

2019 Investor Day

Atos

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- ▶ The Group's financial information relating to the financial year ended December 31, 2018 included in this document has been prepared using a process similar to that adopted for the preparation of the Group's annual consolidated financial statements but is not yet audited. Accordingly, Atos has not yet obtained from its statutory auditors the assurance that they will be able to certify its financial statements without reserve. The Board of Directors of Atos SE has examined at its January 29, 2019 meeting the Group's financial information for the financial year ended December 31, 2018 included in this document and has approved its communication. The Group's financial statements which will be approved by the Board of Directors, to be held on February 20, 2019, shall include any material events previously unknown by the Group and of which it becomes aware or which may occur after January 30, 2019. Therefore the financial information presented in this document shall be, in accordance with the AMF position-recommendation n°2004-04, qualified as estimated results (résultats estimés).
- ▶ Revenue organic growth is presented at constant scope and exchange rates, and restated for the impact of IFRS 15. Operating margin is presented as defined in the 2017 Registration Document. Starting January 1st, 2018, dividends paid to non-controlling interests are not anymore a Free Cash Flow item but reported in line 'Dividends paid'.
- ▶ Business Units include Germany, North America (USA, Canada, and Mexico), France, United Kingdom & Ireland, Worldline, Benelux & The Nordics (Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), and Other Business Units including Central & Eastern Europe (Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Israel, Italy, Romania, Serbia, Slovakia and Switzerland), Iberia (Spain and Portugal), 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.
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Atos

Infrastructure and Data Management

Eric Grall

Global operation and TOP Program
Head of infrastructure & Data management

Contents



- ▶ IDM FY18 portfolio mix & evolution
- ▶ FY19-FY21 revenue outlook
- ▶ 3-year plan strategies for growth
- ▶ The next horizon for accelerated growth
- ▶ FY19-FY21 Operating margin outlook
- ▶ Productivity strategies
- ▶ Workforce implications

