



Architect of an Open World™

## 2008 results; Bull exceeds its objectives

Didier Lamouche – Chairman & CEO

Philippe Lederman – CFO

February 13, 2009

**LIBERATE IT**

# Agenda

- 2008 highlights & key events
- 2008 business performance
- 2008 annual results
- Building a stronger Bull
- 2009 outlook

# 2008 Highlights: performance versus commitments

## - All financial commitments met or exceeded:

- Sales in line : +1.4% (+2.1% at constant currency)
- Profitability above target : EBIT of €30.1m grew 8.3% and exceeds upper end of guidance range
- Positive cash generation : operating cash €27.5m  
gross cash increased €12m to €344m  
at year end, an all time high

# Highlights

- ➔ Strategic growth offers are driving revenue up:
  - Turnaround in Hardware & Systems Solutions
    - Accelerating growth quarter after quarter in 2008
    - +5.6% in 2008; +13.4% in H2; +18.6% in Q4
  - Sustained growth in Services & Solutions
    - Solid revenue growth at year end despite difficult month of October
    - +14.7% in 2008; +13.5% in H2; +12.3% in Q4
- ➔ Portfolio focus strengthened in 2008
  - Efficient disposal of non core activities
  - Strategic acquisitions reinforce HPC and Services
- ➔ Operational challenges
  - Services activities delivered €12.2m additional gross margin vs. 2007
  - Service gross margin rate increased by only 0.6 point in 2008 leaving room for further improvement
- ➔ Outlook
  - FY08 orders grew 2.5% with a slowdown in H2 (-0.9%) affecting mostly Western Europe
  - However, 12 month backlog remains solid

# 2008 key events summary : HPC and Green IT

HPC	February	March	April	July
	French Atomic Energy Authority (CEA) and Bull announce record performance for image search in very large-scale databases	Cardiff University chooses Bull to provide new supercomputer for advanced research computing	GENCI together with the CEA order one of the largest hybrid system in Europe, a 300-teraflops Bull NovaScale supercomputer	Bull and the CEA sign a collaboration contract for the design and acquisition of a petaflops-scale supercomputer
	September	October		November
	The Forschungszentrum Jülich in Germany chooses Bull to deliver one of the most powerful supercomputers in Europe	Bull agrees to acquire science + computing ag, a leading HPC solutions and services company in Germany, the largest HPC market in Europe	Government's 'France Numérique 2012' policy document proposes a 5-point plan for accelerating numerical simulation, leveraging on key industrial leaders among Bull	Bull ranks among top five vendors worldwide - the only non-American - to watch in 2009
January 2009	With a second Bull supercomputer ordered by Jülich, Bull will deliver an integrated computing platform of more than 300 Teraflops, taking a lead-position among Europe's supercomputers			
Bio Data Center™	1 <sup>st</sup> half 2008		2 <sup>nd</sup> half 2008	
	Bull introduces the all-in-one virtualization server solution and announces new low energy consumption NovaScale blade servers to reduce costs and complexity	Bull joins the Climate Savers Computing Initiative, an international non-profit organization dedicated to reducing computer power consumption by 50 percent by 2010	Schneider Electric and Bull use their joint skills to launch new IT energy audit services	Bull and SAP to align enterprise applications with Datacenter energy-efficiency policies to help customers better manage their businesses, reduce energy consumption and lower energy expenditures

# 2008 key events summary : Secure Storage, Services, Security and Open Source

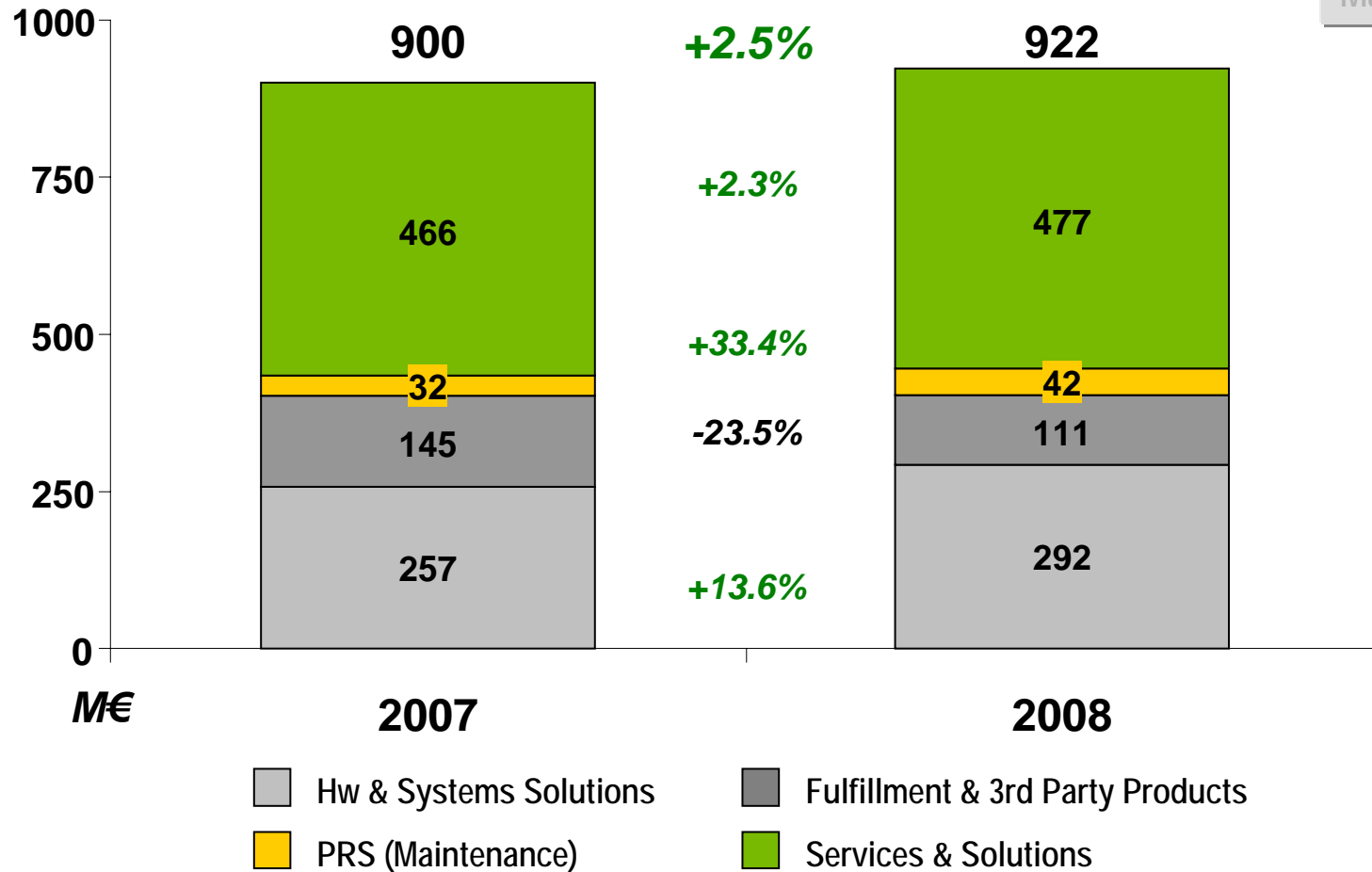
Secure Storage	March	April		June	October
	Bull reduces the complexity and extends the scope of enterprise data protection and management with its new StoreWay Calypso software suite	Bull announces globull, the first platform combining mobility and security	globull is selected by the European Council as its secure mobile platform of choice	Bull extends the reach of enterprise data protection with StoreWay DPA, to secure data that is often beyond the reach of existing enterprise data protection measures	Bull opened its international Solution Center - the StoreWay Solution Center - dedicated to data protection and virtualization technologies in partnership with EMC
Services, security and Open Source	February		June		September
	Evidian Identity and Access Management Software expands market momentum in North America with Quest	AddressVision Inc., a Bull Group Subsidiary, is selected by Australia Post in Recognition Improvement Initiative	Bull acquires CSB Consulting - an IT services company based in Belgium and Luxembourg - continuing its dynamic growth in information technology services	Broadband takes off: OnAir brings Highdeal and Bull on-board for its mobile telephony offer	Vedior Group France chooses Bull to secure and make its information system reliable
	September	October	November	December	
	Bull to integrate RH@psodie, the French Navy's Human Resources payroll Information System (HRIS)	Bull continues repositioning and announces the acquisition of its Medicaid solutions business in the United States by Ingenix	Evidian positioned in Leaders Quadrant for Enterprise Single Sign-On	Commissioned Study conducted by Forrester Consulting shows Open Source Paves The Way For The Next Generation Of Enterprise IT	Bull and major European IT companies launch the first Open World Forum in Paris, with the active support of the European Commission

