# FY 2021 Results

Bezons
March 1, 2022

# Disclaimer

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitor's behaviors. Any forward-looking statements made in this document are statements about Atos' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021 under the registration number D.21-0269 and the Amendment to the 2020 Universal Registration Documents filed with the AMF on July 30, 2021 under number D.21-0269-A01. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law. This document does not contain or constitute an offer of Atos' shares for sale or an invitation or inducement to invest in Atos' shares in France, the United States of America or any other jurisdiction.

Atos consolidated and statutory financial statements for the year ended December 31, 2021, were approved by the Board of Directors on February 28, 2022. Audit procedures have been completed and the audit reports are in the process of being issued.

Revenue organic growth is presented at constant scope and exchange rates.

Industries include Manufacturing (Aerospace, Automotive, Chemicals, Consumer Packaged Goods (Food & Beverage), Discrete Manufacturing, Process Industries, Services and Siemens), Financial Services & Insurance (Insurance, Banking & Financial Services, and Business Transformation Services), Public Sector & Defense (Defense, Education, Extraterritorial Organizations, Public Administration, Public Community Services and Major Events), Telecom, Media & Technology (High Tech & Engineering, Media, and Telecom), Resources & Services (Energy, Retail, Transportation & Hospitality, and Utilities) and Healthcare & Life Sciences (Healthcare and Pharmaceutical).

Regional Business Units include North America (USA, Canada, Guatemala and Mexico), Northern Europe (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia and Sweden), Central Europe (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Romania, Serbia, Slovenia, Slovakia, Israel, and Switzerland), Southern Europe (France, Andorra, Spain, Portugal and Italy) and Growing Markets including Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), 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.

# Agenda

1. Introduction
2. 2021 Highlights
3. 2021 Financial Performance
4. 2022 Main Priorities & Objectives
5. Q&A

# 1. Introduction

*Rodolphe Belmer, CEO*

# 2021: a year of many challenges
# 2022: a pivotal year paving the way for recovery


Classic IT services driving revenue and Operating Margin decline

Unforeseen contract variance and adverse impacts at year-end

**-2.5%** Revenue at cst. curr.
**3.5%** Operating Margin
**€-419m** FCF

Assets and contracts review following change in strategy
**€2.4 bn** Impairments


Group transformation **firmly engaged**

Adapted and simplified governance structured around 3 distinct business lines and 4 regions **to accelerate return to growth**

Turnaround plan and 2023-2025 objectives **to be presented in May**

# 2. 2021 Highlights

*Rodolphe Belmer, CEO*

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2021

# Key Financial Figures

| Revenue | Operating Margin | OMDA | Headcount |
|---|---|---|---|
| € 10.8bn<br>-2.5% yoy, cst. curr.<br>-4.3% yoy, organic | € 383m<br>3.5% of revenue | € 1,095m<br>10.1% of revenue | 109,135<br>+2.9% organic |

| Net income | Normalized Net Income | Free Cash Flow | Net Debt |
|---|---|---|---|
| €-2,962m | €-215m | €-419m | € 1,226m<br>Net debt/OMDA at 1.1 |

Board decision to suspend dividend payment in 2022



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# 2021
# Commercial Activity

## 2021 Order Entry
**€10.8bn**

## Book to Bill
**99%**

## Year-end Backlog
**€23.6bn**
Or 2.1 years or revenue

## 2021 Main Wins

### Global Industrial Manufacturer
Global service integration and management

### European High Tech leader
Digital transformation embarking Cloud, Security and Decarbonization

### US Global Insurer
Migration to Public Cloud

### Major Logistics Company
Agile and cloud native application development leveraging AI/ML

### Public Authority
Dev Ops and integration to support Digital transformation

### European HealthCare player
OneCloud to support Digital Transformation, Security and Decarbonization

## 2021

# Targeted Bolt-on Acquisitions supporting business mix improvement

### Digital

**Processia** (an atos company) — Product Lifecycle Management

**IPSOTEK** — Edge, Big Data & Analytics

**IDEAL GRP** — Product Lifecycle Management

### Cloud

**NIMBIX** (an atos company) — Big Data & Analytics

**AppCentrica** (an atos company) — Cloud Application Salesforce services

**visualbi** — Snowflake

**Cloudreach** (an atos company) — Public Cloud Application & cloud migration

**DataSentics** — Big Data, AI & ML

### Security

**cryptoVision** — Cyber Products

**> 1,500** Experts

**c.€170m** Annual Revenue (2021)

In total, companies acquired since 2020 represent **c. €600m** full-year revenue (2021) in Digital, Cloud, Security and Decarbonization

