
Oddo Midcap Forum

-


January 9, 2015
Lyon, France

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 expected performance other than as indicated. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services and potential, and statements regarding future performance. Significant risks and uncertainties may be linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors behaviors. Any statements made in this document that are not statements of historical fact, including statements about Atos' beliefs and expectations and statements about Atos' proposed acquisition of Xerox's ITO division, are forward-looking statements and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenue 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 2013 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 2, 2014 under the registration number: D14-0272 and its update filed with the Autorité des Marchés Financiers (AMF) on August 5, 2014 under the registration number: D.14-0272-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.

Atos journey over the last 6 years

Our achievements since 2008

	 Atos Origin <i>in 2008</i>	Atos <i>today</i>	Δ
Revenue	€5.6bn	€11bn [*]	+96%
Operating margin	4.7%	7.5% of revenue in 2013	+280bps
Headcount	51,000	95,000 [*]	+86%
Net cash / (debt)	(€304m)	€762m ^{**}	+€1,066m
Free cash flow	(€52m)	>€365m ^{***}	+€417m
Market cap as of 31/12/2014	€1.2bn	€6.7bn	x6

* 2013 pro forma revenue including Bull and Xerox ITO operations acquired respectively in August and December 2014

** as of end of September 2014 *** 2014 objective

2014 objectives

The Group reaffirms its objectives for 2014:

▶ Revenue

Taking into account 4 months of Bull contribution, the Group expects to grow circa +5% year-on-year (nearly stable organically).

▶ Operating margin

The Group confirms its objective to reach an operating margin rate **between 7.5% and 8.0%** of revenue, including 4 months of Bull consolidation.

▶ Free cash flow

The Group expects to achieve a free cash flow **above 2013** level (before circa € 20 million potential additional cash-out to accelerate the Bull reorganization).

Atos 2016 ambition

Become a Tier 1 and THE preferred European global IT brand

Key levers to support Ambition 2016

- 1 Anchor Atos global **leadership in Managed Services**
- 2 Reinforce **growth and profitability in Systems Integration**
- 3 Bring to market **disruptive and innovative offerings** and pursue **strategic partnerships** with technology leaders
- 4 Enhance **#1 position in Cloud** services in Europe
- 5 Further **expand our foothold in the US** and accelerate growth in **emerging markets**
- 6 Provide **strategic flexibility** to **Worldline** to anchor its **leadership in Payments**

Become a Tier 1 and THE preferred European global IT brand

Anchor Atos global leadership in Managed Services

The largest non-US platform to manage, process and store data

- ▶ **Scale** and global footprint
- ▶ **Consulted** for **all** large deals
- ▶ **Leader** in **Data Center Outsourcing** and **Infrastructure Utility Services**
- ▶ **High industry recognition**



Atos journey towards 2016 in Managed Services

- ▶ Focus on **customer satisfaction**
- ▶ **Higher value services** in the revenue mix
- ▶ Reinforcing **end-to-end, Lean** and **Automation**
- ▶ Enhance **sustainable financial performance**

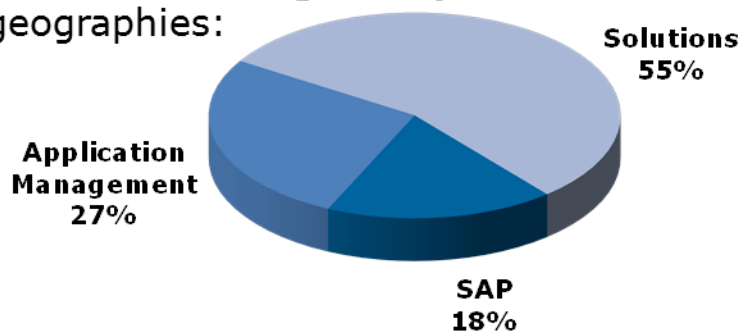
Become a Tier 1 and THE preferred European global IT brand

Reinforce growth and profitability in Systems Integration

Increased sales and efficiencies

- ▶ **Integration** of SIS
- ▶ **Verticalization** of portfolio

- ▶ Creation of **3 global practices** in all geographies:



- ▶ €2.5 billion annual revenue in 2013
- ▶ 23,000 direct FTEs worldwide in 52 countries of which 7,500 in 7 offshore locations

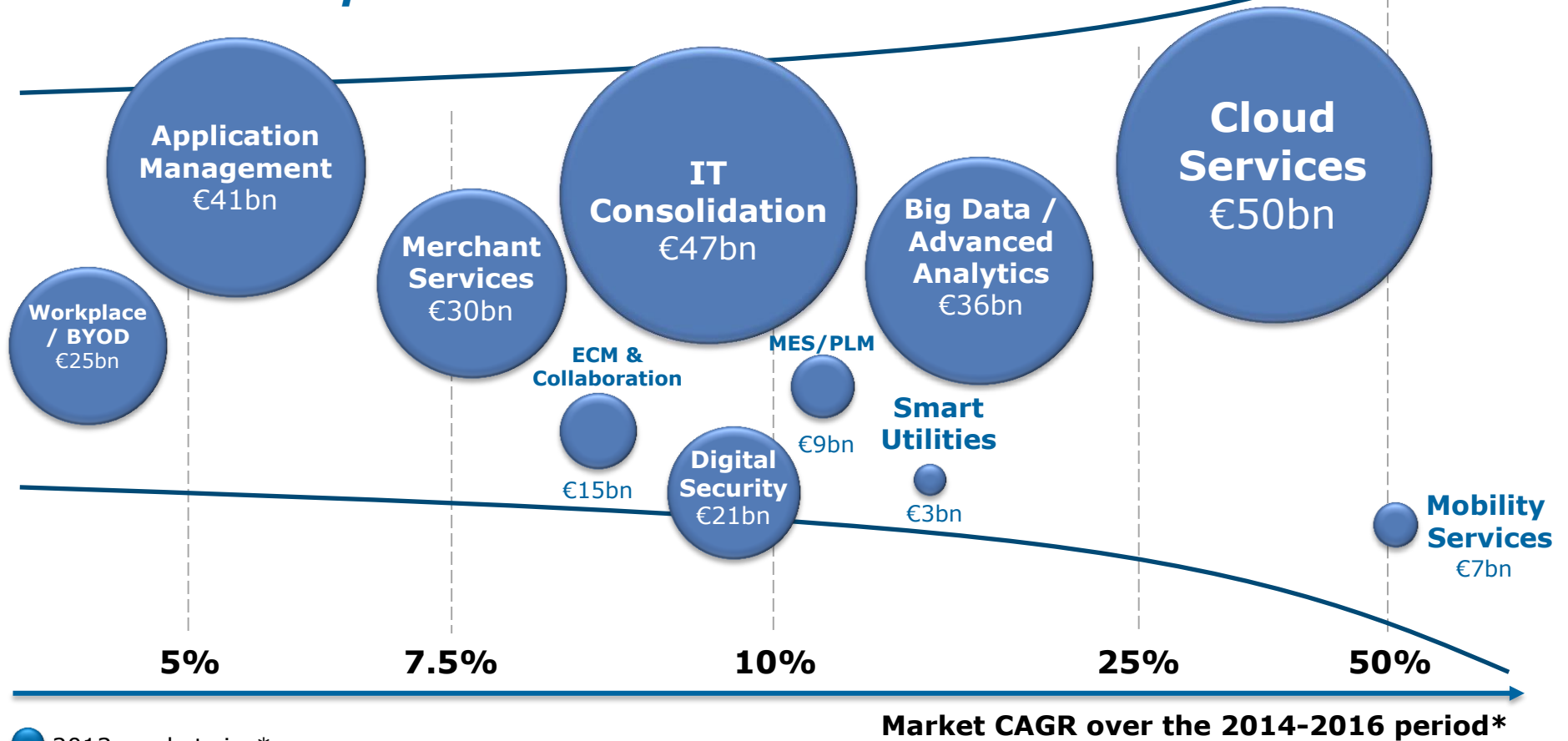
Atos journey towards 2016 in SI

- ▶ More **global**
- ▶ **Vertical market dimension**
- ▶ Increase **offshore**
- ▶ Increase **profitability**
- ▶ **Differentiated offerings**
- ▶ **Optimization** of end-to-end processes

Become a Tier 1 and THE preferred European global IT brand

Growth through new offerings

already c. 40% of Atos revenue realized in disruptive and innovative solutions



● 2013 market size*

* Source: Gartner, PAC, Forrester, CIMdata, IDC, OVUM,...