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# Orders 2008 vs 2007

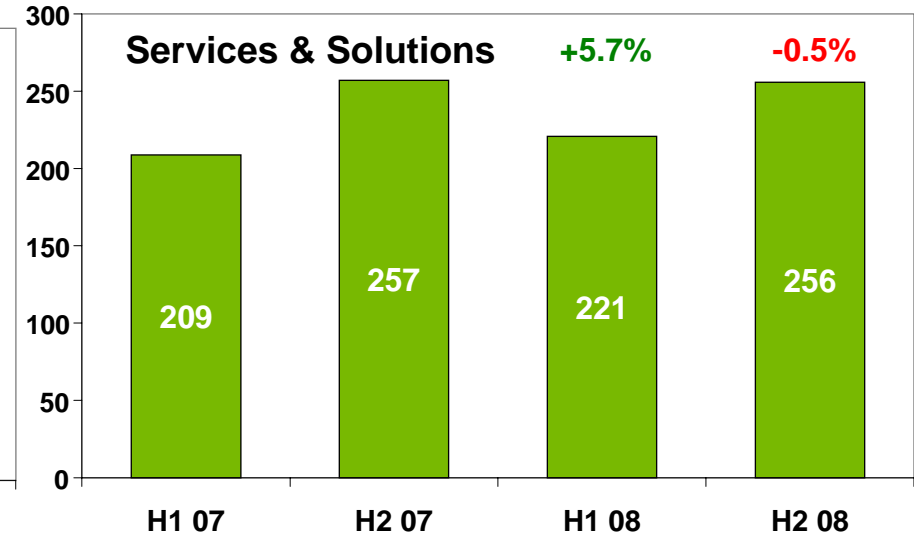
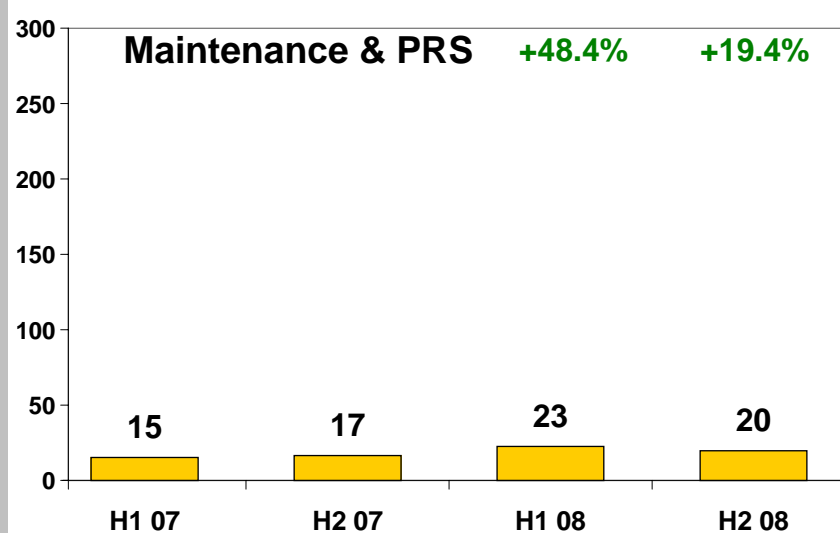
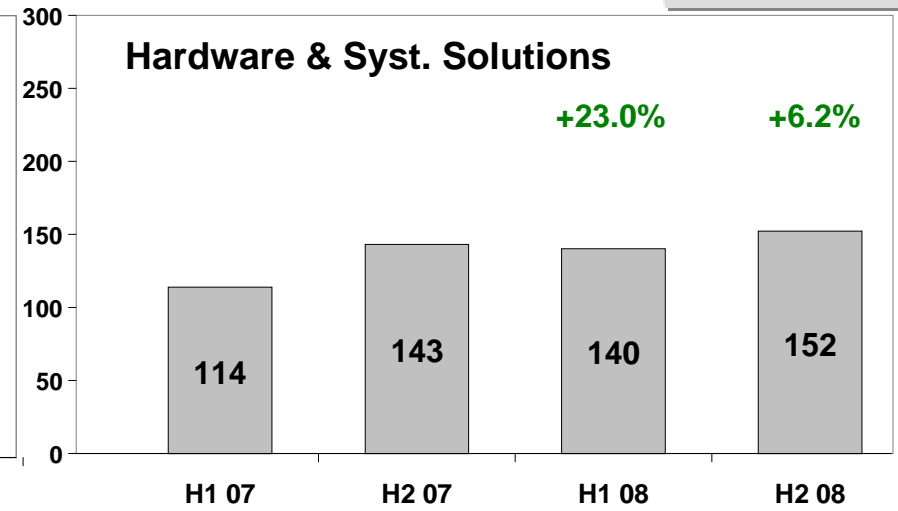
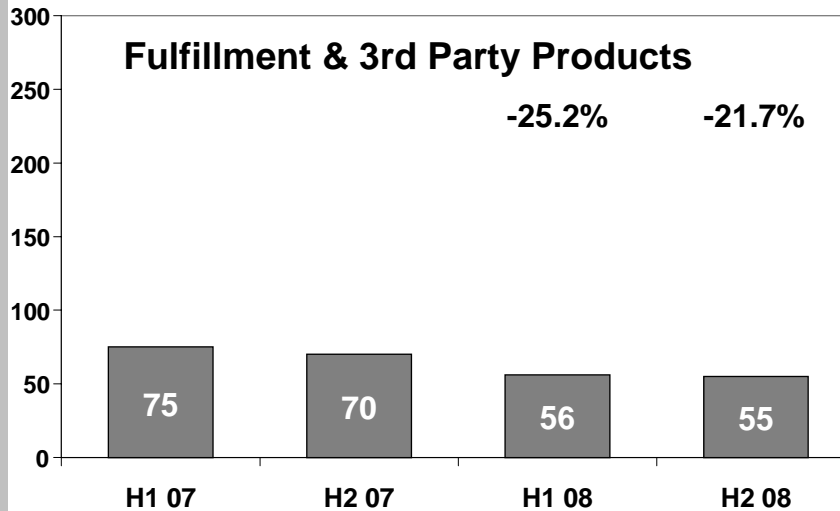
→ Orders  
Revenue  
Margins



