities

Assets and liabilities classified as current are expected to be realized, used or settled during the normal cycle of operations. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

Assets and liabilities held for sale and discontinued operations

Should there be assets and liabilities held for sale or discontinued operations, they would be presented on separate lines in the Group's balance sheet, without restatements for previous periods. They are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets and liabilities are available for immediate sale in their present condition at the reporting date.

Should these assets and liabilities represent either a complete business line or a business unit, the profit or loss from these activities are presented on a separate line of the income statement, and is restated in the cash flow statement and the income statement.

Translation of financial statements denominated in foreign currencies

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rates for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euro at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy except Argentina. Argentina is a hyperinflationary economy since July 1, 2018. As such, all Profit & Loss items from Argentinian entities have been restated from inflation in accordance with IAS 29. Correction has been calculated month by month applying inflation since January 1, 2018 to end of each month until end of year. This led to a gross-up of Profit and Loss items in pesos. Those flows have been converted at the € vs pesos rate as of December 2018. This restatement on the Group net result did not have a material impact and did not impact the opening equity.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied as explained in the paragraph "Financial assets – Derivative financial instruments".

Operating margin

The underlying operating performance of ongoing activities is presented within operating margin, while unusual operating income/expenses are separately identified and presented below operating margin, in line with the ANC's (Autorité des Normes Comptables) recommendation n°2009-R-03 (issued on July 2, 2009) and recommendation n°2013-03 (issued on November 7, 2013) regarding the presentation of financial statements.

B.5.7.3 Notes to the consolidated financial statements

Note 1 Changes in the scope of consolidation

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or significantly improve its competitive position within a business or a geographical sector are accounted for as business combinations when fulfilling the definition of a business under IFRS 3.

Valuation of assets acquired, and liabilities assumed of newly acquired subsidiaries

Business combinations are accounted for according to the acquisition method. The consideration transferred in exchange for control of the acquired entity is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Direct transaction costs related to a business combination are charged to the income statement when incurred and presented as part of the Other Operating Income.

Non-controlling interests may, on the acquisition date, be measured either at fair value or based on their stake in the fair value of the identifiable assets and liabilities of the acquired entity. The choice of measurement basis is made on a transaction-by-transaction basis.

During the first consolidation, all the assets, liabilities and contingent liabilities of the subsidiary acquired are measured at their fair value.

In step acquisitions, any equity interest held previously by the Group is remeasured at fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss is recognized in net income.

Purchase of non-controlling interests and sale of interests in a controlled subsidiary

Purchase of non-controlling interests and sale transactions of interests in a controlled subsidiary that do not change the status of control are recorded through shareholders' equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income.

Syntel

Atos completed in October 2018 the acquisition of Syntel Inc., a leading global provider of integrated information technology and knowledge process services headquartered in Michigan, with $ 924 million revenue in 2017 of which 89% in North America, 25% operating margin, and c. 40% of its activities in digital, automation, and robotization. Syntel offers its customers high value-added digital services in several specific verticals such as Banking and Financial Services, Healthcare, Retail and Insurance.

Atos acquired 100% of Syntel Inc. which is fully consolidated since November 1, 2018.

Identifiable assets acquired and liabilities assumed at the date of acquisition

(in € million)	Assets acquired and liability assumed
Intangible assets	750
Tangible assets	77
Non-current financial assets	10
Deferred tax assets	48
Total non-current assets	**886**
Trade accounts and notes receivables	141
Current taxes	22
Other current assets	65
Cash and cash equivalents	66
Total current assets	**294**
TOTAL ASSETS (A)	**1,179**
Provisions for pensions and similar benefits	23
Deferred tax liabilities	221
Total non-current liabilities	**244**
Trade accounts and notes payables	30
Current taxes	39
Current portion of borrowings	254
Other current liabilities	44
Total current liabilities	**367**
TOTAL LIABILITIES (B)	**611**
Fair value of acquisition (A) - (B)	**568**

The valuation of assets acquired, and liabilities assumed at their fair value resulted in the recognition of customer relationships for € 536 million and developed technologies for € 205 million. Those new intangible assets have been valued by an independent expert and will be amortized over 12 years. An amortization of € 11 million has been recognized for the 2 months period ended December 31, 2018.

If new information is obtained within 12 months from the acquisition date about facts and circumstances that existed at acquisition date and influencing the fair value of assets and liabilities acquired, the purchase price allocation will be revised.

Consideration transferred and preliminary goodwill

(in € million)	Preliminary Goodwill
Total consideration paid [A]	2,966
USD versus EUR Hedging of the consideration paid [B]	-39
Tax effect on USD versus EUR Hedging of the consideration paid [C]	13
Fair value of identifiable net assets [D]	568
Preliminary Goodwill [A]+[B]+[C]-[D]	**2,373**

The residual goodwill is attributable to Syntel' highly skilled workforce and some know-how. It also reflects the synergies expected to be achieved from integrating Syntel operations into the Group. The goodwill arising from the acquisition is not tax deductible.

Acquisition-related costs

The Group incurred € 11 million of legal fees and due diligence costs. These costs have been recognized in "other operating income and expenses" in the Group's consolidated income statement.

2018 Revenue and result as though the acquisition had occurred on January 1, 2018.

If the acquisition of Syntel Inc. had occurred on January 1, 2018, the twelve-month revenue for 2018 would have been € 859 million and the twelve-month net income would have been € 120 million.

SIX Payment Services

Atos completed in November 2018 the acquisition of SIX Payment Services. SIX Payment Services is the payment services division of SIX Group, delivering at scale both commercial acquiring and financial processing services. SIX Payment Services is the clear leader of the DACH region (Deutschland Austria Switzerland), with n°1 commercial acquiring market positions in Switzerland, Austria and Luxembourg and a sizeable presence in Germany.

Worldline acquired 100% of SIX Payment Services which is fully consolidated since December 1, 2018.

Consideration transferred

(in € million)	
Equity instruments (49,066,878 ordinary shares of Worldline SA)	2,308
Cash	419
Contingent consideration arrangement	100
Total Consideration transferred	**2,826**

As part of the transaction, Worldline issued 49.1 million new ordinary shares representing 26.9% of the share capital of Worldline, fully paid up. The fair value of the shares issued was measured using the opening market price of Worldline SA 's ordinary shares on the acquisition date.

The contingent consideration arrangement requires Worldline to pay a cash consideration to the former shareholders of SIX Payment Services depending on the Worldline stock price in March 2020. Fair value was estimated using the Geometric Brownian motion model method based on Worldline share price at the acquisition date.

Identifiable assets acquired and liabilities assumed at the date of acquisition

(in € million)	**Assets acquired and liabilty assumed**
Fixed assets	783
Net Cash / (Debt)	33
Provisions	-19
Other net assets	-49
Fair value of acquisition	**748**

The valuation of assets acquired and liabilities assumed at their fair value resulted in the recognition of backlog and customer relationships for € 430 million and developed technologies for € 275 million. Those new intangible assets have been valued by an independent expert and will be amortized over 14 to 19 years. An amortization of € 4 million has been recognized for the 2 months period ended December 31, 2018.

Preliminary Goodwill

(in € million)	**Preliminary Goodwill**
Total consideration transferred	2,826
Total Consideration	**2,826**
Equity acquired	159
Fair value adjustments net of deferred tax	589
Fair Value of net assets	**748**
Total	**2,078**

The residual goodwill is attributable to SIX Payment Services' highly skilled workforce and some know-how. It also reflects the synergies expected to be achieved from integrating SIX Payment Services operations into the Group. The goodwill arising from the acquisition is not tax deductible.

If new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date that would lead to adjustments to the above amounts, then the acquisition accounting will be revised at that time.

Acquisition-related costs

The Group incurred € 18 million of legal fees and due diligence costs. These costs have been recognized in "other operating income and expenses" in the Group's consolidated income statement.

2018 Revenue and operating margin as though the acquisition had occurred on January 1, 2018.

If the acquisition of SIX Payment Services had occurred on January 1, 2018, the twelve-month revenue for 2018 would have been € 560 million and the twelve-month operating margin would have been € 73 million.

Change in ownership interests in Worldline

As Atos maintained control over Worldline after the SIX Payment Services acquisition, the proceeds of new shares issued resulting from a capital increase of Worldline is shown in Atos equity.

(in € million)	
Proceeds from the sales of new shares	1,173
Effect of dilution	-282
Result in equity	**891**

Worldline issued 49,066,878 of new shares in December at € 47.04 generating proceeds of € 2,308 million and recorded Non Controlling Interests for € 1,135 million. As a result, a € 282 million loss due to a dilution of 18.7% was also recorded in equity. Atos percentage of interest in Worldline decreased to 50.8%.

Other acquisitions

Convergence Creators Holding Gmbh (CVC)

In December 2017, Atos acquired CVC, a global multi-industry digital transformation solutions provider. This entity is fully consolidated from January 1, 2018. The consideration amounted to € 45 million generating a goodwill of € 38 million before allocation. The valuation of assets acquired, and liabilities assumed at their fair value has resulted in the recognition of new intangible assets (customer relationships and technology, valued by an independent expert) for a total amount of € 28 million.

Air-Lynx

Atos acquired Air-Lynx, a French manufacturer of next-generation professional radio networks based on 4G LTE market standards. Air-Lynx is fully consolidated from April 1, 2018. Impacts on Group financial statements are not material.

Note 2 Segment information

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO and Chairman of the Board of Directors who makes strategic decisions.

The internal management reporting is built on two axes: Global Business Units and Divisions (Infrastructure & Data Management (IDM), Business & Platform Solutions (B&PS), Big Data & Cybersecurity (BDS), Worldline). Global Business Units have been determined by the Group as key indicators by the chief operating decision maker. As a result, and for IFRS 8 requirements, the Group discloses Global Business Units as operating segments.

A Business Unit is defined as a geographical area or the aggregation of several geographical areas - except for the Worldline activities - which contain one or several countries, without taking into consideration the activities exercised within each country. Each Business Unit is managed by a dedicated member of the Executive Committee.

The measurement policies that the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements. Corporate entities are not presented as an operating segment. Therefore, their financial statements are used as a reconciling item. Corporate assets which are not directly attributable to the business activities of any operating segments are not allocated to a segment, which primarily applies to the Group's headquarters. Shared assets such as the European mainframe are allocated to the Business Unit where they are physically located even though they are used by several Business Units.

Operating segments	Activities
United Kingdom & Ireland	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Cybersecurity in Ireland and the United Kingdom.
France	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Cybersecurity in France and Morocco offshore delivery Center.
Germany	Business & Platform Solutions, Infrastructure & Data Management in Germany.
North America	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Cybersecurity in Canada, Mexico, the United States of America.
Benelux & The Nordics	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Cybersecurity in Belarus, Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, Poland, Russia, Sweden and The Netherlands.
Other Business Units	Business & Platform Solutions, Infrastructure & Data Management and Big Data and Cybersecurity in Algeria, Andorra, Argentina, Australia, Austria, Bosnia and Herzegovina, Brazil, Bulgaria, Chile, China, Colombia, South Korea, Croatia, Cyprus, Czech Republic, Egypt, Gabon, Greece, Hungary, Hong-Kong, India, Israel, Israel ITO Xerox activities, Italy, Ivory Coast, Japan, Lebanon, Malaysia, Madagascar, Mauritius, Morocco, Namibia, New-Zealand, Peru, Philippines, Portugal, Qatar, Romania, Saudi-Arabia, Senegal, Singapore, Serbia, Slovakia, Slovenia, South-Africa, Spain, Switzerland, Taiwan, Thailand, Tunisia, Turkey, UAE, Uruguay and also Major Events activities, Global Delivery Centers
Worldline	Hi-Tech Transactional Services & Specialized Businesses in Argentina, Austria, Belgium, Brazil, Chile, China, Czech Republic, Finland &Baltics, France, Germany, Hong-Kong, Iberia, India, Indonesia, Italy, Malaysia, Poland, Singapore, Sweden, Taiwan, The Netherlands, the United Kingdom and the United States of America.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. The revenues from each external contract amounted to less than 10% of the Group's revenue.

The operating segment information for the periods was the following:

(in € million)	United Kingdom and Ireland	France	Germany	North America	Benelux & The Nordics	Other Business Units	Worldline	Total Operating segments	Global Structures	Elimination	Total Group
12 months ended 31 December 2018											
External revenue by segment	**1,612**	**1,710**	**2,161**	**2,022**	**1,017**	**2,061**	**1,674**	**12,258**	**-**	**-**	**12,258**
% of Group revenue	13.2%	14.0%	17.6%	16.5%	8.3%	16.8%	13.7%	100.0%			100.0%
Inter-segment revenue	233	393	438	264	291	1,780	46	**3,445**	294	-3,739	**-**
Total revenue	1,845	2,104	2,598	2,287	1,308	3,841	1,720	15,703	294	-3,739	12,258
Segment operating margin	**193**	**150**	**137**	**202**	**76**	**275**	**293**	**1,326**	**- 66**	**-**	**1,260**
% of margin	11.9%	8.8%	6.3%	10.0%	7.5%	13.4%	17.5%	10.8%			10.3%
Total segment assets	**1,094**	**1,684**	**1,782**	**4,447**	**810**	**2,073**	**6,133**	**18,022**	**475**		**18,497**
Other information on income statement											
Depreciation of assets	-34	-32	-77	-78	-32	-58	-95	-406	-25		-431
Other informations											
Year end headcount	9,111	11,296	9,526	11,876	5,746	61,704	11,474	120,733	1,377		122,110
Capital expenditure	33	56	102	54	27	76	105	453	23		476
Net (debt) / Cash	-630	148	471	151	244	930	-35	1,279	-4,151		-2,872
12 months ended 31 December 2017 Restated											
External revenue by segment	**1,609**	**1,660**	**2,139**	**2,077**	**1,023**	**1,979**	**1,508**	**11,996**	**0**		**11,996**
% of Group revenue	13.4%	13.8%	17.8%	17.3%	8.5%	16.5%	12.6%	100.0%			100.0%
Inter-segment revenue	235	338	443	377	246	1,592	44	3,275	113	-3,388	0
Total revenue	1,844	1,997	2,582	2,455	1,269	3,572	1,553	15,272	113	-3,388	11,996
Segment operating margin	**181**	**163**	**190**	**266**	**94**	**224**	**253**	**1,371**	**-79**		**1,292**
% of margin	11.3%	9.8%	8.9%	12.8%	9.2%	11.3%	16.8%	11.4%			10.8%
Total segment assets	**920**	**1,893**	**1,497**	**987**	**663**	**1,615**	**2,257**	**9,832**	**979**	**-**	**10,810**
Other information on income statement											
Depreciation of assets	-42	-25	-67	-116	-31	-58	-91	-429	-19		-448
Other informations											
Year end headcount	9,009	11,948	9,540	9,279	6,216	40,497	9,467	95,956	1,310		97,267
Capital expenditure	32	44	103	95	65	61	107	505	21		526
Net cash	175	131	340	104	81	779	305	1,915	-1,607		307

The assets detailed above by segment are reconciled to total assets as follows:

(in €million)	December 31, 2018	December 31, 2017
Total segment assets	**18,497**	**10,810**
Tax Assets	533	414
Cash & Cash Equivalents	2,546	2,260
Total Assets	**21,576**	**13,484**

The Group revenues from external customers are split into the following divisions:

(in €million)	Infrastructure and Data Management	Business & Platform Solutions	Big Data & Cyber-security	Worldline	Total Group
12 months ended 31 December 2018					
External revenue by segment	**6,328**	**3,362**	**894**	**1,674**	**12,258**
% of Group revenue	51.6%	27.4%	7.3%	13.7%	100.0%
12 months ended 31 December 2017 restated					
External revenue by segment	**6,654**	**3,104**	**730**	**1,509**	**11,996**
% of Group revenue	55.5%	25.9%	6.1%	12.6%	100.0%

Note 3 Revenue, trade receivables, contract assets and contract costs

Implementation of IFRS 15

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Changes in accounting policies section. Revenue is recognized if a contract exists between Atos and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognized either against a contract asset or receivable, before effective payment occurs.

Multiple arrangements services contracts

The Group may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognized for each distinct good or service which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

Contracts delivered by Infrastructure & Data Management and Business & Platform Solutions Divisions often embed transition and transformation prior to the delivery of recurring services, such as IT support and maintenance.

When transition or transformation activities represent knowledge transfer to set up the recurring service and provide no incremental benefit to the customer (set up activities), no revenue is recognized in connection with these activities. The costs incurred during these activities are capitalized as contract costs if they create a resource that will be used in satisfying future performance obligations related to the contract and if they are recoverable. They are amortized on a systematic basis over the contractual period, taking into account any anticipated contract. The cash collected for such activities is considered as advance payment and recognized as revenue over the recurring service period.

In contrast, when these activities transfer to the customer the control of a distinct good or service and the customer could benefit from this good or service independently from the recurring services, they are accounted for separately as separate performance obligations and revenues relating to these activities are recognized.

When a single contract contains multiple distinct goods or services, the consideration is allocated between the goods and services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices including usual discounts granted at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost plus margin approach.

Principal versus agent

When the Group resells hardware, software and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Group is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognized on a gross basis. If the Group is an agent, revenue is recognized on a net basis (net of suppliers costs), corresponding to any fee or commission to which the Group is entitled. When the Group is providing a significant service of integrating the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Group is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

For Worldline activities, Revenue generated by acquiring activities is recognized net of interchange fees charged by issuing banks. The Group does not provide, a significant service of integrating the service performed by the issuing bank and is not responsible for the execution of this service. These fees are transferred to the merchant in a pass-through arrangement and are not part of the consideration to which the Group is entitled in exchange for the service it provides to the merchant. In contrast, scheme fees paid to the payment schemes (Visa, Mastercard, Bancontact…) are accounted for in expenses as fulfilment costs and recognized as revenue when invoiced to merchants. The Group provides commercial acquiring services by integrating the services purchased from the payment schemes.

At a point in time versus over time recognition

Revenue is recognized when the Group transfers the control of a good or service to the customer, either at a point in time or over time.

For recurring services, the revenue is recognized over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs. If the Group has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognized at that amount. Otherwise, revenue is recognized based on the costs incurred if the entity's efforts are not expensed evenly throughout the period covered by the service.

When the Group builds an asset or provides specific developments, revenue is recognized over time, generally based on costs incurred, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative use and the Group has an enforceable right to payment for the performance completed to date by the contract and local regulations. Otherwise, revenue is recognized at a point in time.

Contract costs - Costs to obtain and fulfill a contract

Incremental costs to acquire a multi-year service contracts are capitalized and amortized over the life of the contract.

Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalized as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract, are recoverable. Other costs incurred to obtain or fulfill a contract are expensed when incurred.

Balance sheet presentation

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to upfront payments received from customers in advance of the performance obligation. Contract costs are presented separately from contract assets.

Certain service arrangements might qualify for treatment as lease contracts under IFRIC 4 if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognizes assets held under lease and presents them as contract asset.

Revenue recognition and associated costs on long-term contracts

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognized. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

Financing component

When Atos expects the period between the transfer of goods and services and customer payment to be greater than 12 months, it assesses whether the contract is embedding a financing component granted or received. When significant, interests generated by this financing component are booked separately from revenue.

3.1. Disaggregation of revenue from contracts with customers

Most of revenue generated by IDM & B&PS divisions are recognized over time for fixed price contracts and at a point of time for time & material-based contracts. The Group applies the "cost-to-cost" method to measure progress to completion for fixed price contracts. Most of the BDS Revenue is recognized at a point of time when solutions are delivered except for High Performance Computers solutions when Atos is building a dedicated asset with no alternative use and has right to payment by the contract and local regulation for costs incurred embedding a reasonable margin.

In the following table, revenue from contracts with customers is disaggregated by markets. Disaggregated revenue by Global Business Units and Divisions is disclosed in Group's reportable segments (See Note 2).

(in €million)	**Manufacturing, Retail & Transport**	**Public & Health**	**Financial Services**	**Telcos, media & Utilities**	**Total Group**
12 months ended 31 December 2018					
External revenue by market	**4,492**	**3,387**	**2,449**	**1,930**	**12,258**
% of Group revenue	36.6%	27.6%	20.0%	15.7%	100.0%
12 months ended 31 December 2017 restated					
External revenue by market	**4,503**	**3,371**	**2,211**	**1,912**	**11,996**
% of Group revenue	37.5%	28.1%	18.4%	15.9%	100.0%

3.2. Trade accounts and notes receivables

(In €million)	**December 31, 2018**	**December 31, 2017 restated**
Contract assets	1,489	1,288
Trade receivables	1,471	1,446
Contract costs	89	48
Expected credit losses allowances	-84	-122
Net asset value	**2,965**	**2,660**
Contract liabilities	-776	-689
Net accounts receivable	**2,188**	**1,971**
Number of days' sales outstanding (DSO)	**43**	**39**

The average credit period on sale of services is between 30 and 60 days depending on the countries.

Most of the contract assets should be converted in trade receivables in the 12 coming months. Most of the contract liabilities should be converted in revenue in the 12 coming months.

The DSO ratio reached 43 days compared to 39 days at the end of December 2017.

Further to IFRS 15 implementation, the calculation of the DSO takes into account the resale transactions receivables on which related revenue is recognized on a net basis (net of suppliers costs) while it does not take into account the gross revenue related to these transaction. The impact from this restatement at the end of 2017 amounts to 4 days. As a result, the post IFRS 15 DSO is structurally slightly higher than the underlying customer billing terms and payment terms.

Transfer of trade receivables

Atos securitization program of trade receivables has been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The Group sold with recourse trade receivables for € 85 million. These trade receivables have not been derecognized from the statement of financial position, because the Group retains substantially all risks and rewards. The amount received on transfer has been recognized as a secured bank loan. The arrangement with the bank is such that the customer remit cash directly to the Group and the Group transfers the collected amount to the bank.

DSO has been positively impacted by the sale of receivables on large customer contracts by 23 days, stable compared to December 2017. As of December 31, 2018, € 894 million of trade receivables were transferred to third parties with conditions of the transfers meeting IFRS 9 requirements, meaning transfer of contractual cash flows and transfer of substantially all risks and rewards are achieved (€ 858 million as of December 31, 2017). Those trade receivables were therefore derecognized in the statement of financial position as of December 31, 2018. The € 894 million include $ 109 million related to a specific contract in the US where Atos only sells 90% of the right to cash flows and then derecognizes 90% of the receivables. For more details on the business model, please refer to the section "Basis of preparation and significant accounting policies" paragraph Financial assets classification and business model.

Expected loss model

The new forward looking "expected loss" impairment model introduces by IFRS 9 had no major impact on the overall impairment of contract assets and trade receivables.

Trade receivables related to bankrupcies of German customers (dated 2009 and 2012) for € 32 million have been written-off and the related provision for doubtful debt have been released for the same amount.

