H1 2022 Results

Bezons,
July 27, 2022
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Revenue organic growth is presented at constant scope and exchange rates.

Regional Business Units include Americas including North America (USA, Canada, Guatemala and Mexico) and South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), Northern Europe and APAC including Northern Europe (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Lithuania, Luxembourg, The Netherlands and Sweden) and Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), Central Europe (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Israel, Poland, Romania, Russia, Serbia, Slovenia, Slovakia, and Switzerland), Southern Europe (France, Andorra, Spain, Portugal, and Italy) and Rest of the World including Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Kingdom of Saudi Arabia, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events and Global Delivery Centers.
Today’s presenters

Nourdine Bihmane  
Co-CEO, in charge of Tech Foundations

Diane Galbe  
Group SEVP in charge of strategic projects and support functions

Philippe Oliva  
Co-CEO, in charge of the Evidian perimeter

Nathalie Sénéchault  
Group CFO
Agenda

1. H1 2022 Highlights
2. H1 2022 Financial Performance
3. FY 2022 Objectives
4. Key take-aways
5. Q&A
H1 2022

Highlights

- **Clear strategy** in place, announced at June 14 CMD
  Going forward: Group **fully focused on operations** under new leadership team

- **Financing** of the envisaged transformation plan **successfully secured**: an important progress in Atos transformation plan

- **Renewed commercial momentum**: strong sequential improvement in book-to-bill at 101% in Q2 vs. 72% in Q1

- **H1 2022** results reflecting seasonal and market factors
  Increased Operating Margin and Free Cash Flow expected in H2
  2022 objectives confirmed and refined

- **16,000+ hirings** in H1 (gross)
  Demonstrating Atos’ **intact attractiveness** and ensuring conditions for **future growth**
<table>
<thead>
<tr>
<th>Key Financial Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>€ 5.6 bn</td>
</tr>
<tr>
<td>-0.6% yoy, cst curr.</td>
</tr>
<tr>
<td>-2.1% yoy, organic</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
</tr>
<tr>
<td>1.1%</td>
</tr>
<tr>
<td>of revenue</td>
</tr>
<tr>
<td><strong>Normalized net income</strong></td>
</tr>
<tr>
<td>€-119 m</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
</tr>
<tr>
<td>€-555 m</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
</tr>
<tr>
<td>€ 1,792 m</td>
</tr>
<tr>
<td><strong>Headcount</strong></td>
</tr>
<tr>
<td>112,180</td>
</tr>
<tr>
<td>+2.1% organic</td>
</tr>
</tbody>
</table>
Strong sequential improvement in order entry and book-to-bill

Order Entry

€2.0 bn
Q1 2022

€2.8 bn
Q2 2022

Book to Bill

101%
Q2 2022

72%
Q1 2022

Backlog

€22.6 bn
Backlog at end June 2022

= 2.0 years or revenue

Renewed commercial traction in Q2 thanks to new business lines focus
Intact ability to attract talents
Ensuring conditions for H2 revenue growth

H1 hirings predominantly in offshore and nearshore locations
Selective hirings planned in H2
Clear strategy announced at our June 14 CMD
Unlocking value by envisaged split into 2 leaders in their respective markets

SpinCo (Evidian)
*Digital, Big Data and Security*

- Leading **digital transformation partner** leveraging **deep expertise and proprietary technology**
- Achieve **strong growth** and **double-digit margin** on buoyant markets
- **€0.4 bn** investment in growth and margin acceleration (2022-2026)

Atos

TFCo (new Atos)
*Digital Infrastructure and Workplace*

- Leader in digital workplace, managed infrastructure services, hybrid cloud services with market-recognized assets
- Maximize **cash generation** on markets with shifting dynamics
- **€1.1 bn** investment in complete turnaround (2022-2026)
Financing of transformation plan successfully secured

- **Banks commitments** received, covering **full amount of financing plan** presented at the June 14 CMD

- **Important progress** in Atos envisaged transformation plan, demonstrating **strong support** from banking partners

- **Financial covenant reset** at **3.75x** net debt / OMDA, tested annually

- **Group liquidity significantly strengthened**, interim period ahead of envisaged split fully financed
In motion to deliver on our strategic transformation

