

# Q3 2017 revenue

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Bezons  
October 24, 2017

Trusted partner for your Digital Journey

The Atos logo is displayed in white on a blue background. It features the word "Atos" in a bold, sans-serif font, with a stylized circular element integrated into the letter 'o'.

# Disclaimer

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- ▶ 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 2016 Registration Document filed with the Autorité des Marchés Financiers (AMF) on March 30, 2017 under the registration number: D.17-0274 and its update filed with the Autorité des Marchés Financiers (AMF) on August 4, 2017 under the registration number: D.17-0274-A01. 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.
- ▶ Business Units include **North America** (NAM: USA, Canada, and Mexico), **Germany, United-Kingdom & Ireland, France, Benelux & The Nordics** (BTN: Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), **Worldline**, and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Italy, Romania, Serbia, Slovakia, and Switzerland), Iberia (Spain and Portugal), Asia-Pacific (APAC: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (SAM: Argentina, Brazil, Colombia, and Uruguay), Middle East & Africa (MEA: 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. Q3 2017 highlights
2. Operational performance
3. Commercial activity
4. Transformation TOP Program
5. Conclusion and Q&A

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# **Q3 2017 highlights**

Thierry Breton

Chairman & CEO

# Q3 2017 highlights

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Contract signatures: acceleration in digital businesses materializing the **Atos Digital Transformation Factory success**

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**Organic growth** by division fully in line with 3-year plan

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Pursue **acquisition strategy** creating value for our shareholders with financial discipline

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A new step in the **Atos technology leap**

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**→ 2017 execution perfectly in line with 3-year plan objectives**

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# Q3 2017 key figures

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## Revenue

**€3,002m**

+10.9% at constant  
exchange rates

## Organic growth

**+2.5%**

+2.3% on 9m YTD

## Order entry

**€2,892m**

96% book to bill

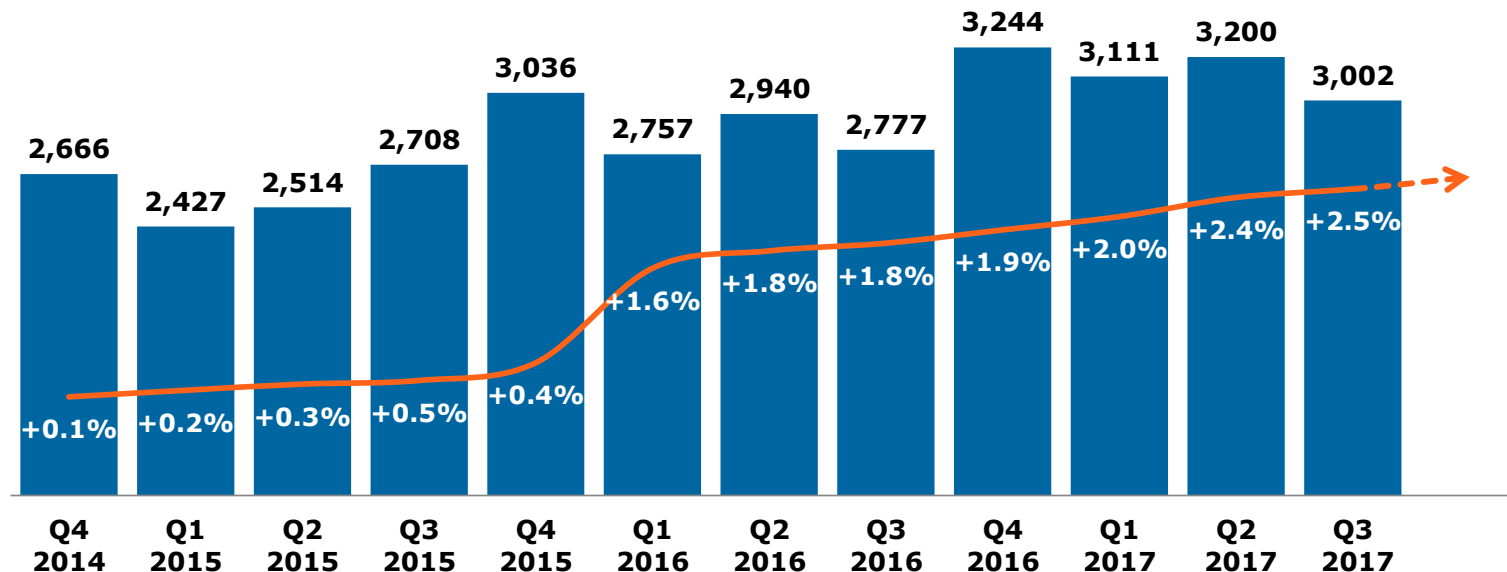
## Total headcount

**98,692**

-0.5% in Q3  
(excluding scope effect)











