

2016

Investor Day

Atos' Headquarters, Bezons
November 08, 2016

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 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2016 under the registration number: D.16-0300 and its update filed with the Autorité des Marchés Financiers (AMF) on August 4, 2016 under the registration number: D.16-0300. 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. Operating margin is presented as defined in the 2015 Registration Document.
- ▶ Business Units include **Germany, France, United-Kingdom & Ireland, Benelux & The Nordics** (BTN: The Netherlands, Belgium, Luxembourg, Denmark, Finland, Sweden, and Estonia), **Worldline, North America** (NAM: USA, Canada, and Mexico), and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Switzerland and Turkey), Iberia (Spain, Portugal, and Andorra), Asia-Pacific (APAC: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand), South America (SAM: Brazil, Argentina, Colombia, Chile, Guatemala, Jamaica, Peru, and Uruguay), India, Middle East & Africa (IMEA: Algeria, Benin, Burkina Faso, Egypt, Gabon, Israel, India, Ivory Coast, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Saudi Arabia, Senegal, South Africa and UAE), Major Events, and Cloud & Enterprise Software.
- ▶ Atos decided, as early as the acquisition date, to retain only part of the activity of Unify. As a result, the Software & Platforms (S&P) business, along with the customers and the countries that were planned to be managed through indirect channels, have been accounted for as discontinued operations and are in the process of being physically carved-out to facilitate the disposal of this activity. Therefore, the 2016 and 2015 pro forma consolidated external revenue and operating margin reflect the retained scope of Unify only.



Worldline's 3-year plan

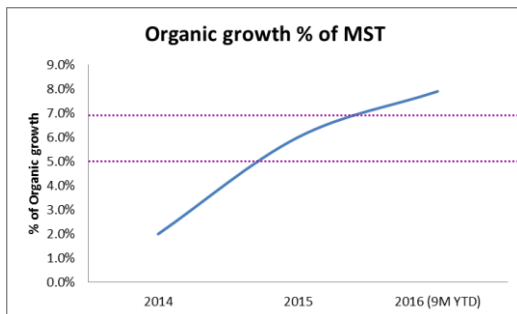
Gilles Grapinet
Atos SEVP & Worldline CEO

Organic growth acceleration since the 2014 IPO⁽¹⁾

Acceleration
of revenue
Organic
growth

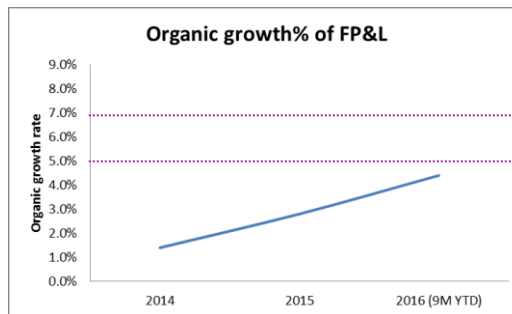
Merchant Services & Terminals

From 2.0% in 2014 to 7.9% in
2016 (9M YTD)



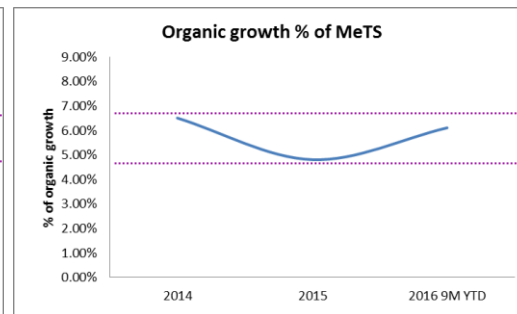
Financial Processing & Software Licensing

From 1.4% in 2014 to 4.4%
in 2016 (9M YTD)



