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# Analyst Day

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November 15th, 2013

# Disclaimer

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- ▶ This presentation contains further forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability in the future. 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 2012 Reference Document filed with the Autorité des Marchés Financiers (AMF) on April 3<sup>rd</sup>, 2013 under the registration number: D13-0271 and its update filed with the Autorité des Marchés Financiers (AMF) on July 31<sup>st</sup>, 2013 under the registration number: D13-0271-A01.
- ▶ The ambition to complete the IPO of Worldline in 2014 corresponds to specific hypotheses subject to changes. At this stage, this ambition is under consideration by the Group but other options remain open. It depends on a combination of internal and external factors and no decision is made. The Group reserves its right to pursue, change, suspend or abandon this ambition at any moment depending on the circumstances. Should this ambition give rise at a later stage to a project, such a project would be then prepared, detailed, planned and finally put in place in compliance with all applicable laws and regulations. In particular, the Group would proceed in due time and in an appropriate manner with all the applicable processes with the employee representatives bodies, the processes with the relevant authorities and any other applicable process and the project could be amended or terminated in consequence.

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# **Vision, strategy** and 2016 Ambition

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**Thierry BRETON**  
Chairman and CEO



**Atos 2013 Analyst Day**

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November 15<sup>th</sup> 2013


# Atos journey over the last 5 years (1/2)

## Our Achievements since 2008

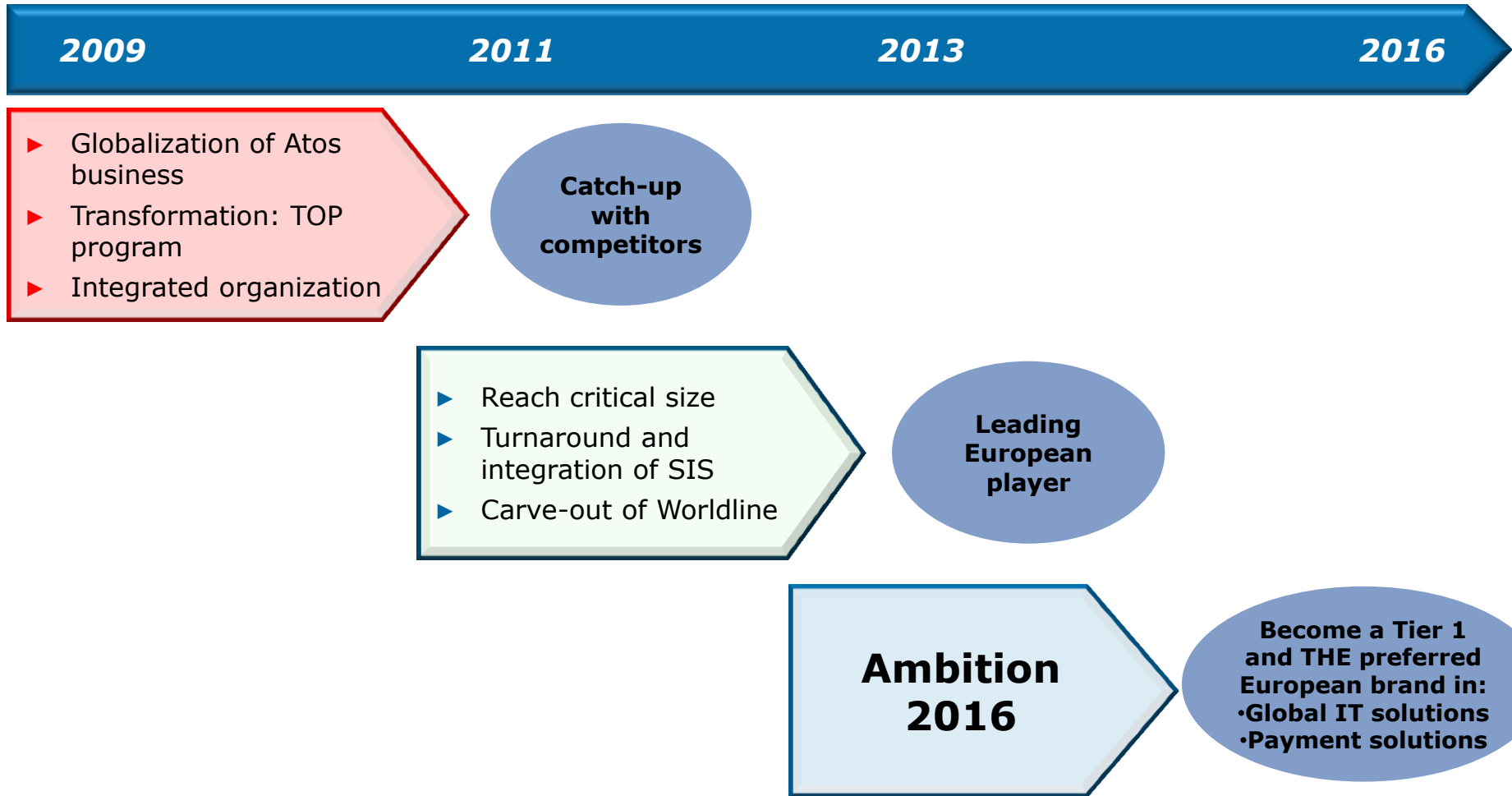
	 <i>in 2008</i>	 <i>in 2013e</i>	$\Delta$
Revenue	<b>€5.6bn</b>	<b>c. €8.7bn</b>	<b>+55%</b>
Operating margin	<b>4.7%</b>	<b>c. 7.5%</b>	<b>c. +280bps</b>
Headcount	<b>51,000</b>	<b>77,000</b>	<b>+50%</b>

# Atos journey over the last 5 years (2/2)

## Our Achievements since 2008

	 <i>in 2008</i>	<b>Atos</b> <i>in 2013e</i>	$\Delta$
<b>Net cash / (debt)</b>	<b>(€304m)</b>	<b>€353m</b> <i>(30/09/2013)</i>	<b>+€650m</b>
<b>Free cash flow</b>	<b>(€52m)</b>	<b>&gt; €350m</b>	<b>+€400m</b>
<b>Market cap</b>	<b>€1.2bn</b> <i>(31/12/2008)</i>	<b>€6.0bn</b> <i>(04/11/2013)</i>	<b>x5</b>

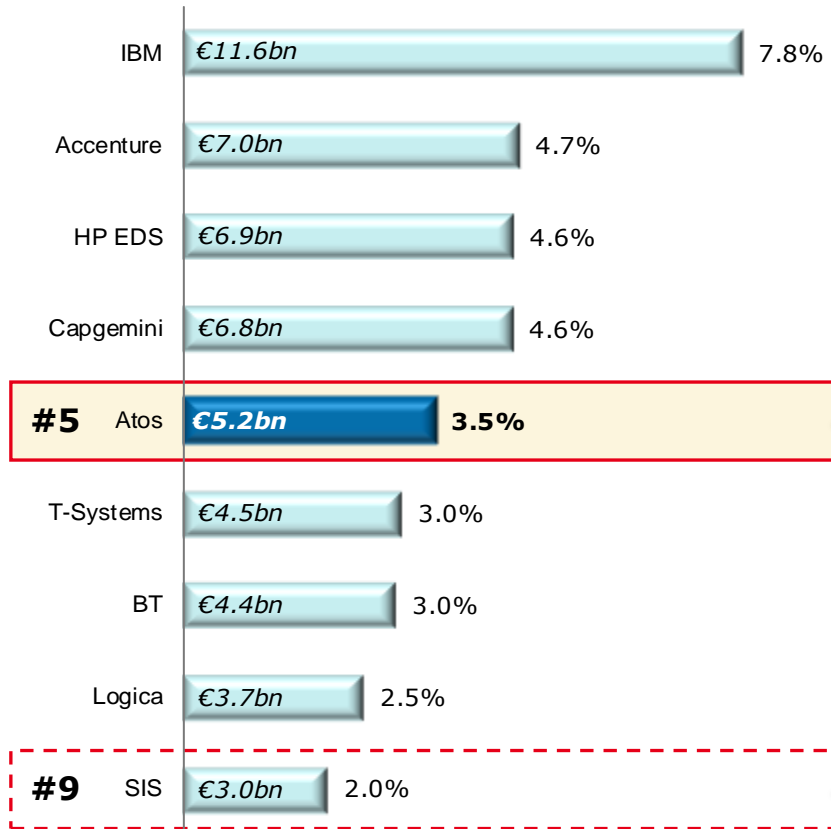
# A Group deeply transformed



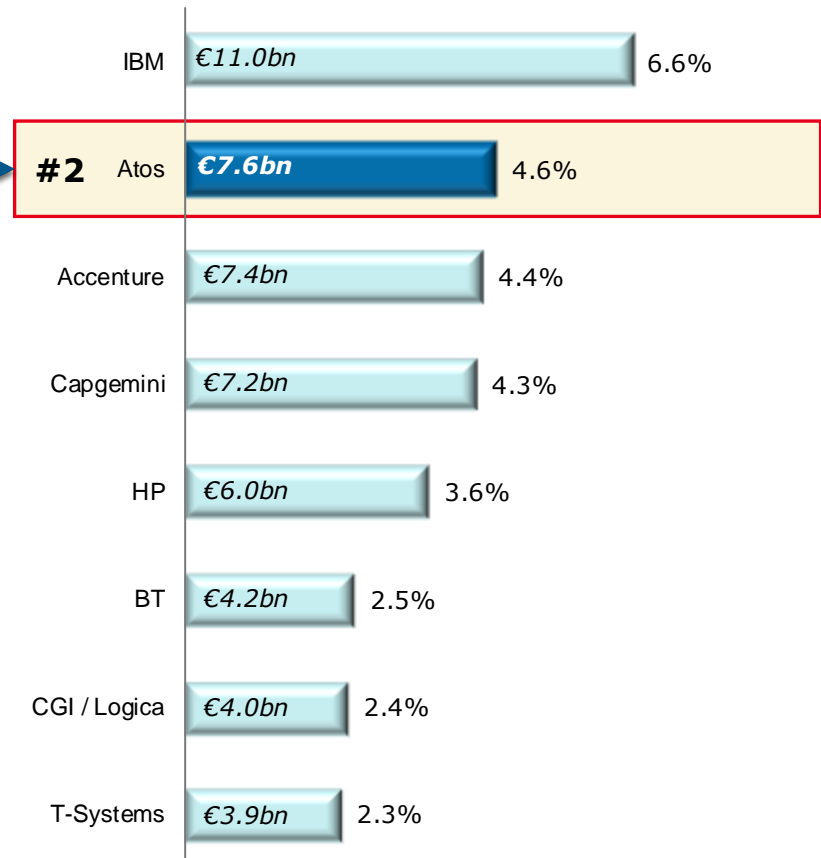
# A Group deeply transformed

## The #1 European IT Services company in Europe

### 2008 Europe rankings (% market share in Western Europe)



### 2012 Europe rankings (% market share in Western Europe)



€[•]bn Revenue in Western Europe

Source: Gartner for Professional services 2008 and 2012 - \* Revenue estimate based on scope acquired  
Gartner 2012 exchange rates: 1USD=0.78€ / 1€=1.29USD, 1USD=0.63£ / 1£=1.58USD, 1€=0.81£ / 1£=1.23€

# A Group deeply transformed

A strengthened and more resilient business mix offering greater visibility

## 2008 revenue

% of total revenue

14%

46%

40%

€0.8bn

€2.6bn

€2.2bn

Worldline

Systems Integration  
+ Consulting

Managed Services  
(incl. BPO)

## 2013e revenue

% of total revenue

13%

37%

51%

€1.1bn

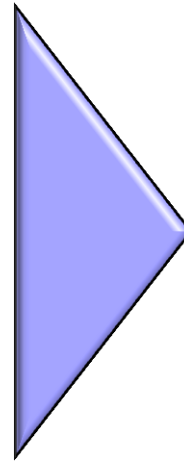
€3.2bn

€4.4bn

Worldline

Systems Integration  
+ Consulting

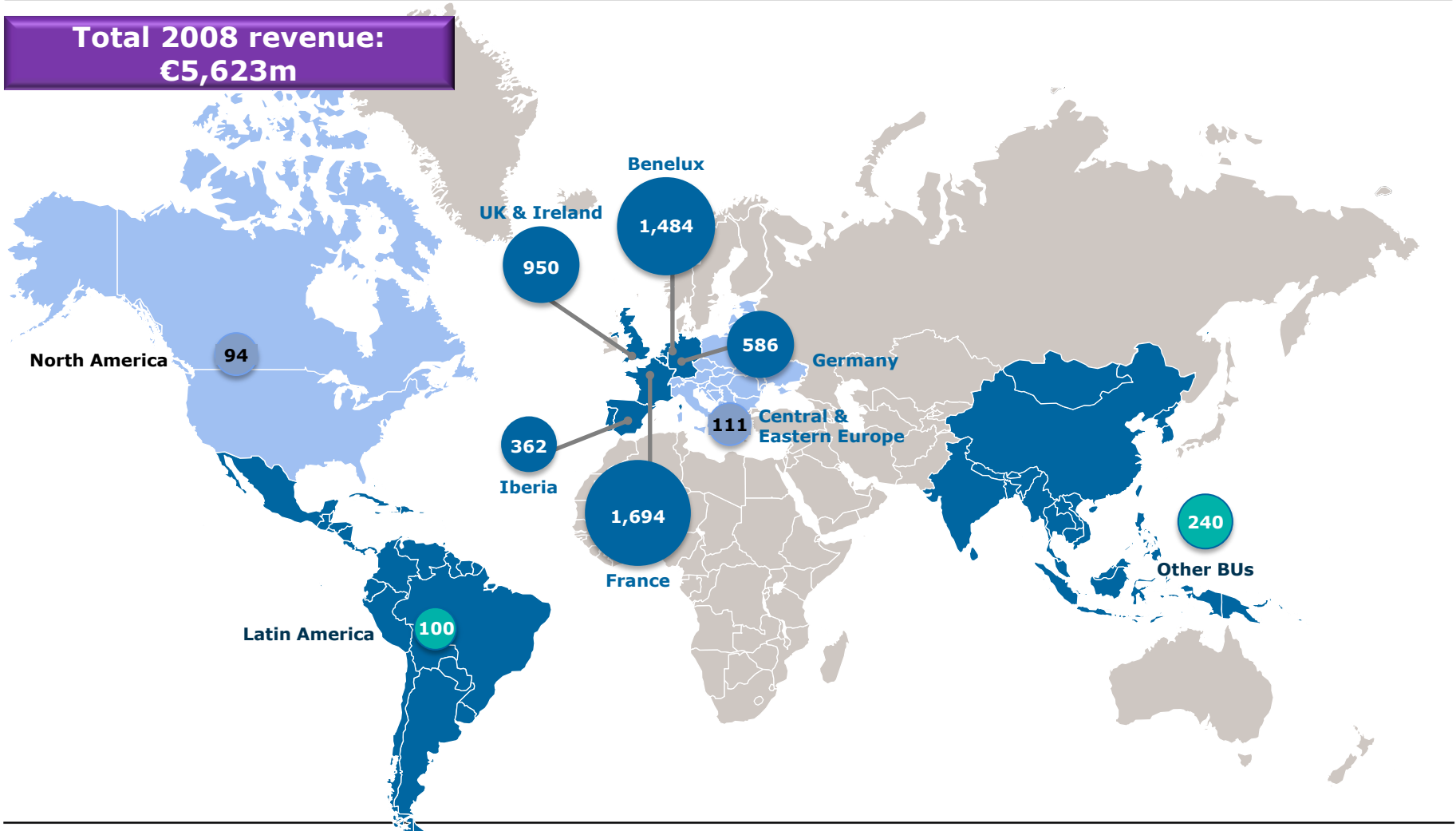
Managed Services  
(incl. BPO)





