

# **Proposed acquisition of Gemalto by Atos**

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**Enhanced global leadership in  
cybersecurity, digital technologies,  
and services**

**12 December 2017**

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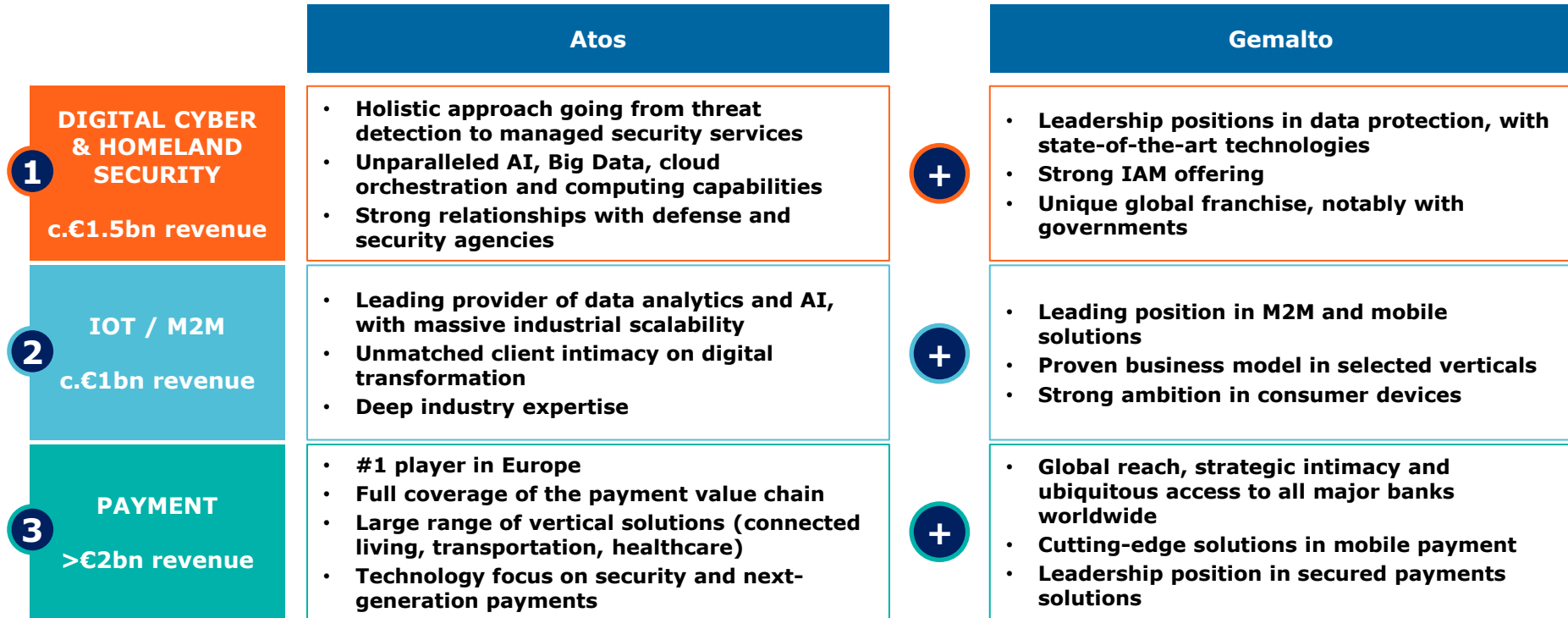
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A landmark combination  
reinforcing Atos technological  
portfolio and securing global  
leadership in Cyber Security,  
IoT and Payment

# A landmark transaction benefitting all stakeholders

- ✓ Atos to acquire Gemalto in an all-cash transaction at €46.0 per share (cum dividend), representing a total consideration of approximately €4.3bn
- ✓ Significant premium of c. 42% on last unaffected closing price and on 1-month VWAP, and c. 34% on 3-month VWAP, offering substantial and immediate value realization to Gemalto shareholders
- ✓ A powerful industrial combination in three high-growth markets, with both groups accelerating their strategy in cyber security, IoT and payment
- ✓ A strong fit in the interest of both Atos' and Gemalto's stakeholders, with high confidence in successful integration
- ✓ Compelling value creation potential for Atos shareholders, with preserved financial flexibility to pursue further consolidation opportunities