Mobility & e-Transactionnal Services

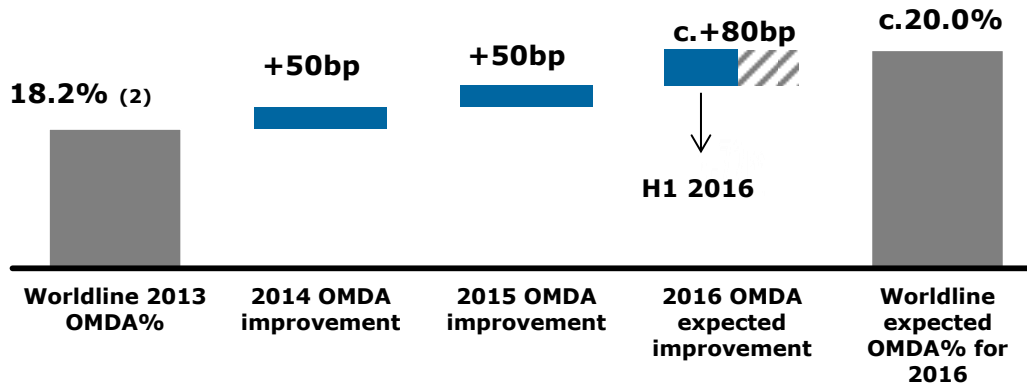
Consistant 5% to 6+%
performance, excluding French
Radar contribution⁽²⁾



Worldline growth pattern in line and supporting
the **5% to 7% ambition**

On track to deliver the 2017 IPO objectives for OMDA improvement and free cash flow ⁽¹⁾

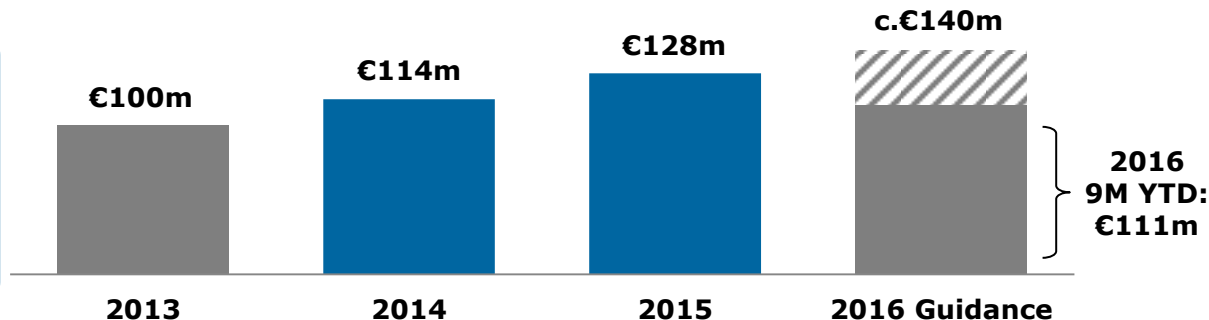
**Steady
OMDA
improvement**



Reminder:

