

2016 annual results

Bezons
February 22, 2017

Trusted partner for your Digital Journey

The Atos logo is displayed in white on a blue background. It features the word "Atos" in a bold, sans-serif font. The letter "o" is stylized with a white circle inside it, and the letter "s" has a white dot at its top end.

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 competitors 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 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2016 under the registration number: D.16-0300 and its update filed with the Autorité des Marchés Financiers (AMF) on August 4, 2016 under the registration number: D.16-0300-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.
- ▶ Revenue organic growth is presented at constant scope and exchange rates. Operating margin is presented excluding the amortization of equity based compensation plans and free cash flow is presented excluding proceeds from equity based compensation.
- ▶ Business Units include **North America** (NAM: USA, Canada, and Mexico), **Germany, United-Kingdom & Ireland, France, Benelux & The Nordics** (BTN: Belgium, Denmark, Estonia, Finland, Luxembourg, the Netherlands, and Sweden), **Worldline**, and **Other Business Units** including Central & Eastern Europe (CEE: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Switzerland, and Turkey), Iberia (Spain and Portugal), Asia-Pacific (APAC: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (SAM: Argentina, Brazil, Colombia, and Uruguay), Middle East & Africa (MEA: Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kingdom of Saudi Arabia, Lebanon, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, and UAE), Major Events, and Cloud & Enterprise Software.
- ▶ Atos decided, as early as upon its acquisition, to retain only a part of the Unify business. As a result, the Software & Platforms business, along with the customers and the countries that were planned to be managed through indirect channels, have been accounted for as discontinued operations since they are in the process of being disposed. Therefore, as Atos is well engaged in the disposal process for the Unify business it has decided to divest, financial KPIs presented in this document reflect only the business of Unify it will ultimately retain, unless otherwise expressly stated. The forward looking statement regarding the Unify business to be potentially disposed of is also provided separately. In the event that the disposal is not concluded at the latest at the release of H1 results, the business to be potentially disposed of will thereafter be integrated and reflected in the KPIs.

Agenda

1. 2016 key figures, strategy update, and objectives
2. Commercial activity
3. Operational & financial performance
4. Conclusion and Q&A

1

2016 key figures, strategy update & objectives

Thierry Breton
Chairman & CEO

2016 key figures (1/2)

Revenue

€11.7bn

+13% at constant exchange rates

Organic growth

+1.8%

+1.9% in Q4

Order entry

€13.0bn

+16% year-on-year

Book to bill

111%

vs. 105% in 2015

Operating margin

€1,104m

+20% year-on-year

Operating margin rate

9.4%

+110bps at constant scope
and exchange rates

2016 key figures (2/2)

Net income Group share

€567m

+40% year-on-year

Basic Earnings Per Share

€5.47

+36% year-on-year

Total number of employees*

100,096

+10% year-on-year

Free cash flow

€579m

+47% year-on-year

OM conversion to FCF

52.5%

vs. 43% in 2015

Net cash position

€481m

Intact capability to finance future developments

2016 objectives over-achieved

| Initial objectives (February) | Raised objectives (July) | Achievements |
|---|---|---|
| <p>► Revenue:</p> <p>Improve organic growth compared to 2015 (i.e. +0.4%)</p> <p>Growth at constant exchange rates above +8%</p> | <p>+1.5% to +2.0%</p> | <p>+1.8% ✓</p> |
| <p>► Operating margin:</p> <p>Between 9.0% and 9.5% of revenue</p> | <p>above +12%</p> <p>9.2% to 9.5%</p> | <p>+13% ✓</p> <p>9.4% ✓</p> |
| <p>► Free cash flow:</p> <p>Circa € 550 million</p> | <p>Above € 550 million</p> | <p>€ 579 million ✓</p> |

**Dividend of € 1.60 per share proposed to the next AGM
+45% compared to prior year and x2 compared to 2014**

Atos position in the new global environment (1/3)

New economic environment



- **GDP growth improvement expected in Continental Europe**
- **Atos became a "Societas Europaea" (European Company) in 2012 and Atos CEO is the Chairman of the Association of European Companies (ASEP)**
- **Atos not exposed to medium term interest rates increase**
- **Atos positioned to seize increase to 2% of European GDP in Defense and Cybersecurity. Atos CTO chairman of ECSO (European Cyber Security Org.)**
- **Atos CEO co-chaired with SAP's CEO the European Cloud Partnership**



- **Positive forecasts on GDP growth**
- **Corporate tax relief**
- **Large US clients served by US teams: 2013: 3,700 US staff → 2016: 8,400 US staff**
- **Atos CEO member of the US "Business Council"**



- **Expected GDP growth slowdown: Atos protected by multi-year contracts business model**
- **Brexit expected to last >2 years: low exposure to discretionary expenses and Financial Services and naturally hedged to GBP evolution**
- **Large public investment program expected: Atos long term partner of the public/defense sector**

Atos position in the new global environment (2/3)

New currency and border control environment

Currencies

Currency fluctuations

Naturally hedged as we built a delivery model with most of our costs generated in the countries of our clients

Visas

Potential H1B and L1 visas restrictions

Atos in the US focused so far on Infrastructure & Data Management and Digital Transformation Factory

Large US clients of Atos are served by US teams:

- 2016 US staff: 8,400
- of which 151 under H1B
- of which 154 under L1

Border tax

Potential raise of a border tax

- Costs from India: less than 4% of US revenue
- Costs from Mexico: less than 2% of US revenue
- Costs from the Philippines: less than 2% of US revenue

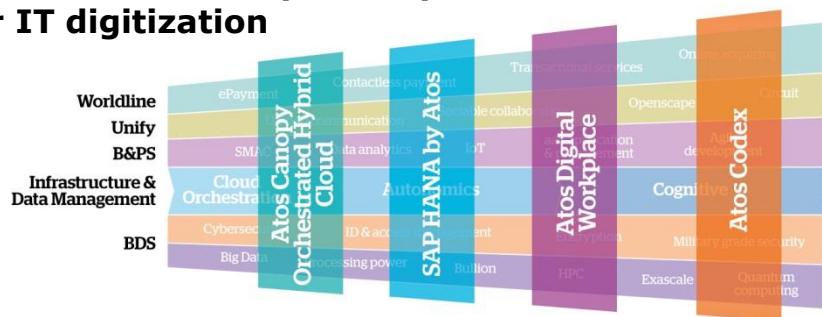
Potential visa holder costs and border tax on offshored work (US and UK) would materially increase the Atos competitiveness

Atos position in the new global environment (3/3)

New technological breakthroughs

Atos end-to-end offerings perfectly answering client needs

Atos has built the perfect platform for IT digitization



Atos Digital Transformation Factory
→ c. 40% of 2019 revenue

Winning market shares with our allies

SIEMENS

DELL EMC

Atos

A Group built year after year to reap the high growth of the digital transformation wave with strong visibility and resilience

A unique fully end-to-end digital transformation model to generate organic growth while providing significant cost reduction and productivity increase to our clients

A technology and partnership focus on cybersecurity and cognitive computing (Codex), a brand new landscape of growth for our clients

Access to multi-billion yearly R&D spending through an extensive and advanced network of partners

