H1 2024 Results

Paris,

August 1st, 2024

Atos

Today's presenters

Jean Pierre
Mustier
Chairman & CEO

Carlo
d'Asaro Biondo
Group COO

Jacques-François
de Prest
Group CFO

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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, Norway and Sweden) and Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and South Korea), Central Europe (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Greece, Hungary, Israel, Poland, Romania, Serbia, Slovenia, Slovakia, and Switzerland), Southern Europe (Andorra, France, Italy, Portugal, and Spain) and Rest of the World including Middle East & Africa (Abu Dhabi , Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Lebanon, Madagascar, Mali, Mauritius, Morocco, Namibia, Qatar, , Kingdom of Saudi Arabia, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events and Global Delivery Centers.

Agenda

1. Key messages
2. H1 2024 Business Highlights
3. H1 2024 Financial Results
4. Key takeaways
5. Q&A

01

Key messages

Jean Pierre Mustier

Chairman & CEO

H1 2024 highlights

Successful conciliation process

- **Fully funded financial restructuring plan**
  - Ample liquidity to run the business
  - Debt reduction of €3.1 bn
  - No debt repayment before 2029+
- **Sustainable capital structure** aligned with Atos future cash flow generation

H1 performance

- **Revenue and Operating Margin** in line with the business plan communicated on April 29th
- **Free cash flow** reflecting one-off reduction of working capital optimization, increased investments for customers, and lower restructuring costs

Operational highlights

- Successful delivery of the **UEFA** contract
- Ongoing delivery of **Paris 2024 Olympic & Paralympic** games
- **88% contract renewal rate** reflecting continued customer confidence

H1 2024 performance

Group Revenue
€5.0 bn
-2.7% yoy. Organic

- **Eviden**: continued market softness in the Americas and contract scope reductions in the UK
- **Tech Foundations:** Lower scope of work with certain clients in Americas and Central Europe

Group operating margin
€115 m
2.3% of revenue

- **Eviden** profitability impacted by higher SG&A costs allocated to the business (rather than allocated to Other expenses), revenue decrease and lower utilization of resources
- Improvement of **Tech Foundations** profitability thanks to continued execution of its transformation plan

Group Free cash flow
€-1.9 bn

Including:

- **Increased investment** on customer contracts
- **Lower restructuring** costs
- **Reduction of one-off working capital optimization by** €1.3 bn as planned

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H1 2024 Business Highlights

Carlo d'Asaro Biondo
COO

88% renewal rate demonstrating continued customer confidence in a challenging context

Challenging environment for the industry: Market softness in key geographies (Americas, UK, Central Europe)

1. **Positive reception of latest Group financial restructuring announcements**
2. **Delay in contract awards** as some customers wait for the formal closing of the financial restructuring
3. **Intense customer engagement**

88%	**€300 m**	**€3.6 bn**	**3**
H1 2024 Renewal rate	TF/Eviden cross-sell pipeline	H1 Order entry 4 large renewals 2 new customers	2 large clients lost and 1 large scope reduction

Commercial strategy focused on contracts with fast implementation, and on large contract renewals leveraging partners

Eviden

85%

Vs 99%
in H1 23

Group H1 Book-to-bill: 73% (vs 93% in H1 2023)