Main achievements since CMD

- **Clarified Governance**
  - New leadership team to ensure delivery of our strategic roadmap both on performance and envisaged spin off

- **Execution progressing according to plan**
  - ✓ All carve out workstreams launched with significant progress on structuring
  - ✓ Employees’ consultation process starting early September 2022

- **Financing successfully secured**
  - ✓ New financing secured, ensuring strong liquidity throughout the transition period and launch of turnaround plan
  - ✓ Detailed roadmap of assets earmarked for sale, with total value > €700m target. Program to be optimized based on offers received, timing, execution risk

- **Strong commitments to our Customers and Talents**
  - ✓ Significant commercial wins since CMD
  - ✓ Intact attractiveness for our employees
  - ✓ Talent retention and change management program deployed
Evidian’s project: bring together Digital and BDS expertise to accelerate profitable growth and unleash value creation

Dynamic organic revenue growth at +7% CAGR 2022-2026

12% OM in 2026

c. €700 m FCF before interest and tax in 2026

Develop differentiating offerings and tap fertilization opportunities

Secured cloud
Public cloud migration and operation combined with worldwide leading security expertise

Cloud continuum
Combining cloud and edge expertise complemented by strong AI/ML competence

Fertilization opportunities
Cloud offering to BDS customers in Public Sector and Defense; HPC-as-a-service offering to Digital’s customers
Evidian in H1: strong book-to-bill underpinning growth acceleration in H2

€2,539 m
H1 revenue

+2.0%
H1 revenue growth at constant curr. vs. +10.6% in FY21

3.5%
H1 Operating Margin

145%
Q2 book-to-bill vs. 86% in Q1

Digital: robust trends in applications and cloud
Growth mitigated by volume reductions and decrease in VAR
Acceleration expected in H2 underpinned by strong order entry in Q2

Gartner
Atos: Visionary in 2022 Magic Quadrant for Public Cloud IT Transformation Services Worldwide

BDS: contraction in H1 due to HPC cyclicality, recovery expected in H2
Advanced Computing revenue and margin impacted by HPC cyclicality and supply chain tensions; very high order entry underpinning recovery in H2
Continued trajectory of above-market growth in Digital Security
Evidian: commercial traction evidenced by high-profile wins

Main wins

- **Major Pharmaceutical player**
  DataSentics Artificial Intelligence and Machine Learning
  - Signed after the CMD

- **German automotive manufacturer**
  Connected Vehicle Software Factory
  - Signed after the CMD

- **Asian government**
  Big data infrastructure for Edge & AI

- **MareNostrum5**
  Supercomputer contract by EuroHPC JU for Barcelona Supercomputing Center
  - Signed after the CMD
Tech Foundations’ project: capitalize on market-leading assets and skillset to deliver complete turnaround by 2026

REFOCUS
Rationalize portfolio to pave the way for turnaround
- Reshape the portfolio
- Sales funnel, large deal build up
- Ramp up management team

RECOVER
Reset cost structure

REBOUND
Drive growth with next gen offerings

Stabilize revenue in 2025 and pivot to growth in 2026

>600 bps
OM turnaround by 2026

c. €150 m FCF before interest and tax in 2026 +€50 m each year post 2026
Tech Foundations in H1: momentum building up quickly under new organization

€3,024 m
H1 revenue

-2.6%
H1 revenue growth at constant curr. vs. -11.4% in FY21

-1.0%
H1 Operating Margin

67%
Q2 book-to-bill vs. 59% in Q1

Strong sequential improvement in revenue growth in H1

- More contained decline in infrastructure services thanks to renewed focus
- Robust growth in Professional Services and Digital Workplace
- BPO stable; UCC impacted by supply chain tensions; continued deliberate wind down of VAR business

Positive commercial traction

- Good customer response to new organization and envisaged transformation plan
- Book-to-bill expected to grow in Q3

Gartner
Atos: global leader in 2022 Magic Quadrant for datacenter outsourcing and hybrid infrastructure managed services
Tech Foundations: commercial traction evidenced by high-profile wins

Main wins

1. **Major US Insurer**
   - Mainframe Licensing and Services
   - Signed after the CMD