SIEMENS

DELL EMC



RENAULT



BOSCH



Air Liquide
creative oxygen



INVENTEURS DU MONDE NUMÉRIQUE



CENTRE NATIONAL D'ÉTUDES SPATIALES



Swarm
Digital
safe encryption
Orchestration
Algorithm
Robotic
payment
Artificial
computing
Quantum
Exascale
Homomorphic
Intelligence
Smart Analytics
IoT
5G
Blockchains
Automation

servicenow



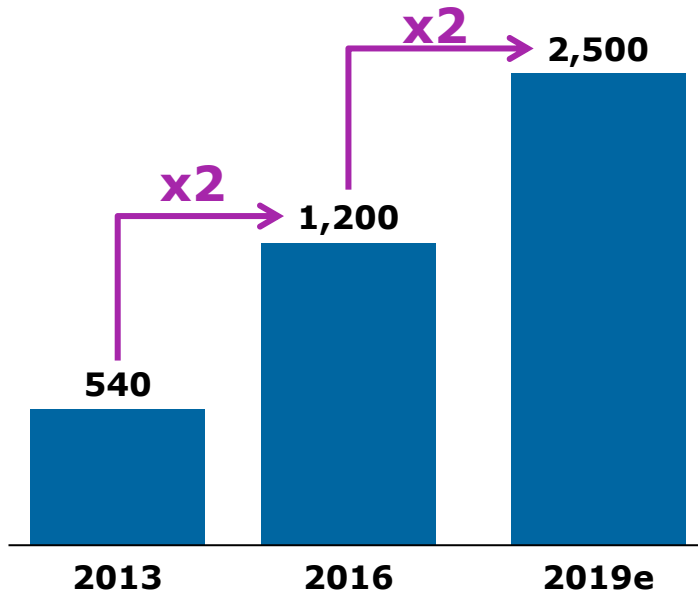
CLICKFOX
The Leader in Customer Experience Analytics



The Digital Transformation Factory leadership program

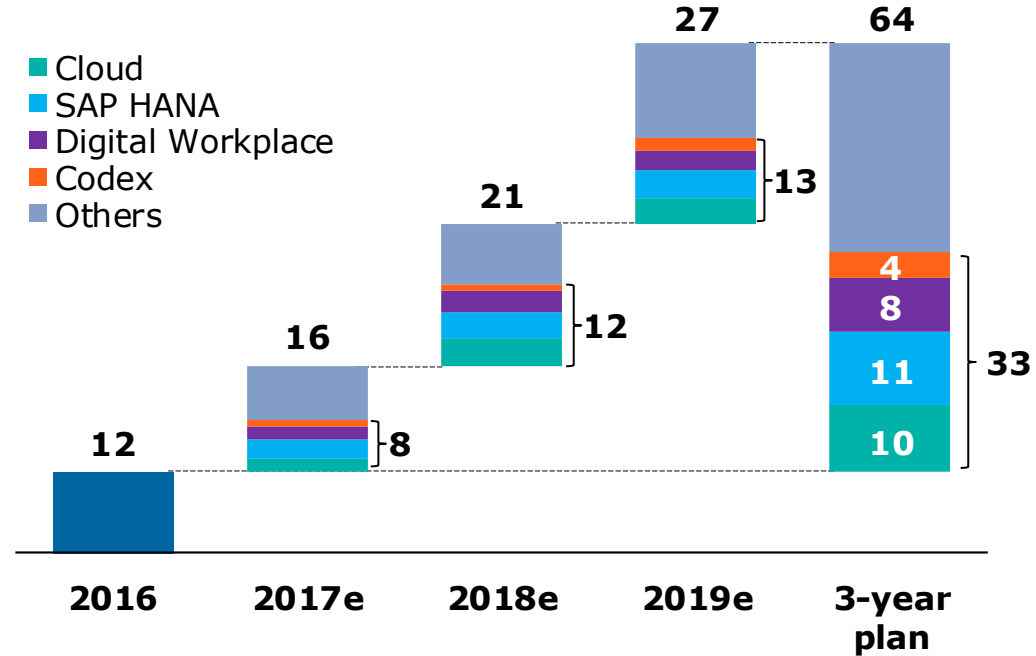
Improved training effort

(In thousands of trainings hours)



Digital transformation certification training

(In thousands of certified people)



2017 objectives: Significant further improvements towards 2019 Ambition

- ▶ **Revenue growth:** Circa +6% at constant exchange rates, above +2% organically.
- ▶ **Operating margin:** Between 9.5% and 10.0% of revenue.
- ▶ **Free cash flow:** Operating margin conversion rate to free cash flow at between 55% and 58%.

2

**Commercial
activity**

Patrick Adiba

Chief Commercial Officer

Commercial activity dashboard

Order entry

€13.0bn

+16% year-on-year

Book to bill ratio

111%

119% in Q4

Backlog

€21.4bn

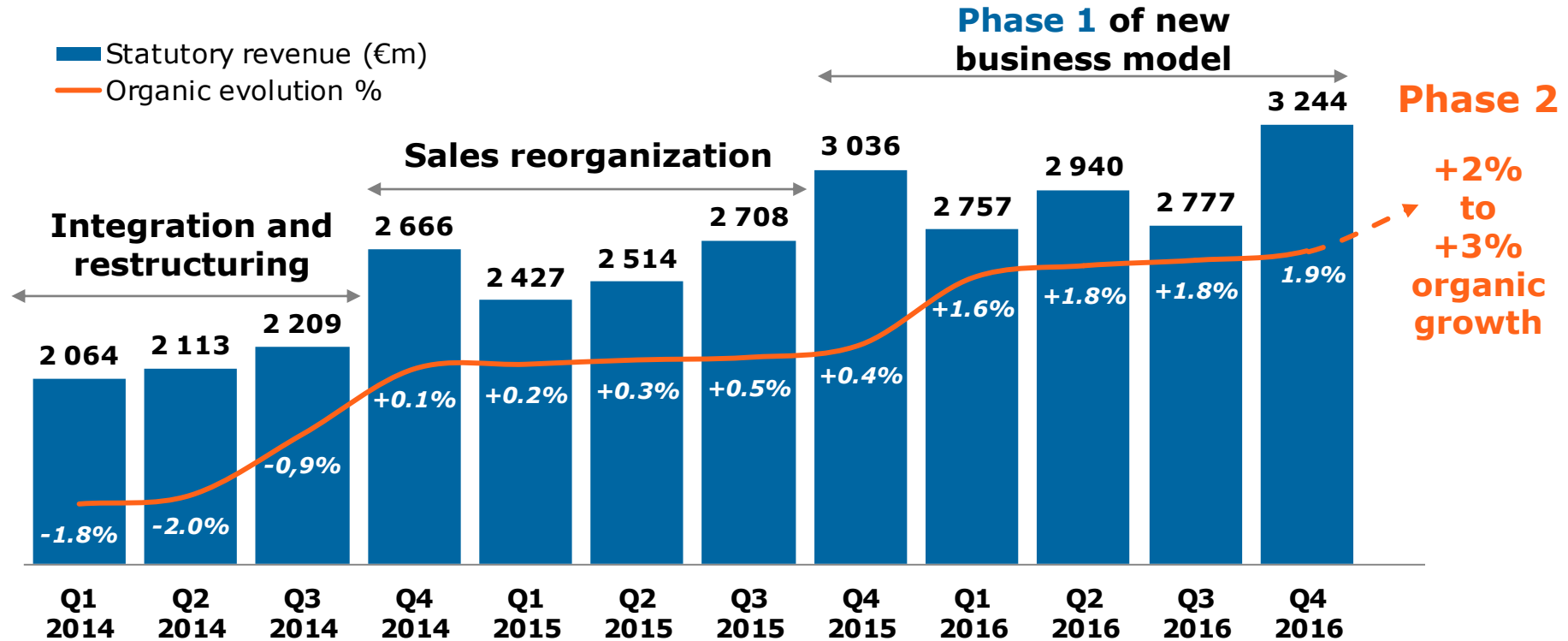
1.8 years of revenue

Qualified pipeline

€6.5bn

6.4 months of revenue

An accelerating trend of revenue organic growth driven by the Group commercial dynamism

