

# H1 2020 results

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**Bezons**  
**July 27, 2020**



# DISCLAIMER

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- ▶ 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), **Resource & Services** (Energy, Retail, Transportation & Hospitality, and Utilities) and **Healthcare & Life Sciences** (Healthcare and Pharmaceutical).
- ▶ Regional Business Units include **North America** (USA, Canada, and Mexico), **Northern Europe** (United Kingdom & Ireland, Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), **Central Europe** (Germany, Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Israel, Romania, Serbia, Slovakia and Switzerland), **Southern Europe** (France, Spain, Portugal, and Italy) and **Growing Markets** including 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

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- 1.H1 2020 highlights
- 2.H1 2020 performance
- 3.Conclusion and Q&A

# H1 2020 highlights

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**Elie Girard**  
Chief Executive Officer



# H1 2020 HIGHLIGHTS



## | Strong sales activity

+9% Order Entry  
yoy

+21% Pipeline  
yoy



## | Spring transformation

driving Industry  
dynamic across  
the Group



## | Covid-19 cost saving actions well on track

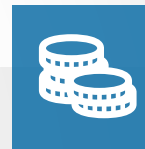


## | Cybersecurity, Decarbonization and Bolt-on acquisitions

momentum with  
5 transactions of  
which today:

ecoact

digital.security



## | Worldline sale

providing room  
for sizeable and  
transformative  
M&A

# H1 2020 KEY FIGURES

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Revenue organic evolution

**-2.8%**

*Q2 at -4.8%*

Operating margin rate

**8.0%**

*9.1% in H1 2019*

Free cash flow

**€-172m**

*Shifts to H2*

Normalized diluted EPS

**€2.93**

*€3.21 in H1 2019\**

Total headcount

**106,980**

*-1.6% vs December 2019  
at constant scope*

*\*from continuing operations*

## STRONG COMMERCIAL DYNAMIC IN H1 2020

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**Order entry**

**€6.3bn**

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+9.4% YoY

**Book to bill ratio**

**121% in Q2**

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112% in H1 2020

**Backlog**

**€22.5bn**

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€ +0.6bn vs December 2019

**Weighted pipeline**

**€8.6bn**

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€ +1.2bn vs December 2019

# FLAGSHIP DEALS SIGNED IN EVERY INDUSTRY IN Q2 2020

MANUFACTURING

FINANCIAL SERVICES  
& INSURANCE

PUBLIC SECTOR  
& DEFENSE

TELECOM, MEDIA  
& TECHNOLOGY

RESOURCES  
& SERVICES

HEALTHCARE  
& LIFE SCIENCES

Equipment  
manufacturer  
in the US



Loans group in  
the UK



US financial  
services  
company



Belgian grid  
operator



Global  
producer of  
vaccines



Digital  
Workplace

Application  
modernization

Knowledge  
Process  
Outsourcing

Digital  
Workplace

Mainframe  
services

Robotic  
Process  
Automation

Cloud  
Management

Digital  
Workplace



# OFFERINGS IN THE PIPE WITH HIGH REPLICABILITY POTENTIAL



## FULL STACK CLOUD

- | **Application modernization** – replatforming of business critical applications in Private or Public Clouds
- | **Data Center and Mainframe take-outs** – Legacy to Cloud and Data Center Transformation



## DIGITAL WORKPLACE

- | **Migration to cloud based** with Microsoft and VMware technologies
- | **Transformation** to AI, chatbots, intelligent automation leveraging **Cloud platforms** (ServiceNow)
- | **Data driven service delivery** with experience level agreements



## DIGITAL SECURITY

- | **Identity/Privileged Access Management**
- | **Cloud Security** for remote office
- | **Encryption** As a Service
- | **Secured and Crypted** communication



## DECARBONIZATION

- | **Decarbonization assessments**
- | **Smart metering** to support renewable energy optimization
- | AI/ML/Big Data to **optimize fuel consumption**

# SPRING TRANSFORMATION: STEP 1 COMPLETED, OFF TO STEP 2

## SPRING

H1 2020

- ▶ Setup of **6 Industries**
- ▶ Ramp-up of **vertical portfolio**
- ▶ Development of **Industry-specific Go-to-Market**
- ▶ Appointment of **Client Executive Partners**, the 'CEO' of each account
- ▶ **5 Regional Business Units** to support locally the transformation

