

# H1 2021 Results



Bezons, July 28, 2021

**Atos**

# Disclaimer

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitor's behaviors. Any forward-looking statements made in this document are statements about Atos' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021 under the registration number D.21-0269. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law. This document does not contain or constitute an offer of Atos' shares for sale or an invitation or inducement to invest in Atos' shares in France, the United States of America or any other jurisdiction.

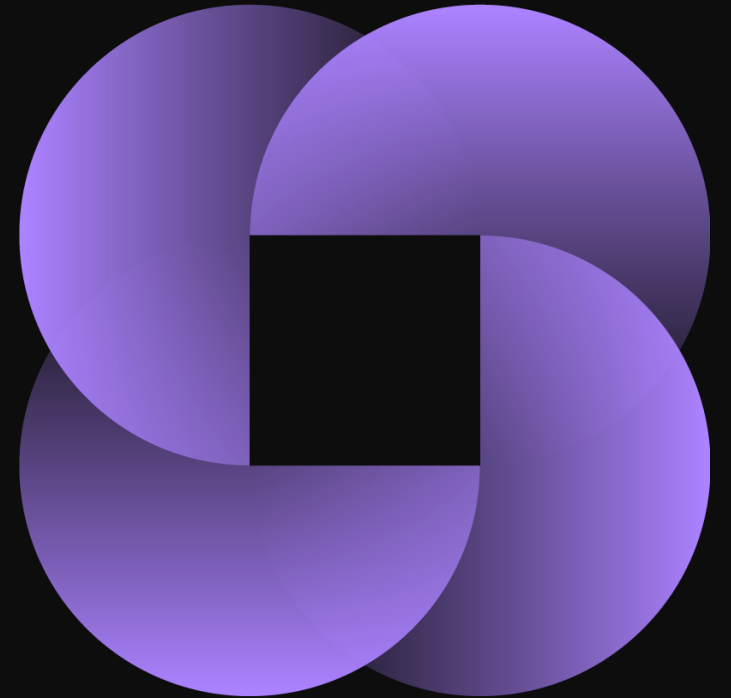
Revenue organic growth is presented at constant scope and exchange rates.

Industries include **Manufacturing** (Aerospace, Automotive, Chemicals, Consumer Packaged Goods (Food & Beverage), Discrete Manufacturing, Process Industries, Services and Siemens), **Financial Services & Insurance** (Insurance, Banking & Financial Services, and Business Transformation Services), **Public Sector & Defense** (Defense, Education, Extraterritorial Organizations, Public Administration, Public Community Services and Major Events), **Telecom, Media & Technology** (High Tech & Engineering, Media, and Telecom), **Resources & Services** (Energy, Retail, Transportation & Hospitality, and Utilities) and **Healthcare & Life Sciences** (Healthcare and Pharmaceutical).

Regional Business Units include **North America** (USA, Canada, Guatemala and Mexico), **Northern Europe** (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), **Central Europe** (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Romania, Serbia, Slovenia, Slovakia, Israel, and Switzerland), **Southern Europe** (France, Andorra, Spain, Portugal, and Italy) and **Growing Markets** including Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Kingdom of Saudi Arabia, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events and Global Delivery Centers.

# Agenda

- 1** | North America accounting review
- 2** | H1 2021 highlights
- 3** | H1 2021 financial performance
- 4** | Group Transformation Update
- 5** | Conclusion
- 6** | Q&A



# Group Transformation on the move

North America accounting review completed



Spring last step implemented



German turnaround plan agreed with social partners



Strategic portfolio review achieved



Bolt-on acquisition program pursued



LEAP cultural change program launched



SECTION 1

# North America accounting review

# Full Accounting Review in North America completed

- Supported by external advisors
- Reviewed by auditors as part of half year procedures
- No material misstatement for the Group consolidated financial statements
- Moreover, an unqualified auditors' report is in process to be issued further to the usual limited review of the half year Group condensed consolidated financial statements

# Remediation and Prevention Plan

- Preventive controls
- Guidelines and documentation
- HR Review
- Skilling and organization
- Awareness and Training

Implementation of plans across the Group: remediation in North America, prevention in all Regions