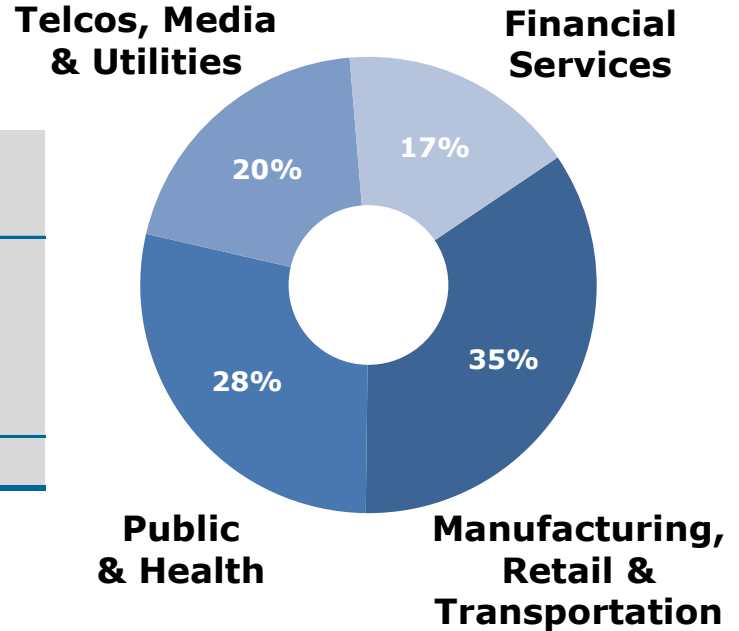


2016 revenue performance by market

In € million

| | % organic growth |
|--|-------------------------|
| Manufacturing, Retail & Transportation | +0.6% |
| Public & Health | +3.8% |
| Telcos, Media & Utilities | +2.1% |
| Financial Services | +0.4% |
| TOTAL GROUP | +1.8% |

** At constant scope and exchange rates*



Why do we win when leveraging Atos Digital Transformation factory ?

End-to-end digital transformation on time, at specs, at cost

1. Legacy infrastructure to cloud transformation and cloud orchestration
2. Application cloudification, migration and maintenance
3. Enterprise processes to cloud transformation with best in class **SAP HANA-bullion appliance**
4. Data value creation with cognitive and analytics in **Atos Codex**
5. Addition of cloud mobility and collaboration platform for connected workforce with **Circuit** and **unified communications**
6. End-to-end security of platforms, data and users
7. Monetization of new cloud enabled services with **Worldline**

Phase 2 organic growth leveraging Atos Digital Transformation Factory

| | Phase 1 of new business model (+1% to +2%) | Phase 2 (+2% to +3%) |
|-----------------------|--|--|
| Go-to-market | Focus on TOP 200 accounts | "Account plan as a contract" extended to 80% of total revenue |
| Customer satisfaction | Net Promoter Score: 50% | Net Promoter Score: 54% <i>coverage extended to 80% of total revenue</i> |
| Sales management | <i>2016: revenue organic growth in all markets</i> | Sales efficiency improvement: incentives, skilling, new tools |

Main Q4 wins leveraging Atos Digital Transformation factory

1. Cloud transformation
2. Application cloudification
3. SAP HANA-bullion appliance
4. Atos Codex
5. Collaboration and UC
6. End-to-end security
7. Monetization



**North American
chemicals group**



**Global industry
conglomerate**

**European utility
infrastructure
operator**

**European
savings and
investments
bank**

uclh

**World class
public institution**

Danske Bank

3

**Operational & financial
performance**

Elie Girard
Group CFO

Constant scope and exchange rates figures reconciliation

| <i>In € million</i> | 2016 | 2015 | % change |
|--|---------------|---------------|-----------------|
| Statutory revenue | 11,717 | 10,686 | +9.7% |
| Exchange rates effect | | -295 | |
| Revenue at constant exchange rates | 11,717 | 10,390 | +12.8% |
| Scope effect | | 1,128 | |
| Exchange rates effect on acquired/disposed perimeters | | -4 | |
| Revenue at constant scope and exchange rates | 11,717 | 11,515 | +1.8% |
| Statutory operating margin | 1,104 | 883.7 | +24.9% |
| Equity based compensation reclassification | | 33.3 | |
| Scope effect | | 73.3 | |
| Exchange rates effect | | -31.3 | |
| Operating margin at constant scope and exchange rates | 1,104 | 959.0 | +15.1% |
| <i>as % of revenue</i> | <i>9.4%</i> | <i>8.3%</i> | |

- ▶ **Scope effect** mainly related to Xerox ITO, Unify, Equens, Paysquare, Komerčni Banka Smartpay, and Anthelio
- ▶ **Exchange rates effect** mainly coming from the British pound

2016 performance by Division

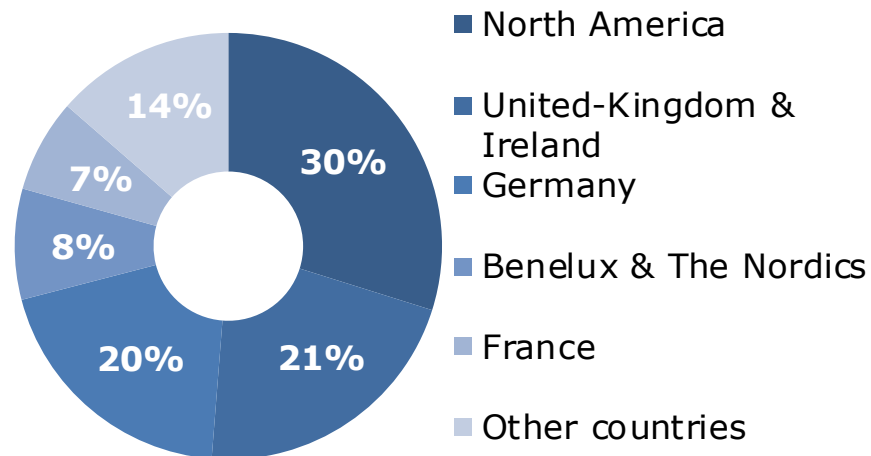
- ▶ Positive growth reached every quarter of the year for each of the divisions
- ▶ Strong margin improvement, €+145 million like-for-like, €+178 million excluding pensions one-off effects

| <i>In € million</i> | Revenue | | | Operating margin | | Operating margin % | |
|----------------------------------|---------------|---------------|--------------|------------------|--------------|--------------------|-------------|
| | 2016 | 2015* | % organic | 2016 | 2015* | 2016 | 2015* |
| Infrastructure & Data Management | 6,595 | 6,539 | +0.9% | 682.9 | 555.5 | 10.4% | 8.5% |
| Business & Platform Solutions | 3,194 | 3,169 | +0.8% | 206.1 | 199.1 | 6.5% | 6.3% |
| Big Data & Cybersecurity | 666 | 591 | +12.8% | 111.9 | 102.1 | 16.8% | 17.3% |
| Corporate costs | | | | -93.9 | -71.1 | -0.9% | -0.7% |
| Worldline | 1,261 | 1,216 | +3.7% | 196.9 | 173.4 | 15.6% | 14.3% |
| TOTAL GROUP | 11,717 | 11,515 | +1.8% | 1,104 | 959.0 | 9.4% | 8.3% |