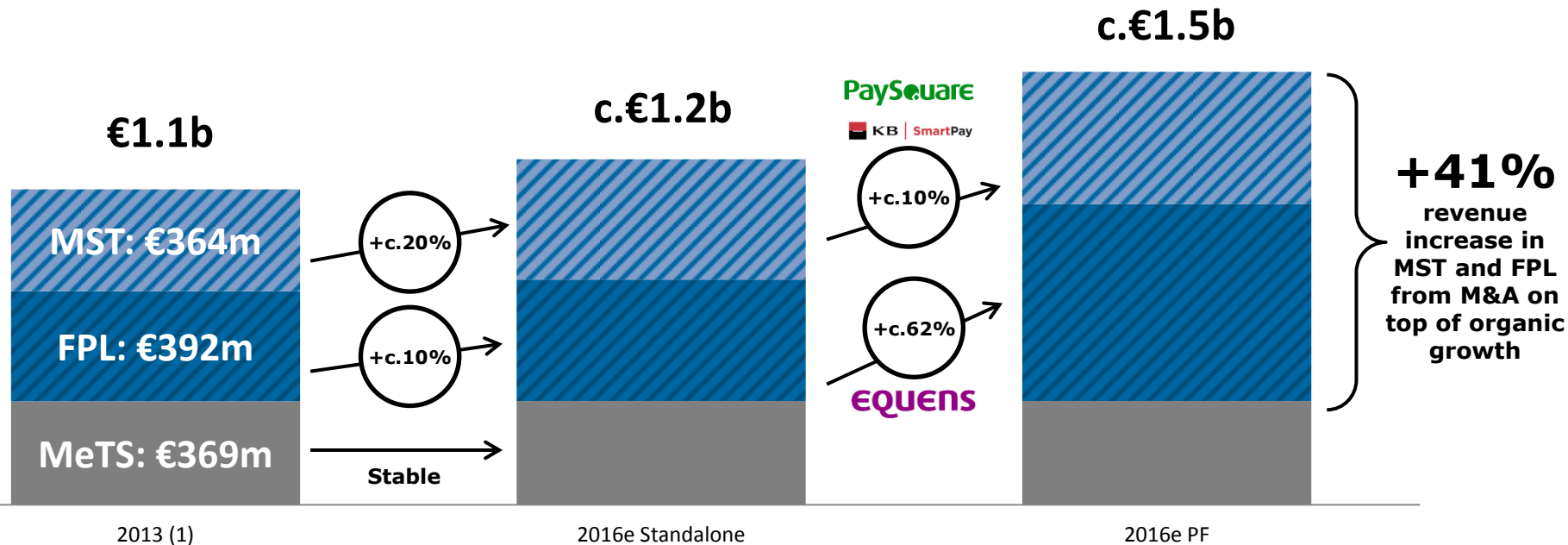
**IPO 2017
objective
c.+250bp**

**Regular
Increase
of Free cash
Flow**



**IPO 2017
objective
c.€180m**

+41% revenue increase in Merchant Services and Financial Processing from M&A since 2013





Regulation



Volume growth

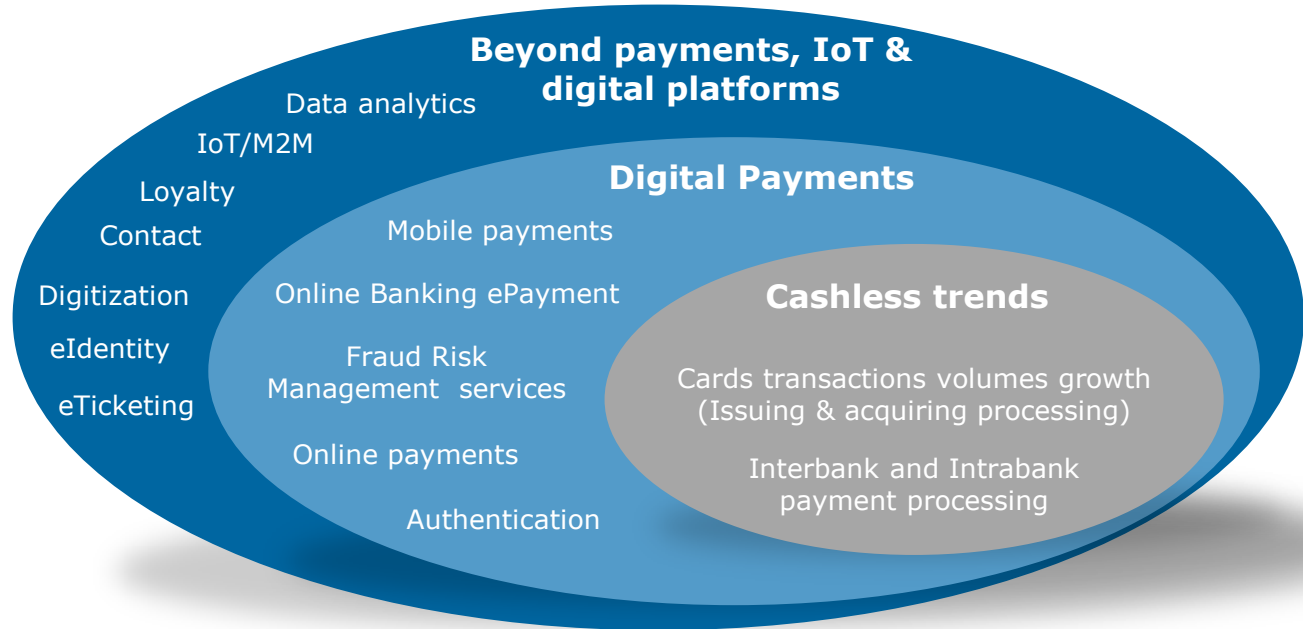


Innovation



New banking strategies

Worldline benefits from the strong positive momentum of the European payment market