# A continued revenue growth momentum driven by the Group commercial dynamism

■ Statutory revenue (€m)  
— Organic evolution %



# Pursue acquisitions strategy in 2017

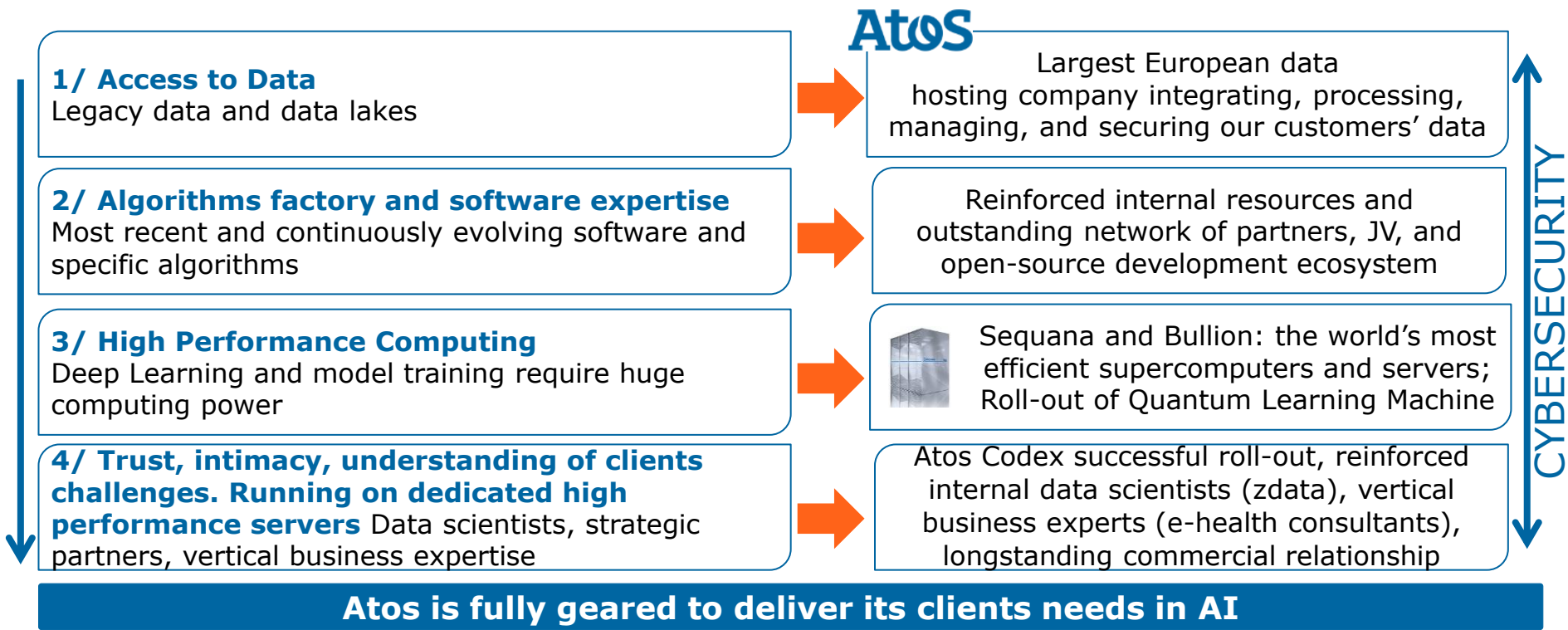
## Reinforcing Atos' footprint and digital capacities

	Cloud orchestration	Big Data & AI	Cybersecurity	e-health	e-payments
	 			  	  
e-payments					✓
North America		✓		✓	
Digital technologies	✓	✓	✓	✓	✓
Cost synergies			✓		



# From data to artificial intelligence

## Atos strategy in AI development



# Rolling-out Artificial Intelligence to Atos' major clients

*Our solutions already embedding AI...*

1/ Data lakes

2/ Deep learning algorithms

3/ High Performance Computing

4/ **Atos**  
Codex

*...delivering the best business outcomes to our clients*

VARIAN

**Varian Medical Systems:** *Improve product manufacturing*



**City of Eindhoven:** *Real time forecast*

SIEMENS

**Siemens:** *Industrial Data Analytics with Mindsphere*



**Ulster Bank:** *AI-powered CRM*



**Madrilena Red De Gas:** *Fraud detection*



**European Commission:** *Energy storage on grid*

**Entertainment park company:** *Predicting ride & attraction failure*

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# **Operational performance**