**Strategic offers gaining traction → turnaround in Hardware & Systems orders**  
**Refocus on Bull offers → deliberate reduction of 3rd party resale activity**

# Orders 2008 by semester

→ Orders  
Revenue  
Margins

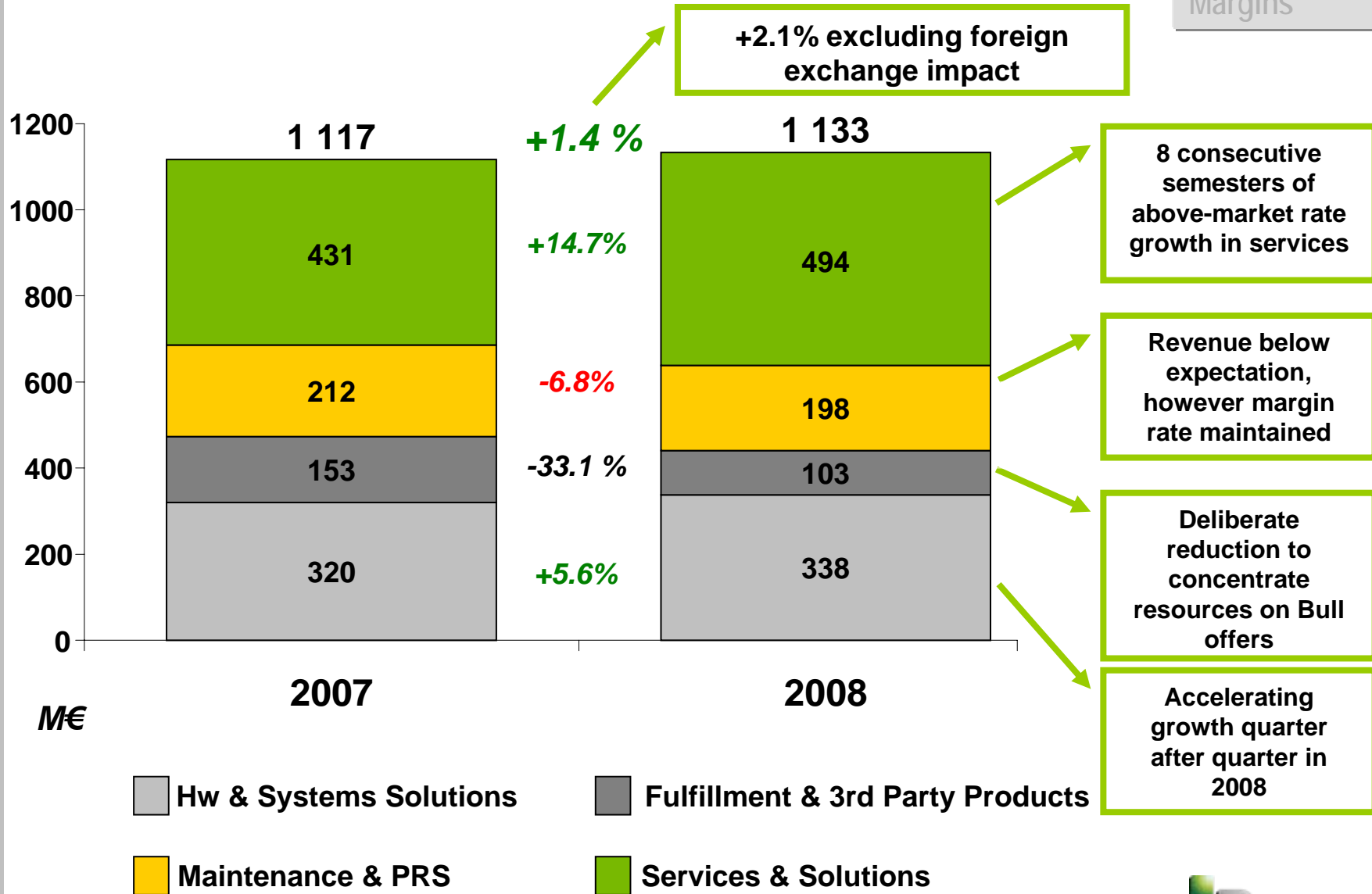


**Orders grow for the full year, though some weakness seen in H2**



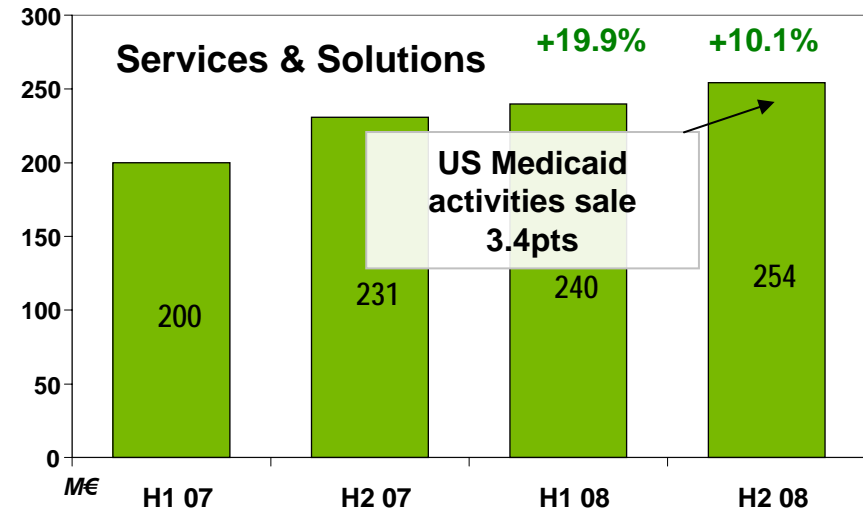
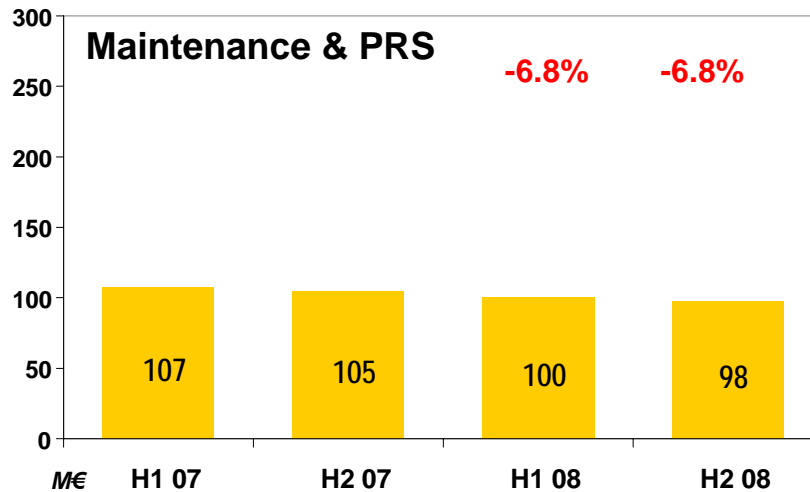
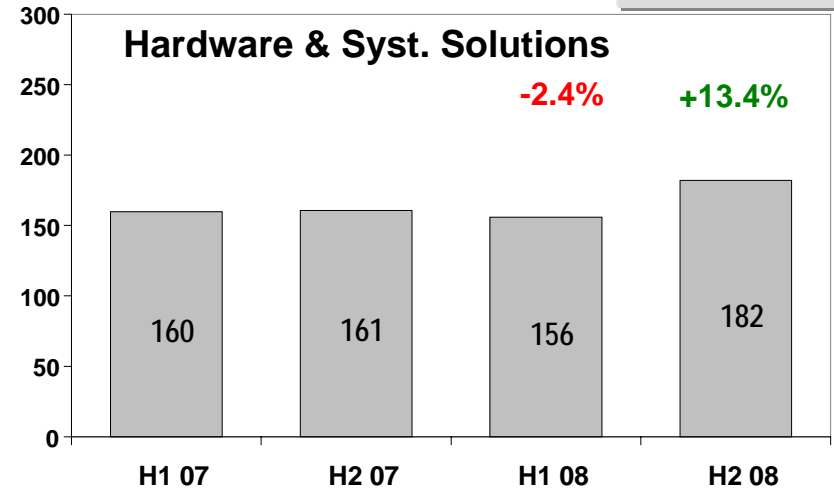
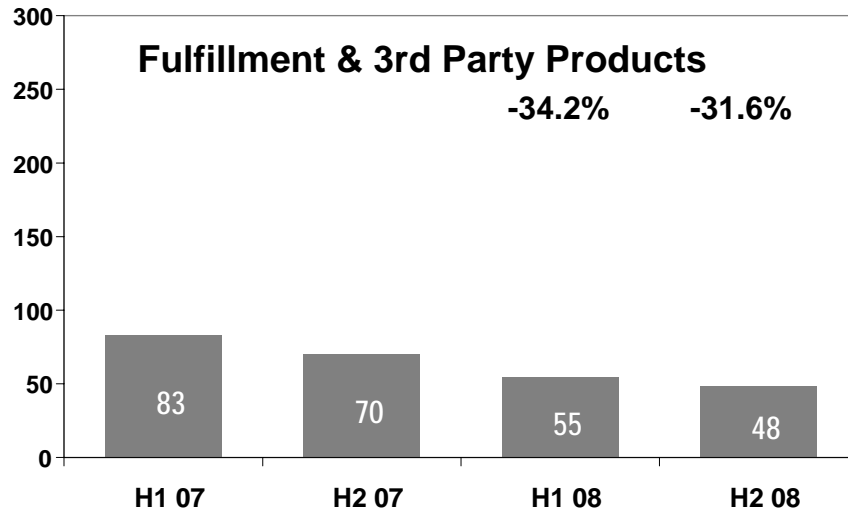
# Revenue 2008 vs 2007