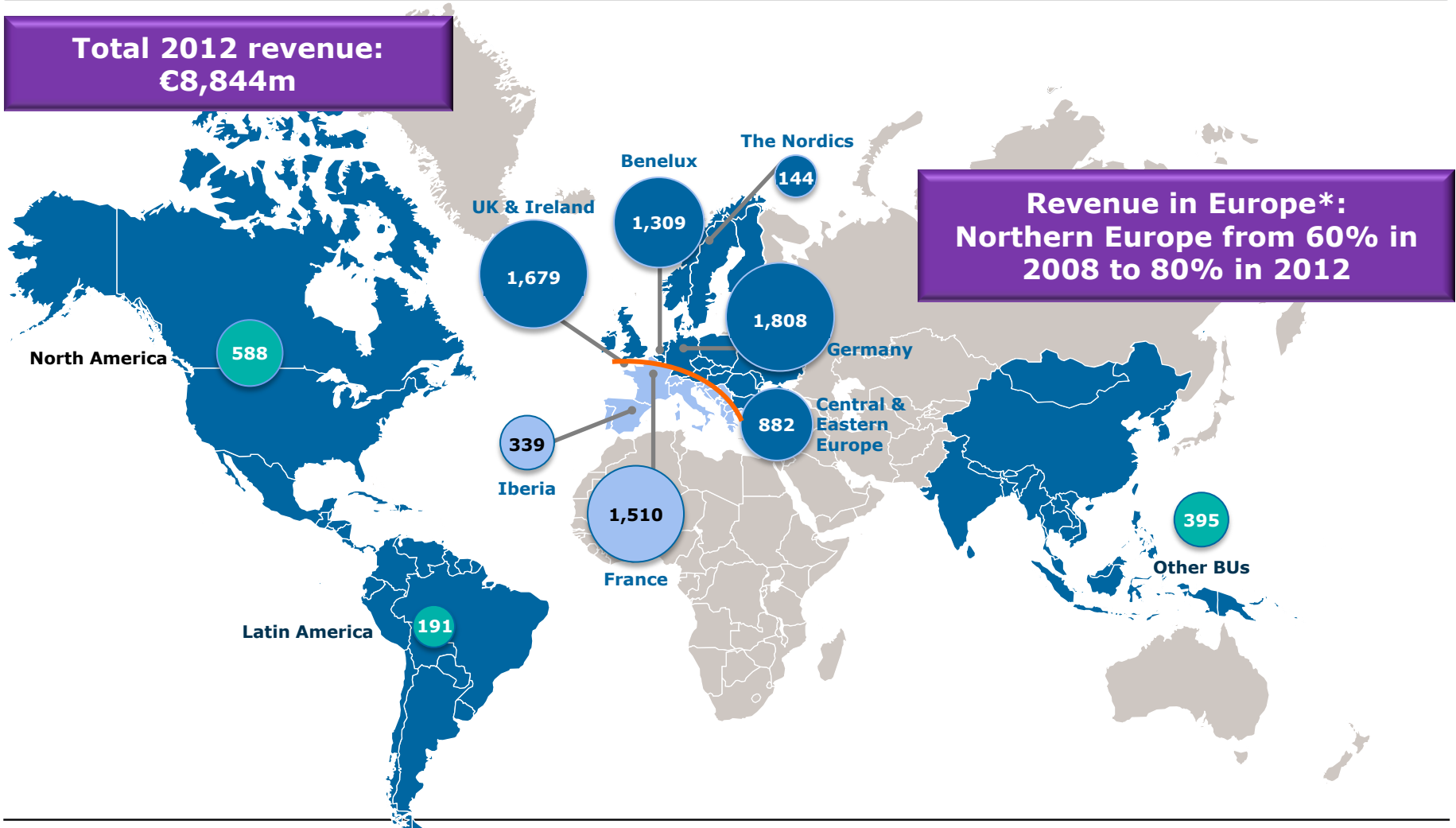
# A Group deeply transformed

From a Company present in several European countries...



# A Group deeply transformed

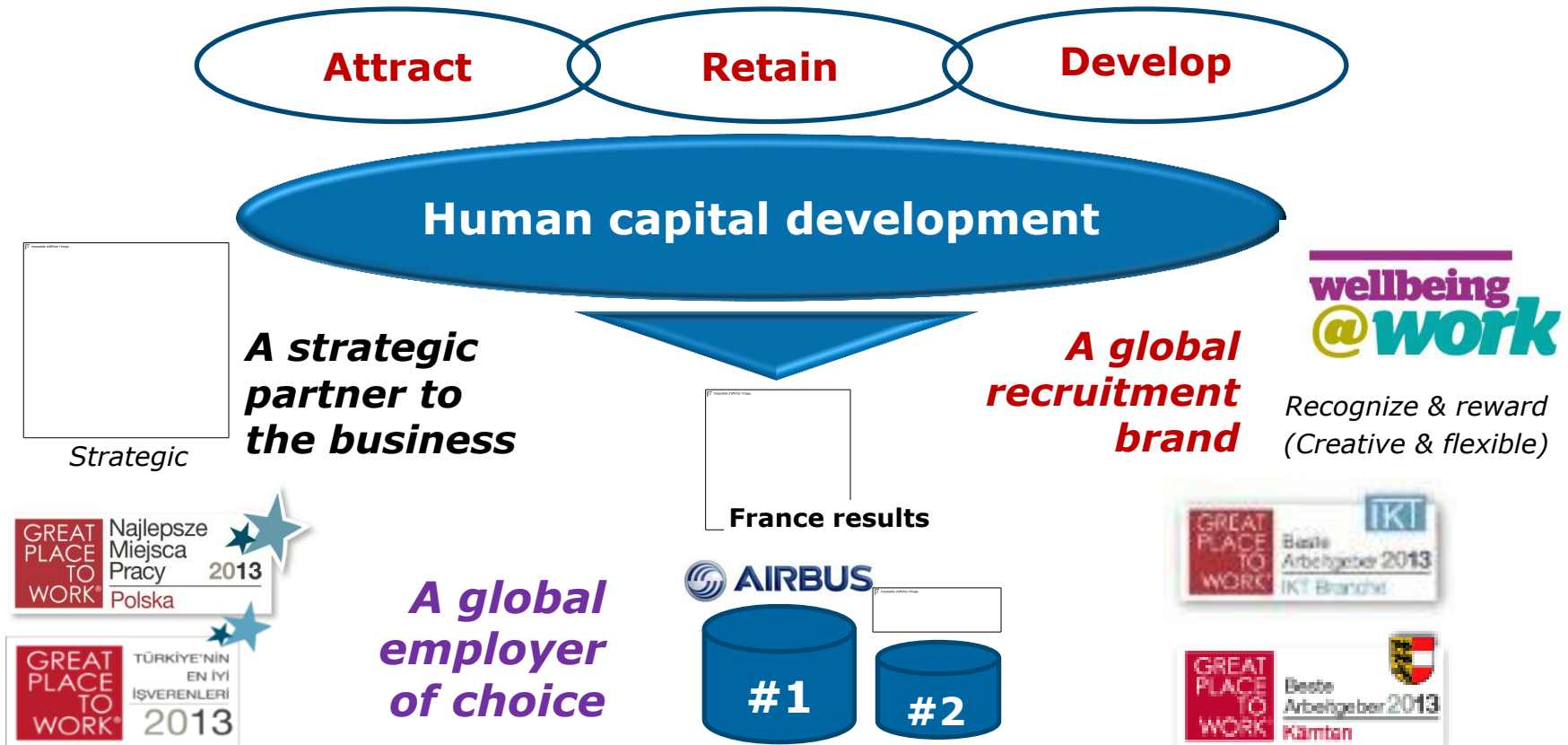
... to a true European foothold with ability to serve our clients worldwide



\* Atos revenue excluding Worldline

# A Group deeply transformed

## Management of Human Capital: a business critical matter

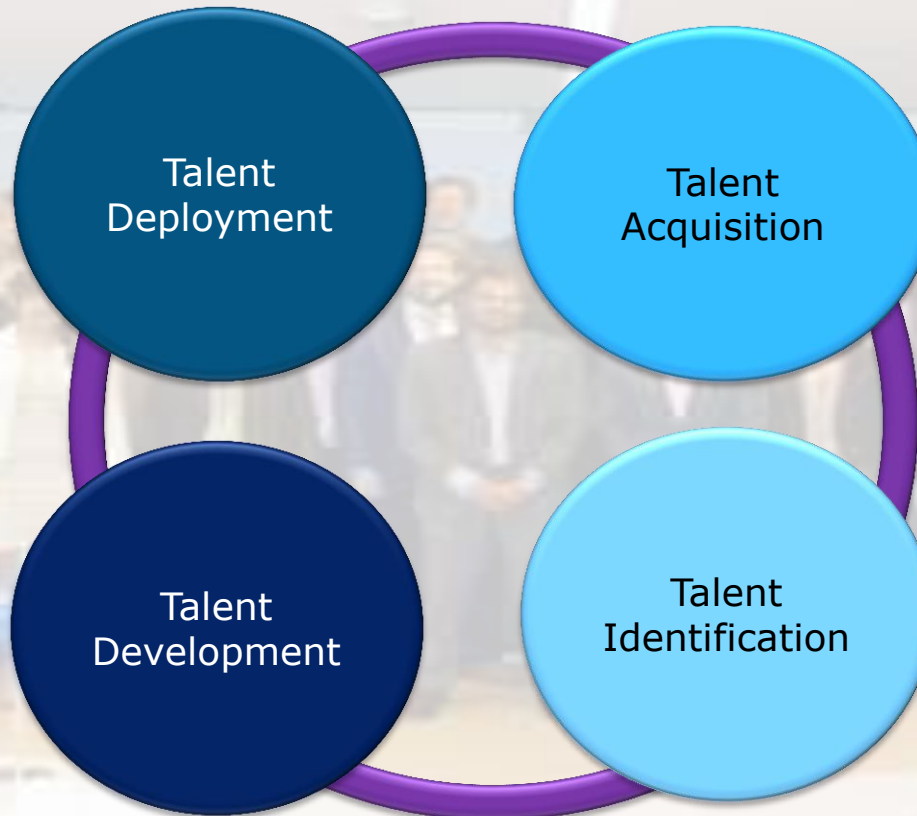


**Business Value Creation thanks to innovative Management of Human Capital**

# A Group deeply transformed

## Talent management: Attract, Retain & Develop Tier1 Managers and Experts

- Key positions staffing
- Succession planning
- Involvement in transversal programs : TOP, eXpand, WBW



- Mandatory Individual Development Plans
- Coaching
- Gold program for Managers and Experts
- Junior Group

- Tier one university recruitment program
- It Challenge to promote innovation amongst best-in-class Universities and support young innovators



- Global Talent Review process to Identify Talents and grow talent base
- Part of management incentive scheme

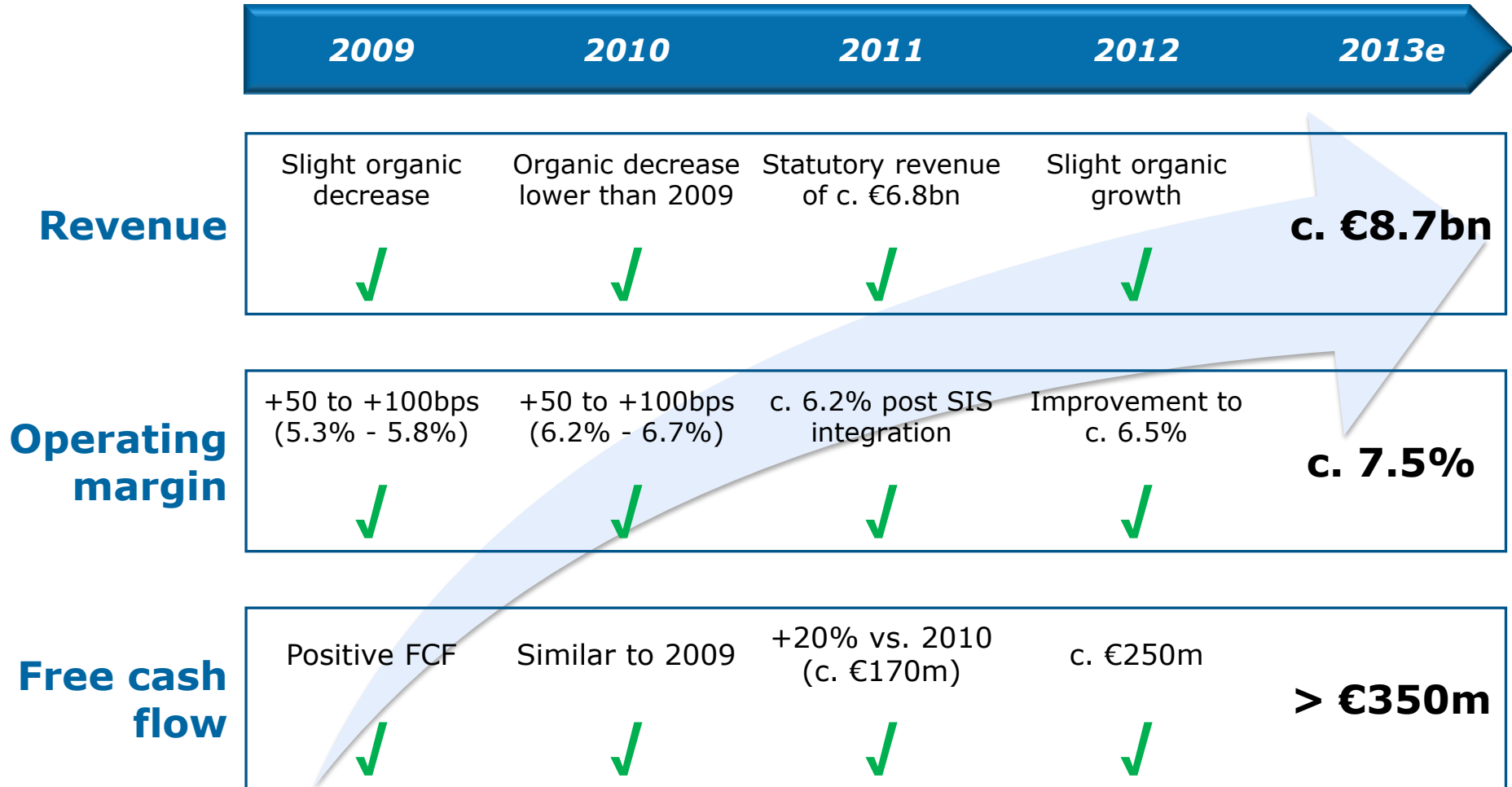
# A Group deeply transformed

Corporate & social responsibility is a reality within Atos

	2010	2011	2012	2013
<b>CSR reporting</b>	 	 	 	   
<b>Extra-financial Rating</b>		 	  	<p>MEMBER OF</p>  <p>In Collaboration with RobecoSAM</p>    <p>DRIVING SUSTAINABLE ECONOMIES</p> <p>FRENCH CDLI &amp; CPLI</p>
<b>Great Place To Work</b>				   