* At constant scope and exchange rates

Infrastructure & Data Management

- ▶ **Organic growth and operating margin benefitting from the transition of Atos customers to hybrid cloud infrastructures**
- ▶ **Contribution from the successful execution of the large Unify restructuring program**
- ▶ **46,824 direct staff at the end of 2016**

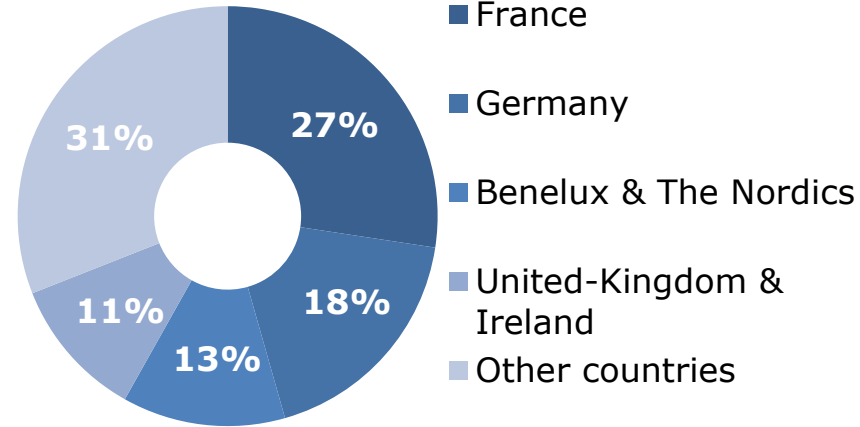


| <i>In € million</i> | 2016 | 2015* | % organic |
|------------------------------|-------------|--------------|------------------|
| Revenue | 6,595 | 6,539 | +0.9% |
| Operating margin | 682.9 | 555.5 | |
| <i>Operating margin rate</i> | 10.4% | 8.5% | |

* At constant scope and exchange rates

Business & Platform Solutions

- ▶ **Steady top line improvement quarter after quarter fueled by Digital Transformation projects**
- ▶ **First phase of margin turn-around thanks to better project and workforce management**
- ▶ **32,577 direct staff at the end of 2016**



| <i>In € million</i> | 2016 | 2015* | % organic |
|------------------------------|-------------|--------------|------------------|
| Revenue | 3,194 | 3,169 | +0.8% |
| Operating margin | 206.1 | 199.1 | |
| <i>Operating margin rate</i> | 6.5% | 6.3% | |

* At constant scope and exchange rates

Industrializing Application Services



Organization

Multiple teams around the globe

Global "tower" approach

Finance

Project margin tracking

Non billable HC focus

Processes & tools

Multiple systems

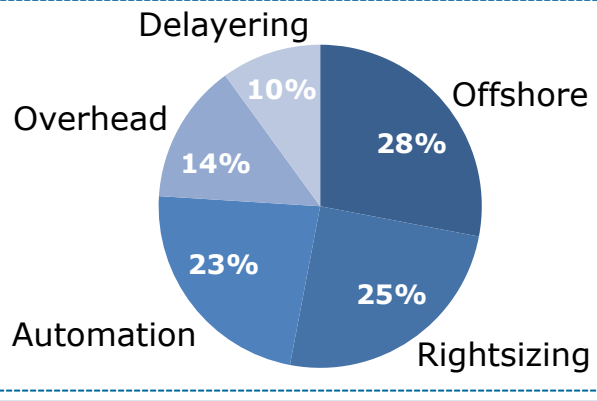
Single system

Resource management

Reactive staffing at signature

Proactive staffing & training

Savings

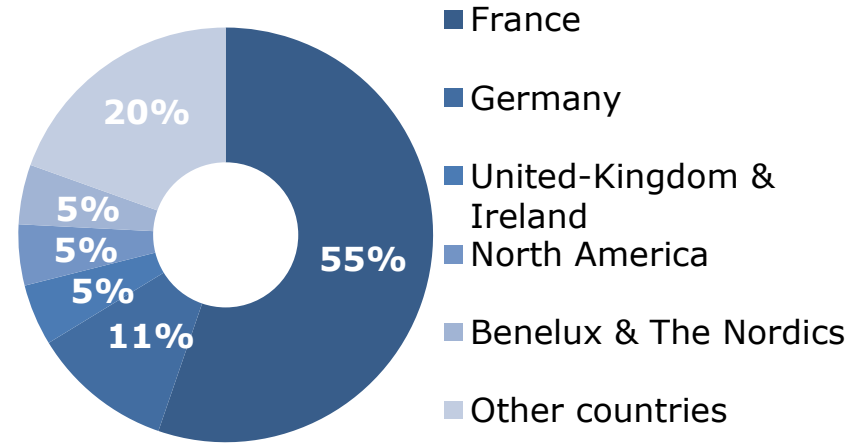


Big Data & Cybersecurity

▶ **High revenue and operating margin growth led by a strong demand for state of the art solutions**

- Business expansion in new geographies
- Increasing contribution from the private sector

▶ **3,726 direct staff at the end of 2016**

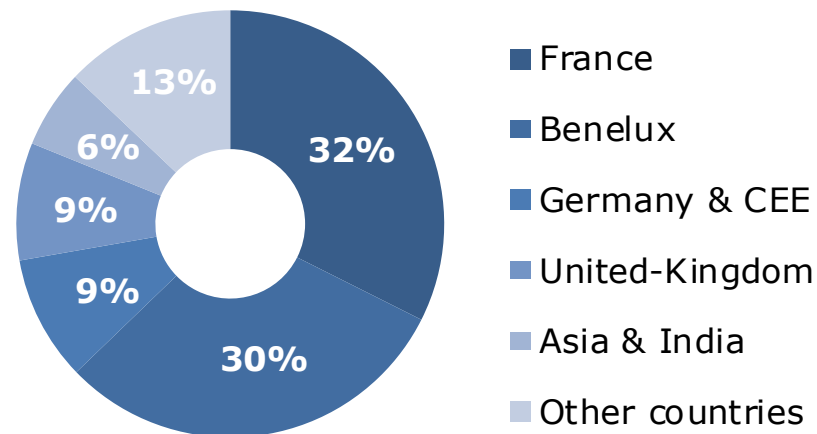


| <i>In € million</i> | 2016 | 2015* | % organic |
|------------------------------|-------------|--------------|------------------|
| Revenue | 666 | 591 | +12.8% |
| Operating margin | 111.9 | 102.1 | |
| <i>Operating margin rate</i> | 16.8% | 17.3% | |

