

Atos presents today its mid-term Ambition:

The Leader in Secure & Decarbonized Digital

Paris, June 24, 2020 – Today, at the occasion of a fully global and digital 2020 Analyst Day, the Group presents its Vision, Ambition and Strategy in the mid-term.

Elie Girard, CEO said: *"Atos' ambition is to become the leader in secure and decarbonized digital. Over the next years, the Group will pivot towards growth, leveraging on SPRING to move Atos to an Industry approach and capture this decade's new Cloud and Digital breakthroughs, on Digital Security to increase further its leadership, and on Decarbonization where Atos is a pioneer in bringing to its customers its unique know-how both on core IT, and on business processes. Acquisitions of bolt-on Digital specialists as well as Cybersecurity experts will enhance Atos offering and growth profile.*

As a result of this strategy, Digital, Cloud, Security, and Decarbonization are expected to represent 65% of Group revenue in the mid-term compared to 40% today reflecting a major change in the Group offering. Atos strong technological DNA, its longstanding global partnerships, as well as the strong customer obsession culture of its 110 000 colleagues, are the ideal strengths to engage in this journey.

With no financial leverage and therefore the required financial solidity to move forward, Atos is fully geared to reach its mid-term targets for the benefit of all its stakeholders."

Mid-term targets

The Group's ambition is to reach the following targets in the mid-term:

- **Revenue growth** at constant currency: +5% to +7%;
- **Operating margin rate**: 11% to 12% of revenue;
- **Free cash flow**: an operating margin conversion rate to free cash flow above 60%.

The Group confirms all the objectives for 2020 as communicated as of April 22, 2020 at the occasion of its Q1 2020 revenue release.

Vision, Ambition & Strategy

The Group believes that Digitalization has delivered only a fraction of its potential. While the data deluge of the last decade will accelerate, it will now be topped by a profusion of data-driven services. In this new era, customers are calling for **value** – they want outcome-based services –, **experience** – they want innovative and flexible services –, and **safety** – they want secure and decarbonized services.

Those customer calls focus on 7 key digital breakthroughs which turn into growth levers for Atos leveraging on its skills and assets (during the Analyst Day a specific session will be dedicated to each of these digital breakthroughs):

1. Full Stack Cloud

The move to the Cloud is accelerating into Hybrid Cloud (Private and Public Clouds), multi-Cloud (across several Public Clouds), and convergent Cloud strategies (migration and modernization of Data, Platforms and Applications together) building a holistic approach to the Cloud, a Full Stack Cloud. This evolution requires an increased orchestration function. In addition, the most complex application landscapes have started to move into the Cloud. Atos is building on its new profile (Application Modernization expertise from Syntel), its longstanding expertise in Business Critical Applications and SAP, and its strong proximity with Hyperscalers to seize this Full Stack Cloud shaping and acceleration.

2. Business Critical Applications

Digitalization accelerates into Business Critical Applications territory requiring an intensification of cloudification, Data analytics, IoT, local data processing, and 5G. Business continuity criticality emphasized during the Covid-19 crisis has been fostering further this trend. Atos is leveraging on its DNA in vertical Business Critical Applications enhanced by SPRING transformation, and its local data processing capabilities (Edge computing) to capture this natural sizeable market opportunity.

3. Digital Platforms

Digital Platforms have become the first business transformation priority of CEOs for the years to come, and will be originating an estimated 70% of the new value created in the economy. Digital Platforms, which enable the sharing data from enterprises within or across value chains, is a transformative trend with a huge untapped opportunity in the B2B world. Through its end-to-end digital capabilities combined with a deep industry knowledge, Atos, as a recognized leader in Security and Computing, is ideally positioned as the neutral enterprise Digital Platforms' operator.

4. Customer Experience

In this new era of Digitalization, Customer Experience will be critical to expand the reach of the newly created data-driven services. This will leave the sole domain of user interface to encompass further immersive experience, real-time innovation and seamless omni-channel, as well as "No User Interface" logics. Atos leverages on IP-driven solutions to bring technologies such as Artificial Intelligence/Machine Learning (AI/ML), IoT / Edge (Local Computing), and real-time Cloud and Application architectures to Customer Experience territory to unleash the power of Digitalization.

5. Employee Experience

Further to the Covid-19 crisis, the Group, who is already a Digital Workplace market leader, estimates that organizations will move from 10% to more than 40% of work-from-home in the new normal. Leaving behind the quick fixes implemented during the crisis, the period to come will see Digital Workplace replaced by a holistic Employee Experience approach, including reimagined collaboration and flexible working. Building on its strong Unified Communications and Security solutions, its partner ecosystem, and its Industry specific Design Thinking and Personas, Atos intends to become the distant leader in Employee Experience in the new normal.

6. Digital Security

Digital Security encompasses Cybersecurity, but also Mission Critical Systems, IoT Security, and Economic Security – pointing at the willingness from customers not to depend on a single technology provider. Cybersecurity is evolving at a very quick pace due to an ever changing Cyber threat landscape, a pervasive Data environment, and an increased attack surface resulting from « hybrid digital ». Atos is today #3 in Cybersecurity services worldwide, and has developed a unique Cybersecurity innovation track record in order to protect end users, IoT and Data as well as detecting and responding to threats with its prescriptive Security Operation Centers. The Group intends to complement its technologies through Managed extended Detection & Response, Privilege Access Management, and Cloud Encryption. The Group ambitions to reach more than €2bn revenue in Digital Security in the mid-term.

7. Decarbonization

Atos has developed over the past 10 years a unique Decarbonization expertise, well recognized by all sustainability rankings. The Group has decided to announce today its commitment to be **Net-Zero Carbon by 2035**, reinforcing its leadership. Decarbonization is now entering the Boardrooms of customers, and is supported by unprecedented public policies and societal aspirations. Atos can leverage on its unique know-how to shape new Decarbonization value propositions to customers, both in core IT and in business processes, and seize a market opportunity reaching close to \$30bn for the sole Green IT in 2024. Offerings range from Decarbonization assessments to the introduction in large contracts of CO₂ reduction commitments through DLA (Decarbonization Level Agreements), and the use of key technologies such as IoT, Cloud, AI & Analytics, Digital Twin to decarbonize carbon intense business processes. Atos expects to generate more than €500m revenue in the mid-term in Decarbonization.

Based on the above Digital breakthroughs, its unique skills and assets, Atos ambitions to become the Leader in Secure and Decarbonized Digital.

Use of cash and M&A policy

The Group maintains its dividend policy going forward with a payout ratio between 25% and 30% of net income Group share. The remaining Free cash flow will be used to self-finance acquisitions (and to buy back a limited number of shares to deliver long-term incentive plans). The Group targets bolt-on acquisitions to boost key portfolio offerings, and Cybersecurity companies. Considering its net debt free position, leverage remains available for sizeable and transformative M&A. This use of cash and M&A policy will continue to be underpinned by a strict financial discipline.

Atos announces today two bolt-on acquisitions as part of its M&A policy: Paladion, a global cybersecurity player in cloud-native Managed Detection & Response, and Alia, a leading digital consulting company specialized in S/4 HANA transformation for the energy sector (see two separate press releases issued today).

Replay

A replay of the event will be available per session on atos.net, in the Investors section.

Forthcoming event

July 27, 2020	First half 2020 results
October 22, 2020	Third quarter 2020 revenue

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About Atos

Atos is a global leader in digital transformation with 110,000 employees in 73 countries and annual revenue of € 12 billion. European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos|Syntel, and Unify. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

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