2. **Public Central Procurement Agency**
   - Infrastructure maintenance and transformation for public administrations
   - Signed after the CMD

3. **Asian Navigation Company**
   - End to end IT managed services
   - Signed after the CMD

4. **Global Fast Service Restaurant Chain**
   - Digital Workplace services (renewal and extension)
   - Signed after the CMD
02. H1 2022 Financial Performance
<table>
<thead>
<tr>
<th></th>
<th>H1 2022</th>
<th>H1 2021</th>
<th>Variation</th>
<th>Variation at constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>5,563</td>
<td>5,424</td>
<td>+2.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>59</td>
<td>302</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>% operating margin rate</strong></td>
<td>1.1%</td>
<td>5.6%</td>
<td>-450 bps</td>
<td>-460 bps</td>
</tr>
<tr>
<td><strong>OMDA</strong></td>
<td>369</td>
<td>633</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>% OMDA rate</strong></td>
<td>6.6%</td>
<td>11.7%</td>
<td>-510 bps</td>
<td></td>
</tr>
<tr>
<td><strong>Normalized Net income</strong></td>
<td>-119</td>
<td>162</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>-503</td>
<td>-129</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>-555</td>
<td>-369</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1,792</td>
<td>1,129</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
H1 2022
Revenue Bridge

In €M:

- H1 2021 Revenue: 5,424
- Organic: -2.1%
  - Q1: -2.4%
  - Q2: -1.9%
- Scope: +1.6%
- Foreign Exchange: +3.1%
- H1 2022 Revenue: 5,563

-0.6% at constant currency
## H1 2022
Performance by Regional Business Unit

<table>
<thead>
<tr>
<th>In €M</th>
<th>Revenue H1 2022</th>
<th>H1 2021*</th>
<th>% YoY @constant currency</th>
<th>Operating Margin H1 2022</th>
<th>H1 2021*</th>
<th>OM % H1 2022</th>
<th>H1 2021*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>1,353</td>
<td>1,348</td>
<td>+0.4%</td>
<td>73</td>
<td>159</td>
<td>5.4%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Northern Europe &amp; APAC</td>
<td>1,625</td>
<td>1,625</td>
<td>+0.0%</td>
<td>28</td>
<td>113</td>
<td>1.7%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>1,258</td>
<td>1,280</td>
<td>-1.7%</td>
<td>-30</td>
<td>24</td>
<td>-2.4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>1,198</td>
<td>1,231</td>
<td>-2.7%</td>
<td>40</td>
<td>46</td>
<td>3.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Others incl. global structures</td>
<td>129</td>
<td>111</td>
<td>+15.9%</td>
<td>-52</td>
<td>-24</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total</td>
<td>5,563</td>
<td>5,594</td>
<td>-0.6%</td>
<td>59</td>
<td>317</td>
<td>1.1%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

* At constant currency
## H1 2022
### Income Statement

<table>
<thead>
<tr>
<th>€M</th>
<th>H1 2022</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5,563</td>
<td>5,424</td>
</tr>
<tr>
<td>Operating margin</td>
<td>59</td>
<td>302</td>
</tr>
<tr>
<td>Reorganization, Rationalization, Integration costs</td>
<td>-124</td>
<td>-143</td>
</tr>
<tr>
<td>Amortization of intangible assets (PPA from acquisitions)</td>
<td>-67</td>
<td>-79</td>
</tr>
<tr>
<td>Equity based compensation</td>
<td>-11</td>
<td>-33</td>
</tr>
<tr>
<td>Impairment of goodwill and other non-current assets</td>
<td>-91</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-64</td>
<td>-164</td>
</tr>
<tr>
<td>Operating income</td>
<td>-298</td>
<td>-118</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>-129</td>
<td>-3</td>
</tr>
<tr>
<td>Tax charge</td>
<td>-77</td>
<td>-6</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-2</td>
</tr>
<tr>
<td>Share of net profit/(loss) of associates</td>
<td>-</td>
<td>-0</td>
</tr>
<tr>
<td><strong>Net income – Group share</strong></td>
<td>-503</td>
<td>-129</td>
</tr>
<tr>
<td><strong>Normalized net income – Group share</strong></td>
<td>-119</td>
<td>162</td>
</tr>
</tbody>
</table>