Orders  
 → Revenue  
 Margins



# Revenue 2008 by semester

Orders  
 → Revenue  
 Margins

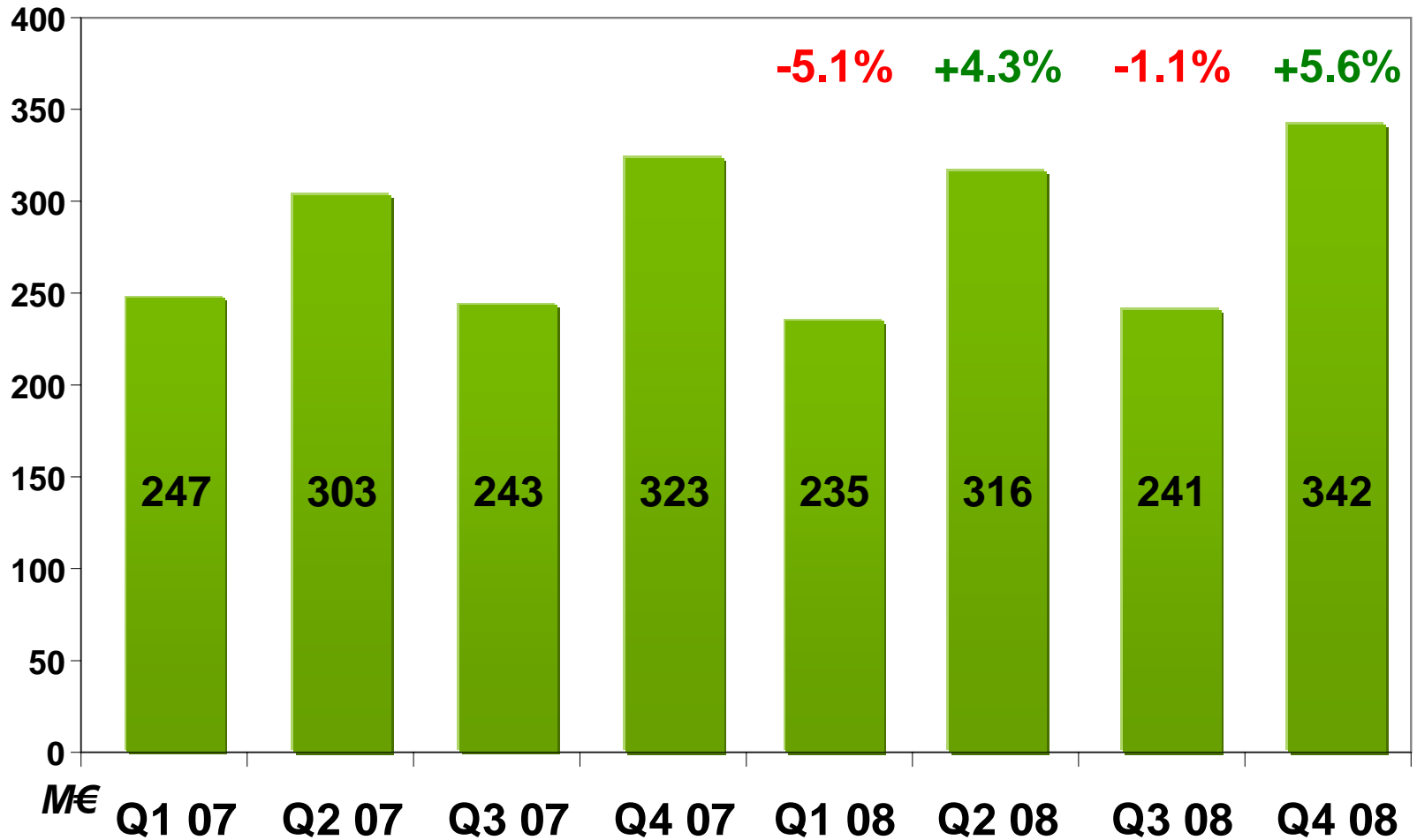


**Strategic offers are driving revenue up in Hardware & Systems and Services & Solutions, well above market rate**



# Revenue 2007 - 2008 by quarter

Orders  
→ Revenue  
Margins

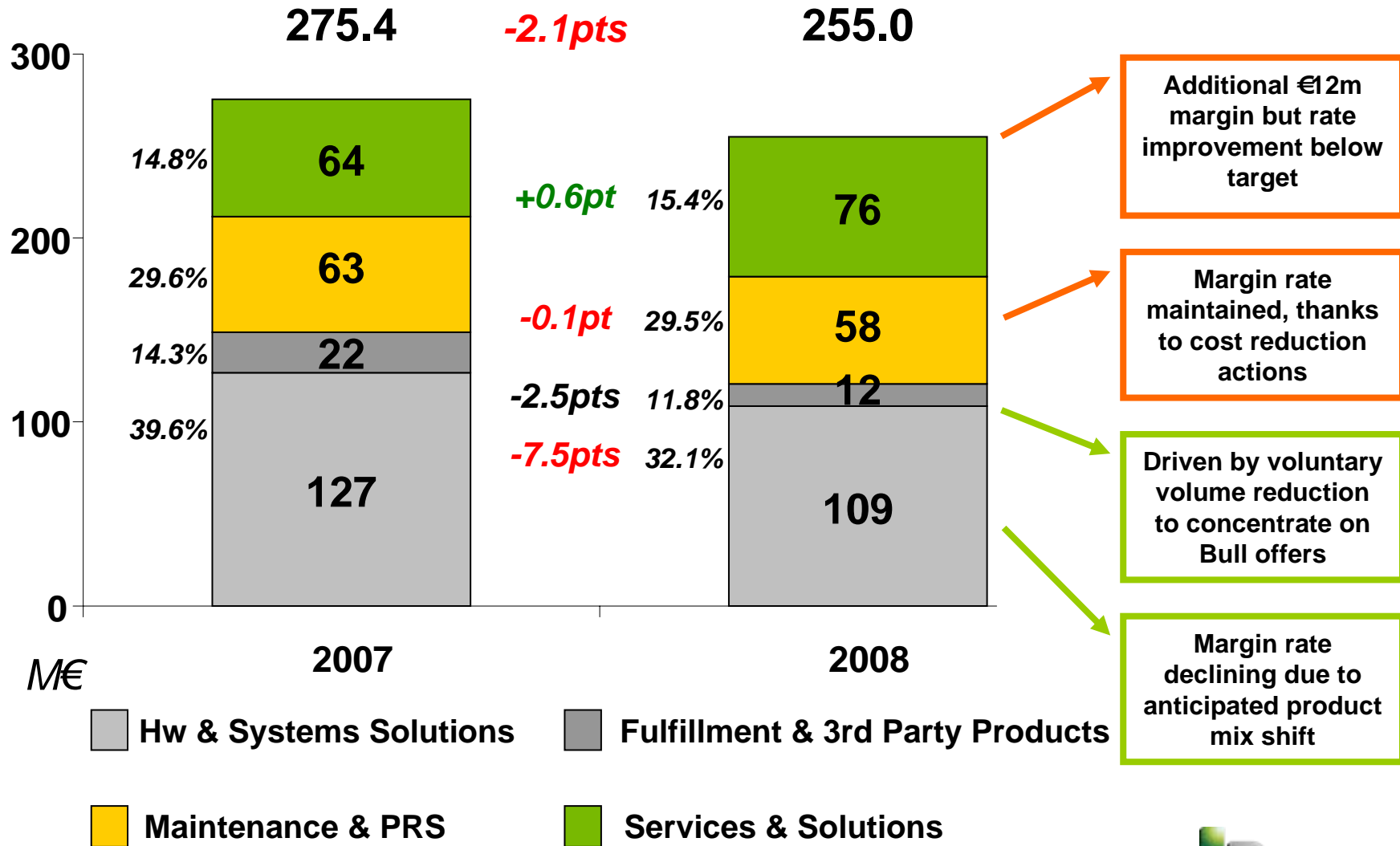


Strong fourth quarter



# Gross Margin 2008 vs 2007

Orders  
Revenue  
→ Margins



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# 2008 - Income Statement

€millions	2007p		2007r	2008	
Revenue	1 117.0		1 117.0	1 132.8	+1.4% vs published +2.1% excluding exchange rate variations
Gross margin	275.3		275.3	254.9	
	24.7%		24.7%	22.5%	Actual effort higher by €13m driven by tax credit, offshoring & partnerships
Net R&D	(44.9)	+3.1	(41.8)	(23.0)	
	-4.0%		-3.7%	-2.0%	Improved 0.7 pt yoy, 1.3 pt in 2 years, in line with ambition
SG&A	(205.3)		(205.3)	(200.0)	
	-18.4%		-18.4%	-17.7%	
of which selling expenses	(124.2)		(124.2)	(126.2)	Invest for future growth
of which G&A expenses	(81.1)		(81.1)	(73.8)	
Exchange gain/(loss)	(0.1)	-0.3	(0.4)	(1.8)	Includes €3M tax provision reversal (H1); and cost reductions