SECTION 2

# H1 2021 highlights

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# H1 2021

## Key Figures

Revenue growth at  
constant currency

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**-1.0%**

Q2 at 0.0%

Book to Bill

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**103%**

Q2 at 109%

Headcount

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**104,808**

slightly up vs end 2020

Operating Margin

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**€ 302m**

5.6% of revenue

Free Cash Flow

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**€-369m**

vs €-172m in H1 2020

Normalized Net Income

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**€ 162m**

Normalized EPS  
at € 1.48

# H1 2021

## Non-Financial Key Figures

tCO2 Emissions\* /  
M€ revenue

10.6

vs 14.9 in 2020

% of total spend  
with green\*\* suppliers

40%

vs 33% in H2 2020

New Digital  
Certifications

40,936

vs 34,474 in H1 2020

% of Women in  
Executive Management  
(top 450)

31%

vs 30% end of 2020

Net promoter score  
from our clients

67%

vs 65% in 2020

Client innovation  
workshops delivered

275









vs 168 in H1 2020

H1 2021 non-financial figures are unaudited

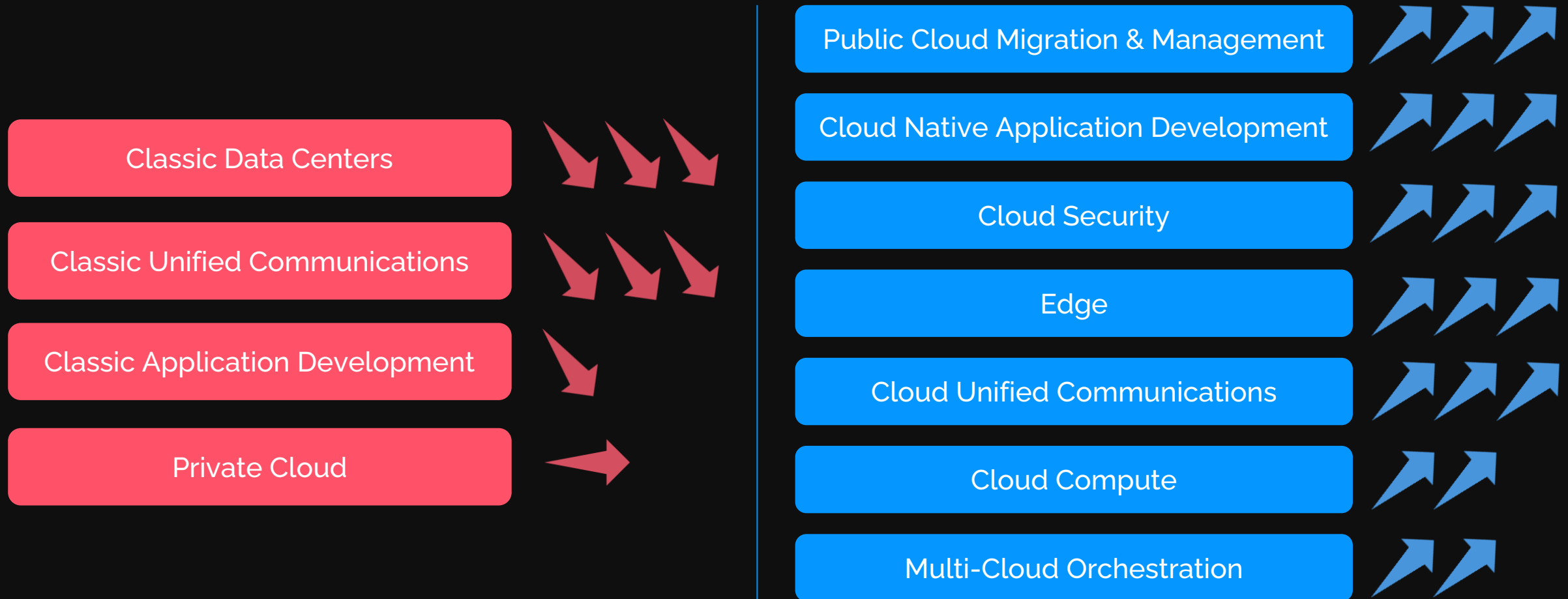
\* Atos Operational Perimeter – Emissions under control or direct influence - including homeworking

