H1 2023 Results

Bezons,
July 28, 2023
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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, 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, 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**
  Group CEO
  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 Eviden perimeter

- **Nathalie Sénéchault**
  Group Chief Financial Officer
Agenda

1. H1 2023 Highlights
2. Progress in Strategic Transformation Project
3. H1 2023 Financial Results
4. Outlook
5. Q&A
01. H1 2023 Highlights

Nourdine Bihmane & Philippe Oliva
H1 2023 highlights
Atos shows continued operational improvement with robust H1 results

- **Solid commercial traction in Q2** results in 112% book-to-bill

- **Robust organic revenue growth** at +2.3% and strong increase in operating margin to 3.8%, tripling compared to H1 2022

- **Full-year revenue growth outlook upgraded**, operating margin outlook confirmed

- €-969m **free cash flow** in H1 and full-year amount expected broadly similar reflecting **high pace of major transformative actions** carried out throughout the year and **working capital normalization** as announced at June 2022 CMD

- Major milestones in strategic transformation project achieved:
  - **Successful completion of internal operational carve-out** within 12-month timeframe;
  - €700m divestment program now fully secured and expanded by an additional €400m
Tech Foundations’ Analyst Day takeaways

Clear path to value creation

Redefined portfolio
>40% higher Total Addressable Market with 3-5% 2022-2026 CAGR

Pivoting to industry leading offerings
driving 0-2% p.a. core revenue growth in next 2 years, accelerating thereafter

Comprehensive transformation plan
€12bn gross run-rate benefits by FY26 65-70% delivered by FY24

Upgraded mid-term ambitions
✓ 6-8% OM in 2026
✓ FCF\(^1\) turning positive in 2025 and >€250m in 2026
✓ >€300m higher cumulative FCF\(^1\) over 2022-2026 compared to previous plan

\(^1\) Free Cash Flow before interest and tax

*In 2022, excluding UCC and Italian activities
Tech Foundations: embedding Gen-AI to enhance all aspects of our business

Hybrid cloud & infrastructure delivery
- Automated incident triage, ticket routing and problem resolution
- Coding assistance

New Gen-AI offerings
- Highly industrialized Gen-AI platform available
- Two new solution released
- Specific strategic partnership in progress

Support functions
- Automated bid/Proposal drafting
- Back-office support

Digital workplace delivery
- Personalized experiences
- Knowledge Management
- Co-pilot offering readiness

Upskilling
- Multidisciplinary practice to focus on business line use cases
- Dedicated curriculum into Atos Digital Academy
- Responsible Gen-AI guidelines

Procurement
- RFP generation
- Supplier assessments
Tech Foundations: book-to-bill soars to 106% in Q2
Reaping the benefits of refocused go-to-market strategy

- Successful fertilization of top 100 accounts
- Strong revenue retention
- Improved traction in the US

Q2 main wins

US leading entertainment company
5-year extension of DWP contract with one of the largest entertainment companies worldwide for management of 80k laptops/desktops

Atos Private Cloud and Mainframe-as-a-Service model selected to deliver adaptive, resilient, cost-effective, and secure services to over 35 state agencies

HONDA
3-year contract renewal to continue modernization and delivery of Digital Workplace services to 3,500 associates and >25,000 dealers across the UK and Europe

Contract extension after 15 years of successful collaboration with the European Commission DIGIT to accelerate IT transformation projects
Tech Foundations: continued strong execution delivers robust H1 performance

€2,923 m
H1 2023 revenue

-1.6%
H1 organic revenue growth
-0.1% core revenue growth

€73 m
H1 operating margin
2.5% of revenue

Portfolio rationalization driving managed revenue decrease

<table>
<thead>
<tr>
<th></th>
<th>Core business only</th>
<th>Total TF</th>
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<tbody>
<tr>
<td>Q1 2023</td>
<td>+0.1%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Q2 2023</td>
<td>-0.1%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>H1 2023</td>
<td>-0.1%</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>

✓ Stabilization of core business revenue
✓ Deliberate reduction in non-strategic activities (BPO, VAR) and ongoing divestment of UCC