* At constant scope and exchange rates

Worldline

- ▶ **Sustained dynamics of payment businesses**
- ▶ **Compensation for two contracts terminated**
- ▶ **8,132 direct staff at the end of 2016 of which circa 1,200 from acquisitions**



| <i>In € million</i> | 2016 | 2015* | % organic |
|------------------------------|-------------|--------------|------------------|
| Revenue | 1,261 | 1,216 | +3.7% |
| Operating margin | 196.9 | 173.4 | |
| <i>Operating margin rate</i> | 15.6% | 14.3% | |

* At constant scope and exchange rates

2016 performance by Business Unit

- ▶ Germany recovery plan strongly materializing
- ▶ North America, Worldline, and France fueling revenue growth
- ▶ UK & Ireland growing 4.5% in H2
- ▶ Strong operating margin improvement in most of the geographies

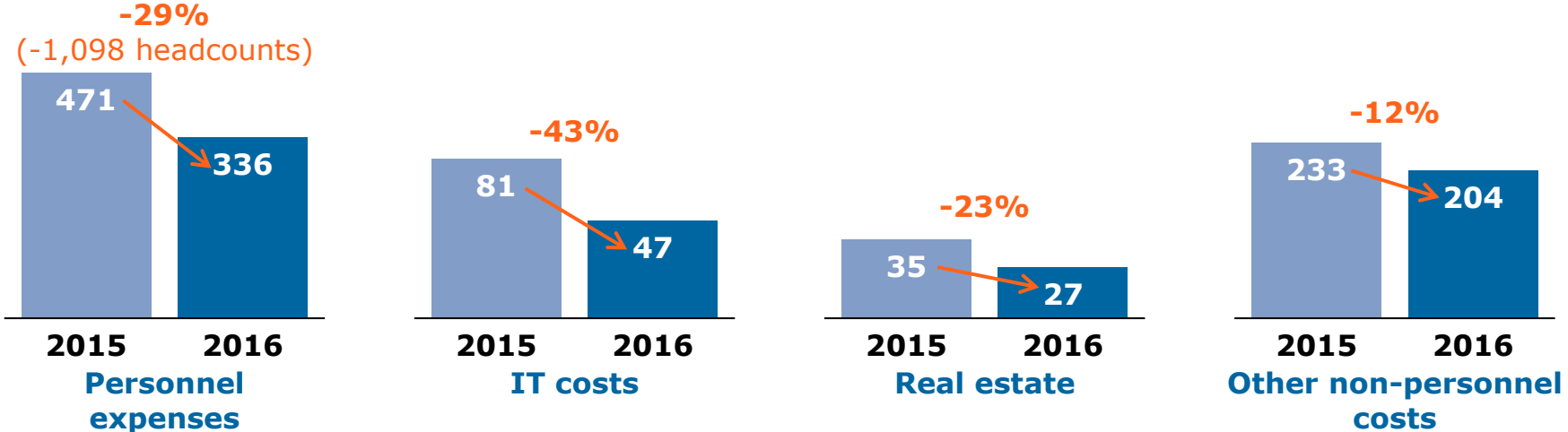
| In € million | Revenue | | | Operating margin | | Operating margin % | |
|--------------------------|---------------|---------------|--------------|------------------|--------------|--------------------|-------------|
| | 2016 | 2015* | % organic | 2016 | 2015* | 2016 | 2015* |
| North America | 2,061 | 1,972 | +4.5% | 240.8 | 182.9 | 11.7% | 9.3% |
| Germany | 1,954 | 1,856 | +5.3% | 200.9 | 138.7 | 10.3% | 7.5% |
| United-Kingdom & Ireland | 1,790 | 1,797 | -0.4% | 238.8 | 196.7 | 13.3% | 10.9% |
| France | 1,709 | 1,671 | +2.3% | 125.4 | 102.9 | 7.3% | 6.2% |
| Benelux & The Nordics | 986 | 1,064 | -7.3% | 71.5 | 98.4 | 7.3% | 9.2% |
| Other Business Units | 1,956 | 1,938 | +0.9% | 127.3 | 139.4 | 6.5% | 7.2% |
| Global structures** | | | | -97.7 | -73.3 | -0.9% | -0.7% |
| Worldline | 1,261 | 1,216 | +3.7% | 196.9 | 173.4 | 15.6% | 14.3% |
| TOTAL GROUP | 11,717 | 11,515 | +1.8% | 1,104 | 959.0 | 9.4% | 8.3% |

* At constant scope and exchange rates

** Global structures include the Global Divisions costs not allocated to the Group Business Units and Corporate costs

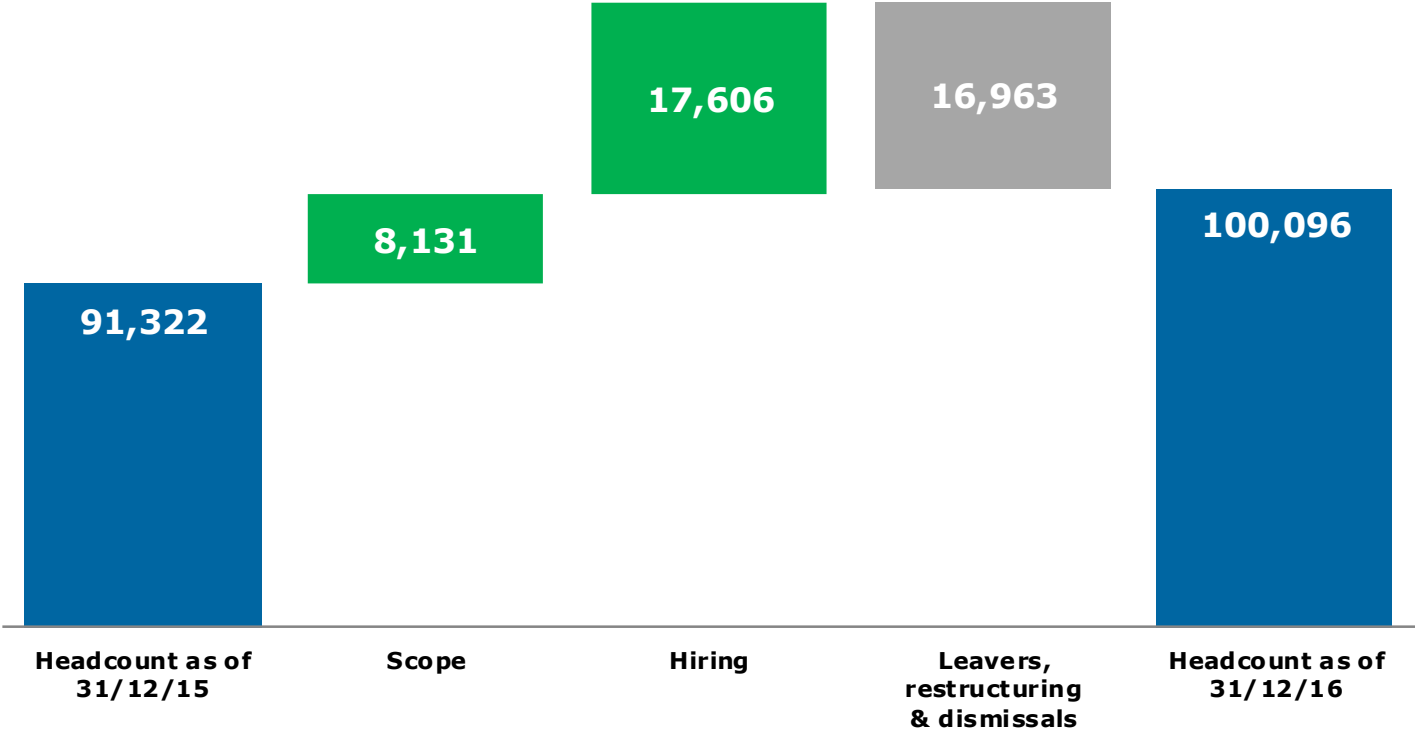
Unify cost synergies and savings generation above initial expectations

