

H1 2019 results

Bezons
July 25, 2019

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- ▶ Revenue organic growth is presented at constant scope and exchange rates.
- ▶ Business Units include **North America** (USA, Canada, and Mexico), **Germany, France, United Kingdom & Ireland, Benelux & The Nordics** (Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), and **Other Business Units** including Central & Eastern Europe (Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Israel, Italy, Romania, Serbia, Slovakia and Switzerland), Iberia (Spain and Portugal), Asia-Pacific (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Colombia, and Uruguay), Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kingdom of Saudi Arabia, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events, Global Cloud hub, and Global Delivery Centers.

Agenda

- 1.H1 2019 highlights
- 2.H1 2019 performance
- 3.Conclusion and Q&A



H1 2019 highlights

Thierry Breton

Chairman & CEO

H1 2019 highlights

Infrastructure & Data Management and North America well on track towards growth in H2

Syntel integration moving as planned with first order entry synergies generated and cost synergies materializing

Big Data & Cybersecurity pursued its double-digit growth supported by strong attraction of high skills and accelerated investment in innovative offerings

Continued sales dynamic with a book to bill at 100 % in H1 reflecting a high level of new signatures in a year with a few contracts up for renewal

A successful Atos Tech Days in June with outstanding innovative level of new offerings presented to customers

Completion of the distribution of Worldline shares generating strong value enhancement for both companies

H1 2019 key figures

Revenue

€5,744m

+0.8% organically

Q2 at +1.1%

Operating margin

€529m

9.2% of revenue

Free cash flow

€23m

Total number employees

108,851

*-1.5% over H1 2019 at
constant scope*

Net income Group share

€180m

*€3.21 Normalized Diluted
EPS from continuing
operations (+12%)*

Order entry

€5.7bn

*Book to Bill 100%
Q2 at 113%*

2019 objectives confirmed

**Revenue
organic growth**

+1% to +2%

**Operating
margin**

c. 10.5% of revenue

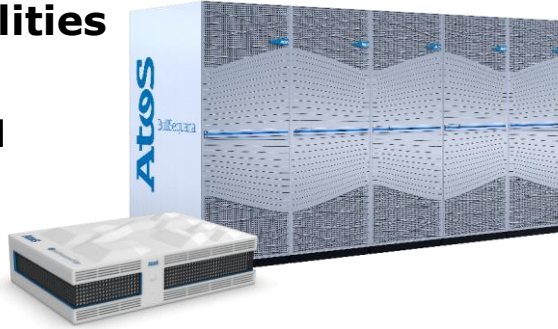
Free cash flow

€0.6 to €0.7bn

Key technology releases of the semester

#1: High computing capabilities everywhere

- ▶ On premises/in the Cloud
- ▶ At the edge
- ▶ the Quantum revolution



#2: Turning data into business value everywhere

- ▶ Artificial Intelligence
- ▶ Specific algorithms



#3: Ensuring trust and security everywhere

- ▶ Cybersecurity
- ▶ Dedicated HSM for IoT ecosystems



Enhancement of existing partnerships and signature of new agreements



Atos Becomes a Microsoft Azure Expert Managed Service Provider



Atos recognized as part of DELL EMC President's Circle in recognition for outstanding performance



Atos recognized as Google Cloud Global Breakthrough Partner of the Year



Atos and CloudBees partner to provide modern application development on Google Cloud