H2 2020

- ▶ Transfer **client facing roles** from Divisions to account teams in Industries
- ▶ Ramp-up of **Industry Consulting & Marketing**
- ▶ Implement **Industry Operations**
- ▶ Appointment of **Client Delivery Executives**, the 'COO' of each account

*Note: H2 evolution subject to completion of applicable social processes*

# KEY ENABLERS TO SUPPORT TRANSFORMATION



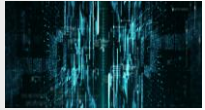
## TECH DAYS

**500 clients** from **50 countries**, **100 partners & startups**



## SCALER

Open innovation accelerator with **15 startups per year**



## TECHNOLOGY SKILLS

First Innovation Week  
**New certifications** up **50%+** to **34K** during Covid period



## EMPLOYEE ENGAGEMENT

Employee share plan: **x3 subscriptions** vs last plan



## DIVERSITY

From 13% to **31% women within Group Executives** (top 450), reflecting Group demography



## NET ZERO 2035

**Decarbonize Atos** to **better decarbonize** our **customers**

## 2020 OBJECTIVES CONFIRMED

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**Revenue organic evolution**

**-2% to -4%**

**Operating margin rate**  
*in % of revenue*

**9.0% to 9.5%**

**Free cash flow**

**€500m to €600m**

# Financial performance

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**Uwe Stelter**  
Chief Financial Officer



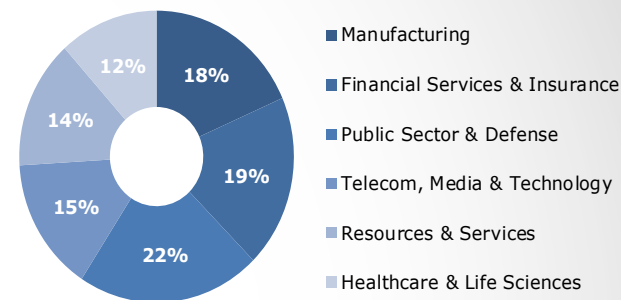
# CONSTANT SCOPE AND EXCHANGE RATES FIGURES RECONCILIATION

<i>In € million</i>	<b>H1 2020</b>	<b>H1 2019</b>	<b>% change</b>
Statutory revenue	5,627	5,744	-2.0%
Exchange rates effect		14	
Revenue at constant exchange rates	5,627	5,758	-2.3%
Scope effect		32	
Exchange rates effect on acquired/disposed perimeters		2	
<b>Revenue at constant scope and exchange rates</b>	<b>5,627</b>	<b>5,792</b>	<b>-2.8%</b>
Statutory operating margin	450	529	-15.1%
Scope effect		-6	
Exchange rates effect		1	
<b>Operating margin at constant scope and exchange rates</b>	<b>450</b>	<b>525</b>	<b>-14.4%</b>
<i>as % of revenue</i>	<i>8.0%</i>	<i>9.1%</i>	

- ▶ **Exchange rate effects:** mainly positive impact of US Dollar and negative impact of Argentinian Peso/ Brazilian Real
- ▶ **Scope effects:** acquisitions of Maven Wave, Miner & Kasch, IDnomic, and X-PERION; disposal of some specific Unified Communication & Collaboration and ITO activities; disposal and decommissioning of non-strategic CVC business

# H1 2020 PERFORMANCE BY INDUSTRY

- ▶ **Application project delays, reduction on discretionary expenses in Q2**
- ▶ **Strong growth in Public Sector & Defense**
- ▶ **Manufacturing impacted in Automotive and Discrete Manufacturing**
- ▶ **Cost containment plan partially mitigated revenue effect**

