

H1 2016 results

July 26, 2016 - Bezons

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 competitors 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 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2016 under the registration number: D.16-0300. 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. Operating margin is presented as defined in the 2015 Registration Document.
- ▶ Business Units include **Germany, France, United-Kingdom & Ireland, Benelux & The Nordics** (BTN: The Netherlands, Belgium, Luxembourg, Denmark, Finland, Sweden, and Estonia), **Worldline, North America** (NAM: USA, Canada, and Mexico), and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Switzerland and Turkey), Iberia (Spain, Portugal, and Andorra), Asia-Pacific (APAC: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand), South America (SAM: Brazil, Argentina, Colombia, Chile, Guatemala, Jamaica, Peru, and Uruguay), India, Middle East & Africa (IMEA: Algeria, Benin, Burkina Faso, Egypt, Gabon, Israel, India, Ivory Coast, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Saudi Arabia, Senegal, South Africa and UAE), Major Events, and Cloud & Enterprise Software.
- ▶ Atos decided, as early as the acquisition date, to retain only part of the activity of Unify. As a result, the Software & Platforms (S&P) business, along with the customers and the countries that were planned to be managed through indirect channels, have been accounted for as discontinued operations and are in the process of being physically carved-out to facilitate the disposal of this activity. Therefore, the 2016 and 2015 pro forma consolidated external revenue and operating margin reflect the retained scope of Unify only.

Agenda

1. Key figures, highlights & 2016 objectives
2. Commercial activity
3. Operational & financial performance
4. Conclusion
5. Q&A session