Strong improvement in operating margin

-1.0%
H1 2022

2.5%
H1 2023

✓ Delivering steadily on margin expansion plan: 32% of targeted €1.2bn gross benefits achieved
Eviden: expanding the possibilities of data and technology

**EVIDEN**

Unique sovereign capabilities and complementarities across service lines

Deep industry expertise enhanced by efficient delivery model and strong IP portfolio

- Opening of 3 new Cloud Centers in India
- Launch of Alsaac Cyber Mesh
- New Campus and leading R&D center in Grenoble
- ‘Post-quantum ready’ solutions for digital identity

Reinforcing end-to-end cloud offering (engineering, migration, operation) and offshore delivery capabilities

Cutting-edge cybersecurity detection and response solution powered by generative AI technologies, in partnership with AWS

New innovation center with 1,300 people capacity bringing expertise in artificial intelligence, decarbonization and high-performance computing

Eviden’s products (IDnomic PKI, Cryptovision Greenshield) to evolve and be adapted to quantum threats by year-end
Eviden: Building Gen-AI offerings from applications to orchestration, model factory and infrastructure

Helping our customers leverage the potential of Generative AI:

Gen-AI Business Value driven services and solutions

- **Local**: Low latency, from supercomputers to dedicated edge
- **Public**: Cloud services with Microsoft, Google, AWS...
- **Industry**: Pre-Packaged industry-driven use cases
- **Code**: Code accelerators to build, manage & optimize
- **Protection**: Data protection of IP and business knowledge

Scalable, responsible, sovereign Gen-AI platforms & Cyber Security

Applying Generative AI to ourselves:
consulting and sales, marketing, development (Developer Assist), support (Knowledge Genie)…
**Eviden:** 119% book-to-bill in Q2, well-balanced between Digital and Big Data & Cybersecurity

<table>
<thead>
<tr>
<th>119% Q2 book-to-bill</th>
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<tbody>
<tr>
<td>✓ Continuous focus on smaller, <strong>low-risk</strong> contract</td>
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<tr>
<td>✓ 48% short-term bookings with <strong>faster revenue yield</strong></td>
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<tr>
<td>✓ Main wins showcasing <strong>differentiating factors</strong> that set Eviden apart</td>
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</table>

<table>
<thead>
<tr>
<th>✓ Highly synergistic portfolio</th>
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</thead>
<tbody>
<tr>
<td>✓ Leading HPC manufacturer worldwide</td>
</tr>
<tr>
<td>✓ Sovereign cloud offering</td>
</tr>
<tr>
<td>✓ Deep expertise in selected industries</td>
</tr>
</tbody>
</table>

**Coca-Cola Hellenic Bottling Company:** public cloud migration, data analytics, AI & machine learning, application development and cybersecurity

**India Ministry of Earth Sciences:** first major HPC contract outside Europe. Two new HPCs based on BullSequana XH2000 technology for weather modeling and climate research

**European engineering & technology company:** AI-as-a-Service offered through Eviden’s Nimbix Portal. Key to Sovereign Cloud strategy and a blueprint for further AI offering developments.

**Major US healthcare company:** public cloud migration to MS Azure, combining application development and cybersecurity

Evident: strong momentum in H1

Continued strong organic revenue growth

- H1: strong growth in Digital Security and Advanced Computing
- Digital's growth significantly improved vs. H1 2022
- Q2: Fewer net working days and higher comparison basis (+270 bps vs. Q1)

Improved operating margin

- Positive impacts from transformation initiatives despite continued cost inflation
- Higher volumes in Advanced Computing resulting in better fixed costs absorption

€2,625 m
H1 2023 revenue

+7.0%
Organic revenue growth

5.3%
Operating margin
02. Progress in Strategic Transformation project

Diane Galbe
Internal operational carve-out completed within 12-month timeframe

July 2023: local carve-outs successfully executed in all geographies* ...

