Q3 2020 results

Bezons
October 22, 2020
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 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on March 3, 2020 under the registration number D.20-0096 and the Amendment to the 2019 Universal Registration Document filed with the AMF on July 30, 2020 under number D.20-0096-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.


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

1. Q3 2020 highlights
2. Q3 2020 performance
3. Conclusion and Q&A
Q3 2020 highlights

Elie Girard
Chief Executive Officer
## Q3 2020 HIGHLIGHTS

<table>
<thead>
<tr>
<th><strong>Record high commercial activity</strong></th>
<th><strong>Spring implementation</strong></th>
<th><strong>Cost and cash actions on track</strong></th>
<th><strong>Pioneering in all dimensions</strong></th>
<th><strong>3 new acquisitions in Cybersecurity and Digital announced today</strong></th>
</tr>
</thead>
</table>
| Increased digital content of Sales | Step 2 set up in July well on track | Both on personnel and non personnel costs | CSR  
People skilling acceleration  
Triple A by MSCI  
Platinum by EcoVadis | **eagle creek software services**  
**edifixio**  
**SEC Consult** |
| +20% Order Entry yoy at cc | Step 3 (final) being prepared (practices implementation) for Jan 2021 | Tight working capital management | **Decarbonization offerings** | **Atos** |
| +25% Pipeline yoy at cc | | | **Technology**  
HPC / Quantum  
Multi-Cloud / Gaïa-X | |
| Topline recovery confirmed | | | | |
Q3 2020 FINANCIAL KEY FIGURES

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Change</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue at constant currency</td>
<td>€2,644 m</td>
<td>-2.5%</td>
<td></td>
</tr>
<tr>
<td>Revenue organic evolution</td>
<td>-3.5%</td>
<td>vs -4.8% in Q2 2020</td>
<td></td>
</tr>
<tr>
<td>Book to bill</td>
<td>124%</td>
<td>vs 100% in Q3 2019</td>
<td></td>
</tr>
<tr>
<td>Order entry</td>
<td>€3,277 m</td>
<td>+20% yoy at constant currency</td>
<td></td>
</tr>
<tr>
<td>Backlog</td>
<td>€23.0 bn</td>
<td>+9% yoy at constant currency 2.0 years of revenue</td>
<td></td>
</tr>
<tr>
<td>Weighted pipeline</td>
<td>€9.0 bn</td>
<td>+25% yoy at constant currency</td>
<td></td>
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</tbody>
</table>

* excl. Siemens renewal and expansion signed in Sept for €3bn over 5 years
<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>FINANCIAL SERVICES &amp; INSURANCE</th>
<th>PUBLIC SECTOR &amp; DEFENSE</th>
<th>TELECOM, MEDIA &amp; TECHNOLOGY</th>
<th>RESOURCES &amp; SERVICES</th>
<th>HEALTHCARE &amp; LIFE SCIENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A large US manufacturer of vertical transportation</strong></td>
<td><strong>Willis Towers Watson</strong></td>
<td><strong>A large Canadian Financial services company</strong></td>
<td><strong>H. U. Linköping University</strong></td>
<td><strong>pwc</strong></td>
<td><strong>A large US hospital chain</strong></td>
</tr>
<tr>
<td>Digital Workplace</td>
<td>Cloud and Digital Workplace, Application Modernization (Syntel synergy)</td>
<td>Application Management</td>
<td>Sweden’s largest supercomputer for AI</td>
<td>Migration of business critical Applications to a secure Hybrid Cloud Digital Workplace (DLA contract)</td>
<td>Decarbonized digital solution to help achieving carbon-neutral factory</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Application Development, Cloud, Digital Transformation</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Security solutions</td>
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</tbody>
</table>
### MAIN CUSTOMER DEMANDS IN THE PIPELINE