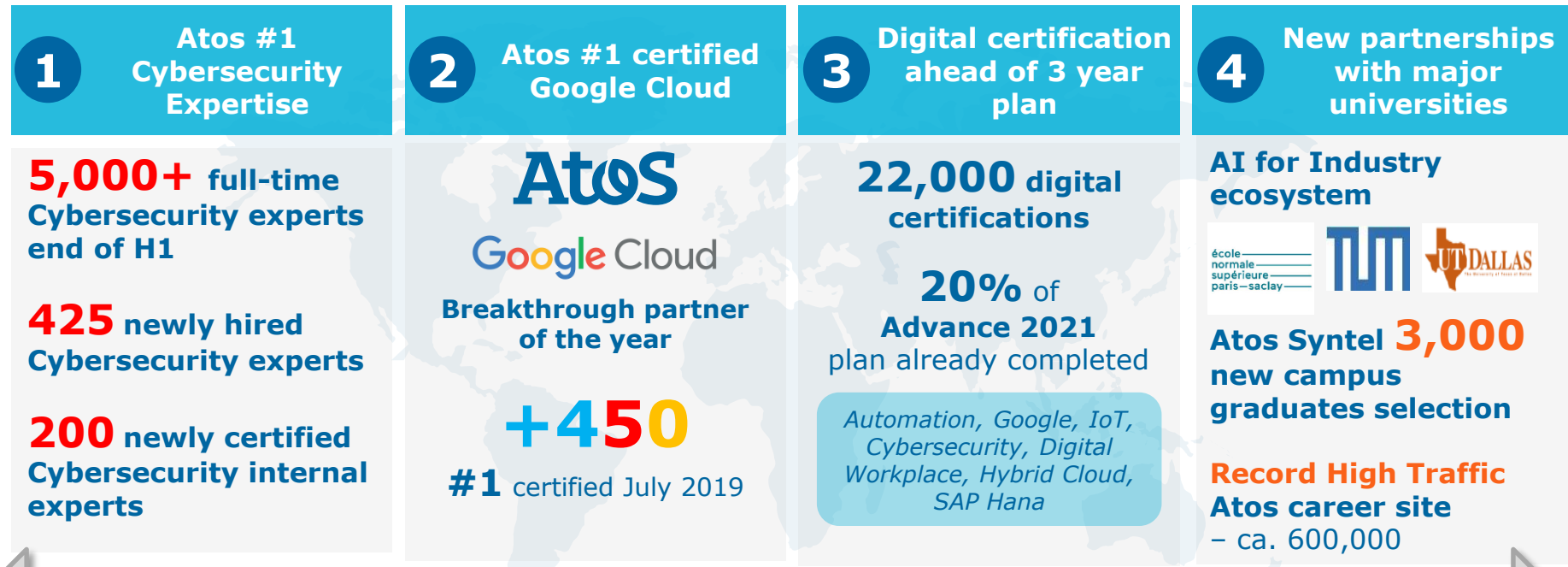


Atos Honored by ServiceNow at Annual EMEA Partner Summit



Atos and Virtru announce partnership to offer a data cloud security solution for Digital Workplace

People strategy supporting growth and anticipating automation



Employee Experience =  = D&I, Social Value, Wellbeing, Life@work, Employee Experience with our customers

Atos **Green** digital partner of our customers

Anticipating new TCFD (*) regulation

100 % carbon offset for our customers



Leading Edge Research for **Green IT**



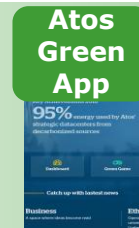
15 out of 100 most **energy efficient Super Computer** are manufactured by Atos



Atos brand new next-generation datacenter in France is **30% more energy efficient**