Ageing of net receivables past due

(In €million)	December 31, 2018	December 31, 2017
1-30 days overdue	128	126
31-60 days overdue	42	24
Beyond 60 days overdue	94	82
Total	**264**	**233**

Movement in expected credit losses allowances

(In €million)	December 31, 2018	December 31, 2017
Balance at beginning of the year	-122	-147
Impairment losses recognized	-12	-26
Amounts written off as uncollectible	27	30
Impairment losses reversed	-3	1
Impact of business combination	-7	-1
Reclassification and exchange differences	32	21
Balance at end of the year	**-84**	**-122**

Note 4 Operating items

4.1. Personnel expenses

(In €million)	12 months ended 31 December 2018	% Revenue	12 months ended 31 December 2017 restated	% Revenue
Wages and salaries	-4,438	36.2%	-4,444	37.0%
Social security charges	-1,146	9.3%	-1,167	9.7%
Tax, training, profit-sharing	-38	0.3%	-32	0.3%
Net (charge)/release to provisions for staff expenses	2	0.0%	3	0.0%
Net (charge)/release of pension provisions	68	-0.6%	82	-0.7%
Total	**-5,553**	**45.3%**	**-5,558**	**46.3%**

4.2. Non-personnel operating expenses

(In €million)	12 months ended 31 December 2018	% Revenue	12 months ended 31 December 2017 restated	% Revenue
Subcontracting costs direct	-2,058	16.8%	-1,909	15.9%
Hardware and software purchase	-1,018	8.3%	-931	7.8%
Maintenance costs	-664	5.4%	-563	4.7%
Rent & Lease expenses	-601	4.9%	-580	4.8%
Telecom costs	-327	2.7%	-314	2.6%
Travelling expenses	-143	1.2%	-166	1.4%
Company cars	-57	0.5%	-59	0.5%
Professional fees	-217	1.8%	-234	1.9%
Taxes & Similar expenses	-8	0.1%	-22	0.2%
Others expenses	-102	0.8%	-92	0.8%
Subtotal expenses	**-5,195**	**42.4%**	**-4,868**	**40.6%**
Depreciation of assets	-431	3.5%	-448	3.7%
Net (charge)/release to provisions	55	-0.4%	62	-0.5%
Gains/(Losses) on disposal of assets	-13	0.1%	-6	0.0%
Trade Receivables write-off	-27	0.2%	-30	0.3%
Capitalized Production	166	-1.4%	144	-1.2%
Subtotal other expenses	**-249**	**2.0%**	**-278**	**2.3%**
Total	**-5,444**	**44.4%**	**-5,147**	**42.9%**

4.3. Trade accounts and notes payable

(In €million)	December 31, 2018	December 31, 2017 restated
Trade payables and notes payable	**2,462**	**2,060**
Net advance payments	-37	-35
Prepaid expenses and advanced invoices	-666	-366
Net accounts payable	**1,759**	**1,659**
Number of days' payable outstanding (DPO)	**97**	**98**

Further to IFRS 15 implementation, the calculation of the DPO takes into account the resale transactions payables on which related costs are accounted on a net basis (offset by resale transactions revenue in the income statement) while it does not take into account the gross costs related to these transactions. The impact from this restatement at the end of 2017 amounts to 17 days. As a result, the post IFRS 15 DPO is structurally higher than the underlying supplier billing terms and payment terms.

4.4. Other current assets

(In €million)	**December 31, 2018**	**December 31, 2017**
Inventories	133	95
State - VAT receivables	273	195
Prepaid expenses and advanced invoices	666	366
Other receivables & current assets	530	467
Advance payment	37	35
Assets linked to intermediation activities	1,151	317
Total	**2,791**	**1,475**

The intermediation activities increased significantly with the acquisition of SIX Payment Services.

4.5. Other current liabilities

(In €million)	**December 31, 2018**	**December 31, 2017 restated**
Employee-related liabilities	512	500
Social security and other employee welfare liabilities	206	214
VAT payable	430	411
Contract liabilities	776	689
Liabilities linked to intermediation activities	1,151	317
Other operating liabilities	325	248
Total	**3,400**	**2,378**

Most of the contract liabilities should be converted in revenue in the 12 coming months.

The intermediation activities increased significantly with the acquisition of SIX Payment Services.

Note 5 Other operating income and expenses

"Other operating income and expenses" covers income or expense items that are unusual, abnormal and infrequent. They are presented below operating margin.

Charges to (or releases from) restructuring and rationalization plans, and associated costs are classified in the income statement according to the nature of the plan:

- plans directly related to operations are classified within Operating margin;
- plans relating to business combinations or qualified as unusual, infrequent and abnormal are classified in Operating income;
- if a restructuring plan qualifies for Operating income, the related real estate rationalization & associated costs regarding premises are also presented in Operating income.

When accounting for business combinations, the Group may record provisions for risks, litigations, etc. in the opening balance sheet for a period of 12 months beyond the business combination date. After the 12-month period, unused provisions arising from changes in circumstances are released through the income statement under "Other operating income and expenses".

"Other operating income and expenses" also include major litigations, and non-recurrent capital gains and losses on the disposal of tangible and intangible assets, significant impairment losses on assets other than financial assets, the amortization of customer relationships and Trademarks, amortization of equity based compensation and any other item that is deemed infrequent, unusual and abnormal.

Equity-based compensation

Free shares and stock options are granted to management and certain employees at regular intervals. These equity-based compensations are measured at fair value at the grant date using the Black-Scholes model. Changes in the fair value of options after the grant date have no impact on the initial valuation. The fair value of instruments is recognized in "other operating income and expense" on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognized directly in equity.

In some tax jurisdictions, Group entities receive a tax deduction when stock options are exercised, based on the Group share price at the date of exercise.

In those instances, a deferred tax asset is recorded for the difference between the tax base of the employee services received to date (being the future tax deduction allowed by local tax authorities) and the current carrying amount of this deduction, being nil by definition. Deferred tax assets are estimated based on the Group's share price at each closing date, and are recorded in income tax provided that the amount of tax deduction does not exceed the amount of the related cumulative stock option expenses to date. The excess, if any, is recorded directly in the equity.

Employee Share Purchase Plans offer employees the opportunity to invest in Group's shares at a discounted price. Shares are subject to a five-year lock-up period restriction. Fair values of such plans are measured taking into account:

- the exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant;
- the 20 percent discount granted to employees;the attribution of free shares for the first subscribed shares according to the matching share plan;
- the consideration of the five-year lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share; and
- the grant date: the date on which the plan and its term and conditions, including the exercise price, is announced to employees.

Fair values of such plans are fully recognized in "Other operating income and expenses" at the end of the subscription period.

The Group has also granted to management and certain employees free share plans. The fair value of those plans corresponds to the value of the shares at the grant date and takes into account employee turnover during the vesting period as well as the value of the lock-up period restriction when applicable.

Other operating income and expenses relate to income and expenses that are unusual and infrequent and represented a net expense of € 424 million in 2018. The following table presents this amount by nature:

(In € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Staff reorganization	-79	-83
Rationalization and associated costs	-38	-38
Integration and acquisition costs	-83	-43
Amortization of intangible assets (PPA from acquisitions)	-128	-109
Equity based compensation	-52	-86
Other items	-43	-59
Total	**-424**	**-417**

The € 79 million **staff reorganization** expense was mainly the consequence of the adaptation of the Group workforce in several countries such as Germany, the United Kingdom and the Netherlands. A significant staff reorganization was implemented in North America, however with more limited costs compared to other countries.

The € 38 million **rationalization and associated costs** primarily resulted from the closure of office premises and data centers consolidation, mainly in France, Germany and North America.

Integration and acquisition costs mainly relate to the acquisition and integration costs of new acquired companies. Syntel, SIX Payment Services and equensWorldline acquisition and integration costs amount to € 52 million while the other costs relate to the migration and standardization of internal IT platforms of earlier acquisitions.

The 2018 amortization of intangible assets recognized in the **Purchase Price Allocation** (PPA) of € 128 million was mainly composed of:

- € 22 million of SIS customer relationships amortized over 4 to 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 18 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014;
- € 11 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 10 million of Equens and Paysquare customer relationships amortized over 6.5 to 9.5 years starting October 1, 2016;
- € 4 million of SIX Payment Services customer relationships, technologies and patents amortized over 6 to 19 years starting December 1, 2018.

The **equity based compensation** expense amounted to € 52 million compared to € 86 million in 2017, in particular due to a lower performance in 2018.

In 2018, the Group strongly decreased the amount of **other items** from € 59 million to € 43 million facing less exceptional expenses related to cyberattacks, the implantation of GDPR or settlement of litigations. The € 43 million expenses this year corresponded mainly to semi retirement schemes in Germany and France.

Equity-based compensation

The € 52 million expense recorded within operating margin relating to equity-based compensation (€ 86 million in 2017) is made up of:

- € 53 million related to free shares plans granted from 2014 until 2018 of which € 4 million of 2018 free shares plans granted;
- € -1 million related to stock options plans implemented in Bull in 2014 and Worldline in 2016 and 2018.

The equity-based compensation plans are detailed by year and by nature as follows:

(In €million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
By years :		
Plans 2018	4	-
Plans 2017	8	9
Plans 2016	35	32
Plans 2015	6	23
Plans 2014	-2	17
Plans 2013	-	5
Plans 2012	-	0
Total	**52**	**86**
By category of plans :		
Free share plans	53	78
Stock options	-1	8
Total	**52**	**86**

Free shares plans

In 2018, the groups Atos & Worldline implemented new free shares plans detailed as follows:

Grant Date	**Atos March 27, 2018**	**Worldline July 21, 2018**	**Atos July 22, 2018**
Number of shares granted	8,550	366,685	891,175
Share price at grant date (€)	90.0	51.1	90.0
Vesting date	March 26, 2021	July 20, 2021	July 21, 2021
Expected life (years)	3	3	3
Expected dividend yield (%)	1.2	1.1	1.2
Fair value of the instrument (€)	**87.08**	**49.44**	**87.08**
2018 expense recognized *(in € million)*	0	2	2

Atos free share plans

Rules governing the free share plans in Group Atos (prior to 2018) are as follows:

- To receive the share, the grantee must generally be an employee or a corporate officer of the Group or a company employee related to Atos;
- Vesting is also conditional on both the continued employment condition and the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
  - Group revenue;
  - Group Operating Margin (OM); and
  - Group Free Cash Flow (FCF).
- The vesting period varies according to the plans rules but never exceeds 4.5 years;
- The lock-up period is 0 to 2 years;
- Atos free shares plans are equity-settled.

Following the announcement of the acquisition of Syntel, the Board of Directors replaced the performance criterion on FCF by a criterion based on earning per share (EPS) in respect of the July 25, 2017 free shares plans.

Rules described above applied to 2018 free shares plans are the same except for the FCF criterion replaced by earning per share (EPS).

The performance criteria for 75% of free shares granted as part of July 25, 2017, March 27, 2018 and July 22, 2018 free shares plans have further been modified by the Board of Directors on October 22, 2018 to align with the revised guidance provided to the market. These modifications have not been extended to the free shares granted to the Chairman and CEO in respect of the 2018 free share plan. Based on 2018 Group results, the remaining 25% of free shares of the above plans will not be vested (as well as 100% of the Chairman & CEO 2018 free share plan).

Previous plans impacting 2018 P&L charge detailed as follows:

Grant Date	**Atos July 28, 2014**	**Atos July 28, 2015**	
		French plan	**Foreign plan**
Number of shares granted	389,805	358,000	510,000
Share price at grant date (€)	55.74	69.07	
Vesting date	July 28, 2018	January 2, 2018	January 2, 2020
Expected life (years)	4 years	2.5 years	4.5 years
Lock-up period (years)	-	2.0 years	-
Risk free interest rate (%)	-	0.150	-
Borrowing-lending spread (%)	-	4.0	-
Expected dividend yield (%)	1.2	1.2	1.2
Fair value of the instrument (€)	**53.13**	**61.31**	**65.89**
2018 expense recognized *(in € million)*	2	6	

Grant Date	**Atos July 26, 2016**	**Atos July 24, 2017**	**Atos July 25, 2017**
Number of shares granted	947,884	38,738	777,910
Share price at grant date (€)	86.05	123.15	90.00
Vesting date	July 26, 2019	July 24, 2020	July 25, 2020
Expected life (years)	3	3	3
Lock-up period (years)	-	-	-
Risk free interest rate (%)	-	-	-
Borrowing-lending spread (%)	-	-	-
Expected dividend yield (%)	1.2	1.2	1.2
Fair value of the instrument (€)	**83.00**	**118.80**	**88.12**
2018 expense recognized *(in € million)*	30	2	-2

Subsidiaries free share plans

Rules governing the subsidiaries free share plans are as follows:

- To receive the share, the grantee must generally be an employee or a corporate officer of the subsidiaries or a company employee related to the subsidiaries;
- Vesting is also conditional on both the continued employment condition and the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
  - Revenue ;
  - Operating Margin before Depreciation and Amortization (OMDA) for Worldline plans or Operating Margin (OM) for Bull plans; and
  - Free Cash Flow (FCF).

- The vesting period varies according to the plans rules but never exceeds 3.5 years;
- Worldline free share plans are equity-settled whereas for Bull free share plans, by return mail within the 6 months following the acquisition date, Bull beneficiaries can either convert their shares into Atos shares or obtain a cash payment indexed on Atos share through the terms defined in the liquidity contract;
- If the performance conditions are met, the number of shares are subject to a multiplier from 85% to 130% according to an under/over performance;
- The lock-up period is 0 to 2 years.

Subsidiaries previous plans impacting 2018 P&L charge detailed as follows:

Grant Date	Bull August 9, 2013	Bull July 1, 2014	Worldline July 25, 2016 French Plan	 Foreign plans
Number of shares granted	319,000	1,115,000	229,250	133,000
Share price at grant date (€)	4.90	4.90	26.87	
Vesting date	August 9, 2015	December 31, 2017	July 25, 2018	July 25, 2019
Expected life (years)	2	3.5	2	3
Lock-up period (years)	2	-	1	-
Risk free interest rate (%)	-	-	-0.047	-
Borrowing-lending spread (%)	-	-	4.0	-
Expected dividend yield (%)	-	-	1.1	1.1
Fair value of the instrument (€)	**10.99**	**10.99**	**26.28**	**25.99**
2018 expense recognized *(in € million)*	0	-2	4	1

Grant Date	Worldline January 2, 2017	Worldline July 24, 2017
Number of shares granted	229,500	441,000
Share price at grant date (€)	26.78	33.24
Vesting date	February 1, 2019 September 1, 2019 April 1, 2020	24 July 2020
Expected life (years)	2.0 / 2.65 / 3.25	3
Lock-up period (years)	-	-
Risk free interest rate (%)	-	-
Borrowing-lending spread (%)	-	-
Expected dividend yield (%)	1.1	1.1
Fair value of the instrument (€)	**26.17/26.00/25.84**	**32.16**
2018 expense recognized *(in € million)*	2	6

With regards to the liquidity contract stipulating the conversion of shares either in Atos share or in cash from the acquisitin date, the breakdown for the Bull free share plans acquired was as follows at December 31, 2018:

		Conversion in Atos shares		Conversion in Cash		
	Number of shares initially granted	Number of shares	Total cost *(in € million)*	Number of shares	Total cost *(in € million)*	Number of outstanding shares not converted as of 31 December 2018
August 9, 2013	319,000	18,900	0	236,600	3	-
June 1, 2014	1,115,000	703,635	10	117,262	2	-
Total	1,434,000	722,535	10	353,862	4	-

Stock options plans

The Group recognized a total profit of € 1 million during the year related to former stock options plans implemented in Worldline and Bull entities detailed as follows:

Grant date	Number of options initially granted	Vesting Date	Number of options vested	2018 expense *(in € million)*
Bull				
March 14, 2014	200,000	March 14, 2018	200,000	0
July 1, 2014	2,030,000	July 1, 2018	1,407,500	-2
Worldline				
May 25, 2016	196,000	May 25, 2018	179,000	0
August 16, 2016	45,000	August 16, 2018	45,000	0
July 21,2018	262,000	July 21,2021	N/A	0
Total				-1

Atos stock options plans

The change in outstanding share options for **Atos SE** during the period was the following:

	12 months ended 31 December 2018		12 months ended 31 December 2017	
	Number of shares	Weighted average strike price (in €)	Number of shares	Weighted average strike price (in €)
Outstanding at the beginning of the year	**406,707**	**34.0**	**648,629**	**34.1**
Exercised during the year	-377,204	34.0	-241,705	32.9
Expired during the year	-4,036	27.2	-217	43.2
Outstanding at the end of the year	**25,467**	**52.2**	**406,707**	**34.0**
Exercisable at the end of the year, below year-end stock price (*)	**25,467**	**52.2**	**406,707**	**34.0**

(*) Year-end stock price: € 71.48 at December 31, 2018 and € 121.35 at December 31, 2017.

Bull stock options plans

Rules governing the stock options plans are as follows:

- To exercise the option, the grantee must generally be an employee or corporate officer of the former group Bull;
- Vesting is also conditional on the continued employment condition;
- Four vesting periods by portion of 25% of the total of the plan;
- By return mail within the 6 months following the acquisition date, beneficiaries of Bull stock options can either convert their shares into Atos shares or obtain a cash payment indexed on Atos share through a liquidity contract upon exercise of their options.

Grant Date	Bull March 14, 2014	Bull July 1, 2014
Number of shares granted	200,000	2,030,000
Share price at grant date (€)	4.9	4.9
Strike price (€)	3.8	5.0
Vesting date	25% March 14, 2015	25% July 1, 2015
	25% March 14, 2016	25% July 1, 2016
	25% March 14, 2017	25% July 1, 2017
	25% March 14, 2018	25% July 1, 2018
Expected Volatility (%)	34.47	35.39
Expected maturity of the plan	4.5 years	4.5 years
Risk free interest rate (%)	0.23	0.27
Expected dividend yield (%)	-	-
Fair value of the option acquired - Average at 31 December 2018 (€)	**5.93**	**4.57**
2018 expense recognized *(in € million)*	0	-2

With regards to the liquidity contract stipulating the conversion of options either in Atos share or in cash from the acquisition date, the breakdown for the Bull stock options plans acquired was as follows at December 31, 2018:

		Conversion in Atos shares		Conversion in Cash		
	Number of options initially granted	Number of shares	Total cost *(in € million)*	Number of shares	Total cost *(in € million)*	Number of outstanding options not converted as of 31 December 2018
March 2, 2012	985,000	26,250	0	661,250	2	-
March 1, 2013	755,000	25,000	0	551,250	3	-
August 9, 2013	600,000	44,500	0	399,250	3	-
November 8, 2013	70,000	35,000	0	35,000	0	-
March 14, 2014	200,000	200,000	1	-	-	-
July 1, 2014	2,030,000	840,250	4	567,250	3	-
Total	4,640,000	971,000	6	2,214,000	12	-

Worldline stock options plans

Rules governing the stock options plans are as follows:

- To exercise the option, the grantee must generally be an employee or corporate officer of the group Worldline or a company employee related to Worldline;
- Vesting is also conditional on the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
  - Revenue ;
  - Operating Margin before Depreciation and Amortization (OMDA); and
  - Free Cash Flow (FCF).
- The vesting period varies according to the plans rules but never exceeds 2 years;
- The option expiration date varies according to the plans rules but never exceeds 8.5 years after the vesting date;
- The exercise of the option is equity-settled.

The characteristics of each current stock options plans of Worldline are detailed as follows:

Grant Date	Worldline May 25, 2016	Worldline August 16, 2016	Worldline July 21, 2018
Number of shares granted	196,000	45,000	262,000
Share price at grant date (€)	27.1	27.4	51.0
Strike price (€)	26.8	28.6	52.9
Vesting date	May 25, 2018	May 25, 2018	July 20, 2021
Expected Volatility (%)	21.0	21.0	21.0
Expected maturity of the plan	5 years	5 years	5 years
Risk free interest rate (%)	-0.20	-0.33	0.02
Expected dividend yield (%)	1.1	1.1	1.1
Fair value of the option granted (€)	**4.21**	**3.67**	**7.31**
2018 expense recognized *(in € million)*	0	0	0

The change of outstanding share options for Worldline SA during the period was as the following:

	12 months ended 31 December 2018		12 months ended 31 December 2017	
	Number of shares	Weighted average strike price (in €)	Number of shares	Weighted average strike price (in €)
Outstanding at the beginning of the year	**2,270,174**	**21.2**	**2,851,641**	**20.9**
Granted during the year	262,000	52.9	-	-
Forfeited during the year	-14,500	26.8	-29,500	22.9
Exercised during the year	-392,197	22.4	-551,967	19.7
Outstanding at the end of the year	**2,125,477**	**24.8**	**2,270,174**	**21.2**
Exercisable at the end of the year, below year-end stock price	**1,863,477**	**20.9**	**2,270,174**	**21.2**

(*) Year-end stock price: € 42.20 at December 31, 2018 and € 40.67 at December 31, 2017.

Note 6 Financial assets, liabilities and financial result

6.1. Financial result

Net financial expense amounted to € 87 million for the period (compared to € 62 million prior year) and was composed of a net cost of financial debt of € 31 million and non-operational financial costs of € 56 million.

Net cost of financial debt

(in € million)	12 months ended December 31, 2018	12 months ended 31 December 2017
Net interest expenses	**-31**	**-23**
Interest on obligations under finance leases	-1	-1
Gain/(loss) on disposal of cash equivalents	1	1
Net costs of financial debt	**-31**	**-24**

Net cost of financial debt was € 31 million (compared to € 24 million in 2017) and resulted from the following elements:

- the average gross borrowing of € 3,330 million compared to € 2,190 million in 2017 bearing an average expense rate of 1.25% compared to 1.49% last year. The average gross borrowing expenses were mainly explained by:
  - the used portion of the syndicated loan combined with the Negotiable EUropean Commercial Papers (NEU CP) and the Negotiable EUropean Medium Term Note program (NEU MTN) for an average of € 1,239 million (compared to an average of € 1,103 million in 2017) bearing an effective interest rate of 0.28%, benefiting from the attractive remuneration applied to the NEU CP;
  - a € 600 million bond issued in July 2015 bearing a coupon rate of 2.375%;
  - a € 300 million bond issued in October 2016 bearing a coupon rate of 1.444%;
  - a € 700 million bond issued in November 2018 bearing a coupon rate of 0.750%;
  - a € 750 million bond issued in November 2018 bearing a coupon rate of 1.750%;
  - a € 350 million bond issued in November 2018 bearing a coupon rate of 2.500%;
  - a $ 1,900 million 3 and 5 year term loan signed in October 2018 drawn in $ and € at variable rate partially repaid in December for an amount of $ 200 million bearing an average effective interest rate of around 1.78%
  - other sources of financing, including securitization, for an average of € 194 million, bearing an effective interest rate of 2.60%.
- the average gross cash varied from € 1,339 million in 2017 to € 1,313 million in 2018 bearing an average income rate of 0.80% compared to 0.67% in 2017.

Other financial income and expenses

(in € million)	12 months ended December 31, 2018	12 months ended 31 December 2017
Foreign exchange income / (expenses)	5	1
Fair value gain/(loss) on forward exchange contracts held for trading	-1	-4
Other income / (expenses)	-61	-35
Other financial income and expenses	**-56**	**-38**
Of which:		
- other financial expenses	-94	-72
- other financial income	38	34

Non-operational financial costs amounted to € 56 million compared to € 38 million in 2017 and were mainly composed of pension related interest (broadly stable compared to € 30 million expense in 2017) and a net foreign exchange gain (including hedges) of € 5 million versus a net foreign exchange loss (including hedges) of € 3 million in 2017 and the SIX Payment Services contingent consideration variance for € -18 million. The pension financial cost represented the difference between interest costs on pension obligations and interest income on plan assets.

6.2. Cash and cash equivalents

Cash and cash equivalents include cash at bank and financial instruments such as money market securities. Such financial instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments and have a short maturity, in general three months or less from the date of acquisition. Some instruments, such as term deposits, that have at inception a longer maturity but provide for early withdrawal and a capital guarantee may also be classified as cash equivalents under certain circumstances. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Cash and cash equivalents are measured at their fair value through profit and loss.

For entities having subscribed to the Group cash pooling agreement, the cash/debt balance sheet positions which are linked to this agreement are mutualized and only the net position is presented in the consolidated balance sheet.

The cash and cash equivalents are held with bank and financial institutions counterparties, majority of which are rated A- to AA-. Impairment on cash and cash equivalent is calculated based on S&P default probability.

(In € million)	December 31, 2018	December 31, 2017
Cash in hand and short-term bank deposit	2,506	2,246
Money market funds	40	15
Total	**2,546**	**2,260**

Depending on market conditions and short-term cash flow expectations, Atos from time to time invests in money market funds or bank deposits with a maturity period not exceeding three months.

6.3. Non-current financial assets

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are recognized at their fair value. For listed shares, fair value corresponds to the share price at the closing date.

Visa preferred shares

Under IFRS 9 the analysis applied is the approach for debt instrument. The accounting treatment of debt instruments is determined by the business model of the financial instrument and the contractual characteristics of the incoming cash flows of the financial instruments. The understanding is that Visa's Convertible preferred stock does not pass the SPPI (Solely Payment of Principal and Interests) test because the cash flows generated by those stock include an indexation to the value of the Visa shares, and such equity indexation gives rise to a variability that do not solely represent a payment of principal and interests. In this situation, the accounting treatment of the debt instruments is fair value through P&L.