# A Group deeply transformed

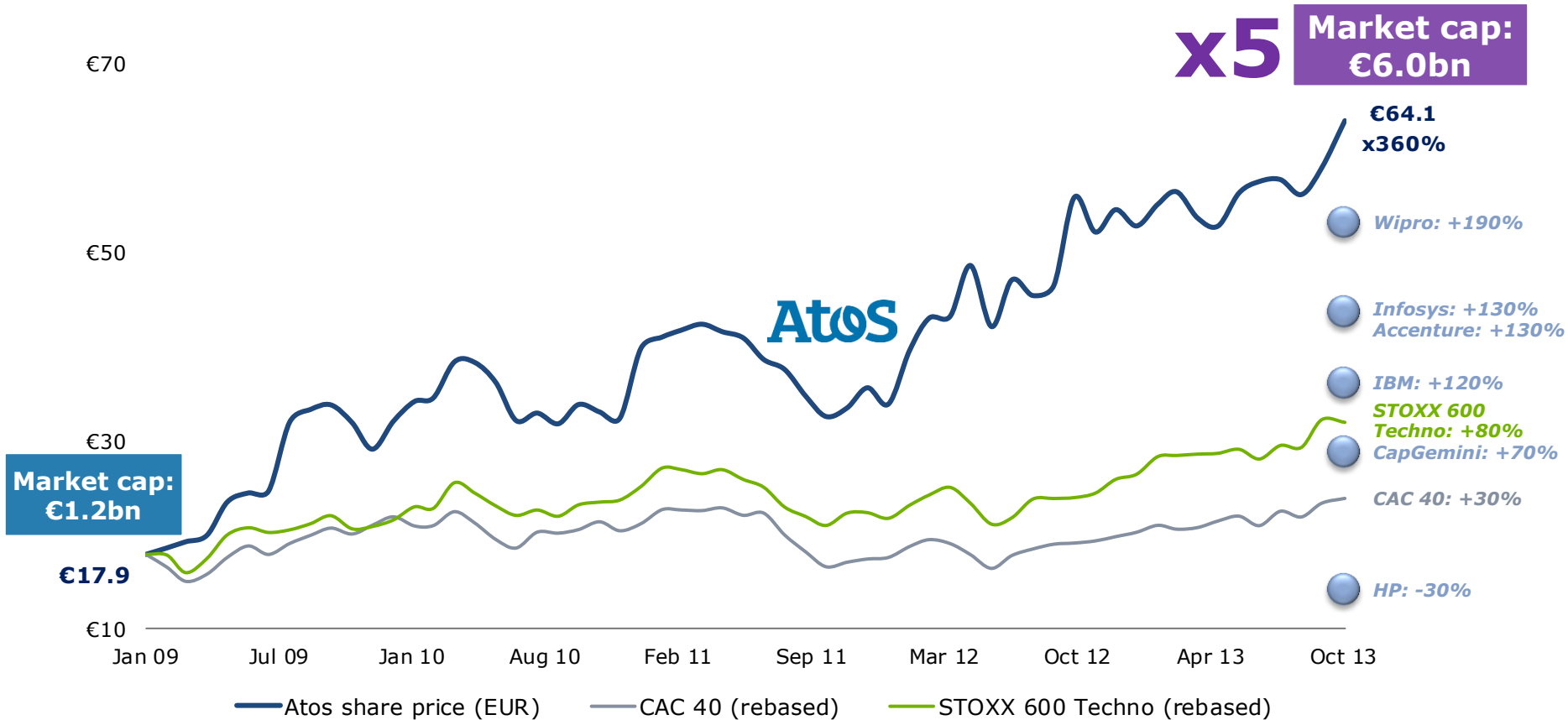
Atos consistently delivers on its financial objectives



# A Group deeply transformed

## Significant value creation for our shareholders

### Atos share price performance



\* Source: Factset (as of 04 November 2013)

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# **Our Ambition** for Atos in 2016

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**Atos 2013 Analyst Day**

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**November 15<sup>th</sup> 2013**

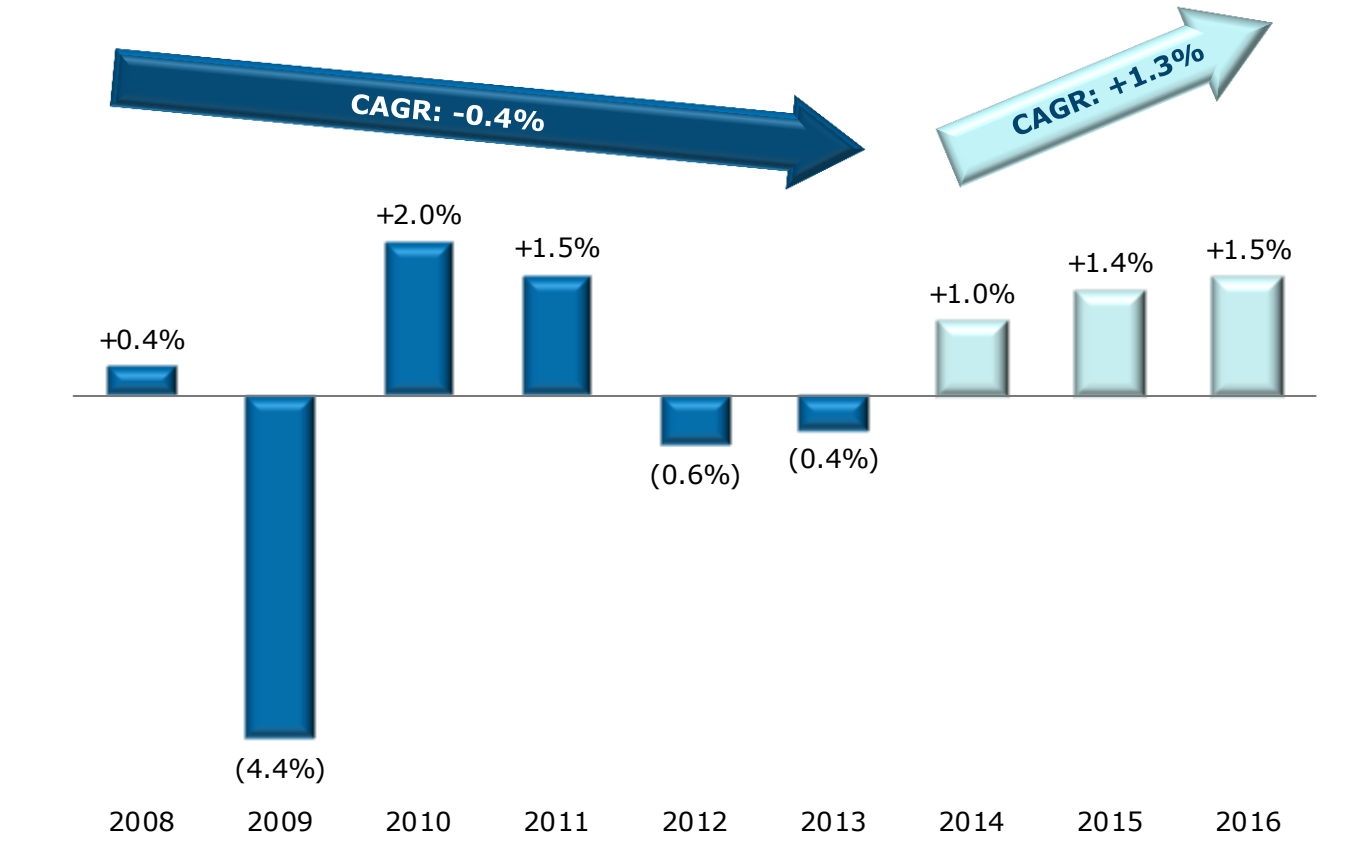


# Become a Tier 1 and THE preferred European global IT brand

## The macro economic context

### Signs of improvement in Europe

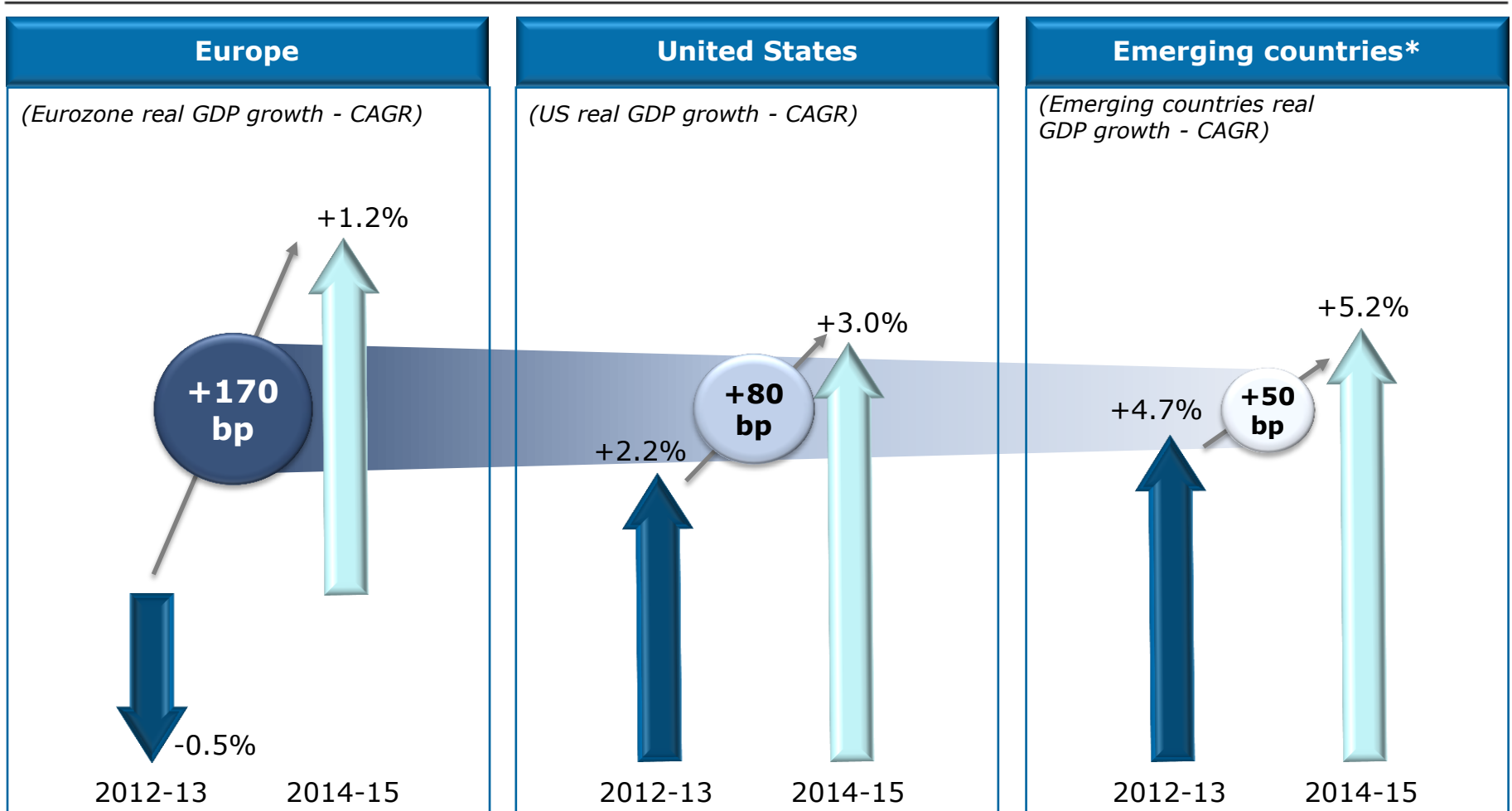
(Eurozone real GDP growth)



Source: International Monetary Fund, World Economic Outlook Database, October 2013

# Become a Tier 1 and THE preferred European global IT brand

## Europe with the highest differential GDP growth rate

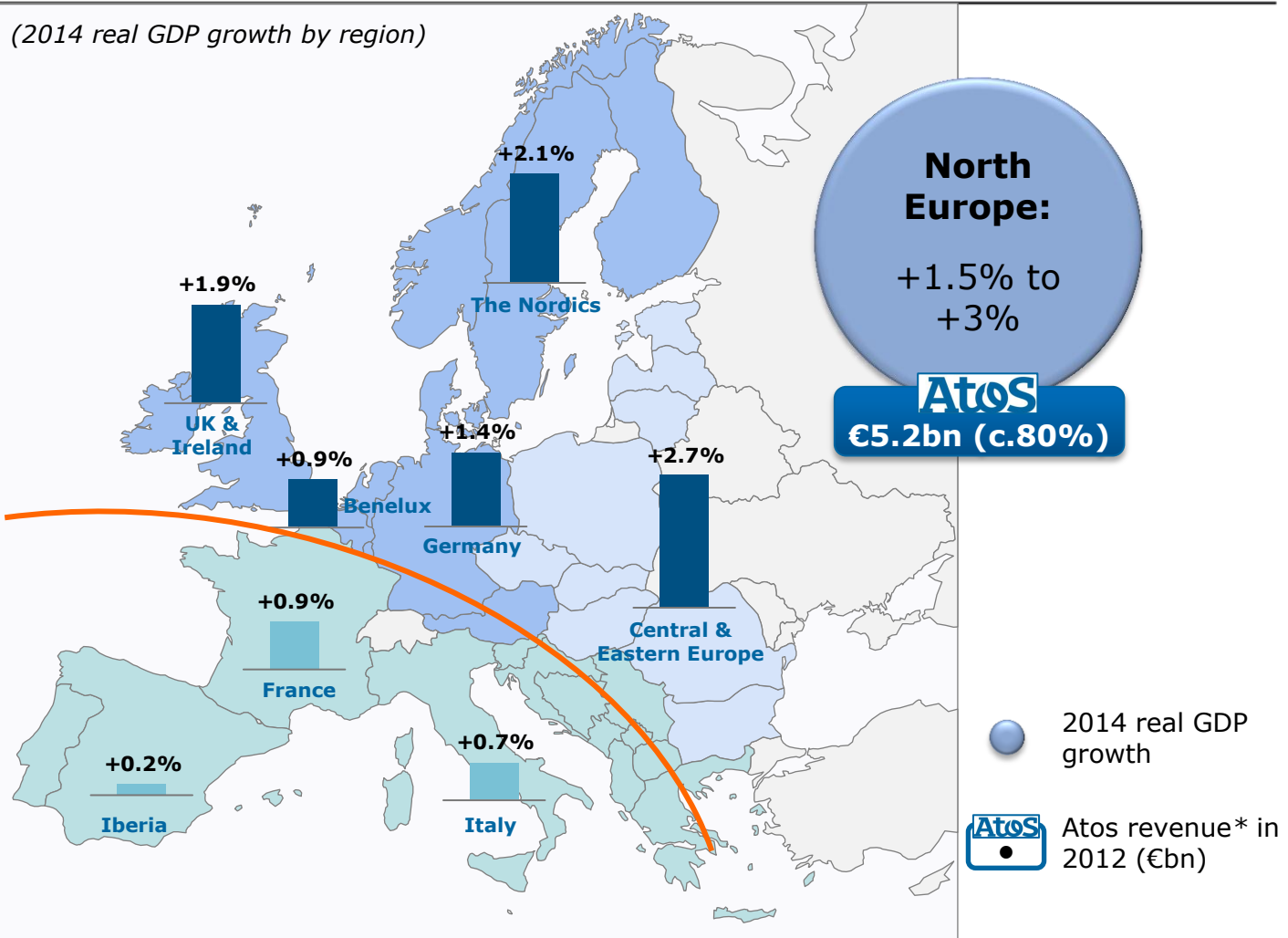


\* Emerging countries include Central & Eastern Europe, Developing Asia, Latin America, the Middle East and Africa

Source: International Monetary Fund, World Economic Outlook Database, October 2013

# Become a Tier 1 and THE preferred European global IT brand

## Atos is best positioned on Northern Europe area growing two times faster than the Southern part



\* Atos 2012 revenue excluding Worldline and non-European IT Services revenue

Source: International Monetary Fund, World Economic Outlook Database, October 2013 / INSEE (France)

# Become a Tier 1 and THE preferred European global IT brand

## Ambition for 2016

### 2016 Ambition



- ▶ Organic revenue growth: 2% to 3% CAGR over the 2014-2016 period
- ▶ Operating margin improvement between 100bps and 200bps compared to 2013
- ▶ Free cash flow of €450 million to €500 million in 2016



- ▶ c. 5% revenue CAGR over the 2014-2016 period of which more than half stemming from external growth
- ▶ 100bps to 200bps operating margin improvement compared to 2013



- ▶ Organic revenue growth: 5% to 7% CAGR over the 2014-2016 period
- ▶ Above 200bps increase in OMDA compared to 2013
- ▶ Strategic acquisitions
- ▶ Ambition to complete the IPO\* in 2014