Elie Girard

Group CFO

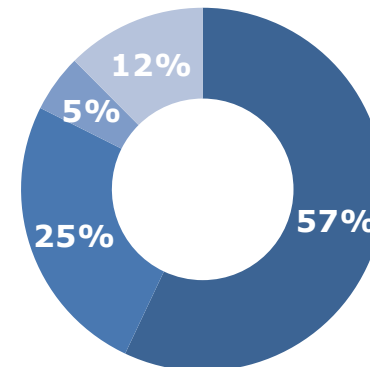
# Constant scope and exchange rates figures reconciliation

<i>In € million</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>change</b>
Statutory revenue	3,002	2,777	+8.1%
Exchange rates effect		-69	
<b>Revenue at constant exchange rates</b>	<b>3,002</b>	<b>2,708</b>	<b>+10.9%</b>
Scope effect		227	
Exchange rates effect on acquired/disposed perimeters		-4	
<b>Revenue at constant scope and exchange rates</b>	<b>3,002</b>	<b>2,930</b>	<b>+2.5%</b>

- ▶ **Exchange rates** mainly coming from the American dollar and the British pound depreciating versus the Euro.
- ▶ **Scope effect** mainly related to the positive contribution of Unify S&P, Anthelio, Equens, Paysquare, Komerçni Banka Smartpay.

# Q3 2017 revenue by Division

- ▶ Organic growth by Division fully in line with 3-year plan
- ▶ Continuing focus on cross-Divisions sales fueled by Digital Transformation Factory offerings



<i>In € million</i>	Q3 2017	Q3 2016*	Organic evolution
Infrastructure & Data Management	1,712	1,697	+0.9%
Business & Platform Solutions	762	745	+2.2%
Big Data & Cybersecurity	154	135	+13.8%
Worldline	375	352	+6.4%
<b>Total Group</b>	<b>3,002</b>	<b>2,930</b>	<b>+2.5%</b>

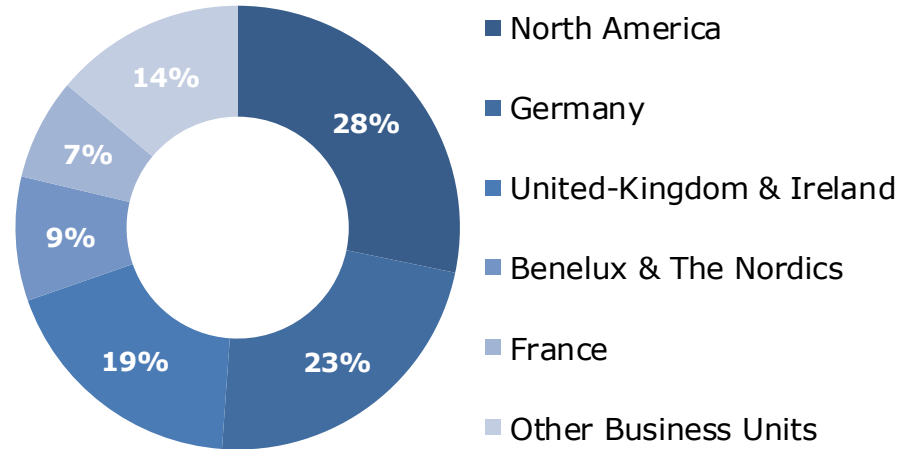
- Infrastructure & Data Management
- Business & Platform Solutions
- Big Data & Cybersecurity
- Worldline

\* At constant scope and exchange rates

# Infrastructure & Data Management

- ▶ Continued strong growth in Hybrid Cloud Transformation
- ▶ Leadership reinforced in Digital Workplace

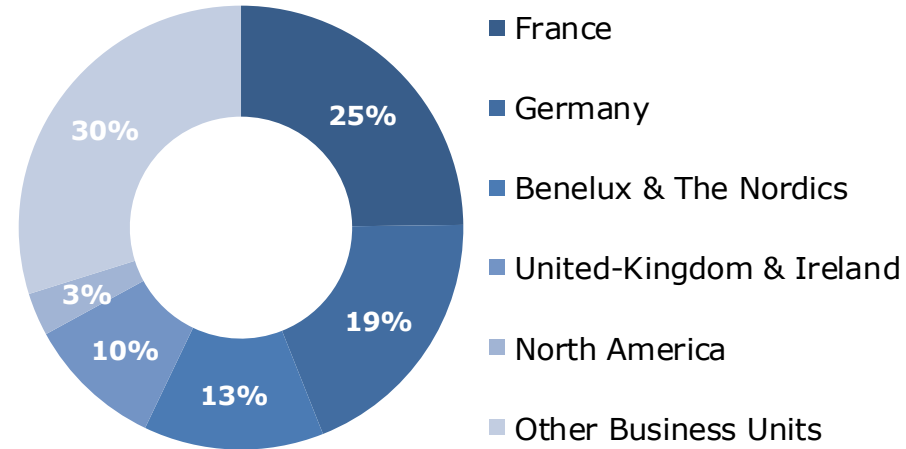
<i>In € million</i>	<b>Q3 2017</b>
Revenue	1,712
<i>Organic growth</i>	+0.9%
Order entry	1,490
<i>Book to bill</i>	87%
Direct headcounts	46,902