FY18 IDM revenue: c. €6,326m

Portfolio mix

IDM Portfolio

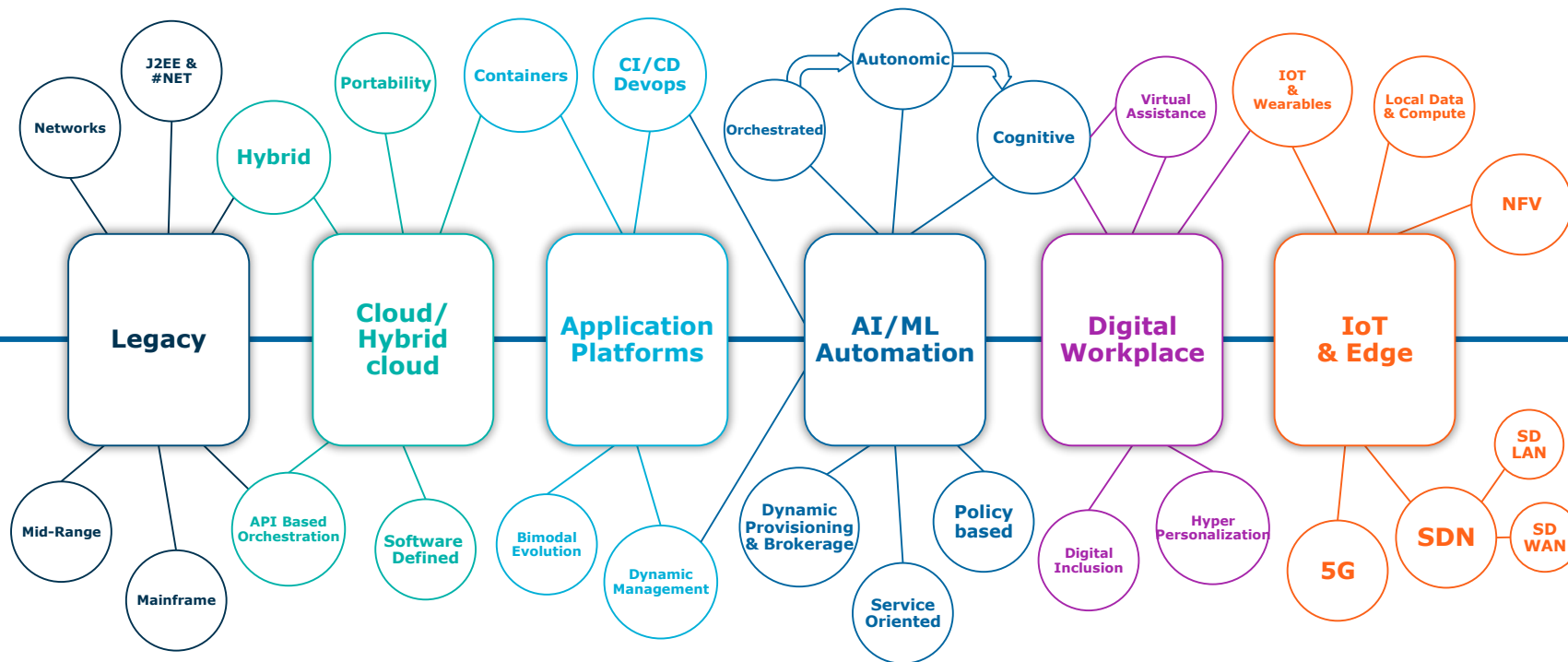
FY18 % of revenue

Cloud & Orchestrated Hybrid Cloud	18%
Classic DC operations (non Cloud)	15%
Mainframe Business Critical Operations	5%
Digital & Classic Workplace Services	21%
Network operations	5%
SAP/Hana and Application Operations	3%
Transformation Services (incl. maintenance)	11%
Business Process Services (BPO)	7%
UCC (former Unify)	14%
IoT Services (Things + Edge + End-to- End Mgt)	1%

WHAT IT TAKES TO OPERATE END-TO-END MISSION CRITICAL SERVICES

Nuclear and 24x7 Plants,
Banks & Trading, Pension &
Insurance, Olympic Games,
Rail systems & real time
information, Hospitals,
Emergency Systems, 24x7
Logistics, Defense
Infrastructure

IDM Technology landscape: increasing complexity in the NOW, orchestrate/automate in the FUTURE



FY21 IDM revenue mix evolution

IDM Portfolio	FY18 % of revenue		Planned FY 21 % of revenue
Cloud & Orchestrated Hybrid Cloud	18%	Average of Industry Analysts CAGR for IDM Portfolio ¹⁾ 1%	27%
Classic DC operations (non Cloud)	15%		9%
Mainframe Business Critical Operations	5%		3%
Digital and Classic Workplace Services	21%		21%
Network operations	5%		3%
SAP/Hana and Application Operations	3%		3%
Transformation Services (incl. maintenance)	11%		11%
Business Process Services (BPO)	7%		8%
UCC	14%		12%
IoT Services (Things + Edge + End-to- End Mgt)	1%		3%

1) Sources: Gartner/PAC/IDC 2018 Market Forecasts applied to IDM portfolio scope

IDM 2019 – 2021

Revenue outlook



2021 at
market rate
**1% organic
growth**

**Positive
CAGR**

KEY ASSUMPTIONS

- ▶ +1% OG% in 2021
- ▶ Cloud / Hybrid Cloud at ~15% OG%
- ▶ Digital Workplace stable
- ▶ Over performing in IoT
- ▶ BPO & UCC at market rate
- ▶ Atos customers mix by end 2021:
Private Cloud vs. Public Cloud vs. Legacy
50% / 25% / 25%

Back to Growth Strategies

**Extend Cloud / Hybrid Cloud
for native Cloud developers**

**Augment Digital Workplace
leadership with Experience**

**Focused growth in
Business Process Services
(BPO)**

**Invest in IoT
enabling
at scale Deployments**

Google Strategic Partnership

Generate Syntel revenue synergies

Leverage Atos Industry-specific Solutions

Cloud / Hybrid Cloud

Enriching Cloud &
Hybrid Cloud
capabilities
to address
lines of business
& native Cloud
developers

- ▶ Covering **68%** of IDM Top100 customers
- ▶ **New** OpenStack Atos On-Prem/Private cloud introduction in Q1 FY19 :
 - Increase price competitiveness vs classic Private Cloud
 - Container based services
 - Maintain Google developer experience (APIs, CI/CD)
 - Modern development paradigms enablement
- ▶ Expanding **Oracle on premise** with Atos Digital Private Cloud (DPC)
- ▶ New AWS & Azure **Centers of Expertise**
- ▶ **Dell Group** strategic partnership & Alliance

Google Strategic Partnership (IDM)