\*\* Green suppliers are suppliers getting an environmental score > 70 from Ecovadis assessment (100 point scale)

# Q2 2021 Main Wins

<b>Manufacturing</b> 	<b>Financial Services &amp; Insurance</b> 	<b>Public Sector &amp; Defense</b> 	<b>Telecom, Media &amp; Technology</b> 	<b>Resources &amp; Services</b> 	<b>Healthcare &amp; Life Sciences</b> 	
<b>Large European Manufacturer</b>	<b>A pioneer Digital Bank in the US</b>		<b>Public Tax Authority</b> 	<b>Major International Logistics Company</b>	<b>A major Hospital chain in the US</b>	
<p>Modernization of supply chain management with SAP</p>	<p>Application development and quality assurance</p>	<p>Largest contract in Benelux in integration, security, data centers and cloud</p>	<p>Agile Development covering 5 Digital Delivery Centres</p>	<p>Next Generation Employee Experience for 300,000+ employees</p>	<p>Agile and cloud native application development leveraging AI/ML</p>	<p>Digital new tools enhancing patient experience</p>

# Impacts from post-Covid Cloud acceleration



# Growth Engines on top of Cloud

## Digital



261,000  
digital certifications

## Security



c.+40% revenue  
growth at cc

## Decarbonization



Order entry at € 50  
million

# Innovations & Partnerships

In Q2



Digital



Cloud



Security



Decarbonization

## Disruptive initiatives



Joint Venture Athea



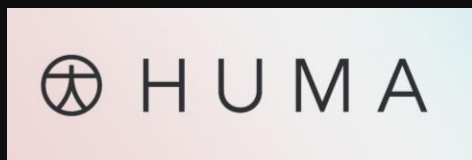
'A to Zero' offering and 9 hubs

## New or extended partnerships

- UiPath, TibCo, Celonis, Qualtrics, Software AG, SAP
- OVH and HashiCorp
- IBM Edge ecosystem
- CyberArk, Cybereason
- Atos Azure native security, part of MISA



## Reinforced academic & industrial collaboration



SECTION 3

# H1 2021 financial performance



# H1 2021

## Financial Overview

€M	H1 2021	H1 2020	Variation	Variation at constant scope and currency
Revenue*	<b>5,424</b>	5,477	-1.0%	-2.7%
Operating Margin*	<b>302</b>	427		
<i>% operating margin rate*</i>	<b>5.6%</b>	7.8%		
Net income	- <b>129</b>	329		
Normalized Net income	<b>162</b>	319		
Normalized diluted EPS	<b>€ 1.48</b>	€ 2.93		
Free Cash Flow	- <b>369</b>	- 172		
Net debt	<b>1,129</b>	779		

\* 2020 at constant currency



# H1 2021

## Performance by Industry

€M	REVENUE			OPERATING MARGIN		% OM RATE	
	H1 2021	H1 2020*	% YoY, CC	H1 2021	H1 2020*	H1 2021	H1 2020*
Manufacturing	980	1,006	-2.6%	47	13	4.7%	1.3%
Financial Services & Insurance	1,095	1,041	5.2%	94	121	8.6%	11.7%
Public Sector & Defense	1,190	1,233	-3.5%	30	115	2.5%	9.4%
Telecom, Media & Technology	748	761	-1.7%	34	70	4.6%	9.3%
Resources & Services	778	814	-4.5%	32	42	4.1%	5.2%
Healthcare & Life Sciences	633	622	1.9%	65	65	10.3%	10.4%
<b>Total</b>	<b>5,424</b>	<b>5,477</b>	<b>-1.0%</b>	<b>302</b>	<b>427</b>	<b>5.6%</b>	<b>7.8%</b>