# Business & Platform Solutions

- ▶ **Positive trend recorded in the previous quarters confirmed**
- ▶ **Increasing demand related to S/4 HANA implementation**
- ▶ **New projects delivered in Industry 4.0 based on Atos Codex**

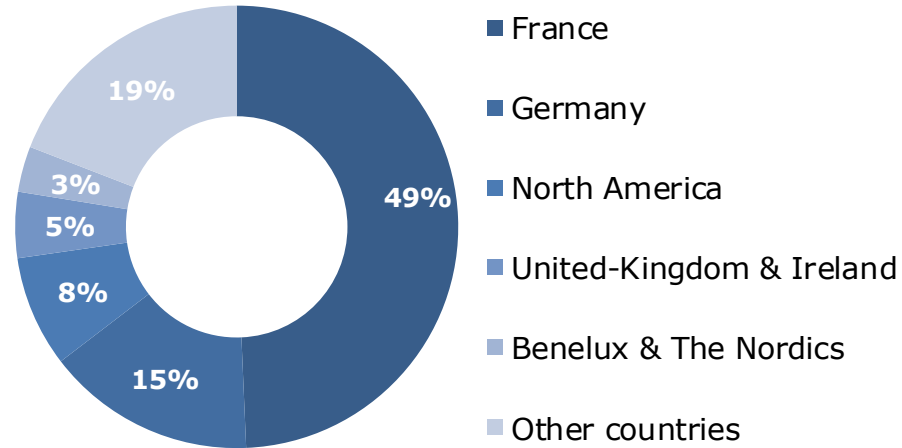
<i>In € million</i>	<b>Q3 2017</b>
Revenue	762
<i>Organic growth</i>	+2.2%
Order entry	815
<i>Book to bill</i>	107%
Direct headcounts	31,856



# Big Data & Cybersecurity

- ▶ **Efficient cross-selling on existing Infrastructure & Data Management customers**
- ▶ **Strong revenue growth in Cybersecurity**
- ▶ **Dynamic HPC and bullions sales supporting Big Data services**

<i>In € million</i>	<b>Q3 2017</b>
Revenue	154
<i>Organic growth</i>	+13.8%
Order entry	203
<i>Book to bill</i>	132%
Direct headcounts	4,113



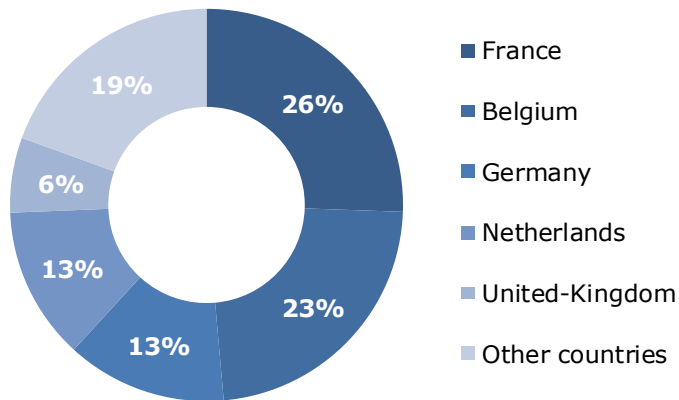


# Worldline

<i>In € million</i>	<b>Q3 2017</b>
Revenue	375
<i>Organic growth</i>	+6.4%
Order entry	384
<i>Book to bill</i>	103%
Headcounts	9,142

- ▶ **Strong revenue growth acceleration**
- ▶ **Increased volumes in all businesses**
- ▶ **High demand for digitalization of transactions**
- ▶ **India boosted by demonetization**

## Revenue mix by Country



## Revenue performance by Business Line

<i>In € million</i>	<b>Q3 2017</b>	<b>Q3 2016*</b>	<b><i>Organic evolution</i></b>
Financial Processing	169	159	6.8%
Merchant Services & Terminals	128	120	6.3%
Mobility & e-Transactional Services	77	73	5.9%
<b>Total Worldline</b>	<b>375</b>	<b>352</b>	<b>6.4%</b>