Green ecosystem

Engaging employees, universities, Start-ups



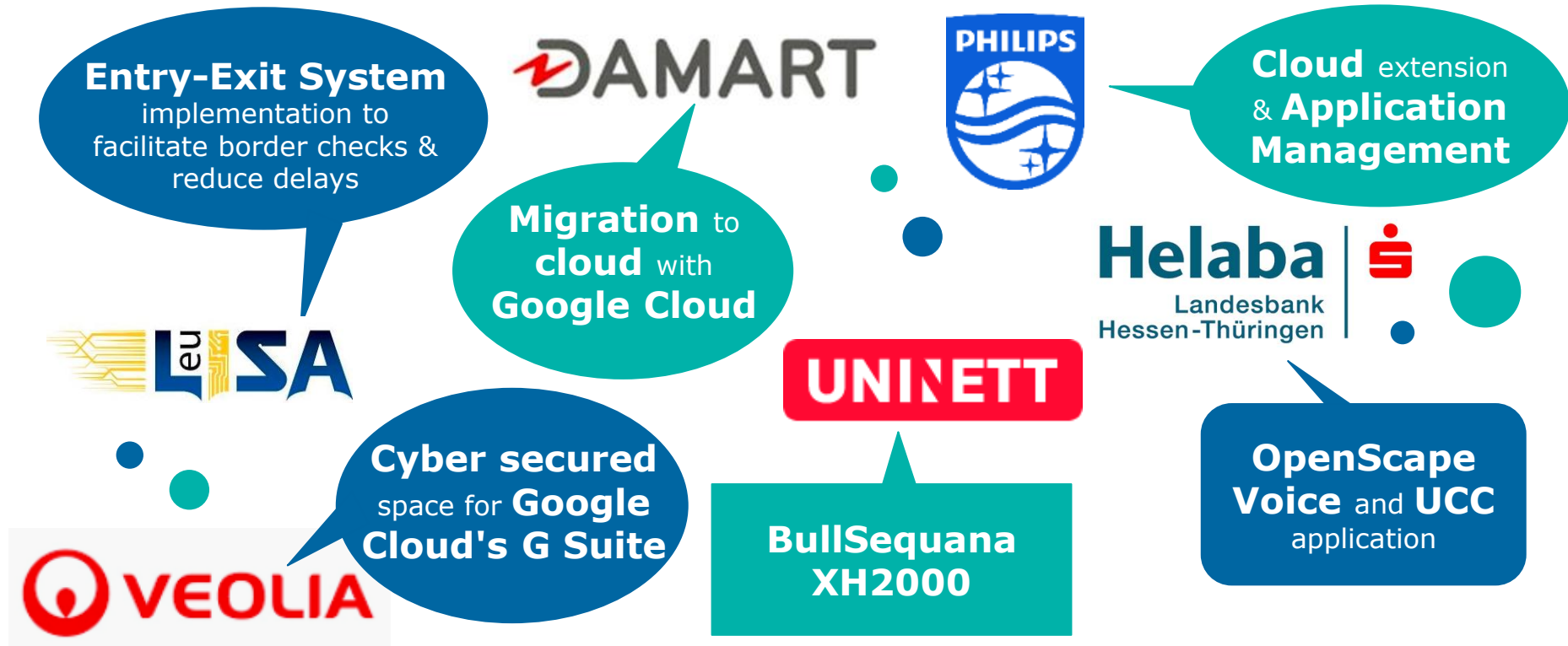
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H1 2019 performance

Elie Girard

Deputy CEO & Group CFO

Main wins in Q2 2019 confirming Digital acceleration



H1 2019 Commercial activity dashboard

Order entry
€5.7bn

*100% Book to Bill ratio in H1 2019
(113% in Q2)*

Backlog
€21.3bn

1.9 year of revenue

2 **11**
in H1 2019 in H1 2018

*contracts > € 50m coming for
renewal*

Qualified Pipeline
€7.1bn

7.4 months of revenue

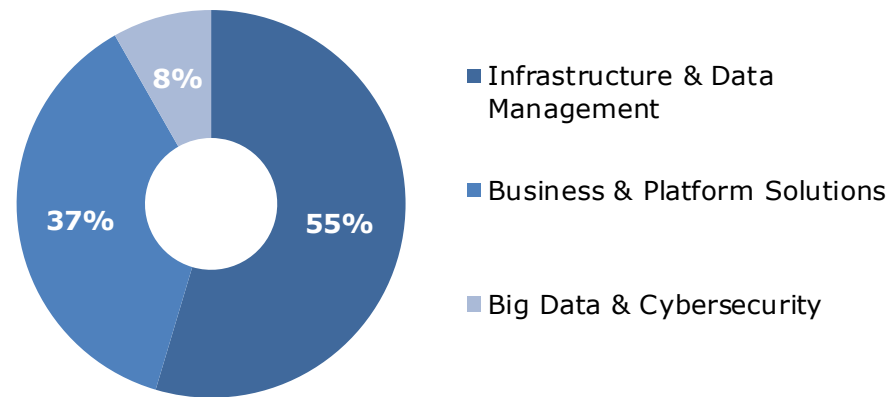
Constant scope and exchange rates figures reconciliation

<i>In € million</i>	H1 2019	H1 2018	% change
Statutory revenue	5,744	6,005	-4.3%
Exchange rates effect		68	
Revenue at constant exchange rates	5,744	6,074	-5.4%
Scope effect		-395	
Exchange rates effect on acquired/disposed perimeters		23	
Revenue at constant scope and exchange rates	5,744	5,701	+0.8%
Statutory operating margin	529	545	-2.9%
Scope effect		-41	
Exchange rates effect		9	
Operating margin at constant scope and exchange rates	529	513	+3.1%
<i>as % of revenue</i>	9.2%	9.0%	

- ▶ **Exchange rates** effect positively contributed to revenue for €+91 million and to operating margin for €+9 million mainly coming from the American dollar.
- ▶ **Scope effect** mostly related to the restatement linked to the deconsolidation of Worldline, the acquisition of Syntel, the disposal of some specific Unified Communication & Collaboration activities, and the disposal and decommissioning of non-strategic activities within CVC.