# A powerful industrial combination in three high-growth markets



# A strong fit in the interest of all Gemalto's stakeholders

<b>Clients</b>	<ul style="list-style-type: none"><li>• Relentless focus on client needs and satisfaction</li><li>• Larger scale capabilities expected to deepen existing commercial relationships</li></ul>
<b>Government &amp; Security Agencies</b>	<ul style="list-style-type: none"><li>• Common culture and deep understanding of the security eco-system</li><li>• Longstanding track-record of homeland contracts and global accreditations</li></ul>
<b>Innovation</b>	<ul style="list-style-type: none"><li>• Innovation at the heart of Atos' culture of technological and scientific excellence</li><li>• Broader offering of critical solutions to accelerate digital transformation</li></ul>
<b>People</b>	<ul style="list-style-type: none"><li>• Enhanced ability to attract and retain the best scientific and engineering talents globally</li><li>• Employees to benefit from best-in-class training and talent management programs</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>• Same strategic vision than Gemalto's current management on market dynamics</li></ul>
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• Substantial and immediate value realization for Gemalto's shareholders, with 42% premium to last unaffected closing price</li></ul>

**Strong proposition for Gemalto's stakeholders with high confidence in successful integration thanks to proven track record**

2

Gemalto: a unique platform  
with significant growth  
potential



# A unique technological platform

<b>WORLDWIDE LEADERSHIP POSITIONS</b>	<b>DIGITAL &amp; HOMELAND SECURITY SOLUTIONS</b>	<ul style="list-style-type: none"> <li>Leading player in data encryption and crypto management</li> <li>Strong identity and access management offering</li> </ul>
	<b>IOT / M2M</b>	<ul style="list-style-type: none"> <li>Strong technological edge in M2M, key enabler for IoT adoption</li> <li>Uniquely positioned in mobile services, allowing on-demand connectivity and token management</li> </ul>
	<b>PAYMENT</b>	<ul style="list-style-type: none"> <li>Unique and deep expertise in payment solutions</li> <li>Global leader in EMV implementation</li> <li>Strong growth potential in Platform &amp; Services</li> </ul>
<b>TRUSTED PARTNER TO A BLUE CHIP CLIENT BASE</b>		<ul style="list-style-type: none"> <li>Unique set of global relationships in the Banking sector</li> <li>Serving 25,000 Enterprise customers</li> <li>Leading player in homeland solutions</li> </ul>
<b>BROAD PORTFOLIO OF CUTTING-EDGE TECHNOLOGIES</b>		<ul style="list-style-type: none"> <li>Bringing together unparalleled capabilities in authentication, data protection, key management, secure issuance and biometrics identification</li> </ul>

### LTM Jun-2017 key financials

- Revenue: €3.0bn
- EBITDA: €518m (17.1% margin)
- Op. Profit: €374m (12.4% margin)
- FCF<sup>(3)</sup>: €256m (69% of OM)

Revenue by Segment

Segment	Percentage
Government	17%
Enterprise	16%
Mobile E&P <sup>(2)</sup>	17%
M2M/IoT	12%
Mobile P&S <sup>(1)</sup>	8%
Payment	30%