Cost base evolution (in € million)



2016 net income of Unify Software & Platforms*: € 11.7 million
 In line with the objective set at the time of the acquisition
 Confirming the € 100 million 2017 EBITDA target and supporting valuation

2016 headcount evolution



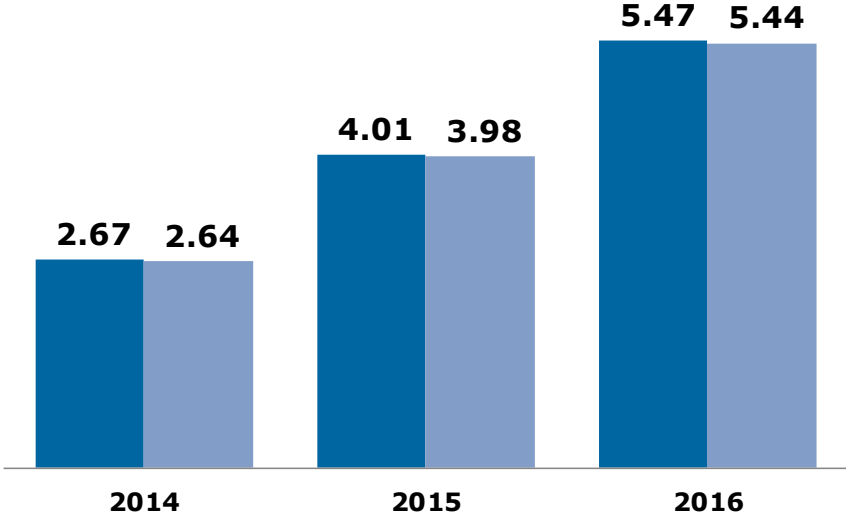
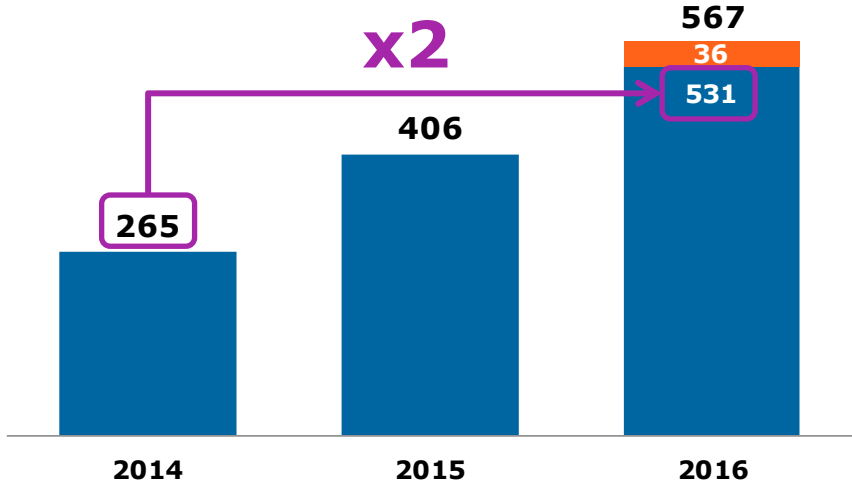
Income statement

| <i>In € million</i> | 2016 | 2015 | <i>% yoy</i> |
|--|---------------|---------------|--------------|
| Revenue | 11,717 | 10,686 | +10% |
| Operating margin | 1,104 | 917 | +20% |
| <i>% of revenue</i> | 9.4% | 8.6% | |
| Reorganization, Rationalisation, Integration & acquisition costs | -167 | -190 | |
| Equity based compensation | -50 | -33 | |
| Amortization of intangible assets (PPA from acquisitions) | -96 | -72 | |
| Others | 22 | -33 | |
| Operating income | 813 | 589 | +38% |
| Net financial expenses | -49 | -45 | |
| Profit before tax | 764 | 544 | +40% |
| Tax charge | -145 | -110 | |
| Effective tax rate | -19.0% | -20.2% | |
| Share of net profit of associates | 1 | 3 | |
| Net income | 620 | 437 | +42% |
| Non-controlling interests | 53 | 31 | |
| Net income Group share | 567 | 406 | +40% |

Net Income and EPS Group share evolution

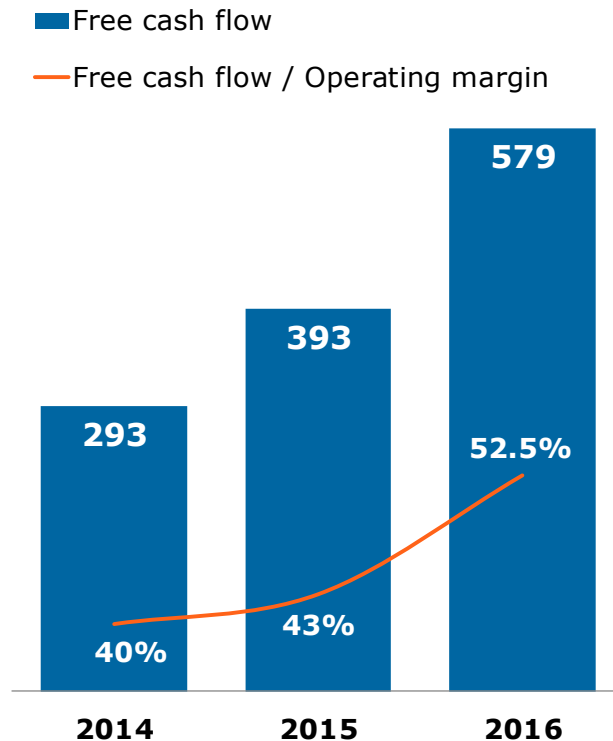
- Net income Group share
- Visa share

- Basic EPS Group share (in € per share)
- Diluted EPS Group share (in € per share)