H1 2019 performance by Division

- ▶ **Infrastructure & Data Management well on track towards growth in H2**
- ▶ **Business & Platform Solutions transformation underway through Syntel integration**
- ▶ **Continuous double-digit growth in Big Data & Cybersecurity**

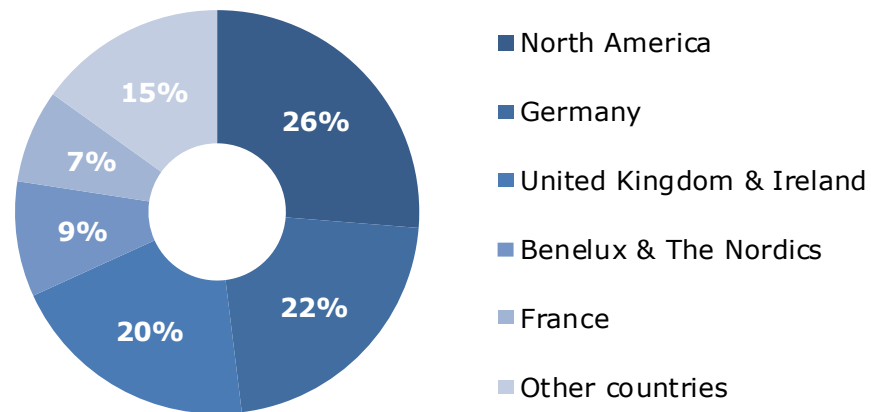


	Revenue			Operating margin		Operating margin %	
	H1 2019	H1 2018*	Organic evolution	H1 2019	H1 2018*	H1 2019	H1 2018*
<i>In € million</i>							
Infrastructure & Data Management	3,137	3,193	-1.8%	274	277	8.7%	8.7%
Business & Platform Solutions	2,135	2,087	+2.3%	247	224	11.6%	10.8%
Big Data & Cybersecurity	473	421	+12.4%	48	49	10.2%	11.7%
Corporate costs				-40	-37	-0.7%	-0.7%
Total	5,744	5,701	+0.8%	529	513	9.2%	9.0%

* At constant scope and exchange rates

Infrastructure & Data Management

- ▶ **Strong improvement in Q2 notably in North America**
- ▶ **Acceleration of Hybrid Cloud Orchestration, Technology Transformation Services and Unified Communications**
- ▶ **Operating Margin stabilized thanks to cost saving actions including RACE program**



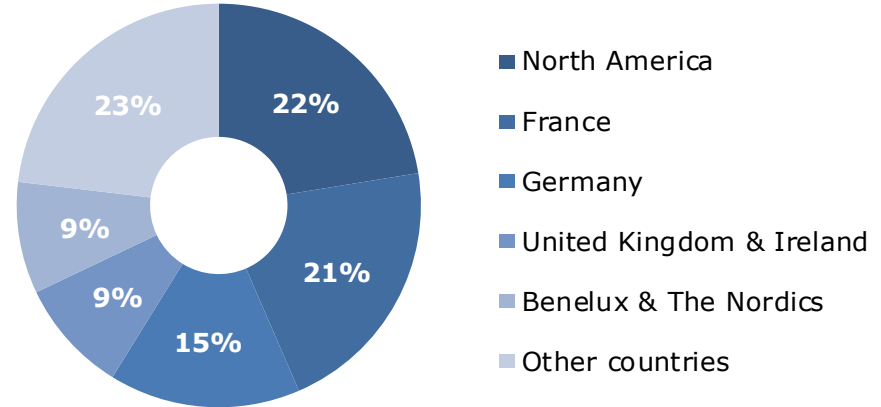
Infrastructure & Data Management

<i>En millions d'euros</i>	H1 2019	H1 2018*	Organic evolution
Revenue	3,137	3,193	-1.8%
Operating margin	274	277	
<i>Operating margin rate</i>	8.7%	8.7%	