1

**Key figures, highlights
& 2016 objectives**

Thierry Breton
Chairman & CEO

H1 2016 key figures

Revenue

€5,697m

+17.9% at constant exchange rates
+1.7% organically with Q2 at +1.8%

Order entry

€6.3bn

+24.0% year-on-year

Book to bill

111%

120% in Q2

Operating margin

€444m

+23.1% year-on-year

Operating margin rate

7.8%

+60bps at constant scope
and exchange rates

Total number of employees

96,352

of which 3,014 in
Unify Software & Platforms

Net income Group share

€205m

+66.9% year-on-year

Free cash flow

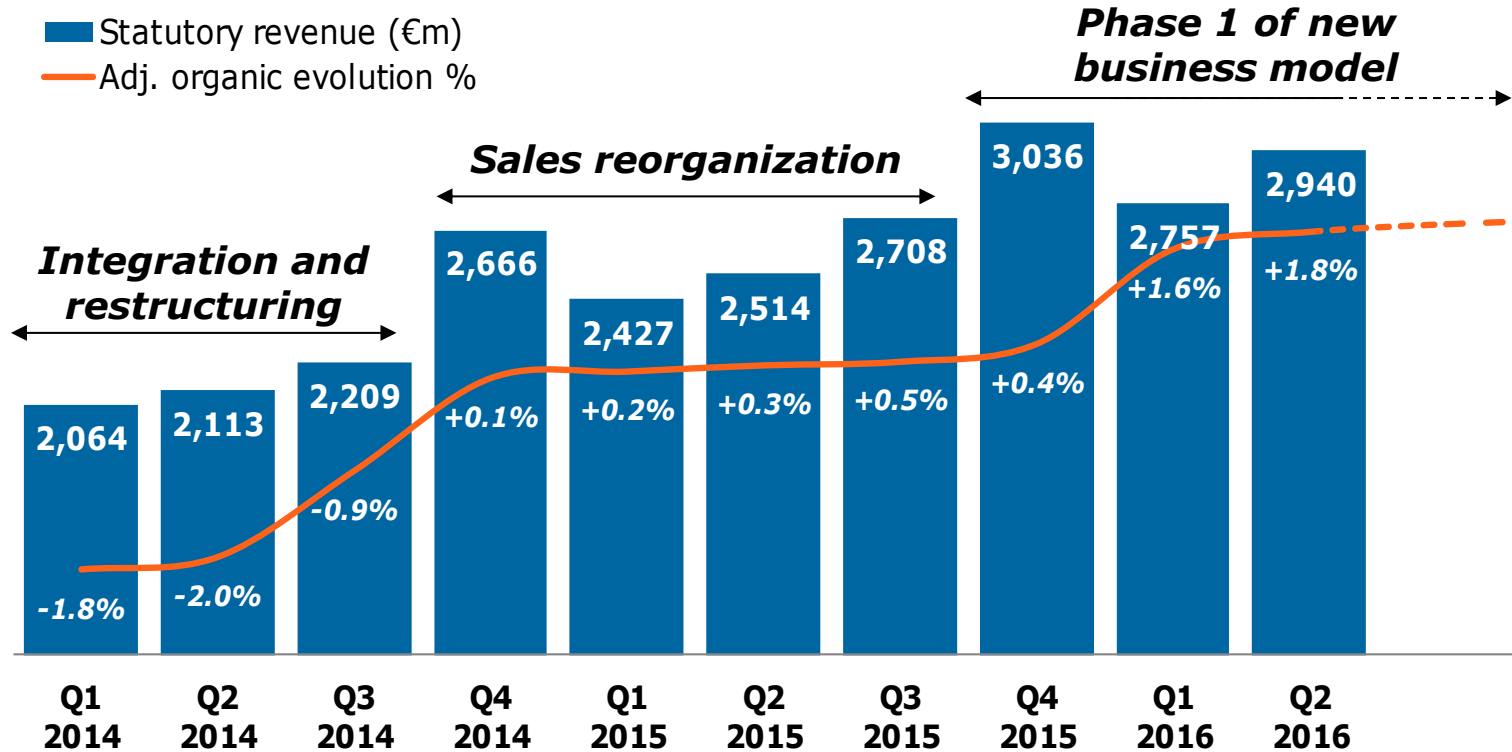
€181m

+74.2% year-on-year

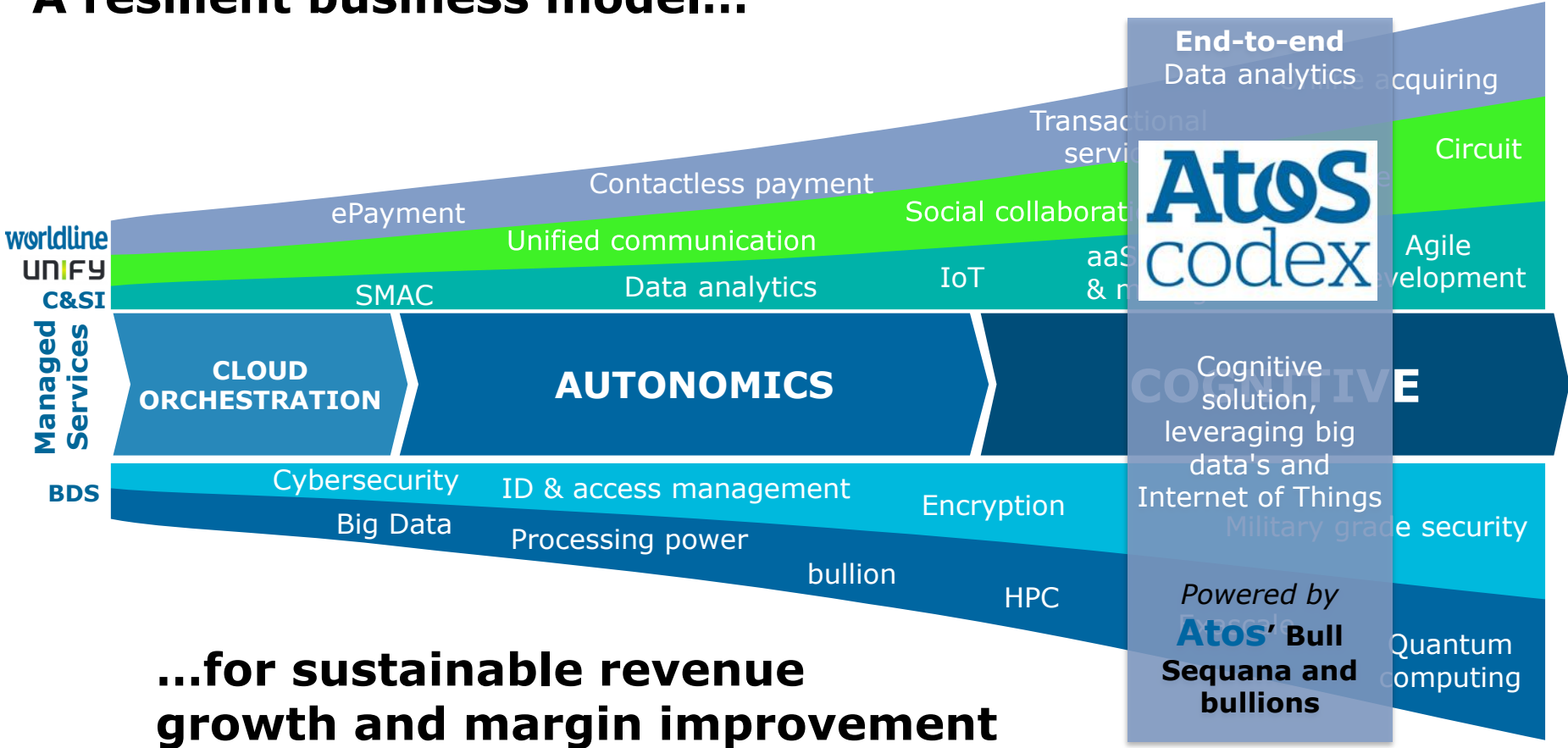
Net cash position

€412m

A new trend of revenue organic growth



A resilient business model...



Secured data management AND data valorization

A dual expertise to support our long term growth rate

Tier-one position in Data & Infrastructure Management requiring more security, compute speed, application transformation, and collaboration

Atos **cloud orchestration** offering supporting market share gain

Cloud and automation coming with strong delivery cost reduction and **significant margin improvement**

Data management and IoT fast growing demand generate disruptive evolution and innovative technologies and **Atos is at the forefront** of it

Large **exposure to the manufacturing sector** where Big Data is key

Powerful technological partnerships supporting Atos model

End-to-end
Data analytics

Atos
codex

Cognitive
solution,
leveraging big
data's and
Internet of Things

Powered by
Atos' Bull
Sequana and
bullions

Brexit potential impact

Atos: one of the least exposed global player

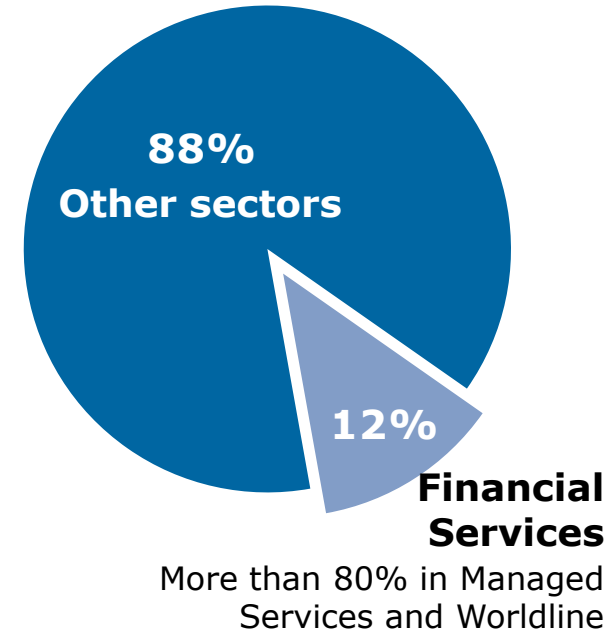
Limited impact from currency on operating margin rate (<10 basis points)

Potential effect limited to **discretionary spending** in **Financial Services**

Strong confidence in new signatures in both public and private sectors as soon as Q3

Despite low impact, **contingency plan** in place to secure UK performance post Brexit

Atos revenue in the UK



All 2016 objectives raised

2016 objectives

The Group raised all its objectives for 2016:

- ▶ **Revenue:** Organic growth of +1.5% to +2.0% (vs. above +0.4% initially). Growth at constant exchange rates above +11% (vs. above +8% initially)
- ▶ **Operating margin:** Between 9.2% and 9.5% of revenue (vs. 9.0% to 9.5% initially)
- ▶ **Free cash flow:** Above € 550 million (vs. circa € 550 million initially)

The figures above include Unify Managed Services from February 1st, 2016 and exclude Equens contribution