(In € million)		December 31, 2018	December 31, 2017
Pension prepayments	Note 9	116	114
Fair value of non-consolidated investments net of impairment		82	73
Other (*)		130	94
Total		**328**	**281**

(*) "Other" includes loans, deposits, guarantees and investments in associates accounted for under the equity method.

Main changes in non-consolidated investments are related to:

- the full consolidation in January1st, 2018 of Convergence Creators Holding GmbH (CVC), global multi-industry digital transformation solutions provider acquired by Atos end of 2017;
- the Twint investment part of SIX Payment Services Group, acquired by Worldline in 2018;
- the Visa preferred shares formerly owned by SIX Payment Services.

Other non-current financial items include upfront and underwriting fees related to Syntel acquisition amortized over the duration of the debt instrument.

6.4. Financial liabilities

Borrowings

Borrowings are recognized initially at fair value, net of debt issuance costs. Borrowings are subsequently measured at amortized cost. The calculation of the effective interest rate takes into account interest payments and the amortization of the debt issuance costs.

Debt issuance costs are amortized in financial expenses over the life of the loan though the use of amortized cost method. The residual value of issuance costs for loans derecognized is fully expensed on the date of derecognition.

Bank overdrafts are recorded in the current portion of borrowings.

Leases

Asset leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

(In €million)	December 31, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	-	2,700	2,700	-	900	900
Banks loans and commercial papers	809	1,556	2,365	550	330	880
Securitization	6	-	6	10	-	10
Finance leases	6	9	15	16	8	23
Other borrowings	216	116	332	136	3	140
Total borrowings	**1,037**	**4,381**	**5,418**	**712**	**1,241**	**1,953**

Borrowings in currencies

The carrying amounts of the Group borrowings were denominated in the following currencies:

(In €million)	EUR	Other currencies	Total
December 31, 2018	**3,940**	**1,477**	**5,418**
December 31, 2017	1,737	216	1,953

Value and effective interest rate of financial debt

The fair value of bank loans, which are primarily composed of variable interest rate loans, is considered to be equal to carrying value. For other elements of borrowings, carrying value is considered the best estimate of fair value, the difference between the fair value and the carrying value being not material.

Non-current borrowings maturity

(In €million)	2020	2021	2022	2023	>2023	Total
Bonds	600	-	700	300	1,100	2,700
Banks loans and commercial papers	79	781	0	696	-	1,556
Finance leases	4	3	1	1	1	9
Other borrowings	115	-	1	1	-	116
December 31, 2018	**798**	**784**	**702**	**997**	**1,101**	**4,381**

(In €million)	2019	2020	2021	2022	>2022	Total
Bonds	-	600	-	-	300	900
Banks loans and commercial papers	-	-	330	-	-	330
Finance leases	4	2	1	-	1	8
Other borrowings	1	-	-	1	-	3
December 31, 2017	**5**	**602**	**332**	**1**	**301**	**1,241**

Assumptions retained regarding the presentation of the maturity of non-current borrowings

The valuation of financial liabilities has been conducted based on:

- exchange rates prevailing as of December 31, 2018; and
- interest rates presented hereafter.

The effective interest rates in 2018 were as follows:

(In €million)	Carrying value	Fair value	Effective interest rate
Bonds	2 700	2 700	1,92%
Banks loans and commercial papers	2 365	2 365	0,66%
Finance leases	15	15	3,97%
Securitization and Other borrowings	337	337	-
Total borrowings	**5 418**	**5 418**	**-**

6.5. Change in net debt over the period

(In €million)	December 31, 2018	December 31, 2017
Opening net cash/(debt)	**307**	**329**
New borrowings	-1,758	-589
Bonds	-1,797	-
Repayment of long and medium-term borrowings	287	293
Variance in net cash and cash equivalents	222	433
New finance leases	-3	-6
Long and medium-term debt of companies sold during the period	3	-
Long and medium-term debt of companies acquired during the period	-103	-5
Impact of exchange rate fluctuations on net long and medium-term debt	-34	-144
Profit-sharing amounts payable to French employees transferred to debt	1	-1
Other flows related to financing activities	3	-3
Closing net cash/(debt)	**-2,872**	**307**

(in €million)	December 31, 2018	December 31, 2017
Cash and cash equivalents	2,546	2,260
Overdrafts	-168	-78
Total net cash and cash equivalents	**2,378**	**2,182**

Variance in net cash and cash equivalents include net long-term investments for $ 3,529 million detailed as follows:

Net long-term investments

(in €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Amounts paid for acquisitions and long-term investments		
First Data, Digital River and MRL Posnet	-2	-219
Pursuit Healthcare and Healthcare companies	-	-80
Imakumo	-	-16
Siemens Convergence Creators (CVC)	0	-45
Syntel	-2 927	-
SIX Payment Services	-419	-
Air-Lynx	-4	-
Paysquare	-2	-
Upfront and underwritting fees following Syntel acquisition	-31	-
Deposit	-5	-
Other	-9	-51
Total amounts paid for acquisitions and long-term investments	**-3 399**	**-411**
Cash and cash equivalents of companies purchased during the period		
First Data, Digital River and MRL Posnet	-	14
Imakumo	-	1
Siemens Convergence Creators (CVC)	10	-
Syntel	-188	-
SIX Payment Services	36	-
Air-Lynx	-1	-
Other	-	0
Total cash and cash equivalents of companies purchased during the period	**-142**	**14**
Proceeds from disposals of financial investments		
Paysquare Belgium	-	2
Alpha Cloud	3	-
Deposit	6	3
Other	2	-
Total proceeds from disposals of financial investments	**11**	**5**
Cash and cash equivalents of companies sold during the period		
Cheque Service	-	-3
Other	-	0
Total Cash and cash equivalents of companies sold during the period	**0**	**-3**
Dividend received from entities consolidated by equity method	1	2
Total dividend received from entities consolidated by equity method	**1**	**2**
Net long-term investments	**-3 529**	**-393**

6.6. Breakdown of assets and liabilities by financial categories

The book value of financial assets corresponds to their fair value.

As at December 31, 2018 the breakdown of assets was the following:

(In € million)	Loans and receivables at amortized cost	Fair value through other comprehensive income	Fair value through profit and loss	Derivative related assets
Non-current financial instruments	0	-	-	0
Trade accounts and notes receivables	2,965	-	-	-
Other current assets	2,791	-	-	-
Current financial instruments	-		2	10
Cash and cash equivalents	2,506	-	40	-
Total	**8,261**	**-**	**42**	**10**

As at December 31, 2017, the breakdown of assets was the following:

(In € million)	Loans and receivables	Available-for-sale financial assets	Financial assets held for trading (carried at fair value through profit or loss)	Derivative related assets
Non-current financial instruments	-	-	-	0
Trade accounts and notes receivables	2 660	-	-	-
Other current assets	1 475	-	-	-
Current financial instruments	-		1	6
Cash and cash equivalents	2 246	-	15	-
Total	**6 381**	**0**	**16**	**6**

As at December 31, 2018 the breakdown of liabilities was the following:

(In € million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortized cost	Derivative related liabilities	Other
Borrowings	-	4,381	-	-
Non-current financial instruments	-	-	3	-
Trade accounts and notes payables	2,462	-	-	-
Current portion of borrowings	-	1,037	-	-
Current financial instruments		-	2	-
Total	**2,462**	**5,418**	**5**	**-**

As at December 31, 2017 the breakdown of liabilities was the following:

(In € million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortized cost	Derivative related liabilities
Borrowings	-	1,241	-
Non-current financial instruments	-	-	-
Trade accounts and notes payables	2,060	-	-
Current portion of borrowings	-	712	-
Current financial instruments	3	-	4
Total	**2,063**	**1,953**	**4**

Note 7 Income tax

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. Deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse.

In case of a change in tax rate, the deferred tax assets and liabilities are adjusted through the income statement except if those changes relate to items recognized in other comprehensive income or in equity.

Deferred tax assets and liabilities are netted off at the taxable entity level, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognized to the extent they do not arise from the initial recognition of goodwill.

Deferred tax assets are tested for impairment at least annually at the closing date based on December actuals, business plans and impairment test data.

Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the 3-year business plans (other durations may apply due to local specificities).

7.1. Current and deferred taxes expense

(In € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Current tax	-153	-155
Deferred tax	106	6
Total	**-47**	**-149**

7.2. Effective tax rate

The difference between the French standard tax rate and the Effective Tax Rate (ETR) is explained as follows:

(In €million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Profit before tax	749	813
French standard tax rate	34.4%	34.4%
Theoretical tax charge at French standard rate	**-258**	**-280**
Impact of permanent differences	34	43
Differences in foreign tax rates	59	54
Movement on recognition of deferred tax assets	105	28
Equity-based compensation	-21	-29
Change in deferred tax rates	-	-5
Taxes not based on taxable income (mainly CVAE, IRAP, US State income Tax)	4	12
Withholding taxes	-5	-5
French Tax credit	20	18
Other	15	16
Group tax expense	**-47**	**-149**
Effective tax rate	**6.3%**	**18.3%**

The Group effective tax rate is 6.3% for 2018. It includes the recognition of deferred tax assets for € 90 million inherited from the Bull acquisition, due to the significant growth of digital transformation activities including cloud.

Excluding this positive effect of € 90 million, the effective tax rate would be at 18.3% comparable to last year.

7.3. Restated effective tax rate

After restating the unusual items, the restated profit before tax was € 1,173 million, restated tax charge of € 245 million and the restated effective tax rate was 20.9%.

(in €million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Profit before tax	**749**	**813**
Other operating income and expenses	-424	-417
Profit before tax excluding unusual items	**1,173**	**1,230**
Tax impact on unusual items	198	131
Group tax expense	-47	-149
Total of tax excluding unusual items	**-245**	**-280**
Restated effective tax rate	**20.9%**	**22.8%**

7.4. Deferred taxes assets and liabilities

(In €million)	**December 31, 2018**	**December 31, 2017**
Deferred tax assets	459	381
Deferred tax liabilities	421	119
Net deferred tax	**38**	**262**

7.5. Breakdown of deferred tax assets and liabilities by nature

(In €million)	Tax losses carry forward	Intangible assets recognized as part of PPA	Fixed assets	Pensions	Other	Total
December 31, 2016	**288**	**-154**	**44**	**289**	**-148**	**319**
Charge to profit or loss for the year	5	24	-22	8	-9	6
Change of scope	5	-15	7	0	-8	-10
Charge to equity	0	0	1	-41	1	-40
Reclassification	-7	1	-38	-7	48	-4
Exchange differences	-5	4	-3	-3	-4	-10
December 31, 2017	**287**	**-139**	**-12**	**245**	**-119**	**262**
Charge to profit or loss for the year	90	32	-17	6	-5	106
Change of scope	2	-379	-2	12	27	-340
Charge to equity	0	0	0	11	4	15
Reclassification	0	0	1	-1	0	0
Exchange differences	-3	0	-1	0	-1	-5
December 31, 2018	**376**	**-486**	**-31**	**273**	**-94**	**38**

7.6. Tax losses carry forward schedule (basis)

(In €million)	**December 31, 2018**			**December 31, 2017**		
	Recog-nized	**Unrecog-nized**	**Total**	**Recog-nized**	**Unrecog-nized**	**Total**
2018	-	-	-	1	11	12
2019	3	17	20	7	6	13
2020	7	26	33	1	27	28
2021	2	62	64	7	57	64
2022	2	102	104			
Tax losses available for carry forward for 5 years and more	22	115	137	115	78	193
Ordinary tax losses carry forward	**36**	**322**	**358**	**131**	**179**	**309**
Evergreen tax losses carry forward	**1,207**	**2,542**	**3,749**	**869**	**2,720**	**3,589**
Total tax losses carry forward	**1,243**	**2,864**	**4,107**	**1,000**	**2,899**	**3,899**

The countries with the largest tax losses available for carry forward were France (€ 1,884 million), Germany (€1,066 million), The Netherlands (€ 278 million), the United Kingdom (€ 192 million), the United States (€ 156 million), Brazil (€ 119 million), Spain (€ 95 million), Luxembourg (€ 85 million), and Austria (€ 72 million).

7.7. Deferred tax assets not recognized by the Group

(In €million)	December 31, 2018	December 31, 2017
Tax losses carry forward	746	807
Temporary differences	182	185
Total	**928**	**991**

Note 8 Goodwill and fixed assets

8.1. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, of the amount of any non-controlling interests in the acquiree and of the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to geographical areas where the Group has operations – except for the Worldline activities.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognized in the operating income.

The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and the remainder of the loss, if any, is allocated pro rata to the other long-term assets of the unit.

The Cash Generating Units used for the impairment test are not larger than operating segments determined in accordance with IFRS 8 Operating segments.

Goodwill is not amortized and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on December actuals and latest 3 year plan, or more often whenever events or circumstances indicate that the carrying amount could not be recoverable. Such events and circumstances include but are not limited to:

- significant deviance of economic performance of the asset when compared with budget;
- significant worsening of the asset's economic environment;
- loss of a major client;
- significant increase in interest rates.

Impairment tests

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policies stated below. The recoverable amounts of cash generating units are determined based on value-in-use calculations or on their fair value reduced by the costs of sales. These calculations require the use of estimates.

(In € million)	December 31, 2017	Impact of business combi-nation	Exchange differences and other	December 31, 2018
Gross value	4,956	4,488	-13	9,431
Impairment loss	-572		5	-567
Carrying amount	**4,384**	**4,488**	**- 9**	**8,863**

(In € million)	December 31, 2016	Impact of business combi-nation	Exchange differences and other	December 31, 2017
Gross value	4,752	272	-67	4,956
Impairment loss	-567	-	-5	-572
Carrying amount	**4,185**	**272**	**- 72**	**4,384**

Goodwill is allocated to Cash Generating Units (CGUs) that are then part of one of the operating segments disclosed in Note 2 Segment information as per IFRS 8 requirements. Changes in internal management reporting are applied retrospectively and comparative figures are restated.

A summary of the carrying values of goodwill allocated by CGUs or grouping of CGUs is presented hereafter. Overall, goodwill increased from € 4,384 million to € 8,863 million mainly due to the acquisitions of the year as detailed in Note 1 Changes in the scope of consolidation.

(In € million)	December 31, 2018	December 31, 2017
United Kingdom and Ireland	508	515
France	519	514
Germany	785	785
North America	2,967	608
Benelux & The Nordics	439	439
Other countries	596	554
Worldline	3,049	970
Total	**8,863**	**4,384**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans approved by management, covering a three-year period. They are also based on the following assumptions:

- terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 2.0% (aligned with 2017). Although sometimes exceeding the long-term average growth rate for the countries in which the Group operates, this rate reflects specifics perspectives of the IT sector; and
- discount rates are applied by CGU based on the Group's weighted average cost of capital and adjusted to take into account specific tax rates and country risks relating to each geographical area.

The discount rates used by CGU are presented below:

	2018 Discount rate	2017 Discount rate
United Kingdom and Ireland	8.4%	8.7%
France	8.3%	8.6%
Germany	8.3%	8.6%
North America	8.4%	8.6%
Benelux & The Nordics	8.3%	8.6%
Other countries	between 8.3% and 10.9%	between 8.6% and 10.7%
Worldline	8.3%	7.8%

Based on the 2018 goodwill impairment test, which was carried out at year-end, no impairment losses were recognized as at December 31, 2018.

An analysis of the calculation's sensitivity to a combined change in the key parameters (operating margin, discount rate and perpetuity growth rate) based on reasonably probable assumptions of variations of +/-50 bp for each of these parameters was performed and did not identify any probable scenario where the CGU's recoverable amount would fall below its carrying amount.

8.2. Intangible assets

Intangible assets other than goodwill

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, software, customer relationships and technologies acquired as part of a business combination as well as internally developed IT solutions.

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the generation of the asset into a research phase and a development phase.

Under IAS 38, no intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Such expenditure is therefore recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and to use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditure refers to IT solutions developed for the group's own use, to specific implementation projects for specific customers or innovative technical solutions made available to a group of customers. Development projects are analyzed on a case-by-case basis and the only costs which are capitalized are those attributable to the creation, production and preparation of the asset to be capable of operating in the manner intended by management.

Capitalized development expenditure is accounted for at cost less accumulated depreciation and any impairment losses. It is amortized on a straight-line basis over a useful life between 3 and 12 years, for which two categories can be identified:

- for internal software development with fast technology serving activities with a shorter business cycle and contract duration, the period of amortization will be between 3 and 7 years, the standard scenario being set at 5 years in line with the standard contract duration;
- for internal software development with slow technology obsolescence serving activities with a long business cycle and contract duration, the period of amortization will be between 5 and 12 years with a standard scenario of 7 years. It is typically the case for large mutualized payment platforms.

An intangible asset related to the customer relationships and backlog brought during a business combination is recognized as customer relationships. The value of this asset is based on assumptions of renewal conditions of contract and on the discounted flows of these contracts. This asset is amortized on an estimation of its average life.

The value of the developed technology acquired is derived from an income approach based on the relief from royalty method. This method relies on (i) assumptions on the obsolescence curve of the technology and (ii) the theoretical royalty rate applicable to similar technologies, to determine the discounted cash flows expected to be generated by this technology over their expected remaining useful life. The developed technology is amortized on an estimation of its average life. The cost approach may also be implemented as a secondary approach to derive an indicative value for consistency purposes. This method relies on assumptions of the costs that should be engaged to reproduce a similar new item having the nearest equivalent utility as the asset being valued. On the contrary, if technology is believed to be the most important driver for the business, an Excess Earning method could also be implemented.

Intangible assets are amortized on a straight-line basis over their expected useful life, generally not exceeding 5 to 7 years for internally developed IT solutions in operating margin. Customer relationships, patents, technologies and trademarks acquired as part of a business combination are amortized on a straight-line basis over their expected useful life, generally not exceeding 19 years; any related depreciation is recorded in other operating expenses.

(In €million)	Customer relationships	Trademarks, Software and licences	Other intangible assets	Total
Gross value				
December 31, 2017	**893**	**759**	**648**	**2,300**
Additions	-	101	5	106
Impact of business combinations	-	-	14	14
Intangible assets recognized as part of a Purchase Price Allocation	980	7	557	1,544
Capitalized costs	-	-	117	117
Disposals	-	-21	-12	-34
Exchange differences and others	24	9	-19	14
December 31, 2018	**1,898**	**854**	**1,309**	**4,061**
Accumulated depreciation				
December 31, 2017	**-354**	**-347**	**-289**	**-991**
Amortization charge for the year	-24	-28	-23	-74
Amortization of intangible assets recognized as part of a Purchase Price Allocation	-89	-36	-4	-128
Amortization of capitalized costs	-	-	-81	-81
Disposals	1	17	14	32
Exchange differences and others	-9	-2	6	-5
December 31, 2018	**-475**	**-396**	**-377**	**-1,248**
Net value				
December 31, 2017	**539**	**412**	**359**	**1,309**
December 31, 2018	**1,422**	**458**	**933**	**2,813**

(In € million)	Customer relationships	Trademarks, Software and licences	Other intangible assets	Total
Gross value				
December 31, 2016	**819**	**733**	**599**	**2,150**
Additions	-	35	10	45
Impact of business combinations	-	-1	-21	-22
Intangible assets recognized as part of a Purchase Price Allocation	74	15	-	90
Capitalized costs	-	-	121	121
Disposals	-	-15	-14	-29
Exchange differences and others	0	-8	-46	-55
December 31, 2017	**893**	**759**	**648**	**2,300**
Accumulated depreciation				
December 31, 2016	**-293**	**-318**	**-177**	**-788**
Amortization charge for the year	-	-42	-25	-67
Amortization of intangible assets recognized as part of a Purchase Price Allocation	-86	-23	-	-109
Amortization of capitalized costs	-	-	-83	-83
Disposals	-	13	12	25
Exchange differences and others	26	22	-17	31
December 31, 2017	**-354**	**-347**	**-289**	**-991**
Net value				
December 31, 2016	**526**	**415**	**422**	**1,362**
December 31, 2017	**539**	**412**	**359**	**1,309**

The 2018 amortization of intangible assets recognized in the Purchase Price Allocation (PPA) of € 128 million was mainly composed of:

- € 22 million of SIS customer relationships amortized over 4 to 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 18 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014;
- € 11 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 10 million of Equens and Paysquare customer relationships amortized over 6.5 to 9.5 years starting October 1, 2016;
- € 4 million of SIX Payment Services customer relationships, technologies and patents amortized over 6 to 19 years starting December 1, 2018.

The gross book value of customer relationship for € 1,898 million as at December 31,2018 presented above, included:

- € 534 million relative to the Syntel acquisition in 2018;
- € 418 million relative to the Six acquisition in 2018;
- € 357 million relative to the Siemens IT Solutions and Services acquisition in 2011;
- € 151 million relative to the Xerox ITO acquisition in 2015;
- € 109 million relative to the Anthelio acquisition in 2016;
- € 104 million relative to the Unify acquisition in 2016.

8.3. Tangible assets

Tangible assets are recorded at acquisition cost. They are depreciated on a straight-line basis over the following expected useful lives:

- buildings 20 years;
- fixtures and fittings 5 to 10 years;
- computer hardware 3 to 5 years;
- vehicles 4 years;
- office furniture and equipment 5 to 10 years.

Although some outsourcing contracts may involve the transfer of computing equipment to Atos, control of the asset usually remains with the customer as they generally retain the asset. When ownership of the computing equipment is transferred to the Group a payment generally occurs at the beginning of the contract. Therefore IFRIC 18 does not have a significant impact on the Group accounts.

Impairment of assets

Assets that are subject to amortization are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable value.

(In €million)	Land and buildings	IT equipments	Other tangible assets	Total
Gross value				
December 31, 2017	**438**	**1,041**	**171**	**1,650**
Additions	38	247	51	335
Impact of business combination	34	25	44	102
Disposals	-45	-265	-29	-339
Exchange differences and others	1	-77	-33	-109
December 31, 2018	**465**	**970**	**205**	**1,639**
Accumulated depreciation				
December 31, 2017	**-277**	**-592**	**-88**	**-957**
Depreciation charge for the year	-37	-212	-14	-263
Eliminated on disposal	24	210	24	258
Exchange differences and others	4	46	-1	49
December 31, 2018	**-286**	**-548**	**-80**	**-914**
Net value				
December 31, 2017	**161**	**449**	**83**	**693**
December 31, 2018	**179**	**422**	**125**	**726**

(In €million)	Land and buildings	IT equipments	Other tangible assets	Total
Gross value				
December 31, 2016	**455**	**1,103**	**158**	**1,717**
Additions	19	236	82	336
Impact of business combination	-1	14	2	15
Disposals	-33	-213	-21	-266
Exchange differences and others	-3	-99	-50	-152
December 31, 2017	**438**	**1,041**	**171**	**1,650**
Accumulated depreciation				
December 31, 2016	**-261**	**-605**	**-91**	**-957**
Depreciation charge for the year	-43	-224	-14	-281
Eliminated on disposal	16	172	19	208
Exchange differences and others	12	65	-2	74
December 31, 2017	**-277**	**-592**	**-88**	**-957**
Net value				
December 31, 2016	**194**	**498**	**68**	**760**
December 31, 2017	**161**	**449**	**83**	**693**

The tangible assets of the Group include mainly IT equipment used in production centers, in particular datacenters and software factories. Moreover, Atos policy is to rent its premises. Therefore, the land and building assets include mainly the technical infrastructure of Group datacenters.

Finance leases

Tangible assets held under finance leases had a net carrying value of € 15 million. Future minimum lease payments under non-cancellable leases amounted to € 16 million at year-end.

	December 31, 2018			December 31, 2017		
(In € million)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than one year	7	-1	6	16	-1	16
Between one and five years	9	0	9	8	0	8
Total	**16**	**-1**	**15**	**25**	**-1**	**23**

Note 9 Pension plans and other long-term benefits

The Group uses actuarial assumptions and methods to measure pension costs and provisions. The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate. The estimation of pension liabilities, as well as valuations of plan assets requires the use of estimates and assumptions.