\* After consultation of European Works Council

# Become a Tier 1 and THE preferred European global IT brand

## Key levers to support **Ambition 2016**

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- 1** Anchor Atos global **leadership in Managed Services**
- 2** Reinforce **growth and profitability in Systems Integration**
- 3** Bring to market **disruptive and innovative offerings** and pursue **strategic partnerships** with technology leaders
- 4** Enhance **#1 position in Cloud** services in Europe
- 5** Further **expand our foothold in the US** and accelerate growth in **emerging markets**
- 6** Provide **strategic flexibility** to **Worldline** to anchor its **leadership in Payments**

# Become a Tier 1 and THE preferred European global IT brand

## Anchor Atos global leadership in Managed Services

1

### The largest non-US platform to manage, process and store data

- ▶ **Scale** and global footprint
- ▶ **Consulted** for **all** large deals
- ▶ **Leader** in **Data Center Outsourcing** and **Infrastructure Utility Services**
- ▶ **High industry recognition**



### Atos journey towards 2016 in MS

- ▶ Focus on **customer satisfaction**
- ▶ **Higher value services** in the revenue mix
- ▶ Reinforcing **end-to-end, Lean** and **Automation**
- ▶ Enhance **sustainable financial performance**

# Become a Tier 1 and THE preferred European global IT brand

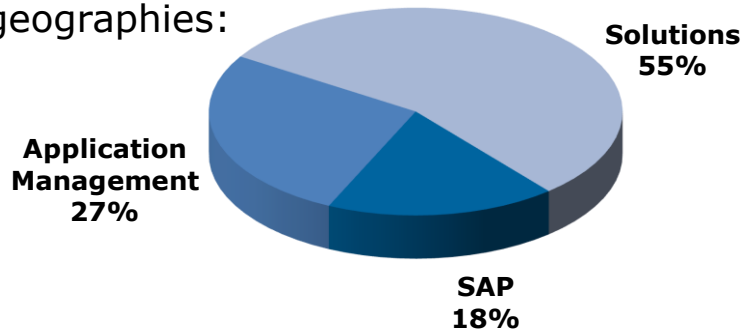
## Reinforce growth and profitability in Systems Integration

2

### Increased sales and efficiencies

- ▶ **Integration** of SIS
- ▶ **Verticalization** of portfolio

- ▶ Creation of **3 global practices** in all geographies:



- ▶ €2.5 billion annual revenue in 2013e
- ▶ 23,000 direct FTEs worldwide in 52 countries of which 7,500 in 7 offshore locations

### Atos journey towards 2016 in SI

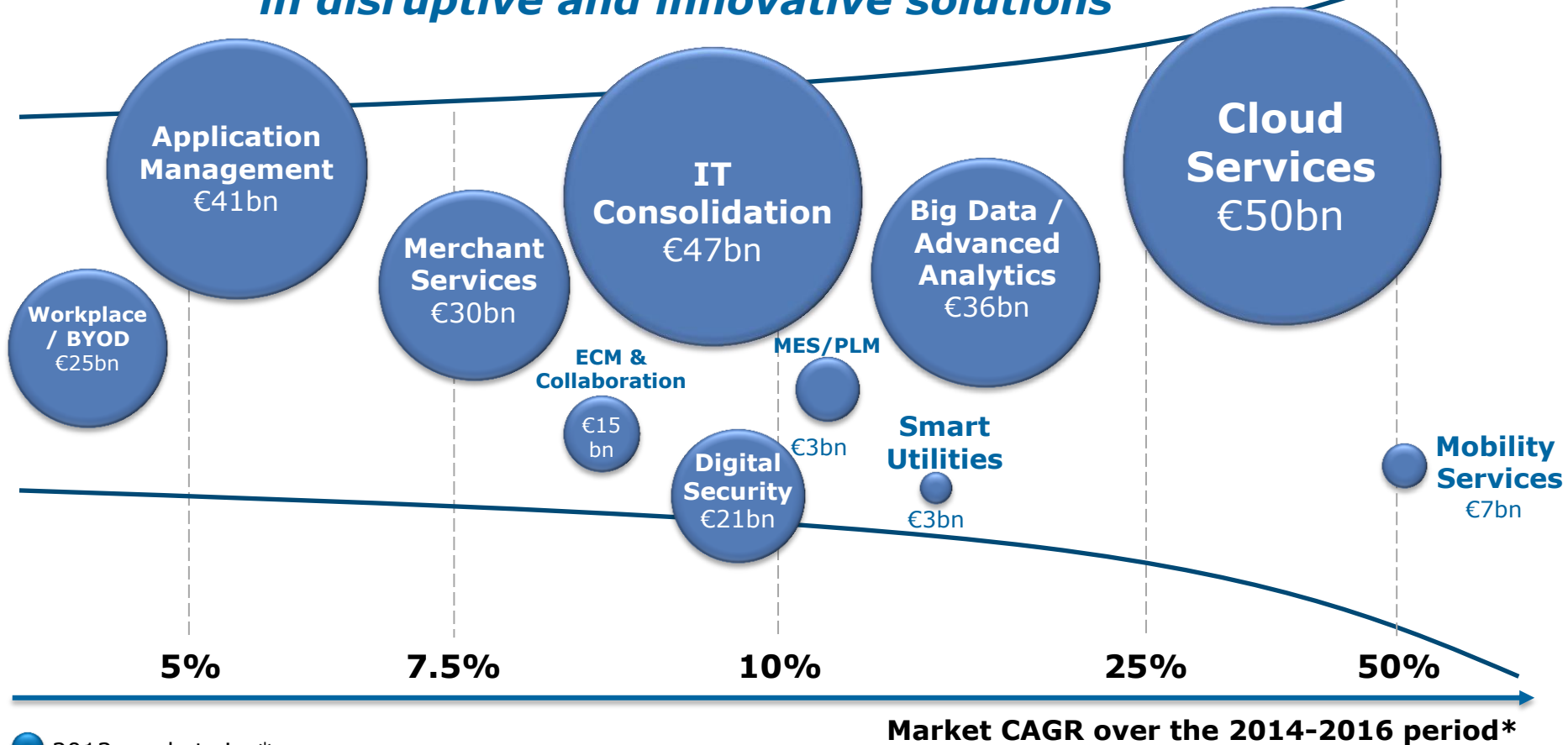
- ▶ More **global**
- ▶ **Vertical market dimension**
- ▶ Increase **offshore**
- ▶ Increase **profitability**
- ▶ **Differentiated offerings**
- ▶ **Optimization** of end-to-end processes

# Become a Tier 1 and THE preferred European global IT brand

## Growth through new offerings

3

*already c. 40% of Atos revenue realized in disruptive and innovative solutions*



● 2013 market size\*

Market CAGR over the 2014-2016 period\*

\* Source: Gartner, PAC, Forrester, CIMdata, IDC, OVUM,...

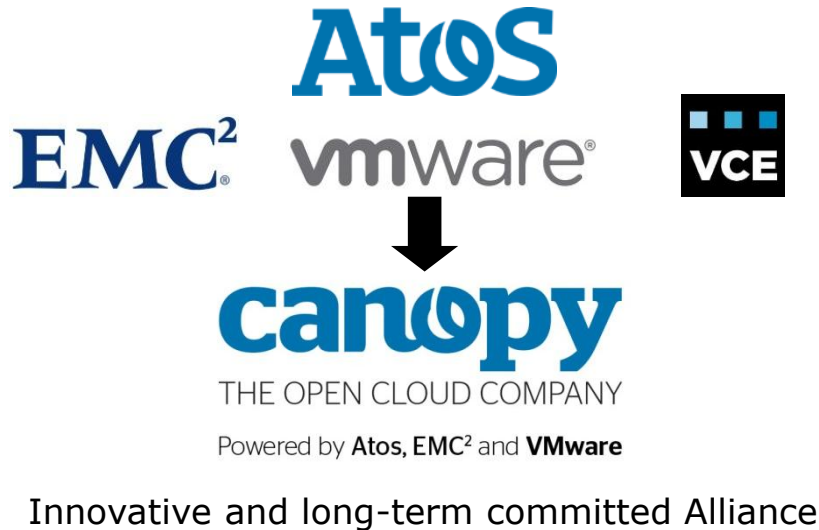


# Become a Tier 1 and THE preferred European global IT brand

## Pursue global strategic partnerships with technology leaders

3

### Enhanced Alliance



### Global Strategic Alliances



### Global Strategic Cooperation with Siemens

# SIEMENS

Bring innovative IT solutions to BtoB markets through global strategic cooperation

# Become a Tier 1 and THE preferred European global IT brand

## Siemens Strategic Alliance: a growth contributor

3

### Mutual sales support on strategic opportunities

**2011 - 2013**  
*(selected)*

**postnord**



**2014 - 2016**

Leverage on Atos-Siemens strategic sales cooperation to get **new logos / new business**

### Joint innovation & investments

**2011 - 2013**

- Investment in 10 joint innovation & investment projects
- 6 projects ready for market with first customers or pilots

**2014 - 2016**

New joint investments, focusing on **Big Data & Cloud**

### Focus on emerging countries

**2011 - 2013**

c. 20% of Atos-Siemens Alliance business in emerging countries

Further 50% in small Atos geographies

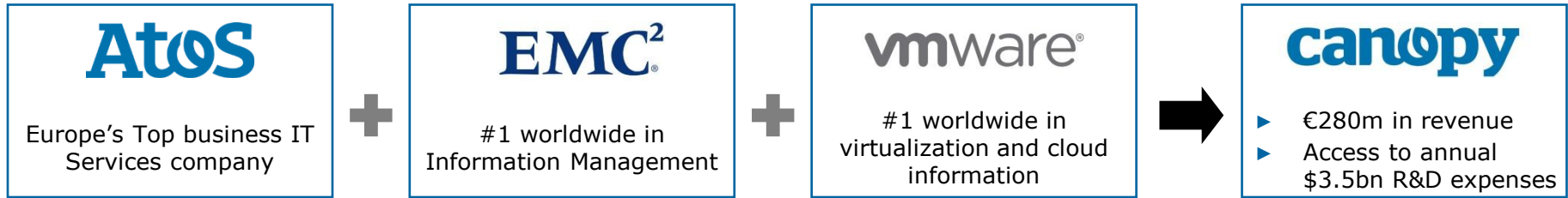
**2014 - 2016**

Objective to **double** the Alliance Business in emerging countries



# Become a Tier 1 and THE preferred European global IT brand Cloud as a large growth contributor

4



## Canopy differentiators vs. competitors

### ***Vs. outsourcers***

- ▶ Access to our \$3.5bn R&D p.a.
- ▶ Privileged access to customers and sales channels of parents

### ***Vs. cloud players***

- ▶ Focus on Enterprise and Government
- ▶ Capability to provide hybrid cloud, using cloud pure players as suppliers

## **Ambition 2016**

- ▶ At least €700 million revenue
- ▶ c.10% of Atos IT revenues

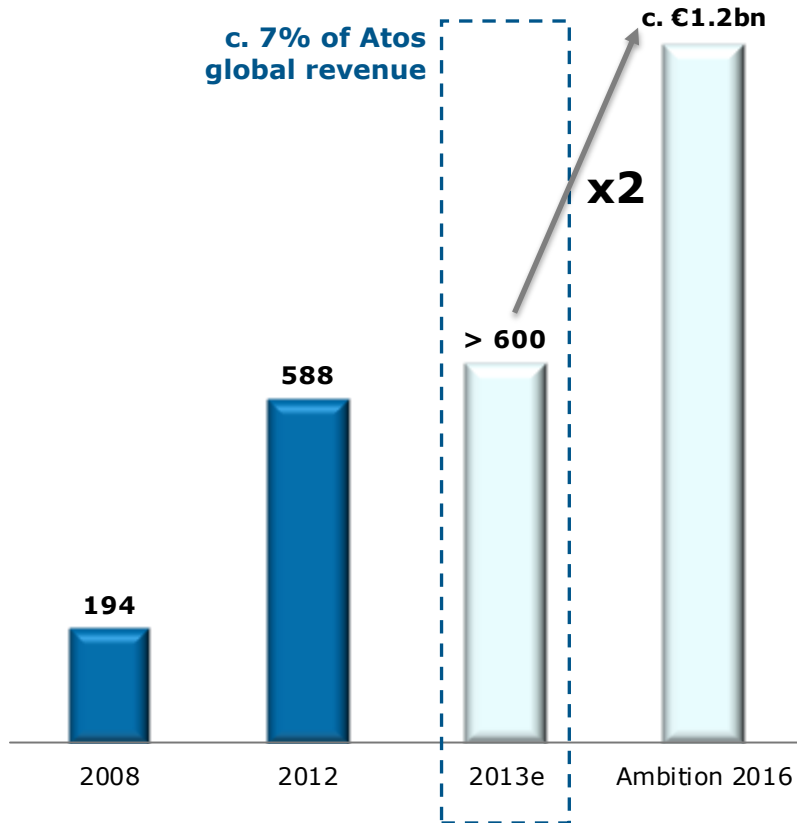
# Become a Tier 1 and THE preferred European global IT brand

## United States: a priority in IT Services while maintaining strict financial discipline on acquisitions

5

### Atos current positioning in the US

(Revenue, € million)



### 2016 Ambition in the US in IT Services

**c. €1.2bn revenue in 2016**

#### Levers for revenue expansion:

- ▶ Commercial efforts to develop current base
- ▶ Leverage on existing contracts with US corporates (McGraw-Hill, Morgan Stanley...)
- ▶ Reinforce partnerships and accelerate external growth

**Become a Tier 1 and THE preferred European global IT brand**  
**Emerging countries supporting organic top-line growth**

5

**Asia Pacific**

- ▶ **Leverage** on existing **global clients**
- ▶ **Growth on specific countries** including new markets
- ▶ Push on **disruptive offerings**
- ▶ Leverage on **partnership with Yonyou**

**Ambition to grow at c. 10%+ CAGR**

**India/Middle East/Africa**

- ▶ **Middle East:** leverage on existing partnerships
- ▶ **Grow in India** in selected markets
- ▶ Strong **build up on new customer** references
- ▶ Capitalize on **industry expertise** to address strong demand

**Ambition to grow at 15 to 20% CAGR**

## Become a Tier 1 and THE preferred European global IT brand Leverage our leading position in payment in Europe

6

worldline  
e-payment services

Strategy  
2013 -  
2016

- ▶ Remain a **best-in-class partner** on business critical transactions for demanding clients
- ▶ Strongly **industrialize platforms** and **operations**
- ▶ Continuous **focus on innovative** usages and technologies
- ▶ Increase **partnerships** to enrich offerings and services delivery
- ▶ Develop a **global organization** with its highly **involved staff**
- ▶ Succeed **strategic acquisitions** in **new geographies** and develop **offerings portfolio**

**Ambition to complete the IPO\* of Worldline in 2014**

\* After consultation of European Works Council

# Atos journey 2014-2016: the key levers



# The Atos DNA

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- **Commitment, progress, accountability, entrepreneurship, customer focus, innovation, and people development**
- **A company deeply involved in corporate and social responsibility**
- **A tier one company with sustainable benefits for its stakeholders and value creation for its shareholders**



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# **Financial Strategy to support 2016 Ambition**

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**Michel-Alain Proch**  
**Executive Vice-President, Group Chief Financial Officer**

**Atos 2013 Analyst Day**

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**November 15<sup>th</sup> 2013**

