

# FY 2019 results

February 19, 2020

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**Atos**

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- ▶ Revenue organic growth is presented at constant scope and exchange rates.
- ▶ Business Units include **North America** (USA, Canada, and Mexico), **Germany, France, United Kingdom & Ireland, Benelux & The Nordics** (Belgium, Denmark, Estonia, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), and **Other Business Units** including Central & Eastern Europe (Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Israel, Italy, Romania, Serbia, Slovakia and Switzerland), Iberia (Spain and Portugal), Asia-Pacific (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Colombia, and Uruguay), Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kingdom of Saudi Arabia, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events, Global Cloud hub, and Global Delivery Centers.

# Agenda

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1. 2019 highlights and objectives for 2020
2. Financial performance
3. Conclusion and Q&A

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# **2019 highlights and objectives for 2020**

Elie Girard  
CEO

# FY 2019 Highlights

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**Infrastructure & Data Management and North America returned to growth in H2**  
**Successful development of Google Cloud partnership, acquisition of Maven Wave**

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**Slight growth in Business & Platform Solutions, with softness in Financial Services in North America,**  
**and a more difficult Automotive sector in Germany towards year end**

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**Synergies with Syntel generated as planned for the first year through**  
**cost efficiency and optimization as well as revenue**

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**Very strong year in Big Data & Cybersecurity led by High Performance Computing and Cyber-services**  
**Increasing attraction of high skills and accelerated investment in innovative offerings**

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**Dynamic commercial momentum with a book to bill at 106% with large signatures**  
**in North America, Germany and United Kingdom; book to bill at 121% in Q4**

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**Strong improvement in all extra-financial KPIs**  
**Atos confirmed leadership in sustainability as #1 worldwide in Digital industry on the DJSI Index**

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**Deconsolidation of Worldline through a €2.3 bn distribution to shareholders in May**  
**combined with sale of shares in November, as well as in February 2020**

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# FY 2019 key financial figures

Organic growth

**+1.4%**

*vs. +0.4% in 2018*

Operating margin rate

**10.3%**

*vs. 9.8% in 2018*

Free cash flow

**€0.6bn**

Book to bill

**106%**

*121% in Q4*

Normalized diluted EPS\*

**€7.74**

Total headcount

**108,317**

**Proposed dividend at €1.40 per share**

# FY 2019 key extra-financial figures

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**20.97**

**tCO<sub>2</sub> emissions / m€  
revenue**

*reduced by **-24%** since 2015*

**31%**

**% of women within Atos**

**+3** points since 2015

*Industry comparable: 29% to 32%*

**51,376**

**New Digital certifications**

*vs **40,316** in 2018*

*leading to **177,100** end of 2019*

**59%**

**Great Place To Work**

**+9** points since 2015

*in the first quartile of Digital  
industry*

# Main wins in Q4 2019

**Large Audit  
& Consulting  
firm**



**Full stack  
Digital  
transformation**



**Dutch Ministry  
of  
Infrastructure  
and Water  
Management**



**Application &  
Platform  
services**



**Global Managed  
Security  
Services**

**A North  
American  
Railway  
Company**



**Digital  
Workplace**

  
**SWAROVSKI**



**Digital  
Transformation  
through SAP**



**European  
Centre for  
Medium-Range  
Weather  
Forecast**



**BullSequana  
XH2000  
supercomputer**

**A  
major UK  
telco  
company**



**Digital  
Workplace and  
Cloud contact  
center solutions**

  
**Viscofan**  
The casting company



**S/4 HANA  
Implementation**













**UNIVERSIDAD  
DE CORDOBA**



**High-  
performance  
computing**



# 2019 achievements with key Alliances

Dell Technologies	Google Cloud	aws	Microsoft Azure	RingCentral
 <p>Dell Global Growth Partner of the year</p> <p>VMware Global Partner Innovation</p> <p>Pivotal Global breakthrough Partner of the year EMEA</p>  <p>Joint go to market leveraging Dell technologies in Atos Digital Hybrid Cloud (DHC)</p>	 <p>Google Cloud Global Breakthrough Partner of the Year</p>  <p>75 customer wins</p> <p>Order Entry &gt;600MC</p> <p>Customers in 13 countries and in all Industries</p>  <p>4 AI Labs in Europe and USA</p>	 <p>Member of AWS Solution Provider &amp; Public Sector Partner Programs</p> <p>Top Score in 2019 MSP Renewal Audit</p>  <p>Portfolio / Go to market focus : Large, Complex Migrations and Modernization, SAP, IoT, Customer Experience</p>	 <p>Strategic initiative to accelerate Azure S/4 Hana adoption among SAP large customers</p>  <p>Several major wins in Digital Workplace</p>  <p>New certifications (Azure/O365): 550 in 2019</p>	 <p>Preferred provider of Unified Communications as a Service (UCaaS) solutions to Atos</p>  <p>Atos as first global Systems Integration partner to provide global cloud communications platform</p>