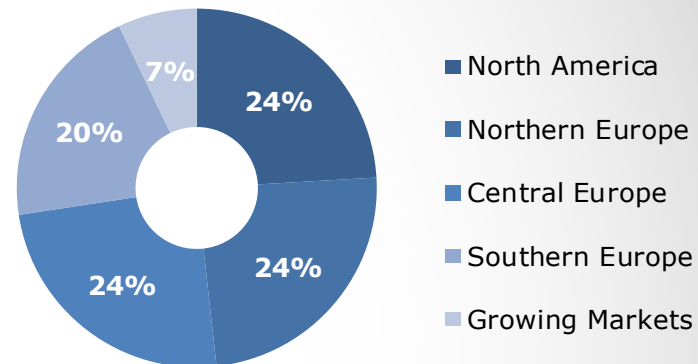


	Revenue			Operating margin		Operating margin %	
	H1 2020	H1 2019*	Organic evolution	H1 2020	H1 2019*	H1 2020	H1 2019*
<i>In € million</i>							
Manufacturing	1,037	1,142	-9.2%	13	81	1.2%	7.1%
Financial Services & Insurance	1,077	1,126	-4.3%	126	147	11.7%	13.1%
Public Sector & Defense	1,216	1,146	+6.1%	116	97	9.5%	8.5%
Telecom, Media & Technology	836	885	-5.6%	84	55	10.0%	6.2%
Resources & Services	804	827	-2.8%	43	73	5.3%	8.9%
Healthcare & Life Sciences	657	665	-1.2%	68	71	10.3%	10.7%
<b>Total</b>	<b>5,627</b>	<b>5,792</b>	<b>-2.8%</b>	<b>450</b>	<b>525</b>	<b>8.0%</b>	<b>9.1%</b>

\* At constant scope and exchange rates

# H1 2020 PERFORMANCE BY REGIONAL BUSINESS UNIT

- ▶ Northern Europe, Central Europe, and Growing Markets resilient
- ▶ Application project delays and volume reduction in North America
- ▶ Project postponements and less Big Data in Southern Europe
- ▶ Strong cost actions implemented to partially mitigate revenue effect



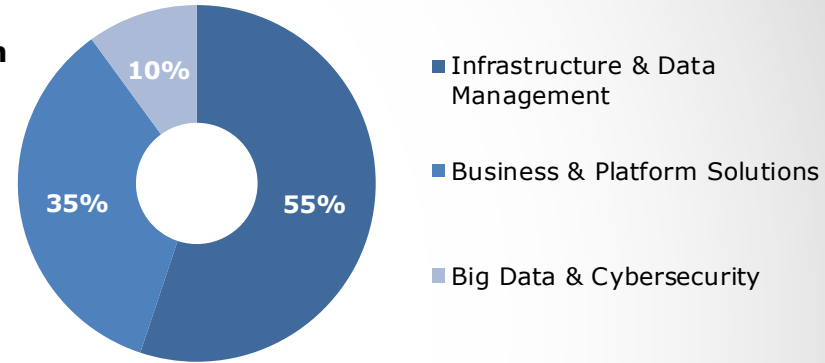
In € million	Revenue			Operating margin		Operating margin %	
	H1 2020	H1 2019*	Organic evolution	H1 2020	H1 2019*	H1 2020	H1 2019*
North America	1,355	1,423	-4.8%	208	193	15.3%	13.5%
Northern Europe	1,360	1,368	-0.6%	101	134	7.4%	9.8%
Central Europe	1,370	1,372	-0.1%	42	86	3.1%	6.3%
Southern Europe	1,143	1,229	-7.0%	86	85	7.5%	6.9%
Growing Markets	399	399	-0.0%	54	65	13.4%	16.4%
Global structures	-	-	-	-40	-38	-0.7%	-0.7%
<b>Total</b>	<b>5,627</b>	<b>5,792</b>	<b>-2.8%</b>	<b>450</b>	<b>525</b>	<b>8.0%</b>	<b>9.1%</b>

\* At constant scope and exchange rates



# H1 2020 REVENUE PERFORMANCE BY DIVISION

- ▶ **Resilient Infrastructure & Data Management business also in Q2 on the back of multi-year contracts as well as higher Digital Workplace activity**
- ▶ **Business & Platform Solutions impacted as anticipated by Application projects delays and volume reductions in the context of Covid-19**
- ▶ **Strong growth in Big Data & Cybersecurity maintained**