Covering 99.7% of Group revenue

... across all key separation activities

Tech Foundations and Eviden are now fully operational as separate entities within the Atos Group

- Tech Foundations
- Eviden

Distinct operating models
Distinct portfolios
Distinct go-to-market strategies

Focused, client-centric organizations fostering consistent value delivery

*Except 3 countries representing 0.3% of Group revenue
Non-core businesses divestment program fully secured
Streamlining portfolio and contributing to financing our transformation

€700m proceeds secured within 12 months
Expanded by an additional €400m

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Signed</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Worldline stake</td>
<td>June 2022</td>
<td>Closed</td>
</tr>
<tr>
<td>EGSE</td>
<td>Sept. 2022</td>
<td>Closed</td>
</tr>
<tr>
<td>Sislog</td>
<td>Oct. 2022</td>
<td>Closed</td>
</tr>
<tr>
<td>Atos Italia</td>
<td>Nov. 2022</td>
<td>Closed</td>
</tr>
<tr>
<td>UCC*</td>
<td>Jan. 2023</td>
<td>Closing expected in H2 23</td>
</tr>
<tr>
<td>Ecoact*</td>
<td>July 2023</td>
<td>Closing expected in H2 23</td>
</tr>
</tbody>
</table>

*Transactions are subject to the consultation of relevant employee representative bodies and other customary regulatory approvals

Divestment program representing 4% of Eviden 2022 revenue and 11% of Tech Foundations 2022 revenue
Headcount evolution

Headcount as of 31/12/22: 110,797
Scope: (1,647)
Hiring: +8,431
Leavers: (8,164)
Restructuring, dismissals & transfers: (2,404)
Headcount as of 30/06/23: 107,013

Restructuring: -1,356
Dismissals & transfers: -1,048

61 Great Place to Work certification achieved in 44 countries

15% attrition in Q2
(18% LTM)
H1 2023 Financial Results

Nathalie Sénéchault
# H1 2023

## Financial overview

<table>
<thead>
<tr>
<th></th>
<th>€M</th>
<th>H1 2023</th>
<th>H1 2022</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>5,548</td>
<td>5,563</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>212</td>
<td>59</td>
<td>+259%</td>
<td></td>
</tr>
<tr>
<td><em>In % of revenue</em></td>
<td>3.8%</td>
<td>1.1%</td>
<td>+270 bps</td>
<td></td>
</tr>
<tr>
<td><strong>OMDA</strong></td>
<td>487</td>
<td>369</td>
<td>+32.0%</td>
<td></td>
</tr>
<tr>
<td><em>In % of revenue</em></td>
<td>8.8%</td>
<td>6.6%</td>
<td>+220 bps</td>
<td></td>
</tr>
<tr>
<td><strong>Normalized Net income</strong></td>
<td>-113</td>
<td>-119</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>-600</td>
<td>-503</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>-969</td>
<td>-555</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>2,321</td>
<td>1,792</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
H1 2023 revenue bridge

Robust organic growth

H1 2022 Revenue

In €M:

Q1: +2.8%
Q2: +1.6%

+2.3%

-1.7%

-0.8%

H1 2023 Revenue

+0.5%
at constant currency

Organic

Scope

Foreign Exchange

5,548

5,563

5,548
H1 2023 operating margin
Tripling compared to H1 2022

Improvement driven by both perimeters:

- Steady delivery on margin expansion plan with 32% of targeted €1.2bn gross benefits achieved (€230m gross increment in TF’s operating margin in H1)
- Partly offset by cost inflation, backfills and revenue decrease
- Cost-take-out actions
- Portfolio rationalization
- Higher volumes in Advanced Computing resulting in better fixed costs absorption

Tech Foundations

Eviden
### Operating margin to Net income

<table>
<thead>
<tr>
<th>€M</th>
<th>H1 2023</th>
<th>H1 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>212</td>
<td>59</td>
</tr>
<tr>
<td>Reorganization, Rationalization, Integration costs</td>
<td>-464</td>
<td>-124</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>-60</td>
<td>-67</td>
</tr>
<tr>
<td>Equity based compensation</td>
<td>-14</td>
<td>-11</td>
</tr>
<tr>
<td>Impairment of goodwill and other non-current assets</td>
<td>-55</td>
<td>-91</td>
</tr>
<tr>
<td>Others</td>
<td>-53</td>
<td>-64</td>
</tr>
<tr>
<td>Operating income</td>
<td>-434</td>
<td>-298</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>-103</td>
<td>-129</td>
</tr>
<tr>
<td>Tax charge</td>
<td>-65</td>
<td>-77</td>
</tr>
<tr>
<td>Share of net profit (loss) of equity-accounted investments</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income – Group share</strong></td>
<td><strong>-600</strong></td>
<td><strong>-503</strong></td>
</tr>
</tbody>
</table>

