

# FY 2017 results

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Bezons  
February 21, 2018

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. The letter 'o' is stylized with a circular cutout in the center.

# 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 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 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. Moreover, as stated in the Update of the 2016 Registration Document filed with the AMF on August 4, 2017 under the registration number: D.17-0274-A01, 2016 accounts have been restated to take into account the integration of Unify S&P and the change of accounting treatment of Worldline's intermediation activities; therefore all 2016 net income and free cash flow related figures are referring to those restated accounts.
- ▶ Business Units include, **Germany, North America** (NAM: USA, Canada, and Mexico), **France, United Kingdom & Ireland, Worldline, Benelux & The Nordics** (BTN: Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), 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. 2017 key figures, strategy and objectives for 2018
2. Financial performance
3. Commercial activities: focus on digital
4. Follow-up on operations and transformation programs
5. Conclusion and Q&A

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**2017 key figures, strategy  
and objectives for 2018**

Thierry Breton

Chairman & CEO

# 2017 key figures (1/2)

## A very strong set of results

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Revenue

**€12.7bn**

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Growth at constant FX

**+10.1%**

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Organic growth

**+2.3%**

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Operating margin

**€1,292m**

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*+18% at constant scope  
and exchange rates*

Operating margin rate\*

**10.0%**

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*+140bps at constant scope  
and exchange rates*

Book to bill

**110%**

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*123% in Q4*

# 2017 key figures (2/2)

## A very strong set of results

Net income Group share

**€601m**

+11% vs. 2016\*

Basic Earnings Per Share

**€5.72**

+9% vs. 2016\*

Total number of employees

**97,267**

-3% year-on-year

Free cash flow

**€714m**

+25% year-on-year

OM conversion to FCF\*\*

**56.5%**

vs. 50.8% in 2016

Net cash position

**€307m**

Intact capability to finance future developments

**Proposed dividend at € 1.70 per share**

# 2017 highlights

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**Large end-to-end signatures** to power the **digital transformation of Atos clients**

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**Digital Transformation Factory** now representing **23%** of Group revenue, driving the growth of **Atos digital businesses**

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**Atos technology leap** further accelerated

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Pursuing selective **acquisition strategy** to reinforce Atos' footprint and digital capacities

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

# 2017: Once again Atos received the highest CSR Global Awards from leading independent external agencies

## Global CSR Awards 2017:

- DJSI World & Europe
- GRI
- Ecovadis;
- CDP...

## DJSI World & Europe



## People



## Business & Innovation



## Ethics & Procurement



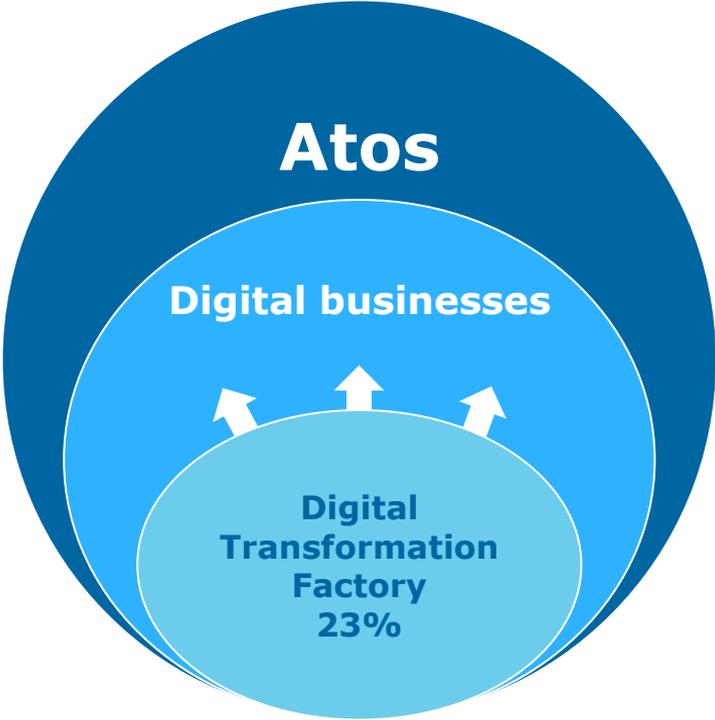
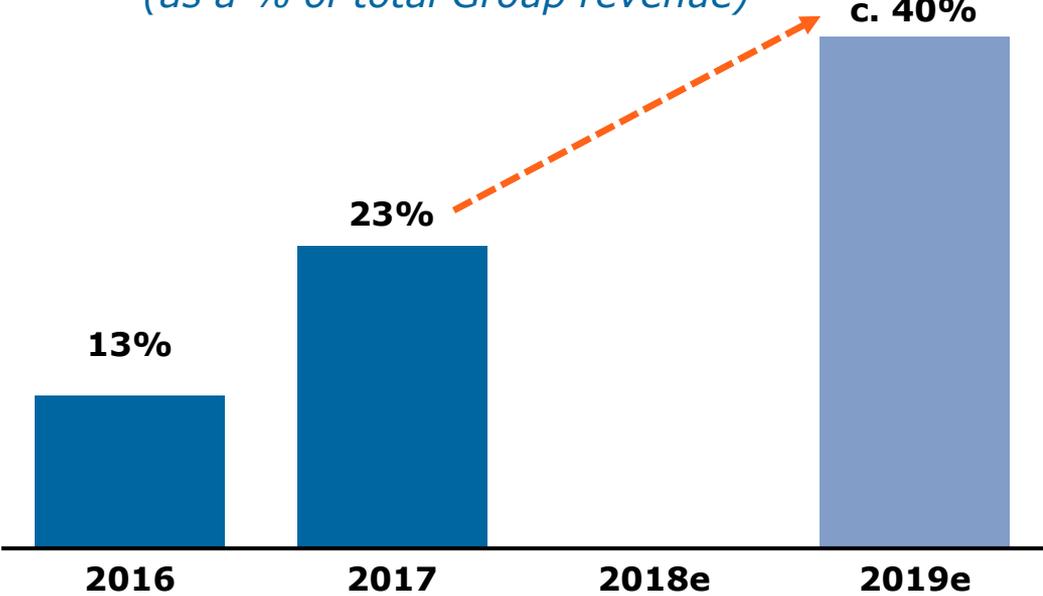
## Environment



# For Atos customers, 2017 was the year of digital buy-in

## Atos Digital Transformation Factory

(as a % of total Group revenue)



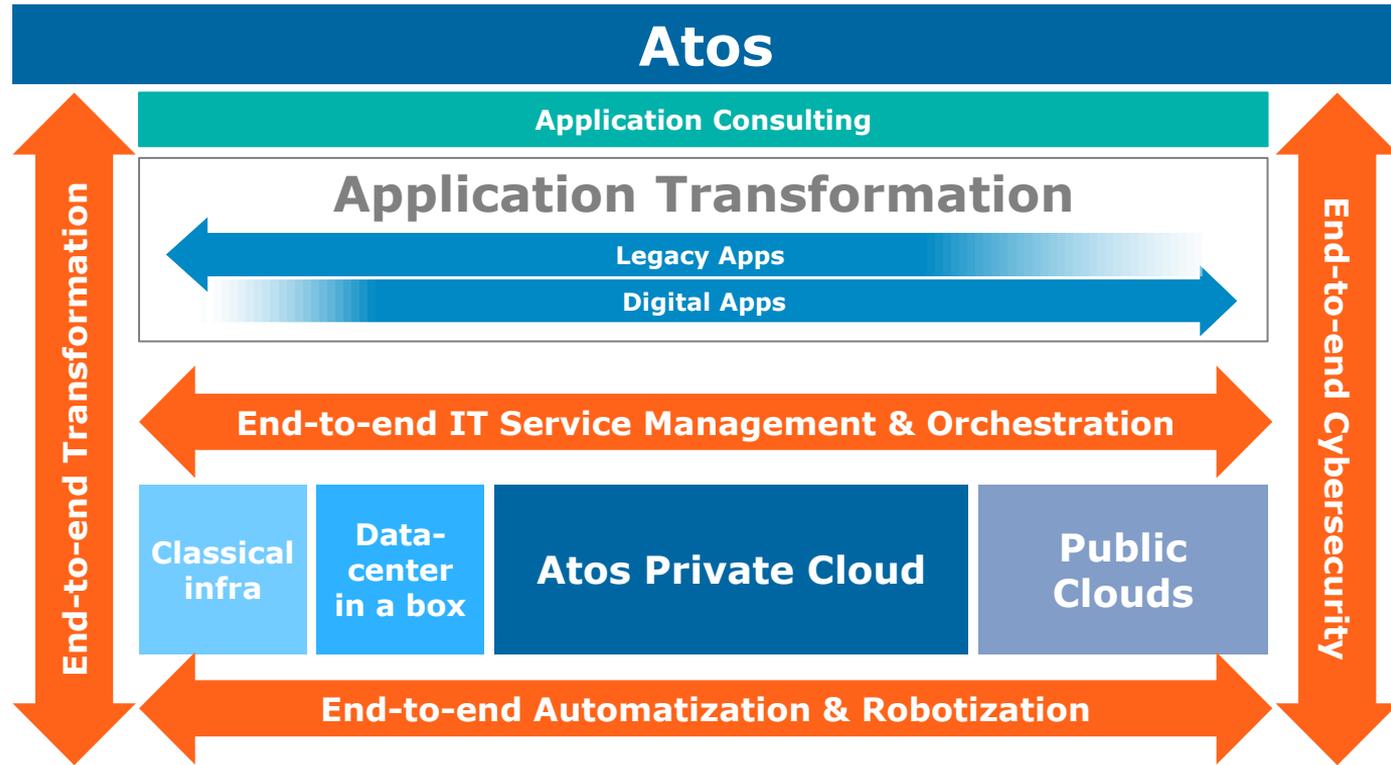
# For Atos customers, 2017 was the year of digital buy-in