EBIT before non-recurring items	25.0	+2.8	27.8	30.1	
	2.2%		2.5%	2.7%	Exceeds target

**EBIT of €30.1m exceeds commitment**  
**Upper bound of October guidance of €27m becomes €29.6m**  
**corrected for R&D tax credit change**

*p= published; r = recast for change in R&D tax credit and exchange gain/loss presentation methods*



# 2008 - Income Statement

€millions	2007p		2007r	2008	
<b>EBIT before non-recurring items</b>	<b>25.0</b> 2.2%	<b>+2.8</b>	<b>27.8</b> 2.5%	<b>30.1</b> 2.7%	
Other income	3.7		3.6	12.4	➤ Includes proceeds of asset sales
Restructuring	(18.7)		(18.7)	(21.8)	
EBIT after non-recurring items	9.9		12.6	20.9	➤ Accelerate group transformation
Financial exchange gain/(loss)	-	<b>+0.3</b>	0.3	(3.9)	
Financial Income	(2.4)		(2.4)	(3.5)	
Tax	(2.9)	<b>-3.1</b>	(6.0)	(3.5)	
CRMF adjustment	-		-	7.3	➤ Adjusted following review of business plan given revised economic outlook
DTA adjustment	-		-	(11.5)	
Net Income before minority interests	4.6		4.6	5.7	
Minority interests	-		-	(0.1)	
<b>Net Income (Group share)</b>	<b>4.6</b>		<b>4.6</b>	<b>5.6</b>	