2

Commercial activity

Patrick Adiba

Group Chief Commercial Officer

Commercial activity dashboard

Order entry

€6.3bn

+24% year-on-year

Book to bill ratio

111%

120% in Q2

Backlog

€19.5bn

1.7 years of revenue

Qualified pipeline

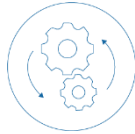
€6.4bn

6.7 months of revenue

A strong sales dynamic supported by our go-to-market and **Digital EDGE** solutions

Balanced go-to-market

Cross-sell



Large renewals



New logos



Atos



Digital transformation platforms



Cloud



Digital communications



Atos Codex

Digital transformation wins across all markets and geographies

Cloud

Texas Department of Information Resources



Hybrid Cloud Services with Virtual Data Center, self provisioning of EPC and third parties

New logo

Large quick serve restaurant provider, US



Atos digital retail solution. 24/7 tech & service desk, improved customer experience with mobile app

Large renewal

Department for Work & Pensions, UK



Renewed partnership with Atos for improved services/TCO balance

Large cross-selling Kas Bank, NL



From design to management of a multi-client investment management platform

Unified coms Solvay



Unified and centralized unified communications network with more than 400 global locations

Atos Codex Large car manufacturer, France



Atos Bull High Performance Computer to drastically improve efficiency of industry processes

Atos Codex H1 2016 achievements

**Global transportation
machines manufacturer**



**French automotive
manufacturer**



**US leader in
Oil Field Services**



**European country
Ministry of Justice**

**Atos
codex**

**European utility
global leader**



African Telco



3

**Operational & financial
performance**

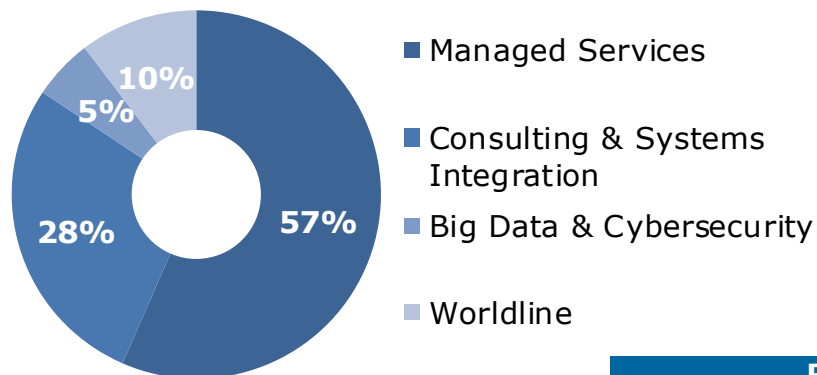
Elie Girard
Group CFO

Constant scope and exchange rates figures reconciliation

| <i>In € million</i> | H1 2016 | H1 2015 | % change |
|--|----------------|----------------|-----------------|
| Statutory revenue | 5,697 | 4,941 | +15.3% |
| Exchange rates effect | | -108 | |
| Revenue at constant exchange rates | 5,697 | 4,833 | +17.9% |
| Scope effect | | 776 | |
| Exchange rates effect on acquired/disposed perimeters | | -6 | |
| Revenue at constant scope and exchange rates | 5,697 | 5,603 | +1.7% |
| Statutory operating margin | 444.4 | 345.6 | +28.6% |
| Equity based compensation reclassification | | 15.5 | |
| Scope effect | | 51.7 | |
| Exchange rates effect | | -11.2 | |
| Operating margin at constant scope and exchange rates | 444.4 | 401.5 | +10.7% |
| <i>as % of revenue</i> | 7.8% | 7.2% | |

- ▶ **Scope effect** mainly related to Xerox ITO and Unify Services.
- ▶ **Exchange rates effect** mainly coming from the British pound and the Argentine peso.

Performance by Service Line



- ▶ **Positive growth and operating margin improvement in all Service Lines**
- ▶ **Group profitability +130 basis points excluding pensions one-offs in H1 2015**

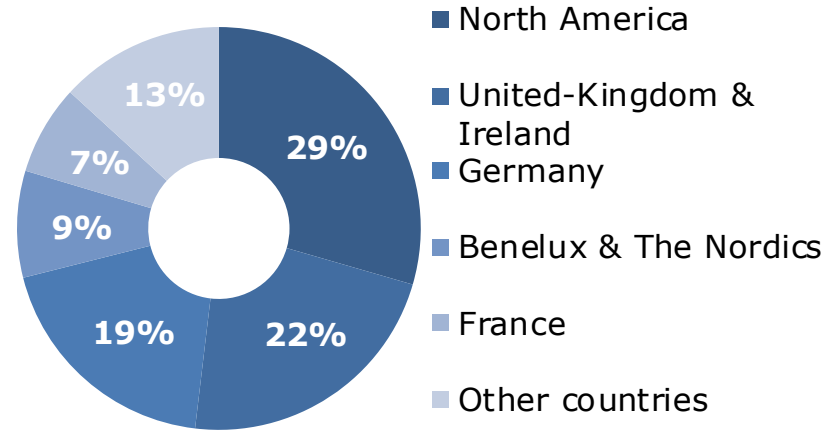
| In € million | Revenue | | | Operating margin | | Operating margin % | |
|----------------------------------|--------------|--------------|--------------|------------------|--------------|--------------------|-------------|
| | H1 2016 | H1 2015* | % organic | H1 2016 | H1 2015* | H1 2016 | H1 2015* |
| Managed Services | 3,221 | 3,203 | +0.6% | 281.0 | 230.4 | 8.7% | 7.2% |
| Consulting & Systems Integration | 1,584 | 1,576 | +0.5% | 77.8 | 74.8 | 4.9% | 4.7% |
| Big Data & Cybersecurity | 302 | 268 | +12.8% | 42.4 | 37.1 | 14.0% | 13.9% |
| Corporate costs** | | | | -48.4 | -17.8 | -0.9% | -0.4% |
| Worldline | 589 | 556 | +5.9% | 91.6 | 76.9 | 15.6% | 13.8% |
| TOTAL GROUP | 5,697 | 5,603 | +1.7% | 444.4 | 401.5 | 7.8% | 7.2% |

* At constant scope and exchange rates

** Corporate costs exclude Global Service Lines costs allocated to the Service Lines

Managed Services

- ▶ **Successful transition to hybrid cloud infrastructure of large Managed Services clients**
- ▶ **Successful integration of Xerox ITO**
- ▶ **First effects of cost saving plan on Unify**
- ▶ **44,061 direct staff at the end of H1 2016**