**Key alliances leverage Atos leadership in all industries with major wins: BASF, a North American Railway Company, Philips...**

# Attraction, Skilling, and Mobility

New Certified Digital Experts Onboarded

+600 +500 +500



Google Cloud



Cybersecurity

Atos Career Webpage

+3.9m Visitors

LinkedIn Followers

+240k Followers

58%

External Hiring for **Entry Level Roles**

New Digital Certifications

+51k

x2  
more  
SAP

+1k



Google Cloud

+2k



Cybersecurity

**Positions filled internally**  
*Strong internal mobility*

81%

# CSR recognition and enhanced sustainability portfolio

## 2019 Industry CSR leadership



**82/100**

Industry average: 39/100



**A**

Industry average: B



**AAA**

Industry average: BBB



**4.8/5**

Industry average: 2.6/5



**80/100**

Industry average: 43/100

## 2019 Sustainability portfolio released



### Digital carbon footprint measurement

*Consulting methodology*



### Low carbon coding

*Optimized coding to reduce software energy consumption*



### Data center energy efficiency

*Power optimization, renewable energy*



### Hardware energy efficiency

*Patented cooling system, stringent green hardware purchasing policy*



### Atos Green app to drive responsible

Digital behaviours

*Monitoring employee carbon footprint*

# Further improvement in 2020

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## 2020 objectives

**Revenue**

**c. +2%** organic growth

**Operating  
margin rate**

**+20 bps to +40 bps** vs 2019

**Free cash flow**

**c. €700m**

# My first priority has been to meet customers & people

## Meet large customers and prospects

*Across all Industries*

## Meet partners

*Including partners with Industry specific capabilities*

## Roadshows across Atos sites

*Review of Atos skills and offerings*

## Meet Experts, and Atos Scientific community

*Assessment of mid-term Business, Digital, and Technology trends*

## Launch of an Industry approach prepared throughout 2019: **SPRING**

***Reshape** our portfolio of offerings*

***Redesign** our go-to-market approach*

***Set-up** an Industry led organization*

***SPRING to serve our customers even better and drive our culture of customer obsession even further***

# Implementation of the new Industry led organization

## 6 Global Industries



Manufacturing  
(MAN)



Telecom,  
Media  
& Technology  
(TMT)



Financial  
Services  
& Insurance (FSI)



Resources  
& Services  
(R&S)

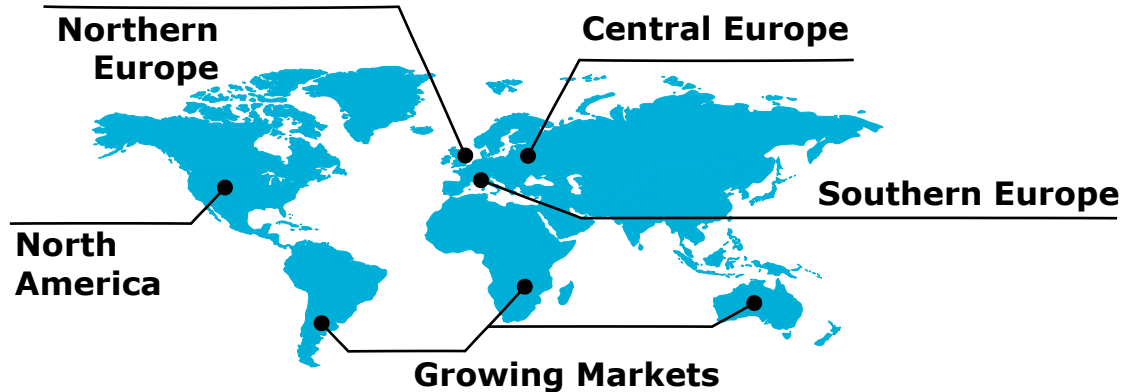


Public Sector  
& Defense  
(PSD)