* At constant scope and exchange rates

Business & Platform Solutions

- ▶ Syntel integration moving as planned with synergies starting to materialize and contributing to 80 bps margin rate improvement
- ▶ Cleaning of several low margin Atos legacy contracts
- ▶ Continued strong growth in Digital Transformation projects in all geographies



Business & Platform Solutions

<i>En millions d'euros</i>	H1 2019	H1 2018*	Organic evolution
Revenue	2,135	2,087	+2.3%
Operating margin	247	224	
<i>Operating margin rate</i>	11.6%	10.8%	

* At constant scope and exchange rates

Syntel integration and revenue synergies

Strong pipeline, focus on deals and signatures

Syntel clients growth in line with business plan in H1 2019

Two key **renewals** with **significant scope extension signed** of \$40M each for US-based insurers

New \$15M win for US-based financial services multinational, leading to **incremental revenue** in H2

Joint solution development: **Atos AMOS** platform enhanced by **SyntBots intelligent automation** platform



Revenue Synergies

- **21** deals already closed in H1
- c. **€ 40M** order entry signed in H1
- Total opportunities end of June up to **\$1bn**

World's largest oilfield services company

(Atos customer)

Atos Syntel to modernize applications using Google Cloud solutions

Global coffee experience company

(New customer)

Industrialized SAP S/4 HANA implementation

Q2

Syntel delivery and cost synergies

Savings from G&A and Account Transformation



Transformation synergies

- ▶ Procurement and real estate synergies materialized in H1 2019, resulting in **€14M** annualized cost savings.
- ▶ Accelerated account transformation expected in H2 from the transfer of contracts to Syntel (wave 3 started in July, aligning an additional **€140M** of business leading to **€1,1bn**).
- ▶ Key operational processes such as resource management started to operate by Syntel, using best practices and tools.

Wave 1 – Q1
€640M



Wave 2 – Q2
€300M



Wave 3 – Q3
€140M

€30M margin synergies expected in 2019

- through improved operational effectiveness and actions on G&A

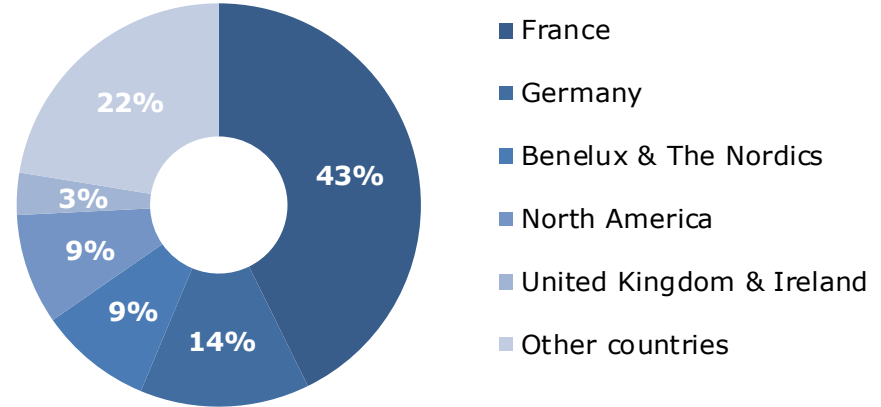
Employee and facility transformation

- ▶ New Tirunelveli Global Delivery Center now operational to support growth, with first building of ~2,300 seats.



Big Data & Cybersecurity

- ▶ Continued strong business trend with double-digit growth in both Cybersecurity and Big Data
- ▶ Accelerated investments in innovative offerings and R&D
- ▶ Strong level of hiring in highly skilled people



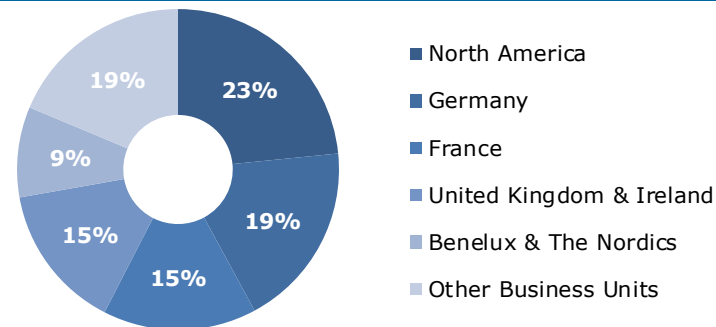
Big Data & Cybersecurity

<i>En millions d'euros</i>	H1 2019	H1 2018*	Organic evolution
Revenue	473	421	+12.4%
Operating margin	48	49	
<i>Operating margin rate</i>	10.2%	11.7%	