Your business technologists. Powering progress

Become a Tier 1 and THE preferred European global IT brand

Pursue global strategic partnerships with technology leaders

Enhanced Alliance



Global Strategic Alliances



Global Strategic Cooperation with Siemens

SIEMENS

Bring innovative IT solutions to BtoB markets through global strategic cooperation

Become a Tier 1 and THE preferred European global IT brand

Siemens Strategic Alliance: a growth contributor

Mutual sales support on strategic opportunities

2011 - 2013

(selected)

postnord



2014 - 2016

Leverage on Atos-Siemens strategic sales cooperation to get **new logos** / **new business**

Joint innovation & investments

2011 - 2013

- Investment in 10 joint innovation & investment projects
- 6 projects ready for market with first customers or pilots

2014 - 2016

New joint investments, focusing on **Big Data & Cloud**

Focus on emerging countries

2011 - 2013

c. 20% of Atos-Siemens Alliance business in emerging countries

Further 50% in small Atos geographies

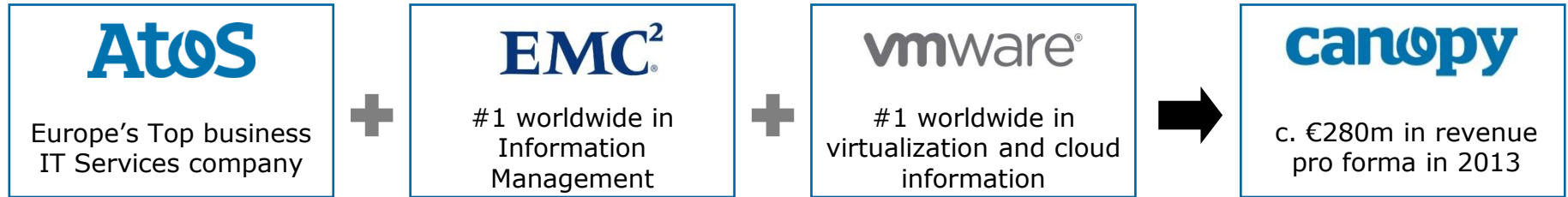
2014 - 2016

Objective to **double** the Alliance Business in emerging countries



Become a Tier 1 and THE preferred European global IT brand

Cloud as a large growth contributor



Canopy differentiators vs. competitors

Vs. outsourcers

- ▶ Access to our \$3.5bn R&D p.a.
- ▶ Privileged access to customers and sales channels of parents

Vs. cloud players

- ▶ Focus on Enterprise and Government
- ▶ Capability to provide hybrid cloud, using cloud pure players as suppliers

Ambition 2016

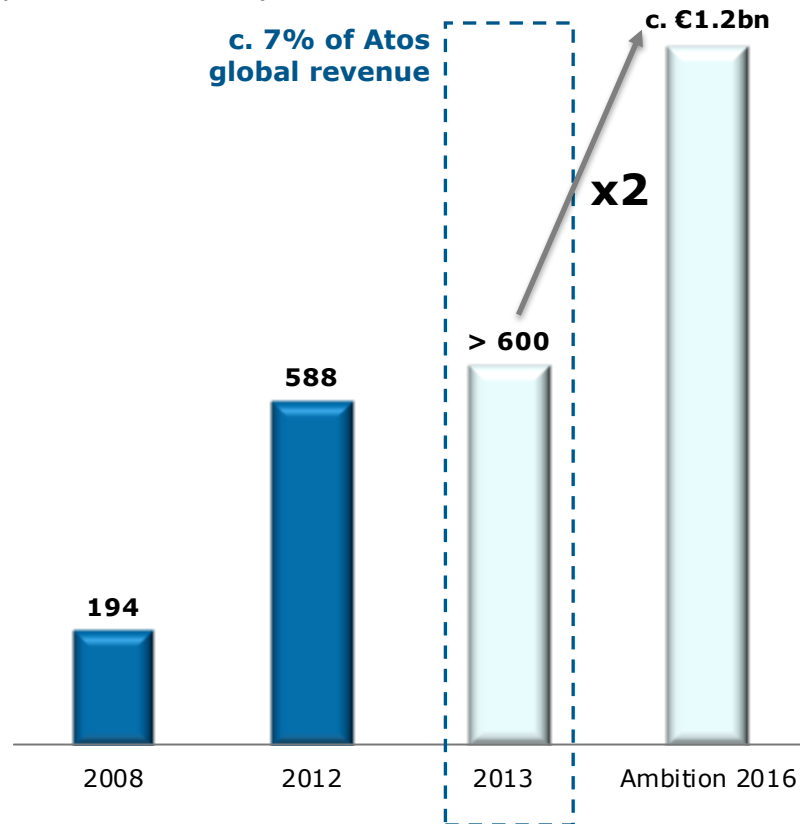
- ▶ At least € 700 million revenue
- ▶ c.10% of Atos IT revenues

Become a Tier 1 and THE preferred European global IT brand

United States: a priority in IT Services while maintaining strict financial discipline on acquisitions

Atos current positioning in the US

(Revenue, € million)



2016 Ambition in the US in IT Services

c. €1.2bn revenue in 2016

Levers for revenue expansion:

- ▶ Commercial efforts to develop current base
- ▶ Leverage on existing contracts with US corporates (McGraw-Hill, Morgan Stanley...)
- ▶ Reinforce partnerships and accelerate external growth

Become a Tier 1 and THE preferred European global IT brand

Emerging countries supporting organic top-line growth

Asia Pacific

- ▶ **Leverage** on existing **global clients**
- ▶ **Growth on specific countries** including new markets
- ▶ Push on **disruptive offerings**
- ▶ Leverage on **partnership with Yonyou**

**Ambition to grow
at c. 10%+ CAGR**

India/Middle East/Africa

- ▶ **Middle East:** leverage on existing partnerships
- ▶ **Grow in India** in selected markets
- ▶ Strong **build up on new customer** references
- ▶ Capitalize on **industry expertise** to address strong demand

**Ambition to grow
at 15 to 20% CAGR**

Become a Tier 1 and THE preferred European global IT brand

Leverage our leading position in payment in Europe

worldline
e-payment services

**Strategy
2013 -
2016**

- ▶ Remain a **best-in-class partner** on business critical transactions for demanding clients
- ▶ Strongly **industrialize platforms** and **operations**
- ▶ Continuous **focus on innovative** usages and technologies
- ▶ Increase **partnerships** to enrich offerings and services delivery
- ▶ Develop a **global organization** with its highly **involved staff**
- ▶ Succeed **strategic acquisitions** in **new geographies** and develop **offerings portfolio**