4 Key Strategic Axis 2017-2019

Worldline key strengths		Strategic Axis
Size & scope	<ul style="list-style-type: none"> • Largest PSP in Europe • Leader in key markets • Unique pan-European reach 	Financial Processing <ul style="list-style-type: none"> • Deliver the massive industrial synergies with equensWorldline • Take further advantage of our European leadership in Financial Processing services
Portfolio	<ul style="list-style-type: none"> • Widest payment value chain coverage • Technology DNA and track-record on next-gen platforms • Strong and diversified customer base 	Merchant Services Expand strongly our Pan-European platform for Omni-commerce Merchant Services
European DNA	<ul style="list-style-type: none"> • European payment industry intimacy • Attractive financial profile 	Mobility & e-Transaction <ul style="list-style-type: none"> • Focus on IoT and e-Platforms trends leveraging MeTS & Payments
		<ul style="list-style-type: none"> • Accelerate European payments industry consolidation

2017-2019 objectives

Revenue Organic Growth

After H1 2017 at a slight positive growth, **5% to 7% CAGR**

OMDA %

+350bp to +400bp margin improvement
in **2019 vs 2016** ⁽¹⁾

Free cash flow

€210m to €230m in **2019**, representing **over +50% increase**
compared with **2016 objective**

(1): c.18.5% OMDA margin, 2016 Pro Forma best estimate, before finalization of pro forma methodology review



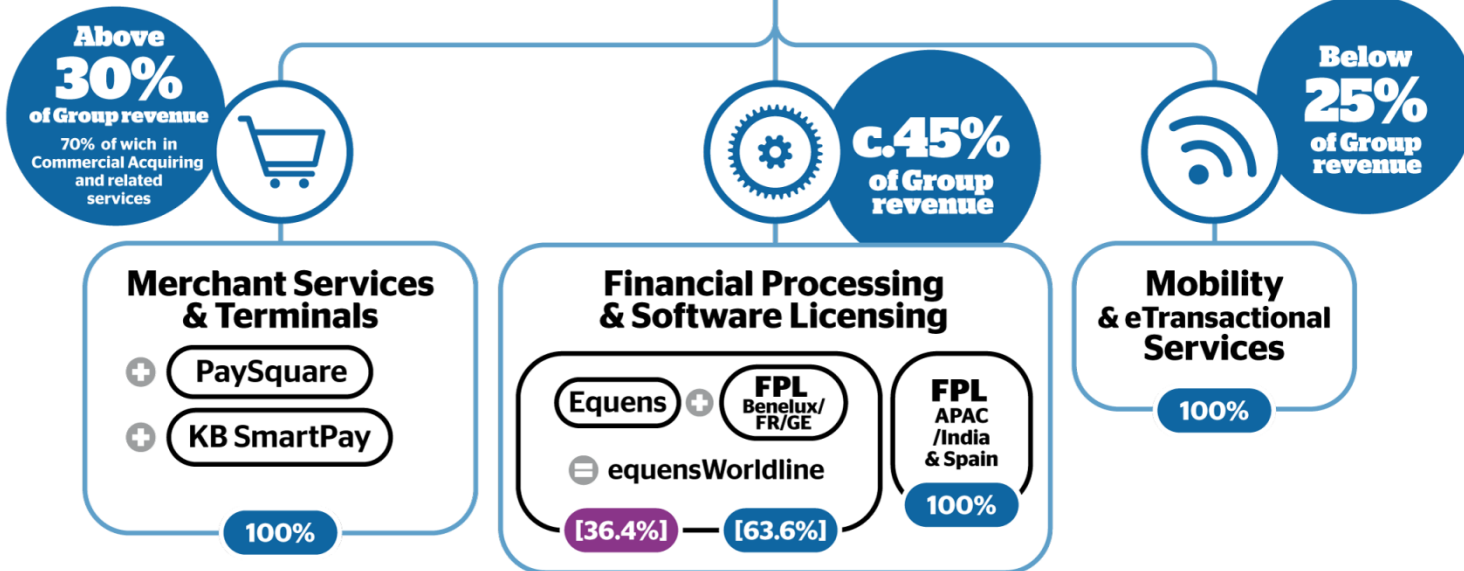
2019 Business development ambitions

Marc-Henri Desportes
General Manager

The new Worldline Group

worldline
e-payment services

**>€1.5bn
revenue**



Payment Market continues to experience solid volume growth and outsourcing forces

e-payment trends

- **Consistent growth in card payments volume in Western Europe as well as in CEE/Asia**
- Technological pressure and **diversification of payment means** (e.g. instant payments)
- **PSD 2 disruption** in Europe

For merchants

- Solutions with **European reach**
- **Omni-channel**
- **Technological** innovations
- **Payment means diversity**