Healthcare  
& Life Sciences  
(HLS)

## 5 Regional Business Units (RBU)



# Appointment of an adapted Top management team

## Accountabilities



## Group Management Committee



# Atos

## 2020 Analyst Day

**April 22, 2020 in Paris**



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## **Financial performance**

Uwe Stelter

Group CFO

# FY 2019 Commercial activity dashboard

**Order entry**  
**€12.2bn**

**Backlog**  
**€21.9bn**  
*1.9 year of revenue*

**Book to bill**  
**106%**  
*121% in Q4 2019*

**Qualified Pipeline**  
**€7.4bn**  
*7.6 months of revenue*

# Constant scope and exchange rates figures reconciliation

<i>In € million</i>	<b>2019</b>	<b>2018</b>	<b>% change</b>
Statutory revenue	11,588	12,258	-5.5%
Exchange rates effect		117	
Revenue at constant exchange rates	11,588	12,375	-6.4%
Scope effect		-982	
Exchange rates effect on acquired/disposed perimeters		37	
<b>Revenue at constant scope and exchange rates</b>	<b>11,588</b>	<b>11,430</b>	<b>+1.4%</b>
Statutory operating margin	1,190	1,260	-5.6%
Scope effect		-154	
Exchange rates effect		19	
<b>Operating margin at constant scope and exchange rates</b>	<b>1,190</b>	<b>1,125</b>	<b>+5.8%</b>
<i>as % of revenue</i>	<i>10.3%</i>	<i>9.8%</i>	

- ▶ **Exchange rates** effect positively contributed to revenue for €+154 million and to operating margin for €+19 million mainly coming from the American dollar.
- ▶ **Scope effect** mostly related to the restatement linked to the deconsolidation of Worldline, the acquisition of Syntel, and the disposal of some specific Unified Communication & Collaboration activities.

# 2019 performance by Division

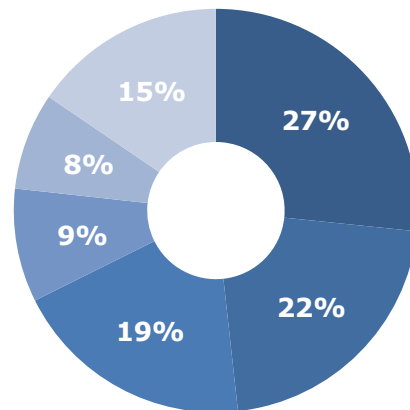
- ▶ **Infrastructure & Data Management back to growth in H2 led by North America**
- ▶ **Slight growth in Business & Platform Solutions impacted by Healthcare and Financial Services in North America in H2, as well as by Automotive in Germany in Q4**
- ▶ **High growth in Big Data & Cybersecurity led by High Performance Computing and Cybersecurity Services**
- ▶ **Operating margin achieved 10.3% improving from 9.8% driven by cost synergies with Syntel and cost saving actions (RACE and Germany)**

	Revenue			Operating margin		Operating margin %	
	2019	2018*	Organic evolution	2019	2018*	2019	2018*
<i>In € million</i>							
Infrastructure & Data Management	6,321	6,362	-0.6%	614	589	9.7%	9.3%
Business & Platform Solutions	4,216	4,180	+0.9%	492	483	11.7%	11.6%
Big Data & Cybersecurity	1,050	888	+18.3%	149	127	14.2%	14.3%
Corporate costs	-	-		-65	-74	-0.6%	-0.7%
<b>Total</b>	<b>11,588</b>	<b>11,430</b>	<b>+1.4%</b>	<b>1,190</b>	<b>1,125</b>	<b>10.3%</b>	<b>9.8%</b>

\* At constant scope and exchange rates

# Infrastructure & Data Management

- ▶ **Revenue back to growth in H2**
- ▶ **Pursue transition to hybrid cloud and acceleration in Digital workplace**
- ▶ **Operating margin improvement from RACE and adaptation plan in Germany**
- ▶ **-2% staff reduction mainly from automation**