* At constant scope and exchange rates

H1 2019 performance by Business Unit

- ▶ North America on track towards growth in H2
- ▶ All geographies recorded growth in continental Europe
- ▶ Syntel cost synergies starting to materialize and RACE program actions on cost base ongoing



In € million	Revenue			Operating margin		Operating margin %	
	H1 2019	H1 2018*	Organic evolution	H1 2019	H1 2018*	H1 2019	H1 2018*
North America	1,345	1,420	-5.3%	148	140	11.0%	9.9%
Germany	1,074	1,052	+2.2%	68	62	6.3%	5.9%
France	887	847	+4.6%	59	61	6.7%	7.2%
United Kingdom & Ireland	842	860	-2.1%	87	93	10.3%	10.8%
Benelux & The Nordics	524	510	+2.6%	39	37	7.4%	7.3%
Other Business Units	1,073	1,012	+6.1%	168	160	15.6%	15.8%
Global structures**				-38	-40	-0.7%	-0.7%
Total	5,744	5,701	+0.8%	529	513	9.2%	9.0%

* At constant scope and exchange rates

** Global structures include the IT Services Divisions global costs not allocated to the Business Units and Corporate costs

Road to agile competitiveness and excellence

RACE : the Atos transformation & performance program

Automation



- **Atos Automation Marketplace** deployed & c. **1 850** use cases available
- **Automation Certified** Employees **x7** in H1 2019 vs. H1 2018
- **130+ additional customers** deployed in H1 2019 with cost base improvement

Infrastructure & Data Mgmt.



- Span and Pyramid Control early results
- **25%** of vacancies turned into automation/software roles
- New **operational KPIs framework** leveraging Analytics and AI rolled out

Employee Development & Workforce Mgmt.



- Right shoring activities **+50%** compared to last year
- Simplified Workforce Management processes, thanks to digitalization, reducing "time to right resource" by **30%**

Contract Profitability Improvement Methodology



- Approach piloted in H1 2019, increased speed in H2
- Systematic & visible Project Margin improvement on average within 6 months on selected accounts
- New **Contract Management Digital Academy** roll out