## Cloudification



>€1.1bn  
revenue in 2017

- **Cost**
- **Quality**
- **Agility**
- **Flexibility**
- **Control of Data location**



# For Atos customers, 2017 was the year of digital buy-in

## Cybersecurity & GDPR compliance

Explosion of Cybercrime



Increased awareness  
& demand acceleration



**Atos Prescriptive Security  
Operation Centers**

*Eradicating nascent risks*

**3 million**

endpoints  
secured

**>8 million**

IoT devices  
managed

**100 million**

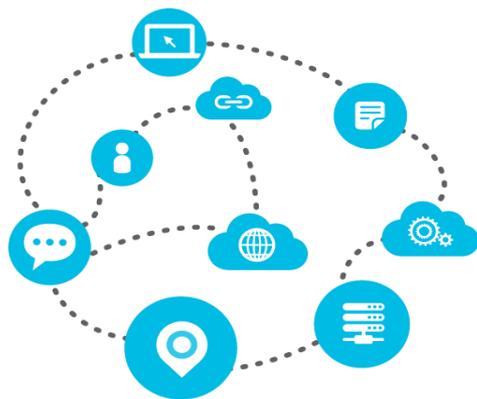
security events  
managed each  
hour

**1.4 million**

unique IPs  
scanned for  
vulnerabilities

# For Atos customers, 2017 was the year of digital buy-in

## Workplace digitization



€0.2bn

2016



2017

## Reinforced leadership

**Investments** in digital offerings portfolio

Leverage **Unify digital technologies**

Increased **win rate**

Deploying **consumer experience** in enterprises

Strengthened **recognition** by all major industry analysts

# For Atos customers, 2017 was the year of digital buy-in

## Artificial Intelligence

*Our solutions already embedding AI delivering the best business outcomes to our clients*

Sequana



Bullion



Quantum



Atos  
Codex



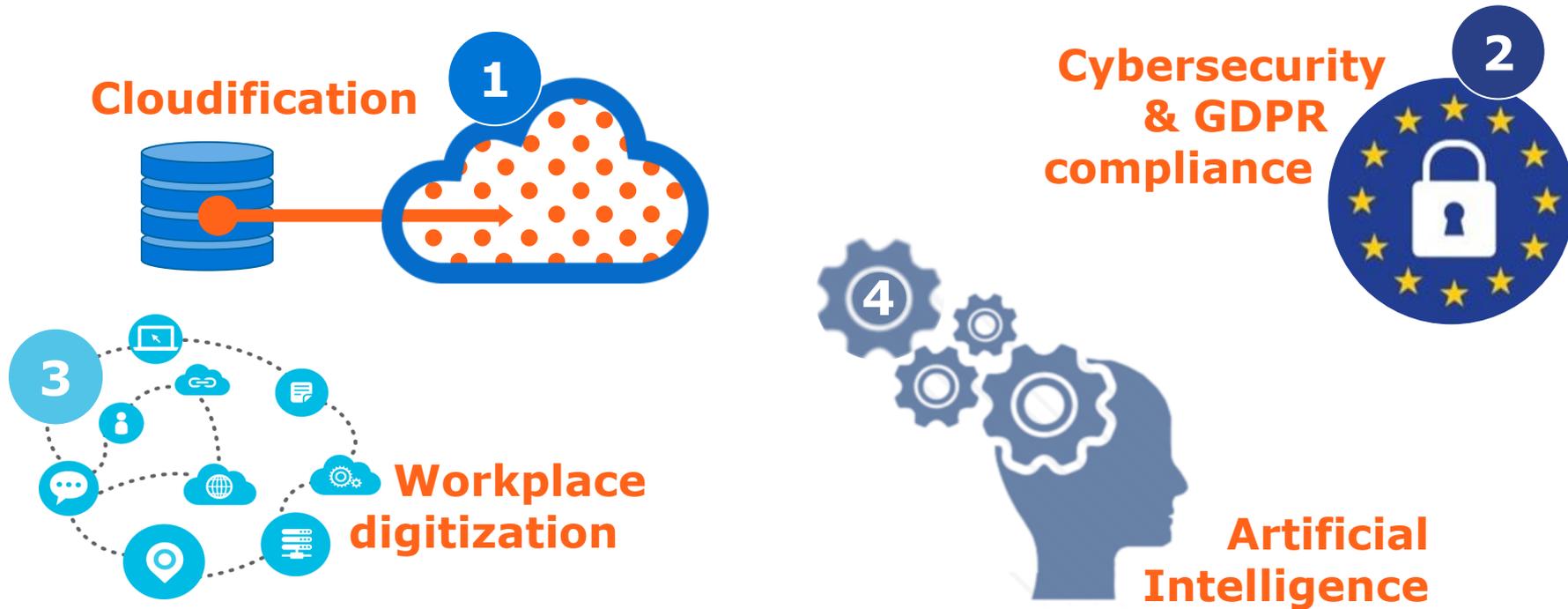
Data  
lakes

Deep  
learning  
algorithms

High  
Performance  
Computing

Trust,  
intimacy, &  
knowledge  
of clients  
challenges

# For Atos customers, 2018-19 will be the years of digital dividends



# 2018-2019: delivering Digital dividends

## Digital skilling and competence building

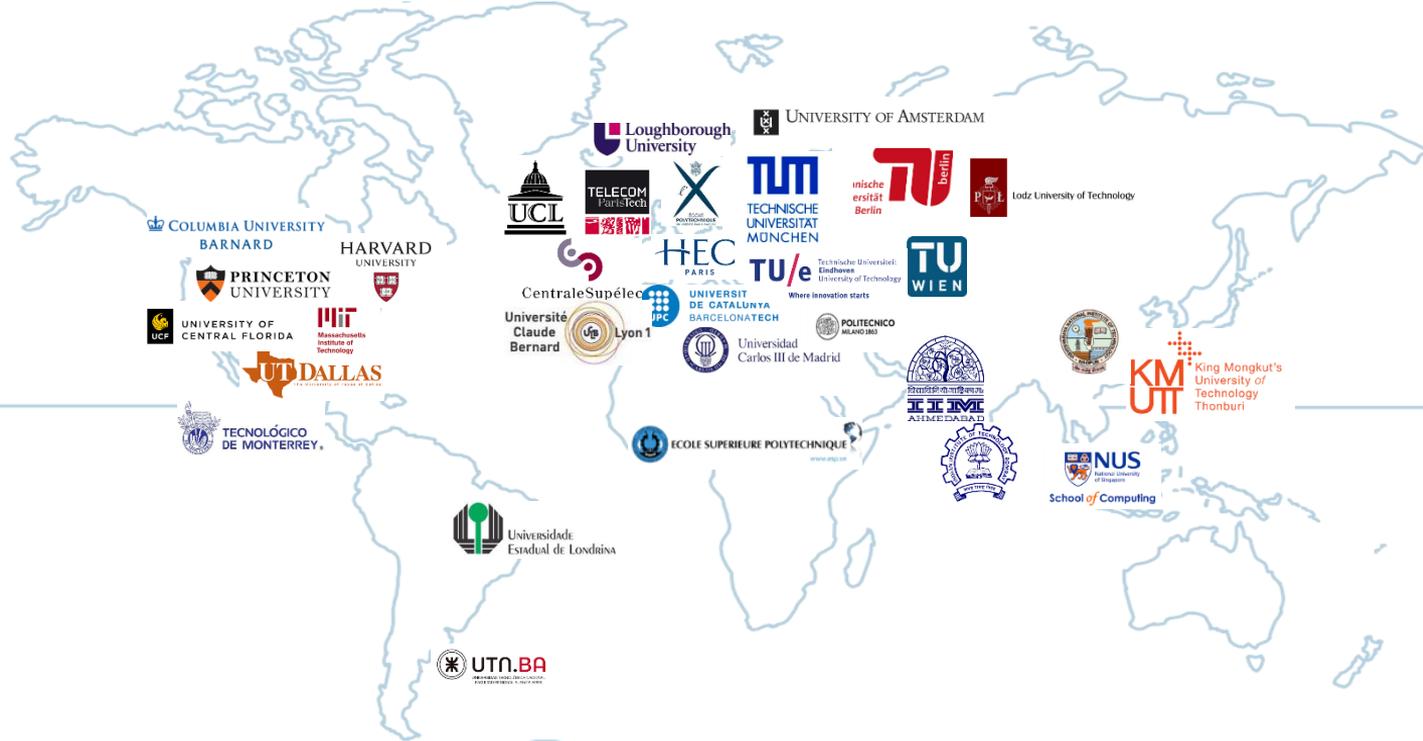
Digital graduates  
from world leading  
universities