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# Agenda

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1

**Financial achievements**

2

**Ambition 2016**

3

**Capital structure**

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# Agenda

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1

**Financial achievements**

2

**Ambition 2016**

3

**Capital structure**

# Operating margin performance

## Two successive plans for a constant improvement

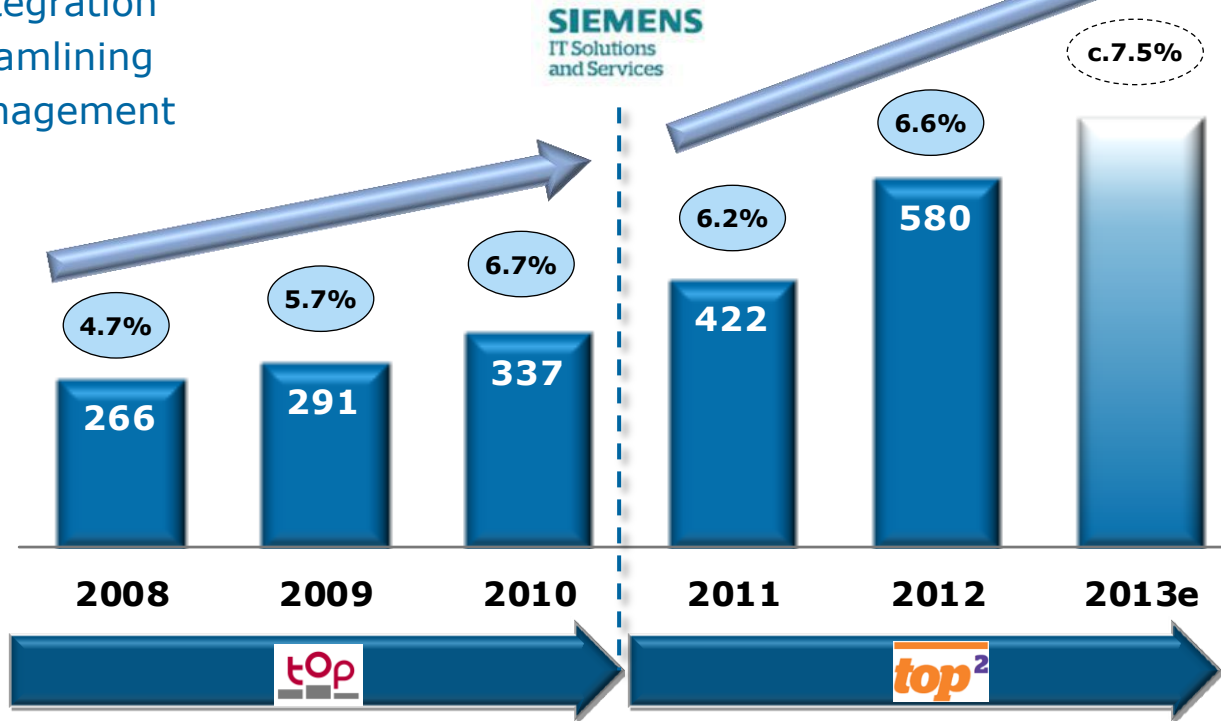
### Operating margin evolution\* (€m and %)

#### Catch-up with competitors

- ▶ Group integration
- ▶ G&A streamlining
- ▶ Lean management

#### A European leader with competitive margin

- ▶ TOP leverage
- ▶ SIS synergies
- ▶ Procurement

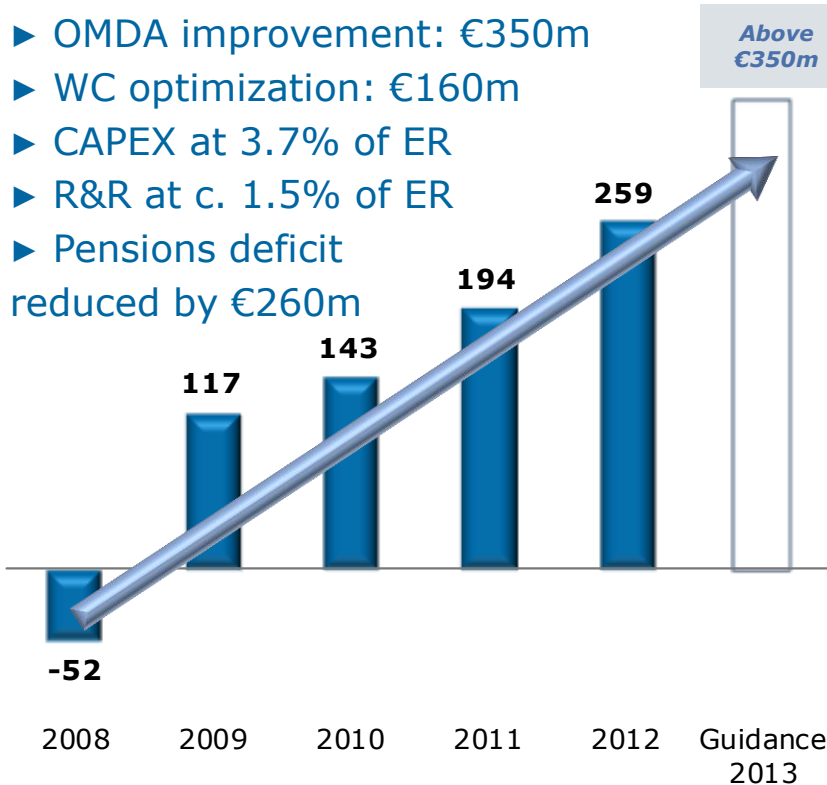


\* Statutory figures

# Free cash flow and cash position performance

## Strong FCF generation (€m)

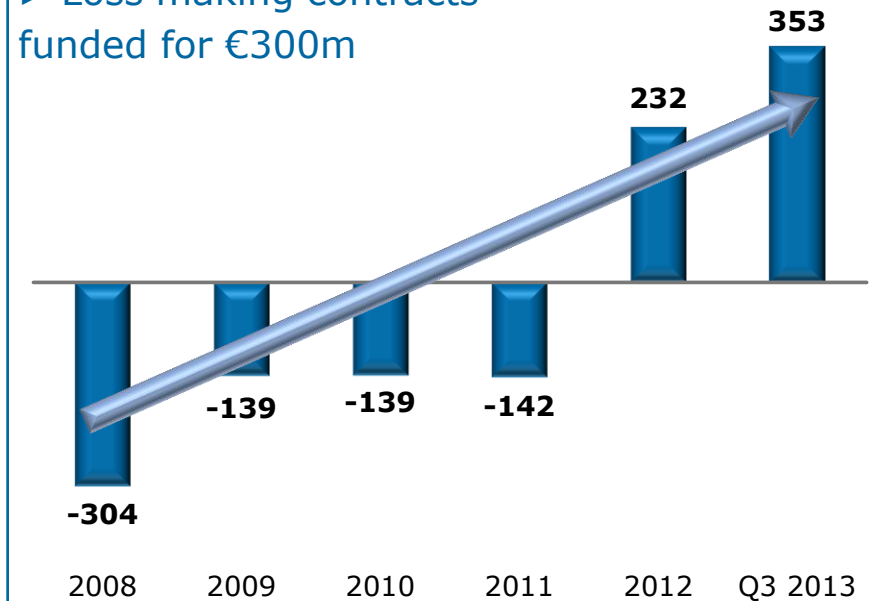
- ▶ OMDA improvement: €350m
- ▶ WC optimization: €160m
- ▶ CAPEX at 3.7% of ER
- ▶ R&R at c. 1.5% of ER
- ▶ Pensions deficit reduced by €260m



**Net debt / OMDA**

## From net debt to net cash (€m)

- ▶ Indian payment leader acquired for €86m
- ▶ SIS acquisition €850m o/w €176m in cash
- ▶ Loss making contracts funded for €300m



0.6x

0.3x

0.3x

0.2x

-0.3x

-0.7x

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# Agenda

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1

**Financial achievements**

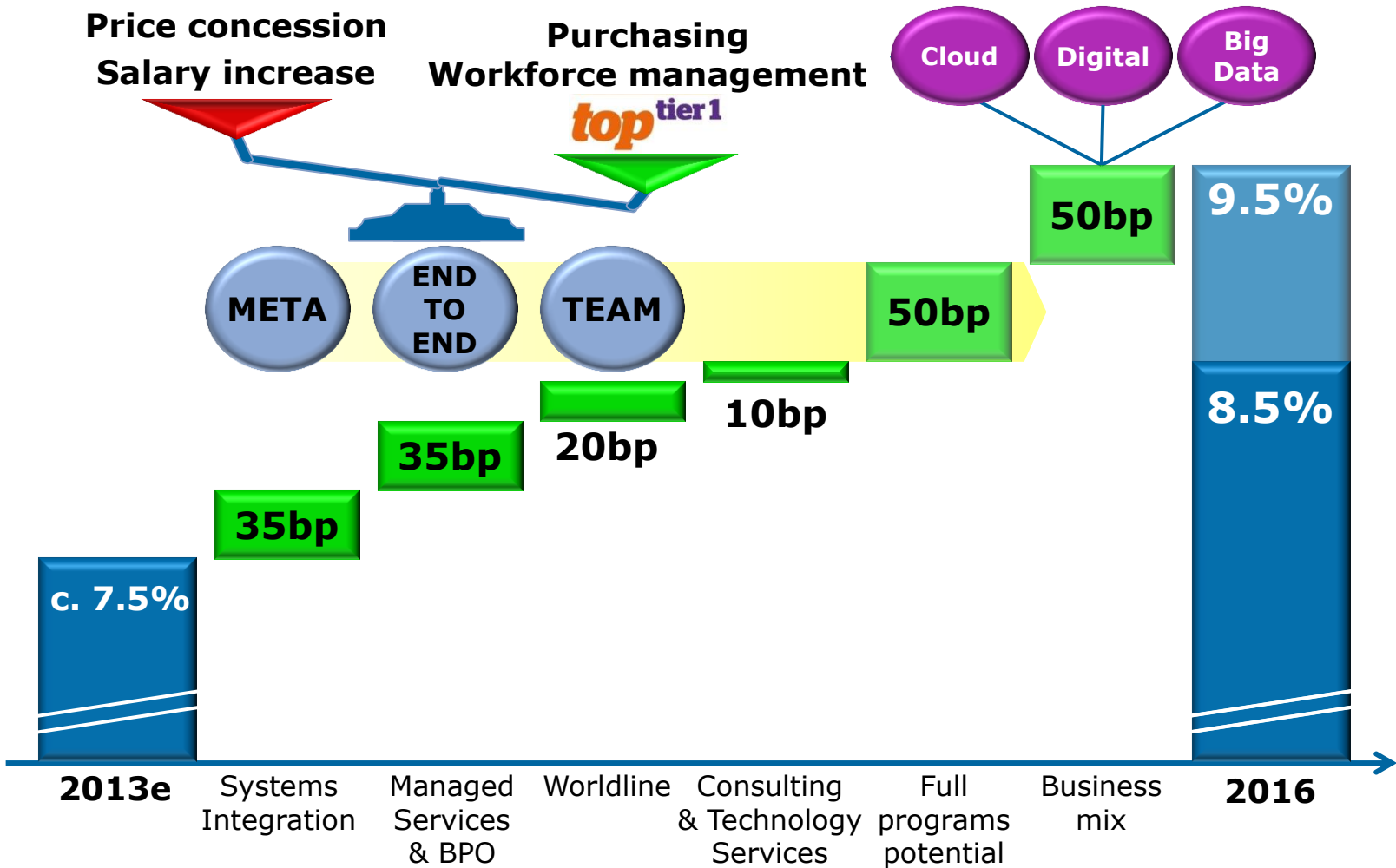
2

**Ambition 2016**

3

**Capital structure**

# Operating margin evolution 2013 - 2016



# Financial discipline for successful execution

► From **c. 7.5%** operating margin 2013...

One man / one P&L responsibility

Rainbow™ process for commercial deals approval

Strong Risk Management policy

In-depth monthly reviews with GBU, Market and Service Line Management

Action plans monitoring

... to **Ambition 2016:**

Gross margin improvement:

→ +20bp to +100bp

Indirect costs contribution:

→ +80bp to +100bp

**Ambition 2016 operating margin:**

→ **+100bp to +200bp**

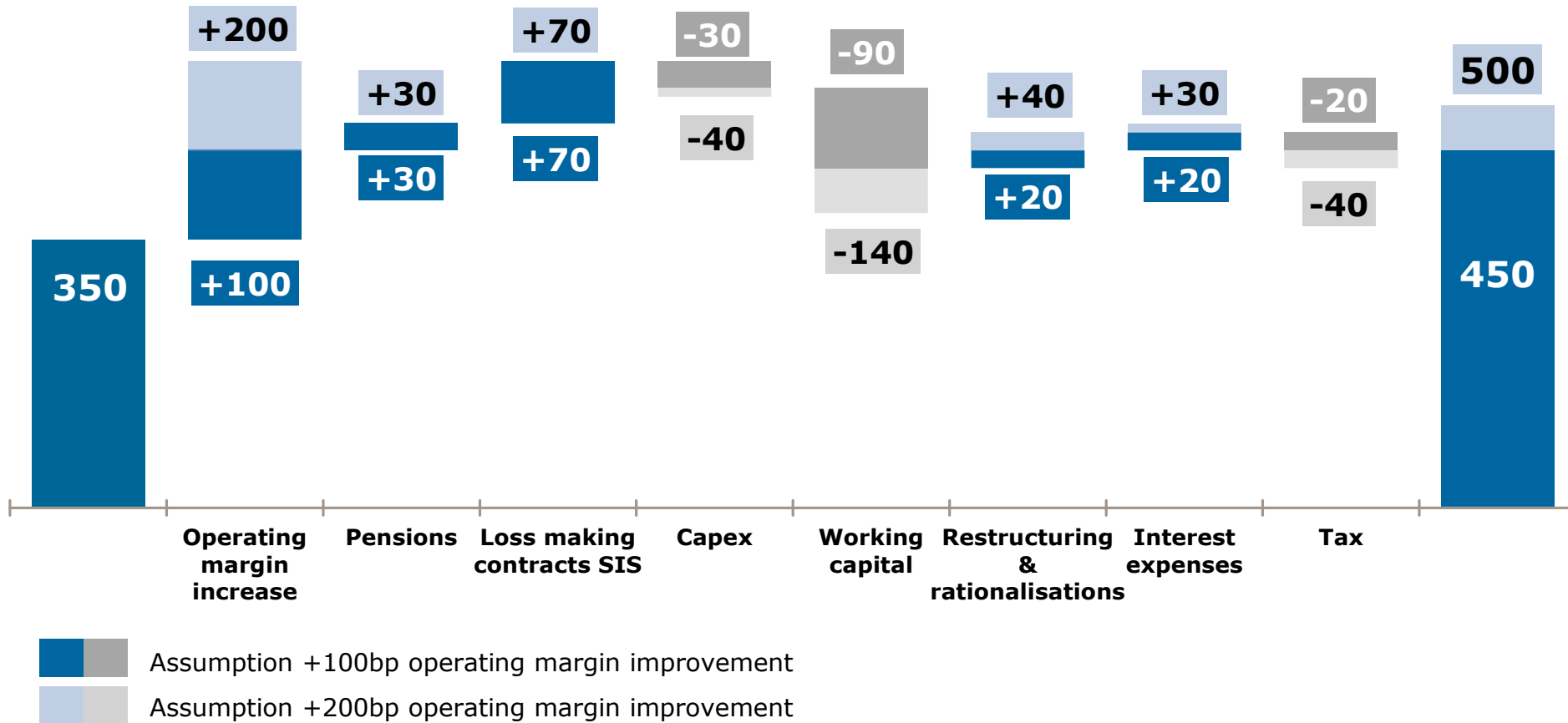


# 2016 Ambition

## Group free cash flow evolution (€m)

2013e

2016 ambition



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# Agenda

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1

**Financial achievements**

2

**Ambition 2016**

3

**Capital structure**

# Capital structure

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**Net cash  
and equity**

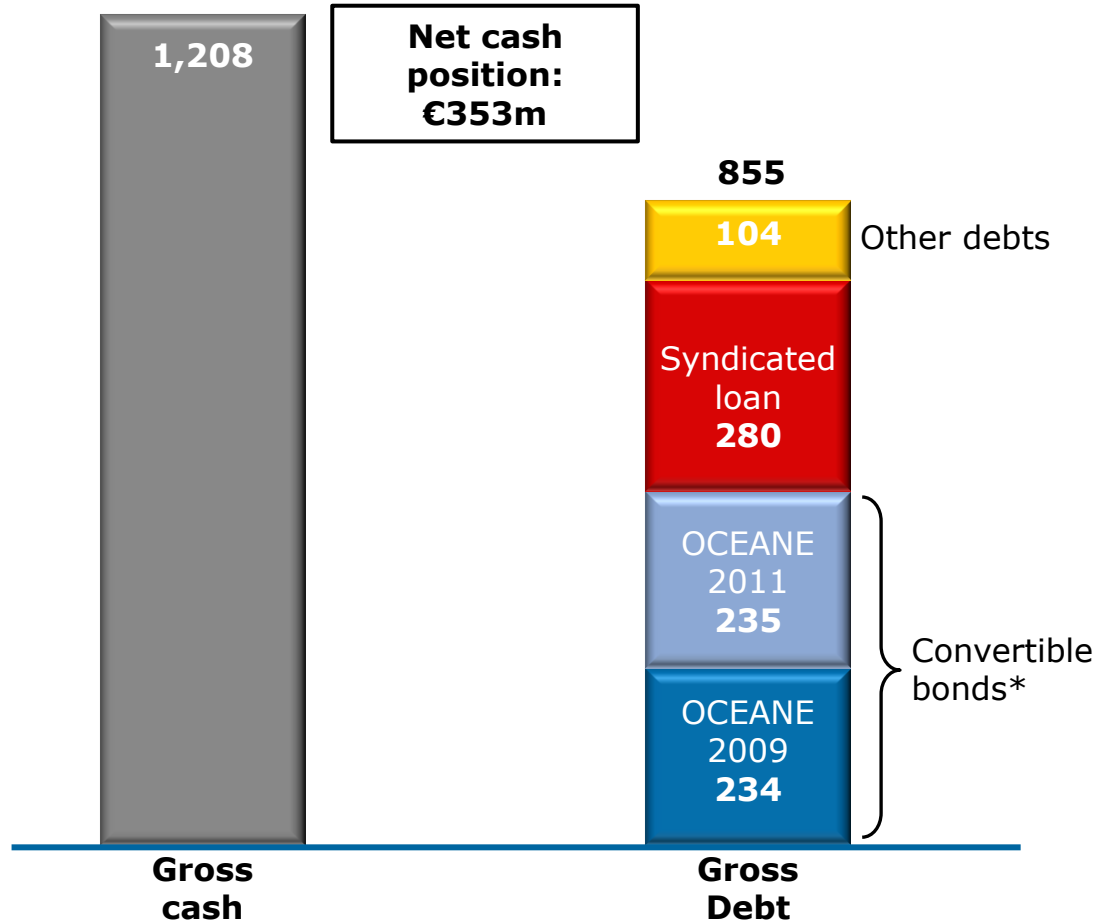
**Pensions  
optimization**

**2011 OCEANE and  
share buy-back**

**Leverage  
capabilities**

# Net cash and equity:

## Balance sheet and maturity profile at 30 September 2013 (in €m)

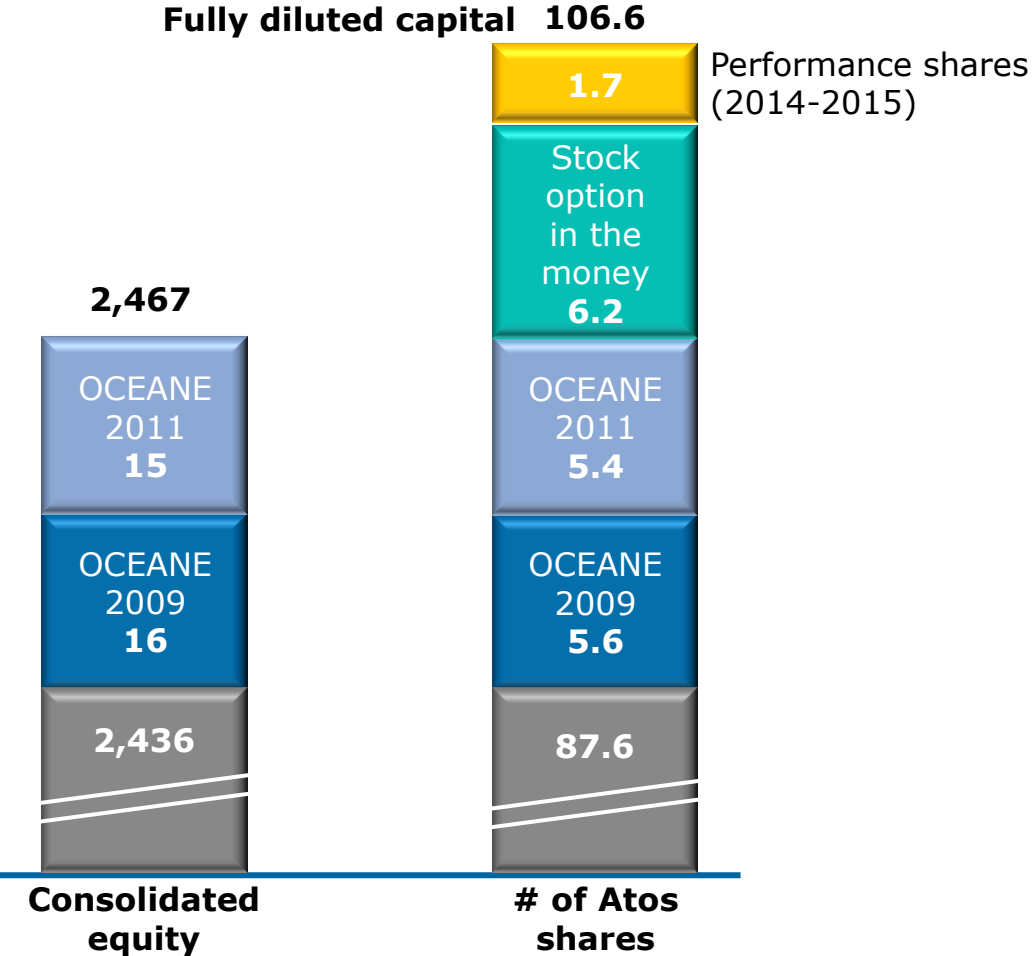


\* Debt corresponding to portion of 2009 and 2011 CBs treated as debt under IFRS and including accrued interest of respectively €11.1m and €7.4m as of September 30<sup>th</sup>, 2013

# Net cash and equity:

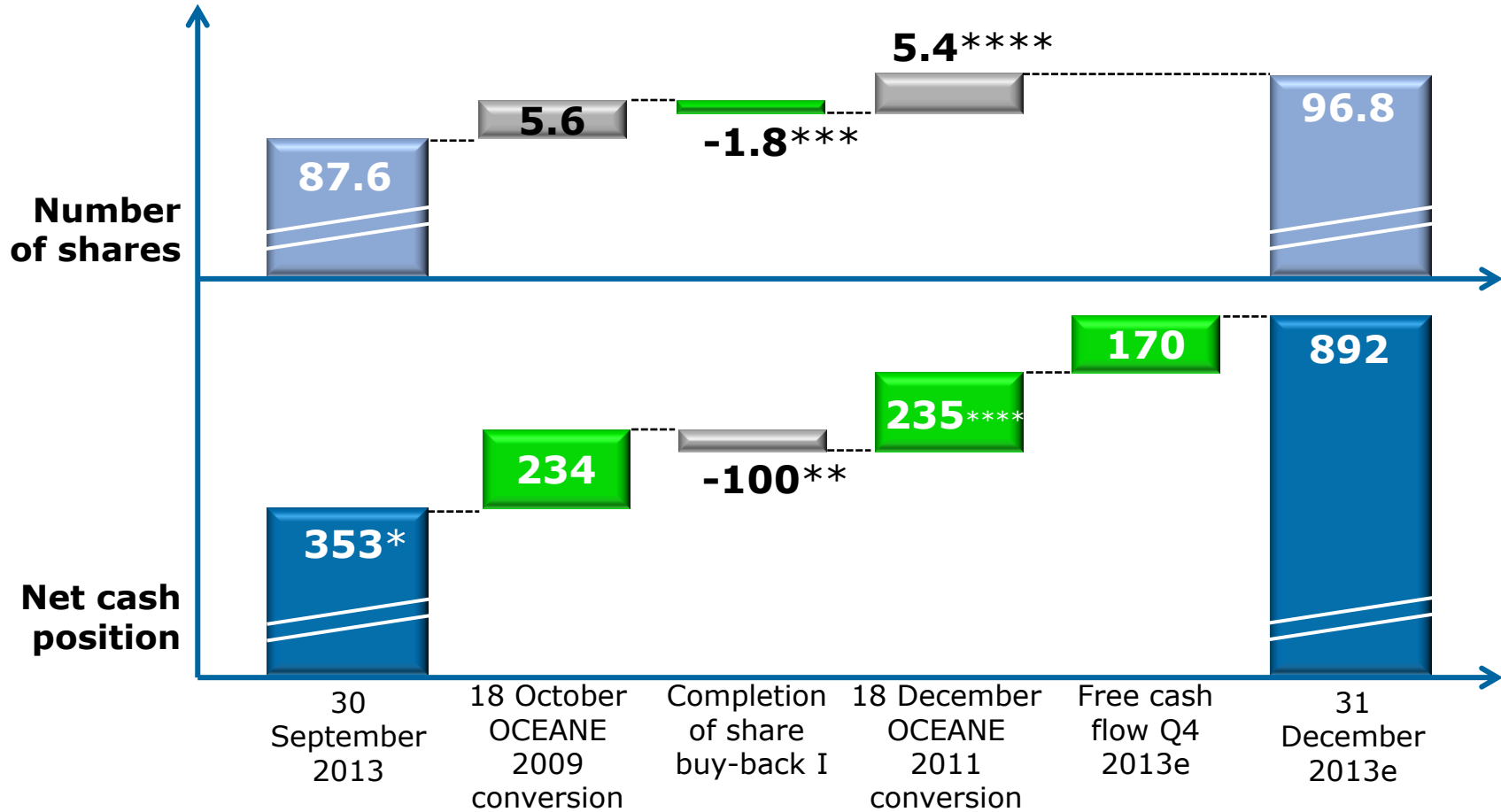
## Consolidated equity and shares at 30 September 2013

(in €m and million of shares)



# Net cash and equity:

## Expected net cash and number of shares as of December 31<sup>st</sup>, 2013



# Rationale for NL pension agreement

## Atos pensions ID card as of 31 December 2012

31 December 2012	2012 cash impact	2012 P&L impact
Pension liability: €-4.2bn Pension asset: €3.8bn <hr/> <b>IFRS deficit: €-0.4bn</b>	Contribution: €-89m Deficit recovery: €-45m <hr/> <b>Total cash-out: €-134m</b>	Operating margin: €-73m Financial result: €-7m <hr/> <b>Total P&amp;L: €-80m</b>
2008-2013 deficit recovery payment	Key pension criterias	NL pension elements
2008-2010: €-140m 2011-2013: €-120m <hr/> <b>Total cash-out: €-260m</b>	Plan type: DB or DC ? Funding obligation ? Deficit recovery period ?	Pension liability: <b>€-1.4bn</b> <b>Defined Benefit</b> plan Funding obligation: <b>110%</b> Deficit recovery: <b>5 years</b>

# New NL Pension agreement outcome

## Agreement

### €155m final settlement of which:

- ▶ €115m funded in **Atos shares** with a 3 year staggered lock-up to be transferred between April 1<sup>st</sup> and June 30<sup>th</sup>, 2014
- ▶ €40m paid **in cash** between Dec 2013 and January 2014

## Benefits for Atos

- ▶ **Convert** the plan into Defined Contribution
- ▶ **Eliminate** past obligations funding risk (mortality table €160m)
- ▶ **Reduce** Group pension deficit by €155m
- ▶ **Settle** all disputes
- ▶ **Eliminate** entirely future deficit recovery payment (c. €30m/year in cash)



# Share buy-back II to be completed in 2014: €230m announced today in two tranches of €115m each

Share  
Buyback  
Program II\*

€230m

- ▶ Consistent with the 2009 OCEANE treatment, a **first €115m tranche**
- ▶ Representing **50%** of the net cash improvement
- ▶ 1.8\* million shares to be **cancelled** or used to serve management performance shares\*\*

*First  
tranche to  
shareholders*

€115m

- ▶ In addition, a **second €115m tranche**
- ▶ Aimed at serving the Atos share portion of the **exceptional contribution** to the Atos NL Pension Fund

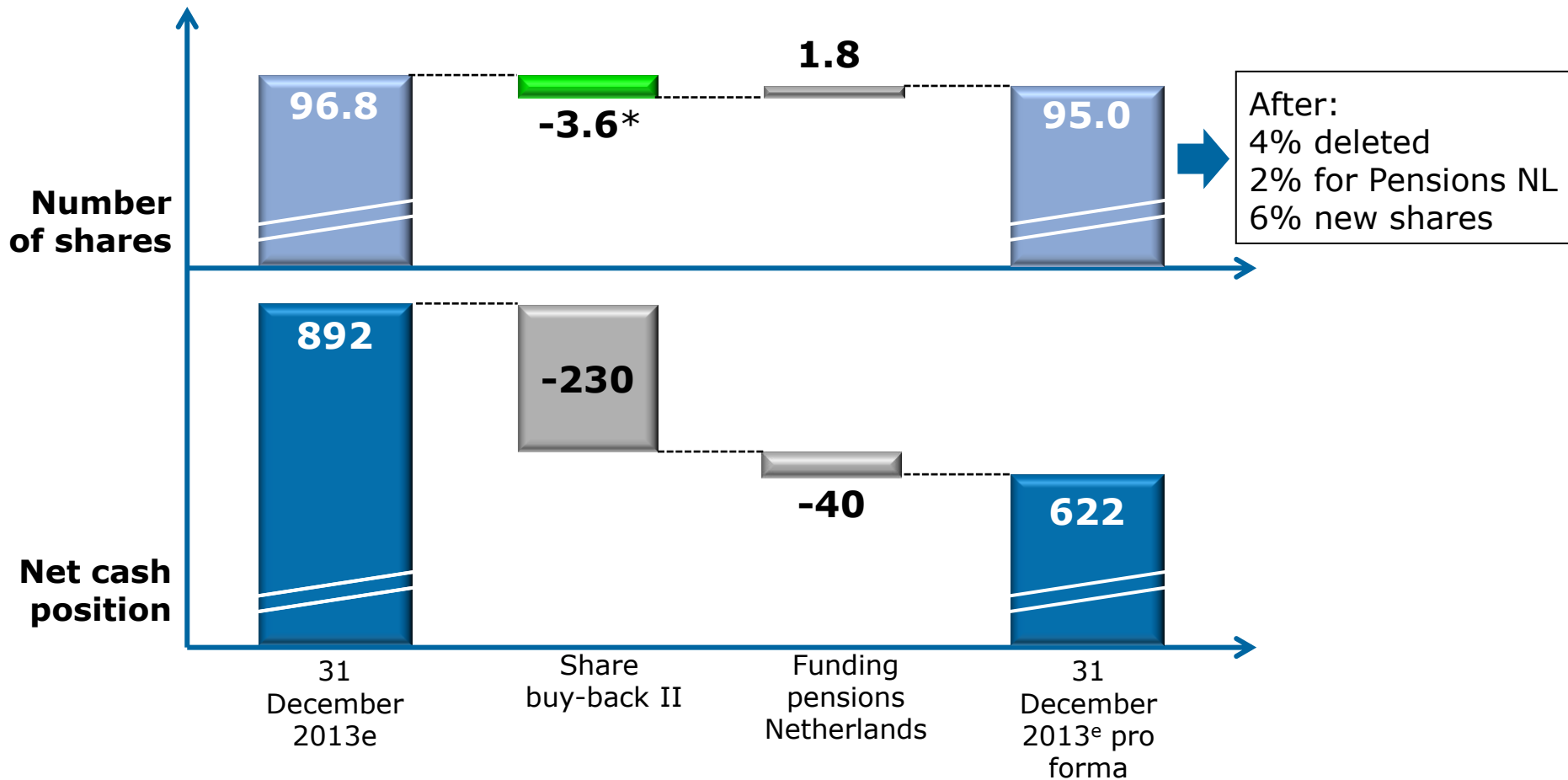
*Second  
tranche  
to NL  
Pension  
Fund*