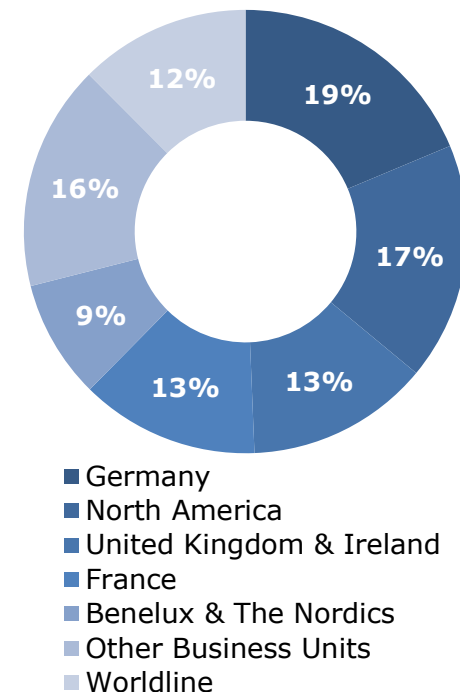
\* At constant scope and exchange rates

# Q3 2017 revenue by Business Unit

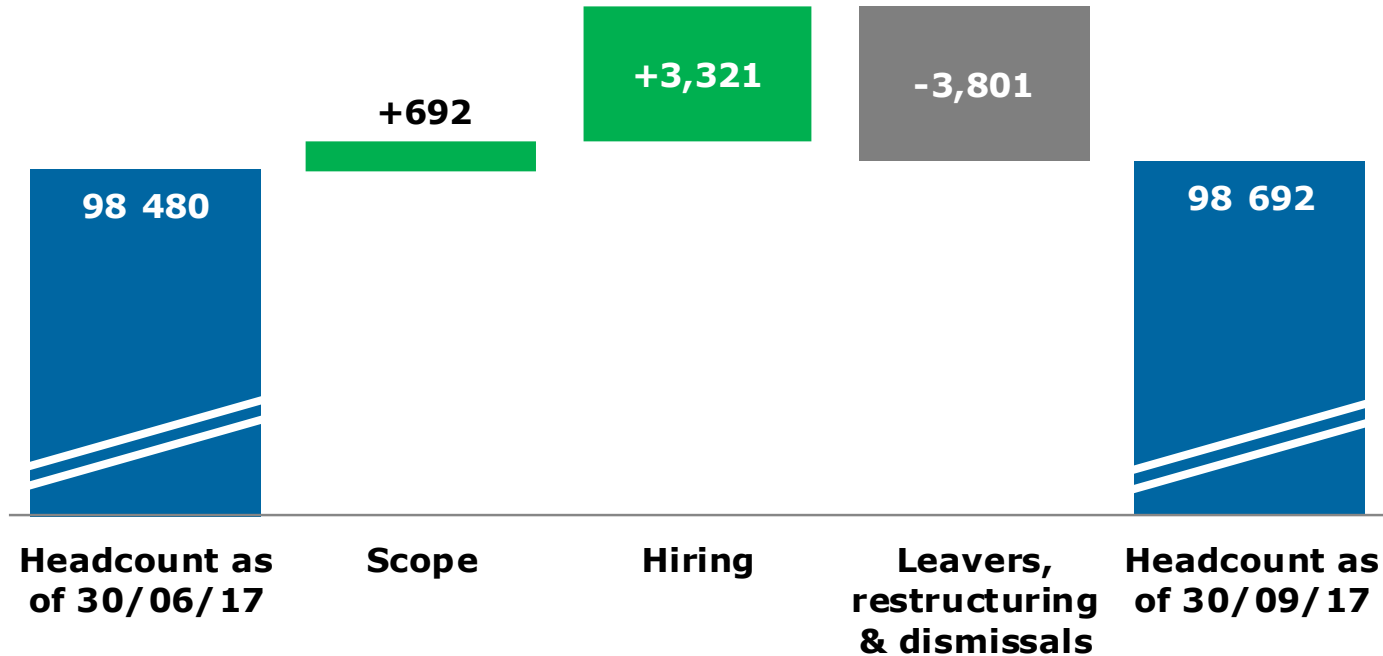
- ▶ Positive dynamic in continental Europe
- ▶ Atos UK operations well positioned to face Brexit
- ▶ Strong mobilization in North America to boost commercial activity