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>FINANCIAL SERVICES &amp; INSURANCE</th>
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<th>RESOURCES &amp; SERVICES</th>
<th>HEALTHCARE &amp; LIFE SCIENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration to the Cloud, Digital Workplace</td>
<td>Fintechs</td>
<td>Big Data</td>
<td>BSS/OSS transformation in preparation for 5G</td>
<td>Decentralization of production both in Energy and Retail (Edge)</td>
<td>Acceleration of outsourcing and end to end Infrastructure / Applications</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>Migration of Workloads and Applications to the Cloud, Application Modernization</td>
<td>Cybersecurity</td>
<td>Digital Twin solutions</td>
<td>Remote care services</td>
<td></td>
</tr>
<tr>
<td>SAP Hana Operations</td>
<td>Automation and Machine Learning</td>
<td>Digital operations and transformation</td>
<td>Applications moving to Cloud</td>
<td>Digitization through Automation and Multisided Platforms</td>
<td></td>
</tr>
<tr>
<td>Efficiency, Automation, and Process Excellence</td>
<td>Digital Workplace</td>
<td>Technology independence</td>
<td>Datacenter consolidation, Hybrid Cloud, Bare Metal services for Applications requesting SLA</td>
<td>Decarbonization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cybersecurity</td>
<td></td>
<td></td>
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PIONEERING IN CORPORATE SOCIAL RESPONSIBILITY

**ACTIONS**

- People digital certification acceleration: +74% yoy
- Internal First: 83% filling demand through internally certified engineers
- New Flexible Work concept for the new normal
- Internal Carbon Pricing introduced
- AGM called on October 27 to submit Atos ambition and strategy to shareholders

**AWARDS**

- MSCI AAA
- ecovadis Sustainability Rating: Top 1%
## Pioneering in Decarbonization Offerings

### Q3 Achievements

- Delivering a carbon-neutral digital factory
- Optimizing energy efficiency and leakage detection through AI
- Reducing carbon footprint on all services (Decarbonization Level Agreement)
- Developing a data exchange and energy redispach platform
- Acquisition of EcoAct
- Creation of an open ecosystem of Decarbonization partners (Global Alliances and start-ups)

### Q4 Perspectives

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Achievements</td>
<td>Q4 Perspectives</td>
</tr>
<tr>
<td></td>
<td>&gt;50 M€</td>
</tr>
<tr>
<td>Decarbonization pipeline for Q4 only</td>
<td>43</td>
</tr>
<tr>
<td>Decarbonization Assessments in pipeline for Q4</td>
<td>200</td>
</tr>
<tr>
<td>Client Innovation Workshops in Q4 incl. Decarbonization</td>
<td>127</td>
</tr>
<tr>
<td>Climate experts from EcoAct joining Atos Decarbonization Center of Excellence</td>
<td></td>
</tr>
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</table>

Q3 Achievements:
- Reducing carbon footprint on all services
- Developing a data exchange and energy redispach platform
- Acquisition of EcoAct
- Creation of an open ecosystem of Decarbonization partners

Q4 Perspectives:
- Decarbonization pipeline for Q4
- Decarbonization Assessments in pipeline for Q4
- Client Innovation Workshops in Q4
- Climate experts from EcoAct joining Atos Decarbonization Center of Excellence
### PIONEERING IN TECHNOLOGY BUSINESS

#### Leading position in High Performance Computing - HPC
- **Only** large scale European HPC player
- Best in-class **Green** HPC servers
- Continuous **market share gains** worldwide

#### Leading position in Quantum Computing platforms
- **Quantum Learning Machine** (quantum simulator) sold to:
  - TOTAL
  - Argonne National Laboratory
  - Oak Ridge National Laboratory
  - Bayer
  - Jülich Forschungszentrum
  - Centre for Development of Advanced Computing (C-DAC), Pune
- **Most powerful Quantum Programming Platform** in the world with a simulation capability of 41 qubits
- **First applications** by end of 2020
- Building **Quantum Accelerator** by 2023

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Atos ideally positioned to lead the effort on High Performance & Quantum Computing in the context of vast European plans.
### 2020 OBJECTIVES CONFIRMED

<p>| | |</p>
<table>
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<tr>
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<tbody>
<tr>
<td><strong>Revenue organic evolution</strong></td>
<td>-2% to -4%</td>
</tr>
<tr>
<td><strong>Operating margin rate in % of revenue</strong></td>
<td>9.0% to 9.5%</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>€500m to €600m</td>
</tr>
</tbody>
</table>
Financial performance