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Costs relating to defined contribution costs are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been provided by beneficiaries.

The valuation of Group defined benefit obligations is based on a single actuarial method known as the "projected unit credit method". This method relies in particular on projections of future benefits to be paid to Group employees, by anticipating the effects of future salary increases. Its implementation further includes the formulation of specific assumptions which are periodically updated, in close liaison with external actuaries used by the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing.

From one accounting period to the other, any difference between the projected and actual pension plan obligation and their related assets is combined at each benefit plan's level to form actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period. All actuarial gains and losses on post-employment benefit plans generated in the period are recognized in "other comprehensive income".

Benefit plan costs are recognized in the Group's operating income, except for interest costs on obligations, net of expected returns on plans assets, which are recognized in "other financial income and expenses".

The total amount recognized in the Group balance sheet in respect of pension plans was € 1,197 million at December 31, 2018 compared to € 1,179 million at December 31, 2017. The total amount recognized for other longer-term employee benefits was € 71 million compared to € 56 million at December 31, 2017.

(In €million)	December 31, 2018	December 31, 2017
Amounts recognized in financial statements consist of :		
Prepaid pension asset	116	114
Accrued liability – pension plans [a]	-1,314	-1,293
Total Pension plan	**-1,197**	**-1,179**
Accrued liability – other long-term employee benefits [b]	-71	-56
Total accrued liability [a] + [b]	**-1,385**	**-1,350**

Pension plans

The Group's pension obligations are located predominantly in the United Kingdom (46% of Group total obligations), Germany (29%), and Switzerland (9%).

Characteristics of significant plans and associated risks

In the United Kingdom, these obligations are generated by legacy defined benefit plans, the majority of which have been closed to further accrual or new entrants. The plans are final pay plans and are subject to the UK regulatory framework where funding requirements are determined by an independent actuary based on a discount rate reflecting the plan's expected return on investments. Recovery periods are agreed between the plans' trustees and the sponsoring companies and may run up to 20 years if appropriate securities are provided by sponsors. The majority of plans are governed by a sole independent trustee.

The current asset allocation across United Kingdom plans is 73% fixed income, 27% equities and other assets and may vary depending on the particular profile of each plan. The interest rate and inflation exposures are cautiously managed through investment in Gilts, Indexed-Linked and interest rate swaps. The fixed income allocation comprises a significant exposure to investment grade credits and the equity allocation is well diversified geographically.

The plans do not expose the Group to any specific risks that are unusual for these types of benefit plans. Typical risks include, increase in inflation, longevity and a decrease in discount rates and adverse investment returns.

In Germany the majority of the liabilities relate to pension entitlements that transferred to the Group with the acquisition of SIS in 2011 and Unify in 2016. The plans cover multiple legal entities in Germany and are subject to the German regulatory framework, which has no funding requirements, but does include compulsory insolvency insurance (PSV). The plans are partially funded however, using a Contractual Trust Agreement (CTA). The CTA is governed by a professional independent third party. The investment strategy is set by the Investment Committee composed of employer representatives. The asset allocation related to the largest German schemes is 61% fixed income, 32% return seeking assets and other assets and 6% property. The asset allocation related to the other scheme is more in line with the lower interest rate sensitivities of the schemes and are predominantly invested in investment grade credits and, to a lesser extent, in balanced funds and European high yield.

In Switzerland, the obligations are generated by legacy defined benefit plans, exceeding the minimum benefit requirements under Swiss law (BVG). Pension contributions are paid by both the employees and the employer and are calculated as a percentage of the covered salary. The rate of contribution depends on the age of the employee. At retirement, the employees' individual savings capital is multiplied by the conversion rate, as defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability, the pension plan pays a disability pension until ordinary retirement age.

The Group obligations are also generated by Qualified and Unqualifed Pension plans in the USA and, to a lesser extent, by legal or collectively bargained end of service or end of career benefit plans. The Group obligations with respect to post-employment healthcare benefits are not significant.

Atos recognized all actuarial gains and losses and asset ceiling effects generated in the period in "Other comprehensive income".

Events in 2018

Atos set up its own independent Swiss foundation for the management of the risks of old age, death and disability benefits for employees of Atos AG and Atos Consulting, with full implementation in 2019. The rules of the foundation stipulate that any remaining funding shortfall, after consideration given to some legal measures, is shared between employees and Atos at a 40%/60% basis.

In the UK Equal treatment in pension provision between women and men has been required for service from 17 May 1990. Since then there has been lasting uncertainty about whether and how pension schemes should equalise benefits to counter the effect of Guaranteed Minimum Pensions (GMPs) accrued up to 5 April 1997. A verdict on the Lloyds Banking Group high court hearing on GMP equalisation was provided in October 2018. It confirms the legal obligation to equalise for GMPs in respect of benefits earned between 17 May 1990 and 5 April 1997. The clarification by the judgement on the methodology to be used to equalize, viewed as a reassessment of the risk itself related to the imbrication of the equalization with the plan benefit entitlements, is an increase in the liability of GBP 8.2 million.

In Germany "Übergangszuschuss" ("transition payment") benefit is granted to former Siemens employees who joined Siemens prior to 1 October 1983. Beyond that date, transition money benefit was no longer granted to new joiners. To qualify for the benefit of "transition payment" each employee had to stay at least 10 years in the company and leave the company at retirement. The Federal Labour Court of Germany has issued a judgment on 20 March 2018, whereby it states that the "Übergangszuschuss" ("transition payment") forms part of the company pension scheme and that the transition payment benefit is due to all former employees of the company who used to be eligible to it, irrespective of whether the employees are still active employees of the company before entering into pension or they have left for another group/company before retiring. This led to an increase of the liability by EUR 6.9 million, recorded under other operating income in the profit and loss account.

The acquisition of Syntel, in October, led to an increase in pension liabilities of € 14 million related to Indian unfunded Gratuity severance plan.

The acquisition of SIX Payment Services (SPS) in November led to an increase in pension liabilities (mainly in Switzerland) of € 223 million covered by € 239 million of plan assets.

Amounts recognized in the financial statements

The amounts recognized in the balance sheet as at December 31, 2018 rely on the following components, determined at each benefit plan's level:

(In € million)	**December 31, 2018**	**December 31, 2017**
Amounts recognized in financial statements consist of :		
Prepaid pension asset	116	114
Accrued liability – pension plans	-1,314	-1,293
Net amounts recognized – Total	**-1,197**	**-1,179**
Components of net periodic cost		
Service cost (net of employees contributions)	66	66
Past service cost, Settlements	-41	-64
Administration costs	4	4
Operating expense	**29**	**6**
Interest cost	108	114
Interest income	-82	-86
Financial expense	**26**	**29**
Net periodic pension cost – Total expense/(profit)	**55**	**34**
Change in defined benefit obligation		
Total Defined Benefit Obligation at January 1st	**4,735**	**5,000**
Exchange rate impact	-14	-161
Service cost (net of employees contributions)	66	66
Interest cost	108	114
Past service cost, Settlements	-42	-109
Business combinations/(disposals)	330	0
Employees contributions	9	9
Benefits paid	-184	-163
Actuarial (gain)/loss - change in financial assumptions	-124	30
Actuarial (gain)/loss - change in demographic assumptions	-12	-34
Actuarial (gain)/loss - experience results	29	-25
Reclassification		9
Defined benefit obligation at December 31st	**4,901**	**4,735**

The weighted average duration of the liability is about 16 years.

(In €million)	December 31, 2018	December 31, 2017
Change in plan assets		
Fair value of plan assets at January 1st	**3,557**	**3,615**
Exchange rate impact	-15	-146
Actual return on plan assets	-63	213
Employer contributions	46	27
Benefits paid by the funds	-146	-108
Settlements	-2	-48
Business combinations/(disposals)	322	0
Employees contributions	9	9
Administration costs	-4	-4
Fair value of plan assets at December 31st	**3,704**	**3,557**
Reconciliation of prepaid/(accrued) Benefit cost		
Funded status	-1,197	-1,178
Any other amount not recognized (asset ceiling limitation)	-1	-1
Prepaid/(accrued) pension cost	**-1,197**	**-1,179**
Reconciliation of net amount recognized (all plans)		
Net amount recognized at beginning of year	**-1,179**	**-1,388**
Net periodic pension cost	-55	-34
Benefits paid by employer	39	55
Employer contributions	46	27
Business combinations/(disposals)	-6	0
Amounts recognized in Other Comprehensive Income	-39	157
Other (exchange rate)	-1	15
Reclassification	-2	-10
Net amount recognized at end of year	**-1,197**	**-1,179**

The development in the main countries was as follows:

(In €million)	UK schemes	German schemes	Swiss schemes	Other schemes
Reconciliation of net amount recognized in main plans:				
Net amount recognized at beginning of year	**-87**	**-681**	**-16**	**-395**
Net periodic pension cost	-16	-21	-3	-14
Benefits paid by employer & employer contributions	32	19	5	28
Business combinations / disposals	0	-1	20	-26
Amounts recognized in Other Comprehensive Income	10	-27	-13	-9
Other (exchange rate and reclassification)	1	-9	0	6
Net amount recognized at end of year	**-60**	**-719**	**-7**	**-411**
Defined benefit obligation at December 31st	-2,225	-1,416	-435	-825
Fair value of plan assets at December 31st	2,164	697	428	415
Asset ceiling limitation at December 31st	0	0	0	0
Net amount recognized at end of year	**-60**	**-719**	**-7**	**-411**

Actuarial assumptions

Group obligations are valued by independent actuaries, based on assumptions that are periodically updated.

These assumptions are set out in the table below:

	United Kingdom		Eurozone		Switzerland		USA	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Discount rate	2.90%	2.70%	1,6% ~ 2,05%	1,5% ~ 1,95%	0,75% ~ 0,8%	0.65%	4.00%	3.50%
Inflation assumption	RPI: 3,20% CPI: 2,20%	RPI: 3,20% CPI: 2,20%	1.45%	1.45%	na	na	na	na

The inflation assumption is used for estimating the impact of indexation of pensions in payment or salary inflation based on the various rules of each plan.

Sensitivity of the defined benefit obligations of the significant plans to the discount rate and inflation rate assumptions is as follows:

	Discount rate +25bp	Inflation rate +25bp
United Kingdom main pension plans	-4.4%	+3.6%
German main pension plans	-3.7%	+2.5%

These sensitivities are based on calculations made by independent actuaries and do not include cross effects of the various assumptions, they do however include effects that the inflation assumption would have on salary increase assumptions for the United Kingdom.

Plan assets

Plan assets were invested as follows:

	December 31, 2018	December 31, 2017 restated
Equity	16%	19%
Bonds/Interest Rate Swaps	64%	66%
Real Estate	8%	6%
Cash and Cash equivalent	3%	2%
Other	9%	7%

Of these assets, 84% is valued on market value, 11% relates to property, private equity and infrastructure investments where valuations are based on the information provided by the investment managers and 5% relates to insurance contracts.

A significant part of the Bonds and Interest Rate Swaps are part of the interest rate hedging program operated by the Atos United Kingdom pension plans, which aims to hedge a significant portion of funding liabilities. None of the plans are hedged for longevity risks.

Atos securities or assets used by the Group are not material.

Situation of the United Kingdom pension funds and impact on contribution for 2019

The Group expects to contribute € 27 million to its United Kingdom schemes next year versus € 34 million in 2018.

Prepaid pension situations on balance sheet

The net asset of € 116 million mostly relates to two scheme in the United Kingdom and one scheme in Switzerland as a results of the SPS acquisition, and is supported by appropriate refund expectations according to IFRIC 14.

Summary net pension impacts on profit and loss

The net impact of defined benefit pension plans on Group financial statements can be summarized as follows:

(In €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Operating margin	-27	-10
Other operating income and expenses	-2	4
Financial result	-26	-29
Total (expense)/profit	**-55**	**-34**

Other long-term employee benefits

The net liabilities related to other long-term employee benefits were € 56 million per December 31, 2017. They increased to € 71 million per December 31, 2018 via expenses recorded in P&L (€ 23 million), additional liabilities due to acquisitions (€ 15 million), benefit payments (€ 20 million) net of other impacts (€ 3 million) including employer contributions and exchange rate impact.

Note 10 Provisions

The Group uses actuarial assumptions and methods to measure provisions. Provisions are recognized when:

- the Group has a present legal, regulatory, contractual or constructive obligation as a result of past events and;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and;
- the amount has been reliably quantified.

Provisions are discounted when the time value effect is material. Changes in discounting effects at each accounting period are recognized in financial expenses.

(In €million)	December 31, 2017	Charge	Release used	Release unused	Business Combi-nation	Other (*)	December 31, 2018	Current	Non-current
Reorganization	77	41	-67	-5	24	0	70	68	2
Rationalization	25	4	-6	-3	1	-2	18	6	12
Project commitments	46	14	-19	-20	17	0	37	30	7
Litigations and contingencies	138	11	-17	-23	16	-4	121	41	80
Total provisions	**286**	**69**	**-108**	**-51**	**58**	**-7**	**247**	**146**	**101**

(*) Other movements mainly consist of the currency translation adjustments

(In €million)	December 31, 2016	Charge	Release used	Release unused	Business Combi-nation	Other (*)	December 31, 2017	Current	Non-current
Reorganization	111	48	-78	-4	-	0	77	70	6
Rationalization	33	9	-12	-8	-	3	25	9	16
Project commitments	79	20	-25	-28	1	-1	46	33	13
Litigations and contingencies	168	26	-22	-34	14	-13	138	61	77
Total provisions	**392**	**103**	**-137**	**-75**	**14**	**-11**	**286**	**173**	**113**

(*) Other movements mainly consist of the currency translation adjustments

Reorganization

New reorganization provisions were posted for € 41 million over the year mainly in Germany, Central Eastern Europe and Benelux and The Nordics driven by new plans aimed at improving Group efficiency and productivity.

The € 67 million consumptions primarily corresponded to workforce optimization in Germany, Central Eastern Europe and Benelux and The Nordics.

New provision in the business combination mainly related to the acquisition of CVC.

Rationalization

The new provisions of € 4 million mainly relate to office premises rationalization in Germany and The Netherlands.

The € 6 million rationalization provisions were used against office premises rationalization costs in Germany and in the United States .

Project commitments

The € 14 million charge was mainly incurred in Central Eastern Europe, in Germany and Benelux and The Nordics.

Project commitments provisions released for € 19 million primarily related to losses incurred in Central Eastern Europe, Germany, and France.

The € 20 million project commitments unused provision releases reflected mainly the reduction of former contracts losses thanks to proactive project management or early settlements mainly in France, Benelux and The Nordics and the United Kingdom.

Litigation and contingencies

The closing position of contingency provisions of € 121 million was composed of a number of long-term litigation issues, such as tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers.

The legal department monitors these situations closely with a view to minimizing the ultimate liability.

Note 11 Fair value and characteristics of financial instruments

Derivative financial instruments

Derivative instruments are recognized as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting, whereupon:

- for fair value hedging of existing assets or liabilities, the hedged portion of an instrument is measured on the balance sheet at its fair value. Any change in fair value is recorded as a corresponding entry in the income statement, where it is offset simultaneously against changes in the fair value of the designated hedging elements except for any ineffectiveness;
- for cash flow hedging, the effective portion of the change in fair value of the hedging instrument is directly recognized in shareholders' equity as "items recognized directly in equity". The change in value of the ineffective portion is recognized in "Other financial income and expenses". Amounts deferred in equity are taken to the income statement at the same time as the related hedged cash flow.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchanges rates relating to foreign currency sales and purchases.

The Group designates only the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships for highly probable transactions. Under IAS 39, the change in fair value of the forward element of the forward exchange contracts is recognized immediately in profit and loss.

On adoption of IFRS 9 requirements, the Group has elected to separately account for the forward points as a cost of hedging. Consequently, the changes in forward points will be recognized in other comprehensive income and accumulated in a cost of hedging reserve as a separate component within equity and accounted for subsequently as gain and losses accumulated in the cash flow hedge reserve as part of the underlying covered transaction.

Financial risk management

The Group's activities expose it to a variety of financial risks including liquidity risk, interest rate risk, credit risk and currency risk. Financial risk management is carried out by the Group Treasury department and involves minimizing potential adverse effects on the Group's financial performance.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Atos' policy is to cover in full its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

Credit facilities are subject to financial covenants that are carefully followed by the Group Treasury department.

An analysis of the maturity of financial liabilities is disclosed in Note 6.4.

Interest rate risk

Interest rate risk arises mainly on borrowings. The management of exposure to interest rate risk encompasses two types:

- a price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Group is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the consolidated income statement and, as such, future net income of the Group up to maturity of these assets.
- a risk on floating-rate financial assets and liabilities should interest rates increase.

The main objective of managing overall interest rate risk on the Group's debt is to minimize the cost of debt and to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the floating-rate financial debt. Authorized derivative instruments used to hedge the debt are swap contracts entered with leading financial institutions.

Credit risk

The Group has no significant concentrations of credit risk. The client selection process and related credit risk analysis is fully integrated within the global risk assessment project conducted throughout the life cycle of a project. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions.

Currency risk

Atos Group policy promotes natural hedge positions in which costs and revenues are denominated in the same currency.

Nevertheless, the Group's financial performance can be influenced by fluctuations in exchange rate considering a growing portion of the external business involving offshore costs centers based mostly in India and Central Europe.

The Group has established a policy for managing foreign exchange positions resulting from commercial and financial transactions denominated in currencies different from the local currency of the relevant entity. According to this policy, any material exposure must be hedged as soon as it occurs. In order to hedge its foreign exchange rate exposure, the Group uses a variety of financial instruments, mainly forward contracts and foreign currency swaps.

Price risk

The Group has no material exposure to the price of equity securities, nor is it exposed to commodity price risks.

(In € million)	December 31, 2018		December 31, 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward foreign exchange contracts	12	-2	8	-7
Forward interest rate contracts	-	-3	-	-
Analysed as :				
Non-current	0	-3	0	0
Current	12	-2	8	-7

The fair value of financial instruments is provided by independant counterparties.

Interest rate risk

In 2018, bank loans and commercial papers of € +2 365 million, and in 2017 bank loans and Commercial Papers of € 880 million are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The Group may mitigate its interest rate exposure using interest rates swap contracts with financial institutions in order to fix the rate of a portion of the floating-rate financial debt. The fair value of the financial instruments used to hedge the floating-rate financial qualifies for cash flow hedge accounting.

Exposure to interest rate risk

The table below presents the interest rate risk exposure of the Group based on future debt commitments. The exposure at floating rate after hedging risk management is approximately € 389 million as at December 31, 2018. A 1.0% rise in 1-month Euribor would increase the financial expense by € 4 million assuming the structure (cash/floating debt/hedges) remains stable for the full period of the year.

(In €million)	Notes	Exposure Less than 1 year	 More than 1 year	Total
Bank loans & Commercial papers	6.4.1	-809	-1,556	-2,365
Securitization	6.4.1	-6	-	-6
Other		-48	-116	-163
Total liabilities		**-862**	**-1,672**	**-2,534**
Cash and cash equivalents	Note 6.2	2,546	-	2,546
Overdrafts		-168	-	-168
Total net cash and cash equivalents (*)		**2,378**	**-**	**2,378**
Net position before risk management		1,516	-1,672	-156
Hedging instruments		-	545	545
Net position after risk management		**1,516**	**-1,127**	**389**
Bonds	6.4.1	-	-2,700	-2,700
Finance Leases	6.4.1	-6	-9	-15
Total net debt/cash after risk management				**-2,326**

(*) Overnight deposits (deposit certificate) and money market securities and overdrafts

Liquidity risk

On December 20, 2018, Worldline signed with a number of major financial institutions a five-year **revolving credit facility** for an amount of € 0.6 billion maturing in December 2023, with an option for Worldline to request the extension of the maturity date until December 2025. The facility is available for general corporate purposes. The revolving credit facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On November 5, 2018, Atos announced the successful placement of its € 1.8 billion bond issue. The € 1.8 billion triple tranche bond issue consists of three tranches:

- € 700 million notes with a 3.5 year maturity and 0.75 % coupon
- € 750 million notes with a 6.5 year maturity and 1.75 % coupon
- € 350 million notes with a 10 year maturity and 2.50 % coupon

There are no financial covenants. The rating agency Standard and Poor's has assigned a rating of BBB+ to the three tranches, subsequently to the rating of Atos described herebelow.

On October 22, 2018, the rating agency Standard and Poor's has assigned a rating of BBB+ to Atos recognizing the strong investment grade profile of the Group.

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion revolving credit facility (the Facility) maturing in November 2023 with an option for Atos to request the extension until November 2025. The Facility is available for general corporate purposes and replaces the existing € 1.8 billion facility signed in November 2014. The Facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On October 9, 2018, Atos drew a bridge loan of $ 1.9 billion for the acquisition of Syntel. The bridge loan was fully reimbursed on November 9, 2018.

On October 9, 2018, Atos drew a term loan of $ 1.9 billion for the acquisition of Syntel. The term loan was composed of a 3-year $ 1.1 billion loan and a 5-year $ 0.8 billion loan. The term loan issuance by currency was $ 0.6 billion equivalent euros and $ 1.3 billion in USD. On December 14, 2018, Atos reimbursed $ 200 million out of the loan drawn in USD.

The $ 1.9 billion term loan includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On May 4, 2018 Atos implemented a Negotiable European Medium Term Note program (NEU MTN) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 600 million.

On June 2, 2017, Atos implemented a Negotiable European Commercial Paper program (NEU CP) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 900 million raised to € 1.8 billion in October 2018.

On September 29, 2016, Atos issued a Euro private placement bond of € 300 million with a seven-year maturity and with a 1.444% fixed interest rate (unrated). There are no financial covenants.

On July 2, 2015 Atos issued a bond of € 600 million with a five-year maturity. The coupon rate is 2.375% (unrated). There are no financial covenants.

Atos securitization program of trade receivables has been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program has been restricted to two French participant entities.

The program is still structured with two compartments, called ON and OFF:

- compartment "ON" is similar to the previous program (i.e. the receivables are maintained in the Group balance sheet) which remains by default the compartment in which the receivables are sold. This compartment was used at its lowest level;
- compartment "OFF" is designed so the credit risk (insolvency and overdue) of the debtors eligible to this compartment of the program is fully transferred to the purchasing entity of a third party financial institution.

As of December 31, 2018, the Group has sold:

- in the compartment "ON" € 85 million receivables for which € 6 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet;
- in the compartment "OFF" € 33 million receivables which qualify for de-recognition as substantially all risks and rewards associated with the receivables were transferred.

The Atos securitization program includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5.

The calculation of the above-mentioned ratios as of December 31, 2018 is provided below in respect of the credit documentation of the multi-currency revolving credit facility, the $ 1.9 billion term loan and the securitization program, the leverage ratio is calculated on a proforma basis, taking into account full year OMDA 2018 for Syntel and Six Payment Services.

Nature of ratios subject to covenants	**Covenants**	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Leverage ratio (net debt/OMDA)	not greater than 2.5	1.54	-0.20

Currency exchange risk

Atos operates in 73 countries. However, in most cases, Atos invoices in the country where the Group renders the service, thus limiting the foreign exchange risk. Where this is not the case, the Group generally uses hedging instruments such as forward contracts or foreign currency swaps to minimize the risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(In €million)	2018	2017	2018	2017	2018	2017
	EUR		GBP		USD	
Assets	107	193	17	17	180	199
Liabilities	34	170	3	12	30	111
Foreign exchange exposure before hedging	73	23	14	5	150	88
Hedged amounts	-347	-291	-85	-81	-78	-55
Foreign exchange impact after hedging	**-274**	**-267**	**-72**	**-76**	**72**	**32**

Foreign currency sensitivity analysis

The Group is mainly exposed to the EUR, GBP and the USD.