Revenue by Geography<sup>4</sup>

Geography	Percentage
RoW	29%
USA	28%
EMEA	43%

Source: Gemalto public disclosure

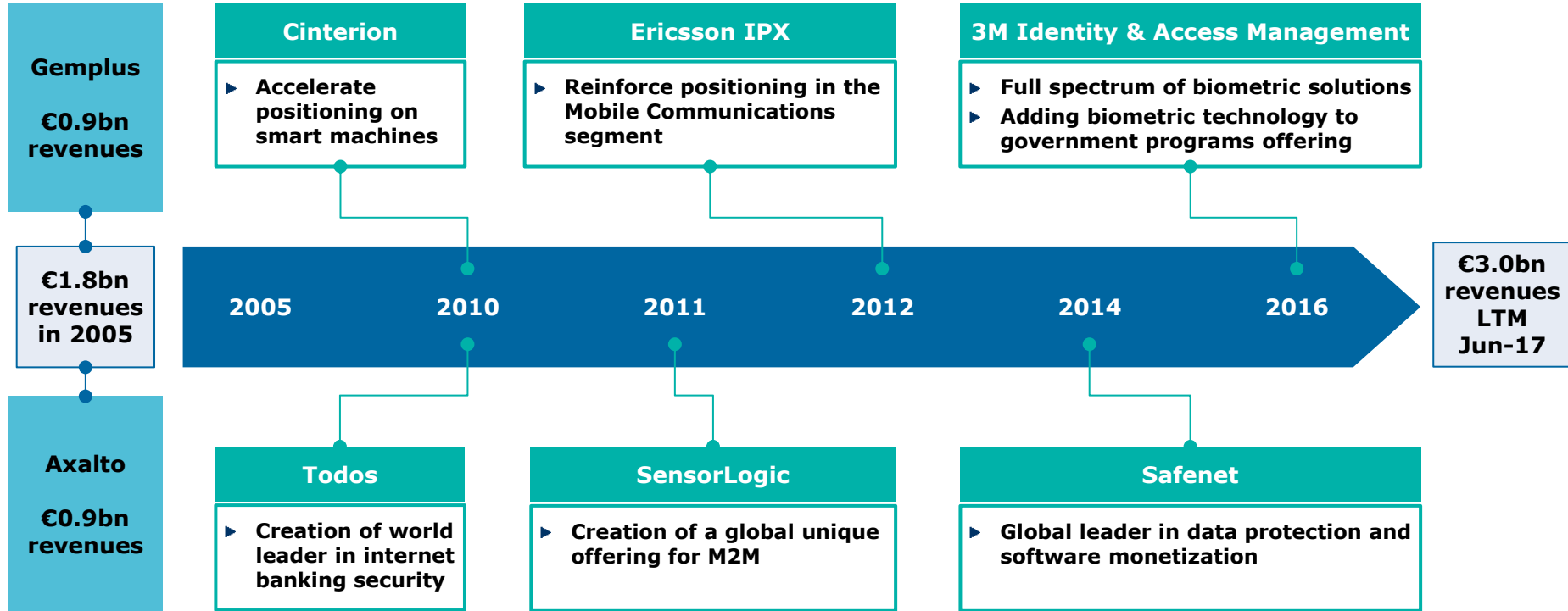
(1) Mobile Platforms & Services;

(2) Mobile Embedded Software & Products

(3) Free Cash Flow excludes time de-correlated hedging effect / Prepaid derivatives

(4) Breakdown as of 31-Dec-2016

# A strong portfolio of growth technologies



Source: Gemalto public disclosure

# Leading technologies driving structural growth

		Historical growth trend	Future market growth potential
Payment & Identity	Government	Secular growth	++
	Enterprise	Sustained demand for data protection and digital security	++
	Payment	Short-term headwinds in EMV implementation	+
Mobile	M2M	Continuing strong expansion of IoT / M2M	++
	Mobile P&S	Flat	~
	Mobile E&P	Currently challenged	-

3

A perfect industrial and cultural fit with unique positioning and scale in high growth markets

# A perfect industrial and cultural fit with unique positioning and scale in high growth markets

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- 1** Unique portfolio of digital technologies
- 2** Creation of a global technology leader in digital cyber and homeland security
- 3** Leveraging Atos Codex AI and customer base with enhanced capabilities in M2M / IoT
- 4** Consolidating Atos position as a leading end-to-end European provider of payment technologies
- 5** Gemalto to join Atos portfolio of premium brands

# 1 Unique portfolio of digital technologies

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**Managed  
Security  
Services**