<i>In € million</i>	<b>H1 2020</b>	<b>H1 2019*</b>	<b>Organic evolution</b>
Infrastructure & Data Management	3,101	3,179	-2.4%
Business & Platform Solutions	1,963	2,128	-7.7%
Big Data & Cybersecurity	563	485	+16.0%
<b>Total</b>	<b>5,627</b>	<b>5,792</b>	<b>-2.8%</b>

\* At constant scope and exchange rates

# SYNTEL SYNERGIES

## CONTINUATION OF SALES, DELIVERY & COST SYNERGIES IN 2020

### H1 Revenue Synergies



- | 107 Deals > **€1M** closed in H1. Pipeline opportunities of **€1.0Bn**
- | **Leveraging both Atos and Syntel portfolios**
- | Combined solutions to capture **end to end digital transformation** projects

### H1 Operations Highlight



- | **97% Working from Home, Rapid transition** with no miss on SLA or customer deliverables
- | **€ 45M** cost synergy run rate end of H1 both in G&A and direct costs

### H1 2020 Win Highlights

**Top 5 Global Insurer**  
Strategic Digital partnership

**World's leading food and beverages company**  
S4Hana

**Global car manufacturer**  
Application and Digital services

**Global truck manufacturer**  
Connected vehicles on Cloud and Big Data platforms

**Leading European Conservation Charity**  
Digitalization of membership and fundraising programs

**Multinational Consumer Credit Reporting Company**  
Digital Transformation of its policy program

# FOLLOW UP 2020 COST INITIATIVES TO FACE COVID-19 IMPACT

	FY	H1	H2
Total Costs impact*	€400m	43%	57%
<i>Of which:</i>			
<i>Third party spend</i>	€170m	24%	76%
<i>Hiring Freeze / Part-Time / Furlough</i>	€80m	37%	63%
<i>Salary freeze &amp; Variable compensation</i>	€90m	71%	29%
<i>Travel freeze</i>	€40m	58%	42%
<i>Other</i>	€20m	62%	38%

\*versus initial guidance disclosed in February 19, 2020

# INCOME STATEMENT

<i>In € million</i>	<b>H1 2020</b>	<b>H1 2019</b>
<b>Revenue</b>	<b>5,627</b>	<b>5,744</b>
<b>Operating margin</b>	<b>450</b>	<b>529</b>
<i>% of revenue</i>	<i>8.0%</i>	<i>9.2%</i>
Reorganization, Rationalization, Integration & acquisition costs	-122	-104
Amortization of intangible assets (PPA from acquisitions)	-78	-79
Equity based compensation	-35	-34
Others	147	-24
<b>Operating income</b>	<b>362</b>	<b>288</b>
Net financial expenses	-1	-79
<b>Profit before tax</b>	<b>361</b>	<b>209</b>
Tax charge	-34	-38
<b>Effective tax rate</b>	<b>18.5%*</b>	<b>18.3%</b>
Share of net profit/(loss) of associates	3	12
<b>Net income from continuing operations</b>	<b>330</b>	<b>182</b>
Non-controlling interests	-1	-2
<b>Net income from continuing operations – Attributable to owners of the parent</b>	<b>329</b>	<b>180</b>
<b>Net income from discontinued operation – Attributable to owners of the parent</b>		<b>3,055</b>

*From operating margin  
to net income\*\*  
H1 2020 includes  
Worldline impacts:*

- Sale of shares: +€120m
- Valuation of the 3.8% remaining stake at the disposal date: +€54m
- Net variance of the OEB and underlying shares: +€41m

\*excluding the tax effects of the Worldline transaction that occurred during the period  
\*\*from continuing operations