The following table details the Group sensitivity to a 5% increase and decrease of the sensitive currency against the relevant functional currency of each subsidiary. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% increase in foreign currency rates.

(In €million)	2018	2017	2018	2017	2018	2017
	EUR		GBP		USD	
Income Statement	-14	-13	-4	-4	4	2

Hedge accounting

There is no material deviation between the maturity of the financial instruments and the period in which the cash flows are expected to occur.

As at December 2018, derivatives were all allocated to the hedging of transactional risks (foreign exchange currency risks). From an accounting point of view, most of the derivatives were considered as cash flow hedge instruments.

The breakdown of the designation of the instruments by currency is as follows:

(In €million)	December 31, 2018		December 31, 2017	
Instruments	Fair value	Notional	Fair value	Notional
Cash flow hedge				
Interest rate				
SWAP	-3	545	-	-
Foreign exchange				
Forward contracts USD	-	88	-1	11
Forward contracts GBP	-	4	0	-5
Forward contracts INR	7	142	1	154
Forward contracts KRW	-	-	0	1
Forward contracts MXN	-1	25	0	8
Forward contracts MYR	-	-	-	-
Forward contracts PLN	-	118	2	84
Forward contracts PHP	1	24	0	9
Forward contracts RON	1	44	0	35
Forward contracts RUB	-	6	0	8
Forward contracts MAD	1	20	1	27
Forward contracts CNY	-	2	0	2
Forward contracts DKK	-	-	0	1
Forward contracts CNH	-	-	-	-
Forward contracts CHF	-	-8	1	-10
Forward contracts TRY	-	-	-	-
Forward contracts CZK	-	-	0	9
Forward contracts HUF	-	-	0	1
Option contracts JPY	-	-	-	-
Trading and fair value hedge				
Foreign exchange				
Forward contracts USD	-	19	-3	20
Forward contracts GBP	-	-13	0	-4
Forward contracts INR	-	8	0	9
Forward contracts MAD	-	3	0	2
Forward contracts CNY	-	-	0	1
Forward contracts DKK	-	-	0	1
Forward contracts CHF	-	-	-	0
Forward contracts MYR	-	-	-	-
Forward contracts BRL	-	-	0	0
Forward contracts RON	-	7	0	5
Forward contracts PLN	-	24	0	16
Forward contracts PHP	-	4	0	6
Forward contracts MXN	-	-	0	6

The net amount of cash flow hedge reserve at December 31, 2018 was €+6 million (net of tax), with a variation of €+3 million (net of tax) over the year.

Note 12 Shareholders' equity

12.1. Earnings per share

Basic earnings per share is calculated by dividing the net income (attributable to owners of the parent) by the weighted average number of ordinary shares outstanding during the period. Treasury shares deducted from consolidated equity are not taken into account in the calculation of basic or diluted earnings per share.

Diluted earnings per share is calculated by dividing the net income attributable to owners of the parent, adjusted for the financial cost net of tax of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted (stock options and convertible debt).

The dilutive impact of each convertible instrument is determined in order to maximize the dilution of basic earnings per share. The dilutive impact of stock options is assessed based on the average price of Atos shares over the period.

Potential dilutive instruments comprised stock options (15,254 employee stock options) and did not generate a restatement of net income used for the diluted EPS calculation.

(In €million and shares)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Net income – Attributable to owners of the parent [a]	**630**	**601**
Impact of dilutive instruments	-	-
Net income restated of dilutive instruments - Attributable to owners of the parent [b]	**630**	**601**
Average number of shares outstanding [c]	106,012,480	105,081,802
Impact of dilutive instruments [d]	15,254	376,158
Diluted average number of shares [e]=[c]+[d]	106,027,734	105,457,960
(In €)		
Basic EPS [a] / [c]	**5.95**	**5.72**
Diluted EPS [b] / [e]	**5.95**	**5.70**

No significant share transactions occurred subsequently to the 2018 closing that could have a dilutive impact on earnings per share calculation.

12.2. Equity attributable to the owners of the parent

Treasury stock

Atos shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

Capital increase

In 2018, Atos SE increased its share capital by incorporating additional paid-in-capital and common stock for €123 million related to the issuance of 1,440,870 new common stocks split as follows:

- 1,063,666 new shares,
- exercise of 377,204 stock options in 2018.

As at December 31, 2018, Atos SE issued share capital amounted to € 107 million, divided into 106,886,219 fully paid-up common stock of € 1.00 par value each.

12.3. Non-controlling Interests

Non-controlling interests purchase commitments

Firm or conditional commitments under certain conditions to purchase non-controlling interests are similar to a purchase of shares and are recorded in borrowings with an offsetting reduction of non-controlling interests.

For puts granted after January 1, 2010, when the cost of the purchase exceeds the amount of non-controlling interests, the Group chooses to recognize the balance in equity (attributable to owners of the parent). Any further change in the fair value of the non-controlling interests purchase commitment will also be recorded in equity (attributable to owners of the parent).

(In €million)	**December 31, 2017**	**2018 Income**	**Capital Increase**	**Dividends**	**Scope Changes**	**Others**	**December 31, 2018**
Worldline	555	69	1,140	-7	282	-20	2,019
Other	10	4	0	-4	-1	0	9
Total	**564**	**73**	**1,140**	**-11**	**281**	**-20**	**2,027**

(In €million)	**December 31, 2016**	**2017 Income**	**Capital Increase**	**Dividends**	**Scope Changes**	**Others**	**December 31, 2017**
Worldline	499	60	11	-	-15	1	555
Other	21	5	-	-2	-14	- 0	10
Total	**519**	**64**	**11**	**-2**	**-29**	**0**	**564**

The “scope changes” on Worldline related mainly to SIX payment Services transaction (please refer to Note 1 for more details).

Note 13 Off-balance sheet commitments

Contractual commitments

The table below illustrates the minimum future payments for firm obligations and commitments over the coming years. Amounts indicated under the long-term borrowings and finance leases are posted on the Group balance sheet.

(In €million)	December 31, 2018	Maturing			December 31, 2017
		Up to 1 year	1 to 5 years	Over 5 years	
Bonds	2,700	-	1,600	1,100	900
Bank loans & commercial papers	2,365	809	1,556	-	880
Finance leases	15	6	8	1	23
Recorded on the balance sheet	**5,080**	**815**	**3,165**	**1,101**	**1,803**
Operating leases: land, buildings, fittings	1,220	216	640	364	1,134
Operating leases: IT equipment	264	100	161	3	180
Operating leases: other fixed assets	75	27	47	0	73
Non-cancellable purchase obligations (> 5 years)	366	45	189	132	62
Commitments	**1,924**	**389**	**1,037**	**499**	**1,449**
Total	**7,004**	**1,203**	**4,201**	**1,599**	**3,252**
Financial commitments received (Syndicated Loan)	2,320	-	2,320	-	1,470
Total received	**2,320**	**-**	**2,320**	**-**	**1,470**

The received financial commitment refers exclusively to the non-utilized part of the € 2.4 billion revolving facility.

Commercial commitments

(In €million)	December 31, 2018	December 31, 2017
Bank guarantees	**398**	**283**
- Operational - Performance	207	193
- Operational - Bid	14	11
- Operational - Advance Payment	97	41
- Financial or Other	79	38
Parental guarantees	**4,751**	**4,998**
- Operational - Performance	3,828	4,389
- Financial or Other	923	609
Pledges	**9**	**2**
Total	**5,157**	**5,284**

For various large long-term contracts, the Group provides performance guarantees to its clients. These guarantees amount to € 3,828 million as of December 31, 2018, compared with € 4,389 million at the end of December 2017. This decrease of € 561 million compared to last year is mainly due to the expiration of some guarantees provided to the benefit of the US, UK and Benelux & the Nordics customers.

In relation to the multi-currency revolving facility amended in October 2018, Atos SE issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover up to € 660 million (unchanged amount) the obligations of its subsidiaries: Atos Telco Services B.V. and Atos International B.V.

In relation to the Term Facility agreement signed in July 2018 in the context of the Syntel acquisition financing, Atos SE issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover USD 1,230 million (€ 1,078 million) obligations of its US subsidiary, Green Finco Inc. considering the partial reimbursement of USD 200 million (€ 175 million) as of December 20th 2018.

Atos SE has given a € 102.0 million guarantee to Ester Finance in relation to a securitization program involving certain of its subsidiaries. Guarantee amount decreased due to the restructuration of the securitization program in May 2018.

As part of the general agreement with Siemens in respect of the transfer of SIS UK pension liabilities, the Board of Atos SE, during its March 29, 2011 meeting, agreed to provide a 20-year guarantee to the Atos 2011 Pension Trust set up to accommodate the transfer. The maximum amount of the guarantee is GBP 200.0 million (€ 222 million).

In the framework of the Atos pension Scheme discussions in UK, for a more efficient structure, the Board of Directors of Atos SE, during its July 22, 2018 meeting, agreed to provide three parental guarantees (amending and extending those in force) to the Atos Pension Schemes Limited as trustee of the Atos Pension Fund and the Atos (SEMA) Pension Schemes Limited and Atos CS Pension Scheme. Under the said guarantees, Atos SE will guarantee the obligations of the sponsoring employers of the respective Pension Scheme to make certain payments. The total estimated amount of the new guarantees when authorized by the Board of Directors therefore represented an extension of 150 GBP (€ 166 million) to the existing guarantees (totaling 635 GBP (€ 704 million)) which Atos SE had previously provided to the three schemes.

Note 14 Related party transactions

Related parties are defined as follows:

- entities which are controlled directly by the Group, either solely or jointly, or indirectly through one or more intermediary controls. Entities which offer post-employment benefits in favor of employees of the Group, or entities which are controlled or jointly owned by a member of the key management personnel of the Group as defined hereafter; and
- key management personnel of the Group defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, namely members of the Board of Directors as well as Senior Executive Vice-Presidents.

Transactions between Atos and its subsidiaries, which are related parties of the Group, have been eliminated in consolidation and are not disclosed in this note.

No transactions between the Group and such entities or key management personnel have occurred in 2018.

Compensation of members of the Board of Directors as well as Senior Executive Vice-President

The remuneration of the key members of Management during the year is set out below:

(In €million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Short-term benefits	6	7
Employer contributions & other taxes	2	1
Post-employment benefits	3	3
Equity-based compensation: stock options & free share plans	5	8
Total	**16**	**20**

Short-term benefits include salaries, bonuses and fringe benefits. Bonuses correspond to the total charge reflected in the income statement including the bonuses actually paid during the year, the accruals relating to current year and the release of accruals relating to prior year.

The employer contribution related to performance shares granted is due and calculated at the vesting date in accordance with the provisions of the "Macron" law.

Note 15 Main operating entities part of scope of consolidation as of December 31, 2018

	% of Interest	Consolidation method	% of Control	Adress
HOLDING				
Atos SE	Consolidation Parent Company			80, quai Voltaire - 95870 Bezons
Atos International B.V.	100	FC	100	Papendorpseweg, 93 - 3528 BJ Utrecht - The Netherlands
Saint Louis Ré	100	FC	100	74, rue de Merl - L2146 Luxembourg
Atos International SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Bull SA	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois
FRANCE				
Worldline SA	50,8	FC	51	80, quai Voltaire - 95870 Bezons
Atos Integration SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Mantis SAS	32,30	FC	63,6	24, rue des Jeûneurs - 75002 Paris
Atos Infogérance SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Atos Consulting SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Atos Worldgrid SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Yunano	100	FC	100	80, quai Voltaire - 95870 Bezons
Bull SAS	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois
Agarik SAS	100	FC	100	20, Rue Dieumegard 93400 Saint-Ouen
Avantix SAS	100	FC	100	655, avenue Galilée - 13794 Aix en Provence
Evidian SA	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois
BlueKiwi Software SA	100	FC	100	80, quai Voltaire - 95870 Bezons
Air Lynx	100	FC	100	1, avenue de l'Atlantique, Immeuble Everest – 91940 Les Ulis
GERMANY				
Equens Worldline GmbH	32,30	FC	63,6	Hahnstrasse, 25 - 60528 Frankfurt - Germany
Atos Information Technology GmbH	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich - Germany
CHG Communications Holding GmbH	100	FC	100	Mies-van-der-roh-Straβe, 6 - 80807 Munich Germany
Unify Funding GmbH	100	FC	100	Mies-van-der-roh-Straβe, 6 - 80807 Munich Germany
Atos IT Dienstleistung und Beratung Gmbh	100	FC	100	Bruchstrasse, 5 - 45883 Gelsenkirchen - Germany
Atos International Germany Gmbh	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich - Germany
Applied International Informatics (	100	FC	100	Torstraβe, 49 - 10119 Berlin - Germany
Bull GmbH	100	FC	100	Von-der-wettern-straβe, 27 - 51149 Cologne - Germany
Science + computing AG	100	FC	100	Hagellocher Weg, 73 - 72070 Tübingen - Germany
Energy4u GmbH	100	FC	100	Albert-Nestler Straβe, 17 - 76131 Karlsruhe - Germany
Wivertis GmbH	50,1	FC	50,1	Konrad-Adenauer-Ring, 60D - 65187 Wiesbaden Germany
Atos Support GmbH	100	FC	100	The Squaire, Am Flughafen 14 - 60549 Frankfurt am Main - Germany
Atos IT Services GmbH	100	FC	100	Stinnes-Platz, 1 - 45 472 Mülheim an der Ruhr Germany
Unify Communications and Collaboration GmbH & Co. KG (**)	100	FC	100	Mies-van-der-Rohe-Straße, 6 - 80807 München - Germany
Atos Systems Business Services GmbH	100	FC	100	Am seestem, 1 - 40547 Dusseldorf - Germany

	% of Interest	Consolidation method	% of Control	Adress
BD POS GmbH	100	FC	100	Hörselbergblick, 1 - 99820 Hörselberg-Hainich Germany
Cycos AG	95,1	FC	100	Joseph-von-Frauenhofer-Straβe, 5 - 52477 Alsdorf Germany
FastvViewer GmbH	100	FC	100	Schwesterhausgasse, 11 - 92318 Neumarkt - Germany
Unify Software and Solutions GmbH & Co. KG (**)	100	FC	100	Mies-van-der-Rohe-Straβe, 6 - 80807 Munich - Germany
Unify GmbH & Co. KG (**)	100	FC	100	Mies-van-der-Rohe-Straβe, 6 - 80807 Munich - Germany
Unify Beteiligungsverwaltung GmbH & Co. KG (**)	100	FC	100	Mies-van-der-Rohe-Straβe, 6 - 80807 Munich - Germany
Unify Deutschland Holding GmbH	100	FC	100	Mies-van-der-Rohe-Straβe, 6 - 80807 Munich - Germany
Unify Patente GmbH & Co. KG (**)	100	FC	100	Mies-van-der-Rohe-Straβe, 6 - 80807 Munich - Germany
Atos Convergence Creators Management GmbH	100	FC	100	An den Treptwoers 1 - 12435 Berlin - Germany
Atos Convergence Creators GmbH & Co. KG (**)	100	FC	100	An den Treptwoers 1 - 12435 Berlin - Germany
THE NETHERLANDS				
Atos Nederland B.V.	100	FC	100	Burgemeester Rijnderslaan 30 - 1185 MC Amstelveen - The Netherlands
Atos Telco Services B.V.	100	FC	100	Burgemeester Rijnderslaan 30 - 1185 MC Amstelveen - The Netherlands
Worldline B.V.	50,8	FC	51	Wolweverstraat 18 - 2984 AB Ridderkerk - The Netherlands
Equens Wordline SE	32,30	FC	63,6	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
Stichting Derdengelden InterEGI	50,80	FC	51	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
PaySquare SE NL	50,8	FC	51	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
OTHER EUROPE - MIDDLE EAST - AFRICA				
Algeria				
Bull Algerie	100	FC	100	16, rue Yehia El-Mazouni, El Biar - Algers - Algeria
Austria				
Atos IT GmbH	100	FC	100	Siemensstraβe 92 - 1210 Vienne - Austria
Atos IT Solutions and Services GmbH	100	FC	100	Siemensstraβe 92 - 1210 Vienne - Austria
TSG EDV-Terminal Service GmbH	99	FC	100	Modecenterstraβe 1 - 1030 Vienne - Austria
Unify GmbH	100	FC	100	Siemensstraβe 92 - 1210 Vienne - Austria
Six Payments Services Europe	50,8	FC	51	1B, Marxergasse, 1030 Vienna, Austria
Convergence Creators Beteiligung	100	FC	100	Autokaderstrasse 29, 1210 Vienna, Austria
Atos Convergence Creators GmbH	100	FC	100	Autokaderstrasse 29, 1210 Vienna, Austria
Belgium				
Atos Belgium SA/NV	100	FC	100	Da Vincilaan, 5 - 1930 Zaventem - Belgium
Worldline SA/NV	50,8	FC	51	Chaussée de Haecht, 1442 - 1130 Bruxelles - Belgium
Unify Communications N.V.	100	FC	100	Demeurslaan, 132 - 1654 Beersel - Belgium
Bielorussia				
LLC ATOS IT Solutions and Services	100	FC	100	Ul Leonid BEDI, 11 - BuildING 1 - 220040 Minsk - Biélorussia
Bulgaria				
Atos IT Solutions and Services EOOD	100	FC	100	Mladost 4 Region - Business Park Sofia Str, 4 - 1766 Sofia - Bulgaria
Unify Service Centre EOOD	100	FC	100	2 knyaginya Maria Louisa Blvd - Tzentralen universalen magazine (TZUM), 4th Floor, City Of Sofia 1000 - Bulgaria

	% of Interest	Consolidation method	% of Control	Adress
Ivory Coast				
Bull Cote d'Ivoire	100	FC	100	31 avenue Noguès - 01 BP 1580 Abidjan 01 - Ivory Coast
Denmark				
Atos IT Solutions and Services A/S	100	FC	100	Dybendalsvaenget 3 - 2630 Taastrup - Denmark
Croatia				
Atos IT Solutions and Services d.o.o	100	FC	100	Heinzelova 69 - 10000 Zagreb - Croatia
Czech Republic				
Atos IT Solutions and Services s.r.o.	100	FC	100	14000 Praha 4 - Doudlebská 1699/5 - Czech Republic
Cataps s.r.o	50,8	FC	51	Lazarská, 11/6 – 120 00 Praha 2 – Czech Republic
Gabon				
Bull Gabon	100	FC	100	Immeuble Abiali - ZI d'Oloumi - BP 2260 Libreville - Gabon
Greece				
Bull IT and Telecommunications Services SA	100	FC	100	455 Iraklion Avenue - Iraklion - Greece
Finland				
Atos IT Solutions and Services oy	100	FC	100	Kalkkipellontie 6 - 026050 Espoo - Finland
Hungary				
Atos Magyarország Kft	100	FC	100	1138 Budapest, Vaci ut 121-127. Vaci greens D Building, 4th floor - Hungary
Ireland				
Atos IT Solutions and Services Limited	100	FC	100	Fitzwilliam Court - Leeson Close - 2 Dublin - Ireland
Italy				
Atos Italia S.p.A.	100	FC	100	Via Caldera no. 21 - 20158 - Milan - Italy
Lebanon				
Bull SAL	100	FC	100	69 Rue Jal el Dib - Secteur 1 – BP 60208 - Beyrouth Lebanon
Latvia				
Worldline Latvia (ex First Data Latvia)	50,8	FC	51	Dzirnavu iela 37 - Rīga LV-1010 - Latvia
Lithuania				
UAB "Bull Baltija"	100	FC	100	40 Gostauto Street - 01112 Vilnius - Lithuania
Worldline Lietuva (ex UAB First Data Lietuva)	50,8	FC	51	Ukmergės g. 220 - Vilnius - Lithuania
Luxembourg				
Atos Luxembourg PSF S.A.	100	FC	100	1, rue Edmond Reuter Contern - 5326 - Luxembourg
Six Payment Services SA	50,8	FC	51	10, Rue Gabriel Lippmann, 5365, Munsbach, Luxembourg
Madagascar				
Bull Madagascar SA	100	FC	100	12, rue Indira Gandhi - Tsaralalana BP 252 - Antananarivo Madagascar
Morocco				
Atos IT Services SARL	100	FC	100	Espace les Palmiers - angle Avenues Mehdi Benbaraka et Annakhil- Hayryad Rabat - Marocco
Atos ITS Nearshore Center Maroc SARL	100	FC	100	Casablanca - shore 7 - 1100, Boulevard Al Qods Quartier Sidi Maarouf - Casablanca - Marocco
Bull Maroc	100	FC	100	Casanearshore - 1100, Boulevard Al Qods - Quartier Sidi Maarouf - Casablanca - Marocco
Namibia				
Bull Information Technology Namibia Pty. Ltd.	100	FC	100	C/o Deloitte & Touche - Namdeb Center, 10 Bulow street - PO Box 47 - Windhoek - Namibia
Poland				
Atos Polska SA	100	FC	100	Krolewska, 16 - 00-103 Varsovie - Poland

	% of Interest	Consolidation method	% of Control	Adress
Atos Global Delivery Center Polska Sp. z o.o. Sp. k.	100	FC	100	Ul. Postepu 18 X p. (Neptun Building) 02-676 Varsovie - Poland
Portugal				
Atos Soluções e Serviços para Tecnologias de Informação, Unipessoal, Ltda	100	FC	100	Avenida José Malhoa 16 - Piso sétimo B2 - Edificio Europa. Distrito : Lisboa, Concelho : Lisboa, freguesia : Campolide 1070 159 Lisbonne - Portugal
Romania				
Atos IT Solutions and Services s.r.l.	100	FC	100	Calea Floreasca 169A - Sector 1 - 014459 Bucarest -Romania
Atos IT Solutions Romania SRL (ex Bull Romania s.r.l)	100	FC	100	Calea Floreasca 169A - Sector 1 - 014459 Bucarest -Romania
Siemens Convergence Creators GmbH S.R.L	100	FC	100	Municipiul Braşov, Strada MIHAIL KOGĂLNICEANU, Nr. 21, Bloc C6, Judet Braşov, Romania
Russia				
Atos IT Solutions and Services LLC	100	FC	100	1st Kozhevnicheski per. 6, bld. 1 115114 Moscou - Russia
Senegal				
Bull Senegal	100	FC	100	Cité Keur Gorgui, Immeuble Khadimou Rassoul - BP 3183 Dakar - Senegal
Serbia				
Atos IT Solutions and Services d.o.o.	100	FC	100	Danila Lekica Spanca 31 - 11070 Belgrade - Serbia
South Africa				
Atos (PTY) Ltd	74	FC	100	Woodlands Office Park, Ground Floor Building 32, 2144 Woodlands South Africa
Spain				
Worldline Iberia SA	50,8	FC	51	Calle Albasanz 16 - 28037 Madrid - Spain
Atos Consulting Canarias, SA	100	FC	100	Calle Subida al Mayorazgo 24b - 38110 Santa Cruz de Tenerife Spain
Atos Spain SA	100	FC	100	Albarracin 25 - 28037 Madrid - Spain
Atos IT Solutions and Services Iberia SL	100	FC	100	Ronda de Europa 5 - 28760 Madrid - Spain
Atos Worldgrid SL	100	FC	100	Calle Isabel Torres, 19 Edificio Cisga - 39011 Santander - Spain
MSL Technology SL	100	FC	100	C/ Marques de Ahumada 7 - 28028 Madrid - Spain
Slovakia				
Atos IT Solutions and Services s.r.o.	100	FC	100	Pribinova 19/7828 - 811 09 Bratislava - Slovakia
Sweden				
Atos IT Solutions and Services AB	100	FC	100	Johanneslundsvägen 12-14 - 194 87 Upplands Väsby - Sweden
Worldline Sweden AB (exDigital River World Payments AB)	50,8	FC	51	31 Textilgaten - 120 30 Stockholm - Sweden
Switzerland				
Atos AG	100	FC	100	Freilagerstrasse 28 - 8047 Zurich - Switzerland
Atos Consulting SA (ex Cambridge Technology Partners Ltd	100	FC	100	Chemin de Précossy 27 - 1260 Nyon - Switzerland
SIX Payments Services Ltd	50,8	FC	51	201, Hardturmstarsse, 8005 Zurich - Switzerland
Turkey				
Atos Bilisim Danismanlik ve Musteri Hizmetleri Sanayi ve Ticaret A/S	99,92	FC	100	Yakacık Caddesi No 111 – 18 - 34870, Kartal, Istanbul - Turkey
United Arab Emirats - Dubai				
Atos Origin FZ LLC	100	FC	100	Office G20 - Building DIC-9 Dubai Internet City - PO Box.500437 United Arab Emirats - Dubai
ATOS FZ LLC Dubai Branch	100	FC	100	The Galleries Building - No2 Level 2 - Downtown Jebel 500437 United Arab Emirats - Dubai
Saudi Arabia				
Atos Saudi LLC	49	PC	49	P. O. Box # 8772 - Riyadh-11492 Saudi Arabia