Transformation costs including:
- Accrual of new plan in Germany;
- Costs associated with internal carve out finalized in July 2023

Includes legal costs and impact of vendor contract renegotiation

Includes cost of net debt for €-40m vs. €-13m in H1 2022
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>H1 2023</th>
<th>H1 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Margin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Depreciation of Right of Use and Fixed Assets</td>
<td>293</td>
<td>327</td>
</tr>
<tr>
<td>+ Net book value of assets sold/written off</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>+/- Net charge/(release) of provisions</td>
<td>-20</td>
<td>-21</td>
</tr>
<tr>
<td><strong>Operating Margin before Depreciation &amp; Amortization</strong></td>
<td><strong>487</strong></td>
<td><strong>369</strong></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>-110</td>
<td>-123</td>
</tr>
<tr>
<td>Lease payments</td>
<td>-181</td>
<td>-207</td>
</tr>
<tr>
<td>Change in working capital requirement</td>
<td>-645</td>
<td>-383</td>
</tr>
<tr>
<td><strong>Cash flow from operations (CFO)</strong></td>
<td>-450</td>
<td>-344</td>
</tr>
<tr>
<td><em>Adjusted CFO - excluding working capital normalization</em></td>
<td>-200</td>
<td>-344</td>
</tr>
<tr>
<td>Tax paid</td>
<td>-40</td>
<td>-21</td>
</tr>
<tr>
<td>Net cost of financial debt paid</td>
<td>-40</td>
<td>-13</td>
</tr>
<tr>
<td>Reorganization, Rationalization &amp; Integration and acquisition costs</td>
<td>-274</td>
<td>-113</td>
</tr>
<tr>
<td>Other changes</td>
<td>-166</td>
<td>-64</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>-969</td>
<td>-555</td>
</tr>
</tbody>
</table>
Free cash flow

Underlying improvement in cash from operations; planned ramp-up of transformation costs; WC normalization

In €M:

- **H1 2023 FCF**: (969)
- **Working Capital normalization**: +250
- **Increase in RRIs linked to transformation plan**: +161
- **Δ Interests & Tax**: +46
- **Δ Others**: +101
- **CFO underlying improvement**: +144
- **H1 2022 FCF**: (555)
H1 2023
Change in net debt

In €M:

- Net debt Dec 2022: (1,450)
- FCF H1 2023: (969)
- Proceeds from disposals: +218
- FX & others: (120)
- Net debt June 2023: (2,321)

- € 2.6 bn Gross cash
- € 0.3 bn Undrawn credit facility
04. Full year outlook

Nourdine Bihmane
### 2023 full-year outlook

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Eviden</th>
<th>Tech Foundations</th>
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</thead>
<tbody>
<tr>
<td><strong>Organic revenue growth</strong></td>
<td>0.0% to +2.0%</td>
<td>+0.1% in 2022</td>
<td>-1.6% in 2022</td>
</tr>
<tr>
<td></td>
<td>Previously -1.0% to +1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating margin</strong> (% of revenue)</td>
<td>4% to 5%</td>
<td>3.1% in 2022</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>FY broadly similar to H1</td>
<td>€-969m in H1 2023</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Acceleration vs. 2022</strong></td>
<td>+2.0% in 2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improvement vs. 2022</strong></td>
<td></td>
<td>5.2% in 2022</td>
<td>1.3% in 2022</td>
</tr>
<tr>
<td><strong>Positive territory</strong></td>
<td></td>
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</table>

* Including Ecoact and UCC activities (divestment expected to close in H2 2023)
Q&A
Thank you!

For more information please contact:
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M+ 33 6 21 34 36 62
thomas.guillois@atos.net