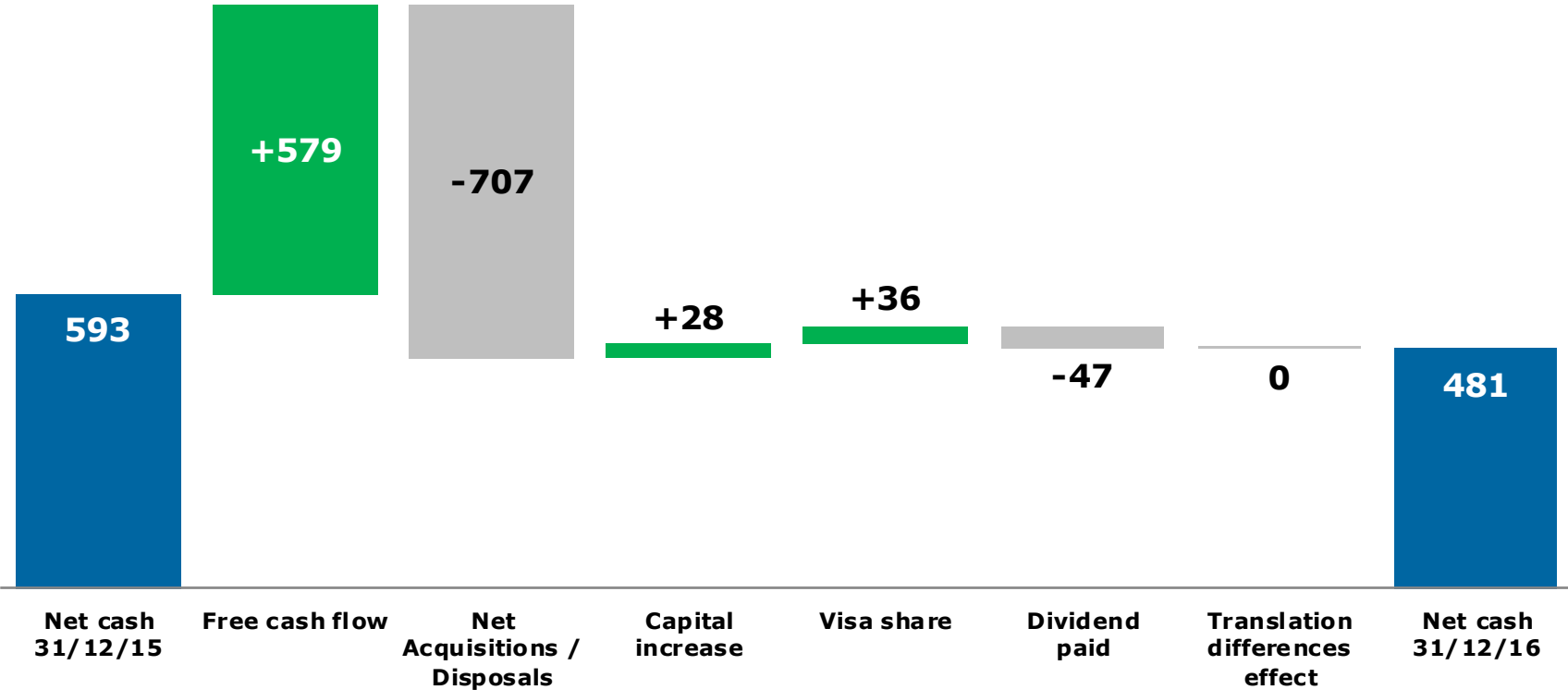


Cash flow statement

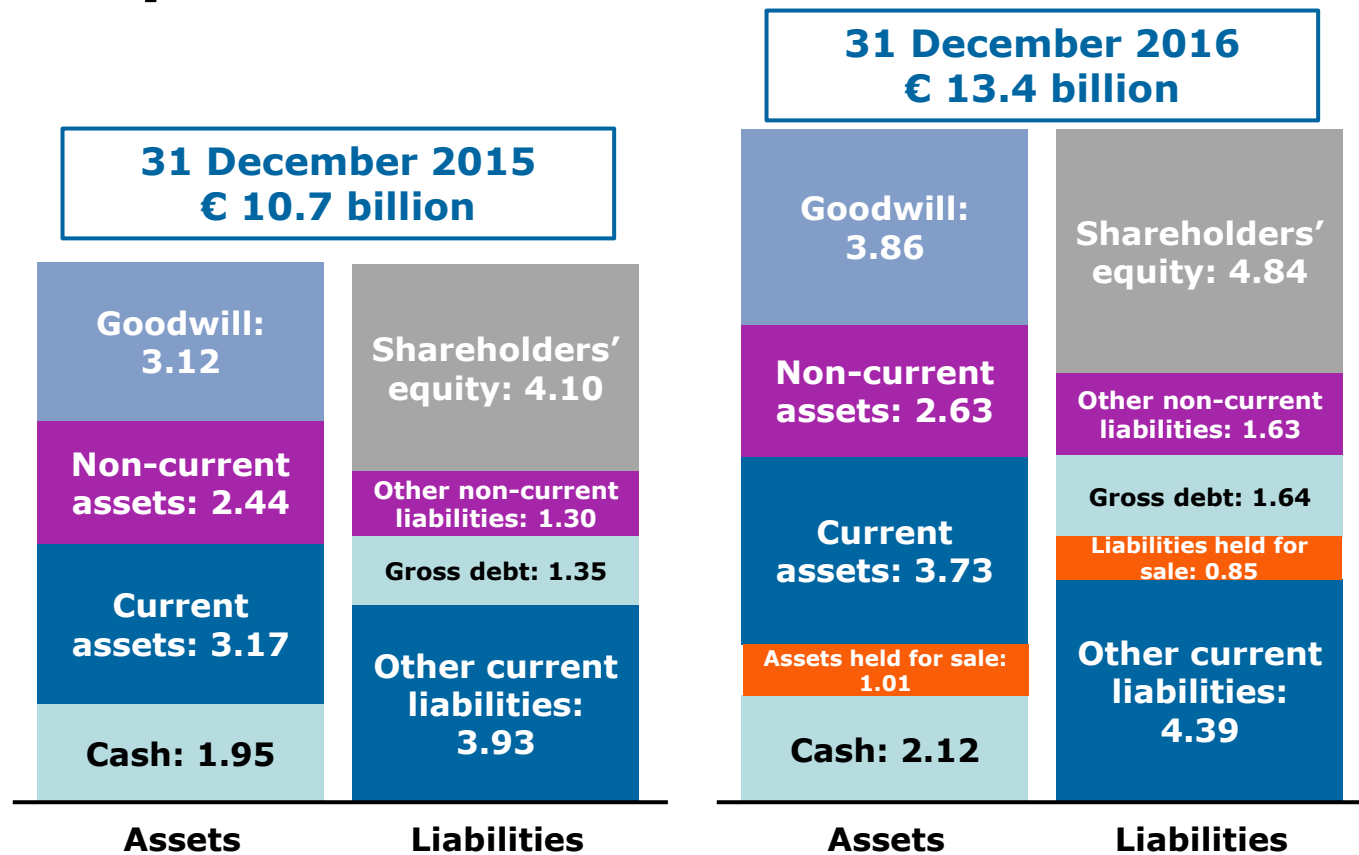
| <i>In € million</i> | 2016 | 2015 |
|---|--------------|--------------|
| OMDA | 1,375 | 1,200 |
| Capital Expenditures | -421 | -441 |
| Change in working capital requirement | -38 | 49 |
| Cash from operations | 915 | 808 |
| Reorganisation, Rationalisation & Integration | -149 | -238 |
| Taxes paid | -129 | -106 |
| Net cost of financial debt paid | -18 | -17 |
| Other changes | -40 | -54 |
| Free cash flow | 579 | 393 |
| Net (acquisitions) / disposals | -707 | -860 |
| Capital increase | 28 | 58 |
| Visa share | 36 | - |
| Dividends paid to the owners of the parent | -47 | -31 |
| Change in net cash | -111 | -439 |
| Impact of foreign exchange rate fluctuation | 0 | 43 |
| Opening net cash / debt | 593 | 989 |
| Closing net cash | 481 | 593 |