2021

# Key Non-Financial Indicators

**Net promoter score from our clients**

66%

+1 point vs 2020

**$CO_2$ Emissions**
scopes 1,2 and 3

2.4 Mtons

reduced by -27% since 2019

**% of total spend assessed by Ecovadis**
or alternative assessments

68%

vs. 63% in 2020

**New Digital Certifications**

100,026

vs 85,216 in 2020

**Great Place To Work Atos Trust Index®**

66%

+1 point vs 2020

**% of Women in Executive Management (top 450)**

32%

from 13% in 2019

Sustainability to remain at the heart of Atos's strategy



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# 3. 2021 Financial Performance

*Uwe Stelter, Group CFO*

# 2021
## Financial Overview

| €M | FY 2021 | FY 2020 | Variation | Variation at constant currency |
|---|---|---|---|---|
| Revenue | 10,839 | 11,181 | -3.1% | -2.5% |
| Operating Margin | 383 | 1,002 | | |
| *% operating margin rate* | *3.5%* | *9.0%* | -550 bps | -540 bps |
| OMDA | 1,095 | 1,661 | | |
| *% OMDA rate* | *10.1%* | *14.9%* | -480 bps | |
| Normalized Net income | -215 | 725 | | |
| Net income | -2,962 | 550 | | |
| Free Cash Flow | -419 | 513 | | |
| Net debt | 1,226 | 467 | | |



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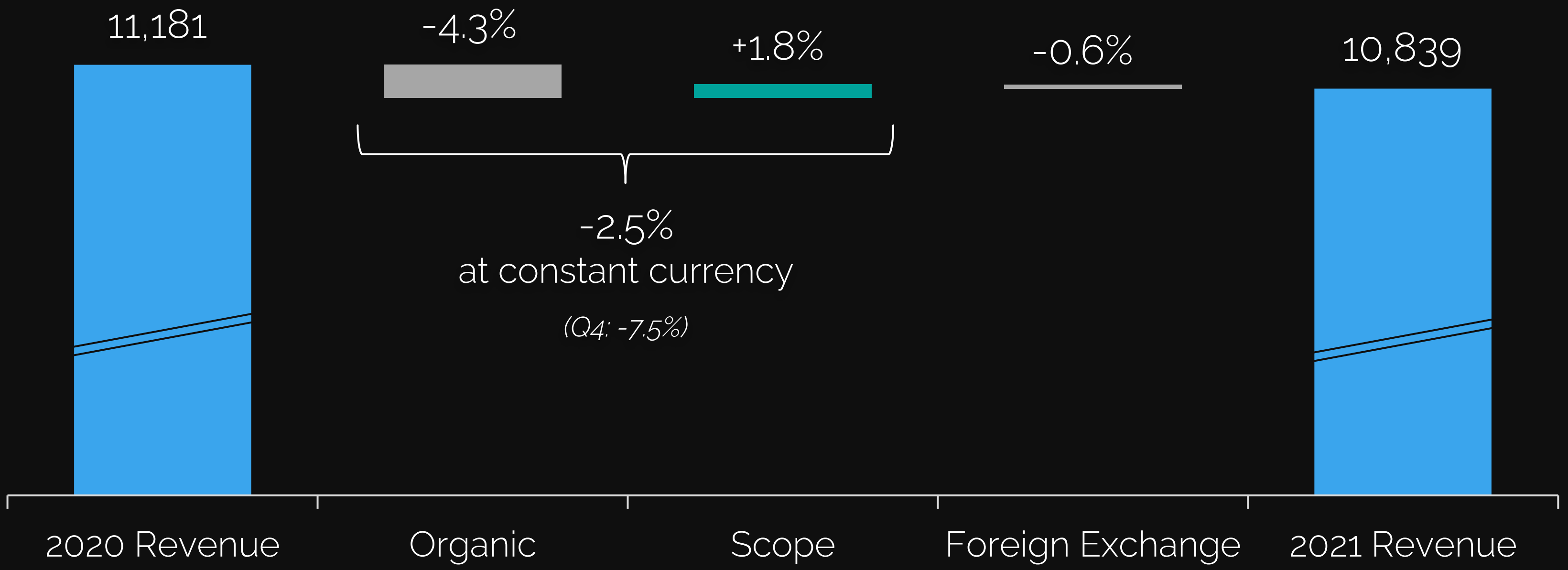
# 2021
## Revenue Bridge