IPO of Worldline completed in June 2014

Atos journey 2014-2016: the key levers



Become a Tier 1 and THE preferred European global IT brand

Ambition for 2016

2016 Ambition



- ▶ Organic revenue growth: 2% to 3% CAGR over the 2014-2016 period
- ▶ Operating margin improvement between 100bps and 200bps compared to 2013
- ▶ Free cash flow of € 450 million to € 500 million in 2016



IT Services

- ▶ c. 5% revenue CAGR over the 2014-2016 period of which more than half stemming from external growth
- ▶ 100bps to 200bps operating margin improvement compared to 2013



- ▶ Organic revenue growth: 5% to 7% CAGR over the 2014-2016 period
- ▶ Above 200bps increase in OMDA compared to 2013
- ▶ Strategic acquisitions
- ▶ Ambition to complete the IPO in 2014

Acquisition of Xerox's IT Outsourcing operations

▶ December 19, 2014

Acquisition of Xerox's IT Outsourcing operations

A

▶ **Transaction highlights and strategic rationale**

B

▶ **Xerox IT Outsourcing: a unique opportunity to acquire significant scale in the US**

C

▶ **Strong value creation potential and attractive financial profile**

Acquisition of Xerox's IT Outsourcing operations and entering into a worldwide strategic collaboration with Xerox

1

Atos will acquire Xerox's IT Outsourcing operations (ITO) for \$950m (€760m) plus an additional consideration of \$50m (€40m) subject to the occurrence of certain events prior to closing

2

Purchase price to also include an additional payment of \$100m (€80m) representing the estimated present value of future tax benefits to Atos

3

The scope of the transaction covers most of Xerox's IT outsourcing business, personnel, contracts and assets

4

Atos will almost triple its revenue in the US to c. €1.7bn, which would represent its largest operating geography

5

Atos and Xerox to jointly collaborate worldwide, Atos becoming one of Xerox's primary IT services providers

6

An attractive transaction financial profile: expected to be accretive on Atos' EPS by 10% as early as the first year, significant revenue and cost synergies

A strategic collaboration geared to leverage both parties' technologies and capabilities



- 1 Atos to take over the operations of the IT infrastructure services delivered to Xerox, becoming one of its main IT services providers
- 2 Atos to benefit from Right of First Offer / First Negotiation on opportunities with Xerox
- 3 Atos to deliver IT services to Xerox BPO and Document Outsourcing customers
 - Exclusivity on existing contracts
 - Renewal of contracts with Atos if BPO customer extends with Xerox ITO
- 4 Joint go to market to supply IT services on Xerox BPO opportunities in Europe and North America
- 5 Joint innovation board

c. \$240 million of ITO annual revenue generated with Xerox today
Joint ambition to generate additional volumes and business opportunities

Governance mechanisms in place to ensure a successful strategic collaboration, beneficial for both parties

Strategic Governance Board

Atos and Xerox CEOs

- ▶ Strategy of the Global relationship between Atos and Xerox
- ▶ Xerox contributing its deep knowledge of the US market to Atos
- ▶ Quarterly meetings

Steering committee

*X Corp CIO – XBS CEO
Atos global service line CEO*

- ▶ Go-to-market strategy for products, services and client opportunities
- ▶ Atos offerings
- ▶ Accounts planning /review of opportunities and pipe
- ▶ Conciliation and Settlement of discrepancies
- ▶ Monthly meetings

Operational committees

*Client executive
X Corp - XBS*

- ▶ Permanent committee dealing with operational follow-up

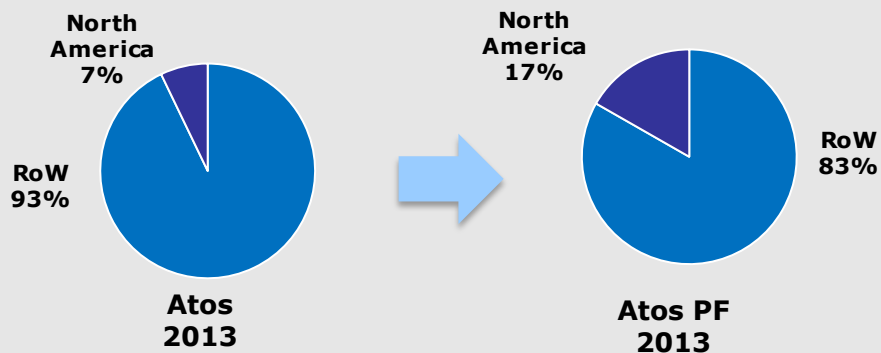
Joint innovation board

- ▶ Atos and Xerox to collaborate on joint innovation projects

**An efficient governance co-chaired by Ursula Burns and Thierry Breton
on a quarterly basis**

A unique complementarity securing Atos' foothold in the US and anchoring its global leadership