Net cash evolution

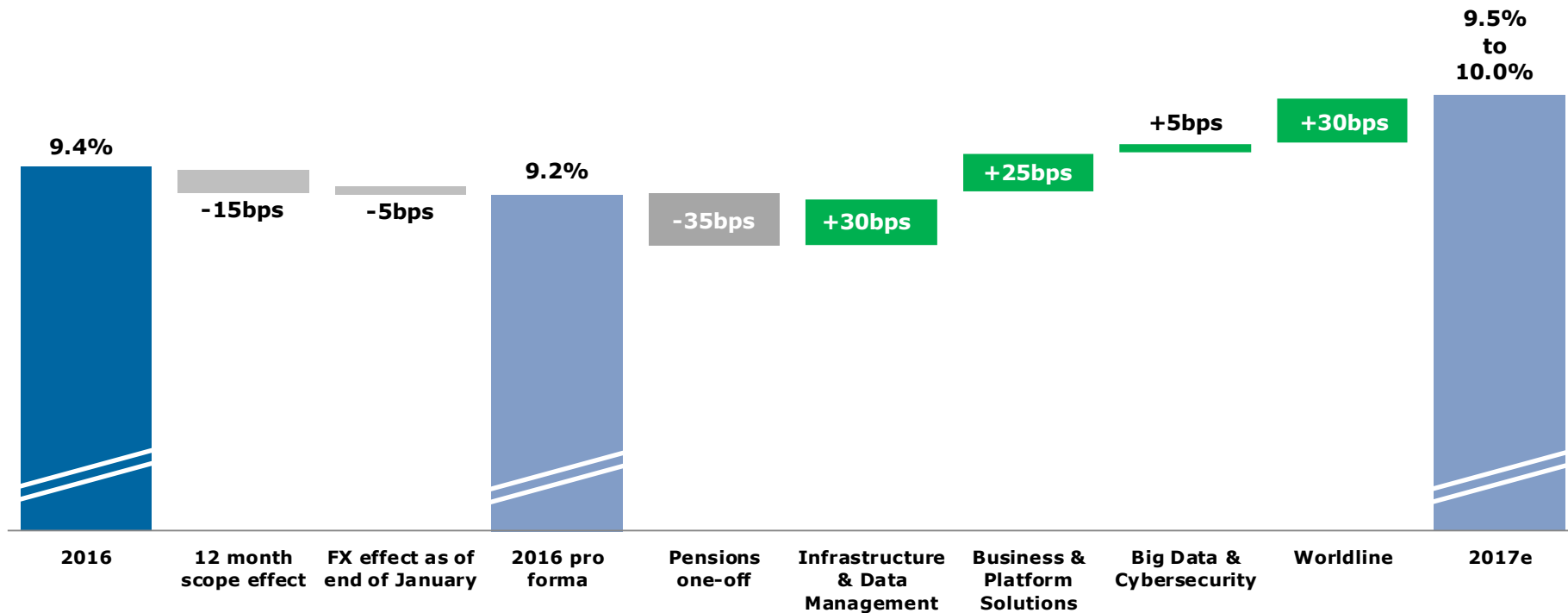


Simplified balance sheet

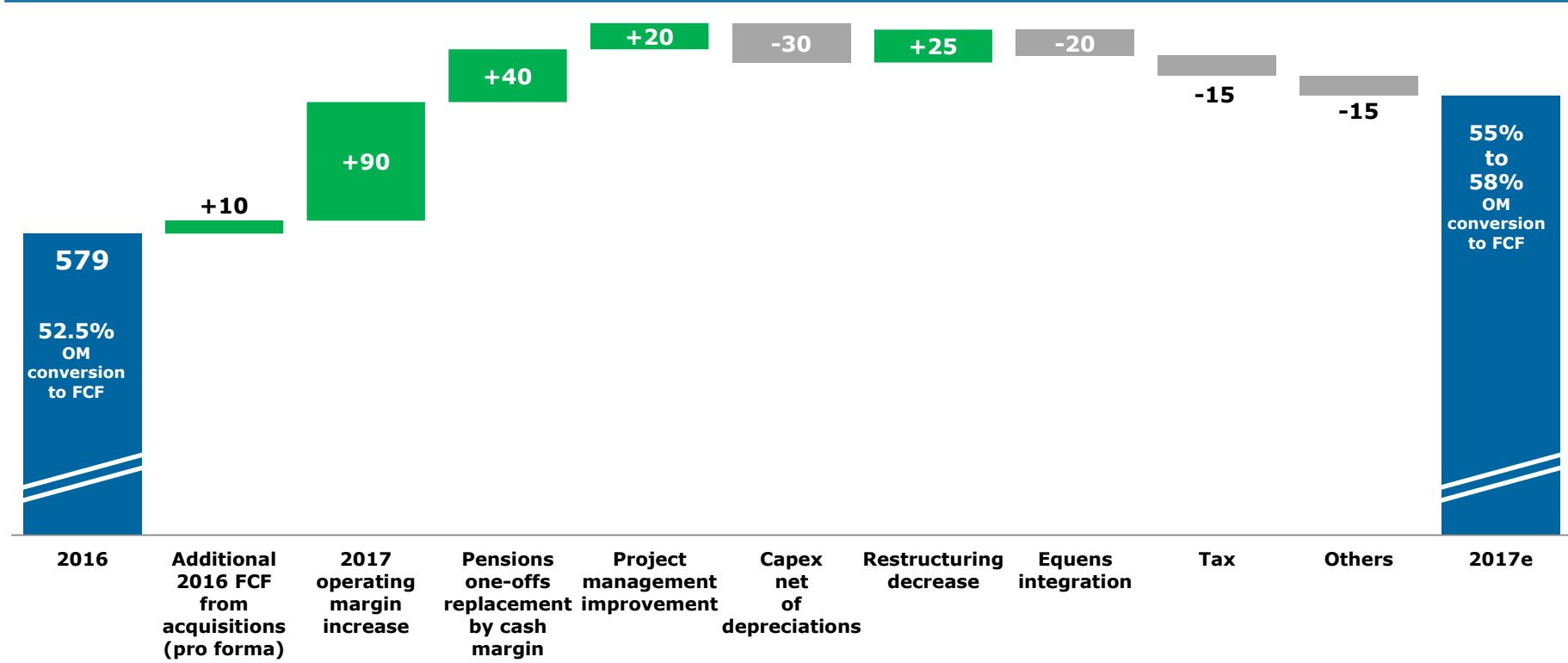


- ▶ Shareholder equity +18%
- ▶ Gross debt including €600m straight bond and €300m Euro PP
- ▶ Net pension provision: €1.25bn (c. 75% without funding obligations)
- **Solid financial structure**
- **Capacity for further development**

2016 to 2017 operating margin: forecasted evolution



2016 to 2017 free cash flow: forecasted evolution



4

Conclusion and Q&A

Thierry Breton
Chairman & CEO

Take-aways and main priorities in 2017

Benefiting from the **new world environment**
thanks to our technologic / geographic / business mix

Atos **Digital Transformation Factory** four our customers
increasing the IT spending to digital

Accelerate catch-up in **Business & Platform Solutions**

Pursue **acquisition strategy** creating value for our
shareholders with financial discipline

Status on **Unify Software & Platforms**

→ **Expected 2017 perfectly in line with 3-year plan objectives**



Q&A



Thanks

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