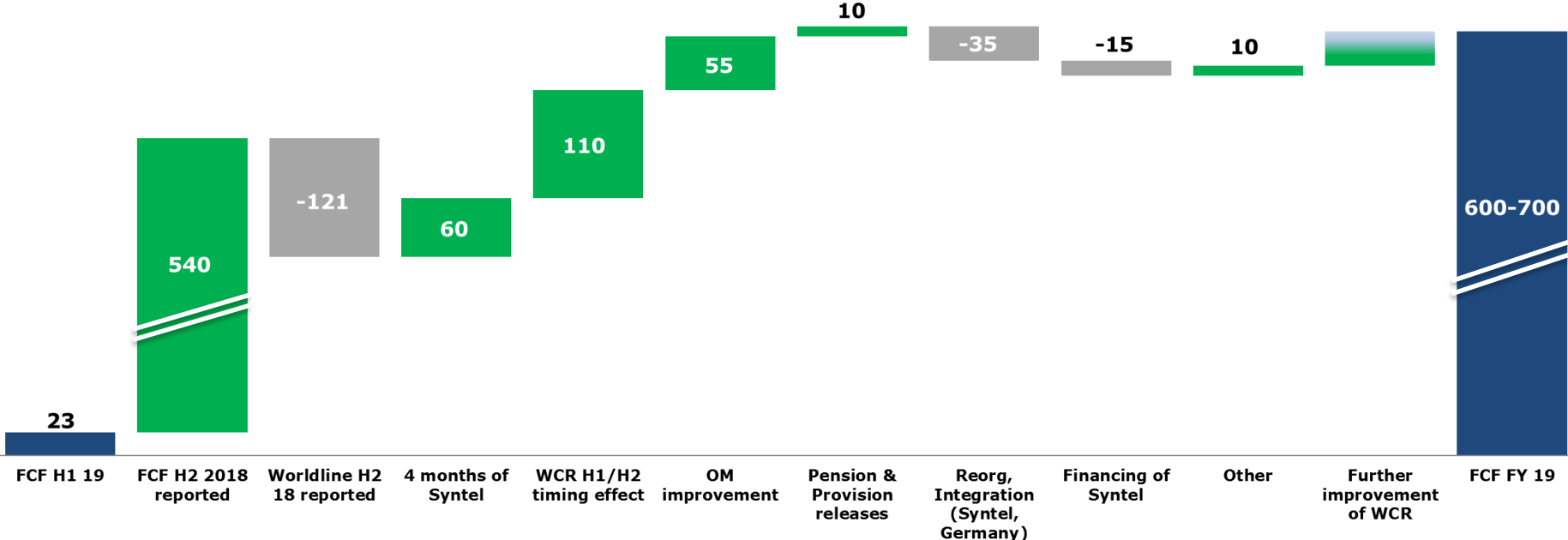
Income statement

<i>In € million</i>	H1 2019	H1 2018
Revenue	5,744	5,241
Operating margin	529	416
<i>% of revenue</i>	9.2%	7.9%
Reorganization, Rationalization, Integration & acquisition costs	-104	-65
Amortization of intangible assets (PPA from acquisitions)	-79	-49
Equity based compensation	-34	-32
Others	-24	-23
Operating income	288	247
Net financial expenses	-79	-23
Profit before tax	209	224
Tax charge	-38	-35
Effective tax rate	18.3%	15.5%
Share of net profit/(loss) of associates	12	-
Net income from continuing operations	182	189
Non-controlling interests	-2	-1
Net income from continuing operations – Attributable to owners of the parent	180	188
Net income from discontinued operation – Attributable to owners of the parent	3,055	40