Tech Foundations

63%

Vs 87%
in H1 23

Illustrative Q2 wins

Major European Energy utility

Application modernization

NEW

Leading European telecom

Application modernization

NEW

European air traffic management

Mission critical systems & hybrid cloud & Security Services

Renewal

US used vehicle retailer

Mainframe computing, hosting and networking solutions

Renewal

H1 2024 Group organic growth & revenue by regional business unit

Organic revenue evolution

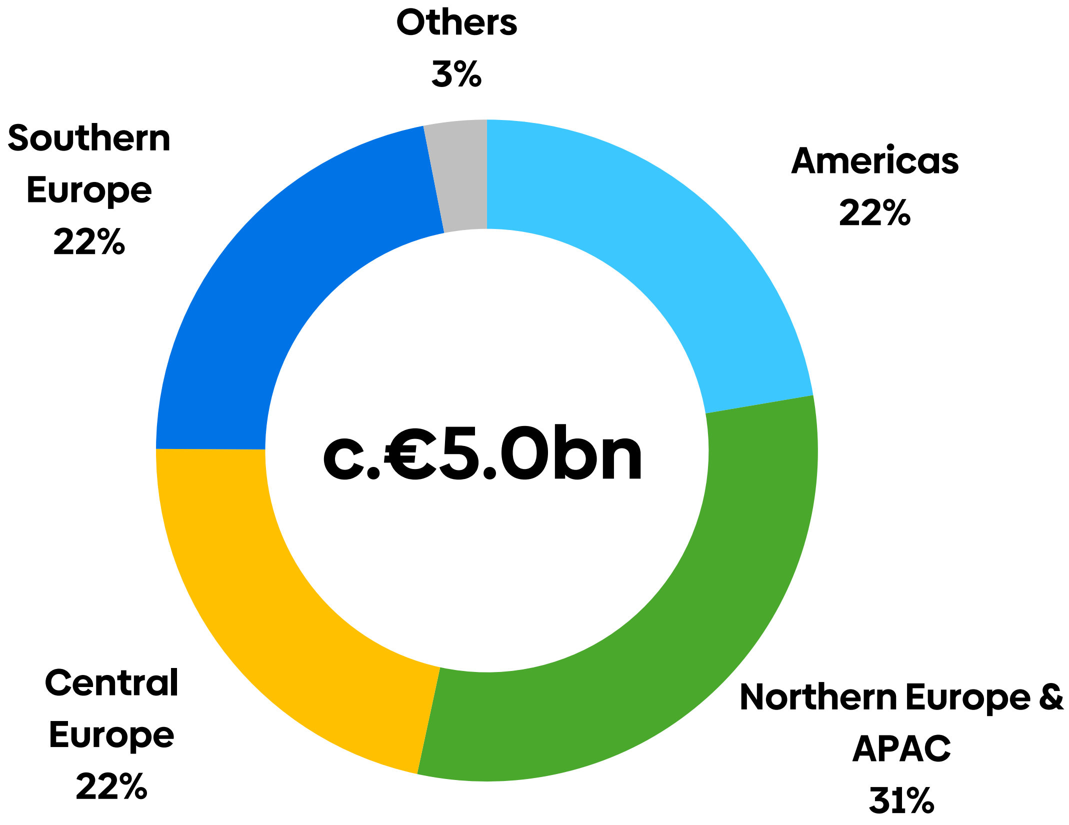
Southern Europe
Stable

Americas
-6.9%

Central Europe
-4.5%

Northern Europe & APAC
-1.3%

Revenue Mix



Southern Europe stable thanks to HPC activities

Organic revenue evolution

Southern Europe **Stable**	Americas **-6.9%**
Central Europe **-4.5%**	Northern Europe & APAC **-1.3%**

Eviden:

Low single digit growth :

- Growth in Digital activities thanks to ramp-up of large contracts in Spain and in France
- HPC deliveries in France

Tech Foundations

- Low single-digit decline due to contract completions with select customers

Americas impacted by general slowdown in market conditions and contract completions

Organic revenue evolution

Southern Europe
Stable

Americas
-6.9%

Central Europe
-4.5%

Northern Europe & APAC
-1.3%

Eviden:

Low-double digit decline

- Volume reductions & contract completions in Healthcare and Finance
- Comparative effect in BDS with the delivery of an HPC recorded last year

Tech Foundations

Low-single digit decline

- Contract completions and scope reductions with select customers

Central Europe impacted by delays in Public Sector spending and contract ramp downs

Organic revenue evolution

Southern Europe
Stable

Americas
-6.9%

Central Europe
-4.5%

Northern Europe & APAC
-1.3%

Mid-single digit decline in both Eviden and Tech Foundations

Eviden:

- Project delay in Mission Critical Systems
- Contract ramp downs in Manufacturing and in Defense

Tech Foundations

- Volume reduction in Manufacturing and Banking sectors
- Delays in Public Sector spending

Northern Europe & APAC revenue decrease reflects soft market conditions

Organic revenue evolution

- Southern Europe: **Stable**
- Americas: **-6.9%**
- Central Europe: **-4.5%**
- Northern Europe & APAC: **-1.3%**