**Biometrics**

**Cloud  
Orchestration**

**IoT Device  
Security**

**Big Data /  
Data Analytics**

**Identity &  
Access  
Management**

**Predictive  
Security  
Analytics**

**EMV / PCI  
Expertise**

**TSM &  
Tokenization  
Platforms**

**Data  
Encryption**

**Artificial  
Intelligence**

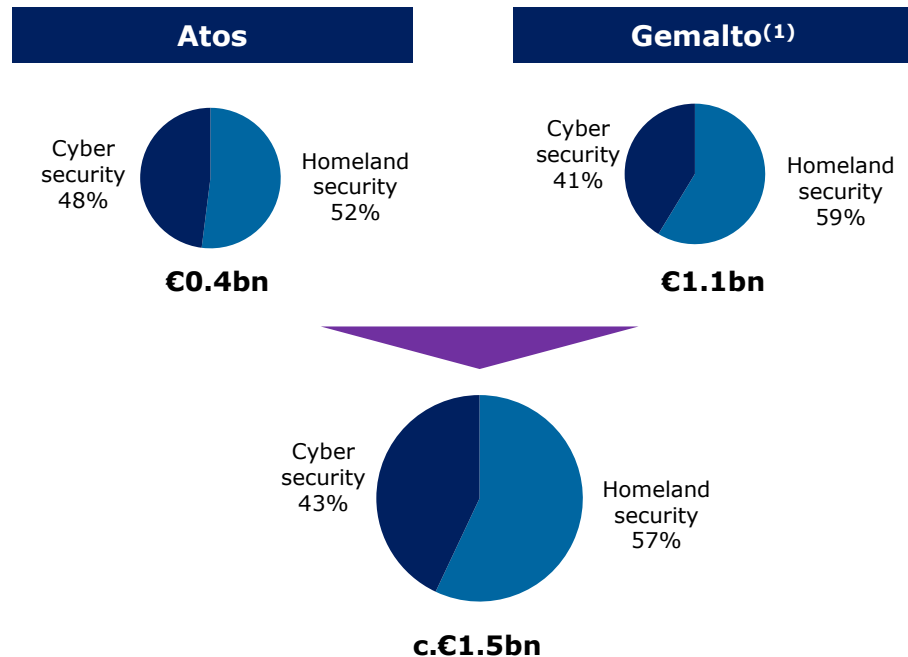
**Crypto  
Management**

## 2 Creation of a global technology leader in digital cyber and homeland security (1/3)

### Strategic rationale

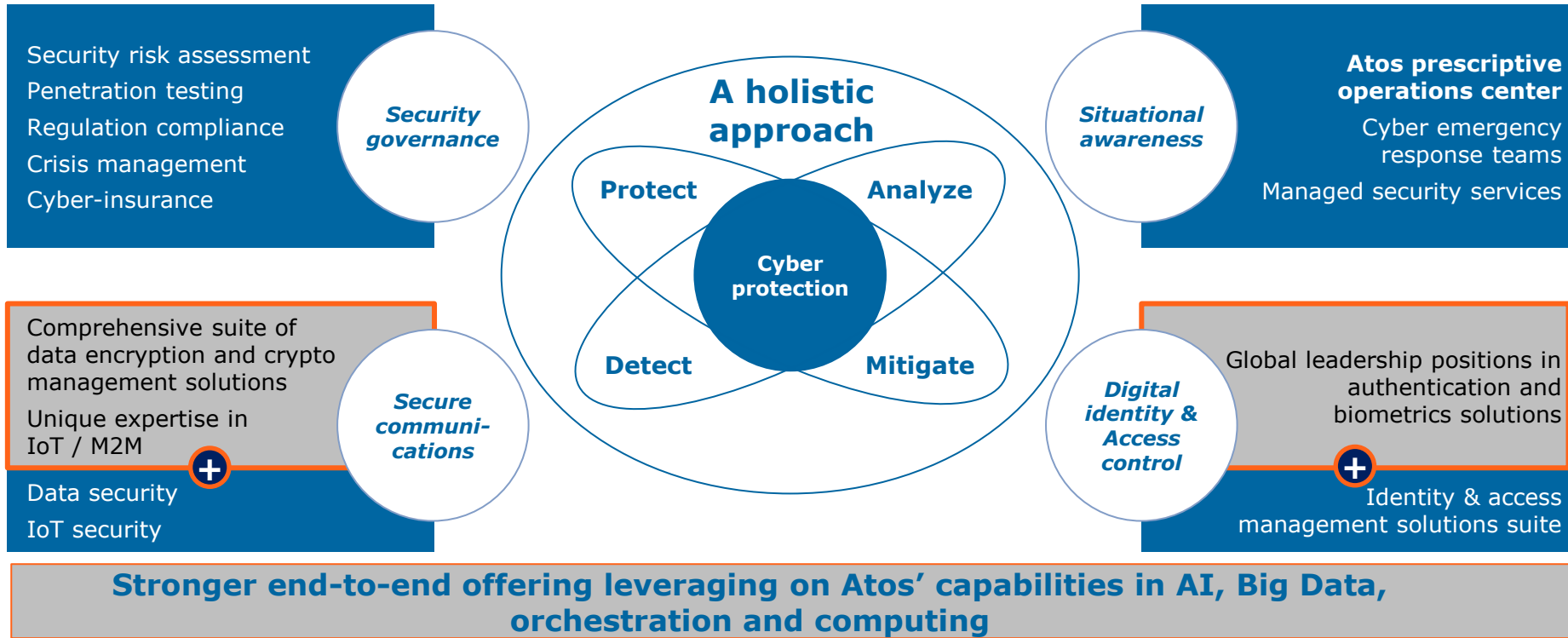
- ▶ **Combination of Gemalto Homeland and Enterprise businesses within Atos security activity**
- ▶ **#2 global player in the fast growing Homeland & ID market**
- ▶ **Reinforce Atos into a fast growth market and gain critical size with total sales amounting to €1.5bn**
- ▶ **Complementary geographical footprint in Europe and North America**
- ▶ **Deepen homeland level customer access and improve cross-selling opportunities**
- ▶ **Access to highly qualified engineers with experienced management**