1 Secures a strong foothold in the US



2 Extends Atos' customer base

Leading stationary player

For 10 years

Leading fast food operator

For 10 years

Leading apparel brand

For 15 years

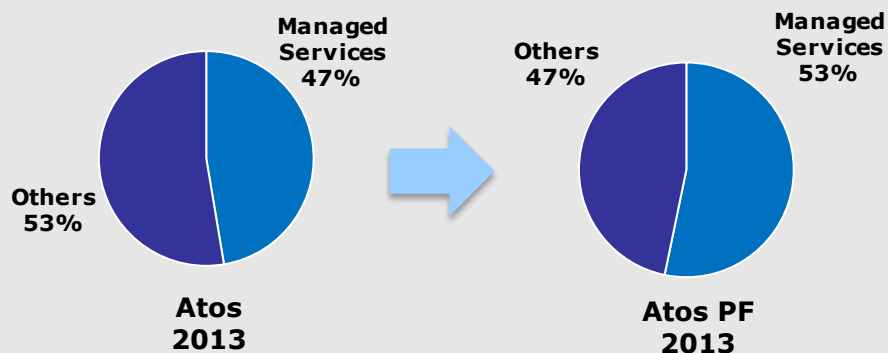
Leading media brand

For 9 years

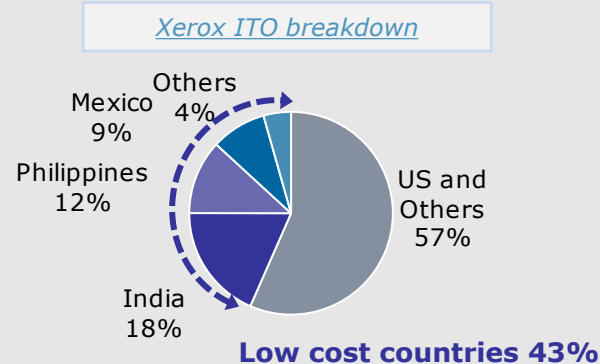
Leading pharmaceutical company

For 3 years

3 Anchors Atos' global leadership in Managed Services¹



4 Enhances Atos' offshore strategy



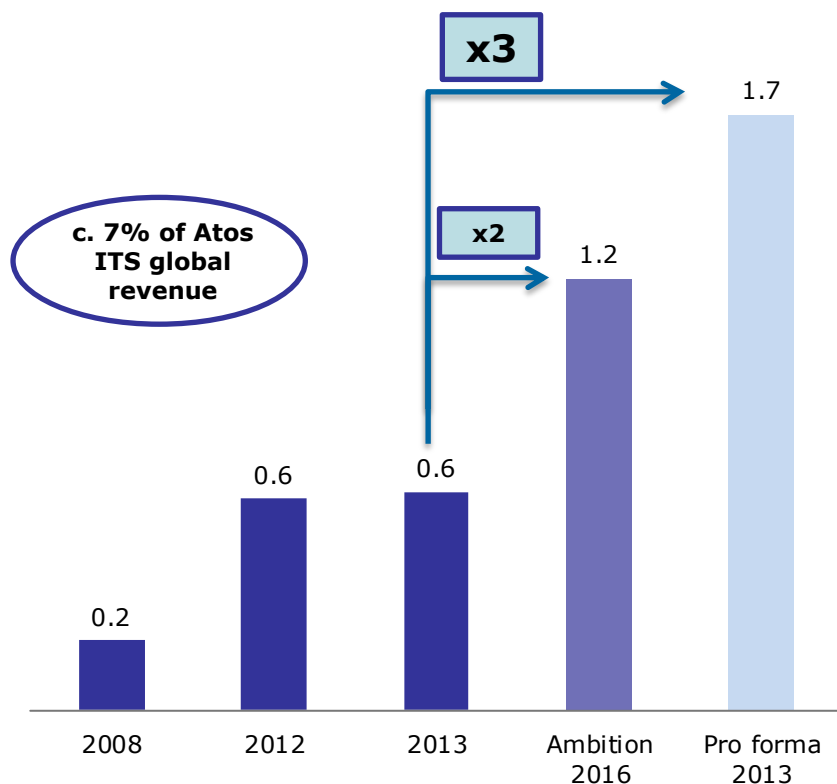
(1) Excluding Worldline

Securing a strong foothold in attractive US market

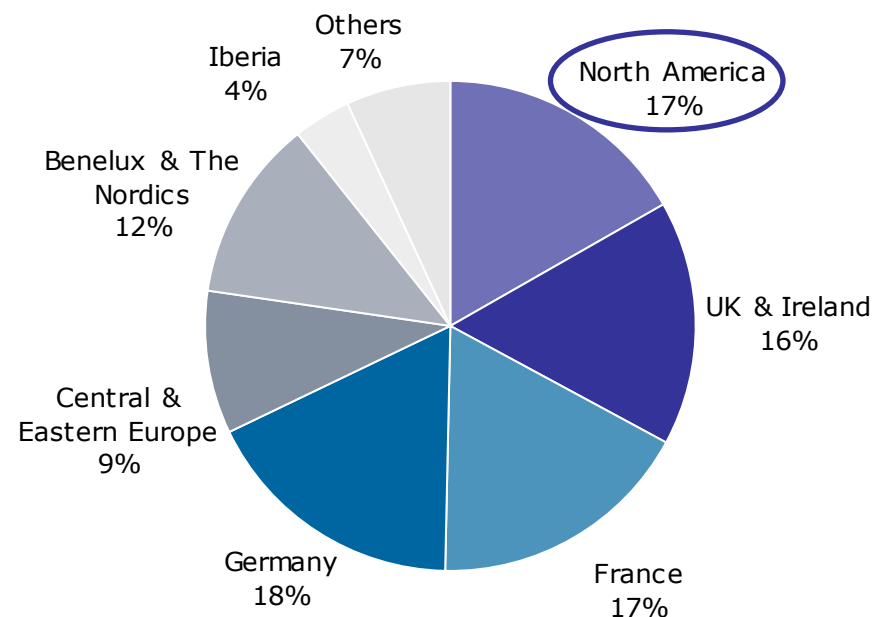
A transaction allowing Atos to exceed Ambition 2016 objectives and almost triple revenue in the US ...

Evolution of Atos revenue in the US

Revenue in € billions



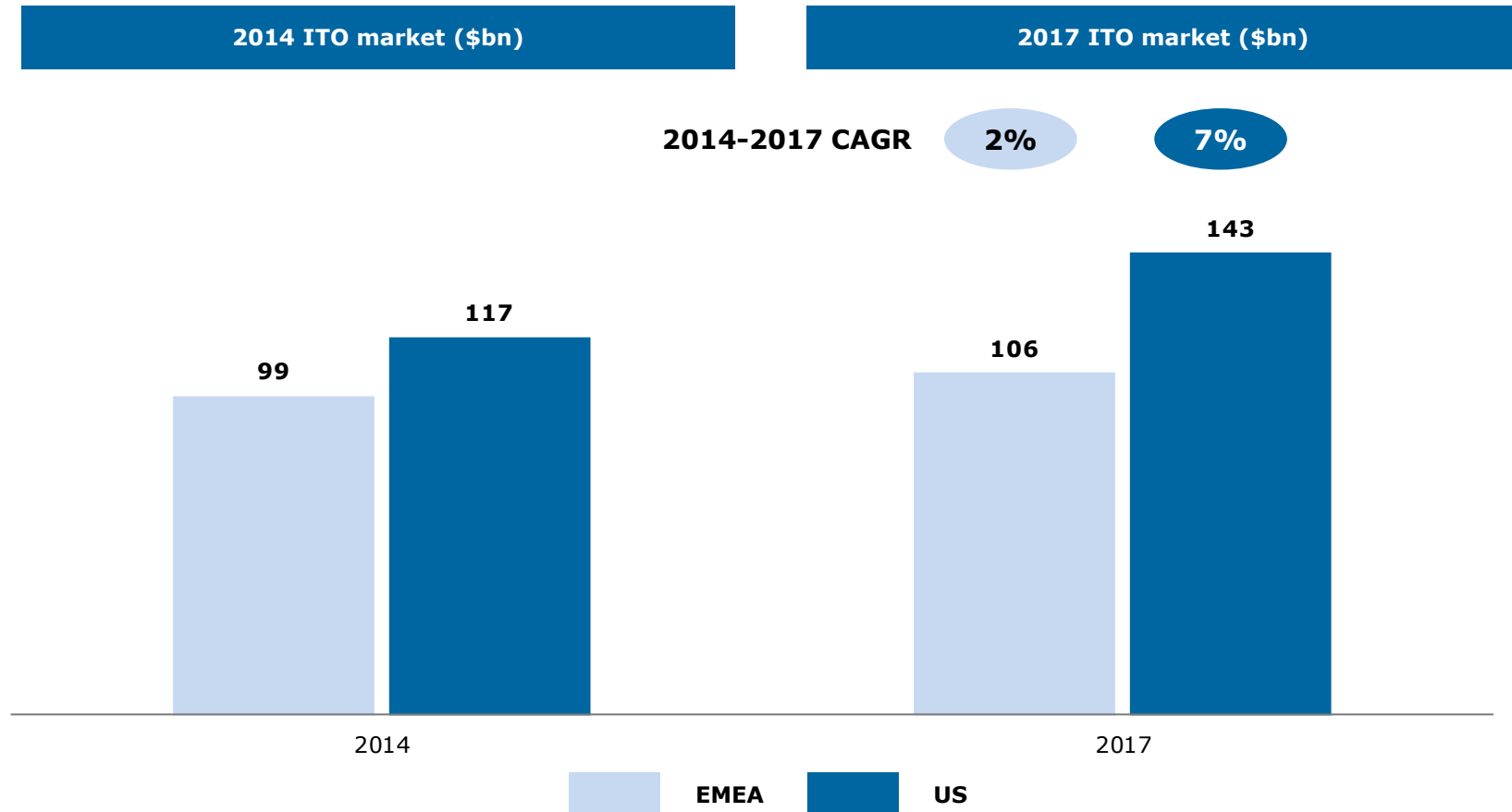
Combined geographical breakdown of 2013 PF IT Services revenue



Note: based on Xerox ITO 2013 pro forma revenue

Securing a strong foothold in attractive US market

... providing Atos with access to the largest ITO market that is expected to grow 3x faster than the EMEA market



Becoming a global leader in the IT marketplace

With Xerox ITO, Atos will reinforce its position as the preferred IT partner of European and US players

For Xerox ITO customers

For Atos US customers

For Atos European customers

A global player...