For banks

- Banks payments in a **squeeze**: rising compliance costs and price pressure
- **Strategic dilemma around PSD2**
- Expected increase of **divestments / partnerships**
- Will to **focus on digital strategy** and **differentiating** offers / solutions

equensWorldline : result of joining forces

Industry's largest transaction processing company in Europe



3,000+
Talents



Office locations in
8 European Countries



250+
Banking clients

c.100 million



Cards under management

c.10 billion



Payment transfers processed per year

c.7.5 billion

POS and ATM transactions
processed per year



- **equensWorldline** under the leadership of Michael Steinbach (former Equens CEO), **leveraging the biggest scale** in Europe
- **Atos and Worldline integration know-how** to drive synergies execution
- Scale and mix **best fit to answer banks outsourcing dilemma**
- **Worldline innovation focus** to be leveraged on a wider base

equensWorldline synergy plan confirming targets with visibility of further upsides

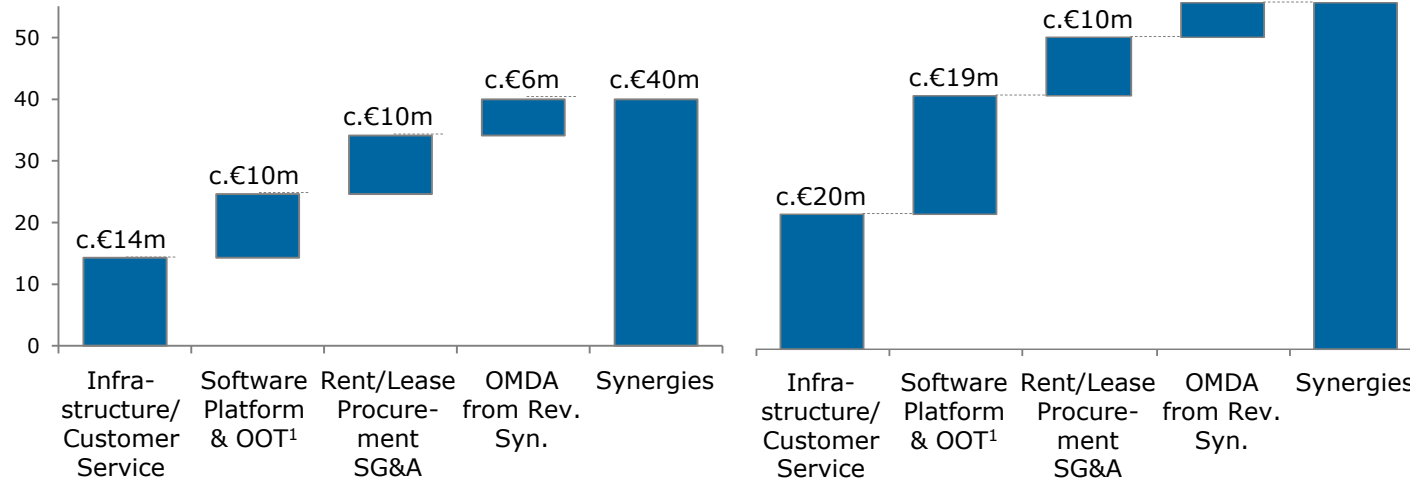
Impact of synergies

Comments

2018

Outlook 2021 (for information)

OMDA run-rate impact in €m



- **€40m of OMDA** savings expected in 2018
- Synergy **implementation costs** estimated at c. € 40m from 2016 to 2018
- **Additional run-rate synergies** expected until 2021, in **total c.€ 55m p.a**

1. OOT = Other operational topics

All integration streams in place with a clear roadmap confirming synergy targets both for 2017-2018 and for further upsides linked to application greater convergence

Worldline: the European partner for merchant services

Products

- **Wider portfolio** of products and services
- Unmatched capability to **serve specific needs of major brands**

Operations

- **Leverage the capabilities** of the biggest European Financial Processor

Organization

- New organization headed by Vincent Roland, with **global operations** to drive international expansion

International go-to-market

- **New enlarged footprint for *acquiring*** in the North/Centre of Europe
- Focus on **international expansion**



Absolute ambition to become the market leader in Merchant Services

Strong focus in Mobility & e-Transactional Services to take advantage of robust market trends