**Net income: +21.7%**

*p = published; r = recast for change in R&D tax credit and exchange gain/loss presentation methods*

# 2008 - Cashflow statement

€millions	2007	2008	
<b>EBIT</b>	<b>25.0</b>	<b>30.1</b>	
Depreciation (excl. goodwill)	21.8	13.4	
Working capital	(23.8)	5.4	
Operational capex	(16.9)	(14.4)	
Net financial charges	(1.3)	(3.5)	
Taxes	(2.9)	(3.5)	
<b>Operating cash flow</b>	<b>2.0</b>	<b>27.5</b>	Exceeds restructuring cash needs
Cash restructuring	(14.4)	(17.8)	
Exceptional resources	7.3	33.1	Disposals and acquisitions almost "cash neutral"
Non-recurring cash out	(27.4)	(31.6)	
<b>Exceptional cash flow</b>	<b>(34.6)</b>	<b>(16.2)</b>	
<b>Cash flow before receivables sale</b>	<b>(32.6)</b>	<b>11.3</b>	Cash from operations + disposals fully cover restructuring + acquisitions
<b>Receivables sale w/o recourse</b>	<b>-</b>	<b>98.5</b>	
<b>Total cash flow</b>	<b>(32.6)</b>	<b>109.8</b>	
Gross cash at start of period	315.0	332.2	
<b>Gross cash at end of period</b>	<b>332.2</b>	<b>344.1</b>	

Gross cash at all time high  
 +€12 million vs 2007  
 +€29 million vs 2006

Published data

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# Balance Sheet December 31, 2008

€ millions	1 Jan. 2008	31 Dec. 2008
Fixed Assets	94.8	115.0
Cash management & other fin. Assets (A)	44.2	55.2
Trade + Other Working capital	(75.0)	(188.6)
Deferred Taxes	28.0	15.6
Cash & Cash Equivalents (B)	288.0	288.9
<b>Assets</b>	<b>380.0</b>	<b>286.1</b>
Shareholders' Equity	76.7	95.5
Minority Interests	0.1	0.1
Reserves & Long Term Liabilities	137.0	129.4
CRMF	26.7	19.4
Other Financial Debt	139.5	41.7
<i>Of which Short Term Debt</i>	<i>127.3</i>	<i>31.8</i>
<b>Equity &amp; Liabilities</b>	<b>380.0</b>	<b>286.1</b>

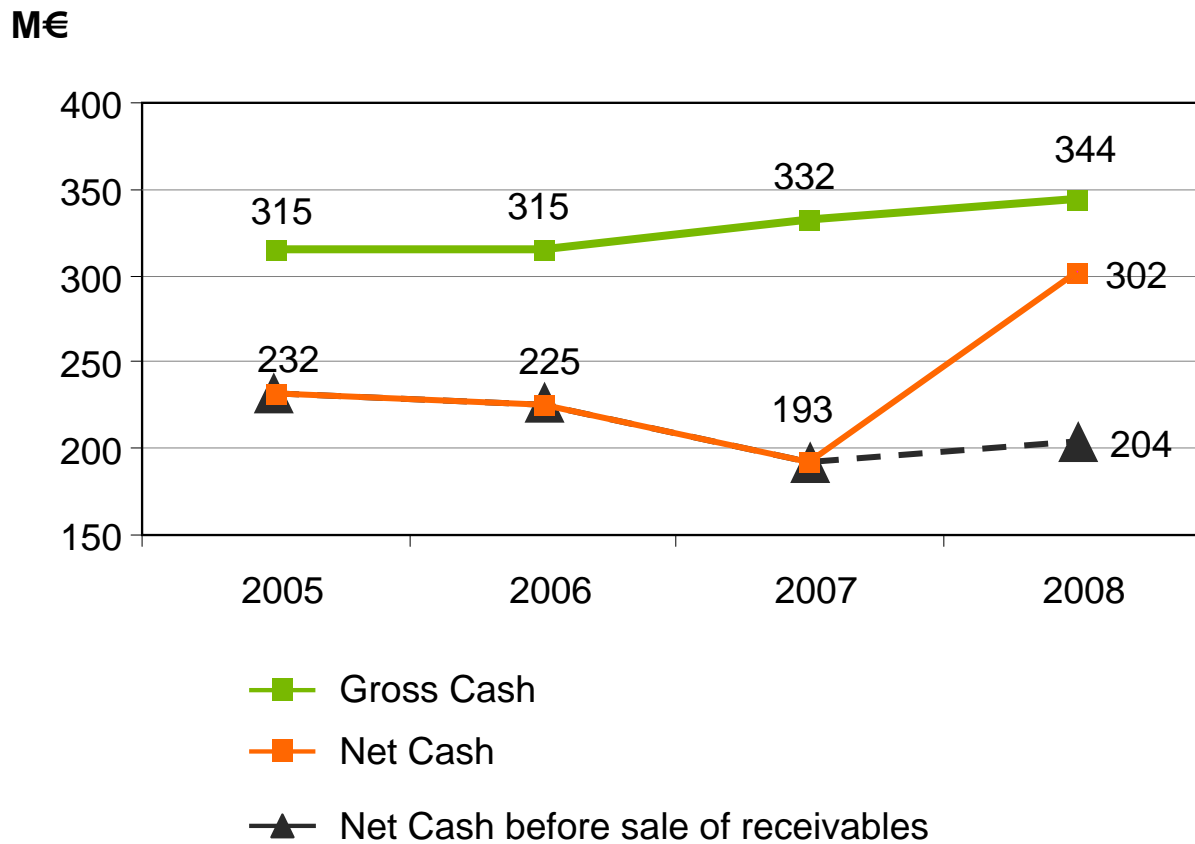
**Gross Cash**  
**(A) + (B) = €344.1m**

**Net cash €302 million increased by +€109 million vs 2007**  
**Sale of receivables brings €98 million**

Published data

# Gross and Net Cash evolution

## Cash Analysis



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# Key objectives of the transformation