### Estimated revenue breakdown by business



(1) Gemalto pro-forma of Cogent full year impact.

## 2 Creation of a global technology leader in digital cyber and homeland security (2/3)





## 2 Creation of a global technology leader in digital cyber and homeland security (3/3)

### Atos and Gemalto existing partnership in cyber security

#### DATA ENCRYPTION

*GTO Keysecure + Protectx*

- OEM in Atos product portfolio

#### MULTI FACTOR AUTHENTICATION (MFA)

*GTO SAS*

- Technology resell by Atos

#### AS A SERVICE OFFERING

- MFAaaS (Q2 2017)
- Data ProtectionaaS (H2 2017)
- Cloud Security

**Atos Data Protection Suite**

=

**Atos Hardware Security Modules**

+

**Gemalto Keysecure OEM**

↗ *Through Atos*  
↘ *Atos indirect channel*

# 3 Leveraging Atos Codex AI and customer base with enhanced capabilities in M2M / IoT



- Atos brings deep industry expertise and strong intimacy with blue chip customers in other verticals
- Atos' HPC & AI platform and capabilities (Codex) to accelerate roll-out of Gemalto's IoT / M2M solutions

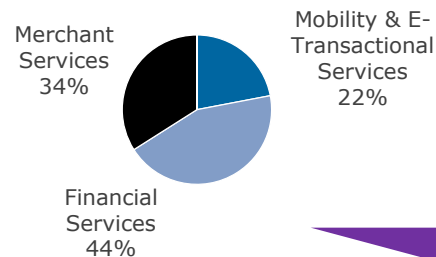
# 4 Consolidating Atos position as a leading end-to-end European payment services provider

## Strategic rationale

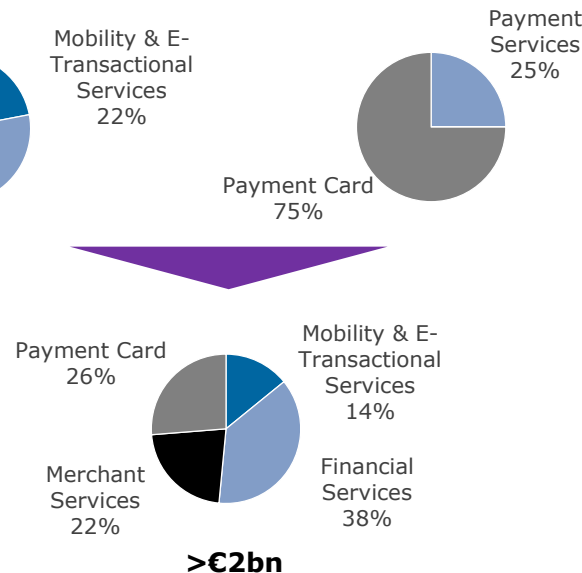
- ▶ **Additional scale thanks to a positioning on the entire value chain and at the crossroad of banks and merchants**
- ▶ **High complementarity between cards and digital payments with a very diverse range of technologies and use cases (biometric-enabled payments)**
- ▶ **Ideally positioned to service all kind of issuers**
  - **Enlarged product offering**
  - **Global reach and strategic access to telcos players and financial institutions worldwide**
  - **Capacity to extend capabilities beyond the payment space and provide contactless solutions in a number of verticals**
- ▶ **Leverage EMV transition resulting into higher personalization services market opportunities**