Strong momentum of business fundamentals in 3 verticals and 1 transversal :

- **Manufacturing & Insurance:** Connected Living, Analytics & Payment
- **Transport & Public:** e-Ticketing, Analytics & Payment; seamless transport payment
- **Public & Health:** Trusted Digitization
- **Worldline Contact**, omni-channel solution in the cloud (multi sectors)

Leverage global footprint to pursue international roll-out of key offerings (e.g. Connected Living)

Take advantage of the continuously expanding Atos customer base

Supporting customer strategic business transformation powered by connectivity and new digital services

Asian operations development model to further foster the growth trends of the Group

	Current business	Engaged developments
FPL	<ul style="list-style-type: none">• Strong License/maintenance APAC position	<ul style="list-style-type: none">• Push global products portfolio<ul style="list-style-type: none">• Peripheral modules (fraud...)• Transition to non-mainframe solutions• Continue to support evolution to processing contracts
	<ul style="list-style-type: none">• Very dynamic Sout-east Asia processing	
MS	<ul style="list-style-type: none">• Banking alliances in India	<ul style="list-style-type: none">• Consider huge potential for bank alliances in full region
MTS	<ul style="list-style-type: none">• First Connected living contract	<ul style="list-style-type: none">• Continue to leverage global brand client connection

+c.25% in India and APAC between 2013 and 2016,
New developments engaged to continue growing the solid regional footprint

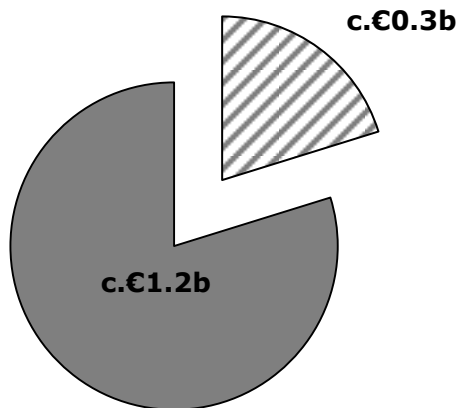


2019 Financial ambition

Eric Heurtaux
Chief Financial Officer⁽¹⁾

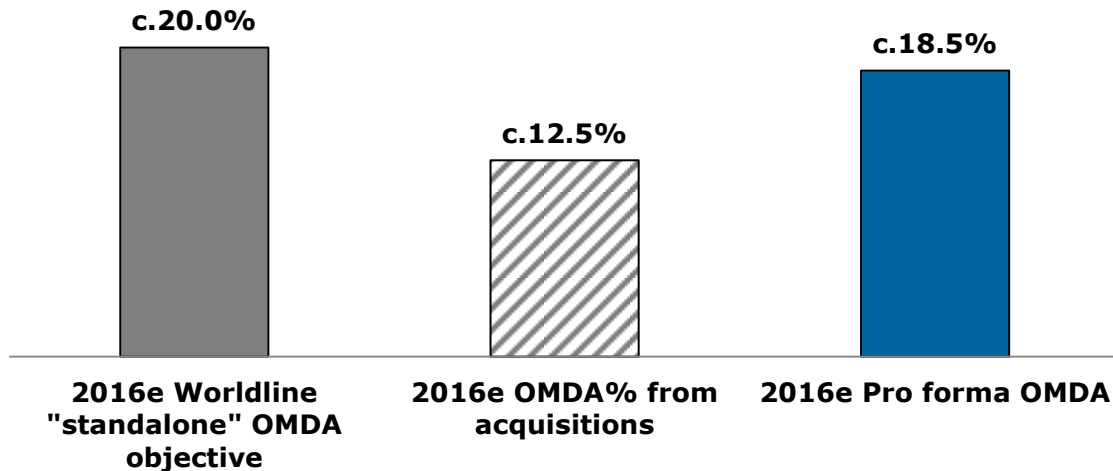
2016 Best estimate pro forma revenue and OMDA ⁽¹⁾

Worldline 2016 best estimate pro forma revenue



- ▨ 2016e revenue from acquisitions
- 2016e Worldline "standalone" revenue

Worldline 2016 best estimate pro forma OMDA%



c.€40m of run-rate synergies on OMDA expected in 2018 with Equens, of which 50% in 2017

(1): Pro forma as if Equens, Paysquare and KB Smartpay were consolidated for 12 months, from January 1, 2016
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Main 2017 – 2019 revenue growth drivers