<i>In € million</i>	Q3 2017	Q3 2016*	Organic evolution
Germany	561	552	+1.6%
North America	520	520	+0.0%
United-Kingdom & Ireland	401	403	-0.7%
France	391	373	+4.9%
Benelux & The Nordics	260	261	-0.4%
Other Business Units	495	468	+5.6%
Worldline	375	352	+6.4%
<b>Total Group</b>	<b>3,002</b>	<b>2,930</b>	<b>+2.5%</b>



\* At constant scope and exchange rates



# Q3 2017 headcount evolution



# Acquisitions 1/2

	Cybersecurity	Cloud Orchestration
Company	 <p>Convergence Creators</p>	 <p>Enterprise Service Management</p>
Contribution to Atos	<ul style="list-style-type: none"> <li>• Cybersecurity IP</li> <li>• Network security expertise</li> <li>• Market shares in telco and aerospace</li> </ul>	<ul style="list-style-type: none"> <li>• Circa 70 ServiceNow certified consultants joining 200+ Atos certified staff (Engage ESM)</li> <li>• Atos in a leading position in ServiceNow</li> </ul>
Key figures	<ul style="list-style-type: none"> <li>• c. €50 million annual revenue basis after decommissioning of non-strategic activities and restructuring (18-24 months)</li> <li>• Positive margin in 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Circa €15 million estimated 2017 revenue</li> </ul>

# Acquisitions 2/2

	e-health	e-payments
Company		
Contribution to Atos	<ul style="list-style-type: none"> <li>• Consulting skills</li> <li>• Reinforced leading position in North America (Anthelio) on healthcare growing market</li> <li>• Increased cross-selling capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Strong reinforcement in online payment and e-commerce</li> <li>• Leading position in Baltics</li> <li>• Enhanced market share in India</li> </ul>
Key figures	<ul style="list-style-type: none"> <li>• Total 2017 estimated revenue at c. € 70 million</li> <li>• Profitability in line with the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Total 2017 estimated revenue at c. € 55 million</li> <li>• Positive impact on Worldline growth profile and profitability</li> </ul>

# IFRS 15 implementation

<b>Identification of the performance obligations in multiple arrangements services contracts</b> For Atos: Transition & transformation/build phases	<b>Not material</b>	<b>Estimated effect:</b> <ul style="list-style-type: none"><li>▶ c. -5% on revenue</li><li>▶ c. +50 bps on operating margin rate</li><li>▶ No impact on operating margin and free cash flow amounts</li></ul>
<b>Costs to acquire a contract</b> For Atos: Incremental pre-sales costs	<b>Not material</b>	
<b>Agent versus Principal</b> For Atos: Resale activities and associated services	<b>More material</b>	

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## **Commercial activity**

Patrick Adiba

Chief Commercial Officer

# Q3 Commercial activity dashboard

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**Order entry**

**€2.9bn**

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**Book to bill ratio**

**96%**

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*105% September YTD 2017*

**Backlog**

**€21.9bn**

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*1.8 years of revenue*

**Qualified pipeline**

**€7.3bn**

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*7.0 months of revenue*



# New Q3 2017 contracts leveraging the Atos Digital Transformation Factory

## Hybrid Cloud



University Medical Center



## SAP HANA



Parlement européen

## Workplace



Large manufacturer in the US



anglianwater

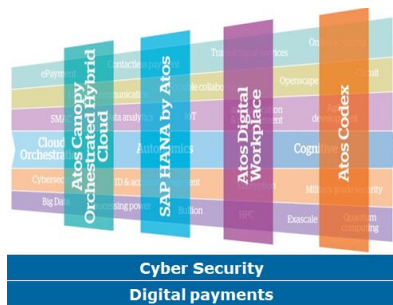
## Codex

Asian Tier 1 oil company

Ulster Bank



## Digital payments



# Main sales focus for Q4

Complete the  
**NAO sales organization**  
transformation

Strongly focus on  
**Digital Transformation**  
**Factory**  
momentum

Increase  
**Unify cross-selling**  
on Atos customers base

Leverage  
**New sales channels**  
to accelerate billions  
sales

# Atos Digital Transformation Factory: Recognized Strong Leadership



## Digital Services Transformation



**Leader** Application Transformation  
**Digital Technology Strategy**  
& Consultancy Services



**Leader** Digital Transformation Services  
**Major Player** Digital Services



## Atos Canopy Orchestrated Hybrid Cloud

- Global Leader
- European Leader Cloud Migration
- Global Leader Private Cloud
- NEW** #1 Growing European Player in Cloud Services (#3 wwide)

## SAP HANA

- European Leader SAP
- NEW** Leader SAP HANA & S/4HANA
- NEW** Leader GER SAP HANA
- Major Player HANA Utilities

## Atos Digital Workplace

- European leader
- Global Leader
- NEW** Visionary UC Collaboration
- NEW** Major Player UC & Collaboration