**1,100** x**3**  
in 2017 2017 vs. 2016

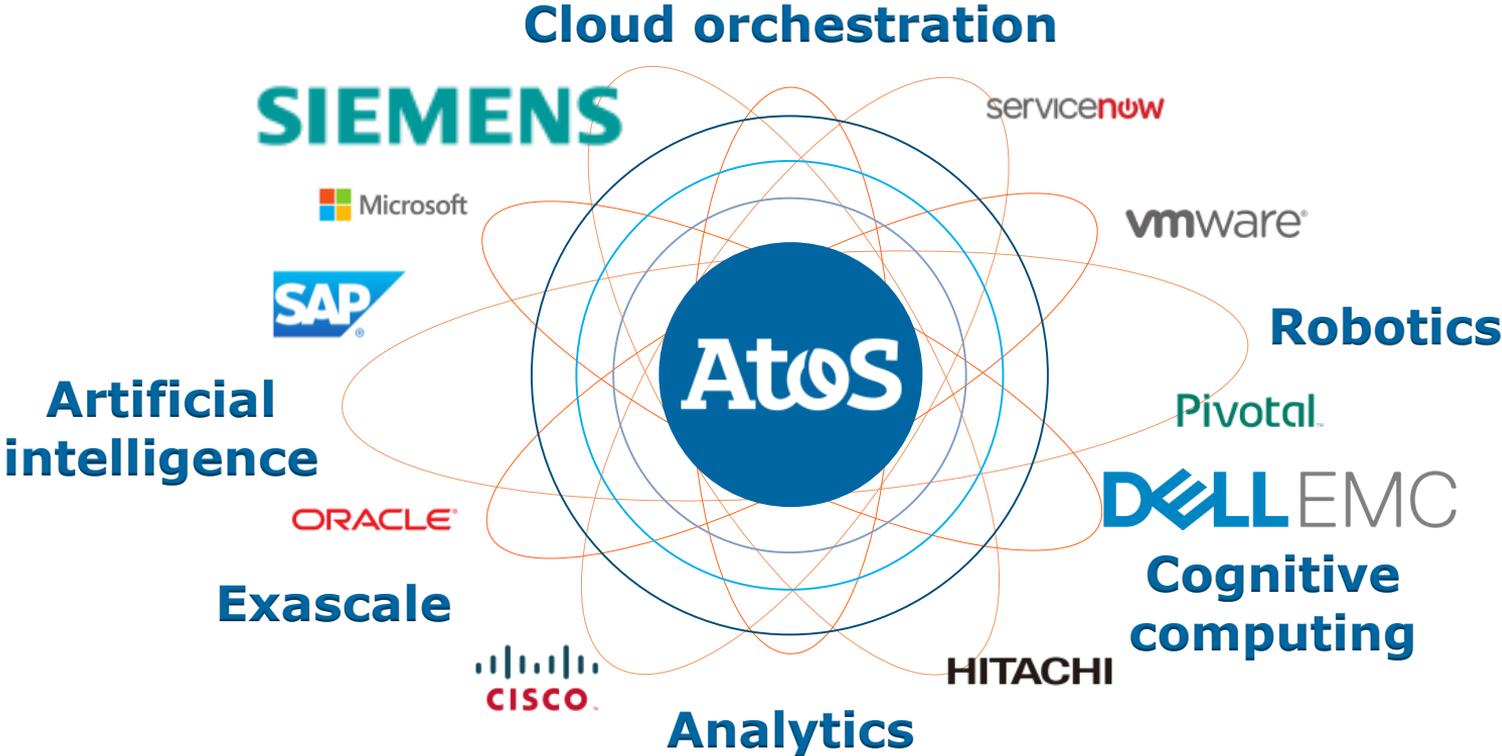
Digital  
certifications

**x 2.5** **16,000**  
2017 vs. 2016 new employees  
2016 digital certified

Digital R&D  
experts  
**+ 1,500**  
in 2017



# For Atos customers, 2018-19 will be the years of digital dividends – Partnerships



# 2018-2019: delivering Digital dividends

Stronger top management team & enhanced operational governance

## Group General Management Committee

### Gilles Grapinet



Global  
Functions  
& Worldline  
CEO

### Eric Grall



Global  
Operations  
& TOP  
Program

### Elie Girard



Chief  
Financial  
Officer

### Patrick Adiba



CEO  
North  
America  
Operations

### Michel-Alain Proch



Chief  
Digital  
Officer,  
Internal IT,  
Security  
& Quality

### Robert Vassoyan



Chief  
Commercial  
Officer

## Executive Committee appointments

### Ursula Morgenstern

CEO Germany\*



### Sean Naranayan

Head of  
Business & Platforms Solutions



### Guiseppe di Franco

CEO Central & Eastern Europe



### Marc-Henri Desportes

Worldline Deputy CEO\*\*



# Significant improvements in 2018 comforting 2019 Ambition

*Post IFRS 15*

**2018 objectives**

**2019 Ambition**

**Revenue  
organic growth**

**+2% to +3%**

**+2% to +3%**  
2017-2019 CAGR

**Operating  
margin**

**10.5% to 11%**  
of revenue

**c. 11.5%**  
of revenue

**Free cash flow**

**c. 60%**  
of operating margin

**c. 65%**  
of operating margin

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# **Operational performance**

Elie Girard

Group CFO

# Constant scope and exchange rates figures reconciliation

<i>In € million</i>	<b>2017</b>	<b>2016 Restated</b>	<b>% change</b>	<b>2016 Reported</b>	<b>% change</b>
Statutory revenue	12,691	12,138	+4.6%	11,717	+8.3%
Exchange rates effect		-188		-187	
Revenue at constant exchange rates	12,691	11,950	+6.2%	11,530	+10.1%
Scope effect		467		887	
Exchange rates effect on acquired/disposed perimeters		-7		-8	
<b>Revenue at constant scope and exchange rates</b>	<b>12,691</b>	<b>12,410</b>	<b>+2.3%</b>	<b>12,410</b>	<b>+2.3%</b>
Statutory operating margin	1,292	1,122	+15.2%	1,104	+17.0%
Scope effect		-2		16	
Exchange rates effect		-21		-21	
<b>Operating margin at constant scope and exchange rates</b>	<b>1,292</b>	<b>1,098</b>	<b>+17.6%</b>	<b>1,098</b>	<b>+17.6%</b>
<i>as % of revenue</i>	10.2%	8.9%		8.9%	

- ▶ **Scope effect** mainly related to Unify Services and Unified Communication & Collaboration (UCC, formerly Unify S&P), Anthelio, Equens, Paysquare, and Komerčni Banka Smartpay
- ▶ **Exchange rates effect** mainly coming from the British pound and the American dollar