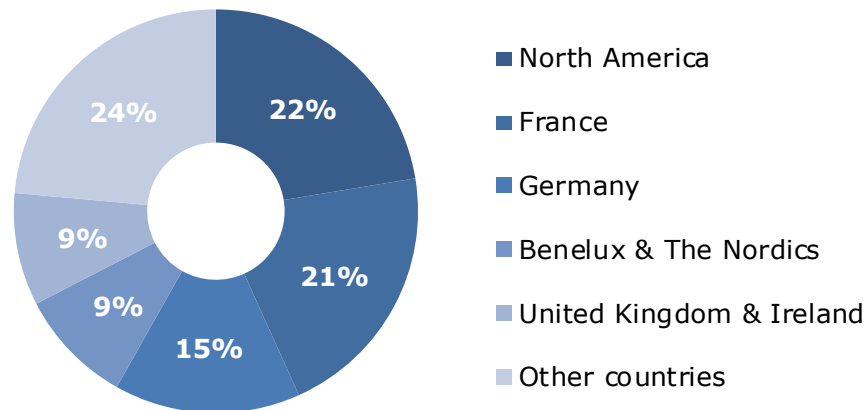
- North America
- Germany
- United Kingdom & Ireland
- Benelux & The Nordics
- France
- Other countries

<i>In € million</i>	2019	2018*	<i>Organic evolution</i>
Revenue	6,321	6,362	-0.6%
Operating margin	614	589	
Operating margin rate	9.7%	9.3%	

\* At constant scope and exchange rates

# Business & Platform Solutions

- ▶ **Slight growth with some softness in Financial services in North America and Automotive in Germany in H2**
- ▶ **Growth led by Digital transformation and automation projects in Manufacturing & Retail**
- ▶ **Cost synergies with Syntel and RACE program contributing to reach 11.7% operating margin**
- ▶ **-4% staff reduction from Artificial Intelligence and robotization**



<i>In € million</i>	2019	2018*	<i>Organic evolution</i>
Revenue	4,216	4,180	+0.9%
Operating margin	492	483	
<i>Operating margin rate</i>	<i>11.7%</i>	<i>11.6%</i>	

\* At constant scope and exchange rates

# Syntel Revenue Synergies

Pipeline remains solid and synergies to accelerate in 2020

## Synergy categories

## 2019 status

1

Leverage Syntel portfolio into Atos' Clients into North America and Europe

Smaller projects in almost all targeted Atos customers

2

New Global capabilities to capture large End-to-End Digital Transformation projects

Overperforming with large combined wins ie. Philips, US healthcare provider

3

Leverage Atos portfolio into Syntel base

Ramping up with first deals started in the United Kingdom



## Revenue Synergies

- **28** deals closed in H2
- Total qualified opportunities at year end reached **\$0.6bn**

**Global Advisory Firm**  
(Syntel customer)

Automation powered service desk management and end user operations

**US based healthcare payment and revenue solutions company**  
(New customer)

Data & Insights - Data Management, Analytics, Business Processes and Infrastructure Support

Q4 Wins

# Syntel delivery and Customer Satisfaction

Transformation is delivering cost synergies and better customer service



## Syntel delivery and cost synergies

- ▶ Legacy Syntel scope kept high level of operating margin even slightly improving it
- ▶ **€35m cost synergies** run-rate end of 2019, of which €30m effect in 2019 through improved operational effectiveness and G&A cost improvements
- ▶ As part of the €30m, procurement and real estate synergies resulted in **€12m**

## Processes and Quality *"Customer for Life"*

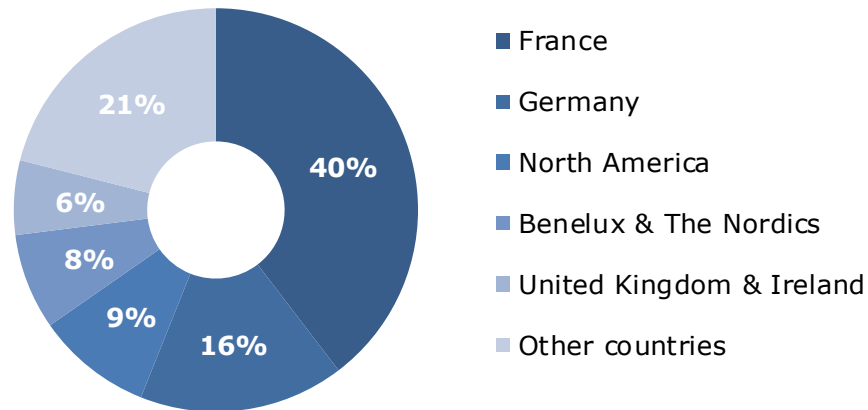
KI<sub>N</sub>xT  
TAKING DELIVERY EXCELLENCE TO THE NEXT LEVEL