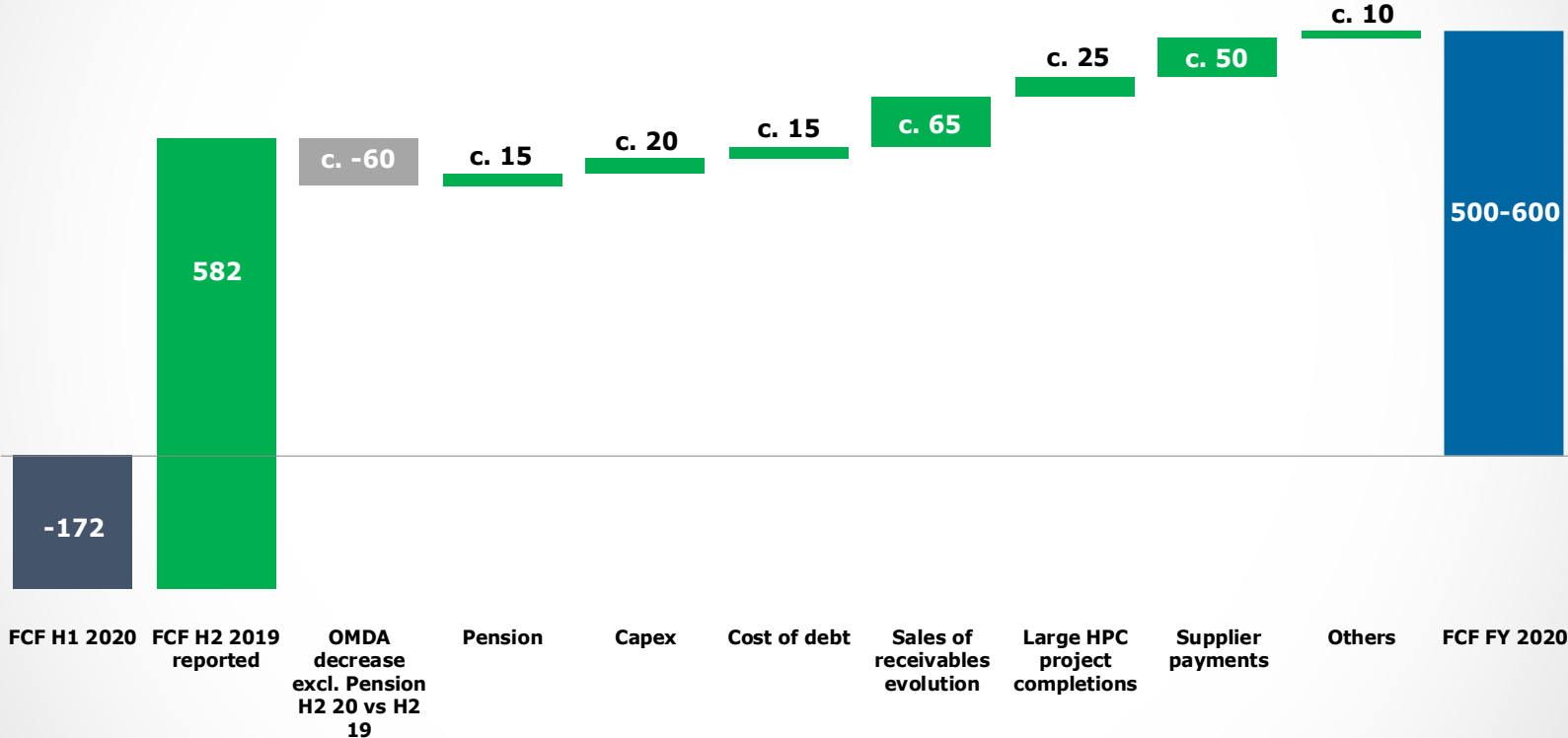
# FREE CASH FLOW

<i>In € million</i>	H1 2020	H1 2019
<b>Operating Margin before Depreciation &amp; Amortization</b>	<b>774</b>	<b>835</b>
<i>as a % of revenue</i>	13.8%	14.5%
Capital Expenditures	-186	-173
Lease payments	-172	-167
Change in working capital requirement	-407	-269
<b>Cash from operations</b>	<b>9</b>	<b>227</b>
Reorganization, Rationalization & Integration and acquisition costs	-97	-95
Tax paid	-55	-48
Net cost of financial debt paid	-21	-36
Other changes	-7	-26
<b>Free cash flow</b>	<b>-172</b>	<b>23</b>
Net acquisitions/disposals	1,239	-11
Capital increase	-	15
Share buy-back	-45	-76
Dividends paid	-3	-58
<b>Change in net cash/(debt)</b>	<b>1,019</b>	<b>-107</b>
Net (cash)/debt from (used in) discontinued operation	-	35
Foreign exchange rate fluctuation on net cash/(debt)	-62	5
<b>Opening net cash/(debt)</b>	<b>-1,736</b>	<b>-2,872</b>
<b>Closing net cash/(debt)</b>	<b>-779</b>	<b>-2,939</b>