# 2017 performance by Division

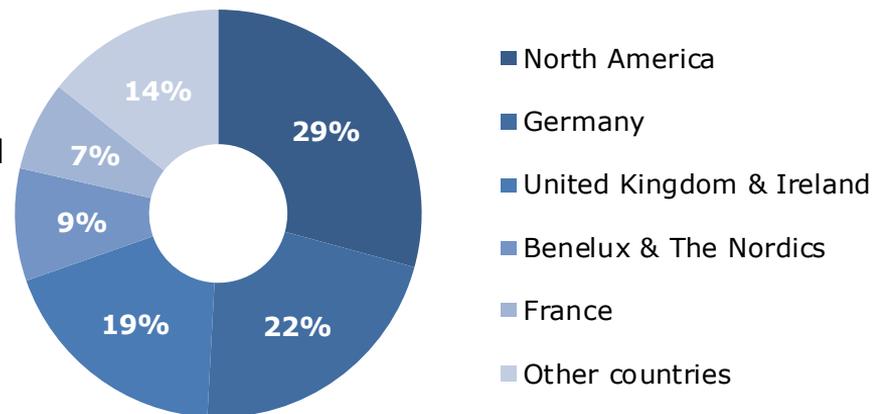
- ▶ Each Division generated positive growth every quarter
- ▶ Atos Digital Transformation Factory successfully achieved 23% of Group revenue
- ▶ Operating margin achieved 10.0% improving by +140 bps excluding pension one-offs

<i>In € million</i>	Revenue			Operating margin		Operating margin %	
	2017	2016*	Organic evolution	2017	2016*	2017	2016*
Infrastructure & Data Management	7,144	7,081	+0.9%	752	681	10.5%	9.6%
Business & Platform Solutions	3,243	3,163	+2.5%	245	203	7.6%	6.4%
Big Data & Cybersecurity	754	680	+10.9%	114	111	15.2%	16.3%
Corporate costs				-72	-93	-0.6%	-0.8%
Worldline	1,550	1,486	+4.3%	253	196	16.3%	13.2%
<b>Total</b>	<b>12,691</b>	<b>12,410</b>	<b>+2.3%</b>	<b>1,292</b>	<b>1,098</b>	<b>10.2%</b>	<b>8.9%</b>

\* At constant scope and exchange rates

# Infrastructure & Data Management

- ▶ Revenue growth fully in line with 3-year plan
- ▶ Acceleration of the transition to hybrid cloud and UCC integration led to profitability improvement
- ▶ -5% staff reduction at 45,678 from automation

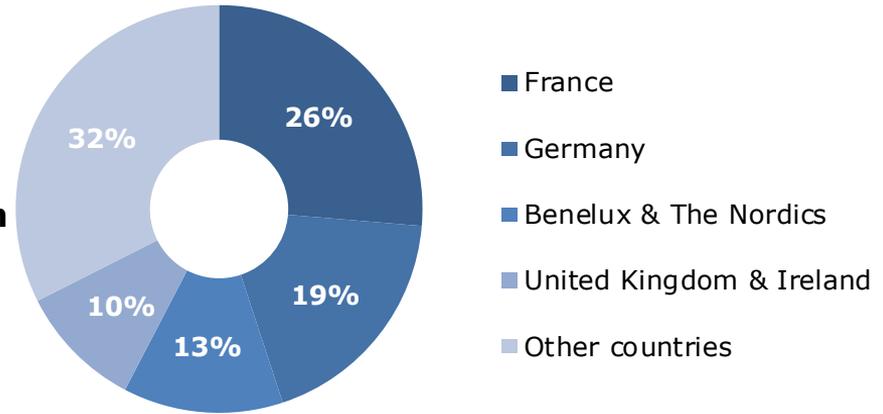


<i>In € million</i>	<b>2017</b>	<b>2016*</b>	<b>Organic evolution</b>
Revenue	7,144	7,081	+0.9%
Operating margin	752	681	
<i>Operating margin rate</i>	10.5%	9.6%	

\* At constant scope and exchange rates

# Business & Platform Solutions

- ▶ **Continuous top line improvement**
- ▶ **Growth led by Codex and SAP HANA take-off**
- ▶ **Strong margin increase thanks to RISE program (Application Management Industrialization)**
- ▶ **-4% staff reduction at 31,279 from robotization**

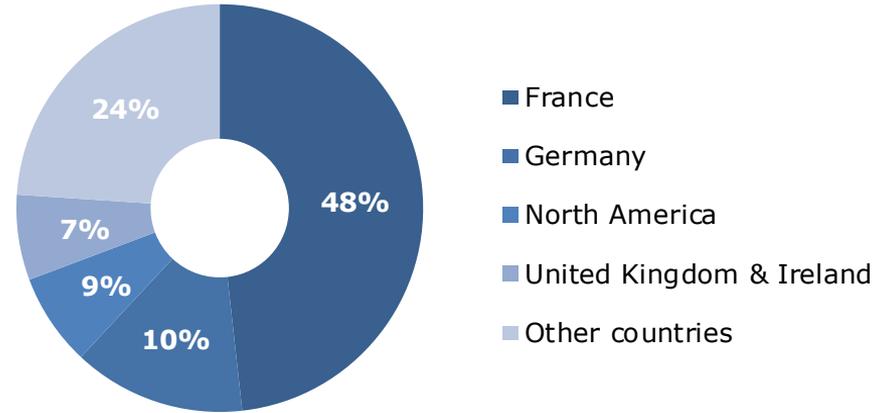


<i>In € million</i>	<b>2017</b>	<b>2016*</b>	<b>Organic evolution</b>
Revenue	3,243	3,163	+2.5%
Operating margin	245	203	
<i>Operating margin rate</i>	7.6%	6.4%	

\* At constant scope and exchange rates

# Big Data & Cybersecurity

- ▶ **Double digit revenue growth led by the demand for Cybersecurity solutions and High Performance Computing**
- ▶ **Further investments to extend the Division markets both in terms of industries and geographies**
- ▶ **+13% staff increase at 4,221**

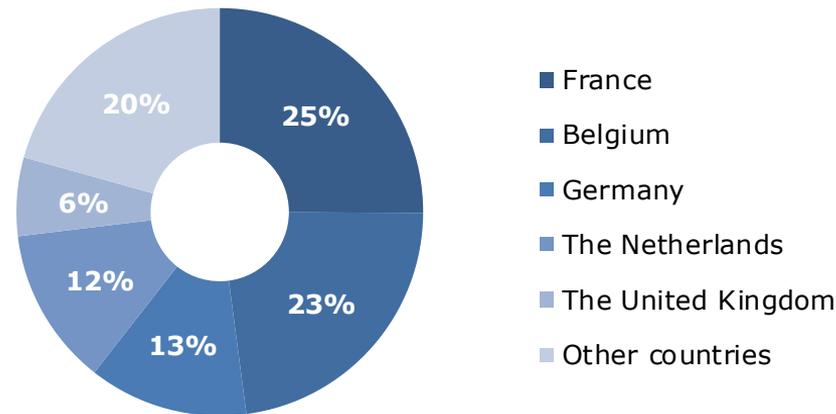


<i>In € million</i>	<b>2017</b>	<b>2016*</b>	<b>Organic evolution</b>
Revenue	754	680	+10.9%
Operating margin	114	111	
<i>Operating margin rate</i>	15.2%	16.3%	

\* At constant scope and exchange rates

# Worldline

- ▶ **Solid organic growth with H2 at +6.4%**
- ▶ **Reinforcement of offers to support key payment market trends**
- ▶ **Fast integration of acquisitions contributing to margin improvement**
- ▶ **Direct staff at 8,682, +7% increase led by acquisitions**



<i>In € million</i>	<b>2017</b>	<b>2016*</b>	<b>Organic evolution</b>
Revenue	1,550	1,486	+4.3%
Operating margin	253	196	
<i>Operating margin rate</i>	16.3%	13.2%	