Low-single digit decline in both Eviden and Tech Foundations

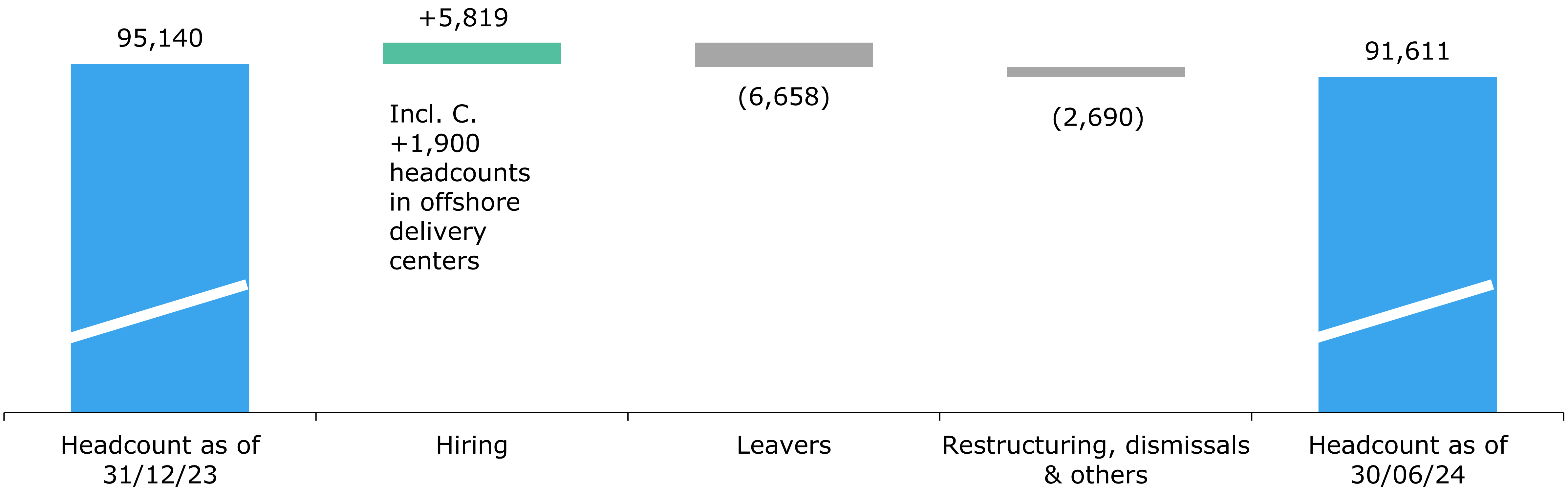
Eviden:

- Lower demand in Digital activities partly compensated by new business in advanced computing with an innovation center in Denmark

Tech Foundations

- Resilience in soft market conditions, which lead to volume decline in the healthcare, insurance and public sectors.