\* At constant currency

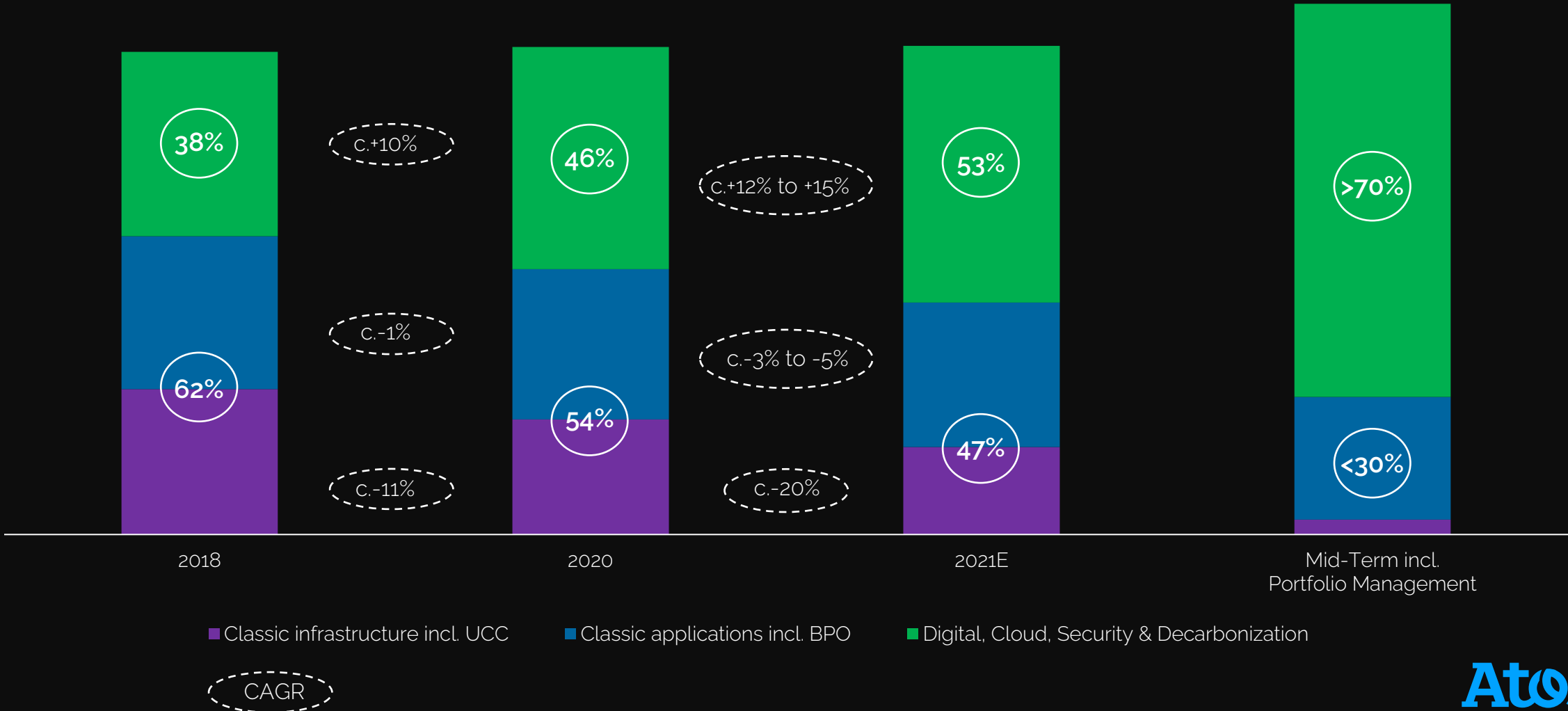
# H1 2021

## Performance by Regional Business Unit

€M	REVENUE			OPERATING MARGIN		% OM RATE	
	H1 2021	H1 2020*	% YoY, CC	H1 2021	H1 2020*	H1 2021	H1 2020*
North America	1,170	1,240	-5.6%	138	188	11.8%	15.2%
Northern Europe	1,402	1,359	3.1%	91	100	6.5%	7.4%
Central Europe	1,240	1,368	-9.4%	21	42	1.7%	3.1%
Southern Europe	1,231	1,147	7.3%	46	94	3.7%	8.2%
Growing Markets	382	363	5.3%	45	43	11.8%	11.9%
Global Structures	-	-	-	39	41	-0.7%	-0.7%
<b>Total</b>	<b>5,424</b>	<b>5,477</b>	<b>-1.0%</b>	<b>302</b>	<b>427</b>	<b>5.6%</b>	<b>7.8%</b>