	% of Interest	Consolidation method	% of Control	Adress
Qatar				
ATOS QATAR Llc	100	FC	100	Sheikh Suhaim bin Hamad Street - No.89858 - Doha - Qatar
Egypt				
Atos IT SAE	100	FC	100	50 Rue Abbass El Akkad - Nasr city- La Caire - Egypt
THE UNITED KINGDOM				
Atos Consulting Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos IT Services Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos IT Services UK Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos UK IT Holdings Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos Esprit Limited	95	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Shere Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos Scotland GP Limited	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos CS Scotland LP (*)	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos APF Scotland GP Limited	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos APF Scotland LP (*)	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos ASPS Scotland GP Limited	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos ASPS Scotland LP (*)	100	FC	100	McClure Naismith LLP 3 Ponton Street - Edinburgh, EH3 9 QQ
Atos BPS Ltd	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos IT Outsourcing Services Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos UK Holdings Ltd	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos International IT Holdings Ltd	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
Atos Restaurant Technology Services UK Limited	100	FC	100	4 Triton Square - Regent's Place - London, NW1 3HG United Kingdom
Unify Enterprise Communications Limited	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
ENGAGE ESM HOLDING LTD	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
ENGAGE ESM LTD	100	FC	100	Second Floor - Mid City Place - 71 High holborn - London, WC1V6EA - United Kingdom
ASIA PACIFIC				
Australia				
Atos (Australia) Pty. Ltd	100	FC	100	885 Mountain Highway 3153 Bayswater - Victoria Australia
China				
Atos Information Technology (Nanjing) Co., Ltd	100	FC	100	Floor 12 - Building 1B Powerise accelerator - High Tech zone Software park - Nanjing - Jiangsu Province - China
Atos Information Technology (China) Co. Ltd	100	FC	100	Room 05.161 - Floor 5 - Building E - No.7 - Zhonghuan Nanlu Wangjing - Chaoyang District - Beijing - China
Atos Worldgrid Information Technology (Beijing) Co Ltd	100	FC	100	Room 05.162 - Floor 5 - Building E - No.7 - Zhonghuan Nanlu Wangjing - Chaoyang District - Beijing - China
RTS Information Consulting (Chengdu) Co. Ltd	100	FC	100	Room 108-109 - 1st floor, Building B2 - Tianfu Software Park - High Tech Zone - Chengdu - Sichuan Province - China
Hong Kong				
Atos Information Technology HK Ltd	100	FC	100	8/F Octa Tower - 8 Lam Chak Street - Kowloon Bay - Kowloon Hong Kong
Bull Information Systems (Hong Kong) Limited	100	FC	100	RM 1401 - Hutchison House - 10, Harcourt Road Hong Kong

India				
Atos India Private Limited	100	FC	100	Godrej & Boyce Complex - Plant 5 - Pirojshanagar - LBS Marg Vikhroli(W) - Mumbai - 400079 - India
Worldline India Private Ltd	50,8	FC	51	701, Interface 11 - Malad (West) - Mumbai 400064 - India
Atos IT Services Private Limited	99,99	FC	100	Innovator Building - International Tech Park - Whitefield Road - 560066 Bangalore - Karnataka -
Anthelio Business Technologies Private Limited	99,99	FC	100	Level 1, Part A of Tower1,Phase 2, SY.NO 115 (Part) Waverock, APIIC IT\ITES SEZ, Nanakramguda Serilingampally Mandal Hyderabad Telangana 500008 - India
MRL Posnet Private Limited	50,8	FC	51	Sunny Side Central Block - 8/17, Shafee Mohamed Road B Block 1st Floor,
Syntel Pvt Ltd.	100	FC	100	Unit No,112, SDF IV, SEEPZ Andheri (East) Mumbai 400 096 Maharashtra- India
State street Syntel Services Pvt Ltd (***)	100	FC	100	4/5th floor, Building No.4,Mindspace –Navi Mumbai,Thane-Belapur road,Airoli-400708, India
Syntel Global Pvt Ltd	100	FC	100	Ground floor,E-Tech Software Technology Park,Dhokali Naka,Kolshet road,Thane(West)-
Indonesia				
PT Worldline International Indonesia	50,8	FC	51	Wisma Keiai #1707 - Jalan Jenderal Sudirman Kav 3 - Jakarta 10220 Indonesia
Japan				
Atos KK	100	FC	100	6 F, Daisan Toranomon Denki Building - 1-2-20 Minato-ku Tokyo - Japan
Evidian-Bull Japan KK	100	FC	100	6 F, Daisan Toranomon Denki Building - 1-2-20 Minato-ku Tokyo - Japan
Malaysia				
Atos Services (Malaysia) SDN BHD	100	FC	100	16-A (1st Floor) Jalan Tun Sambanthan - 3 Brickfields - 50470 Kuala Lumpur - Malaysia
Mauritius				
State street Syntel Services Mauritus Ltd (***)	100	FC	100	C/o SGG Corporate Services (Mauritius) Ltd 33, Edith Cavell Street - Port Louis, 11324 Mauritius
Philippines				
Atos Information Technology Inc.	99,94	FC	100	23/F Cyber One Building - Eastwood City - Cyberpark - 1110 Libis, Quezon City - Philippines
Atos Global Delivery Center Philippines, Inc.	100	FC	100	8th Floor, Two E-Com Center, Palm Coast Ave., Mall of Asia Complex, 1110 Pasay City - Philippines
Singapore				
Atos Information Technology (Singapore) Ptd Ltd	100	FC	100	Blk 988 Toa Payoh North #08-01 - 319002 Singapore
Taïwan				
Atos (Taiwan) Ltd	100	FC	100	5F, No 100 Sec 3, Min Sheng E. Road - Taipei - Taïwan
Thaïland				
Atos IT Solutions and Services Ltd	100	FC	100	2922/339 Charn Issara Tower II - 36th Floor - New Petchburi Road - Bangkapi - Huay Kwang -
AMERICAS				
Argentina				
Atos Argentina SA	100	FC	100	Cnel. Manuel Arias 3751, piso 18, PB, C.A.B.A.- C1430DAL Buenos aires - Argentina
Worldline Argentina S.A	50,8	FC	51	Cnel. Manuel Arias 3751, piso 18, PB, C.A.B.A.- C1430DAL Buenos aires - Argentina
Bull Argentina SA	100	FC	100	Manuela Saenz 323 5to. Piso Of. 506 - C 1107 bpa Buenos aires - Argentina
Brazil				
Atos Brasil Ltda	100	FC	100	Rua Werner Von Siemens, 111 – Prédio 6 – Lapa - São Paulo -SP - CEP 05069-900 - Brazil
Atos Serviços de Tecnologia da Informação do Brasil Ltda	100	FC	100	Rua Werner Von Siemens, 111 – Prédio 6 – Lapa - São Paulo -SP - CEP 05069-900 - Brazil
Atos Soluçoes e Serviços de tecnologia da informaçao LTDA	100	FC	100	Rua Wemer Von Siemens, 111 – Prédio 6 – Lapa - São Paulo -SP - CEP 05069-900 - Brazil
Bull Ltda.	100	FC	100	Rua Wemer Von Siemens, 111 – Prédio 6 – Lapa - São Paulo -SP - CEP 05069-900 - Brazil

	% of Interest	Consolidation method	% of Control	Adress
Canada				
Atos Inc.	100	FC	100	6375 Shawson Drive - L5T 1S7 Mississauga - Ontario - Canada
Amesys Canada Inc.	100	FC	100	206-137 rue Saint Pierre - H2Y3T5 Montreal, Quebec - Canada
Chile				
Worldline Chile S.A	50,8	FC	51	Andres Bello 2115, Piso 7, Comuna de Providencia - 7510094 Santiago de Chile - Chile
Colombia				
Atos IT Solutions and Services S.A.S	100	FC	100	Autopista Norte Carrera 45 Nº 108-27 Torre 2 oficina 1505 - Bogotá - Colombia
Mexico				
Atos Global Delivery Center México, S. de R.L. de C.V.	99,90	FC	100	Sevilla No. 40 Piso 3 - Colonia Juarez delgation Cuauhtemoc - 06600 Ciudad de Mexico - Mexico
The United States of America				
Atos IT Outsourcing Services, LLC	100	FC	100	Cooporation Service Company - 27111 Centerville Road - Ste 400 - New Castle - Delaware, 1908 - United States of America
Atos Governmental IT Outsourcing Services, LLC	100	FC	100	Cooporation Service Company - 27111 Centerville Road - Ste 400 - New Castle - Delaware, 1908 - United States of America
Atos Healthcare Services, LLC	100	FC	100	Cooporation Service Company - 27111 Centerville Road - Ste 400 - New Castle - Delaware, 1908 - United States of America
Anthelio Global Inc.	100	FC	100	One Lincoln Centre, Suite 200 - 5400 LBJ Freeway TX 75240 Dallas - United States of America
Atos Digital Health Solutions	100	FC	100	2500 Weschester Ave - 3rd Floor - Purchase New York 10577 - United States of America
Pyramid Healthcare Solutions Inc.	100	FC	100	One Lincoln Centre, Suite 200 - 5400 LBJ Freeway TX 75240 Dallas - United States of America
Evidian Systems Inc.	100	FC	100	285 Billerica Road, Suite 200 - Chelmsford, MA 01824-4174 United States of America
Unify Inc	100	FC	100	1630 Corporate Court - Irving - Texas 75038 - United States of America
Green Finco Inc.	100	FC	100	C/O The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801 - United States of America
Syntel Inc.	100	FC	100	525 E. Big Beaver Road,Suite 300, Troy, MI 48083 - United States of America
Uruguay				
Bull Uruguay SA	100	FC	100	Av. Dr Luis A. de Herrera, 2802 - 1160 Montevideo - Uruguay

(*) The Group has an interest in three Scottish limited partnerships, which are fully consolidated into these Group financial statements. The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 under United Kingdom law, and therefore separate accounts for the partnerships are not required to be, and have not been, filed at Companies House in the United Kingdom.

(**) The Group has an interest in six German companies, which are fully consolidated into these Group financial statements. The companies have made use of the stipulations available under § 264b of the German Commercial Code (HGB). It exempts these legal entities from the requirement to disclose separate audited financial statements as of 31 December 2018, since they are included in the Consolidated Financial Statements of the ultimate parent company (Atos S.E.) and such Consolidated Financial Statements for the full year of 2018 are registered with the trade register of the particular entity.
For the entity Atos Convergence Creators GmbH & Co KG, the exemption is also applicable for the financial statements as of 30 September 2018.

(***) Atos owns 49% of the shares of State Street Syntel Services (Mauritius). The joint arrangement between Atos Group and Syntel Inc. has been qualified as joint operation under IFRS 11. Under IFRS 11.21, a joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the assets, liabilities, revenues and expenses. The rights and obligations of the two Joint operators are defined in the Master Service Agreement signed between both parties and the shareholders agreement. JVs set up with State Street bank and Atos Group are committed to deliver IT services to State Street Inc. as per the Master Service Agreement. Syntel is entitled to 100% of the financial outcome of the contract and has to bear all liabilities. Therefore, Atos obligations are to ensure the settlement of JVs liabilities, ensure that state street receives the promised services. Atos Group is entitled in counterpart to receive revenues related to the services rendered to State Street to be accounted for in accordance with IFRS 15.

Note 16 Subsequent events

On January 29, 2019, Atos' Board of Directors, following a specific governance process, proposed to submit to its shareholders the project to distribute in kind around 23.4% of Worldline's share capital, out of the 50.8% currently owned by the Group. Post transaction, Atos would retain approximately 27.4% of Worldline's share capital and Worldline's free float would be increased to approximately 45.7%. Following the partial distribution, Worldline is expected to be deconsolidated from the Group's accounts and Atos remaining stake would be accounted for as an investment in associates under equity method.

Worldline's Board of Directors met on January 29, 2019 and unanimously welcomed this planned change in ownership structure.

The shareholders' agreement between Atos and SIX will be amended to reflect the continued partnership between the two groups post distribution, and both parties are expected to commit to a 6-month joint lock-up on their respective stakes in Worldline post distribution.

Regarding the structure of the proposed distribution, Atos' shareholders are expected to receive 2 Worldline shares for 5 Atos shares held. Technical terms of the proposed transaction are under review and would be submitted to the vote of the Atos shareholders at the 2018 Annual General Meeting planned on April 30, 2019.

Note 17 Auditors' fees

(In €thousand and %)	Grant Thornton				Deloitte			
	Grant Thornton		Other Grant Thornton members firms		Deloitte & Associés		Other Deloitte members firms	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	1,120	53%	-	-	1,173	46%	-	-
Subsidiaries	824	39%	3,558	98%	812	32%	2,550	83%
Sub-total Audit	**1,944**	**92%**	**3,558**	**98%**	**1,985**	**77%**	**2,550**	**83%**
Non audit services (*)								
Parent company	15	1%	-	-	133	5%	-	-
Subsidiaries	159	7%	56	2%	448	17%	521	17%
Sub-total Non Audit	**174**	**8%**	**56**	**2%**	**580**	**23%**	**521**	**17%**
Total fees 2018	**2,118**	**100%**	**3,614**	**100%**	**2,565**	**100%**	**3,071**	**100%**

** In 2018, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligence, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries*

(In €thousand and %)	Grant Thornton				Deloitte			
	Grant Thornton		Other Grant Thornton members firms		Deloitte & Associés		Other Deloitte members firms	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	1,005	58%	-	-	1,258	56%	-	-
Subsidiaries	707	41%	2,828	99%	811	36%	3,478	84%
Sub-total Audit	**1,712**	**99%**	**2,828**	**99%**	**2,069**	**92%**	**3,478**	**84%**
Non audit services (*)								
Parent company	-	-	-	-	95	4%	239	6%
Subsidiaries	14	1%	38	1%	73	3%	439	11%
Sub-total Non Audit	**14**	**1%**	**38**	**1%**	**168**	**8%**	**678**	**16%**
Total fees 2017	**1,726**	**100%**	**2,866**	**100%**	**2,237**	**100%**	**4,156**	**100%**

** In 2017, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligence, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries*

B.6 Parent company summary financial statements

B.6.1 Statutory auditors’ report on the financial statements for the year ended December 31, 2018

This is a translation into English of the statutory auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors’ report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General meeting of Shareholders of Atos S.E.,

Opinion

In compliance with the engagement entrusted to us by your general meetings, we have audited the accompanying financial statements of Atos S.E. for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes)

Justification of Assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risk of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of participating interests
Note 'Accounting rules and policies – Financial assets' of consolidated financial statements and Note 2 "Financial assets"

Key Audit Matter	Our audit approach
As of December 31, 2018, Participating interests are recorded on the balance sheet at a net book value of € 8,965.8 million, or 80% of total assets. Participating interests are initially booked at their acquisition cost. An impairment loss is recognized when the acquisition cost exceeds the value-in-use determined as follows: • on the basis of their part of interest in shareholding equities for the holding entities. • on the basis of the enterprise value for the operational entities based on cash flow forecasts; We considered the valuation of participating interests as a key audit matter, given the weight of these assets in the balance sheet and the importance of management's judgments and estimates in the determination of cash flow assumptions.	Our assessment of the valuation of participating interests is based on the process implemented by the Company to determine their value-in-use. We performed the following procedures: - For valuation based on historical value, we verified the consistency of the part of interest in the investment's shareholder equity as calculated by the Company with the financial statements of the related entities. - For valuation based on forecasts: • obtain the cash flow forecasts of the entities concerned and reconcile them with the three year financial plan per Cash Generating Unit (CGU) approved by Management; • analyze the consistency of the assumptions used with the performance history of the Group and the entities, and confirm through interviews with Management and other procedures, future growth prospects.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

In accordance with French law, we report to you that the information relating to payment deadlines referred to in Article D. 441-4 of the French Commercial Code (Code de commerce) is fairly presented and consistent with the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of statutory auditors

We have been appointed as statutory auditors of the Company by your general meetings of December 16, 1993 for Deloitte & Associés, and October 31, 1990 for Grant Thornton.

As at December 31, 2018, Deloitte & Associés was in its 25th year mandate, without any interruption, and for Grant Thornton in its 28th year mandate, without any interruption, and for both statutory auditors, on 23 years of exercise of mandate since the Company securities had been admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However,

future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris – La Défense and Neuilly-sur-Seine, February 21, 2019

The Statutory Auditors

French original signed by

Deloitte & Associés	*Grant Thornton*
Christophe Patrier	*Virginie Palethorpe*

B.6.2 Statutory auditors' special report on regulated agreements and commitments with third parties – Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2018

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking users. This report on regulated agreements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the general meeting of Shareholders of Atos S.E.,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms, the conditions and the reasons for the Company's interest of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements and commitments, already authorized by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and concluded during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

A. whose implementation continued during the year

Pursuant to Article R. 225-30 of the French Commercial Code (*Code de Commerce*), we have been informed that the following agreements and commitments, already approved by the Shareholders' Meeting in previous years, continued during the year.

With Siemens AG, shareholder holding more than 10% of the voting rights

Director concerned: M. Roland Busch, Director of Atos SE and member of the Management Board of Siemens AG

a. Amendment to the *Customer Relationship Agreement* entered into with Siemens AG

On May 20, 2011, Atos SE and Siemens AG entered into a commercial agreement (hereafter the "*Customer Relationship Agreement*") regarding their future provider-customer relationship. The initial term of the contract was 7 years and Siemens committed to a certain volume of services (€5.5 billion).

On October 28, 2015, subject to the condition precedent of the authorization by your Board of Directors, Atos SE and Siemens AG entered into an agreement called "*Third Amendment Agreement to the Customer Relationship Agreement*", for the purpose of amending the *Customer Relationship Agreement* mainly as follows:

(i) extend the term of the *Customer Relationship Agreement* for an additional period of 3.5 years, and in this context, increase the minimum volume of services to which Siemens remains committed towards Atos by an additional amount of €3.23 billion (i.e. a contract length extended until December 31, 2021, and a total amount of services of €8.73 billion to which Siemens remains committed) ;

(ii) in addition to managed services, application management and systems integration projects included in the initial contract, include in the scope of the *Customer Relationship Agreement Cloud*, industrial data analytics, and cyber-security services.

The Board of Directors authorized this agreement at its meeting of November 3, 2015 and therefore satisfied the condition precedent. This same agreement was approved by the Shareholders' Meeting on May 26, 2016.

This agreement continued during the year ended December 31, 2018, your Company considering that volumes recorded during fiscal year 2018 between the group Atos and the group Siemens do not question the achievement of these commitments by December 31, 2021.

b. Amendment to the *Lock-Up Agreement* entered into with Siemens AG

On May 20, 2011, Atos SE, Siemens AG and Siemens Beteiligungen Inland GmbH ("Siemens Inland") entered into a lock-up agreement (hereafter the "*Lock-Up Agreement*") which provides for a lock-up undertaking of Siemens AG and Siemens Inland on the participating interests held by Siemens Inland in the share capital of Atos SE (12,483,153 shares) until June 30, 2016 (hereafter the "*Lock-Up Period*"). Siemens Inland transferred this shareholding in the share capital of Atos SE to Siemens AG in December 2013.

In the context of the strengthening of the partnership between Atos and Siemens, as announced by the parties in July 2015, Atos SE, Siemens AG and Siemens Inland entered, on October 30, 2015, into an agreement called "*Amendment to the Lock-Up Agreement*", subject to the condition precedent of the authorization by the Board of Directors of the Company, for the purpose of amending the *Lock-Up Agreement* as follows:

(i) extend the maturity date of the *Lock-Up Period* until September 30, 2020 (i.e. an additional lock-up period of 4 years and 3 months) ;

(ii) provide for the possibility for Siemens AG or Siemens Inland, as from July 1, 2016, to transfer the shares to two Siemens employees' pension funds named Siemens Pension Trust e.V. and BSAV-Trust e.V. (or to any investment fund or investment vehicle in which - directly or indirectly - either or both of these pension trusts invest their assets provided that these pension trusts are the only investors), subject to such transferee agreeing to abide by the *Lock-Up Agreement*.

Thus, on March 27, 2018, in connection with the funding of a pension plan by Siemens AG, Siemens AG transferred, off-market, to Siemens Pension-Trust eV that it controls its entire participation in the Company, corresponding to 12,483,153 Atos SE shares. As part of the transfer, Siemens Pension-Trust eV signed on March 23, 2018 an act entitled "Joinder Agreement" under which Siemens Pension-Trust eV agreed to be bound by all terms and conditions of the *Lock-up Agreement*.

The Board of Directors authorized this agreement at its meeting of November 3, 2015 and therefore satisfied the condition precedent. This same agreement was approved by the Shareholders' Meeting on May 26, 2016.

This agreement continued during the year ended December 31, 2018.

B. which were not implemented during the year

Furthermore, we have been informed that the following commitment, already approved by the Shareholders' Meeting in previous years, was not implemented during the year.

Commitment concluded with Mr. Thierry Breton, Chairman and Chief Executive Officer related to the supplementary defined benefit pension plan

All Executive Committee members of Atos Group, including the Chairman and Chief Executive Officer, provided that they finish their career at Atos SE or Atos International SAS, benefit from a supplementary defined benefit pension plan. The implementation of this pension plan for the benefit of the current Chairman and Chief Executive Officer, Mr. Thierry Breton, was authorized by the Board of Directors on March 26, 2009, approved by the Shareholders' Meeting on May 26, 2009 and then confirmed by the Board of Directors on December 17, 2009.

Amendments (cap on the rights granted, performance conditions) have been brought to the defined benefit pension plan, and are described in an agreement whose implementation to the benefit of the Chairman and Chief Executive Officer was previously authorized by the Board of Directors at its meeting of March 26, 2015 and approved by the Shareholders' Meeting on May 28, 2015.

The Board of Directors, at its meeting of November 24, 2016, acknowledged the compliance of the commitment with the Macron law (cap on the rights granted, performance conditions) and authorized its continuance, without any modification, in the context of the renewal of the term as Chairman and Chief Executive Officer of Mr. Thierry Breton. The continuance of this commitment was approved by the Combined Shareholders' Meeting on December 30, 2016.

The main characteristics of this amended pension scheme with defined benefits are presented hereafter:

a) Conditioning the acquisition of rights under the supplementary pension scheme to performance conditions determined by the Board of Directors:

The Board of Directors has decided to condition the acquisition of rights under the supplementary pension scheme to performance conditions under the following conditions:

- These performance conditions will be set annually by Atos SE's Board of Directors which may in particular refer to the performance conditions contained in stock option plans or free shares plans or to any other condition which it will consider relevant.
- The Board of Directors checks on a yearly basis, prior to the Shareholders' Meeting convened to rule on the financial statements for the last financial year, that the conditions were indeed fulfilled and determines the increase of conditional rights in favor of Mr. Thierry Breton for the said financial year.
- Entire calendar quarters for periods after January 1, 2015 are only be taken into account to assess the amount of the additional pension if they relate to a year during which the performance conditions set by the Board of Directors will have been achieved. Failing that, the corresponding quarters will not be taken into account to determine the additional pension.
- The periods prior to January 1, 2015 are also subject to performance conditions and will only be taken into account to determine the amount of the additional pension if for each year, the performance conditions then set by the Board of Directors, either for the vesting of stock-options plans or for the vesting of free performance shares plans, were met.