- ▶ Improved CSAT outcomes over H1 2019 – Higher ratings on '**Meeting Customer Expectations**' and '**Innovation**'
- ▶ **76%** of our large customers now **Promoters**; **16 new large customers** are now Promoters from passive/detractors
- ▶ **Value-4-Client** joint initiative in Atos Syntel launched in Q4 to strengthen value for customers



# Big Data & Cybersecurity

- ▶ **Acceleration of organic revenue growth led by High Performance Computing and Cybersecurity services**
- ▶ **Further investments to extend the business both in terms of industries and geographies**
- ▶ **+6% staff increase reflecting strong business demand**



<i>In € million</i>	2019	2018*	Organic evolution
Revenue	1,050	888	+18.3%
Operating margin	149	127	
Operating margin rate	14.2%	14.3%	

\* At constant scope and exchange rates

# 2019 performance by Global Business Unit

- ▶ Positive growth in all Global Business Units except North America, which is back to growth in H2
- ▶ Operating margin improvement in most geographies

	Revenue			Operating margin		Operating margin %	
	2019	2018*	Organic evolution	2019	2018*	2019	2018*
<i>In € million</i>							
North America	2,725	2,789	-2.3%	343	300	12.6%	10.8%
Germany	2,167	2,153	+0.7%	152	126	7.0%	5.9%
France	1,788	1,727	+3.5%	164	151	9.2%	8.7%
United Kingdom & Ireland	1,669	1,668	+0.0%	165	198	9.9%	11.9%
Benelux & The Nordics	1,047	1,016	+3.0%	88	71	8.4%	7.0%
Other Business Units	2,192	2,077	+5.6%	319	344	14.6%	16.5%
Global structures**	-	-		-42	-66	-0.4%	-0.6%
<b>Total</b>	<b>11,588</b>	<b>11,430</b>	<b>+1.4%</b>	<b>1,190</b>	<b>1,125</b>	<b>10.3%</b>	<b>9.8%</b>

\* At constant scope and exchange rates

\*\* Global structures include the IT Services Divisions global costs not allocated to the Business Units and Corporate costs.

# RACE set to accelerate in 2020: cost savings to further increase competitiveness

2019

- New methodology of billing process optimization generated 28m€
- Real Estate, including Syntel consolidation, brought 26m€ of savings
- Span of Control leading to redeployment of 350+ people, within the business
- Automation delivered 20m€ additional margin

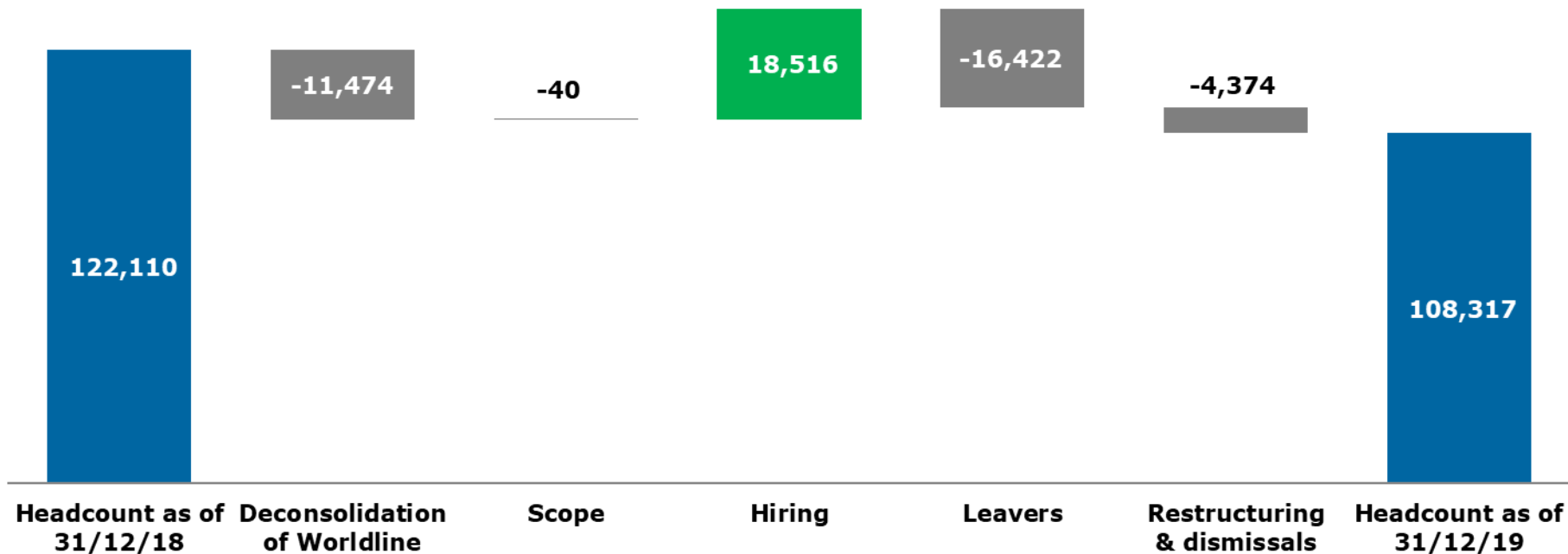
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## **2020:** from 12 to 15 Programs