## Atos Codex

- VISIONARY Business Insight
- IOT WINNER
- IOT LEADER
- IOT LEADER

## Cybersecurity

- NEW** Leader #1 Europe #4 Worldwide Managed Security
- NEW** #1 European Player - Leader in WE - Managed Security
- #1 European Player Worldwide IT Security

## e-payments

- Strong Performer Global Commerce
- Leader Mobile Wallet
- NEW** Global Fintech Top 25
- Global Leader Fintech

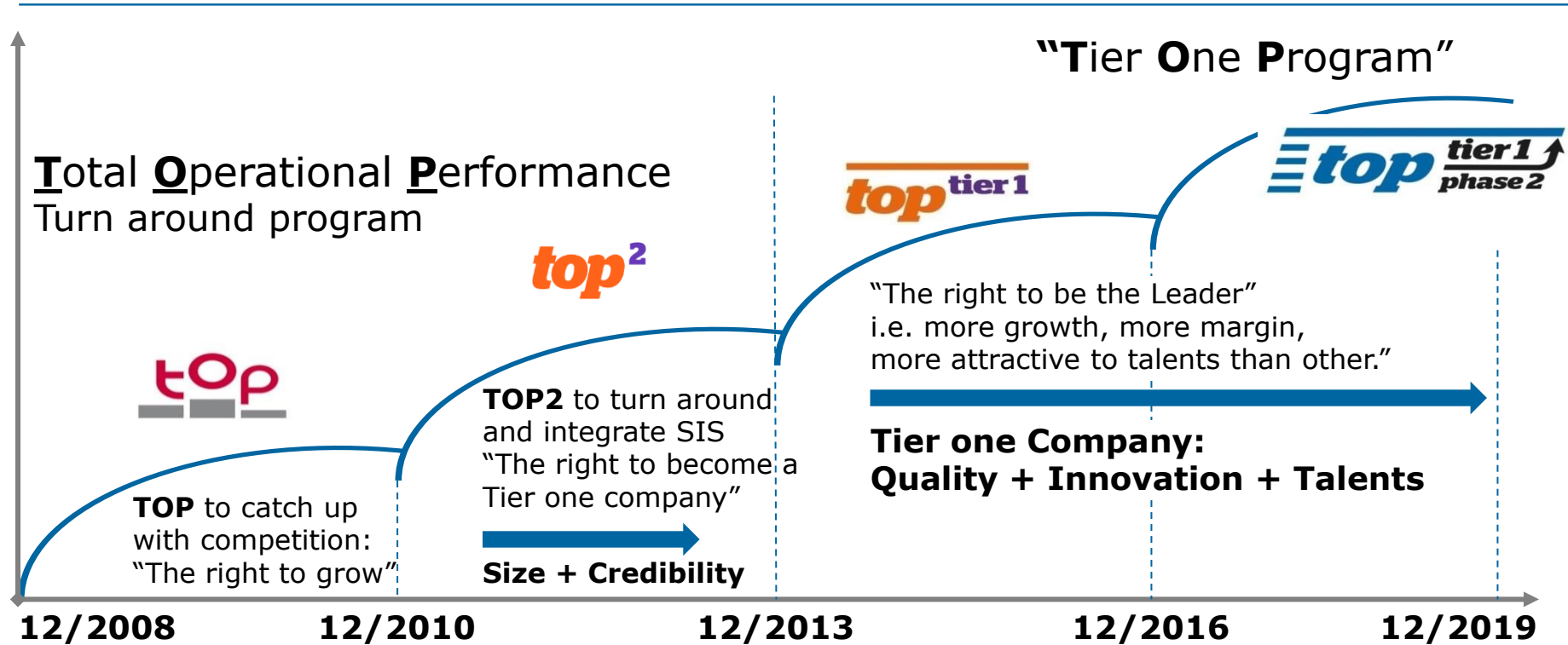
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# Transformation TOP Program