\* At constant scope and exchange rates

# 2017 performance by Business Unit

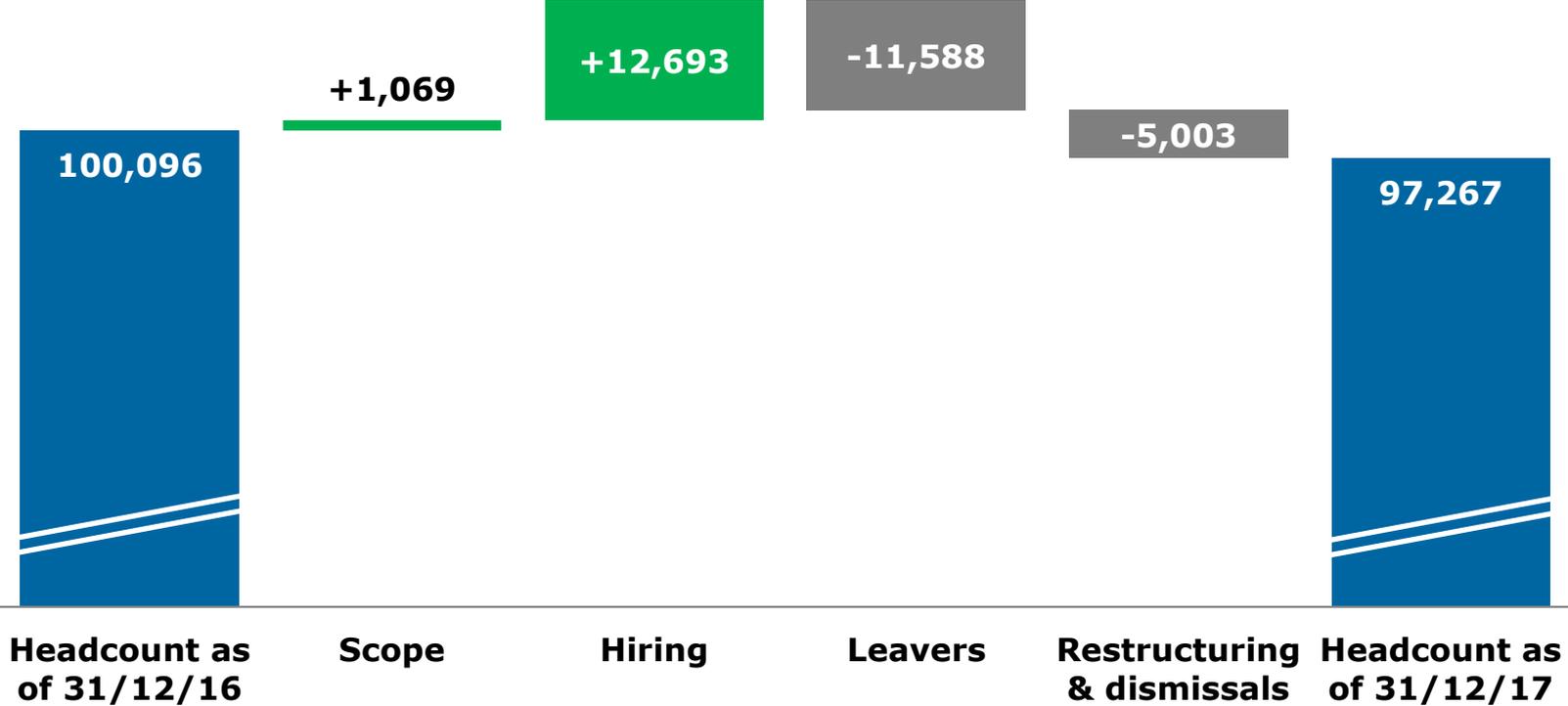
- ▶ **Positive growth in almost all Business Units**
- ▶ **Strong operating margin improvement in most of the geographies**

	Revenue			Operating margin		Operating margin %	
	2017	2016*	Organic evolution	2017	2016*	2017	2016*
<i>In € million</i>							
Germany	2,251	2,215	+1.6%	190	172	8.5%	7.8%
North America	2,231	2,208	+1.1%	266	246	11.9%	11.1%
France	1,725	1,712	+0.7%	163	122	9.4%	7.1%
United Kingdom & Ireland	1,715	1,694	+1.2%	181	220	10.6%	13.0%
Benelux & The Nordics	1,084	1,092	-0.8%	94	77	8.7%	7.1%
Other Business Units	2,136	2,003	+6.6%	224	162	10.5%	8.1%
Global structures**				-79	-96	-0.7%	-0.9%
Worldline	1,550	1,486	+4.3%	253	196	16.3%	13.2%
<b>Total</b>	<b>12,691</b>	<b>12,410</b>	<b>+2.3%</b>	<b>1,292</b>	<b>1,098</b>	<b>10.2%</b>	<b>8.9%</b>

\* At constant scope and exchange rates

\*\* Global structures include the IT Services Divisions global costs not allocated to the Business Units and Corporate costs. Worldline holds its own corporate costs

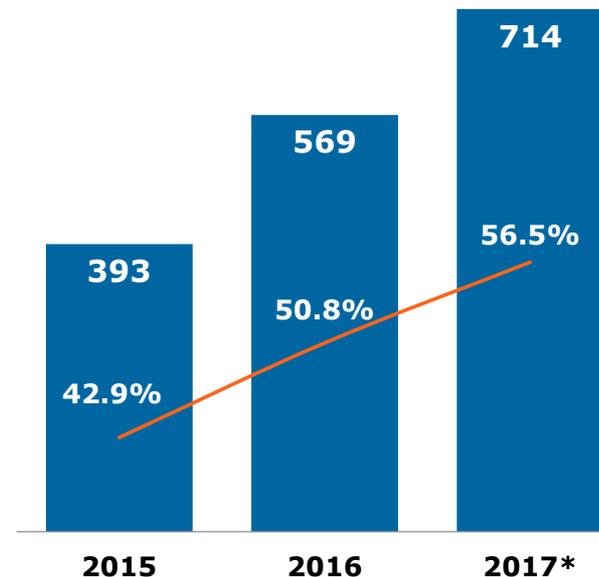
# 2017 headcount evolution



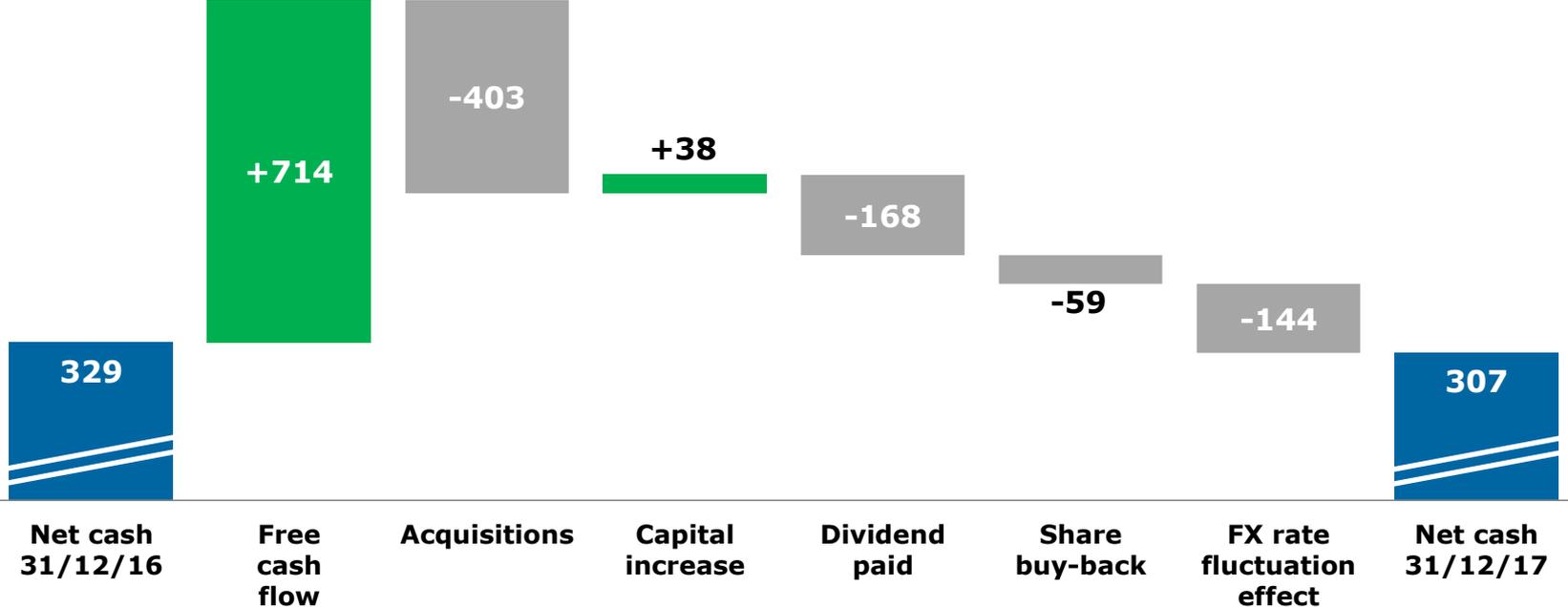
# Cash flow statement

<i>In € million</i>	<b>2017</b>	<b>2016</b>
<b>Operating margin</b>	<b>1,292</b>	<b>1,122</b>
<i>as a % of revenue</i>	<i>10.2%</i>	<i>9.2%</i>
<b>OMDA</b>	<b>1,608</b>	<b>1,374</b>
<i>as a % of revenue</i>	<i>12.7%</i>	<i>11.3%</i>
Capital Expenditures	-526	-456
Change in working capital requirement	-25	-8
<b>Cash from operations</b>	<b>1,057</b>	<b>910</b>
Reorganisation, Rationalisation & Integration	-157	-150
Taxes paid	-133	-131
Net cost of financial debt paid	-24	-20
Other changes	-30	-40
<b>Free cash flow</b>	<b>714</b>	<b>569</b>
<i>Free Cash Flow / Operating Margin</i>	<i>55.3%</i>	<i>50.8%</i>