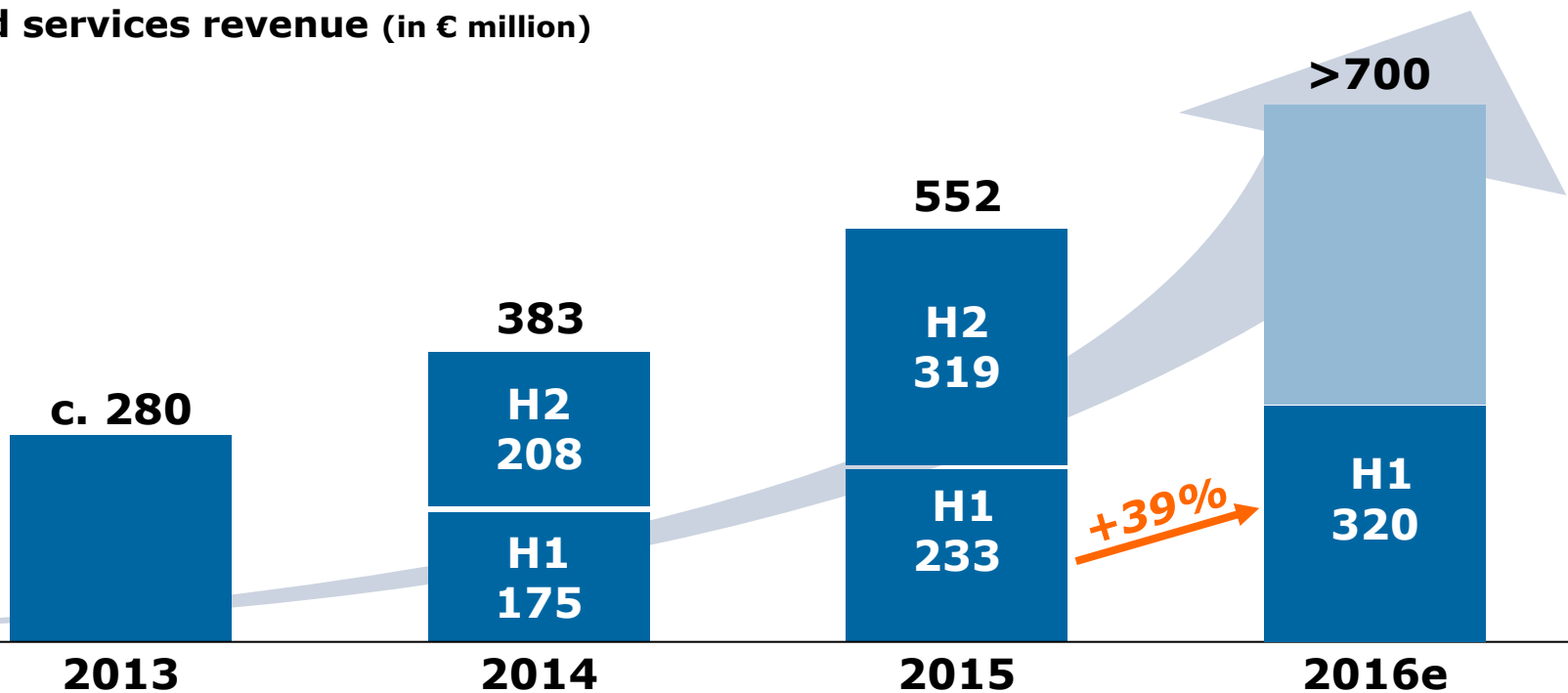


| <i>In € million</i> | H1 2016 | H1 2015* | % organic |
|------------------------------|----------------|-----------------|------------------|
| Revenue | 3,221 | 3,203 | +0.6% |
| Operating margin | 281.0 | 230.4 | |
| <i>Operating margin rate</i> | 8.7% | 7.2% | |

* At constant scope and exchange rates

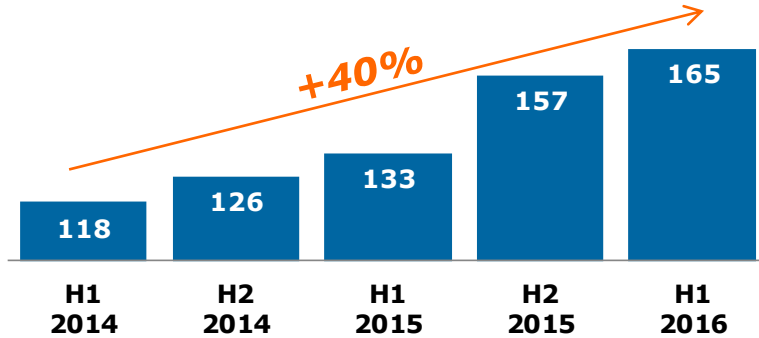
Confirmed growth in Cloud services

Cloud services revenue (in € million)