- ▶ Access to global Atos footprint
- ▶ Opportunity to outsource more to Atos

- ▶ Access to broader Atos footprint in North America
- ▶ Opportunity to outsource more to Atos

- ▶ Access to broader Atos footprint in North America
- ▶ Opportunity to outsource more to Atos

...with advanced technologies and strong R&D...

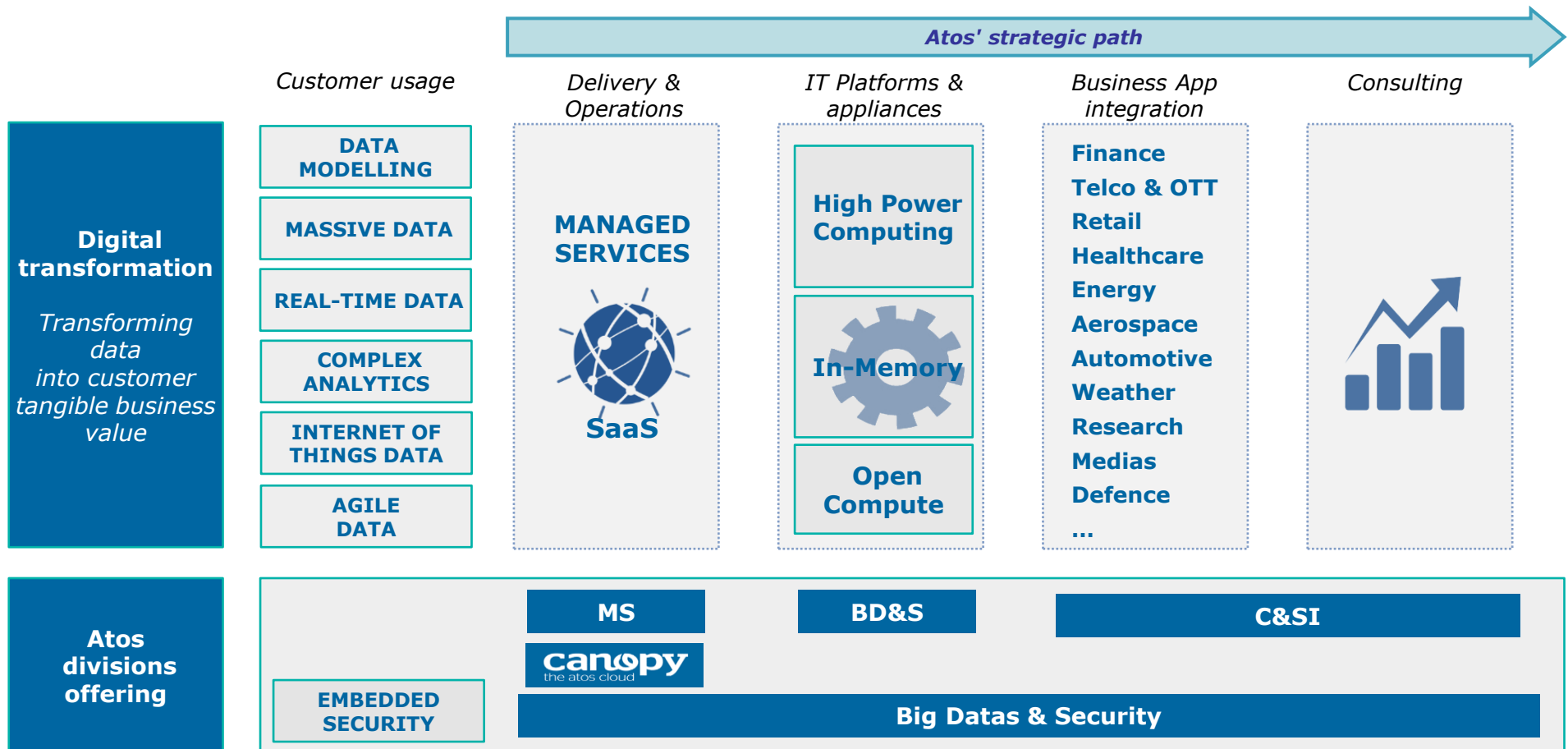
- ▶ Consulting and system integration offering
- ▶ Canopy (cloud) – EMC Federation Partnership
- ▶ Big data & World fastest memory servers
- ▶ Cybersecurity technologies
- ▶ ...

...benefiting from scale and industrialization

- ▶ Long term benefit from Atos' larger scale and tier one effectiveness and efficiency
- ▶ Automatization
- ▶ North America talented people traction
- ▶ Brasilia technology and offering (BPO)
- ▶ Large Latam global delivery center (>1,100HC Mexico /Guatemala)

Developing customer focused offerings

Infrastructure stands as a primary requisite to support customers' business digitalization on an end-to-end basis



A transaction aligned with major objectives set by Atos' Ambition 2016 strategic plan



€11 billion 2013
combined revenue



circa 95.000
headcount



72 countries

Ambition 2016: Become a Tier 1 global IT brand

- 1 Anchor Atos global **leadership in Managed Services**
- 2 Reinforce **growth and profitability in Systems Integration**
- 3 Grow through customer focus, **new offerings & partnerships**
- 4 Accelerate **Cloud services** development
- 5 **Acquisitions** with financial discipline in **specific geographies and segments**
- 6 Provide **strategic flexibility** to **Worldline** to anchor its **leadership in Payments**