€115m

\* Based on current share price \*\* Atos will convene an AGM in this perspective before year-end

# 2011 OCEANE and share buy-back:

## Expected net cash and shares pro forma all operations completed

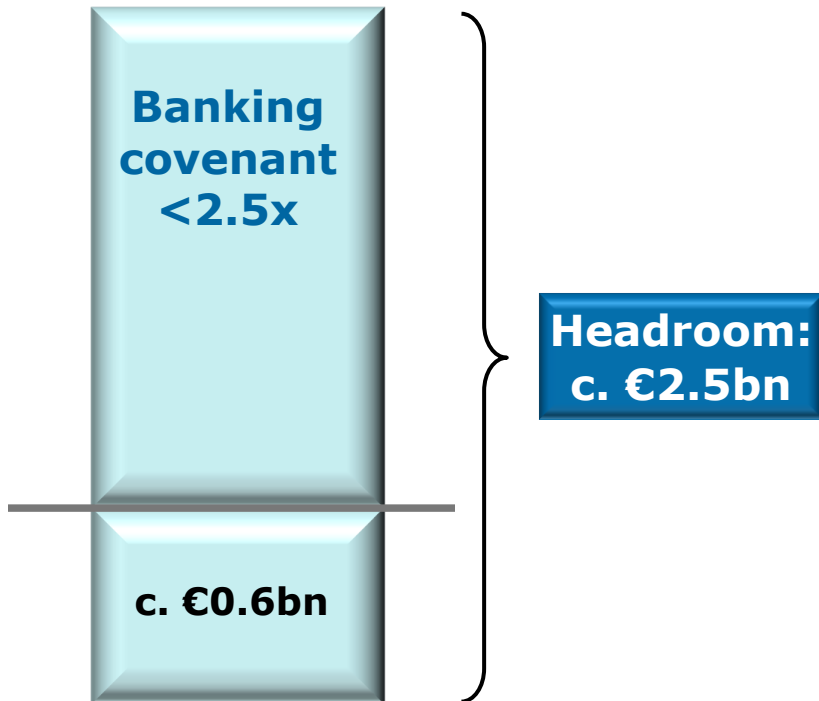


\* Based on current share price

# Financing leverage

## Financial agility to support 2016 Ambition

### 2013 leverage ratio



### Financial discipline

- ▶ Stringent assessment of asset value
- ▶ Existence of potential synergies with the Group, first and foremost in cost savings
- ▶ Alignment with the Group's financial capacities

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# Finance missions

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- 1** **A fully integrated Finance function**, business partner of the Operations from bidding process to risk management
- 2** Guardian of the **financial discipline** in both organic and inorganic deals
- 3** Focused on **Free Cash Flow** generation
- 4** Leading a **continuous optimization** of the Balance Sheet

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# **Atos sales** ambition 2016

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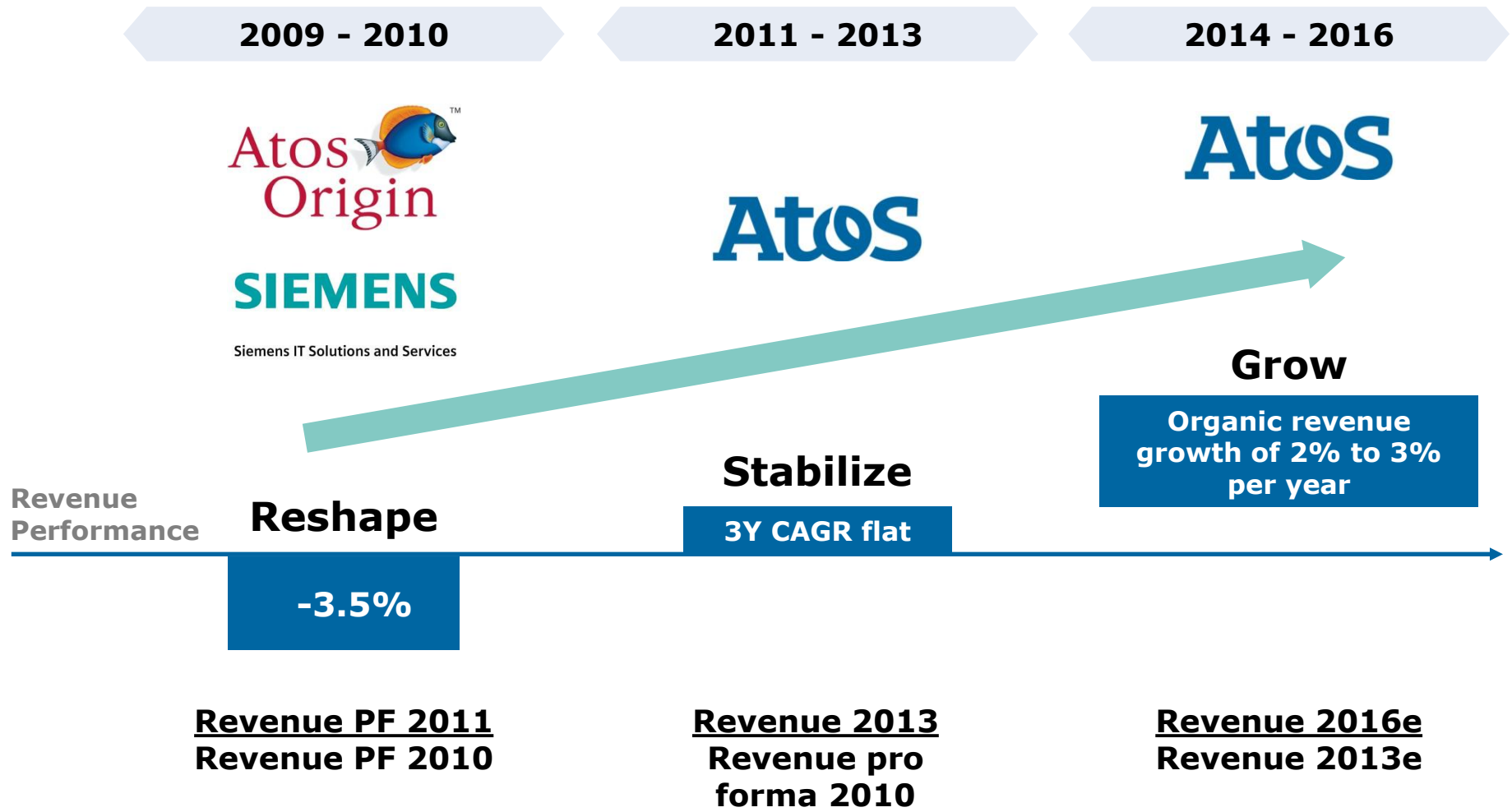
**Gilles Grapinet**  
Senior Executive Vice President, Global Functions

**Atos 2013 Analyst Day**

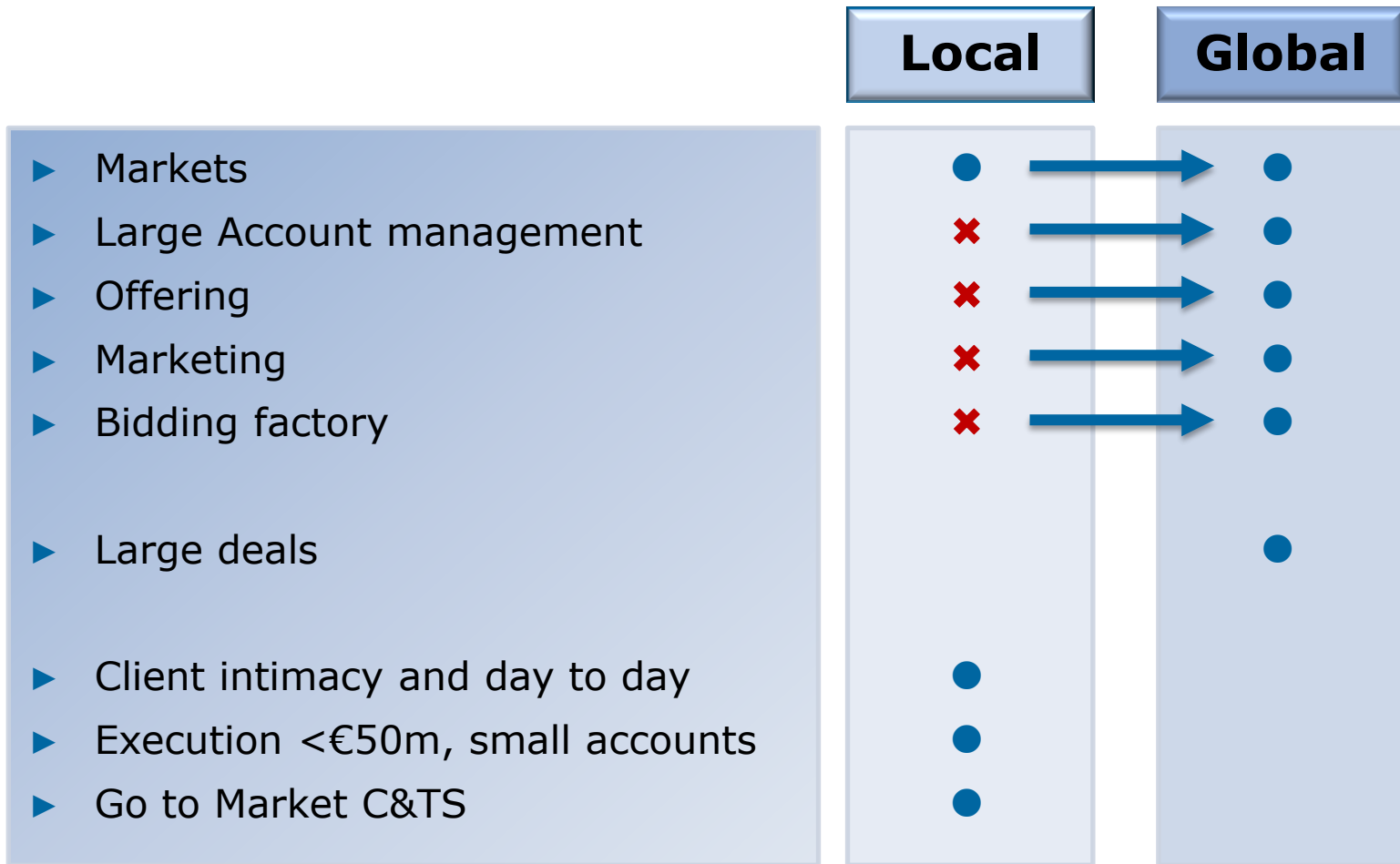
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**November 15<sup>th</sup> 2013**

# Atos : Top line Journey



# Sales governance to act global



# Atos sales platform has been redesigned

## Launched in 2012 targeting the whole S&M function

From Q1 2012 to Q4 2013

**expand**

20 new offerings launched

Sales/presales force redesigned at 1500 HC :  
525 hired, 840 reassigned or left

30 new logos (>10 M€ - volume of sales x 5)  
79 new logos (>3 M€)

Customer base clean up  
Not profitable / no long term perspectives

Partnership strategy reinforced: Siemens, EMC, VMware, Cisco,  
SAP, Oracle, Samsung, Microsoft, Yonyou

Strong Marketing  
BTICs, campaigns

Givaudan<sup>®</sup>



Indianapolis



ACT<sup>®</sup>



# Tangible outcome as of end 2013

## Sales methodologies and skills deeply improved

800 Account Plans

- ▶ Filled each year systematically for our top clients

Sales readiness productivity

- ▶ 2400 trainings and certifications

170 Innovation Workshops

- ▶ 100 with our top clients
- ▶ 70 with Partners

Ascent Thought leadership

- ▶ 30+ White papers, Journey 2016, Lookout2014, Blogs
- ▶ 10+ Innovation Proofs Of Concepts

**2Y Order Entry:  
c. €20bn est.**

€7bn  
9M2013

€10bn  
2012

- ▶ Win rate + 6%
  - ▶ ER/sales + 20%
  - ▶ OE/sales + 25%
- over 2 years**

# Atos champions offerings:

From industry expertise to business value

## Public Sector, Healthcare & Transport

**Journey Mgnt**  
**Digital Security**  
**Digital Health**

## Financial Services

***Payment processing***  
***(WL)***  
**Digital transformation**  
**Risk, Compliance**

## Transversal offerings

**Cloud - Canopy**  
**(XaaS & transformation)**  
**Big Data**  
***Smart Mobility (WL)***  
**Social Collaboration**

**ERP Consolidation**  
**Application Management**  
**Testing**  
**Data Center Services**  
**Future Workplace**

## Telco, Media, & Utilities

**WorldGrid**  
**OSS-IN**  
**Media Solutions**

## Manufacturing, Retail & Services

***Digital Payment***  
***Services (WL)***  
**PLM/MES**  
**ERP consolidation**

# Dual growth strategy

**>75%**

Long term recurring  
businesses

**c. 25%**

New  
opportunities

Secure

- Renewals

Transform

- Cloud

Extend

- Fertilization

Conquer

- Large deals

Develop

- Champion offerings

Diversify

- Strategic partnerships

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# **Plan to reach**

## 2016 targets in IT Services

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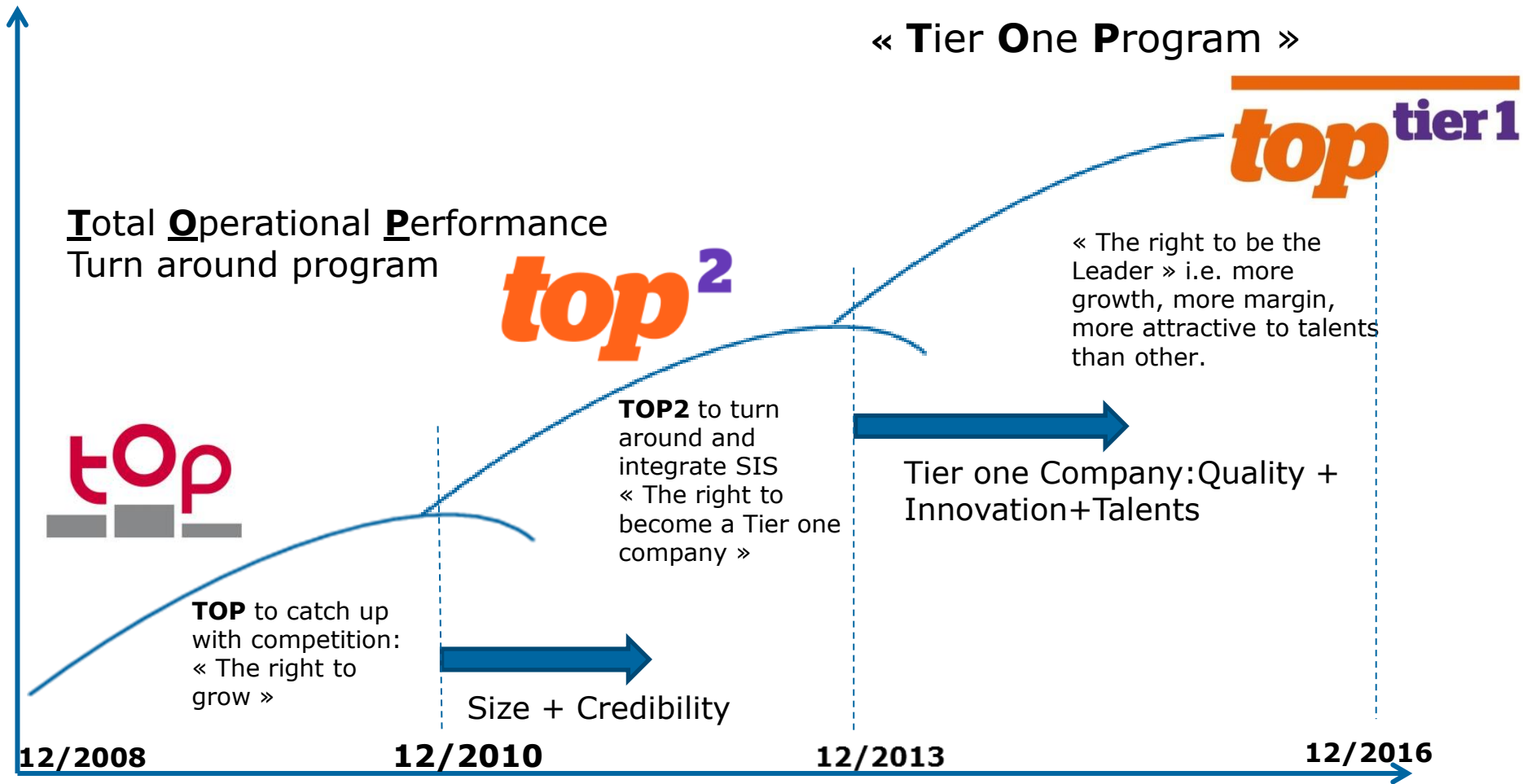
**Charles DEHELLY**  
Senior Executive Vice President, Global Operations