■ Free cash flow  
 — Free cash flow / Operating margin



# Net cash evolution

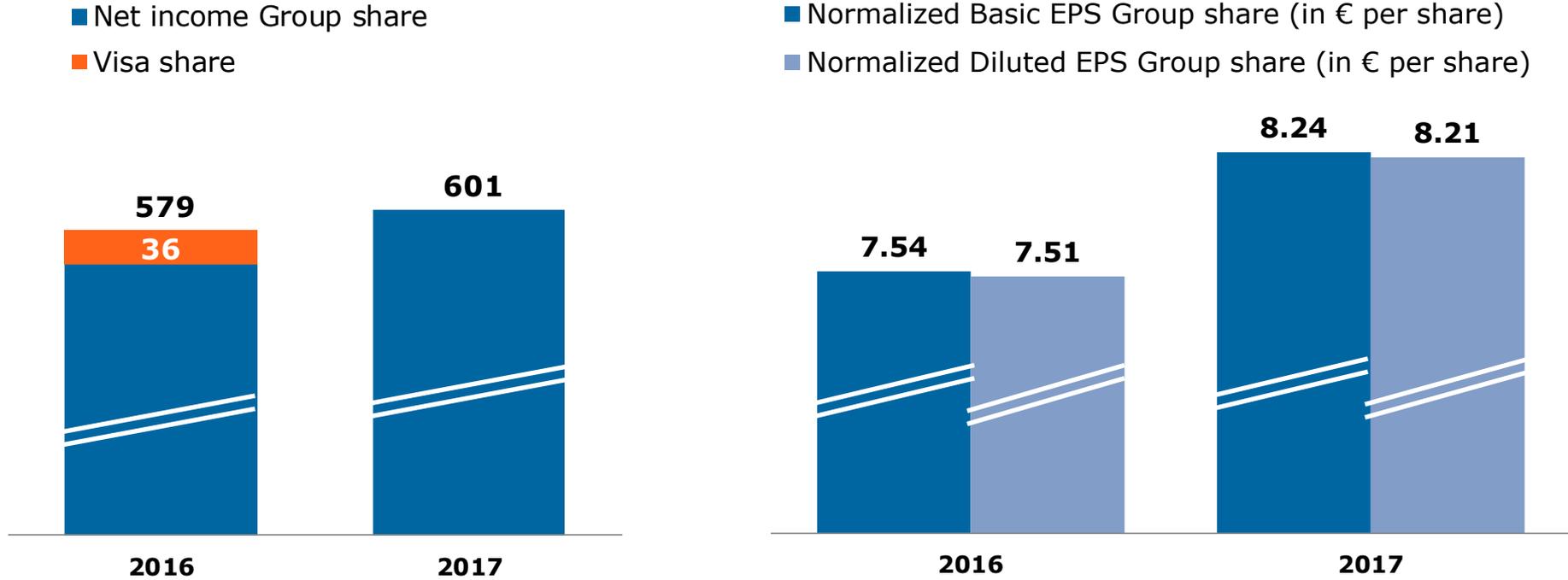


# Income statement

<i>In € million</i>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>	<b>12,691</b>	<b>12,138</b>
<b>Operating margin</b>	<b>1,292</b>	<b>1,122</b>
<i>% of revenue</i>	<i>10.2%</i>	<i>9.2%</i>
Reorganization, Rationalisation, Integration & acquisition costs	-163	-164
Amortization of intangible assets (PPA from acquisitions)	-109	-106
Equity based compensation	-86	-50
Visa Share		51
Others	-59	-27
<b>Operating income</b>	<b>875</b>	<b>827</b>
Net financial expenses	-62	-55
<b>Profit before tax</b>	<b>813</b>	<b>772</b>
Tax charge	-149	-141
<b>Effective tax rate</b>	<b>-18.3%</b>	<b>-18.3%</b>
Share of net profit of associates	1	1
<b>Net income</b>	<b>665</b>	<b>632</b>
Non-controlling interests	64	53
<b>Net income Group share</b>	<b>601</b>	<b>579</b>
<b>Net income Group Share excluding Visa share effect</b>	<b>601</b>	<b>543</b>

 +11%

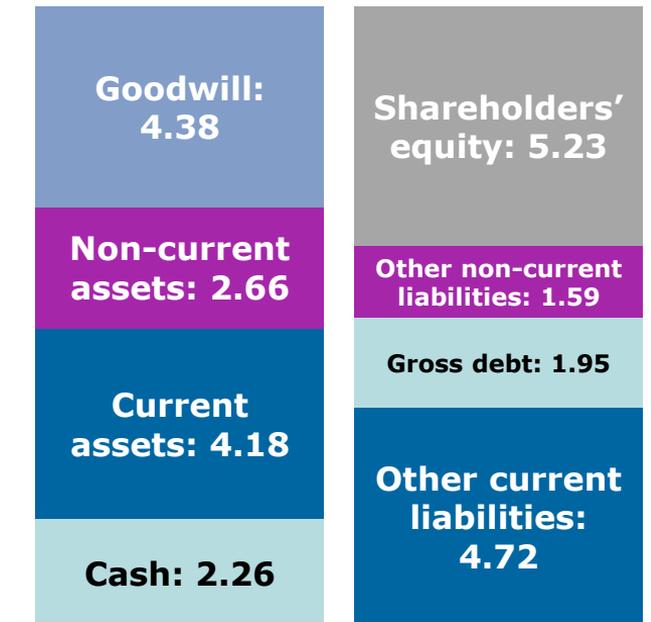
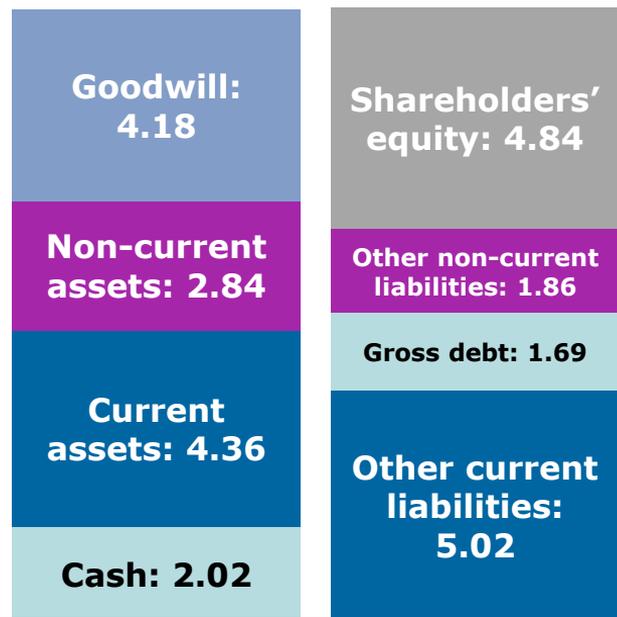
# Net Income and EPS Group share evolution