Moreover, for the award of the additional annuity it is expected that at least two-thirds of the years are validated under the performance conditions here above mentioned, during Mr. Thierry Breton's membership in the Executive Committee while performing his various terms of office. The Board of Directors will meet at the end of the term of office of the concerned person to verify whether this two-thirds requirement is satisfied. If that is the case, Mr. Thierry Breton will hence automatically enjoy an additional pension. Failing that, he will not be provided with any additional annuity.

b) Other characteristics of the scheme:

- The membership requirement at the Executive Committee level is five years.
- The minimum age to benefit from the scheme is aligned on the statutory retirement age set by article L.161-17-2 of the French Social Security Code (*Code de la sécurité sociale*).
- The age for liquidation of the supplementary pension is the age at which the person may liquidate his full pension under the general scheme. This age cannot in any case be less than the one foreseen in article L 161-17-2 of the French Social Security Code.

c) Terms and conditions for determining the amount of Mr. Thierry Breton's additional pension:

The annual additional pension amounts to 0.625% of the reference compensation per entire calendar quarters of seniority recognized by the scheme. The reference compensation is the average of the last sixty monthly compensation multiplied by twelve.

For the assessment of this reference compensation, only the followings are taken into account:

- The basic compensation of the Executive Director;
- The annual on-target bonus actually paid to the Executive Director excluding any other form of variable compensation. This annual bonus is taken into account within the cap of 130% of the basic compensation.

d) Cap of Mr. Thierry Breton's additional pension:

The amount of the annual supplementary pension paid under the present scheme to Mr. Thierry Breton cannot exceed the difference between:

- 33% of the reference compensation above mentioned,
- and the annual amount of the basic additional and supplementary pensions.

No right has been definitively acquired for the benefit of the Chairman and Chief Executive Officer during the year ended December 31, 2018.

Paris – La Défense and Neuilly-sur-Seine, February 21, 2019

The Statutory Auditors

French original signed by

Deloitte & Associés	Grant Thornton *French Member of Grant Thornton International*
Christophe Patrier	Virginie Palethorpe

B.6.3 Atos SE Financial statement

As of December 31, 2018, the Group issued common stock amounted to €106.9 million comprising 106 886 219 fully paid-up shares of € 1 per value each. Atos shares are traded on the Paris Euronext market under ISIN FR0000051732. The shares are not listed on any other stock exchange. Worldline SA shares are also traded on the Paris Euronext market and Atos SE and Worldline SA are the only listed companies of the Group.

B.6.3.1 Balance sheet

(in € thousand)	Notes	December 31, 2018			December 31, 2017
ASSETS		**Gross**	**Amortization/ Depreciation**	**Net**	
Intangible fixed assets	Note 1	113,918	-113,918	-	-
Tangible fixed assets		-	-	-	-
Participating interests	Note 2	9,419,864	-454,097	8,965,767	6,281,660
Other financial investments	Note 2	398,520	-	398,520	584,136
Total fixed assets		**9,932,302**	**-568,015**	**9,364,287**	**6,865,796**
Advances and down payments		301	-	301	307
Trade accounts and notes receivable	Note 3	77,853	-245	77,608	35,791
Other receivables	Note 3	948,478	-42,597	905,881	904,162
Cash and cash equivalent	Note 4	798,760	-	798,760	600,774
Total current assets		**1,825,392**	**-42,842**	**1,782,550**	**1,541,035**
Prepayments, deferred expenses	Note 5	39,539	-	39,539	26,844
TOTAL ASSETS		**11,797,233**	**-610,857**	**11,186,377**	**8,433,675**

(in € thousand)	Notes	December 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		106,886	105,445
Additional paid-in capital		2,993,742	2,871,855
Legal reserves		10,545	10,491
Other reserves and retained earnings		803,959	816,257
Net income for the period		161,090	166,990
Shareholders' equity	Note 6	**4,076,220**	**3,971,037**
Provisions for contingencies and losses	Note 7	1,800	37,290
Borrowings	Note 8	5,227,084	2,479,328
Trade accounts payable	Note 9	22,159	21,889
Other liabilities	Note 9	1,839,664	1,904,075
Total liabilities		**7,088,906**	**4,405,291**
Unrecognised exchange gains	Note 10	19,449	20,057
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,186,377**	**8,433,675**

B.6.3.2 Income statement

(in € thousand)	**Notes**	**December 31, 2018**	**December 31, 2017**
Revenue	Note 11	**145,558**	**144,418**
Other income		6,580	8
Total operating income		**152,138**	**144,426**
Cost of sales		-42,709	-21,441
Taxes		-1,929	-2,171
Remuneration and social charges		-3,490	-4,153
Depreciation amortization and provisions		-39	-28
Other expenses	Note 12	-17,624	-18,118
Total operating expenses		**-65,793**	**-45,910**
Operating margin		**86,345**	**98,516**
Net financial result	Note 13	-32,507	25,555
Net income on ordinary activities		**53,838**	**124,071**
Non-recurring items	Note 14	80,917	29,422
Employee profit sharing			
Corporate income tax	Note 15	26,335	13,498
NET INCOME FOR THE PERIOD		**161,090**	**166,990**

B.6.4 Notes to the Atos SE statutory financial statements

Atos SE Activity

Atos SE main activities are:

- The management of the Atos trademark;
- The management of Group participating interests;
- The management of Group financing activities.

Revenue consist mainly of trademark fees received from Group subsidiaries.

The company Atos SE is the parent company of the Atos Group and consequently establishes consolidated financial statements.

Highlights

Atos Group completed in October 2018 the acquisition of Syntel Inc., a leading global provider of integrated information technology and knowledge process services headquartered in Michigan, with $ 924 million revenue in 2017 of which 89% in North America, 25% operating margin, and c. 40% of its activities in digital, automation, and robotization. Syntel offers its customers high value-added digital services in several specific verticals such as Banking and Financial Services, Healthcare, Retail and Insurance.

Pursuant to a merger agreement dated 20 July 2018, Atos SE and Green Merger Sub, a wholly owned subsidiary of Atos SE, have agreed to acquire 100% of the common voting shares of Syntel Inc., a US corporation listed on the New York Stock Exchange. The acquisition has been completed by way of merging Green Merger Sub into Syntel US. In order to Finance the acquisition and related costs and refinance certain existing indebtedness of Syntel US, Atos SE and Green Finco have entered into a USD 3,8 billion term facilities agreement. In the frame of corporate and financing steps Atos SE has paid USD 2,69 billion to AI BV by way of subscription to a corresponding share premium contribution of AI BV.

Also Atos completed a € 1.8 billion bond issue in three instalments, which were admitted to Euronext Paris as of the November 7th, 2018 settlement-delivery date. The loan has three instalments, with maturities of 3.5 years (0.75% coupon), 6.5 years (1.75%) and 10 years (2.5%).

Rules and accounting methods

The financial statements of Atos SE have been prepared in application with ANC 2014-03 and current regulations with generally accepted accounting principles in France.

General conventions were applied, in the respect of:

- principle of prudence;
- principle of going concern;
- permanence of the accounting methods from one exercise to another;
- cut-off principle.

As a principle, items are booked in the accountancy based on the historical cost method.

The annual accounts are established and presented in thousands of euros.

Intangible assets

Intangible assets consist of software and merger deficit.

The software are booked at the acquisition cost and amortized on a straight-line basis over their expected useful life.

Those assets are fully depreciated at December 31, 2018.

Tangible assets

There are no more assets at December 31st 2018.

Financial assets

Financial assets consist of participating interests and other financial investments (treasury stock, loans, and deposits).

Participating interests are booked at their acquisition cost; an impairment loss is recognized when the acquisition cost exceeds the value-in-use determined as follows:

- on the basis of the enterprise value for the operational subsidiaries and their holding entities based on cash flow projections;
- on the basis of their part of interest in shareholding equities for the non-operational subsidiaries.

Loans are mainly intra-Group transactions.

Trade accounts and notes receivable

Trade accounts and notes receivable are recorded at their nominal value. They are calculated individually and, if necessary, are subject to an impairment loss.

Trade accounts and notes receivable denominated in foreign currency are booked at their fair value at the closing date. The difference between their historical value and their fair value at year-end is booked as unrecognized exchange gain or loss.

Cash and cash equivalents

Treasury stocks are recorded at their acquisition cost in the context of a liquidity contract or in the intention to grant them as free shares plan or stock-options plan.

For the shares acquired in the context of the liquidity contract a depreciation charge is recognized when the carrying value exceeds the weighted average market price of Atos stock for the month of December.

Prepayments, deferred expenses

Deferred expenses relate exclusively to costs for issuing borrowings. Those costs are recognized over the duration of the borrowings on a straight-line basis.

Provisions

The amount of the provisions is based on the best estimate of the outflow of resources necessary to extinguish the underlying obligation.

When the participating interest is fully impaired, in addition to the depreciation of the related current assets a provision for risk may be required when the carrying value exceeds the value in-use.

Bonds

Bond issues are recorded for their refund value at the date of receipt of the funds, the triger event.

Issue premiums are capitalized and amortized over the term of the loan.

Non-recurring items

Non-recurring items are made of incomes and expenses generated by operations which are unusual, abnormal or infrequent in their magnitude or occurrence.

Note 1 Intangible assets

Net value of intangible fixed assets

(in € thousand)	**December 31, 2017**	**Acquisitions/ charges**	**Disposals/ reversals**	**December 31, 2018**
Intangible assets	113,918	-	-	113,918
Amortization	-9,960	-	-	-9,960
Depreciation	-103,958	-	-	-103,958
Total of amortization & depreciation	-113,918	-	-	-113,918
Net value of intangible assets	**0**	**-**	**-**	**0**

The intangible assets were mainly composed of:

- a merger deficit resulting from the transfer of assets and liabilities from Atos Investissement 6 to Atos SE in 2004, fully depreciated since 2016. This merger deficit is allocated to the various assets brought to allow a proper follow-up and is broken down as follows:
    - France: € 40.8 million;
    - Spain: € 63.1 million.
- And other merger dificit accounted prior 2004 for a gross value of €9.96 million, depreciated on a straightline basis.

Note 2 Financial fixed assets

Change in financial fixed assets – Gross value

(in € thousand)	**December 31, 2017**	**Acquisition**	**Decrease**	**December 31, 2018**
Investments in consolidated companies	6,764,945	2,661,511	-6,800	9,419,655
Investments in non consolidated companies	124	-	-	124
Other investments	85	-	-	85
Total Investments	**6,765,154**	**2,661,511**	**-6,800**	**9,419,864**
Intercompany loans and accrued interests	317,172	62,448	-60,461	319,159
Others	266,965	322,036	-509,640	79,361
Total Other financial assets	**584,137**	**384,484**	**-570,101**	**398,520**
TOTAL	**7,349,291**	**3,045,995**	**-576,901**	**9,818,384**

Acquisition/diminution of participating interest and other movements

In the course of the year, Atos SE increased the capital of the following entities of the Atos Group:

- Atos Integration for € 60.7 million;
- Atos International BV for € 2,520.2 million;
- Bull SA for € 24.3 million;
- Atos Spain for € 13.5 million;
- Atos Investissement 10 for € 42.8 million.

In the frame of the 8th settlement agreement between Atos SE and Siemens AG related to the purchase of SIS, Siemens AG paid the amount of € 6.8 million resulting in a decrease of the value of participating interest for the following entities:

- € 1.3 million for Atos Information Technology GMBH;
- € 5.5 million for Atos International BV.

Other financial assets deadline details

(in € thousand)	Gross amount December 31, 2018	Up to 1 year	1 to 5 years
Loans and accrued interests	319,159	5,400	313,759
Others	79,361	79,361	-
TOTAL	**398,520**	**84,761**	**313,759**

Other financial assets at closing date corresponded to deposit under securitization program for receivables for € 79.4 million and loans granted to Group entities.

Accrued interests amounted to € 5.3 million (2017: € 3.4 million).

Change in financial fixed assets – Impairment

(in € thousand)	December 31, 2017	Depreciation	Release	December 31, 2018
Investments in consolidated companies	-483,285	-12,680	42,077	-453,888
Investments in non consolidated companies	-124	-	-	-124
Other investments	-85	-	-	-85
TOTAL	**-483,494**	**-12,680**	**42,077**	**-454,097**
Of which financial				

The depreciation of the period corresponded mainly to the impairment of entities in France including the holdings for an amount of € 12.55 million, and an entity in Spain for € 0.13 million.

The release of the period corresponded to French entities for € 29.4 million and an entity in Turkey for € 12.7 million.

Net value of the financial fixed assets

(in € thousand)	Gross amount	Depreciation	Net value
Investments in consolidated companies	9,419,655	-453,888	8,965,767
Investments in non consolidated companies	124	-124	-
Other investments	85	-85	-
Investments	**9,419,864**	**-454,097**	**8,965,767**
Loans and accrued interests	319,159	-	319,159
Others	79,361	-	79,361
Other financial assets	**398,520**	**-**	**398,520**
TOTAL	**9,818,384**	**-454,097**	**9,364,287**

Main subsidiaries and investments

(in € thousand)	% interest	Gross value at December 31, 2018	Net value at December 31, 2018	Loans and advances made by the company not refunded	Sureties and guaranties made	Dividends received
SUBSIDIARIES (over 50% interest)						
French subsidiaries						
Worldline SA	**50**	**87,849**	**87,849**			
Bull SA	**100**	**1,338,131**	**1,338,131**			
Atos Infogérance	**100**	**339,501**	**188,921**			
Atos Intégration	**95**	**221,054**	**221,054**		**75,000**	
Atos Consulting	**68**	**16,539**	**10,536**			
Atos Participation 2	**100**	**30,616**	**16,039**			
Atos International	**100**	**103,725**	**0**		**210,329**	
Atos Investissement 10	**100**	**88,899**	**42,240**		**1,650**	
Atos Management France	**100**	**44,820**	**0**		**4,000**	
Atos Investissement 12	**100**	**62**	**28**			
Atos Meda	**100**	**8,840**	**8,840**			
Atos Investissement 19	**100**	**59**	**59**			
Atos Investissement 20	**100**	**37**	**0**			
Atos Investissement 21	**100**	**37**	**1**			
Atos Worldgrid	**100**	**32,328**	**32,328**		**48,181**	
Foreign subsidiaries						
Atos Origin Srl, Italie	**100**	**57,183**	**173**			
St Louis Ré, Benelux	**100**	**2,174**	**2,174**		**31,250**	
Atos Spain SA	**100**	**128,121**	**128,121**		**95,925**	**23,374**
Atos Information Technology GMBH	**100**	**585,747**	**585,747**		**104,000**	
Atos International BV, Pays Bas	**100**	**6,280,461**	**6,280,461**			
Atos Bilisim, Turquie	**81**	**22,276**	**22,276**		**71,450**	
Atos Customer Serv Turquie	**92**	**199**	**199**		**5,000**	
SUBSIDIARIES (10 to 50% interest)						
Canopy uk	**11**	**30,245**	**311**			
Group technic informatic, spain	**33**	**751**	**279**			

(in € thousand)	
Total equity from French subsidiaries	4,020,778
Total equity from foreign subsidiaries	6,475,422
Total net income from French subsidiaries	907,434
Total net income from foreign subsidiaries	467,133

Note 3 Trade accounts, notes receivable and other receivables

Trade accounts, notes receivable and other receivables

(in € thousand)	Gross amount December 31, 2018	Depreciation	Net value December 31, 2018	Net value December 31, 2017
Trade accounts and notes receivable and doubtful debtors	35,791	-245	35,546	34,864
Invoices to be issued	42,062	-	42,062	928
Trade accounts and notes receivables	**77,853**	**-245**	**77,608**	**35,791**
State and income tax	75,634	-	75,634	65,329
VAT receivable	6,885	-	6,885	4,206
Intercompany current account	859,349	-42,597	816,752	823,113
Other debtors	6,610	-	6,610	11,514
Other debtors	**948,478**	**-42,597**	**905,881**	**904,162**
TOTAL	**1,026,330**	**-42,842**	**983,489**	**939,954**
Of which operating		*-245*		

The trade accounts and doubtful debtors include intra-Group re-invoicing at the end of the year 2018.

The "invoices to be issued" mainly relates to:

- € 15.8 million of intercompany invoicing of fees expensed for the takeover of Syntel
- € 23.5 million of intercompany invoicing of Trade Mark Fees

A € 42.6 million depreciation on current accounts was recorded related to the impairment of some affiliates.

Maturity of trade accounts receivable and other debtors

(in € thousand)	Gross amount at December 31, 2018	Up to 1 year	1 to 5 years
Trade accounts and notes receivable and doubtful debtors	35,791	35,502	289
Invoices to be issued	42,062	42,062	-
State and income tax	75,634	75,634	-
VAT receivable	6,885	6,885	-
Intercompany current account	859,349	859,349	-
Other debtors	6,610	6,610	-
TOTAL	**1,026,330**	**1,026,041**	**289**

Accrued income

(in € thousand)	December 31, 2018	December 31, 2017
Accrued income included in Receivable accounts		
Other receivables	857	953
TOTAL	**857**	**953**

Note 4 Cash and cash equivalents

Cash and cash equivalents and mutual funds

(in € thousand)	Gross amount at December 31, 2018	Depreciation	Net value December 31, 2018	Net value December 31, 2017
Mutual funds	2	-	2	2
Treasury stocks - owned shares	5,261	-1,341	3,920	40,346
Short Term Bank deposits	-	-	-	1,244
Cash at bank	794,838	-	794,838	559,182
TOTAL	**800,102**	**-1,341**	**798,760**	**600,774**

Movement in Treasury stocks-owned shares

As at December 31, 2018, the Company owned 54,842 Atos SE shares which amounted to 0.1% of the share capital with a portfolio value of € 3,920,106.16, based on December 31, 2018 market price, and with book value of € 5,261,326.50. These shares were purchased in the context of a share buyback program and were assigned to the allocation of shares to employees or corporate officers of the Company or its group, and correspond to the hedging of its undertakings under the performance shares plans or share purchase plans.

The Company proceeded to the purchase of:

(i) 70,000 shares on February 22, 2018 as part of a mandate given to a financial intermediary as announced by the Group on the same day;

(ii) 360,000 shares from June 1st, to June 12, 2018, as part of a mandate given to a financial intermediary as announced by the Group on May 28, 2018.

From January 1st, 2018 to December 31st, 2018 the Company transferred 732,636 shares of the Company to beneficiaries of LTI (Long term Incentives) plans.

Short term bank deposits

Depending on market conditions and short-term cash flow expectations, Atos SE from time to time invests in money market funds or bank deposits with a maturity period not exceeding three months.

Note 5 Prepayments and deferred expenses

(in € thousand)	December 31, 2018	December 31, 2017
Redemption premiums of bonds	5,964	-
Translation losses	20,894	19,561
Prepaid expenses	2,164	152
Deferred expenses	10,518	7,132
TOTAL	**39,539**	**26,844**

The redemption premiums of bonds, for an amount of € 5.964 million, is the premium of € 6.123 million related to the bond emitted in November 2018, deduction made of the amortization (amortization on a straight line basis depending on the maturities).

The deferred expenses consist of:

- Fees amortization related to the syndicated loan for € 1.4 million;
- Fees amortization related to the bonds for € 9.1 million.

Note 6 Shareholders' equity

Common stock

	December 31, 2018	December 31, 2017
Number of shares	106,886,219	105,445,349
Nominal value *(in €)*	1	1
Common stock (in € thousand)	**106,886**	**105,445**

Capital ownership structure over three years

	December 31, 2018		December 31, 2017		December 31, 2016	
	Shares	**%**	**Shares**	**%**	**Shares**	**%**
Siemens	-	-	12,483,153	11.8%	12,483,153	11.9%
Siemens Pension Trust e.V. [3]	12,483,153	11.7%				
Blackrock Inc.	-	-	5,339,057[2]	5.1%	-	0%
Board of Directors	517,054	0.5%	546,630	0.5%	668,316	0.6%
Employees	1,156,732	1.1%	1,182,158	1.1%	1,489,140	1.4%
Treasury stock	54,842	0.1%	332,478	0.3%	196,435[1]	0.2%
Others	92,674,438	86.7%	85,561,873	81.1%	90,071,635	85.9%
TOTAL	**106,886,219**	**100.0%**	**105,445,349**	**100.0%**	**104,908,679**	**100.0%**

1 Including 12 120 shares to be effectively delivered to LTI beneficiaries on January 2, 2017

2 On the basis of the threshold crossing statement made on December 5, 2017

3 Siemens Pension Trust e.V. is controlled by Siemens A.G.

Siemens Pension Trust e.V. owns a 11.7% stake which it committed to keep until September 30, 2020. No other reference shareholder has announced its will to maintain a strategic shareholding in the Group's share capital.

During 2018, the Group was informed of the following threshold crossing:

(i) Siemens Aktiengesellschaft (« Siemens AG ») declared having crossed downwards, on March, 27 2018, the statutory thresholds of 10% and 5% of the share capital and the voting rights of the Company and not to directly hold any share of the Company anymore;

(ii) Siemens Pension-Trust e.V., a German law association, controlled by Siemens A.G.[1], declared having individually crossed upwards, on March, 27 2018, the statutory thresholds of 5% and 10% of the share capital and the voting rights of the Company (following the transfer off-market by Siemens AG of 12,483,153 shares of the Company) and declared holding 11.84% of the share capital and voting rights of the Company;

(iii) BlackRock Inc., acting on behalf of clients and funds which it manages, declared having crossed, downwards, on July 10, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following the return of shares held as collateral). BlackRock, Inc. declared holding 4.96% of the share capital and voting rights of the Company;

(iv) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, upwards on July 17, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following an acquisition of shares off-market and an increase in the number of shares held as collateral). BlackRock, Inc. declared holding 5.11% of the share capital and voting rights of the Company;

(v) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, downwards, on July 18, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following the sale of Atos SE shares on the market and a decrease in the number of Atos SE shares held as collateral). BlackRock, Inc. declared holding 4.98% of the share capital and voting rights of the Company.

(vi) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, upwards on August 8, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following a receipt of shares held as collateral). BlackRock, Inc. declared holding 5.01% of the share capital and voting rights of the Company;

(vii) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, downwards on August 13, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following a sale of Atos SE shares on the market and a return of shares held as collateral). BlackRock, Inc. declared holding 4.90% of the share capital and voting rights of the Company;

(viii) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, upwards on November 30, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following an acquisition of shares on the market and a receipt of shares held as collateral). BlackRock, Inc. declared holding 5.04% of the share capital and voting rights of the Company;

(ix) BlackRock, Inc., acting on behalf of clients and funds which it manages, declared having crossed, downwards on December 3, 2018, the statutory thresholds of 5% of the share capital and voting rights of the Company (following a return of shares held as collateral). BlackRock, Inc. declared holding 4.89% of the share capital and voting rights of the Company;

The 12th resolution of the Combined General Meeting of May 24, 2018, renewed in favor of the Board of Directors, the authorization to trade in the Group's shares, in connection with the implementation of a share buyback program. The number of shares purchased may not exceed 10% of the company's common stock. As of December 31, 2018, the company held 54,842 shares of treasury stocks, 25,000 of which were held through the liquidity contract.

[1] Siemens Pension Trust e.V. is controlled by Siemens AG as the Chairman of the Board of Directors of the association is proposed by Siemens AG, the members of the association still being in position to refuse the proposed candidate but the members cannot appoint a candidate which has not been presented by Siemens AG. The other members of the Board of Directors are appointed upon proposal made by the Chairman.

The shares owned by employees are held through mutual funds and corporate savings plans. The shares of the Company owned by employees and the members of the Board of Directors are excluded from the free float.