Uwe Stelter
Chief Financial Officer
CONSTANT SCOPE AND EXCHANGE RATES FIGURES RECONCILIATION

**Exchange rate effects:** mainly negative impact of both the US Dollar and Brazilian Real

**Scope effects:** acquisitions of Maven Wave, Miner & Kasch, IDnomic, X-PERION, and Alia Consulting, and the disposal of some specific Unified Communication & Collaboration activities

<table>
<thead>
<tr>
<th>In € million</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory revenue</td>
<td>2,644</td>
<td>2,770</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Exchange rates effect</td>
<td></td>
<td>-57</td>
<td></td>
</tr>
<tr>
<td>Revenue at constant exchange rates</td>
<td>2,644</td>
<td>2,712</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Scope effect</td>
<td></td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Exchange rates effect on acquired/disposed perimeters</td>
<td></td>
<td>-1</td>
<td></td>
</tr>
<tr>
<td>Revenue at constant scope and exchange rates</td>
<td>2,644</td>
<td>2,740</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>
Q3 2020 PERFORMANCE BY INDUSTRY

- Manufacturing impacted in Automotive and Aerospace
- Financial Services & Insurance supported by a good performance in Southern Europe and Central Europe
- Strong growth in Public Sector & Defense in most of the geographies
- Resources & Services impacted by Retail and Transportation in North America

### Revenue

<table>
<thead>
<tr>
<th>In € million</th>
<th>Q3 2020</th>
<th>Q3 2019*</th>
<th>Organic evolution</th>
<th>Constant currency evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>469</td>
<td>537</td>
<td>-12.8%</td>
<td>-12.0%</td>
</tr>
<tr>
<td>Financial Services &amp; Insurance</td>
<td>506</td>
<td>520</td>
<td>-2.6%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Public Sector &amp; Defense</td>
<td>618</td>
<td>546</td>
<td>+13.0%</td>
<td>+13.0%</td>
</tr>
<tr>
<td>Telecom, Media &amp; Technology</td>
<td>359</td>
<td>377</td>
<td>-4.8%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Resources &amp; Services</td>
<td>376</td>
<td>449</td>
<td>-16.3%</td>
<td>-15.5%</td>
</tr>
<tr>
<td>Healthcare &amp; Life Sciences</td>
<td>317</td>
<td>310</td>
<td>+2.2%</td>
<td>+2.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,644</strong></td>
<td><strong>2,740</strong></td>
<td><strong>-3.5%</strong></td>
<td><strong>-2.5%</strong></td>
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*At constant scope and exchange rates
Q3 2020 PERFORMANCE BY REGIONAL BUSINESS UNIT

- North America recorded strong growth in Cloud but impacted by Retail and Transportation reductions
- Northern Europe performance led by Telecom, Media & Technology and Public Sector & Defense
- Central Europe and Southern Europe faced project reductions in Manufacturing
- Growing Markets resilient

<table>
<thead>
<tr>
<th></th>
<th>Q3 2020</th>
<th>Q3 2019*</th>
<th>Organic evolution</th>
<th>Constant currency evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>629</td>
<td>678</td>
<td>-7.2%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Northern Europe</td>
<td>675</td>
<td>650</td>
<td>+3.8%</td>
<td>+4.3%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>630</td>
<td>673</td>
<td>-6.3%</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>517</td>
<td>548</td>
<td>-5.5%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Growing Markets</td>
<td>192</td>
<td>192</td>
<td>+0.2%</td>
<td>-4.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,644</strong></td>
<td><strong>2,740</strong></td>
<td><strong>-3.5%</strong></td>
<td><strong>-2.5%</strong></td>
</tr>
</tbody>
</table>

* At constant scope and exchange rates
Q3 2020 PERFORMANCE BY DIVISION

- Infrastructure & Data Management recorded strong momentum in Digital Workplace and Cloud
- Gradual recovery of Business & Platform Solutions from Q2
- Strong growth maintained both in Big Data and Cybersecurity