## Estimated revenue breakdown by business

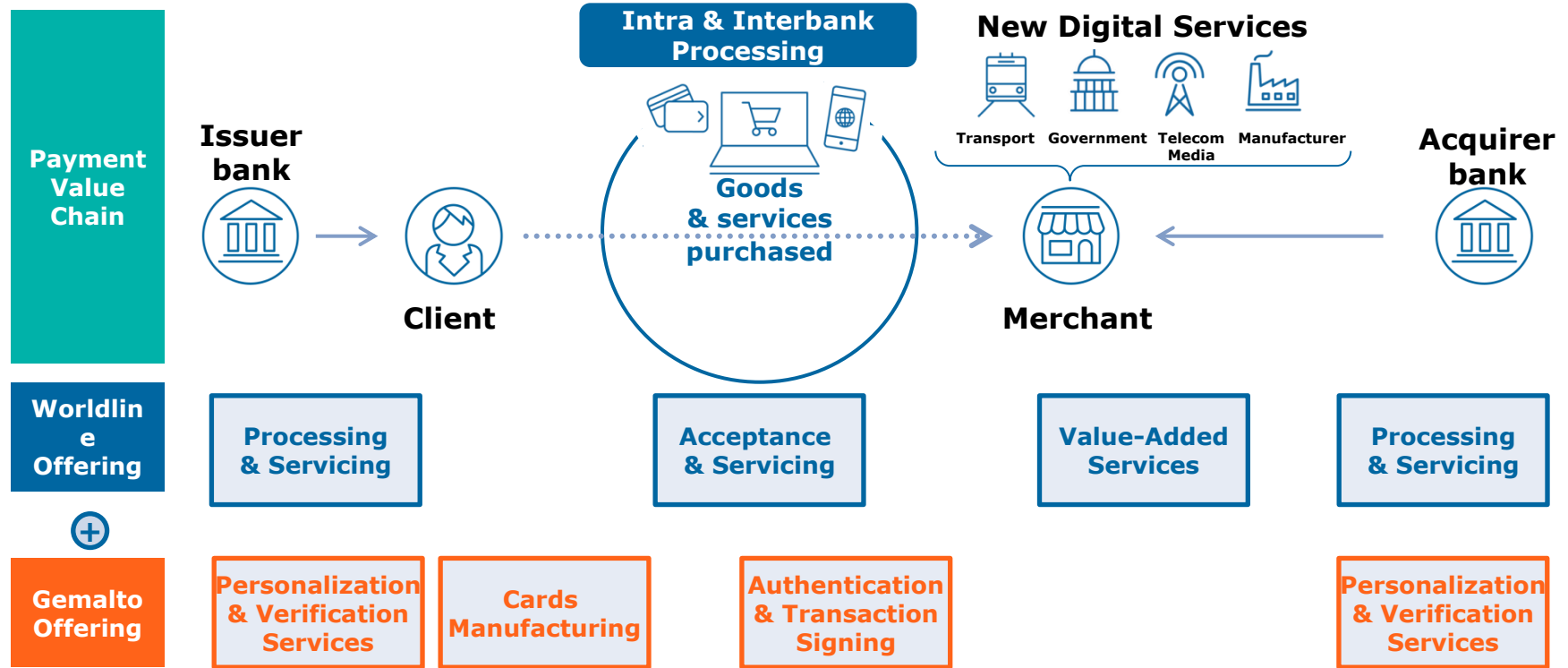
### Atos / Worldline



### Gemalto



# 4 Consolidating Atos position as a leading end-to-end European payment services provider



# 5 Gemalto to join Atos portfolio of premium brands

# Atos

## Gemalto

Digital Cyber Security

Major player into fast-growing cyber security market under Gemalto Brand

## Atos

IT Technologies & Services

Build on Atos' expertise in digital transformation and data management by adding new technologies, and on leading position in HPC / Big data / AI

## Worldline

Payment

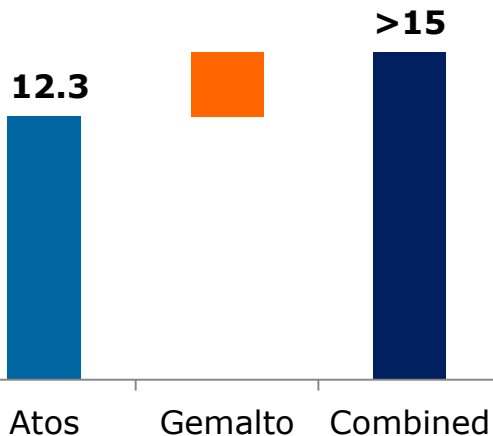
End-to-end European leader in digital payments and transactional services industry with enlarged scale