\* At constant currency

# Business shift to growth areas accelerating



H1 2021

# Headcount Evolution



# H1 2021

## Income Statement (statutory)

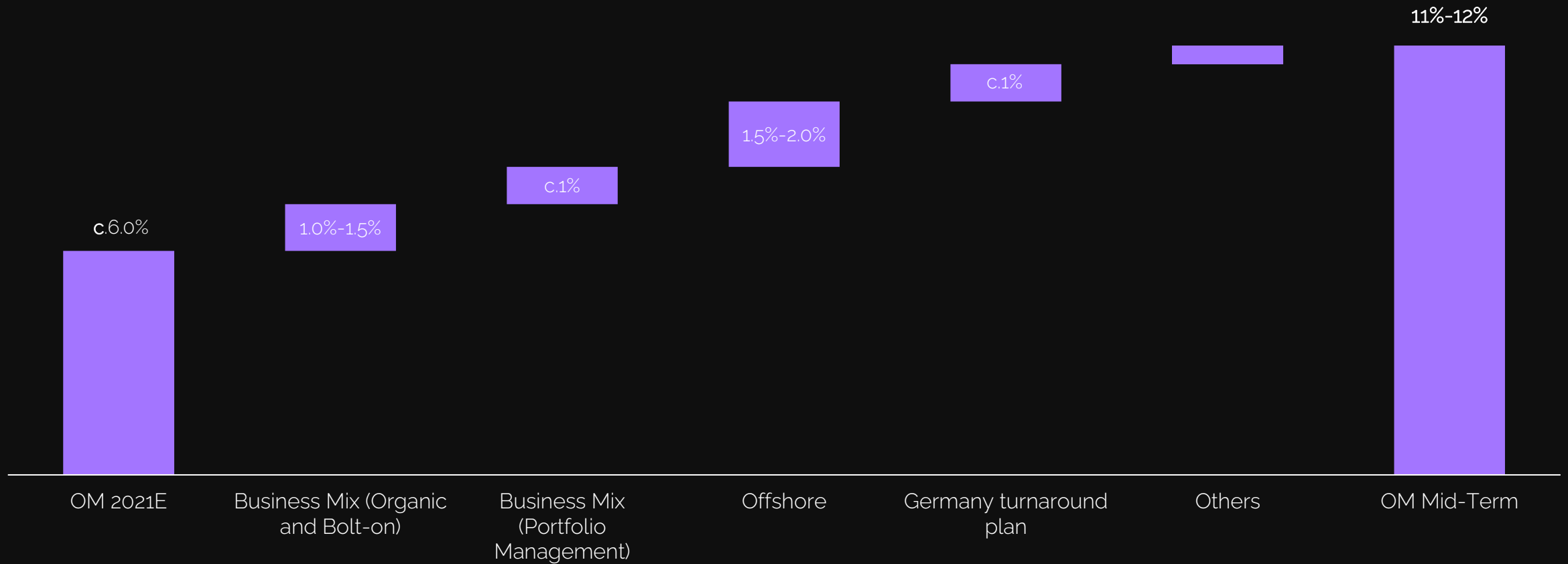
€M	H1 2021	H1 2020
Revenue	5,424	5,627
Operating margin	302	450
<i>% of revenue</i>	5.6%	8.0%
Other operating income/(expense)	- 419	- 87
<b>Operating income</b>	<b>- 117</b>	<b>362</b>
Net financial expenses	- 3	- 1
<b>Profit before tax</b>	<b>- 121</b>	<b>361</b>
Tax charge	- 6	- 34
<i>Effective tax rate</i>	-4.6%	9.4%
Non-controlling interests	- 2	- 1
Share of net profit/(loss) of associates	- 0	3
<b>Net income from continuing operations – Attributable to owners of the parent</b>	<b>- 129</b>	<b>329</b>
<b>Normalized net income from continuing operations – Attributable to owners of the parent</b>	<b>162</b>	<b>319</b>