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- **Related to assets held for sale**
  - o/w €-32m related to Russian activities and €-25m related to Atos transformation plan
- o/w €-109m related to the disposal of Worldline shares
# H1 2022
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>€M</th>
<th>H1 2022</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Margin</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Depreciation of fixed assets</td>
<td>135</td>
<td>167</td>
<td></td>
</tr>
<tr>
<td>+ Depreciation of right of use</td>
<td>192</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>+ Net book value of assets sold/written off</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>+/- Net charge/(release) of pension provisions</td>
<td>-19</td>
<td>-16</td>
<td></td>
</tr>
<tr>
<td>+/- Net charge/(release) of provisions</td>
<td>-2</td>
<td>-2</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Margin before Depreciation &amp; Amortization</strong></td>
<td><strong>369</strong></td>
<td><strong>633</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>-123</td>
<td>-154</td>
<td></td>
</tr>
<tr>
<td>Lease payments</td>
<td>-207</td>
<td>-183</td>
<td></td>
</tr>
<tr>
<td>Change in working capital requirement</td>
<td>-383</td>
<td>-394</td>
<td></td>
</tr>
<tr>
<td><strong>Cash from operations</strong></td>
<td>-344</td>
<td>-98</td>
<td></td>
</tr>
<tr>
<td>Tax paid</td>
<td>-21</td>
<td>-46</td>
<td></td>
</tr>
<tr>
<td>Net cost of financial debt paid</td>
<td>-13</td>
<td>-13</td>
<td></td>
</tr>
<tr>
<td>Reorganization, Rationalization &amp; Integration and acquisition costs</td>
<td>-113</td>
<td>-147</td>
<td></td>
</tr>
<tr>
<td>Other changes</td>
<td>-64</td>
<td>-66</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>-555</td>
<td>-369</td>
<td></td>
</tr>
</tbody>
</table>
H1 2022
Change in net debt

In €M:

- Net debt Dec 2021: (1,226)
- FCF H1 2022: (555)
- Acquisitions: (312)
- Sale of Worldline Shares: +219
- FX & others: +82
- Net debt June 2022: (1,792)
03. 2022 full-year objectives & conclusion
2022 full-year objectives confirmed and refined

<table>
<thead>
<tr>
<th>2022 Full-Year guidance</th>
<th>July 27th precisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue growth</strong></td>
<td>-0.5% to +1.5%</td>
</tr>
<tr>
<td>at constant currency</td>
<td></td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>3% to 5%</td>
</tr>
<tr>
<td>(% of revenue)</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>€-150m to €200m</td>
</tr>
<tr>
<td><em>excl. additional impacts from envisaged transformation plan</em></td>
<td></td>
</tr>
</tbody>
</table>
Uptick in operating margin expected in H2 thanks to performance improvement plan launched in H1

Performance improvement plan launched in H1
- Unwinding of Spring program
- Selectivehirings
- Subcos
- Cost discipline

FY 2022 Expected Operating Margin: 3.0% to 3.5%
Free cash flow to improve markedly in H2, driven by increase in operating margin

**Main H2 FCF drivers**

- Uptick in operating margin in H2
- H2 seasonal WC inflow: Conservatively assuming a partial reversal of H1 outflow
- Estimated additional impacts of envisaged transformation plan

**H1 2022 FCF**
- €-555m

**H2 OMDA**
- €-150m

**H2 capex and leases**
- €-

**H2 tax paid**
- €-

**H2 cost of debt and others**
- €-

**FY22 expected FCF before transformation costs**
- c. €-250m
03. Key take-aways
H1 2022
Key take-aways

- **Clear strategy** in place with **new leadership team** fully focused on customers, employees and execution of Atos strategic project.

- Renewed **commercial momentum in Q2** underpinning **revenue growth expected in H2**.

- **Energic performance improvement** measures in place driving significant increase in Operating Margin and FCF in H2: **full confidence in full-year objectives**.

- **Moving forward with our transformation plan, financing fully secured**.
04. Q&A
Thank you