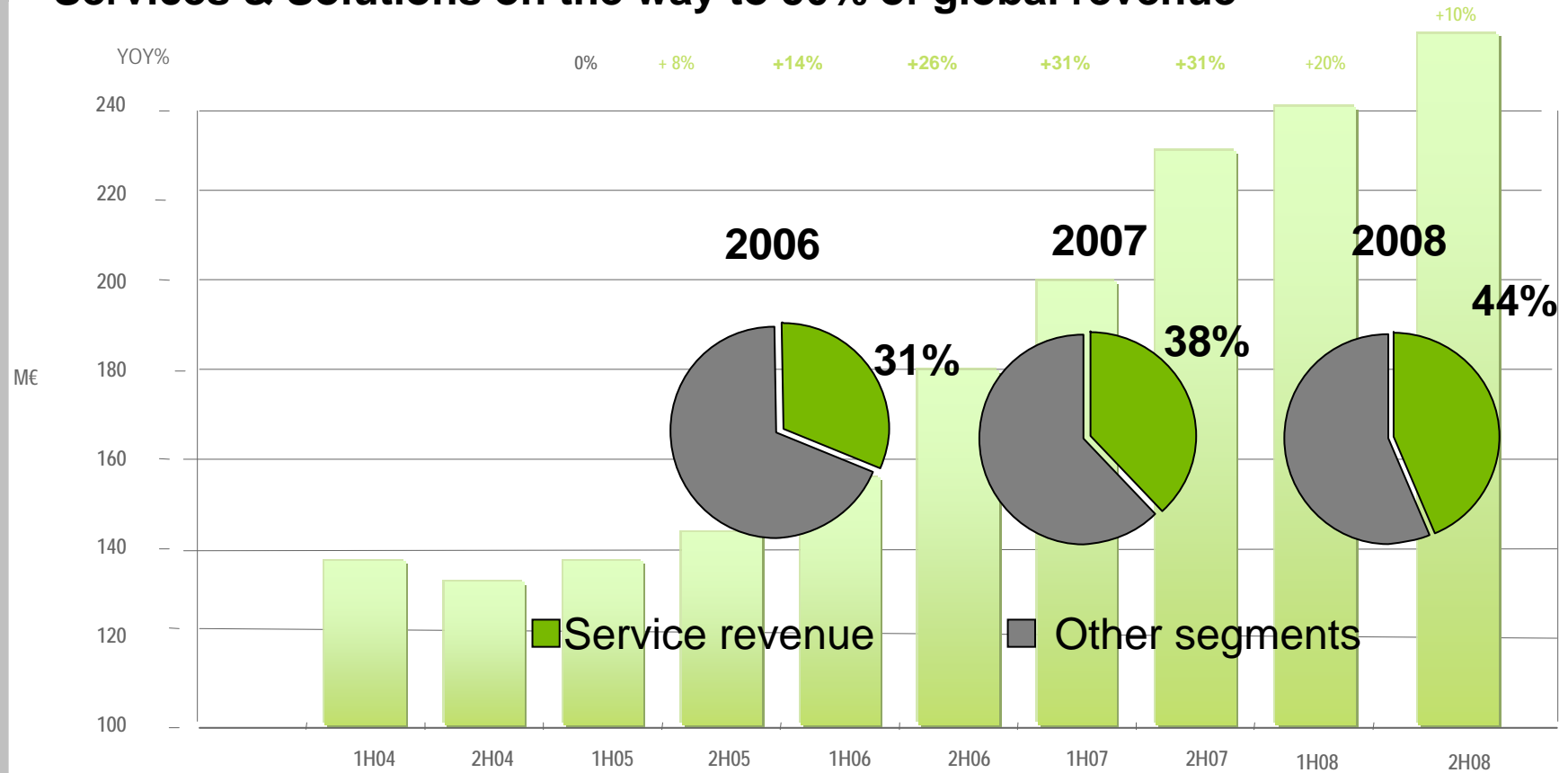
Balance  
the business  
model

Renew  
& focus  
the portfolio  
of offers

Maintain  
a sound  
financial  
situation

# Balance the business model

## Services & Solutions on the way to 50% of global revenue



**Growth way higher than the market place over 8 consecutive semesters**

**Telco segment has doubled its revenue in three years**

**Priorities and areas for growth:  
e-Govt, Telco, Outsourcing, Open Source**

Published data except 2007: revenue split using 2008 segmentation

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FY2008 – February 13, 2009



# Leverage innovation to refresh product solutions offering

In 2008, we successfully boosted our integrated product solutions offers



## HPC

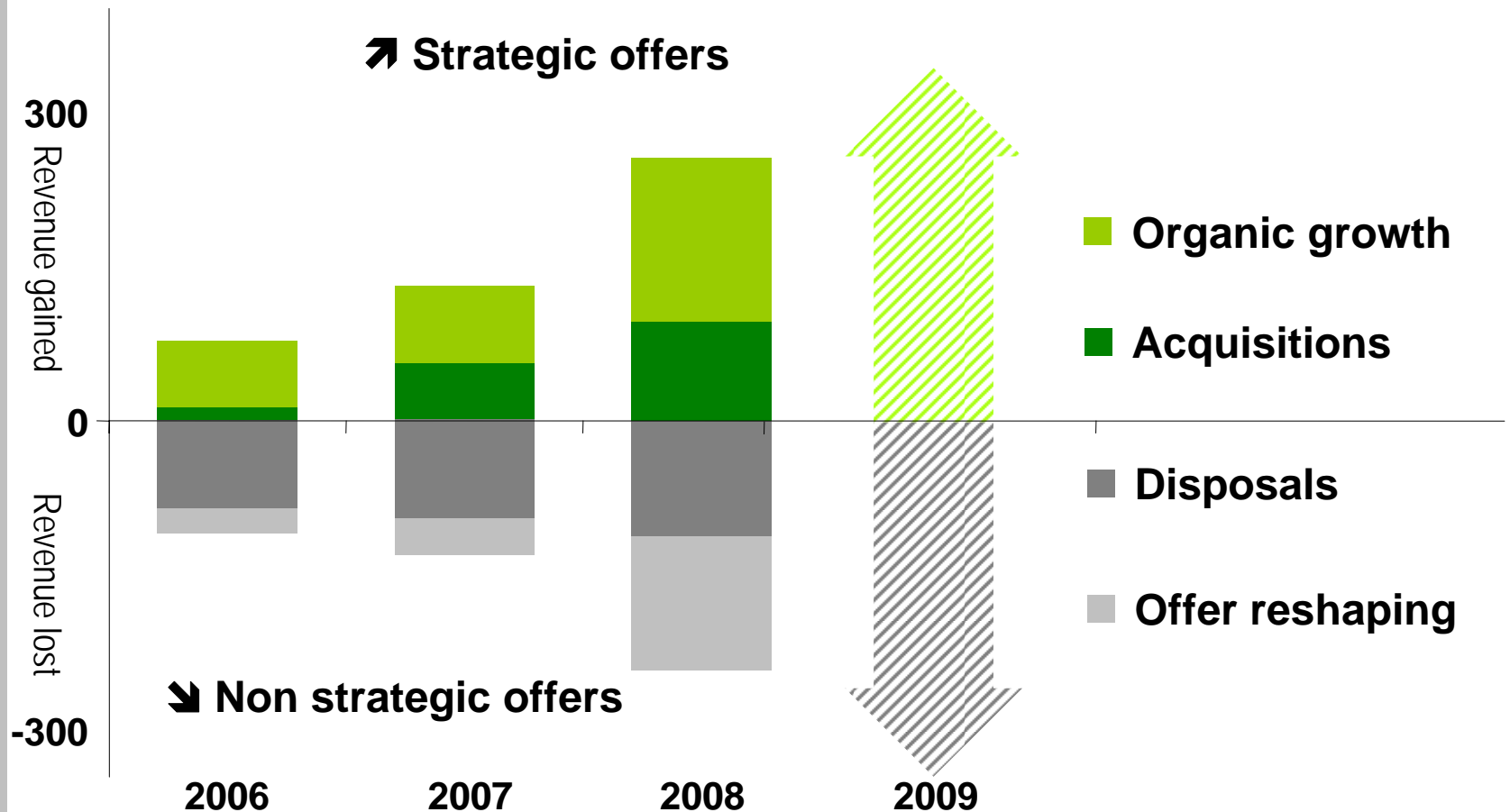
- More than 120 customers, in 15 countries, over 3 continents
- Roadmap executed to perfection: 5 years ago, we had 0 revenue from HPC, while in 2009 we should achieve, or exceed, €100 M