# Simplified balance sheet

**31 December 2016**  
**€ 13.4 billion**

**31 December 2017**  
**€ 13.5 billion**



- ▶ Shareholders equity +8%
- ▶ Net pension provision decreasing by c. €-200 m

→ **Solid financial structure**

→ **Capacity for further development**

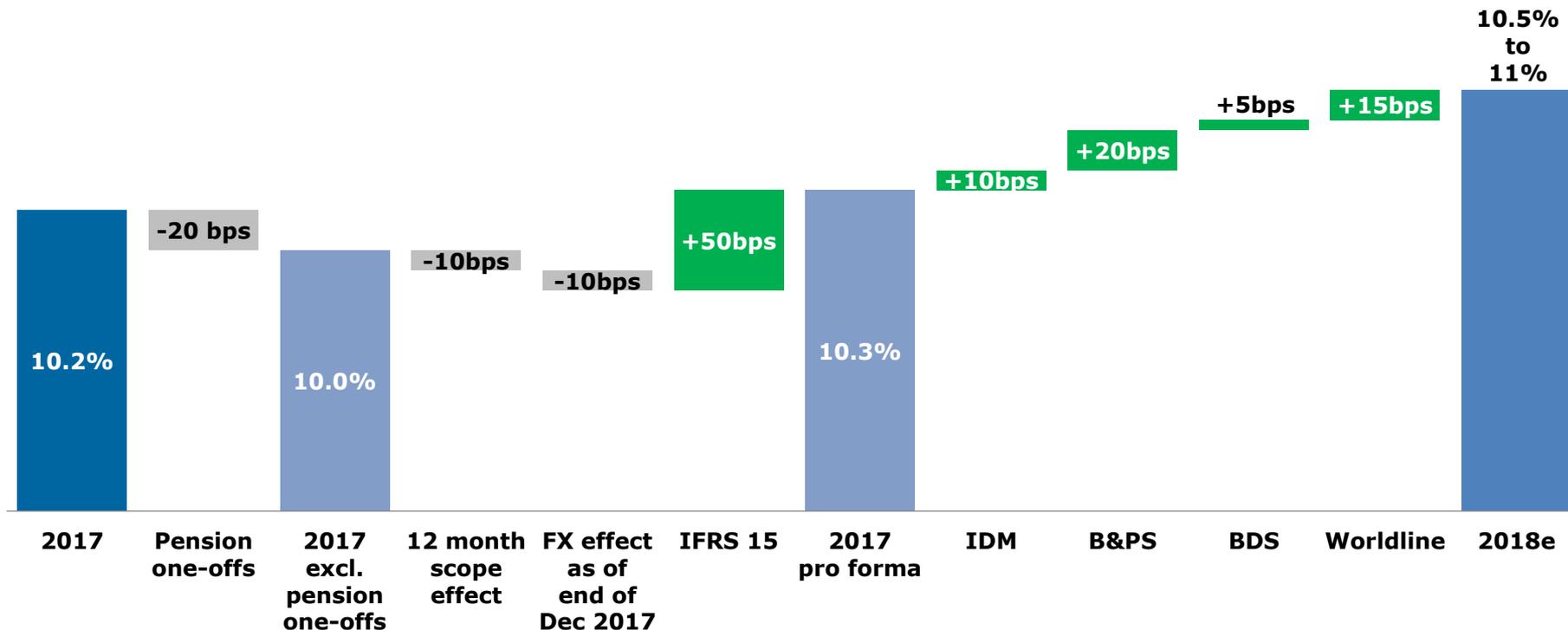
**Assets**

**Liabilities**

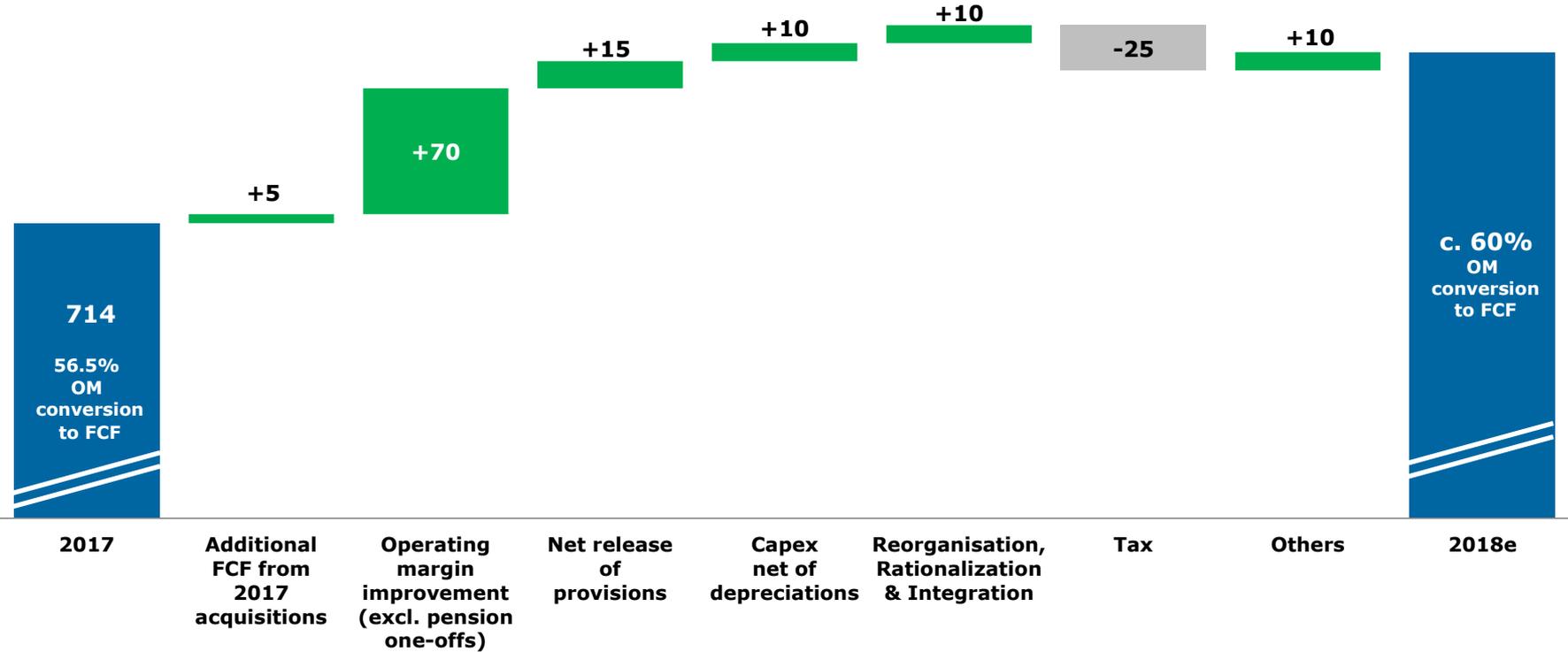
**Assets**

**Liabilities**

# 2017 to 2018 operating margin: forecasted evolution



# 2017 to 2018 free cash flow: forecasted evolution



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**Commercial activities:  
focus on digital**

Patrick Adiba

# 2017 Commercial activity dashboard

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## Order entry

€13.9bn

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+6.9% year-on-year

## Backlog

€22.7bn

---

1.8 years of revenue

## Book to bill ratio

110%

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123% in Q4

## Qualified pipeline

€7.4bn

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7.0 months of revenue

# Results of the focus on top accounts

## Top accounts: 200 Atos' largest clients

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**63%**

of Atos revenue

**+4%**

Top 200 accounts  
revenue growth

**53%**

**Win rate**

*+5 points year-on-year*

**+20%**

**Number of  
clients >€50m**

**54%**

**of Cross-selling**

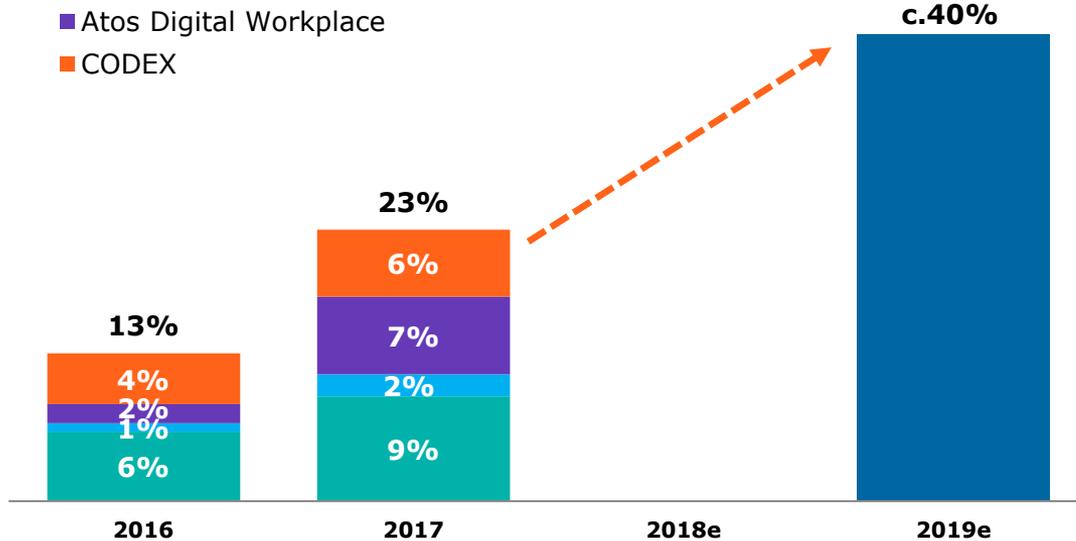
*3 divisions at least,  
<90% for the lead one*

# Digital Transformation Factory

## Atos Digital Transformation Factory

(as a % of total Group revenue)

- Canopy Orchestrated Hybrid Cloud
- SAP HANA
- Atos Digital Workplace
- CODEX



some Q4 signatures



European multinational luxury conglomerate

# Atos Canopy Orchestrated Hybrid Cloud

Transforming datacenter operations into flexible cloud solutions



Worldwide leader in adhesive technologies, beauty care, laundry and home care

- 50,000 staff
- € 18.6bn 2016 revenue

- Secure and stable Data Center Services leveraging newest and proven cloud technologies
- Shared private cloud to run and manage all applications easily and flexibly
- Atos responsible for Henkel's Datacenter infrastructure
- Enables Henkel to react to the digitization of the market