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Q3 2020</th>
<th>Q3 2019*</th>
<th>Organic evolution</th>
<th>Constant currency evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>In € million</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure &amp; Data Management</td>
<td>1,479</td>
<td>1,523</td>
<td>-2.9%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Business &amp; Platform Solutions</td>
<td>901</td>
<td>989</td>
<td>-8.9%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Big Data &amp; Cybersecurity</td>
<td>265</td>
<td>228</td>
<td>+16.1%</td>
<td>+19.2%</td>
</tr>
<tr>
<td>Total</td>
<td>2,644</td>
<td>2,740</td>
<td>-3.5%</td>
<td>-2.5%</td>
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</tbody>
</table>

* At constant scope and exchange rates
REVENUE PROFILE IS CHANGING TOWARDS MID-TERM TARGET
45% IN CLOUD, DIGITAL, SECURITY & DECARBONIZATION

**CLOUD**
- Full stack
- Orchestration
- Transformation and Apps Modernization
- Bare Metal aaS

**DIGITAL**
- Digital Industry Platforms
- Business Critical Applications
- Customer Experience
- Employee Experience

**SECURITY**
- Leveraging Digital & Security needs
- Industry-driven decentralized data security
- Extending go-to-market

**DECARBONIZATION**
- Decarbonization Level Agreement (DLA) offerings
- Digitalization of carbon intensive business processes
- Industry best-in-class high-performance computers

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**45% Q3 2020**

**65% Mid-Term**

**40% 2019**

**in % of Group revenue**
M&A: 9 TRANSACTIONS SINCE JAN 2020

- Cloud
- AI and Machine Learning
- SAP for Energy & Utilities
- Cyber and IoT Security
- Managed Detection & Response
- Cybersecurity
- Decarbonization
- Salesforce
- Salesforce and Cloud
- Cybersecurity Consulting

EXPERTS: c. 2,400
ANNUAL REVENUE: c. €300m
**FOLLOW UP OF SYNTEL SYNERGIES GENERATION**

- **Q3 Revenue Synergies**
  - 46 Deals > **€1M** closed in Q3.
  - Pipeline opportunities of **€1.4Bn**
  - Leveraging both Atos and Syntel portfolios
  - Combined solutions to capture end to end digital transformation projects

- **Q3 Operations Highlight**
  - Positive **Customer Satisfaction trend**: Net Promoter Score at **69%**
  - Strong **Project and Operating Margin performance** across Wave and Legacy business

**Q3 2020 Win Highlights**

- **Willis Towers Watson**
  - Cloud and Digital Workplace, Application Modernization

- **A major Hospital Trust**
  - Digital Workplace, Applications Management, Cloud and Cybersecurity

- **A major Healthcare Provider**
  - Application Development & Modernization in North America

- **A global logistics major**
  - Large scale digital transformation for European customer facing applications
### FOLLOW UP COST AND CASH ACTIONS

#### COST CONTAINMENT
**ON TRACK**

- Further subcontractor reduction by -13% since beginning of H2
- Own staff costs down -6% in Q3 yoy
- Travel costs continue to be -75% below last year
- Rent, Marketing and other non personnel costs down -5% Q3 yoy
- Third party component purchases in line with Big Data sales

**Operating margin rate between 9.0% to 9.5% of revenue confirmed**

#### CASH ACTIONS
**ON TRACK**

- Invoicing since beginning of H2 above last year
- Large Big Data project completions lined up for Q4 cash-in
- Overdues end of Q3 down -15% yoy
- Supplier payment peak of H1 already partly recovered in Q3
- Pension & cost of debt reduction completed

**FCF between €500m and €600m confirmed**
Q3 2020 HEADCOUNT EVOLUTION

-3.4% excl. scope effect

Headcount as of 31/12/19: 108,317

Scope +350

Hiring +9,859

Leavers -8,748

Restructuring & dismissals -4,763

Headcount as of 30/09/20: 105,015
Conclusion

Elie Girard
Chief Executive Officer
MAIN PRIORITIES IN Q4 2020

Industrialize high level of commercial activity

Focus on completing the €400m cost program and on Free Cash Flow generation

Complete Spring step 3 preparation

Pursue Bolt-on and Cybersecurity acquisitions

Delivering 2020 objectives and preparing the return to growth in 2021, on track towards our mid-term targets
Thank YOU