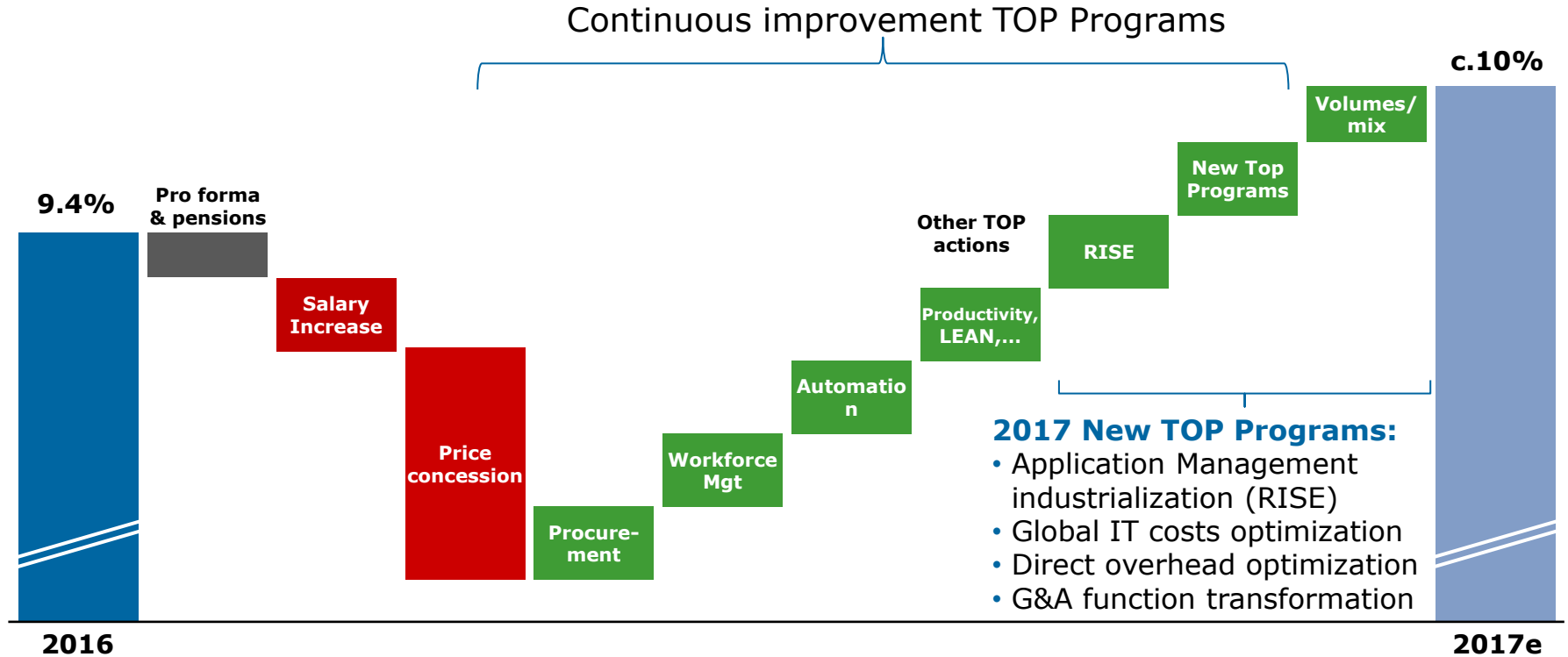
Eric Grall

Head of Global Operations

# TOP is Atos DNA: focus on continuous improvement



# 2017 TOP Programs to secure margin improvement



# Atos Infrastructure & Data Management : automation update

**Q3 automation  
account coverage**

**211**  
(+90 vs. H1)

**Automation catalog x 2**  
(BOTS deployed)

**From 340 BOTS in H1  
to c. 700 BOTS in H2**

**Current average  
DC automation achieved**  
(post full deployment)

**50%**

**Account with highest automation  
achieved to date**  
(post full deployment)

**70%+**

# Atos BDS and B&PS : automation update

**BDS**  
**Prescriptive SOC**

**70%**

**Automation achieved  
on incoming security  
incidents**

**& complemented by machine-  
assisted proposed actions for  
another 20%**

**B&PS : 2,000+**  
**BOTS deployed in H2  
for customer  
environments**

**B&PS Atos Virtual  
Assistant (AVA)  
case study**

**40%**

reduction in manual/human efforts

**B&PS**  
**Q3 Automation  
Account Coverage**

**100+**

**B&PS Atos Intelligent  
Automation Platform  
(AIAP) deployment  
started**



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## **Conclusion and Q&A**

Thierry Breton

Chairman & CEO

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# 2017 guidance & 2019 targets

	2017	2019
Revenue growth	above +10% at constant FX above +2% organically	2% to 3% 2017-2019 organic CAGR
Operating margin	circa 10% of revenue	circa 11% of revenue*
Free cash flow: Operating margin conversion into free cash flow	between 55% and 58%	c. 65%

# Key take-aways

**Solid growth** in all Divisions matching customers' needs

Continued high focus on **TOP transformation Program**

Accelerating the **US sales organization** transformation

Acceleration in **automation** roll-out

Customers digital transformation powered by **AI**

Pursuing our dynamic **acquisition** strategy

**2017: another year of progress in line with our 3-year plan**

# Q&A



# Thanks

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