# Earth Observation Services

Atos Codex innovation to create a new business platform



## New eco-system to deliver digital services from Earth Observation data

A driver for disruptive new services and business models for our customers

### Platform and toolbox to create new use cases for all markets

#### Agriculture

Harvest & Irrigation Optimization / Food security

#### Wildlife Protection

Tracking and monitoring endangered species across the planet

#### Transportation

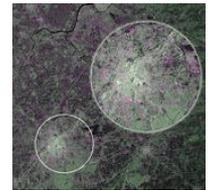
Optimization of marine route

#### Oil & Gas

Monitor pipes for preventive maintenance

#### Insurance

Monitor risk



# Airports of Thailand

SAP S/4HANA rollout in 6 airports



## Challenges

**An overwhelming air traffic growth**

**Be the world's smartest airport**

## Solution

**SAP S/4HANA to support its vision**

**Complimentary solutions**

## Benefits

**Modernization of AOT business**

**Improved user and customer experience**

**Real time access to analytics & visualization**

# European multinational luxury conglomerate

## GDPR compliance as part of a Large Big Data project

### Challenges

#### Broad scope

Data lake project including 3 Azure platforms worldwide

#### Complexity

Various data protection regulations

#### Security

Identify the technical & organizational measures to rightfully process personal data

#### Digital transformation

Luxury global market in which personal data management becomes a key business asset

### Solution

#### Data protection readiness

Global business approach to rightfully collect, process & store personal data & data flows

### Benefits

Improved security awareness

Trusted innovation for new customer services

Privacy by design

Global 360° visibility

# 2018 in North America: action plan on top line

## Growth levers

## Actions

### Sales organization

- **For each top account:** one sale executive + one delivery executive
- **2 different sales roles and approach:** Large deals hunting / Cross-selling & fertilization

### Industrialization of large deals hunting

- **Dedicated Head and team for large deals hunting**
- **Move from General Bonus Schemes to Specific Sales Commissions**

### Fertilization

- **Dedicated Head of cross-selling & fertilization**
- **Alignment of US performance to Group average with sales operations champion transferred from the UK (Pipeline x3 over 3 years) to the US**

### Momentum in Big Data & Cybersecurity

- **Leverage 2017 success in Big Data & Cybersecurity in North America**
- **2018 target vs. 2017: €+50 million**

### Momentum in the healthcare sector

- **Finalize integration in the healthcare consulting space**
- **Deploy new expertise to healthcare ITO installed base**

### Momentum in UCC

- **Stabilization of top line in 2018**
- **Focus on NG 911 (working on signature with main US cities)**

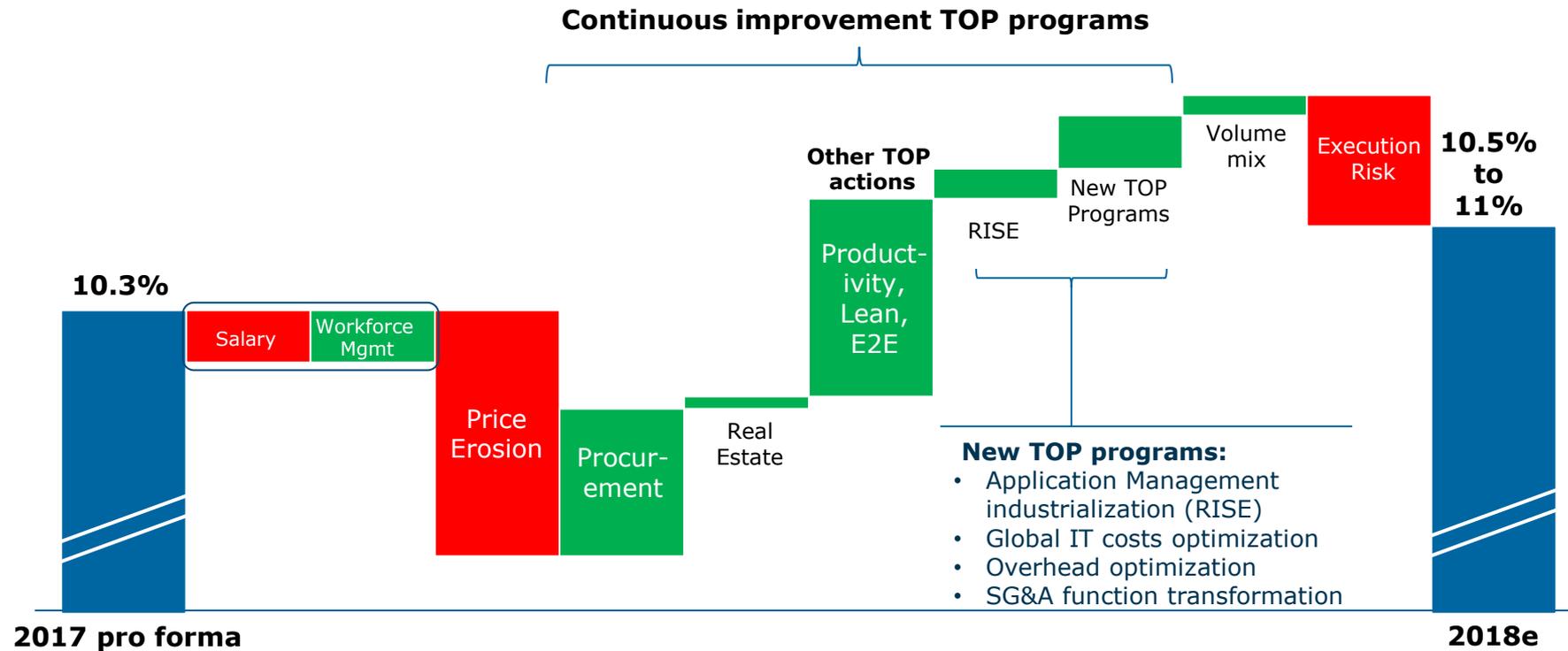
4

# Transformation TOP Program

Eric Grall

Head of Global Operations

# 2017–2018: A fully secured trajectory to deliver our Operating Margin commitment



# Industrialization of B&PS Application Services (RISE Program)

**a** Industrialization and Cost Pyramid

**b** Automation

**c** Offshoring

**d** Subcontractor Optimization

**e** Process Standardization & Improvement

## 2017-2018 Key Strategic Objectives

- **Account Transformation**; India-led Delivery
- Integrated delivery tools & methods through our platform
- Implementation/Roll out of **B&PS Production Platform across all delivery centers**
- Deployment of **Automation Platform (AIAP)**
- Delivery Center Network for **Industrialized & Global** delivery

- RISE Program on-track in 2017 versus initial plan and continuing into 2018
- Additional levers & opportunities planned in 2018 vs initial plan (RISE 2.0)

# Focus on new TOP initiatives – SG&A Functions Transformation

**Robotized Process  
Automation for  
our functions**

**eg., Rationalization  
of admin. and  
transactional tasks**

**More online and  
self-service tools**

**eg. Self-service  
reports production**

**Digital tools to  
increase our  
performance**

**eg. Rollout of  
Salesforce  
completed**

# Automation Update in Infrastructure & Data Management

**H2 Automation  
Account Coverage**

**263**  
**+142 vs H1**

**Automation Catalog  
(BOTS deployed)**

**From 340 BOTS in H1  
to 717 BOTS in H2**  
**+ 111 %**

**Current Average  
DC Automation Achieved**  
(post full deployment)

**46%**

**Account with Highest Automation  
Achieved to Date**  
(post full deployment)

**75 %**

# Automation update in Business & Platform Solutions and Big Data & Cybersecurity

## Business & Platform Solutions

From 2,000+ in 2017  
to **3,500** BOTS  
end of H1 2018

## Big Data & Cybersecurity

Prescriptive SOC  
**70%+** Automation on incoming  
security incidents

## Business & Platform Solutions

Automation Account Coverage  
**130 (+37) in Q4 2017**

## Big Data & Cybersecurity

Automated obsolescence analysis  
on BDS hardware products  
(80% reduction in human efforts)

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## **Conclusion and Q&A**

Thierry Breton

Chairman & CEO

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# 2018 priorities

Accelerating **digital transformation businesses** supported by digital skilling & competence building

Rolling-out **Artificial Intelligence** in all our offerings

Deploying the **new TOP transformation programs** to deliver operational profitability

Pursuing selective **acquisition** strategy, fully supporting Worldline ambition

**Stronger financial objectives in 2018 confirming 2019 Ambition targets**

Q&A



# Thanks

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