1. Lean
2. Automation
3. Cash & Billing
4. Contract Prospect Improvement
5. Contract Negotiation
6. Supplier Management
7. Enterprise License Agreement
8. HR
9. Salesforce
10. Real Estate
11. Function As A Service Transformation
12. Process Simplification
13. Digital Transformation
14. Data Center
15. Contract Management

- *Drive of cross-selling via a tighter sales discipline, based on Salesforce tool*
- *Optimize General & Administrative function cost*
- *Consolidate Supplier Management to generate additional savings*
- *New sustainability targets for our Data Center utilization*
- *Simplification & digitalization of Group processes*
- *Usage of new contract / Analytics / AI tool for customer contracts*

# 2019 headcount evolution



# Income statement

<i>In € million</i>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	<b>11,588</b>	<b>10,648</b>
<b>Operating margin</b> <i>% of revenue</i>	<b>1,190</b> 10.3%	<b>967</b> 9.1%
Reorganization, Rationalisation, Integration & acquisition costs	-175	-154
Amortization of intangible assets (PPA from acquisitions)	-157	-107
Equity based compensation	-73	-36
Others	-125	-40
<b>Operating income</b>	<b>660</b>	<b>630</b>
Net financial expenses	-208	-67
<b>Profit before tax</b>	<b>452</b>	<b>564</b>
Tax charge	-82	-1
<b>Effective tax rate</b>	<b>18.2%</b>	<b>0.3%</b>
Non-controlling interests	-3	-4
Share of net profit of associates	47	2
<b>Net income from continuing operations - Group share</b>	<b>414</b>	<b>560</b>
<b>Net income from discontinued operation - Group share</b>	<b>2,986</b>	<b>70</b>

*From operating margin  
to net income\*:  
2019 includes*

- ▶ **Worldline**
  - Sale of shares: -€53m
  - OEB: -€54m
  - Profit of associates: +€47m
- ▶ **Syntel**
  - Synergies implementation: -€30m
  - Interests: -€60m
  - Amortization PPA: -€67m
- ▶ **Adaptation plan Germany: -€25m**
- ▶ **Settlement Telco Germany: -€23m**