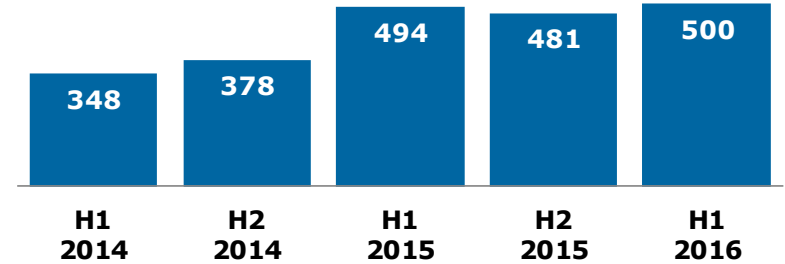


Automation progress dashboard in Managed Services

Number of servers per FTE



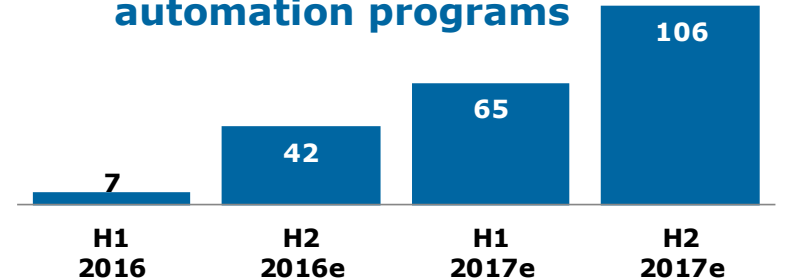
Number of LAN switches per FTE



% of automatic resolution of tickets

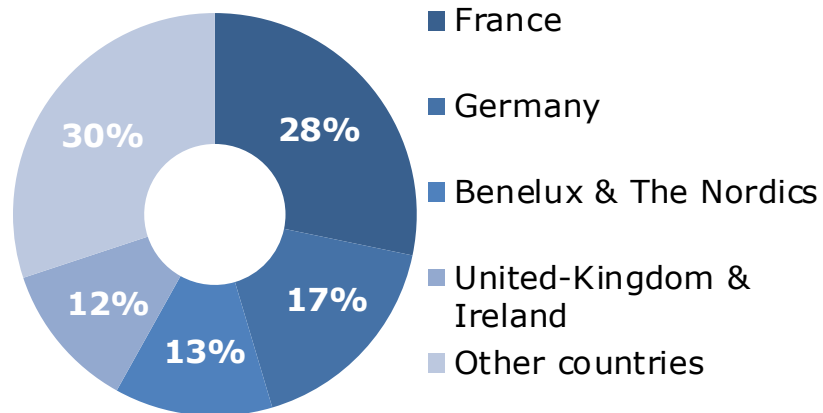
68%
*in average over
the last 12 months*

Number of accounts under automation programs



Consulting & Systems Integration

- ▶ **Consulting & Systems Integration returned to growth for the second quarter in a row**
- ▶ **Increasing margin by +70 basis points excluding pensions one-offs in H1 2015**
- ▶ **32,923 direct staff at the end of H1 2016**



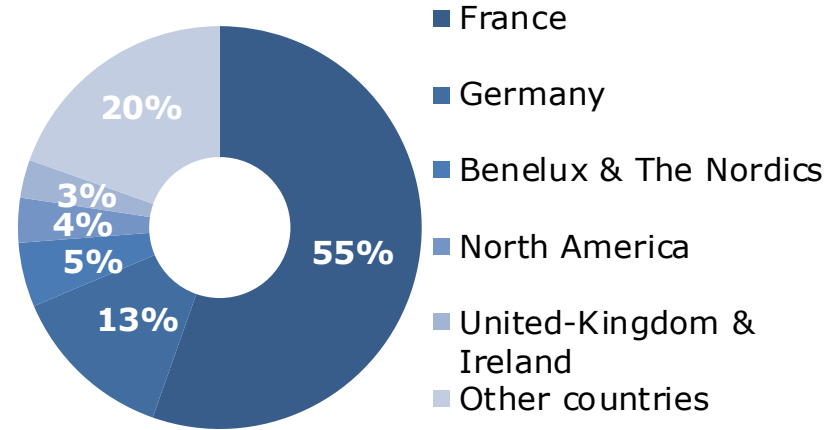
In € million

| | H1 2016 | H1 2015* | % organic |
|------------------------------|----------------|-----------------|------------------|
| Revenue | 1,584 | 1,576 | +0.5% |
| Operating margin | 77.8 | 74.8 | |
| <i>Operating margin rate</i> | 4.9% | 4.7% | |

* At constant scope and exchange rates

Big Data & Cybersecurity

- ▶ **Acceleration of organic growth with strong profitability**
- ▶ **Roll-out of Big Data & Cybersecurity solutions in all Atos' large geographies**
- ▶ **3,508 direct staff at the end of H1 2016**

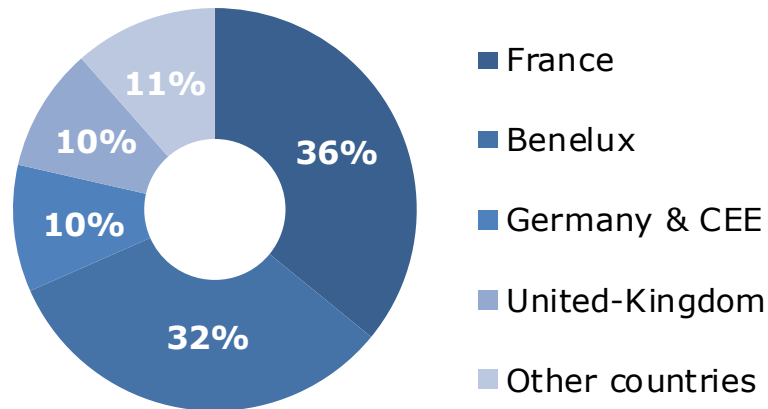


| <i>In € million</i> | H1 2016 | H1 2015* | % organic |
|------------------------------|----------------|-----------------|------------------|
| Revenue | 302 | 268 | +12.8% |
| Operating margin | 42.4 | 37.1 | |
| <i>Operating margin rate</i> | 14.0% | 13.9% | |

* At constant scope and exchange rates

Worldline

- ▶ **Continuous increase of transaction volumes fueling stronger revenue growth**
- ▶ **Sale of higher added-value offerings reflected in the improved profitability**
- ▶ **6,743 direct staff at the end of H1 2016**



In € million

| | H1 2016 | H1 2015* | % organic |
|------------------------------|----------------|-----------------|------------------|
| Revenue | 589 | 556 | +5.9% |
| Operating margin | 91.6 | 76.9 | |
| <i>Operating margin rate</i> | <i>15.6%</i> | <i>13.8%</i> | |

* At constant scope and exchange rates

Quarterly performance by Business Unit

- ▶ An improving performance both in Q1 and in Q2 and a pace above 2015

| <i>In € million</i> | Revenue | | | % organic evolution | | |
|--------------------------|--------------|--------------|--------------|---------------------|--------------|--------------|
| | Q1 2016 | Q2 2016 | H1 2016 | Q1 2016 | Q2 2016 | H1 2016 |
| North America | 478 | 513 | 990 | +3.7% | +5.1% | +4.4% |
| Germany | 442 | 487 | 930 | +7.4% | +2.7% | +4.9% |
| United-Kingdom & Ireland | 447 | 471 | 918 | -7.7% | -1.5% | -4.6% |
| France | 410 | 437 | 847 | +3.4% | +3.3% | 3.4% |
| Benelux & The Nordics | 246 | 246 | 492 | -4.4% | -6.6% | -5.5% |
| Other Business Units | 446 | 485 | 931 | +2.8% | +1.8% | +2.2% |
| Worldline | 287 | 302 | 589 | +6.7% | +5.3% | +5.9% |
| TOTAL GROUP | 2,757 | 2,940 | 5,697 | +1.6% | +1.8% | +1.7% |