4

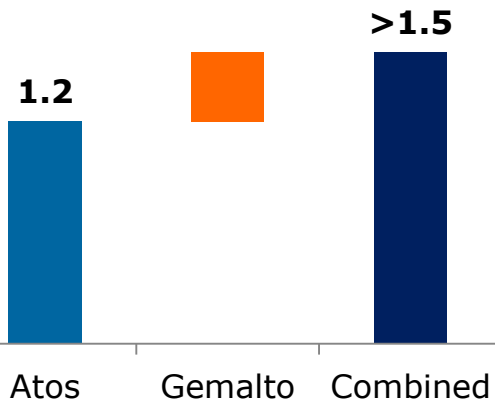
Strong financial profile of  
the combined group and  
compelling value creation  
potential

# Combined group to benefit from stronger scale and financial firepower

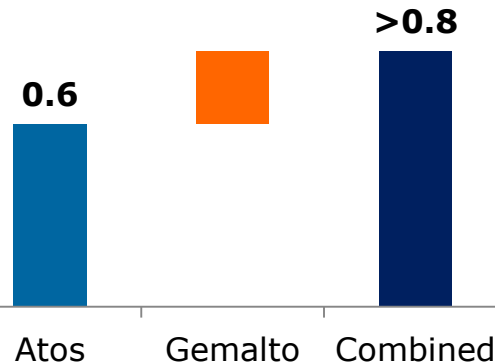
LTM Jun-2017 Revenue (€bn)



LTM Jun-2017 OM (€bn)



LTM Jun-2017 FCF (€bn)



**Significant accretion to combined group margin and cash conversion profile expected as soon as day-one**

# Compelling synergy opportunities

## CROSS-FERTILIZATION OF EXISTING OFFERING

### ▶ **Multiple cross-selling opportunities**

- Cybersecurity: benefit of holistic security offer, as well as complementary geographical footprint and strengthened homeland security customer access
- IoT / M2M: building on combined client base, customer intimacy and expertise in digital transformation, big data and AI
- Payment: positioning on the entire value chain and ability to cross fertilize financial institutions client bases

## JOINT PRODUCT DEVELOPMENT

### ▶ **Enhanced capabilities in AI, Big Data, cloud orchestration and computing**

### ▶ **Greater scale and relevance in R&D**

### ▶ **IAM and biometric capabilities strengthening payments and digital offering**

## COST SYNERGIES

### ▶ **SG&A**

### ▶ **Procurement, internal IT & real estate**

### ▶ **Tax**



# Acquisition fully consistent with Atos' financial discipline

## STRONG VALUE CREATION POTENTIAL

- ▶ Strong double-digit EPS accretion\* as soon as year 1
- ▶ Transaction in line with Atos' track-record of value creation
- ▶ Leveraging on Atos' proven experience of successful and fast integration
- ▶ Immediate value realization for Gemalto's shareholders, with substantial premium to last unaffected closing price (42%)

## FULLY COMMITTED FINANCING IN PLACE

- ▶ Attractive all-in financing cost on the back of strong credit markets
- ▶ Credit ratios commensurate with an implied Investment Grade rating
- ▶ Net Debt / OMDA ratio expected at c. 1.5x end of 2018
- ▶ Expected rapid deleveraging profile and preserved sound financial structure with flexibility for Atos to further implement its strategy

\* Before implementation costs and Purchase Price Allocation amortization

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Conclusion

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# Conclusion



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Significant premium of c. 42% on last unaffected closing price and on 1-month VWAP, and c. 34% on 3-month VWAP, offering extraordinary and immediate value realization to Gemalto shareholders



A powerful industrial combination in three high-growth markets, with both groups accelerating their strategy in cyber security, IoT and payment



A strong fit in the interest of both Atos' and Gemalto's stakeholders, with high confidence in successful integration



Compelling value creation potential for Atos shareholders, with preserved financial flexibility to pursue further consolidation opportunities

Q&A



**Thanks**

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