As at December 31, 2018	**Shares**	**% of share capital**	**% of voting rights**
Siemens Pension Trust e.V.	12,483,153	11.7%	11.7%
Board of Directors	517,054	0.5%	0.5%
Employees	1,156,732	1.1%	1.1%
Treasury stock	54,842	0.1%	-
Free float	92,674,438	86.7%	86.7%
Total	**106,886,219**	**100.0%**	**100.0%**

Changes in shareholders' equity

(in € thousand)	**December 31, 2017**	**Exercice of share options**	**Dividends**	**Appropriation of result**	**Capital increase**	**Net Income 2018**	**December 31, 2018**
Common stock	105,446				1,441		**106,887**
Additional paid-in capital	2,871,855				121,887		**2,993,742**
Legal reserve	10,491			54			**10,545**
Other reserves	25,511						**25,511**
Retained earnings	790,745		-179,235	166,937			**778,447**
Net income for the period	166,990			-166,990		161,090	**161,090**
TOTAL OF THE SHAREHOLDERS' EQUITY	**3,971,037**		**-179,235**	**0**	**123,328**	**161,090**	**4,076,220**

As at December 31, 2018, the Company's issued common stock amounted to € 106.9 million, divided into 106,886,219 fully paid-up shares of € 1.00 par value each.

Compared to December 31, 2017, the share capital was increased by the issuance of 1,440,870 new shares, split as follows:

- 377,204 new shares resulting from the exercise of stock options;
- 1,063,666 new shares resulting from the payment of the 2017 dividend in shares.

Potential common stock

Based on 106,886,219 outstanding shares as of December 31, 2018, the common stock of the Group could be increased by 2,620,383 new shares, representing 2.45% of the common stock before dilution. This dilution could come from the exercise of stock subscription options granted to employees or from the acquisition of performance shares, as follows:

(in shares)	**December 31, 2018**	**December 31, 2017**	**Change**	**% dilution**
Number of shares outstanding	**106,886,219**	**105,445,349**	**1,440,870**	
From stock subscription options	25,467	406,707	-381,240	0.02%
From performance shares	2,594,916	2,799,220	-204,304	2.43%
Potential dilution	**2,620,383**	**3,205,927**	**-585,544**	**2.45%**
TOTAL POTENTIAL COMMON STOCK	**109,506,602**	**108,651,276**	**855,326**	

On the total of 25,467 of stock options, no option had a price of exercise higher than € 71.10 (opening stock price as of December 31, 2018).

Note 7 Provisions

Provisions

(in € thousand)	December 31, 2017	Charges	Release used	Release unused	December 31, 2018
Subsidiary risk	36,979	-	-	-36,979	0
Contingencies	311	1,489	-	-	1,800
Litigations	0	-	-	-	0
TOTAL	**37,290**	**1,489**	**-**	**-36,979**	**1,800**
Of which					
▪ *operating*					
▪ *financial*		1,489		-36,979	-35,490
▪ *exceptional*					

The evaluation of the participating interest let to a reversal mainly for the following subsidiaries:

- Atos International for € 12.6 million;
- Atos Investissement 10 for € 12.7 million;
- Atos Management France for € 11.6 million.

The provision on contengencies for € 1.489 million is mainly due to exchange loss on an intercompany borrowing for an amount of € 1.445 million.

Note 8 Financial borrowings

Closing net debt

(in € thousand)		Up to 1 year	1 to 5 years	Over 5 years	Gross value December 31, 2018	Gross value December 31, 2017
Bank overdraft		581,638	-	-	581,638	415,456
Bonds			1,600,000	1,100,000	2,700,000	900,000
Bank loans		720,000	80,000		800,000	800,000
Other borrowings		269,574	546,012	313,870	1,129,456	351,800
Loan Interest to paid		15,987	17		16,004	12,072
Borrowings		**1,587,199**	**2,226,029**	**1,413,870**	**5,227,098**	**2,479,328**
Cash at bank	Note 5	794,838			794,838	559,182
CLOSING NET DEBT		**792,361**	**2,226,029**	**1,413,870**	**4,432,260**	**1,920,146**

Financial borrowings included mainly:

- Bonds as detailed below
  - In June 2015, a € 600 million bond, 5 years maturity with a 2.375% rate
  - In October 2016, a 300 million bond, 7 years maturity with a 1.444% rate
  - In November 2018, a 700 million bond, 3.5 years maturity with a 0.75% rate
  - In November 2018, a 750 million bond, 6.5 years maturity with a 1.75% rate
  - In November 2018, a 350 million bond,10 years maturity with a 2.5% rate
- On October 9, 2018, Atos SE issued a bridge loan of USD 1.9 billion for the acquisition of Syntel. The bridge loan was fully reimbursed on November 9 2018 ;
- On October 9, 2018, Atos SE issued a term loan of USD 2.5 billion for the acquisition of Syntel (including the 1.9 billion bridge repaid on November 9 2018). The term loan outstanding position at December 31, 2018 is USD 600 million composed of:
  - USD 350 million with a 3 years maturity
  - USD 250 million with a 5 years maturity

The term loan includes one financial covenant which under the terms is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

- NEU MTN for € 80 million;
- NEU CP for € 720 million;
- Intercompany loans for € 607.7 million;
- Profit-sharing for € 2.3 million.

Syndicated loan (2014-2021) renewed

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion credit facility maturing in November 2023 with an option for Atos to request the extension of the Facility maturity date until November 2025.

The revolving credit facility includes one financial covenant which under the terms is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

This facility is used for the general needs of the Group.

As of December 31 2018, Atos SE hasn't used this facility.

Note 9 Trade accounts, notes payable and other liabilities

Maturity of trade accounts, notes payable and other liabilities

(in € thousand)	Gross amount December 31, 2018	Up to 1 year	1 to 5 years	Gross amount December 31, 2017
Trade accounts and notes payable	22,159	22,150	9	21,889
Trade accounts and notes payable	**22,159**	**22,150**	**9**	**21,889**
Social security and other employee welfare liabilities	2,613	2,613	-	2,358
VAT payable	4,751	4,751	-	598
Intercompany current account liabilities	1,790,299	1,790,299	-	1,892,891
Other liabilities	42,000	42,000	-	8,228
Other liabilities	**1,839,664**	**1,839,664**	**-**	**1,904,075**
TOTAL	**1,861,823**	**1,861,814**	**9**	**1,925,964**

Terms of payments

The general terms of external purchases were sixty days as from the date of issuance of the invoice except lawful or agreed contrary provisions between the parties. As far as intercompany purchases are concerned, the general terms of payments are 30 days.

The breakdown of accounts payable at the end of the financial year was as follows:

(in € thousand)	Gross amount December 31,	Associated companies	Other	Total December 31	Overdue for more than one year	Overdue for less than one year	Invoices non-due at December 31
2018							
Accounts payable and liabilities	**22,159**	**17,475**	**4,684**	**22,159**	**9**	**-2,803**[1]	**24,953**
	100,0%				0.0%	-12.6%	112.6%
Accounts payable	-2,240	-3,297	1,057	-2,240	9	-2,803	554
Invoices to be received	24,399	20,772	3,627	24,399	-	-	24,399
2017							
Accounts payable and liabilities	**21,889**	**18,047**	**3,842**	**21,889**	**88**	**249**	**21,552**
	100,0%				0.4%	1.1%	98.5%
Accounts payable	-2,634	-3,465	831	-2,634	88	249	-2,971
Invoices to be received	24,523	21,512	3,011	24,523	-	-	24,523

1 relates mainly to an inter-company credit note for an amount of € 3.465 million

Deferred Expenses

(in € thousand)	December 31, 2018	December 31, 2017
Deferred Expenses included in the trade payable accounts		
Invoices to be received	24,399	24,523
Other liabilities	1,914	1,325
State and employee related liabilities	933	679
TOTAL	**27,245**	**26,527**

Note 10 Unrecognized exchange gains

It was related to unrecognized exchange gains for € 19.4 million.

Note 11 Revenue

Revenue split

	December 31, 2018		December 31, 2017	
	(in € thousand)	(in %)	(in € thousand)	(in %)
Trademark fees	129,046	88.7%	133,872	92.7%
Re-invoicing	8,582	5.9%	2,040	1.4%
Parental guarantees	7,929	5.4%	8,506	5.9%
Total revenue by nature	**145,558**	**100.0%**	**144,418**	**100.0%**
France	30,197	20.7%	19,271	13.3%
Foreign countries	115,360	79.3%	125,147	86.7%
Total revenue by geographical area	**145,558**	**100.0%**	**144,418**	**100.0%**

Note 12 Other expenses

Expenses

(in € thousand)	**December 31, 2018**	**December 31, 2017**
Expenses of the functions' Group	-16,196	-17,228
Directors' fees	-608	-500
Other expenses	-821	-390
TOTAL	**-17,624**	**-18,118**

Expenses detailed above mainly included marketing, communication, investor relations and human resources expenses invoiced by Atos International SAS and other holdings subsidiaries to the Company including fees paid to the International Olympic Committee.

Note 13 Financial result

(in € thousand)	December 31, 2018	December 31, 2017
Dividends received	23,374	9,091
Intercompany current account interests	1,248	1,042
Other financial assets income	17,417	17,405
Investment banking revenues	157	77
Reversal of provisions on investments in consolidated companies	42,077	119,018
Reversal of provisions on treasury stock	2,523	-
Disposal of short-term investment	1,050	340
Foreign exchange gains	47,149	223
Total of the financial incomes	**171,974**	**147,195**
Interests on borrowings	-24,151	-20,590
Securitisation interests	-939	-1,323
Intercompany loans interests	-19,291	-17,405
Intercompany current accounts interests	-27	-32
Provision for depreciation on investments in consolidated companies	55,277	-29,101
Provision for deferred expenses	-3,356	-3,092
Other financial provisions	-2,791	-19,680
Short term borrowing interests	-2,626	-458
Foreign exchange losses	-9,790	-220
Other financial expenses	-86,232	-29,738
Total of the financial expenses	**-204,481**	**-121,640**
NET FINANCIAL RESULT	**-32,507**	**25,555**

Financial incomes

Atos SE received from its subsidiary, Atos Spain SA, the amount of €23.4 million of dividends in 2018.

The depreciation on investments has been disclosed in the Note 2 Financial Assets and Note 7 Provision.

The other financial assets income relates to interests on an intercompany loan in GBP.

Financial expenses

The interests on borrowings are composed of:

- € 2.6 million on syndicated loan
- € 22.6 million on bonds
- € -2.3 million on NEU CP – Negociable European Commercial Paper
- € 1.1 million on borrowing related to the purchase of Syntel

The intercompany loans interests are related to a loan with an entity located in the United Kingdom for € 19.3 million.

The provision for deferred expenses is composed of:

- € 1.4 million on syndicated loan
- € 1.9 million on bonds

The other financial expenses are related to the loss incurred on the delivery of the 690,614 performance shares to the employees for an amount of € 84.9 million (€ 29.7 million in 2017) as well as a loss of € 1.3 million on liquidity contract.

The depreciation on investments has been disclosed in the Note 2 Financial Assets and Note 7 Provision.

Note 14 Non-recurring items

(in € thousand)	**December 31, 2018**	**December 31, 2017**
Selling price from disposal of financial investments		
Other income	92,635	38,334
Total of non recurring income	**92,635**	**38,334**
Amortization of merger loss		
Net book value of financial investments sold	-	-68
Net book value of fixed assets sold		
Provisions for liabilities and charges		
Other expenses	-11,718	-8,845
Total of non recurring expenses	**-11,718**	**-8,912**
NON RECURRING ITEMS	**80,917**	**29,422**

In 2018, the non-recurring incomes are mainly related to the re-invoicing to Group entities for the cost of the performance plan granted to employees and to the operations of merger and acquisitions.

The increase of exceptional income in 2018 compared to 2017 is due to the unwinding of several plans to grant free shares to Group employees. Indeed, Atos SE re-invoiced their subsidiaries for a total amount of €82.4 million in 2018, whereas it re-invoiced only €28.7 million in 2017.

The amount in “Other expenses” is mainly related to fees expensed in the take over of Syntel.

Note 15 Tax

Tax consolidation agreement

As per article 223-A of the French Fiscal Code, Atos SE signed a Group tax consolidation agreement with a certain number of its French subsidiaries with effect as of January 1, 2001.

Atos SE as parent company of the Group is designated as the only entity liable for the corporate tax of the Group tax consolidation.

The main features of the agreement are:

- The result of the consolidated companies is determined as if they had been taxed individually;
- Atos SE is the only company liable for any additional tax to be paid in the event of an exit by a subsidiary from the Group. In the event of tax audit, the subsidiary which exited from the Group remains liable toward Atos SE of any additional income tax related to the time it was part of the tax consolidation.

Decrease and increase of the future tax charge of Atos SE taxed separately

At year end, decreases and increases of the future tax charge were broken down as follows:

(in € thousand)	Basis Decrease	Basis Increase
Non deductible provisions for timing differences	782	39
TOTAL	**782**	**39**

No deferred tax assets or liabilities had been recognized.

Breakdown between net income on ordinary activities and non-recurring items

(in € thousand)	Before tax	Computed tax	Net amount
Net income on ordinary activities	53,838	-	53,838
Non recurring items and employee participation	80,917	-	80,917
Tax Charge	-	26,335	26,335
TOTAL	**134,755**	**26,335**	**161,090**

The result of the fiscal consolidation is a profit of € 119.7 million before use of losses carried forward. After use of the losses carried forward the taxable profit 2018 was an amount of € 33.7 million with a tax charge of € 11.6 million. The tax that would have been paid in the absence of French tax consolidation would have been an expense of € 29.8 million.

The total amount of the losses carried forward was € 198.0 million as of December 31, 2018.

Note 16 Off-balance sheet commitments

Commitments given

(in € thousand)	December 31, 2018	December 31, 2017
Performance Parental Guarantees	3,340,909	4,225,571
Bank guarantees[1]	50,324	324
TOTAL	**3,391,233**	**4,225,895**

1 Borne by Atos SE

For various large long-term contracts, the Group provides performance guarantees to its clients. These guarantees amount to € 3,341 million as of December 31, 2018, compared with € 4,226 million at the end of December 2017. This decrease of € 885 million compared to last year is mainly due to the expiration of some guarantees provided to the benefit of the US, UK and Benelux & the Nordics customers.

In relation to the multi-currency revolving facility amended in October 2018, Atos SE issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover up to € 660.0 million (unchanged amount) the obligations of its subsidiaries: Atos Telco Services B.V. and Atos International B.V.

In relation to the Term Facility agreement signed in July 2018 in the context of the Syntel acquisition financing, Atos SE issued a parental guarantee to the benefit of the consortium of banks represented by BNP Paribas, in order to cover USD 1,230 million (€ 1,078 million) the obligations of its US subsidiary, Green Finco Inc. considering the partial reimbursement of USD 200 million (€ 175 million) as of December 20th 2018.

Atos SE has given a € 102.0 million guarantee to Ester Finance in relation to a securitization program involving certain of its subsidiaries. Guarantee amount decreased due to the restructuration of the securitization program in May 2018.

As part of the general agreement with Siemens in respect of the transfer of SIS UK pension liabilities, the Board of Atos SE, during its March 29, 2011 meeting, agreed to provide a 20-year guarantee to the Atos 2011 Pension Trust set up to accommodate the transfer. The maximum amount of the guarantee is GBP 200.0 million (€ 222 million).

In the framework of the Atos pension Scheme discussions in UK, for a more efficient structure, the board of Atos SE, during its July 22th, 2018 meeting, agreed to provide three parental guarantees (amending and extending those in force) to the Atos Pension Schemes Limited as trustee of the Atos Pension Fund and the Atos (SEMA) Pension Schemes Limited and Atos CS Pension Scheme. Under the said guarantees, Atos SE will guarantee the obligations of the sponsoring employers of the respective Pension Scheme to make certain payments. The total estimated amount of the new guarantees when authorized by the board of directors therefore represented an extension of 150 GBP (€166 million) to the existing guarantees (totaling 635 GBP (€ 704 million)) which Atos SE had previously provided to the three schemes.

Finally, in addition to the previous amounts, pension commitments are consistent with the pension scheme described in section G.3.2.2 of the Atos Group 2018 registration document.

Commitments received

(in € thousand)	December 31, 2018	December 31, 2017
Syndicated loan	**2,320**	**1,470**

The received financial commitment refers exclusively to the part non utilized at Group level of the € 2.32 billion revolving facility.

Note 17 Risk analysis

Market risks: fair value of financial instruments

Cash at bank and short term deposits, trade accounts receivable, bank overdraft and trade accounts payable

Due to the short term nature of these instruments, the Group considers that the book value constitutes a reasonable estimate of their market value as of December 31, 2018.

Long and medium term liabilities

As of December 31, 2018, Atos SE doesn’t present a long and medium term liabilities related to the syndicated loan.

Liquidity risk

Syndicated loan (2014-2021) renewed

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion credit facility maturing in November 2023 with an option for Atos to request the extension of the Facility maturity date until November 2025.

The revolving credit facility includes one financial covenant which under the terms is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

This facility is used for the general needs of the Group.

As of December 31 2018, Atos SE hasn't used this facility.

Securitization program

Atos securitization program of trade receivables has been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program has been restricted to two French participants.

The program is still structured with two compartments, called ON and OFF:

- compartment "ON" is similar to the previous program (i.e. the receivables are maintained in the Group balance sheet) which remains by default the compartment in which the receivables are sold. This compartment was used at its lowest level;
- compartment "OFF" is designed so the credit risk (insolvency and overdue) of the debtors eligible to this compartment of the program is fully transferred to the purchasing entity of a third party financial institution.

As of December 31, 2018, Atos SE has sold:

- In the compartment "ON" € 85.2 million in receivables of which € 5.9 million were received in cash. The sale is with recourse, thus re-consolidated in the balance sheet;
- In the compartment "OFF" € 33.1 million in receivables which qualify for de-recognition as substantially all risks and rewards associated with the receivables were transferred.

Financial covenants of the Atos securitization program are the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

Liquidity risk at December 31, 2018

Instruments	Fix/Variable	Line *(in € million)*	Maturity
Syndicated loan	Variable	2,400	November 2023
Securitization program	Variable	100	May 2023
Bond borrowing	Fixe	600	July 2020
Bond borrowing	Fixe	300	September 2023
Bond borrowing	Fixe	700	May 2022
Bond borrowing	Fixe	750	May 2025
Bond borrowing	Fixe	350	November 2028

On June 02, 2017 Atos SE set up a Negotiable European Commercial Paper program (NEU CP), at variable interest rate, with a maximum outstanding amount of € 900 million.

On October 05, 2017 Atos SE increased the program size from € 900 million to € 1,200 million.

On October 17, 2018 Atos SE increased the program size from € 1,200 million to € 1,800 million.

On May 4, 2018 Atos SE set up a Negotiable European Medium Term Notes program (NEU MTN), with a maximum outstanding amount of € 600 million.

On October 31, 2018 Atos SE issued a € 1,8 billion global bond in 3 instalments with different rates and maturity.

Credit risk

The Group has a fully-integrated process concerning credit risk. In its trade relations, the Group manages its credit risk with a portfolio of diversified customers and follow-up tools.

Financially, the Group monitors the credit risk on its investments and its market operations by rigorously selecting leading financial institutions and by using several banking partners. The Group thus considers its credit risk exposure as being limited.

Market risk

The Group monetary assets comprise receivables and loans, securities investments and cash at bank. Monetary liabilities comprise financial, operating and other liabilities.

Interest rate risk

The exposure to interest rate risk encompasses two types of risks:

- A price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Company is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the Company's Income Statement and, as such, future net income of the Company up to maturity of these assets and liabilities;
- A cash-flow risk on floating-rate financial assets and liabilities. The Company considers that a variation in rates would have little effect on floating-rate financial assets and liabilities.

Note 18 Related parties

There is no transaction made by the Company (trade mark fees, financing operations and tax consolidation) that were not performed under market conditions.

Note 19 Subsequent events

On January 29, 2019, Atos' Board of Directors, following a specific governance process, proposed to submit to its shareholders the project to distribute in kind around 23.4% of Worldline's share capital, out of the 50.8% currently owned by the Group. Post transaction, Atos would retain approximately 27.4% of Worldline's share capital and Worldline's free float would be increased to approximately 45.7%. Following the partial distribution, Worldline is expected to be deconsolidated from the Group's accounts and Atos remaining stake would be accounted for as an investment in associates under equity method.

Worldline's Board of Directors met on January 29, 2019 and unanimously welcomed this planned change in ownership structure.

The shareholders' agreement between Atos and SIX will be amended to reflect the continued partnership between the two groups post distribution, and both parties are expected to commit to a 6-month joint lock-up on their respective stakes in Worldline post distribution.

Regarding the structure of the proposed distribution, Atos' shareholders are expected to receive 2 Worldline shares for 5 Atos shares held. Technical terms of the proposed transaction are under review and would be submitted to the vote of the Atos shareholders at the 2018 Annual General Meeting planned on April 30, 2019.

B.6.5 Atos SE financial summary for the last five years

(in € million)	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
I - Common stock at period end					
Common stock	106.9	105.4	104.9	103.5	101.3
Number of shares outstanding	106,886,219	105,445,349	104,908,679	103,519,242	101,332,527
Maximum number of shares that may be created by:					
• conversion of convertible bonds					
• exercise of stock subscription options	2,620,383	3,205,927	3,128,274	3,374,859	2,806,747
II - Income for the period					
Revenue.	145.6	144.4	169.6	107.0	116.6
Net income before tax. employee profit-sharing and incentive schemes. Depreciation. amortization and provisions	114.6	76.7	23.5	32.7	339.1
Corporate income tax	26.3	13.5	6.2	8.2	-2.7
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	161.0	167.0	29.5	40.9	336.4
Dividend distribution	-	179.2	167.6	113.5	79.7
III – Per share data (in euros)					
Net income after tax and employee profit-sharing but before depreciation. Amortization and provisions	1.3	0.9	0.3	0.4	3.3
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	1.5	1.6	0.3	0.4	3.3
Dividend per share	-	1.7	1.6	1.1	0.8
IV – Employees					
Average number of employees during the period	1.0	1.0	1.0	1.0	-
Total payroll for the period	2.8	3.3	3.0	3.4	-
Employee social security and welfare payments	0.7	0.8	0.9	1.9	-

B.6.6 Payables and receivables payment terms

Invoices received and emitted not paid at year's end closing but due (statement I of article D. 441-4)

	Article D. 441 I.- 1° : Invoices received not paid at year's end closing but due						Article D. 441 I.- 1° : Invoices emitted not paid at year's end closing but due					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Payment delay periods												
Number of invoices concerned	15					110	15					711
Total amount of invoices concerned excluding VAT in K€	478	-3,161	163	27	121	-2,850	294	7,387	22,638	1,414	3,240	34,679
Total amount percentage of year expenses	0,75	-4,94	0,25	0,04	0,19	-4,46						
Percentage of year's sales excluding VAT							0,13	3,33	10,20	0,64	1,46	15,63
(B) Invoices excluded of (A) related to contentious payables and receivables or not recorded												
Number of excluded invoices							1					
Total amount of excluded invoices							245					
(C) Used reference payment terms (contractual or legal term - article L 441-6 or article L 443-1 of code of commerce)												
Payment terms used for late payment penalties calculation	☐ Contractual payment terms: 60 days ☐ Legal payment terms: N/A						☐ Contractual payment terms: 30 days ☐ Legal payment terms: N/A					

C. Contacts and locations

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C.2 Locations

Atos is present in main cities to support customers. The addresses and phone numbers of the Group main offices can be found on the Locations page on website atos.net. Details of current job opportunities can be found in Careers pages. An email address for general questions and comments about the Atos' Internet site can be found at the bottom of the page.

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Italy
Ireland
Lithuania
Luxembourg
Poland
Portugal
Romania
Russia
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
The Netherlands
United Kingdom

Americas

Argentina
Brazil
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Colombia
Guatemala
Jamaica
Mexico
Peru
Uruguay
USA

Asia Pacific

Australia
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Hong Kong
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Japan
Korea
Malaysia
New-Zealand
Philippines
Singapore
Taiwan
Thailand

India, Middle-East & Africa

Algeria
Benin
Burkina Faso
Egypt
Gabon
India
Israel
Ivory-coast
Lebanon
Madagascar
Mali
Mauritius
Morocco
Qatar
Saudi Arabia
Senegal
South Africa
Turkey
United Arab Emirates

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