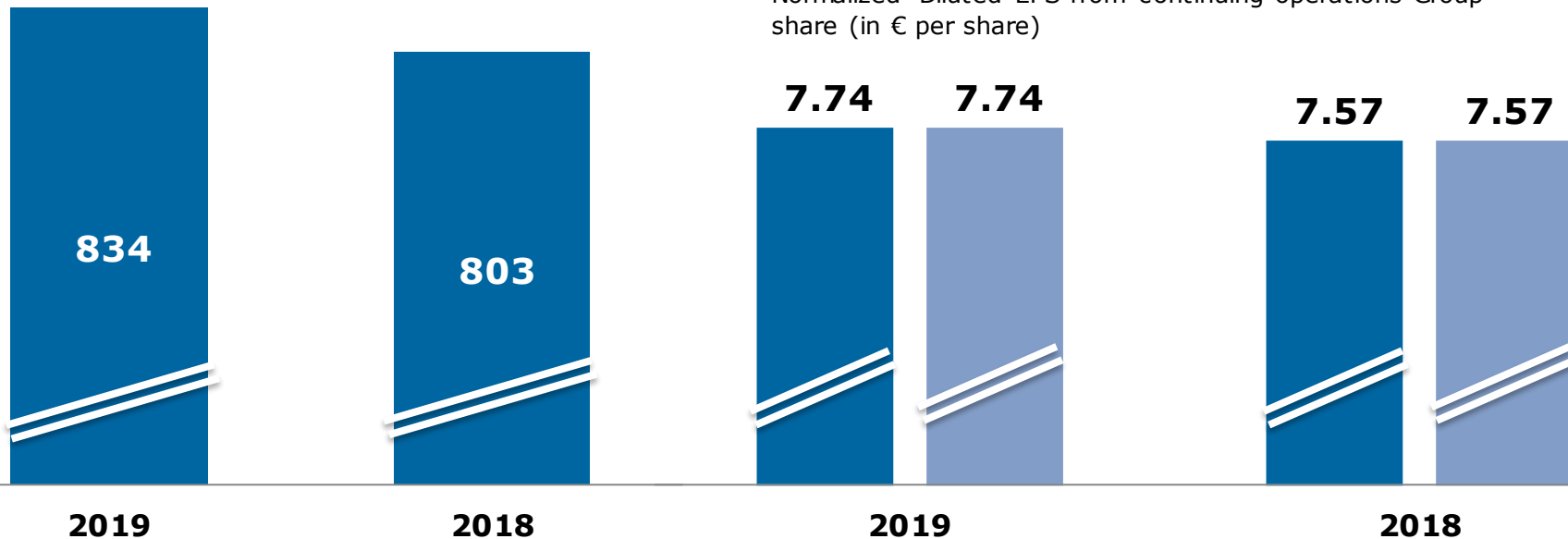
# Normalized net income and normalized EPS

## Group share evolution

**Net income from continuing operations  
Group share**

■ Normalized Basic EPS from continuing operations Group share (in € per share)

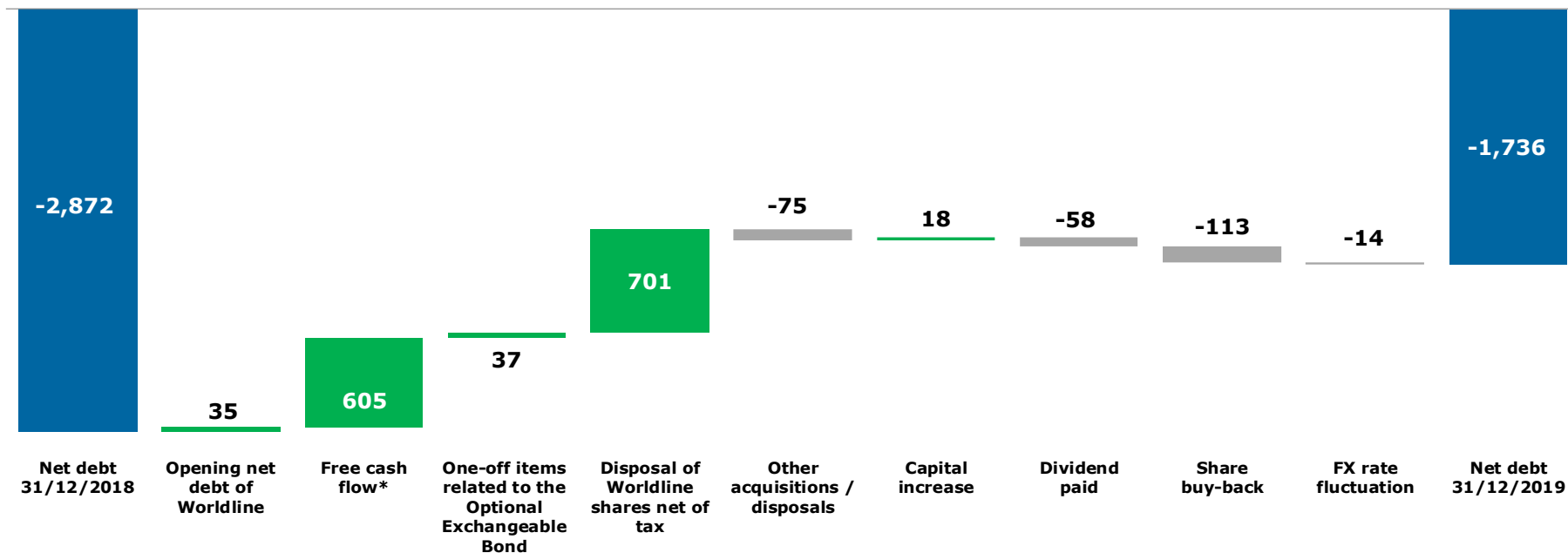
■ Normalized Diluted EPS from continuing operations Group share (in € per share)