# H1 2021

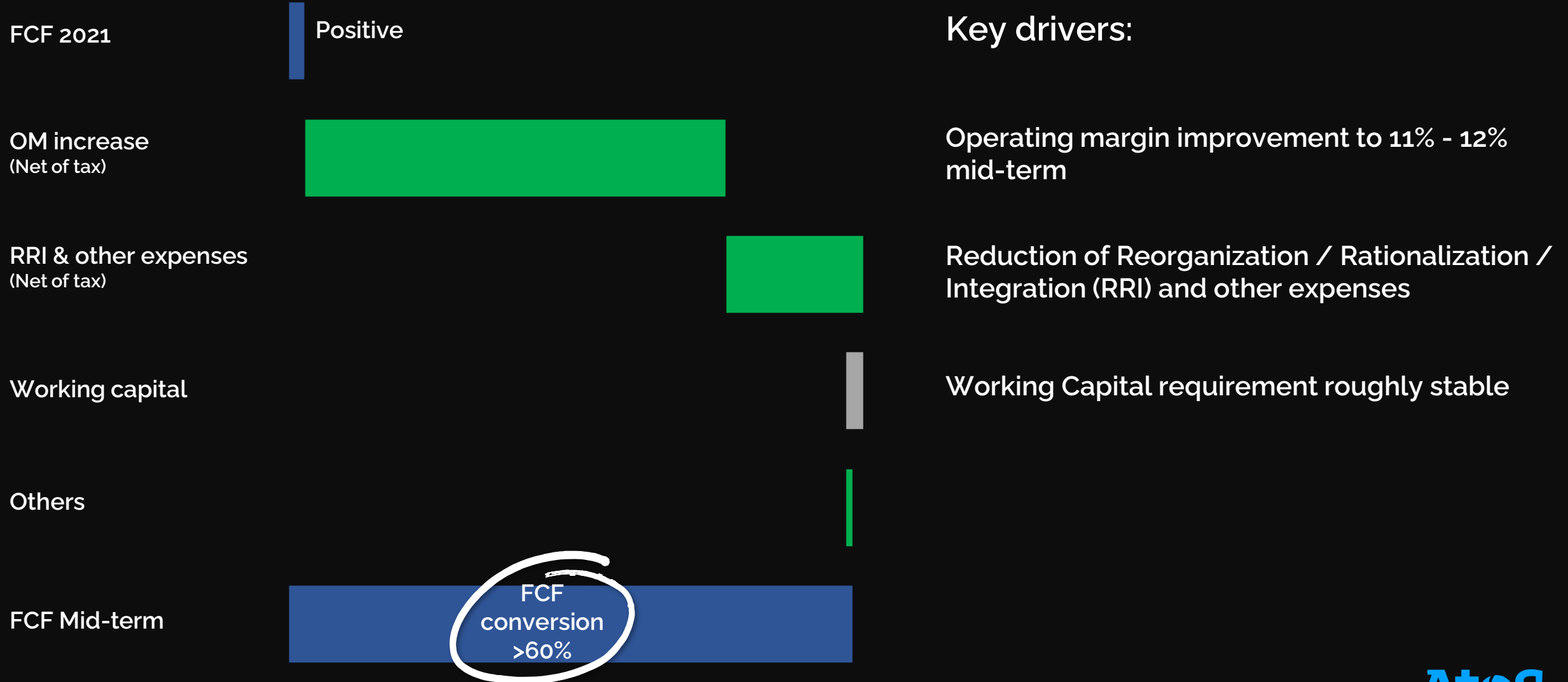
## Cash Flow Statement

€M	H1 2021	H1 2020
<b>Operating Margin</b>	<b>302</b>	<b>450</b>
<i>as a % of revenue</i>	<i>5.6%</i>	<i>8.0%</i>
+ Depreciation of fixed assets	167	165
+ Depreciation of right of use	176	168
+ Net book value of assets sold/written off	6	4
+/- Net charge/(release) of pension provisions	-16	-39
+/- Net charge/(release) of provisions	-2	26
<b>Operating Margin before Depreciation &amp; Amortization</b>	<b>633</b>	<b>774</b>
<i>as a % of revenue</i>	<i>11.7%</i>	<i>13.8%</i>
Capital Expenditures	-154	-186
Lease payments	-183	-172
Change in working capital requirement	-394	-407
<b>Cash from operations</b>	<b>- 98</b>	<b>9</b>
Tax paid	-46	-55
Net cost of financial debt paid	-13	-21
Reorganization, Rationalization & Integration and acquisition costs	-147	-97
Other changes	-66	-7
<b>Free cash flow</b>	<b>- 369</b>	<b>- 172</b>