- ▶ **€1.1bn** pipeline in 10 Countries
- ▶ **#1 WW** Google Cloud Partner end of H1 FY19
- ▶ First **on premise private Platform** with Google Kubernetes Engine from Atos
- ▶ Trusted last mile partner for **Cloud Security**
- ▶ G-Suite : Atos as showcase for **hybrid workplace**
- ▶ Over **€200m** of net new incremental revenue for IDM linked to Google Alliance in 2021

Digital Workplace

Expanding leadership



Delivering the
next level
experience



- ▶ **4.3 million** of devices under management
- ▶ **Game changer in Digital Workplace: from SLA to XLA** (eXperience Level Agreement), leveraging AI/ML
- ▶ Pipeline of **€2.2bn** of active deals (25% new logos, 65% existing customers expansion)
- ▶ **Innovation** fuelling price/productivity competitiveness


Business Process Services (BPO)

Ready for growth



**All existing
contracts extended
beyond 2021**

- 
- ▶ Focus on Platform+Technology **transformational deals** creating disruption (RPA, Re platforming, Syntbots, ...)
 - ▶ **Aegon** success as proof point
 - ▶ New **exclusive contract** with acquirer/consolidator
 - ▶ **700m+** qualified/active pipeline
- 



**Delivering on
cross-sell
revenue synergies
in Syntel
customer base**

- ▶ Unqualified pipeline at **€800m**, qualified pipeline at **€250m**
- ▶ **26 opportunities** in Top 50 accounts of Syntel
- ▶ **First deal closed** in Q4
- ▶ Ambition of **€100m revenue** for IDM by 2021

UCC: expanding in new market segments

Leveraging IDM-BDS with new offerings



**NG911 & Emergency
Services**

**Integrated
Communications
Digital Workplace
& Cloud**

- ▶ UCC “classic” market forecasted at **-5% CAGR** till 2021
- ▶ Targeting Global NG Emergency Services Market (\$52b by 2021 - source IHS - \$12b in USA NG911)
- ▶ First NG911 awarded in USA in FY18, pipeline of **€350m**
- ▶ Legacy communications & collaboration take over as **one-stop-shop**, accelerating journeys to Digital Workplace and Cloud

Internet of Things

Managing ecosystems of infrastructures



Building
the foundations for
exponential growth

- ▶ A complete portfolio, managing **from object to edge to core & platform**
- ▶ **Key vertical offer** in core Atos industries
- ▶ First **industrial-scale** deals signed & ramping up
- ▶ Siemens **MindSphere** Partnership: >200 pipeline opportunities
- ▶ From 3% of IDM Revenue in 2021 to **>10% in 2025**



Further acceleration

Incremental short term actions taken since Q4 FY18



Increased focus
on **North America**
performance



+15% increase
in **pre-Sales** FTEs



x2 increase in **Client**
Architects deployed
in TOP100 Accounts



Accelerated R&D
investments in **AI/ML**



Leveraging Syntel for
pure play India offering



Increasing
go-to-market initiatives
with **Strategic Partners**
(**Dell group , Siemens, Google**)

The next horizon: a new wave of infrastructures beyond the enterprise IT infrastructure

BEYOND
THE CLOUD...