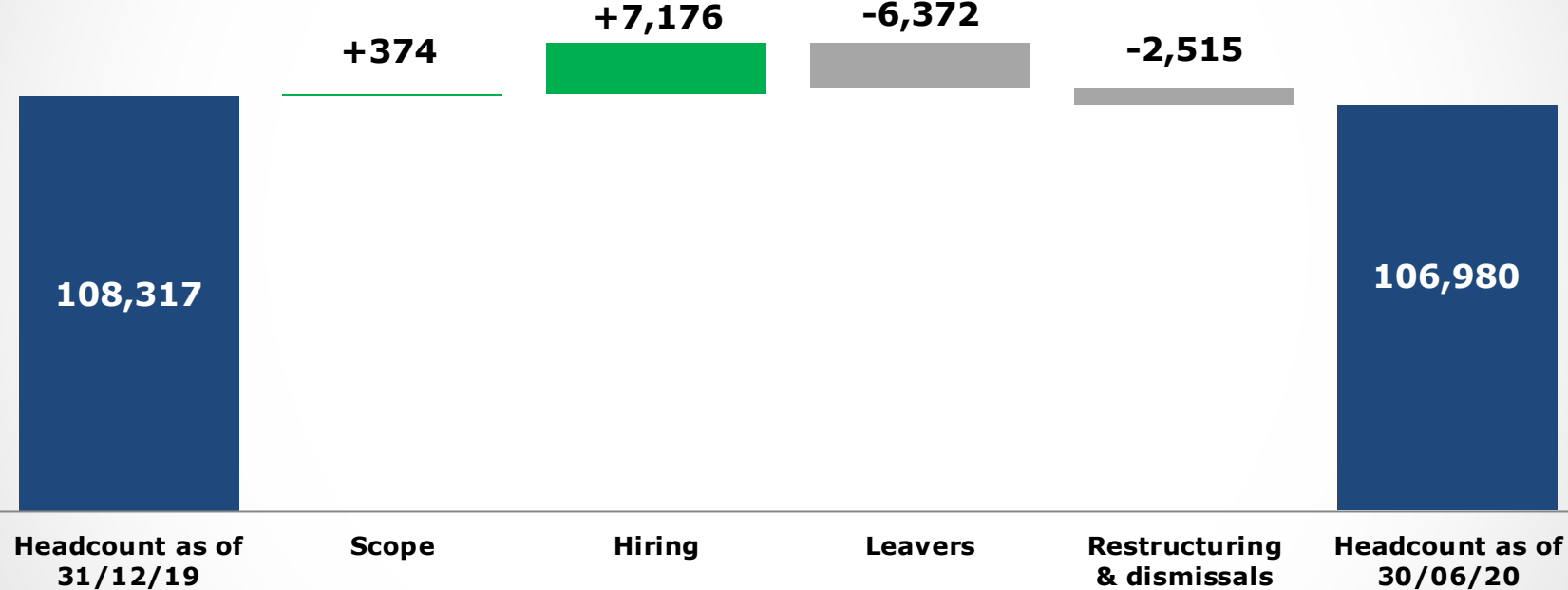
## Change in Working Capital Requirement includes:

- Reduction of sales of receivables: c. €-65m
- Third party payments timing effect: c. €-50 m
- Work in progress on HPC deliveries: c. -€25m

# BRIDGE FCF: FROM H1 TO FY



# H1 2020 HEADCOUNT EVOLUTION



# Conclusion

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**Elie Girard**  
Chief Executive Officer





## H2 2020 MAIN PRIORITIES

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**Sustain high level of commercial activity**

**Complete Covid-19 cost saving and cash conversion plans**

**Implement SPRING step 2**

**Pursue bolt-on acquisitions**

**On track to deliver 2020 objectives as an important step towards mid-term targets**

# Q&A

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# Thank **YOU**

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