Ongoing workforce optimization and decrease in attrition rates



14.3% attrition rate decrease year-over year

vs 15.0% in 2023

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H1 2024 Financial results

Jacques-François de Prest
CFO

Atos

H1 2024 key financial figures

Revenue
€5.0 bn

-2.7% yoy. organic

Operating margin
€115 m

2.3% of revenue
-100bps organically

Free cash flow
€-1.9 bn

€0.2 bn capex
€1.3 bn lower WCR optimization vs Dec23

Net loss group share
€-1.9 bn

Impairment charge of €-1.6 bn

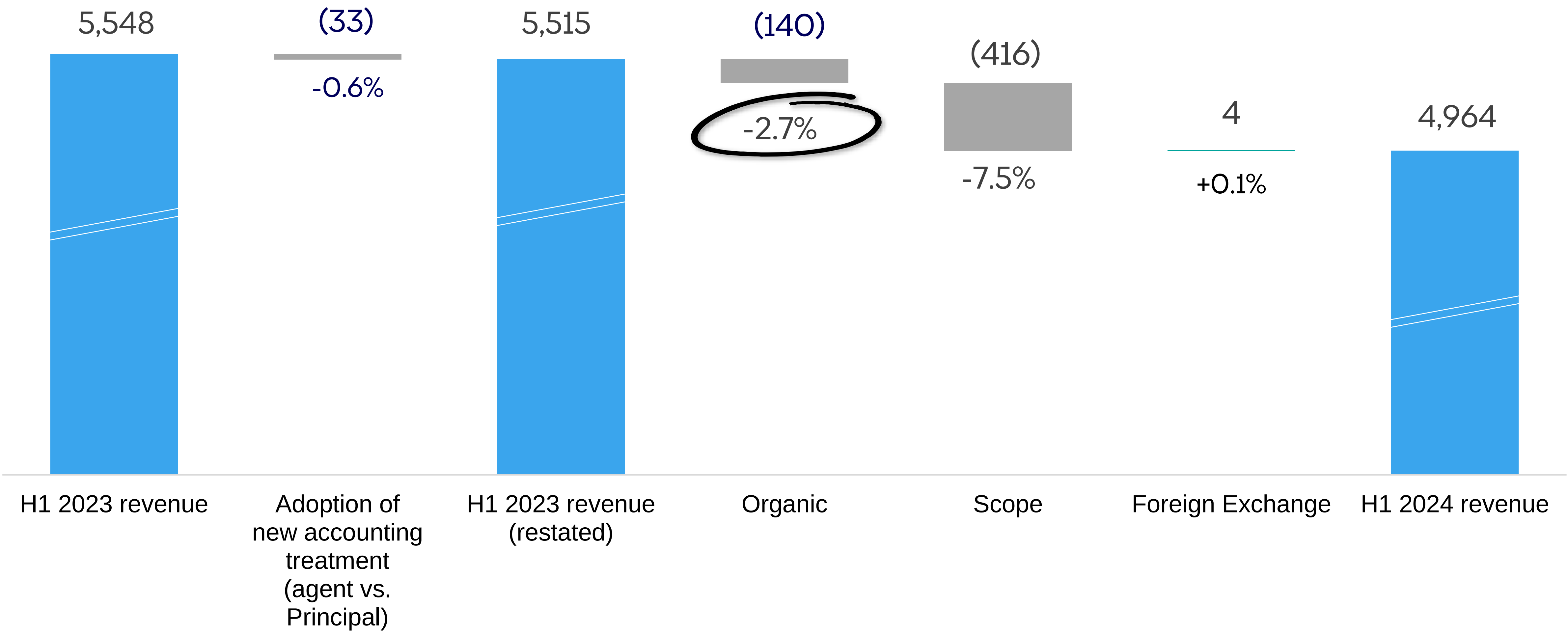
Normalized net loss
€-124 m

Vs €-113m in H1 2023

Net debt
€4.2 bn

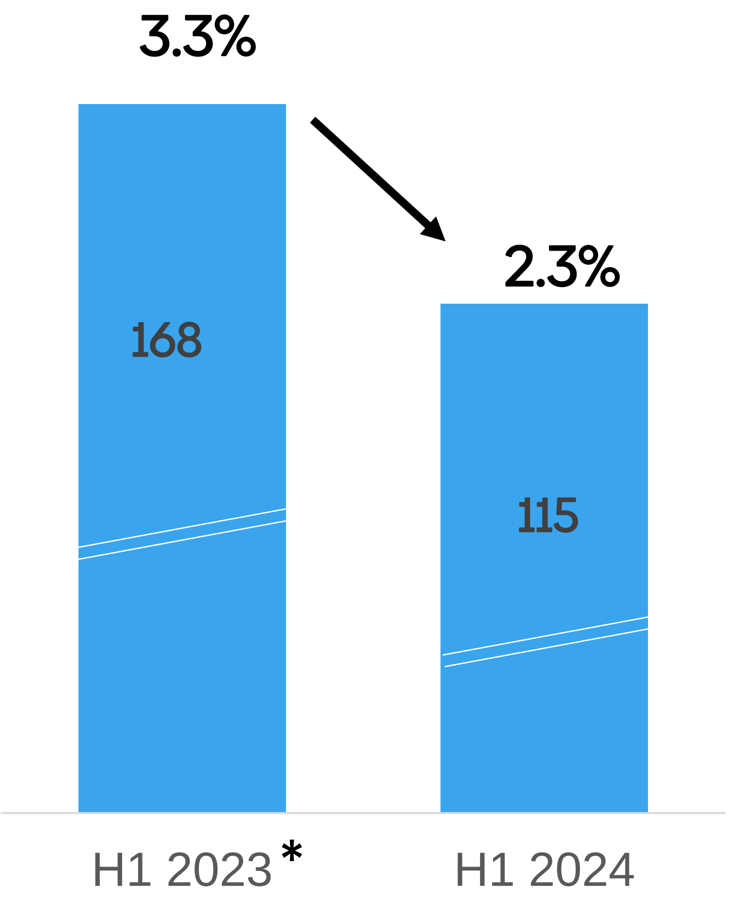
H1 2024 revenue bridge

Organic evolution in €m:



H1 2024 operating margin

-100 bps organic decrease vs prior year (in €m)