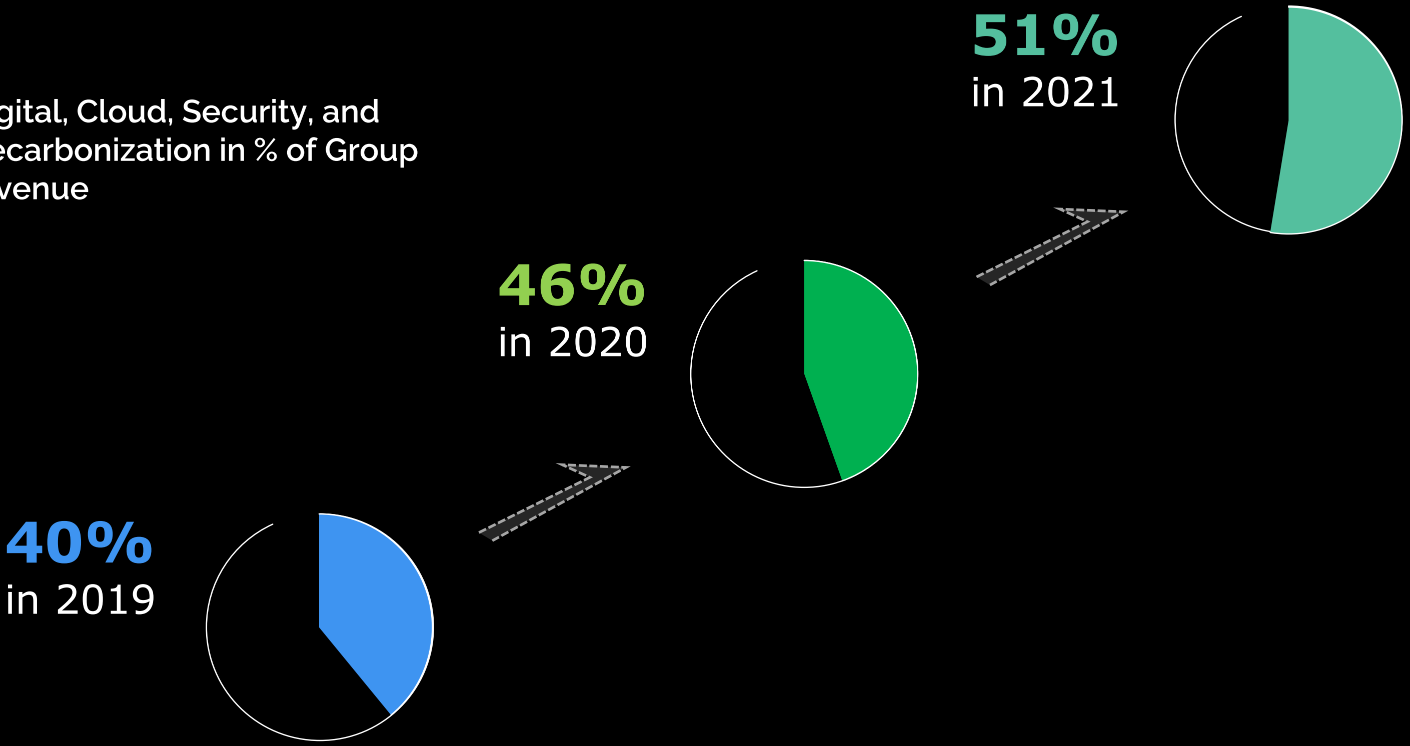
In €M:



# 2021

## Increased focus on Digital, Cloud, Security and Decarbonization

Digital, Cloud, Security, and Decarbonization in % of Group revenue



# 2021
## Performance by Regional Business Unit

| €M | Revenue | | | Operating Margin | | % OM Rate | |
|---|---|---|---|---|---|---|---|
| | FY 2021 | FY 2020* | % YoY @constant currency | FY 2021 | FY 2020* | FY 2021 | FY 2020* |
| North America | 2,418 | 2,518 | -4.0% | 254 | 377 | 10.5% | 15.0% |
| Northern Europe | 2,686 | 2,769 | -3.0% | 50 | 230 | 1.8% | 8.3% |
| Central Europe | 2,515 | 2,699 | -6.8% | 28 | 123 | 1.1% | 4.6% |
| Southern Europe | 2,418 | 2,347 | +3.0% | 54 | 189 | 2.2% | 8.1% |
| Growing Markets | 802 | 781 | +2.7% | 73 | 110 | 9.1% | 14.0% |
| Global Structures | - | - | | -76 | -43 | -0.7% | -0.4% |
| Total | 10,839 | 11,114 | -2.5% | 383 | 987 | 3.5% | 8.9% |

* *At constant currency*



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# 2021
## Performance by Industry

| €M | Revenue | | | Operating Margin | | % OM Rate | |
|---|---|---|---|---|---|---|---|
| | FY 2021 | FY 2020* | % YoY @constant currency | FY 2021 | FY 2020* | FY 2021 | FY 2020* |
| Manufacturing | 2,024 | 1,999 | +1.3% | 73 | 68 | 3.6% | 3.4% |
| Financial Services & Insurance | 2,081 | 2,104 | -1.1% | 37 | 257 | 1.8% | 12.2% |
| Public Sector & Defense | 2,354 | 2,580 | -8.7% | 63 | 261 | 2.7% | 10.1% |
| Telecom, Media & Technology | 1,506 | 1,526 | -1.3% | 55 | 123 | 3.6% | 8.0% |
| Resources & Services | 1,567 | 1,623 | -3.4% | 42 | 121 | 2.7% | 7.5% |
| Healthcare & Life Sciences | 1,306 | 1,284 | +1.8% | 113 | 157 | 8.7% | 12.2% |
| Total | 10,839 | 11,114 | -2.5% | 383 | 987 | 3.5% | 8.9% |

* *At constant currency*



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2021

# Income Statement

| €M | FY 2021 | FY 2020 |
|---|---|---|
| Revenue | 10,839 | 11,181 |
| Operating margin | 383 | 1,002 |
| Reorganization, Rationalization, Integration costs | -437 | -205 |
| Amortization of intangible assets (PPA from acquisitions) | -151 | -153 |
| Equity based compensation | -34 | -74 |
| Impairments and others | -2,529 | 80 |
| Operating income | -2,768 | 650 |
| Net financial expenses | -151 | -51 |
| Profit before tax | -2,617 | 599 |
| Tax charge | -39 | -51 |
| *Effective tax rate* | *-1.3%* | *8.6%* |
| Non-controlling interests | -3 | -3 |
| Share of net profit/(loss) of associates | 0 | 5 |
| Net income – Group share | -2,962 | 550 |
| Normalized net income – Group share | -215 | 725 |

Includes German turnaround costs: €-180m

Assets and contracts review leading to impairments and provisions of €-2,355 m

Change in fair value of OEB derivative and underlying Worldline shares: €-81 m



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# 2021

## €2.4 bn impairments and provisions resulting from assets and contracts review

| | |
|---|---|
| Goodwill impairment | €-1,324 m |
| Other non-current assets impairment and provisions for supplier commitments | €-532 m |
| Contract assets impairment, bad debt and provisions | €-499 m |