## STORAGE

- Over 20% growth in 2008
- Bull's expertise in data protection and security
- International customers in the key sectors
  - e-govt, industry, banking, defense
- Close partnerships with the major suppliers of new technologies (EMC, NetApp etc.)
- First signs of success for globull

# Reshape and refocus the company profile

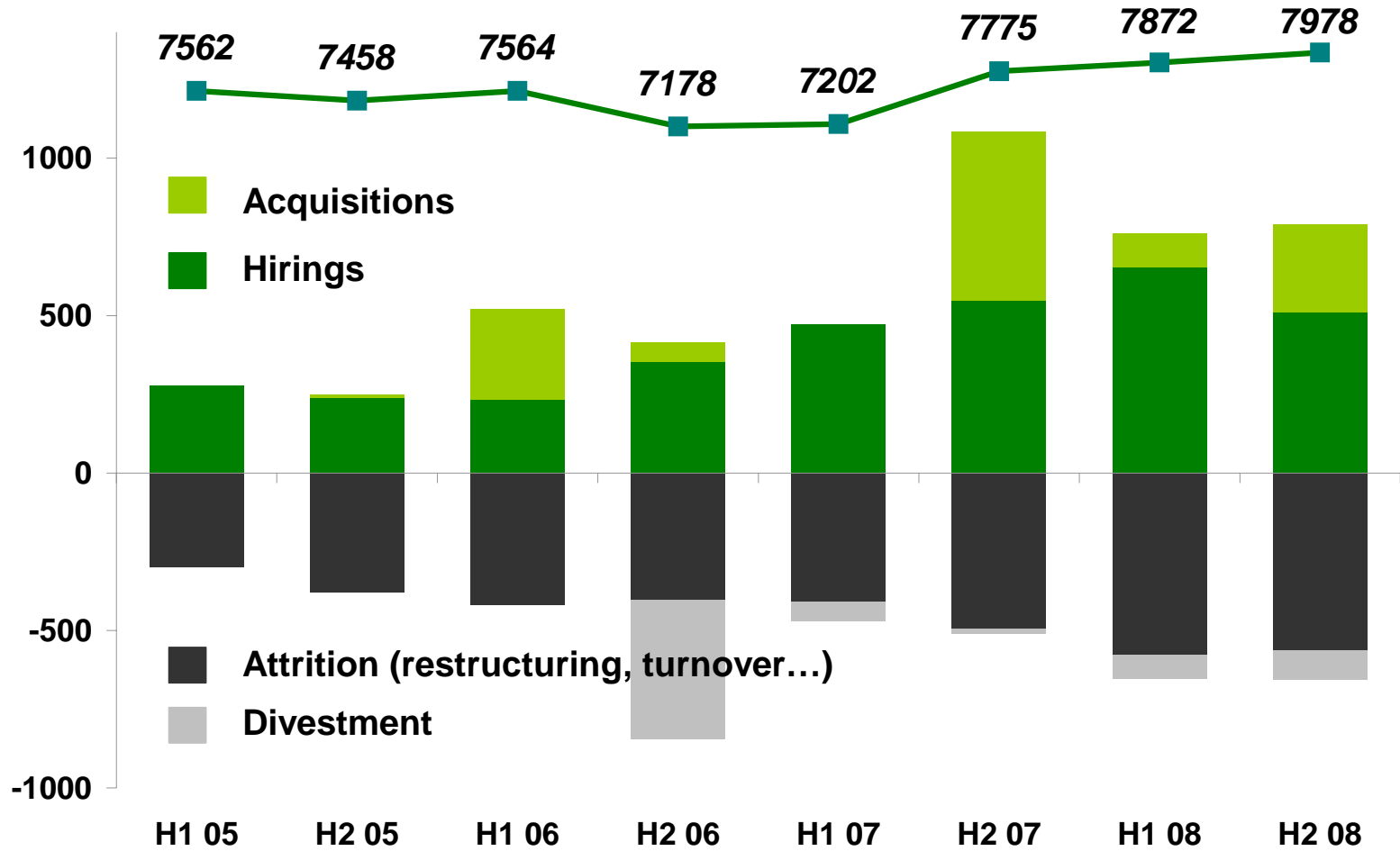


Entering 2009, approx. 25% of our revenue has been transformed from diverse non-strategic, non profitable, weak revenue into new, healthier businesses



# Reshape and refocus the company profile

*Headcount evolution reflects transformation and renewal of skills and offers*



**45% of employees have less than 4 years seniority in Bull**



# The financial situation is solid

- Strong operating cash generation
  - €27.5 million cash from operations exceeds needs for restructuring
- Acquisitions financed by disposals
- Improved profitability
  - €30.1 million EBIT vs €25 million published in 2007
  - Cost reductions offset anticipated gross margin decline
- Strong cash position
  - Gross cash position improved by €12 million in 2008
  - Net cash at €302 million at all time high

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# 2009 outlook

## **We have built a more solid Bull**

### **- Bull is stronger than before:**

- Restructured and refocused, the strategy is clarified
- Capacity to generate cash recovered in 2008
- Already strong balance sheet strengthened even further in 2008

### **- and stronger than many others:**

- Focus & technological leadership in high-tech, high value add niches
- 50/50 infrastructure + services model is a benefit
- Revenue generated by resilient sectors (public, telco) represents >50% vs approx. 20% for the market
- Exposure to the most troubled sectors (banking, industry) is half that of the market
- Cash will be a valuable asset in 2009

## **However the environment is unprecedentedly challenging**

- Order intake has slowed down in H2
- We will focus on cost reductions, gross margin protection and cash management
- **Initial full year objective for EBIT before restructuring and exceptional items: €20 million**

# Investor information

## ■ Analyst coverage

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## ■ Next events

### **1Q08 Revenue**

30 April 2009

### **AGM**

13 May 2009

### **1H08 Results**

30 July 2009

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# Bull, Architect of an Open World™

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