**Atos 2013 Analyst Day**

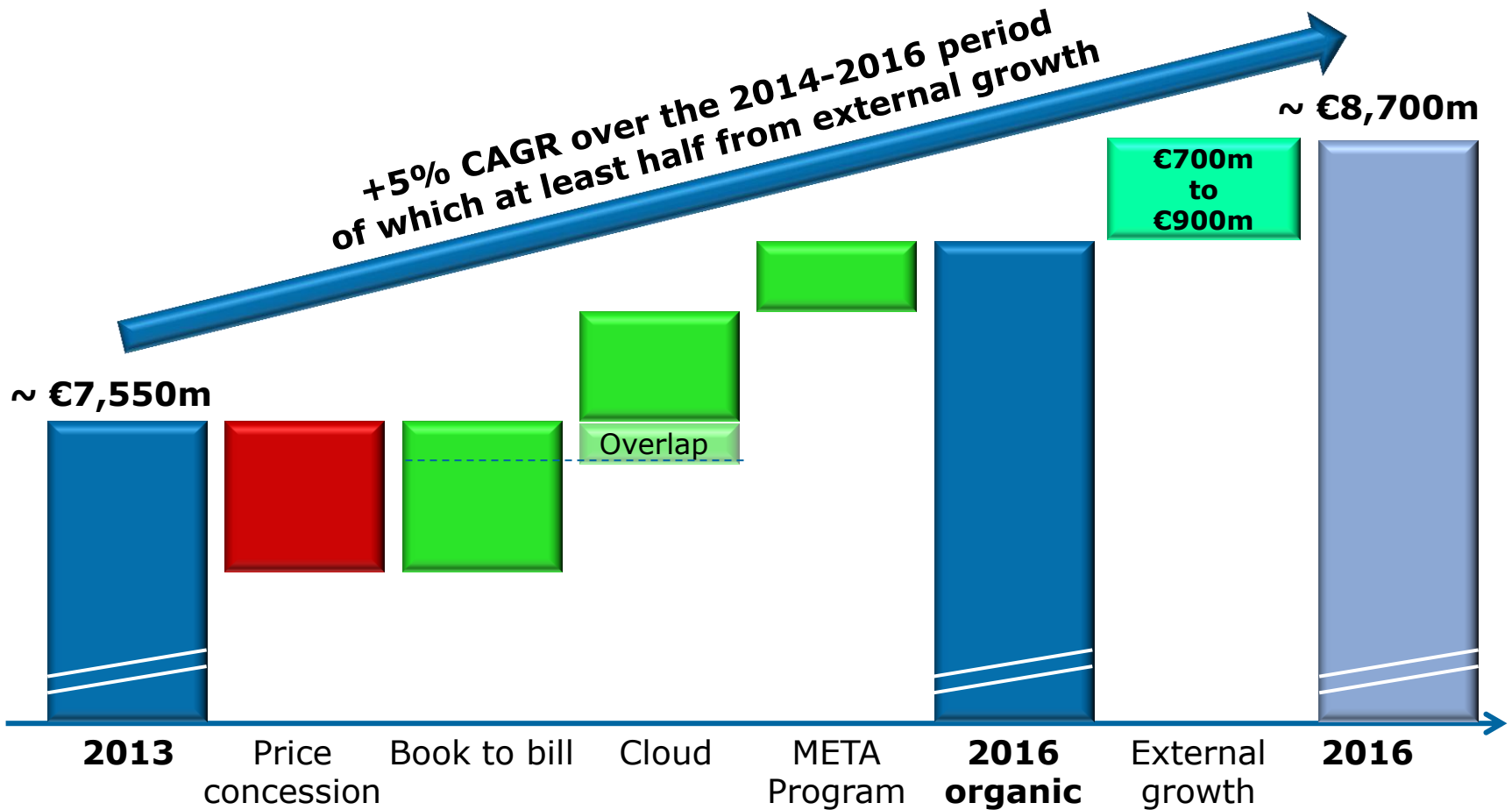
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November 15<sup>th</sup> 2013

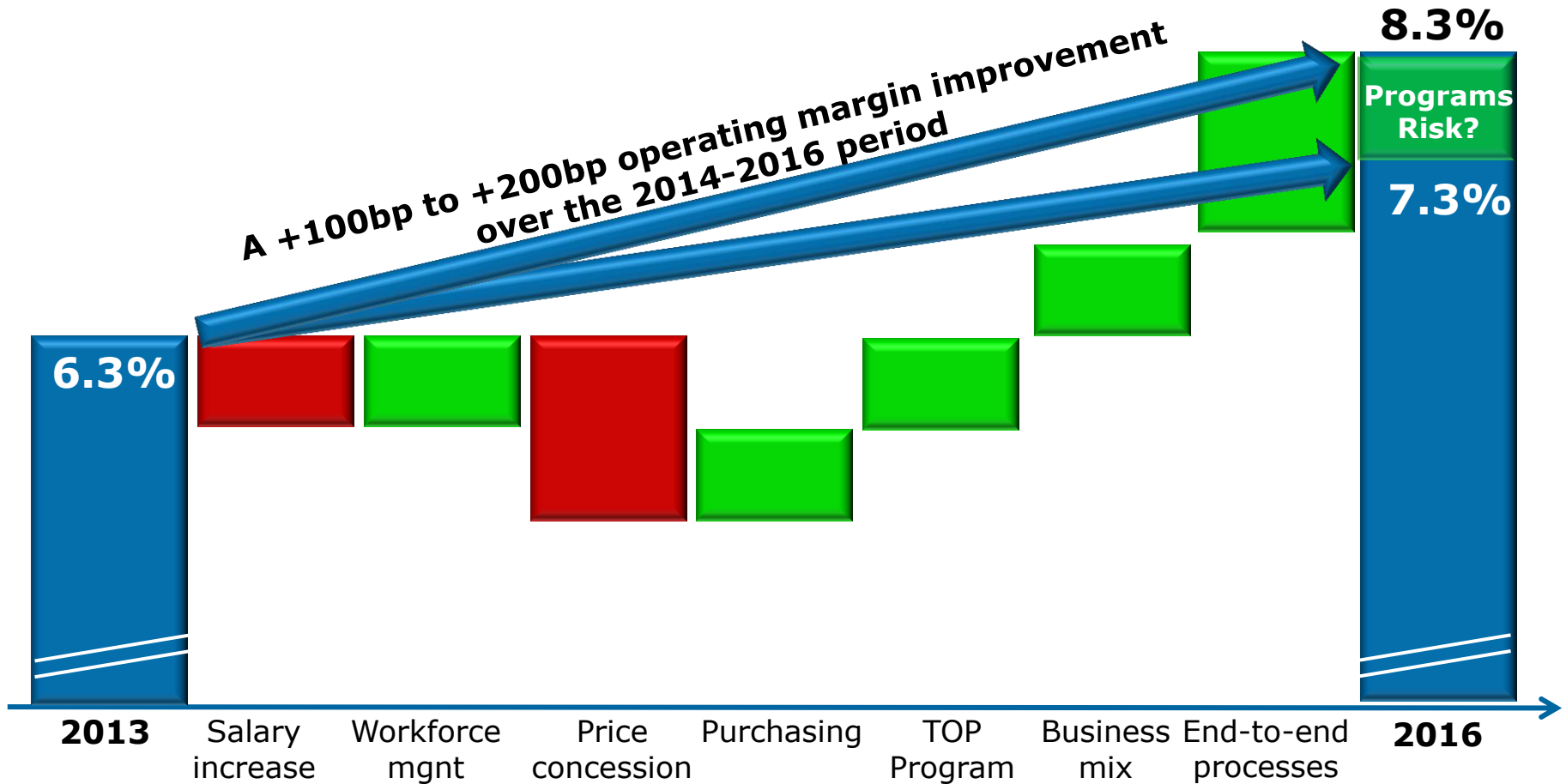
# Tier One Program : a program focus on continuous improvement



# Revenue evolution 2013 - 2016



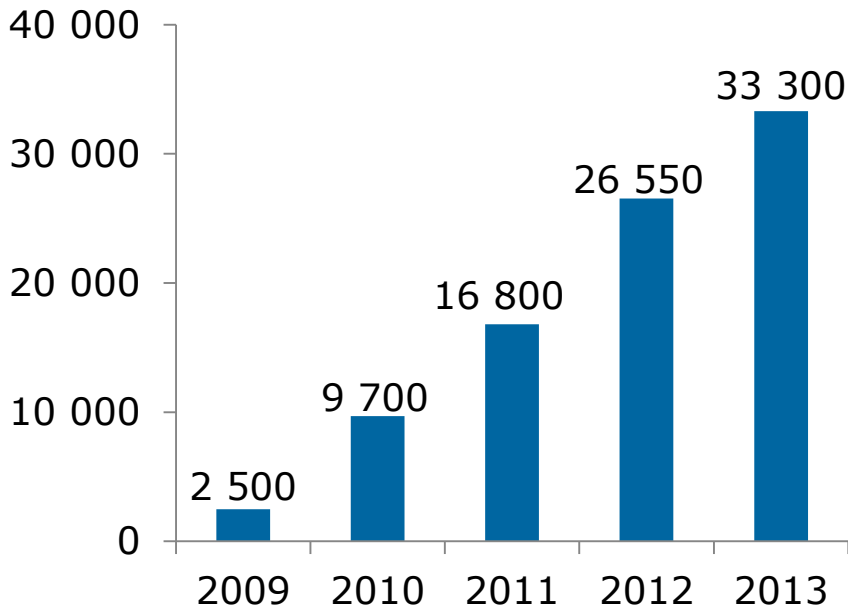
# Operating margin evolution 2013 - 2016



# End-to-end is the catalyst of Atos continuous improvement

## From traditional lean

Staff already working under lean (FTE)



**Productivity and efficiency**



## To end-to-end optimization



- Holistic approach
- End of silos and bottleneck effects
- Similar approach for functions and operations

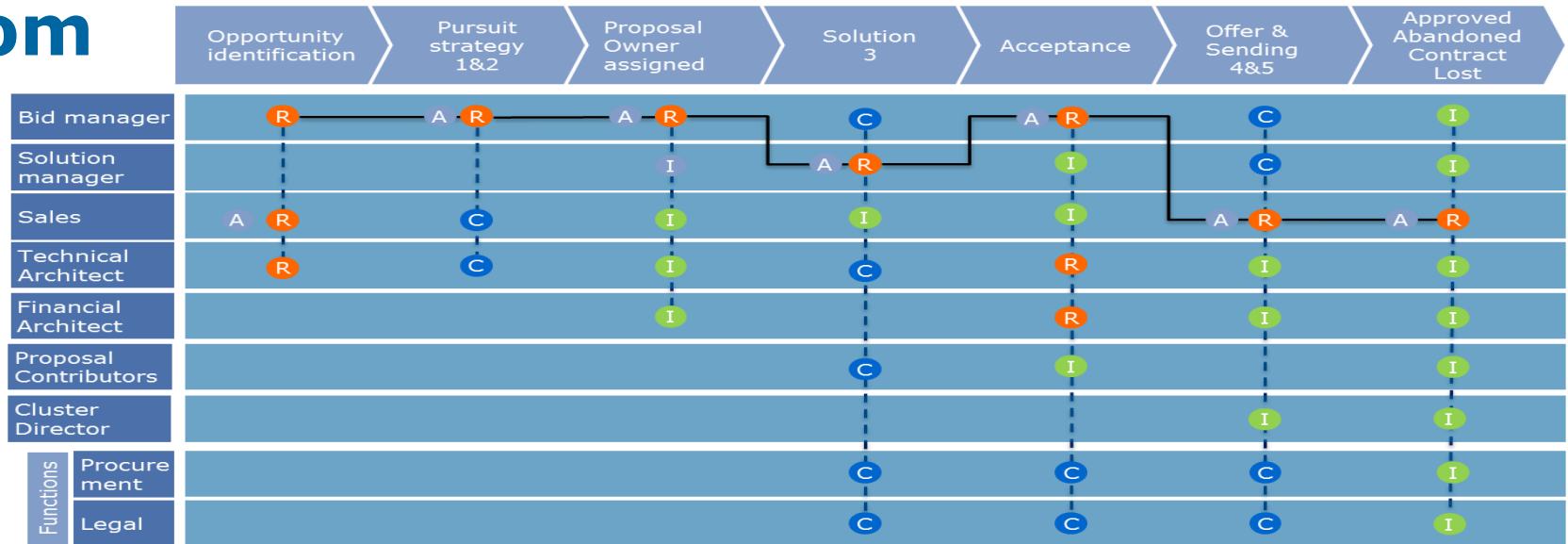
- **Productivity and efficiency**
- **Growth**
- **Customer satisfaction**



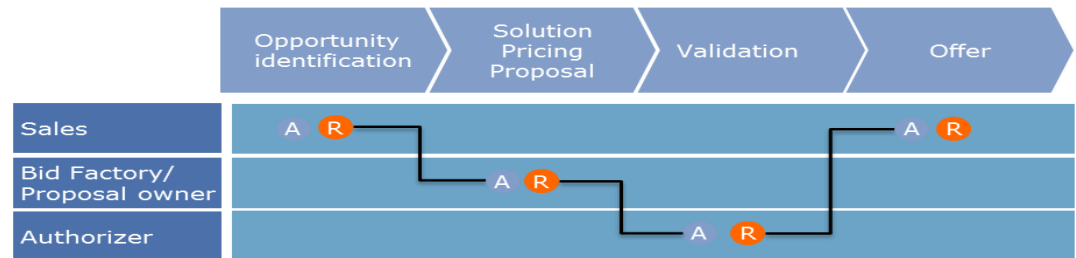
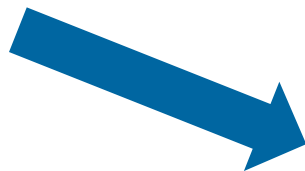


# End-to-end applied to sales lifecycle: Opportunity to Offer

From



To



# End-to-end applied to cash generation: Milestone to Invoice