Performance by Business Unit

| <i>In € million</i> | Revenue | | | Operating margin | | Operating margin % | |
|--------------------------|--------------|--------------|--------------|------------------|--------------|--------------------|-------------|
| | H1 2016 | H1 2015* | % organic | H1 2016 | H1 2015* | H1 2016 | H1 2015* |
| North America | 990 | 948 | +4.4% | 100.4 | 72.7 | 10.1% | 7.7% |
| Germany | 930 | 886 | +4.9% | 80.8 | 43.3 | 8.7% | 4.9% |
| United-Kingdom & Ireland | 918 | 962 | -4.6% | 89.0 | 98.9 | 9.7% | 10.3% |
| France | 847 | 819 | +3.4% | 47.6 | 31.0 | 5.6% | 3.8% |
| Benelux & The Nordics | 492 | 521 | -5.5% | 38.3 | 48.0 | 7.8% | 9.2% |
| Other Business Units | 931 | 911 | +2.2% | 53.4 | 56.5 | 5.7% | 6.2% |
| Global structures** | | | | -56.8 | -25.8 | -1.1% | -0.5% |
| Worldline | 589 | 556 | +5.9% | 91.6 | 76.9 | 15.6% | 13.8% |
| TOTAL GROUP | 5,697 | 5,603 | +1.7% | 444.4 | 401.5 | 7.8% | 7.2% |

* At constant scope and exchange rates

** Global structures include the Global Services Lines costs not allocated to the Group Business Unit and Corporate costs

Unify integration

Unify integration

Restructuring

Acceleration vs. initial plan

H1 2016: -871 headcount
Initial target: -792 in FY 2016

Non personal costs reduction ***Program ahead of plan***

Real estate – Procurement – IT
Target: €-50m vs. 2015

Unify Software & Platforms*

partners in indirect sales channel

December 2015: 1,943
→ March 2016: 2,146 → June 2016: 2,376

cloud based communication users

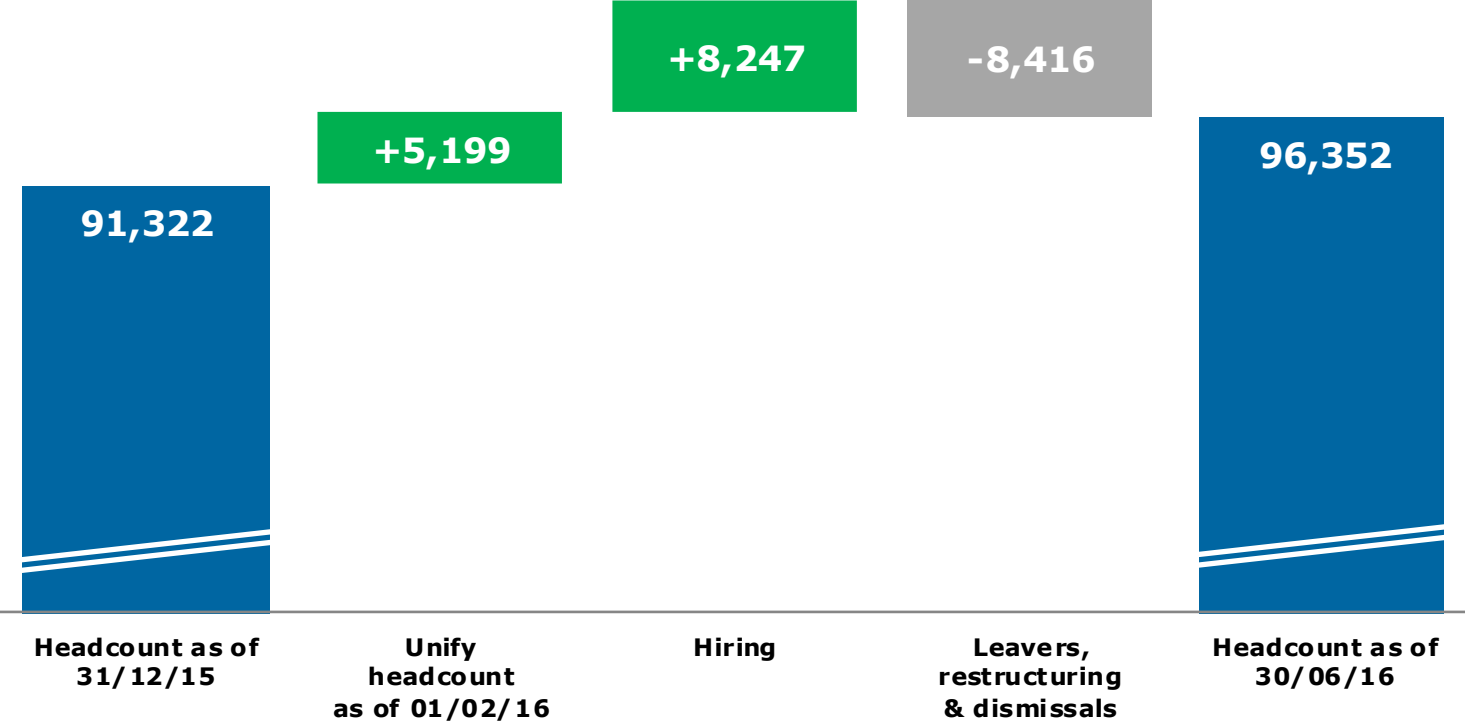
December 2015: 203k → June 2016: 221k
Target: +20% per year