# Operating Margin to reach 11% to 12%



# Free Cash Flow reaching >60% mid-term





SECTION 4

# Group Transformation Update



# North America at the forefront of Group transformation



**+20%** sales investment in Consulting, Systems Integration & Applications in H2 vs H1



**+120%** hiring in Consulting, Systems Integration & Applications in H2 vs H1



**+63%** new Cloud certifications in H2 vs H1



**Priority area**  
for acquisitions and portfolio management

PROCESSIA

INFIDEM  
PROTEGER POUR PERFORMER

Maven Wave

eagle creek  
software services

MINER  
& KASCH

NIMBIX  
supercomputing. think right. forever™

visualbi  
LOOK FORWARD. THINK AHEAD.

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# Germany Turnaround Plan agreed with social partners

Program started on **July 15, 2021**  
with immediate operational  
improvements

Restructuring plan  
concerning **c. 1,300** people  
(25% of total classic Infra staff)  
Cost **€180 million**  
Program to be completed  
in 2023

Objective  
to clear loss making  
and cash negative  
areas in Germany  
on Classic  
Infrastructure  
business

**No collective salary increase**  
until end of 2023

To result in a  
**+100bps Operating Margin**  
improvement at  
Group level Mid-Term

# Portfolio Strategic Review: look for partners to optimize Group assets

Datacenter hosting  
and associated  
activities

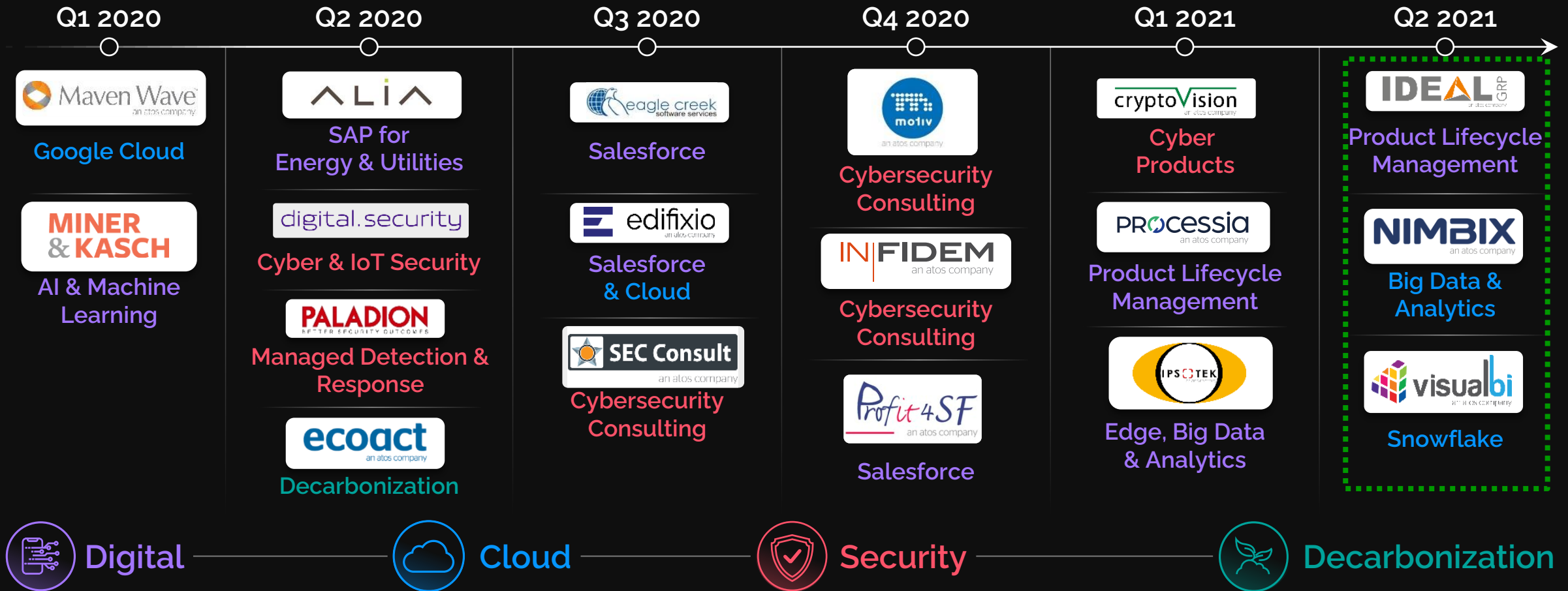
Unified  
Communications  
& Collaboration