Eviden: €58m

- ✓ OM% at 2.4%, down -230 bps organically
- ✓ Higher SG&A costs allocated to the business rather than allocated to Other expenses
- ✓ Revenue decline
- ✓ Lower utilization of billable resources and absorption of fixed costs

Tech Foundations: €57m

- ✓ OM% at 2.2%, up +30 bps organically
- ✓ Continued execution of the transformation program
- ✓ Accelerated reduction of under-performing contracts
- ✓ Focus on pricing improvement

*At constant scope and June 2024 average foreign exchange rates

Operating margin to Net income

(in € million)	H1 2024	H1 2023
Operating margin	**115**	**212**
Reorganization costs	-60	-430
Rationalization and associated costs	-5	-30
Integration and acquisition costs	-2	-4
Amortization of intangible assets (PPA from acquisitions)	-29	-60
Equity-based compensation	-3	-14
Impairment of goodwill and other non-current assets	-1,570	-55
Other items	-150	-53
Other operating income (expense)	**-1,819**	**-646**
Operating (loss)	**-1,704**	**-434**
Net financial income (expense)	-175	-103
Tax charge	-62	-65
Non-controlling interests	0	-
Share of net profit (loss) of equity-accounted investments	-	2
Net (loss) – Attributable to owners of the parent	-1,941	-600
Normalized net income (loss)* – Attributable to owners of the parent	-124	-113

* The normalized net income (loss) is defined as net profit before unusual, abnormal and infrequent items (net of tax)

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- €-34 m restructuring expenses
- €-26 m outstanding activities on the separation of the Group

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Consisting mainly of:
- €-1,452 m impairment of goodwill
- €-109 m customer relationships impairment as a result of contract terminations

Half year goodwill impairment test performed at end of June, taking into account the ongoing financial restructuring of the Group and the resulting offers received.

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Including
- €55 m: additional loss on past disposals
- €51 m: advisors fees on the financial restructuring of the Group and on the asset disposals
- €11 m: reassessment on an onerous contract in Northern Europe accounted for under Other items in 2021

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- Higher interest rates on the Term loan A and the multi-currency revolving credit facility for which additional portions were drawn in the second half of 2023 and in January 2024,
- Lower interest income as a result of a lower level of deposits.

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Free cash flow reflecting increased investments for customers and reduction of one-off working capital optimization

(in € million)	H1 2024	H1 2023
Operating Margin before Depreciation & Amortization (OMDA)	**373**	**487**
Capital expenditures	-278	-110
Lease payments	-159	-181
Change in working capital requirement*	-1,393	-645
Cash from operations (CFO)	**-1,457**	**-450**
Tax paid	-45	-40
Net cost of financial debt paid	-73	-40
Reorganization, rationalization and integration costs	-171	-274
Other changes**	-167	-165
Free Cash Flow (FCF)	**-1,914**	**-969**
Net (acquisitions) disposals	-63	190
Foreign exchange rate fluctuation on net cash (debt)	5	-59
Others (share buy-back, dividend paid, capital increase)	-15	-34
Opening net debt	-2,230	-1,450
Closing net debt	**-4,218**	**-2,321**

"* Change in working capital requirement excluding the working capital requirement change related to items reported in other operating income and expense.
** ""Other changes"" include other operating income and expense with cash impact (excluding staff reorganization, rationalization and associated costs, integration and acquisition costs) and other financial items with cash impact, net long term financial investments excluding acquisitions and disposals, and profit sharing amounts payable transferred to debt."

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Capex up €168 m, reflecting significant investment in client projects for future revenue growth

€-1.3 bn one-off reduction of optimization carried out on the working capital vs year-end fiscal 2023