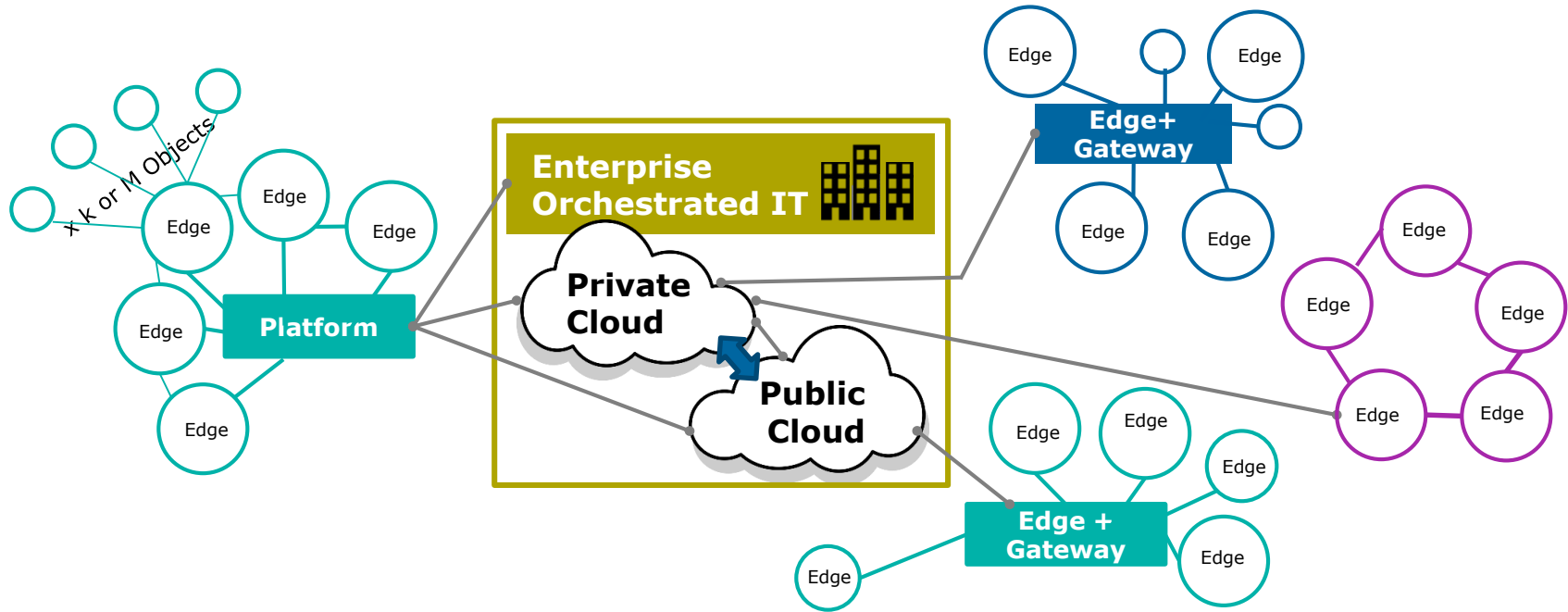
IOT & Edge

THE POST-
CLOUD ERA

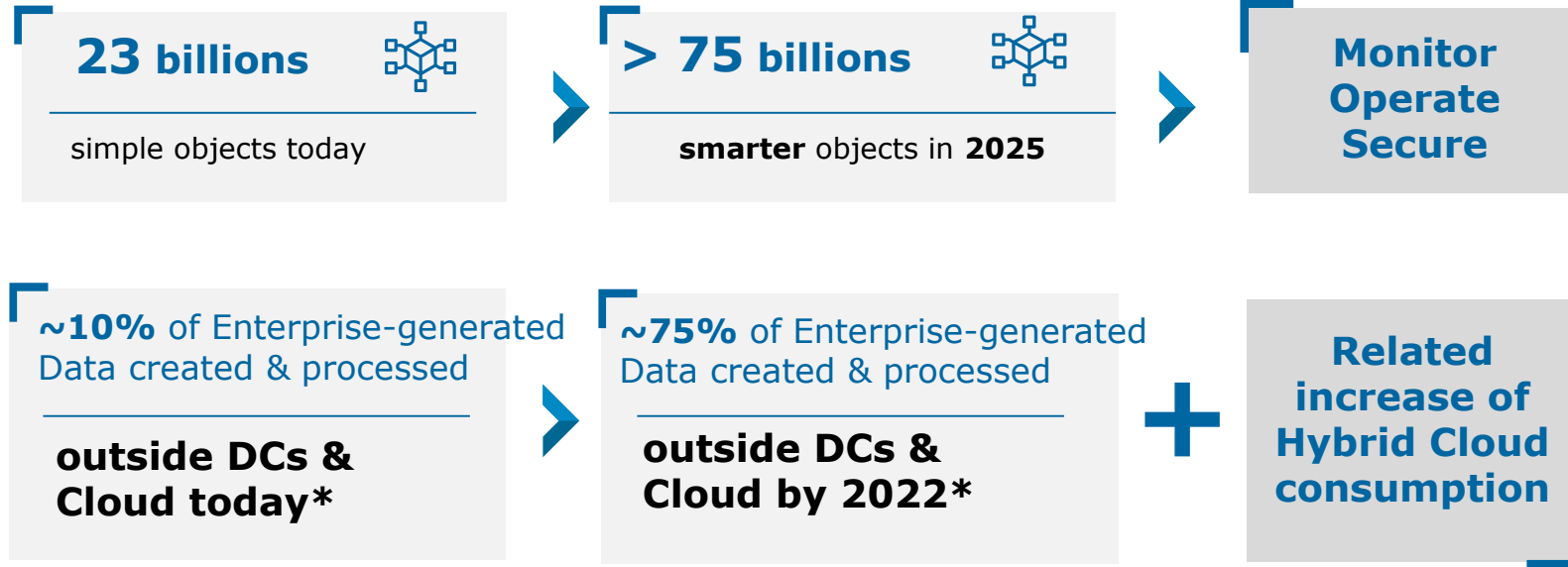
- ▶ From 100 millions enterprise IT devices to 100 billions **smarter objects** in 2027
- ▶ **Massive acceleration** in data generation...
- ▶ ... a **deluge of data** to collect, process, integrate, secure **at the Edge** for real time human/machine interactions
- ▶ Business defined applications & new infrastructures to manage & orchestrate