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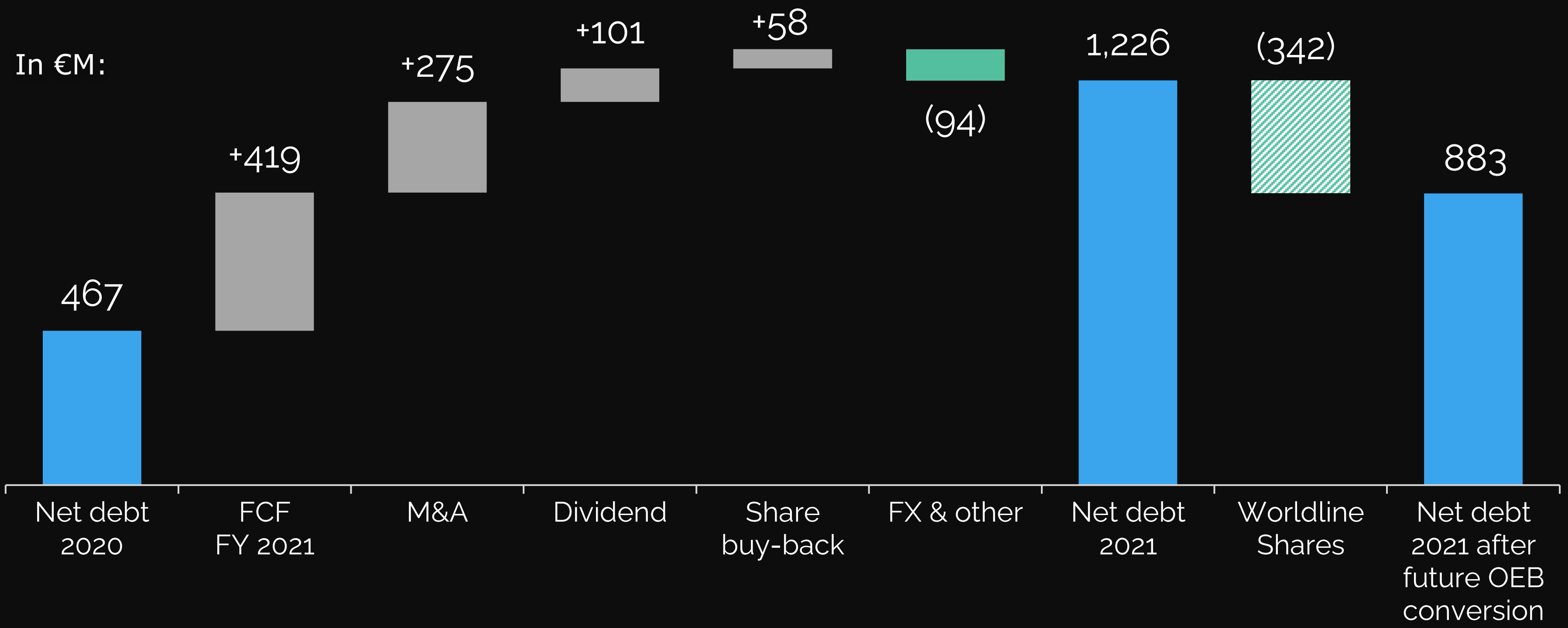
# 2021
## Cash Flow Statement

| €M | FY 2021 | FY 2020 |
|---|---|---|
| **Operating Margin** | **383** | **1,002** |
| + Depreciation of fixed assets | 325 | 332 |
| + Depreciation of right of use | 376 | 352 |
| + Net book value of assets sold/written off | 10 | 15 |
| +/- Net charge/(release) of pension provisions | -1 | -41 |
| +/- Net charge/(release) of provisions | 2 | 1 |
| **Operating Margin before Depreciation & Amortization** | **1,095** | **1,661** |
| Capital Expenditures | -272 | -320 |
| Lease payments | -391 | -361 |
| Change in working capital requirement | -156 | -63 |
| **Cash from operations** | **275** | **916** |
| Tax paid | -81 | -113 |
| Net cost of financial debt paid | -25 | -33 |
| Reorganization, Rationalization & Integration and acquisition costs | -438 | -191 |
| Other changes | -151 | -66 |
| **Free cash flow** | **-419** | **513** |