Sub-critical  
activities

c.20% of Group revenue

# Continued bolt-on acquisitions strategy

18 Acquisitions since January 1st, 2020



> € 400 million based on yearly 2020 revenue

# M&A Policy



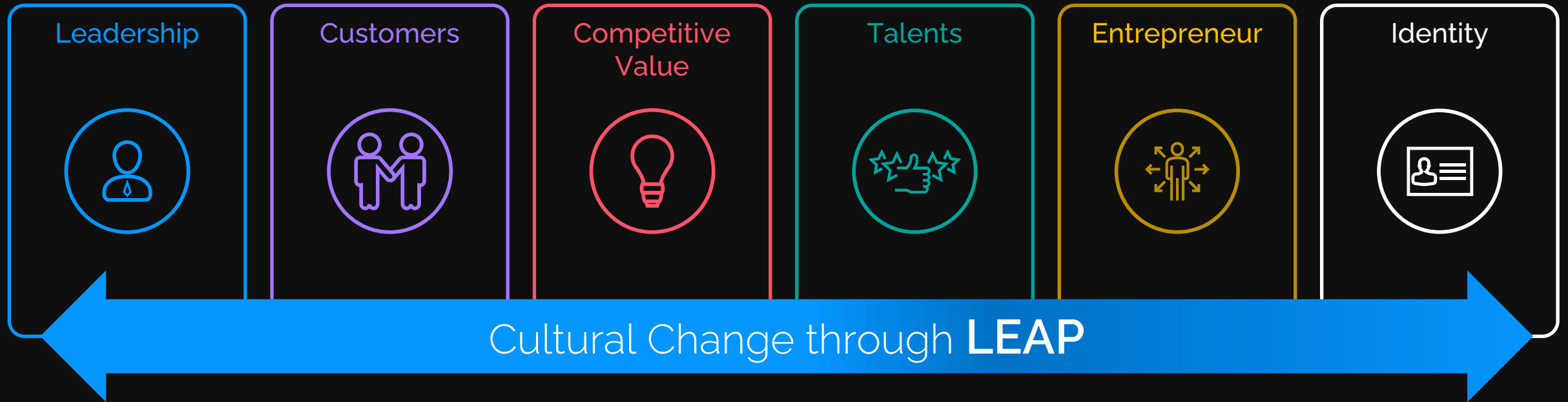
Bolt-on acquisitions for  
c. 2% of Group revenue  
per year



Mid-size acquisitions  
to accelerate Group  
transformation

Acquisitions to be made in  
**Digital, Cloud, Security & Decarbonization**  
to support growth agenda and mid-term  
targets

# Cultural Change Plan: LEAP launched in May



Across all geographies and organisation levels

Insights Gathered | Priority foundations identified | Workshops launched

SECTION 5

# Conclusion

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# 2021 Objectives and Mid-Term targets

	FY 2021 objectives (July 12, 2021)	Mid-term targets
Revenue growth (at constant currency)	Stable	+5% to 7%
Operating margin (% of revenue)	c.6.0%	11% to 12%
Free cash flow / Cash conversion	Positive	>60%

SECTION 6

Q&A

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Thank you!