Acquisition of Xerox's IT Outsourcing operations

A

- ▶ **Transaction highlights and strategic rationale**

B

- ▶ **Xerox ITO: a unique opportunity to acquire significant scale in the US**

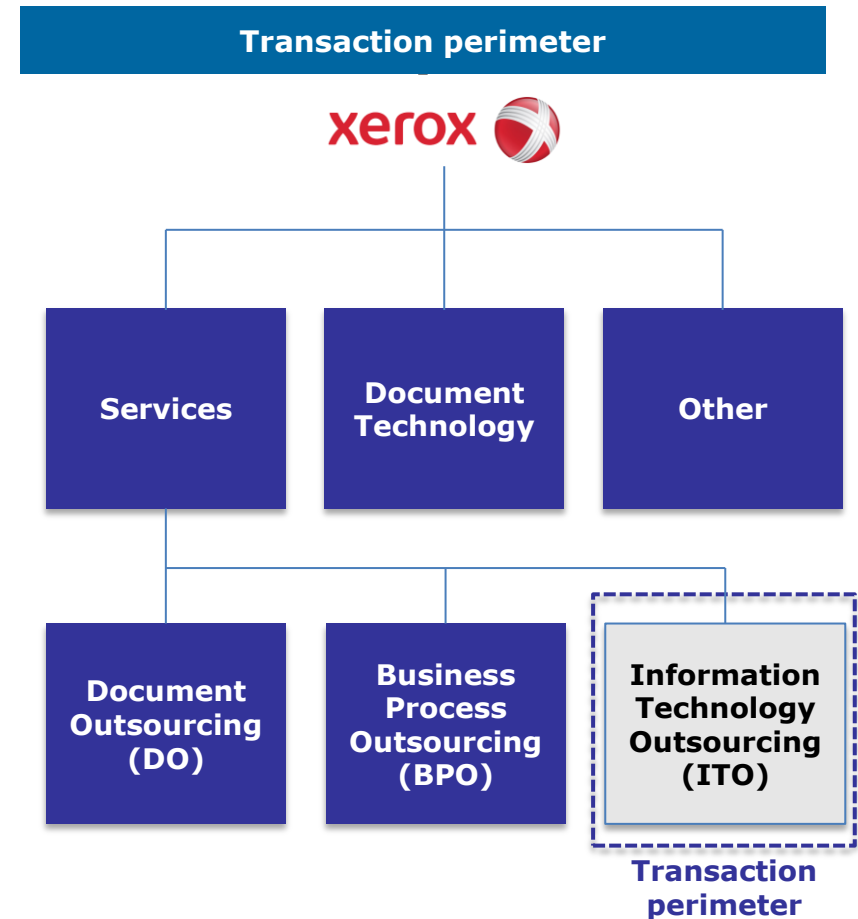
C

- ▶ **Strong value creation potential and attractive financial profile**

Xerox IT outsourcing subsidiary

Formerly part of Affiliated Computer Services

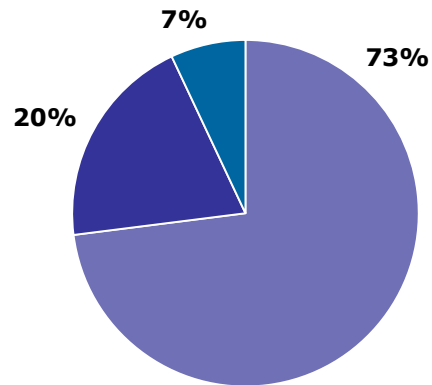
Founded	<ul style="list-style-type: none">▶ 1988 as part of Affiliated Computer Services (ACS)
Key services	<ul style="list-style-type: none">▶ Mainly infrastructure outsourcing services
2014e key figures	<ul style="list-style-type: none">▶ Revenue: c. \$1.5 bn▶ Operating margin: 8%
Customers	<ul style="list-style-type: none">▶ c. 300 clients with additional c. 800 indirect clients through BPO segment▶ 65 clients produce 85% of total revenues
Facilities	<ul style="list-style-type: none">▶ 379 offices▶ 21 Data Centers



Business profile

US-focused managed services pure-play

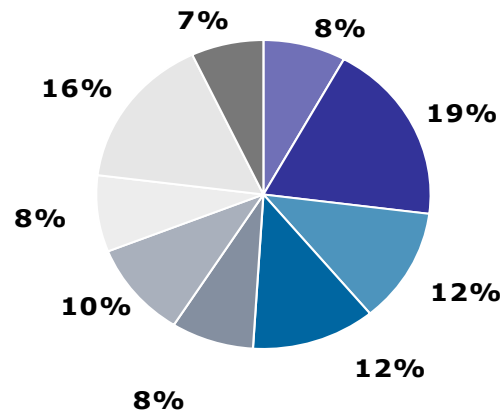
By business



- Infrastructure
- Workplace
- Network

- ▶ A pure managed services player with a large infrastructure segment

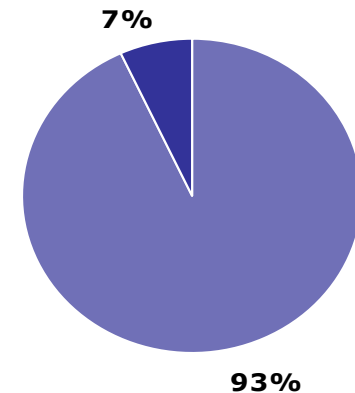
By vertical



- Manufacturing
- Retail & Consumer Products
- Healthcare
- Hospitality & Entertainment
- Energy & Logistics
- Pharma
- Public Sector
- Xerox
- Other

- ▶ A balanced portfolio
- ▶ Strong positions in Retail and Healthcare

By geography



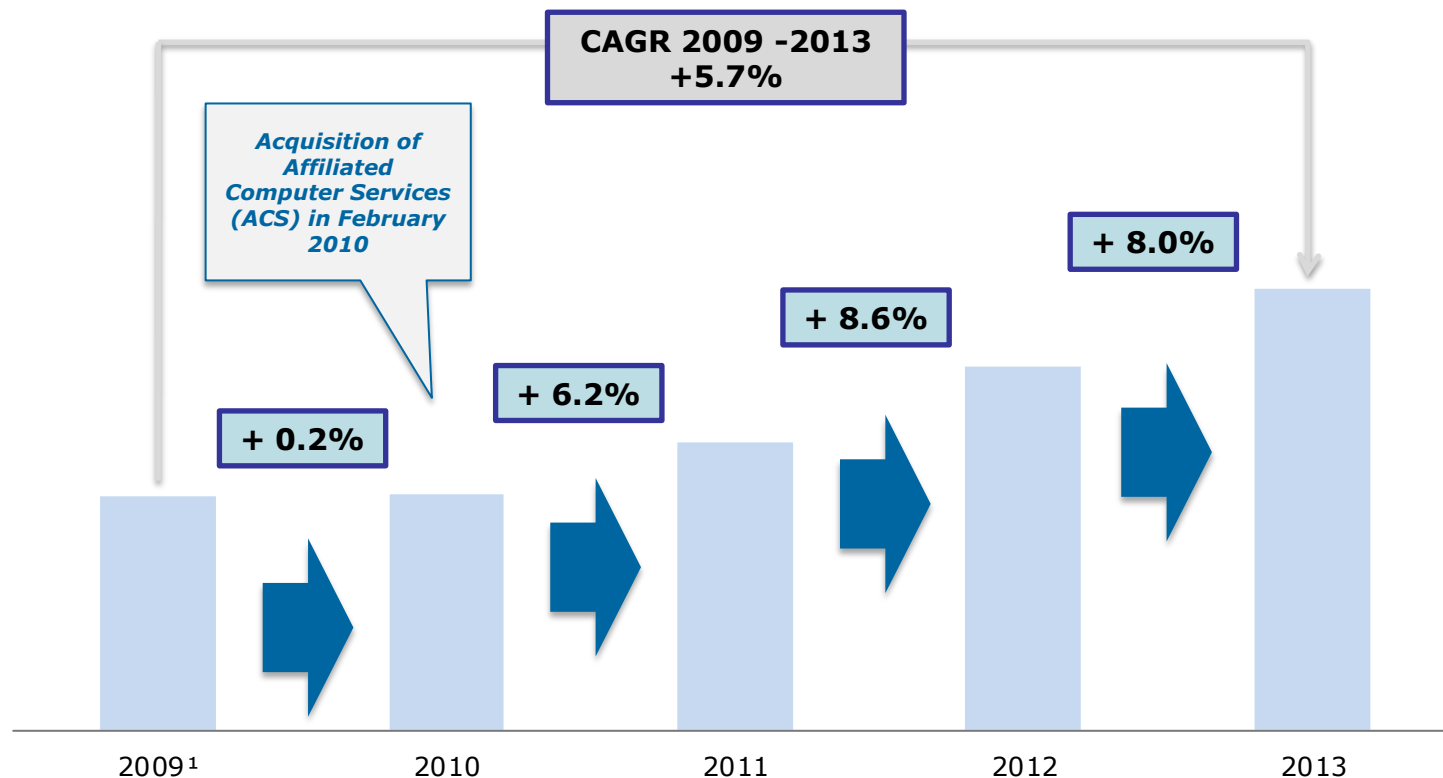
- North America
- Europe

- ▶ Majority of revenues in US
- ▶ Primarily US-based clients

Historical financial performance

Strong management track record

Historical IT outsourcing revenues in USDbn (Reported revenue)



Xerox ITO operations have posted strong growth historically with an above 5% CAGR in the last 5 years

Source: Company

(1) Pro forma of ACS

Service capabilities

Strong capabilities in infrastructure services

- ▶ **21 datacenters** in five countries with near **17,000 sqm** of raised floor