The IDM universe in expansion

An explosion of infrastructures to manage/orchestrate



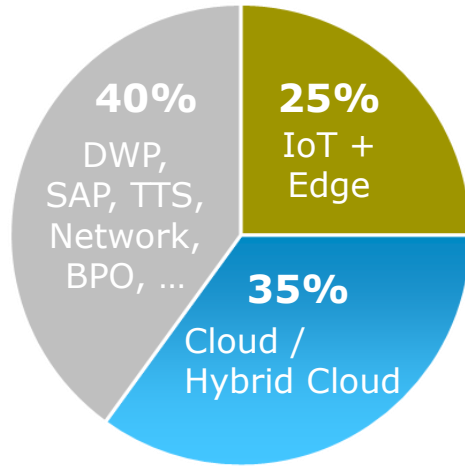
Smarter connected objects & Edge computing are the new frontiers of Atos IDM



*(Source: Smarter with Gartner, What Edge Computing Means for Infrastructure and Operations, October 3, 2018)

Beyond “classic” enterprise IT slight growth

IoT & Edge as the IDM growth accelerators



2028

**~3% organic growth
in 2023**

TO

**~8-10% organic growth
in 2027**

IDM operating margin outlook FY19-FY21

Key strategies to deliver 3-year plan as part of new Atos **RACE**

Sustained double digit operating margin from 2019

Acceleration
to India
(Syntel)

OFFSHORE

Atos
GOAL
Initiative

**LEAN X
AUTOMATION**

Overhead
Reduction

SIMPLIFICATION

Sftw-defined
Cognitive
AI/ML

**AUTOMATION
COST TAKE
OUT**

Pyramid
Management,
Procurement,
...

**New RACE
INITIATIVES**

New Atos TOP initiative: GOAL

“Global Optimization through Automation & Lean”

Context

Combining the power
of Lean x Automation

Bottom-up deployment of Atos
automation framework :
RPA, Cognitive, Syntbots

Objectives

1

> +20% Productivity

2

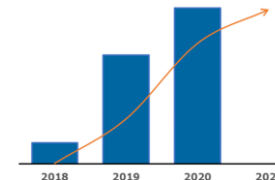
Improved CSAT

3

Employee development in
automation

Approach

Integrated program to cover c. 80%
of IDM contracts, within 30 months



Agile software-defined operations & cognitive

The next levers of automation



Autonomous resolution

up to 50% incident resolution



DevOps automation

Higher Productivity
Up to 40% automated move to production



Analytics & Cognitive

Predictive support & proactive automated resolution



Business Optimization

Up to 45% automated service requests



End User Contacts

Automating >40% user interactions
(chatbots/mailbots/Syntbots)



Partnerships



service
now



IDM workforce consideration



Increasing
software capabilities
and architecture
in overall skill mix

- ▶ **About 43k employees today**, expected to decrease about 1% to 2% per year
- ▶ **Attrition** constant at ~11% per year
- ▶ **Special measures in Germany** to accelerate workforce adaptation and qualification in 2019 and 2020
- ▶ **Offshore** convergence in **Syntel** campus for more integrated R&D and Engineering
- ▶ **Graduate & Reskill** programs focused on software & automation capabilities and IT architecture

IDM 3YP - Key take-aways

**Positive CAGR
2019-2021**

**Sustained double
digit operating
margin from
2019**

**Strategic Group asset
for the future,
preparing for
accelerated growth
with IoT and Edge**

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