# Cash flow statement

<i>In € million</i>	<b>2019</b>	<b>2018</b>
<b>Operating margin</b>	<b>1,190</b>	<b>967</b>
<i>as a % of revenue</i>	<i>10.3%</i>	<i>9.1%</i>
<b>OMDA</b>	<b>1,802</b>	<b>1,210</b>
<i>as a % of revenue</i>	<i>15.5%</i>	<i>11.4%</i>
Capital Expenditures	-324	-371
Lease payments	-345	0
Change in working capital requirement	-130	-95
<b>Cash from operations</b>	<b>1,004</b>	<b>744</b>
Reorganisation, Rationalisation & Integration	-173	-146
Taxes paid	-99	-80
Net cost of financial debt paid	-64	-30
Other changes	-25	-37
<b>Free cash flow IFRS</b>	<b>642</b>	<b>451</b>
<i>Free Cash Flow / Operating Margin</i>	<i>53.9%</i>	<i>46.6%</i>
<b>Free cash flow restated*</b>	<b>605</b>	<b>451</b>
<i>Free Cash Flow / Operating Margin</i>	<i>50.8%</i>	<i>46.6%</i>

# Net debt evolution

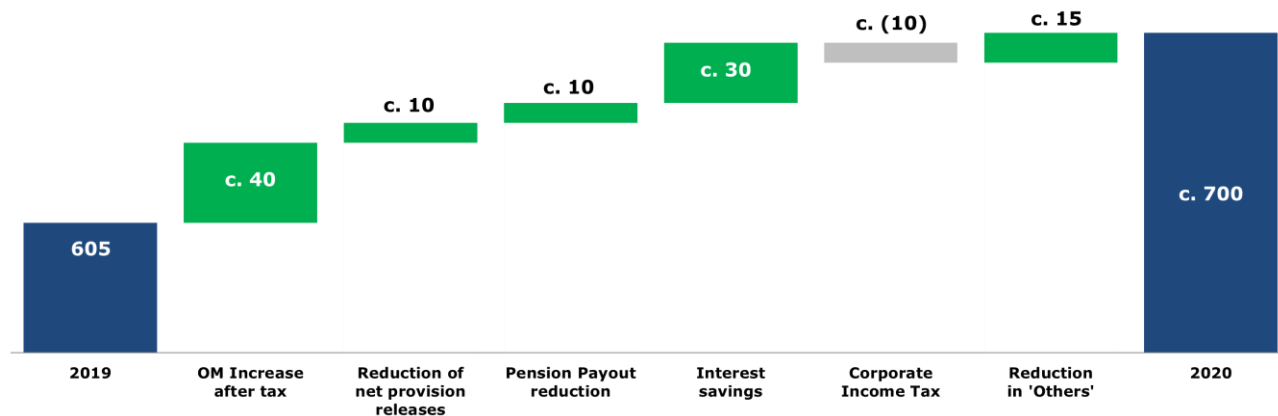




# From 2019 to 2020 free cash flow: forecasted evolution

## Main drivers on Operating Margin

- 1 Syntel cost synergies
- 2 Automation and AI in Infrastructure & Data Management and Business & Platform Solutions
- 3 Topline growth in BDS
- 4 New RACE actions
- 5 Adaptation plan in Germany



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## **Conclusion**

Elie Girard

CEO

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# 2020 main priorities

## Organic growth

*Pursue current positive momentum*

## Integration

*Complete Syntel synergies*

## Acquisitions

*Bolt-on focused on key offerings  
Cyber and Big Data*

## Transformation

*Portfolio of offerings,  
go-to-market, Industry set up*

**2020: a year of transformation  
with further improvement in business and financial objectives**

# Q&A



# Thank you

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