Circuit users

March 2016: 20k → June 2016: 26k
Target end of 2016: c. 500k

H1 2016 net income: €-31m
on track to €+10m net income in FY 2016

Headcount evolution



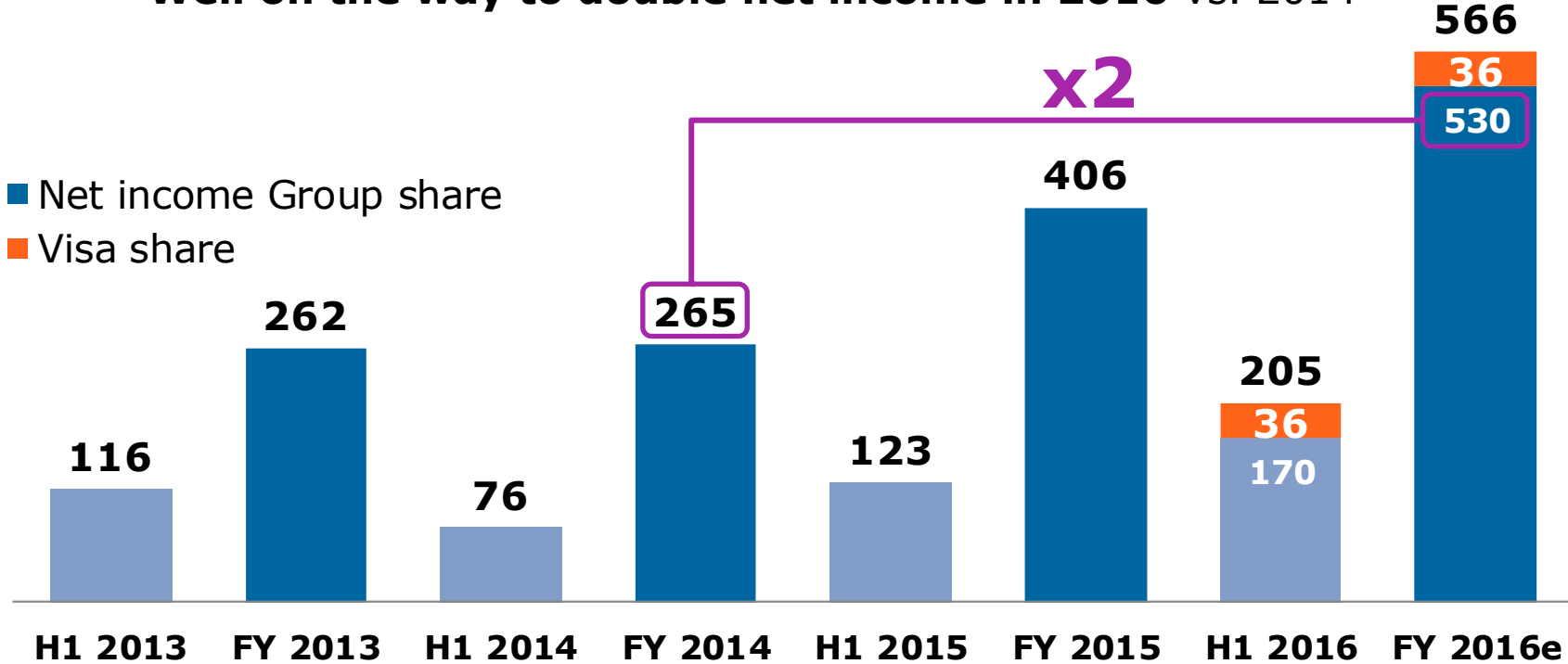
Income statement

| <i>In € million</i> | H1 2016 | H1 2015 | <i>% yoy</i> |
|--|----------------|----------------|--------------|
| Revenue | 5,697 | 4,941 | +15% |
| Operating margin | 444 | 361* | +23% |
| Staff reorganization | -57 | -68 | |
| Rationalization & associated costs | -26 | -30 | |
| Integration & acquisition costs | -14 | -18 | |
| Purchase Price Allocation amortization | -45 | -31 | |
| Equity based compensation | -22 | -16 | |
| Others | 43 | -1 | |
| Operating income | 324 | 197 | +64% |
| Net financial expenses | -32 | -11 | |
| Profit before tax | 292 | 187 | +57% |
| Tax charge | -58 | -47 | |
| <i>Effective tax rate</i> | 19.8% | 25.2% | -540bps |
| Share of net loss of associates | | -2 | |
| Net income | 234 | 138 | +70% |
| Non-controlling interests | -29 | -15 | |
| Net income Group share | 205 | 123 | +67% |

* *New definition*

Net Income Group share evolution

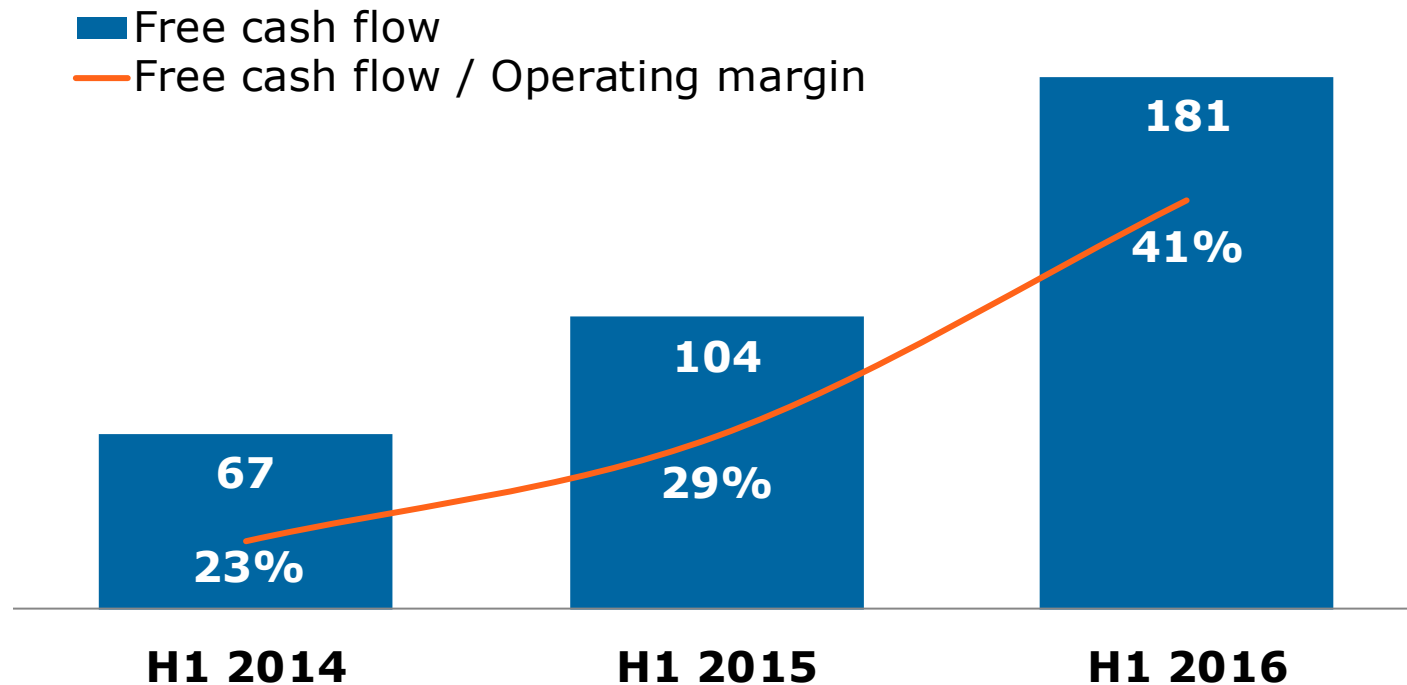
Well on the way to double net income in 2016 vs. 2014