	Trends	Revenue
MST	<ul style="list-style-type: none">• Fast volume growth in electronic payment conversion• Geographic expansion in higher growth geographical areas (Germany, CEE)• Omni-channel product portfolio	<ul style="list-style-type: none">• Thanks to Paysquare and KB Smartpay, increased geographical diversification• Mid- to high- single digit growth rate
FPL	<ul style="list-style-type: none">• Structural volume growth• Growing demand for innovation and payment security• Cross selling opportunities between Equens and Worldline	<ul style="list-style-type: none">• Equens accelerating to reach Worldline's FPL average growth rate• Close to mid-single digit growth rate
MeTS	<ul style="list-style-type: none">• Booming market for secured digital transactions• Highly secured solutions for IoT and connected objects	<ul style="list-style-type: none">• Current growth supported by strong pipeline• Overall MeTS growth rate within average of the Group over the period

Worldline's 2017 - 2019 objective: Between 5% and 7% CAGR ⁽¹⁾

Main 2017 – 2019 OMDA improvement drivers

	Trends	OMDA
MST	<ul style="list-style-type: none">• Acquisitions to gradually reach rest of MST profitability thanks to synergies starting in 2017	<ul style="list-style-type: none">• Low twenties OMDA%
FPL	<ul style="list-style-type: none">• equensWorldline: c.€40m OMDA run-rate synergies in 2018, of which 50% in 2017• Synergy implementation costs estimated at c. € 40 million from 2016 to 2018	<ul style="list-style-type: none">• From low twenties in 2016e• To high twenties in 2019e
MeTS	<ul style="list-style-type: none">• Gradual benefit from increased volumes on maturing platforms	<ul style="list-style-type: none">• Mid-teens OMDA%, improving over the period
+350bp to +400bp OMDA margin in 2019 vs 2016 ⁽¹⁾		

Free cash flow main assumptions

Capex

- **6% and 7%** of revenue **in 2017**
- **5% to 6%** of revenue **from 2018**

Change in working capital

- Assumption: slight contribution

Reminder : Q4 2016 to H2 2018 equensWorldline transformation costs

- To generate the c.€40 million of run-rate OMDA synergies, est. **c.€40 million transformation costs** from Q4 2016 to end of 2018 at the latest

Tax rate

- Ambition to improve slightly current tax rate levels over the period

€210m
to **€230m**
in **2019,**

representing
over +50%
increase
compared
with **2016**
objectives

Financing of acquisitions

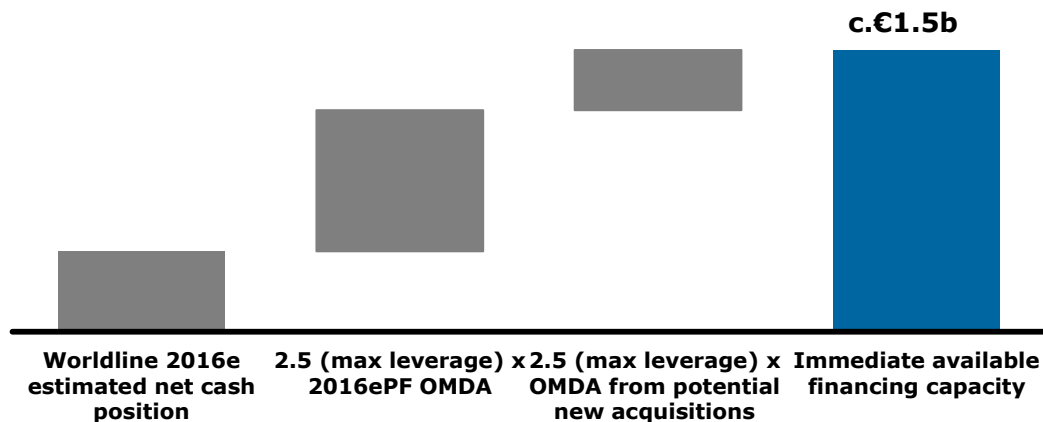
Acquisitions

Confirmation of **financial policy**: Mid-term leverage target of **1.5x to 2.5x net debt/EBITDA**