- ▶ **8 private clouds**

- ▶ **7 multi-tenant cloud hubs**

- ▶ **621,000 end-user devices** managed

- ▶ **47k MIPS** managed

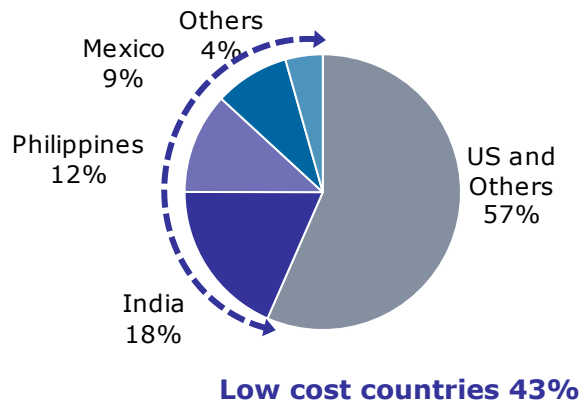
- ▶ **45,5000+ network devices** managed

Global delivery capabilities

Xerox ITO's workforce distribution enhances Atos' offshore strategy

Employee breakdown

Total FTEs: 9,800



- ▶ Near 50% of Xerox ITO's employees based in low cost countries
- ▶ Highly complementary footprint to Atos'

Note: as of 30/06/2014

(1) Including Turkey

Geographical footprint

North America

▪ FTE: 4,500

Europe

▪ FTE: 1,040
– o/w France: 40
– o/w UK & Ireland: 570
– o/w Germany: 230
– o/w Other Europe: 200

Asia

▪ FTE: 3,150
– o/w India: 1,810

Other BUs¹

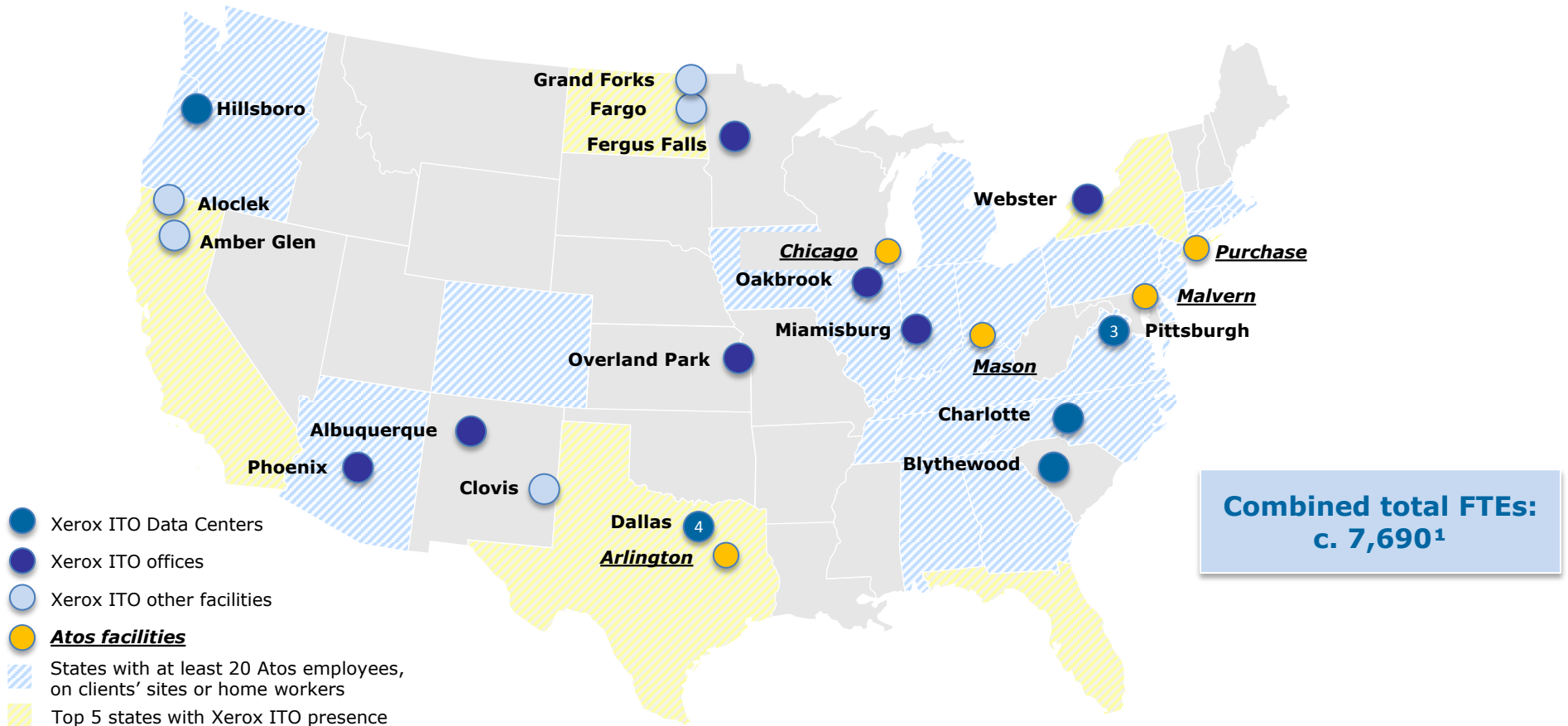
▪ FTE: 40

Latin America

▪ FTE: 1,070

US coast-to-coast footprint

Strong geographic expansion in the US thanks to complementary footprints



Complementary workforce distributions expanding Atos' reach in the US

(1) Excluding Bull (representing an additional 139 employees)

Significant revenues synergies

Over \$100m of incremental annual revenues from synergies and Xerox collaboration by 2017

1

- ▶ Selling Canopy portfolio into Xerox ITO accounts and North America to generate incremental cloud revenue

2

- ▶ Selling Systems Integration portfolio, in particular AMS, into Xerox ITO accounts, starting with Xerox, new North America logos, and CAMS

3

- ▶ Cross-fertilization opportunities from the sale of IT services to existing Xerox Business Services customers

4

- ▶ Incremental opportunities from the sale of additional IT services to Xerox Group

Additional value creation from identified cost synergies

c. \$35m annual run-rate cost synergies to be achieved by 2017

Cost synergy components

KPIs & LEAN (productivity)

- ▶ Integrate Brazil's global service delivery with Atos' delivery centers
- ▶ Align to the Atos tower model & KPIs
- ▶ Span of control

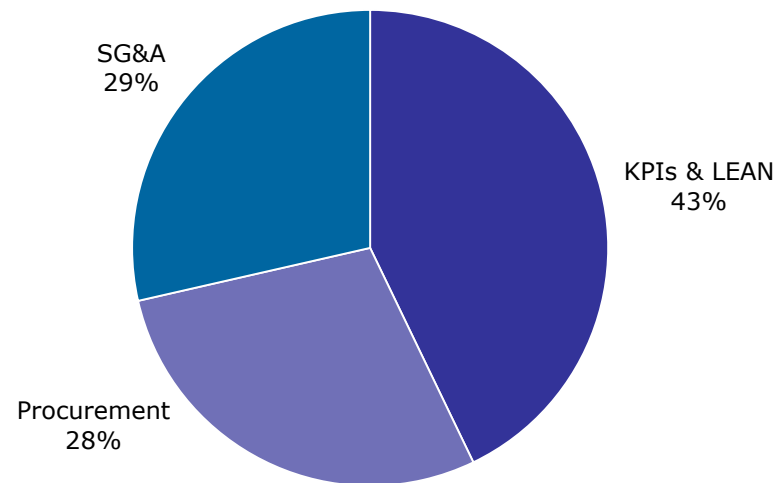
Procurement

- ▶ Purchasing synergies

SG&A

- ▶ Optimize and integrate corporate functions
- ▶ Integrate real estate footprint within the enlarged North American platform