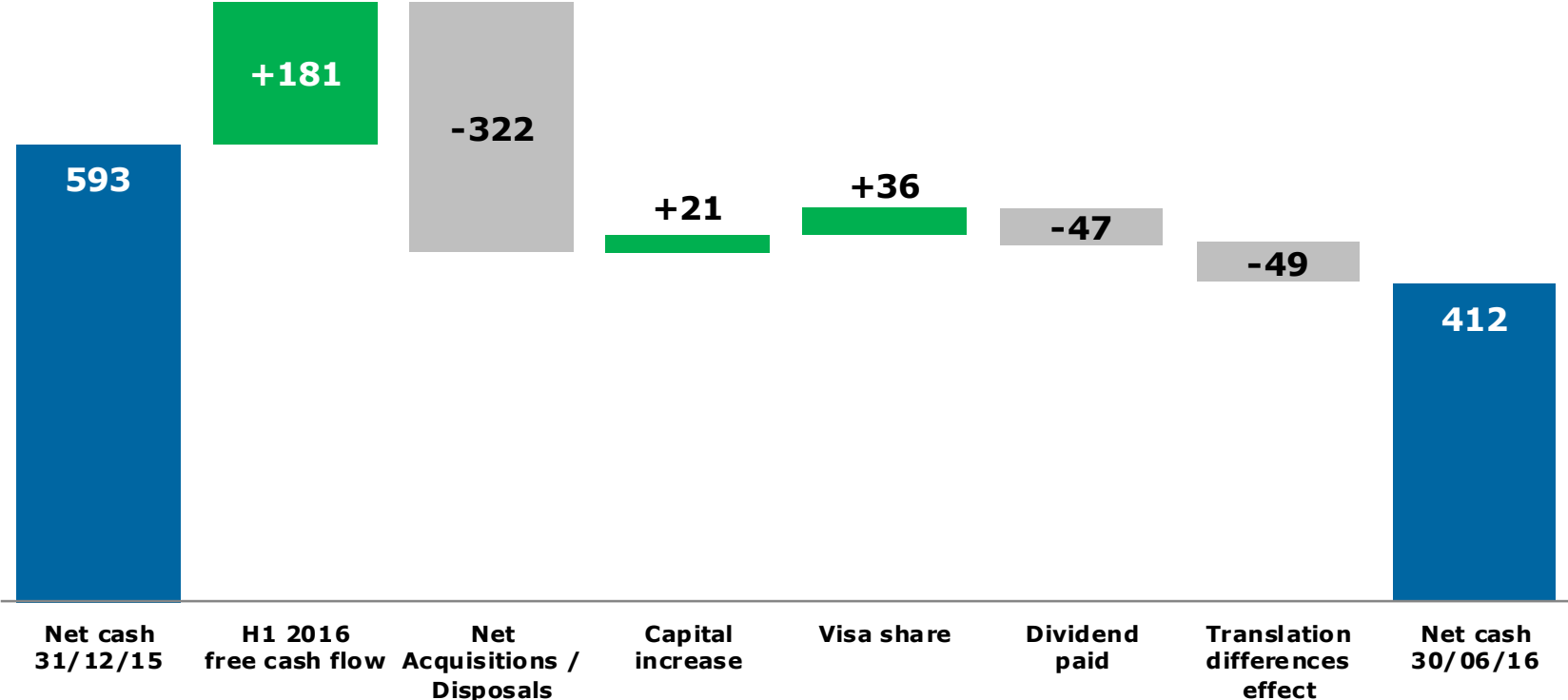
Cash flow statement

| <i>In € million</i> | H1 2016 | H1 2015 |
|--|----------------|----------------|
| Operating Margin before Depreciation and Amortization | 586 | 459 |
| Capital Expenditures | -202 | -215 |
| Change in working capital requirement | -22 | 49 |
| Cash from operations | 362 | 293 |
| Reorganization, rationalization & integration costs | -96 | -142 |
| Taxes paid | -74 | -58 |
| Net cost of financial debt paid | -8 | -3 |
| Other changes | -3 | 14 |
| Free cash flow | 181 | 104 |
| Net material (acquisitions) / disposals | -322 | -813 |
| Capital increase | 21 | 38 |
| Visa share | 36 | - |
| Dividends paid to owners of the parent | -47 | -31 |
| Change in net cash | -131 | -702 |
| Impact of foreign exchange rate fluctuation | -49 | 67 |
| Opening net cash / debt | 593 | 989 |
| Closing net cash | 412 | 354 |

Cash conversion



Net cash evolution



Balance sheet – main items

| | 30 June 2016 | 31 December 2015 |
|--------------------------------------|--|------------------|
| Shareholders' equity | € 3,970 m | € 4,097 m |
| Net cash | € 412 m <i>after cash out for Unify acquisition</i> | € 593 m |
| Goodwill | € 3,285 m | € 3,118 m |
| Net assets/liabilities held for sale | € 87 m | - |
| Net pensions deficit | € 1,211 m | € 993 m |

Total Assets at the end of June 2016 reached € 12.1 billion

4

Conclusion
Thierry Breton
Chairman & CEO

2016 Ambition: A current view above initial targets

| | 2016e revenue | 2016e operating margin | 2016e free cash flow |
|---|-------------------------|--|-------------------------|
| November 15, 2013: 2016 Ambition | c. €10 billion | c. €0.9 billion 8.5% to 9.5% | €450-500 million |
| July 26, 2016: Current view | c. €11.5 billion | c. €1.1 billion 9.2% to 9.5% | >€550 million |

With a net cash position from €0.3bn* to c. €0.8bn end of 2016e

5

Q&A Session

Thank you

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The Atos logo is displayed in white on a blue background. It features the word "Atos" in a bold, sans-serif font. The letter "o" is stylized with a white circle inside it, and the letter "s" has a white outline.