**2021**

## Net Debt Evolution



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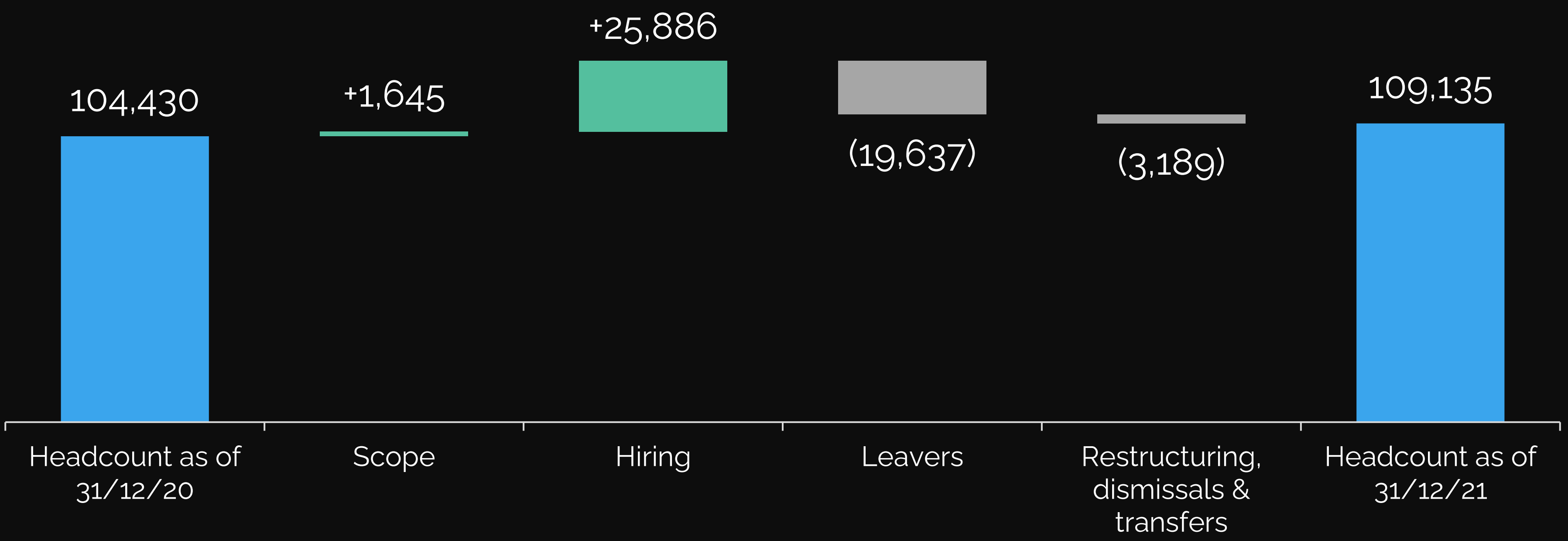
**2021**

# Headcount Evolution




3,060 net organic increase skewed towards offshore locations



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# 4. 2022 Main Priorities & Objectives

*Rodolphe Belmer, CEO*

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# Group transformation firmly engaged

## Main priorities

- [x] **Adapt and simplify governance**
- [ ] Energize sales and commercial momentum
- [ ] Rationalize cost structure
- [ ] Reposition activity portfolio through disposals and acquisitions

**Detailed turnaround plan to be presented in May 2022**

# Atos adapted governance

## To accelerate return to growth

### 3 Business Lines

**Technology Foundations**

Datacenter & Hosting
Digital Workplace
UCC
Traditional BPOs

**Digital**

Digital applications
Application maintenance
Cloud
Decarbonization

**Big Data & Security**

Big Data
Cybersecurity
HPC & Edge Computing
Mission Critical Systems

### 4 Regions

Northern Europe & APAC
Southern Europe
Central Europe
Americas

### Executive Board

Streamlined Executive Board of **12 members** ( 24 positions previously)

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# 2022: a pivotal year

## Growth bottoming out, back-end loaded performance

### H1

- Continued decline of classic IT business
- Personnel cost inflation
- Supply chain tensions

Further pressure on revenue and operating margin

### H2

- More favorable revenue mix
- Lower comparison basis
- Benefits from performance optimization actions already implemented

Back to revenue growth at cc
Uptick in operating margin



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# 2022: a pivotal year
## Full-year objectives

| | |
|---|---|
| Revenue growth at constant currency | -0.5% to +1.5% |
| Operating margin (% of revenue) | 3% to 5% |
| Free cash flow | €-150m to €200m |



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# 5. Q&A

# Thank you

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