€103 m lower restructuring cash out in H1 2024

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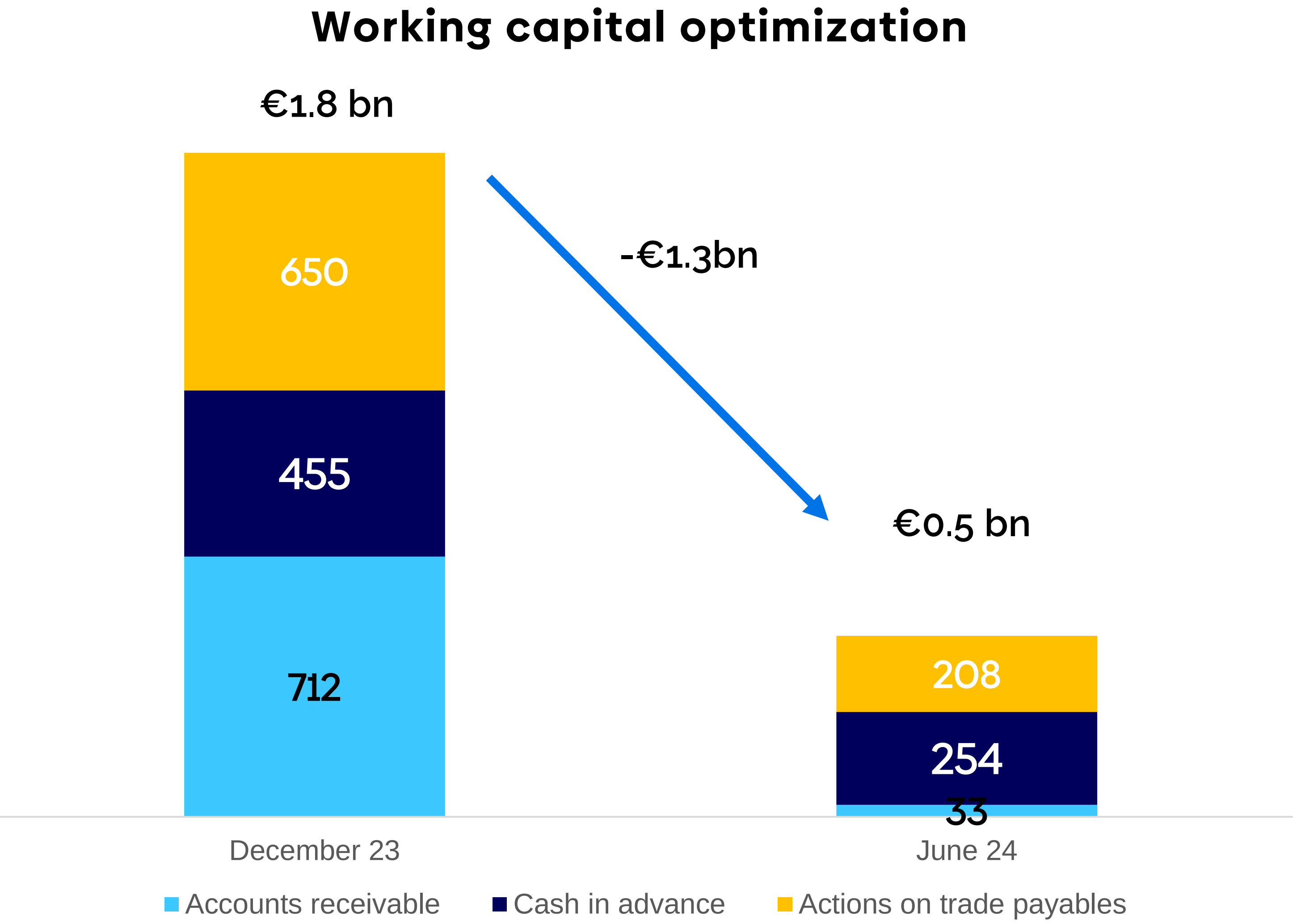
€1.3 billion less working capital optimization in H1 2024 compared vs year-end fiscal 2023, as planned



- Working capital optimized through:
  - Accounts receivable non-recourse factoring
  - Cash in advance received from customers
  - Specific optimization on trade payables
- Atos does not have a reverse factoring program
- Plan to continue to reduce the working capital optimization

Free cash flow reflecting increased investments for customers and reduction of one-off working capital optimization

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Including:
- €96m of costs incurred on onerous contracts
- €34m of payments of advisors fees on the restructuring of the Group and on the assets disposals
- €13m of legal costs

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Financial restructuring Update

Completion of an important step in the financial restructuring process

Secured c.€1.7 bn **new financings** to fund the business

€800 m short-term interim financing to be refinanced at closing

Net debt Reduction by €3.1 bn

- €2.9 bn of debt equitization
- €0.2 bn of capital increases

Debt maturity extended to 2029 and beyond

04

Key takeaways

Jean Pierre Mustier

CEO

Key takeaways

1

Refinancing plan secures
Atos long-term future

2

Renewed focus on business growth, contract delivery
and client satisfaction

3

Ongoing strong
employee commitment

05

Q&A session

Thank you!

For more information please contact:

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