Run-rate synergy overview¹



**c. \$35m cost synergies
annually in 2017¹**

(1) Preliminary estimate

Acquisition of Xerox's IT Outsourcing operations

A

- ▶ **Transaction highlights and strategic rationale**

B

- ▶ **Xerox ITO: a unique opportunity to acquire significant scale in the US**

C

- ▶ **Strong value creation potential and attractive financial profile**

Purchase price of \$950m with additional upfront payment of \$100m for value of section 197 deductions

Purchase Price

- ▶ Enterprise value of \$950m (8.7x OM 2014e)
- ▶ Upfront payment of \$100m as present value for the section 197 deduction
- ▶ Earn-out payment of \$50m subject to the condition of certain assets at closing

Purchase Price Adjustments

- ▶ Net financial debt
- ▶ Capital leases
- ▶ Pension liabilities (no defined benefit plan in the US)
- ▶ Net working capital normalization

Transaction structuring

Carve-out of company via a mix of asset and share deals

- 1** ▶ **Share deals in the US after carve-out of Xerox ITO assets**
- 2** ▶ **Share deals in India, Philippines and Mexico after carve-out of Xerox ITO assets**
- 3** ▶ **Share deals in UK and Germany**
- 4** ▶ **Asset deals in other jurisdictions (40), all of them representing a small portion of the business**

Indicative timeline of the transaction

- ▶ **Transaction has received the unanimous support from both Atos' and Xerox's Board of Directors**
- ▶ **Transaction expected to close by Q2 2015 after:**
 - **Completion of the carve-out of Xerox ITO**
 - **Receipt of antitrust approvals; and**
 - **Consultation of the relevant employee representative bodies**

Key dates

**December
18, 2014**

- ▶ Announcement of transaction

**End-
January
2015**

- ▶ Employee Work's Council review

**End-
February
2015**

- ▶ Anti-trust clearance

Q2 2015

- ▶ Expected closing
- ▶ Completion of carve-out of Xerox ITO

Summary key figures Xerox ITO

**Revenue:
c.\$1.5bn**

**8%
operating
margin**

**c.\$70m free
cash flow**
(estimated)

**93% of
revenue in
the US**

**9,800
employees**

**Workforce:
>40%
offshore**

Transaction key figures

**US revenue:
from \$0.8bn
to \$2.1bn**

(from 6% to 17% of
Group ER)

**Synergies/
Collaboration:**

>\$100m

(annual rev. synergies)

c.\$35m

(annual cost synergies)

**Transaction
multiples:**

x8.7 OM 2014

x4.2 OMDA 2014

EPS accretion:

10% in year 1

(estimated)

**Tax savings in
the US**

(section 197)

Deal consideration:

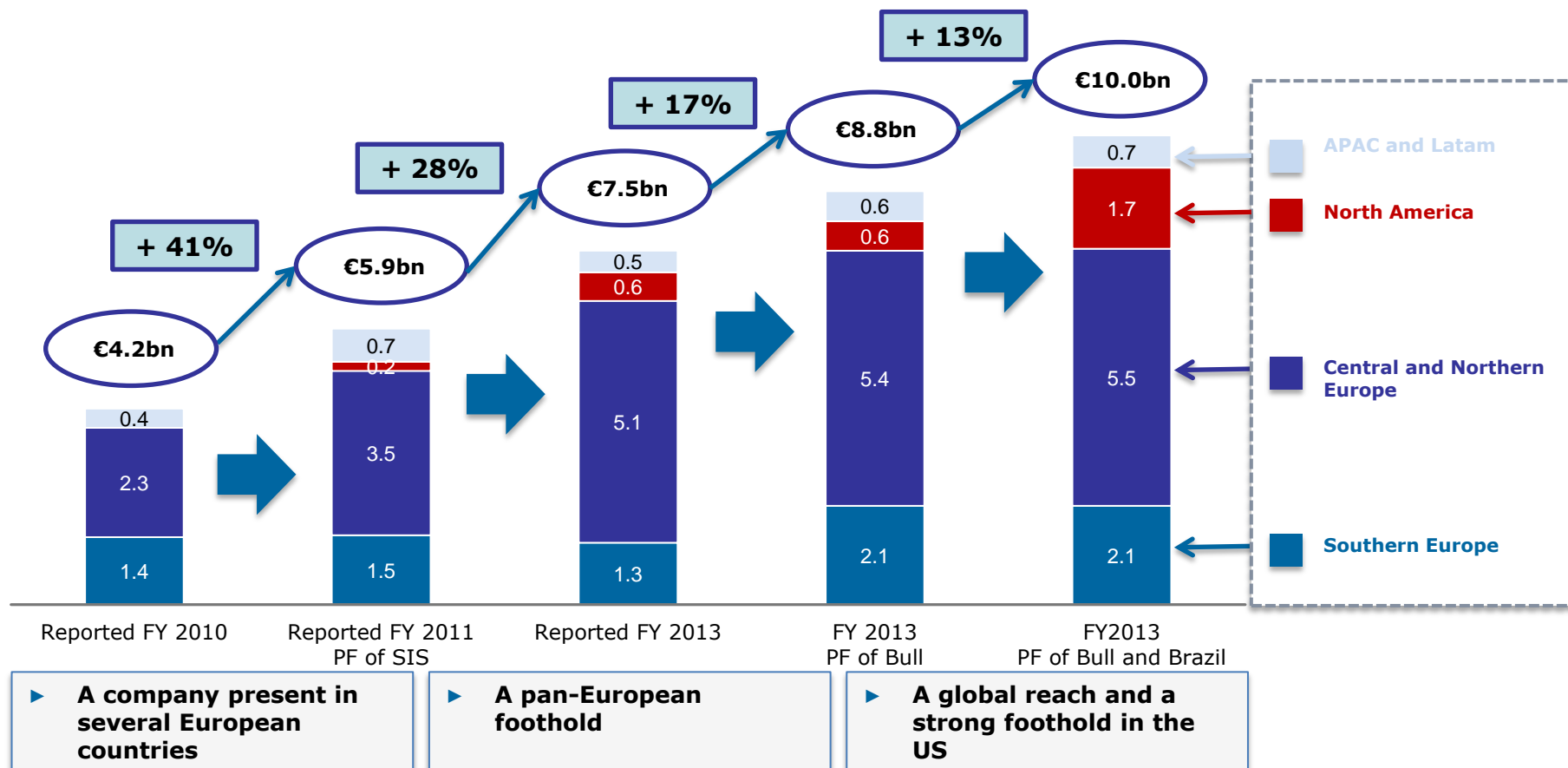
\$1,050m

(€840m)

**fully financed with
Group's resources**

A new step to expand Atos' reach and reinforce the group's ability to serve clients worldwide

Evolution of Atos IT Services revenue by geography¹



(1) Excluding Worldline

A transformational year for Atos

3 transactions matching all Ambition 2016 objectives

	Xerox ITO	Bull	Worldline
► Expand Atos foothold in the US	✓		
► Anchor Atos global leadership in Managed Services	✓	✓	
► Increasing Cloud position	✓	✓	
► Reinforce growth and profitability in Systems Integration		✓	
► Grow through customer focus, new offerings & partnerships	✓	✓	
► Provide strategic flexibility to Worldline to anchor its leadership in Payments			✓

From Questions to Answers

Thank you

Atos, the Atos logo, Atos Consulting, Atos Worldline, Atos Sphere, Atos Cloud and Atos WorldGrid are registered trademarks of Atos SE. June 2011

© 2011 Atos. Confidential information owned by Atos, to be used by the recipient only. This document, or any part of it, may not be reproduced, copied, circulated and/or distributed nor quoted without prior written approval from Atos.