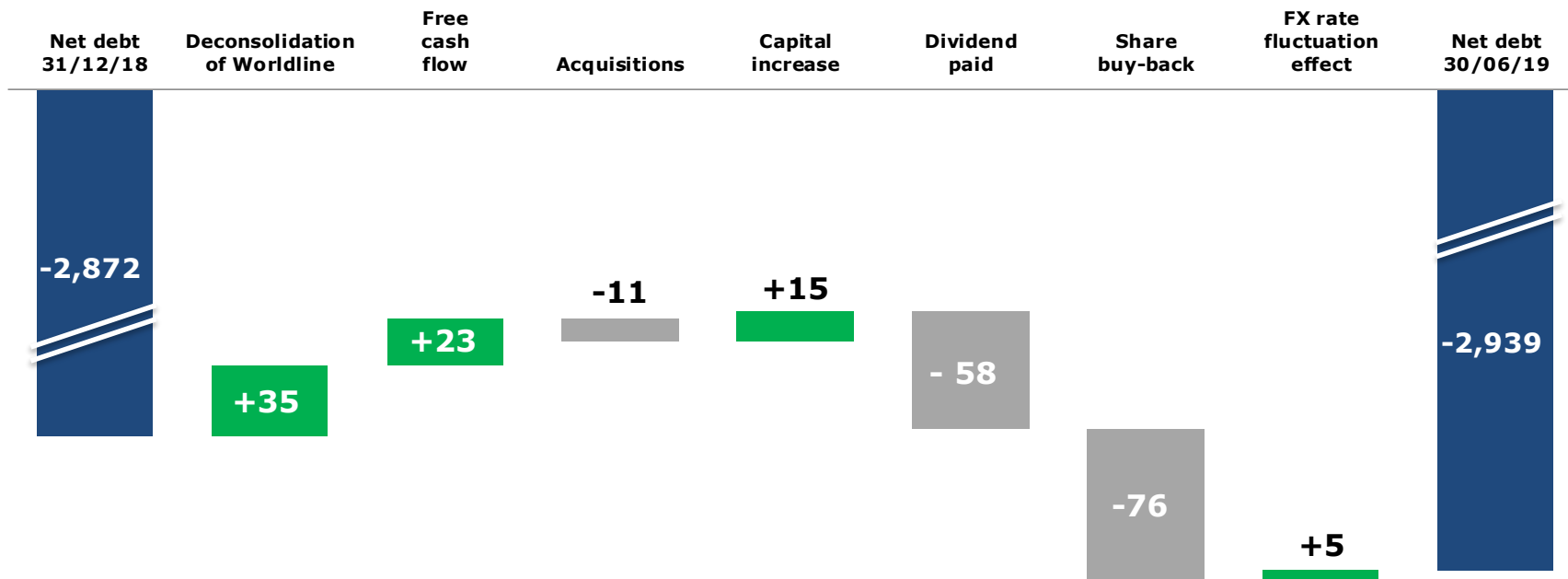
Free Cash Flow: H1 / H2 timing effects

<i>In € million</i>	H1 2019	H1 2018
Operating Margin before Depreciation & Amortization	835	542
<i>as a % of revenue</i>	14.5%	10.3%
Capital Expenditures	-173	-177
Lease payments	-167	-
Change in working capital requirement	-269	-152
Cash from operations	227	213
Reorganization, Rationalization & Integration and acquisition costs	-95	-69
Tax paid	-48	-31
Net cost of financial debt paid	-36	-8
Other changes	-26	-27
Free cash flow	23	78
Net acquisitions/disposals	-11	-21
Capital increase	15	7
Share buy-back	-76	-50
Dividends paid	-58	-70
Change in net cash/(debt)	-107	-57
Net (cash)/debt from (used in) discontinued operation	35	-309
Foreign exchange rate fluctuation on net cash/(debt)	5	-4
Opening net cash/(debt)	-2,872	307
Closing net cash/(debt)	-2,939	-62

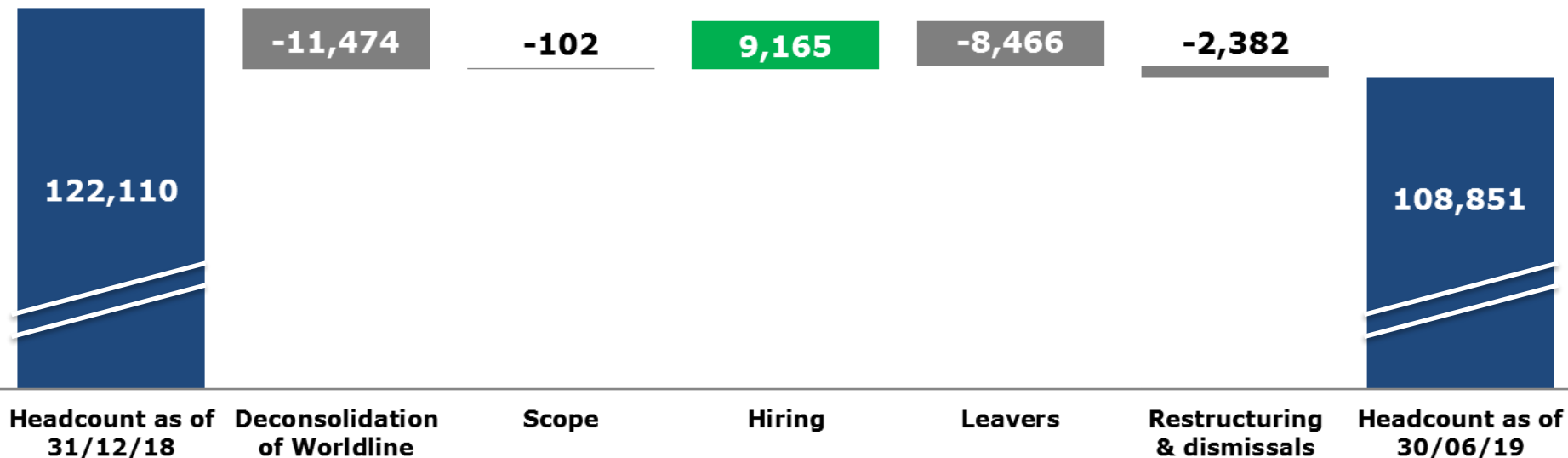
Bridge FCF: from H1 to FY



Net cash evolution



H1 2019 headcount evolution



3

Conclusion

Thierry Breton

Chairman & CEO

2019 main priorities

Return to growth in H2 for **North America** and for **Infrastructure & Data Management**

Successfully integrate **Syntel** and generate **synergy plans** to improve Business & Platform Solutions profitability

Roll out **RACE program** to increase operational profitability

Position **Big Data & Cybersecurity** as a leading **player** for the upcoming consolidation of this segment

Deliver financial objectives in 2019 and confirm 2021 ADVANCE targets



Q&A



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