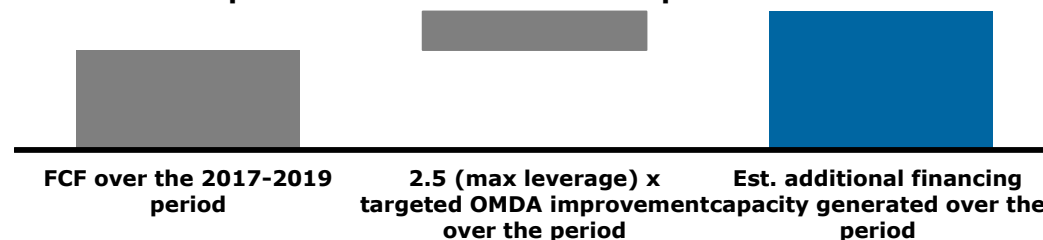


Estimated **M&A firepower** of up to **c.€1.5b to €2.0b+** ⁽¹⁾

Immediate available financing capacity



Additional financing capacity from targeted OMDA improvement and FCF over the period



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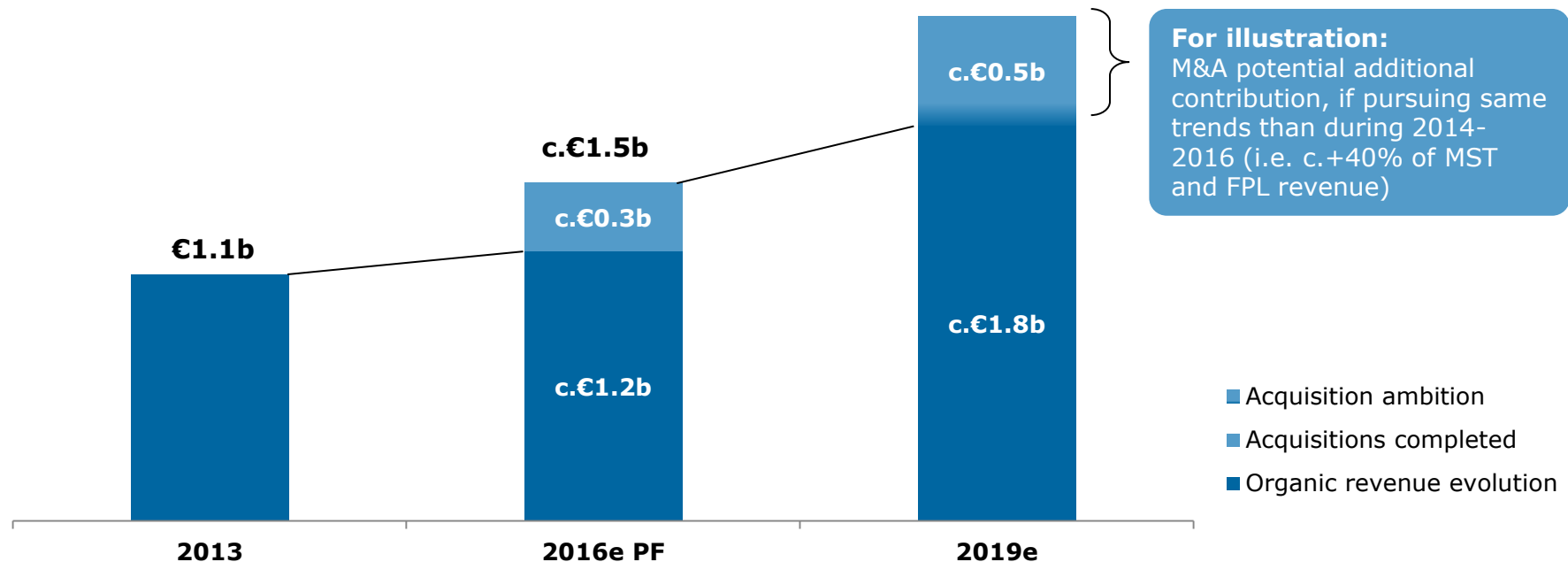


Conclusion

Gilles Grapinet
Atos SEVP & Worldline CEO



A strong M&A ambition over 2017- 2019



Single currency and harmonized regulation drove the US consolidation in payments



Annual revenue between \$2b and \$10b

The European payment industry consolidation journey is just starting...



Still 40+ payment processors
between €50m to €400m of revenue

... while Worldline is one of the very few European recognized natural consolidators

Thanks

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