Atos

Press release

# Creation of 2 listed pure play global leaders through the distribution to Atos shareholders of 23.4% of Worldline's share capital

# Launch of ADVANCE 2021, Atos' new three-year plan building on its reinforced global profile in digital services

# 2018 annual results*: acceleration of organic growth in Q4

**Bezons, January 30, 2019** – Today, Atos announces its project to distribute 23.4% of Worldline's share capital to Atos' shareholders leading to the creation of 2 listed global pure play leaders. As a consequence, while continuing their industrial and commercial partnership, Atos will reinforce its focus as a leading digital pure player and Worldline will benefit from an strengthened equity profile and enhanced ability to pursue consolidation opportunities.

During 2018, the Group completed two transforming acquisitions, Syntel, a € 0.9 billion revenue company in the digital services market, and SIX Payment Services, a € 0.5 billion revenue company in electronic payments. The change in size and business mix has led the Group to build a 3-year plan to the horizon of 2021 taking into account its new structure.

At the occasion of an Investor Day held today in its Headquarters in Bezons (France) the Group launches ADVANCE 2021, its new three-year plan, building on its reinforced global profile in digital services.

**Thierry Breton**, Chairman and CEO said: "*In 2018, Atos strengthened its digital services global profile and capabilities with the acquisition of Syntel and enhanced Worldline's position as the undisputed payment leader in Europe through the acquisition of Six Payment Services. The project to distribute 23.4% of Worldline's share capital to Atos shareholders will create two pure play global leaders with increased strategic and financial flexibility.*

*With ADVANCE 2021, our new three-year plan, Atos will be well positioned to support its customers as they face the disruption created by the digital shockwaves and meet the challenge to securely manage and leverage the value of their data to create new business insights.*

*With that purpose, Atos will strengthen its customer centricity through a reinforced vertical go-to-market approach pulling through all of Atos' capabilities and mobilizing its people skills and key talents.*

*After deconsolidation of Worldline, Atos' three-year plan intends to create substantial value for all of its stakeholders over the next three years with a revenue organic growth CAGR reaching +2% to +3% CAGR, a profitability between 11% and 11.5% in 2021, and a free cash flow generation between 0.8 and 0.9 billion euros. With its increased financial flexibility, Atos will be very well positioned to participate in the consolidation of the industry, expand its customer base, and strengthen its key technological capabilities.*

*Without deconsolidation of Worldline, the plan would deliver a revenue organic growth CAGR between +3% and +4% over the next three years, a profitability at circa 13% in 2021 and a free cash flow reaching 1.2 to 1.3 billion of euros."*

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* Unaudited figures, qualified as estimates under R. AMF 2004-04

# Project to distribute 23.4% of Worldline's share capital to Atos' shareholders

- **Creation of 2 listed pure play global leaders**
- **Atos to reinforce its focus as a leading digital pure player**
- **Worldline to benefit from strengthened equity profile and enhanced ability to pursue consolidation opportunities**
- **Atos and Worldline to continue their industrial and commercial partnership**

On January 29, 2019, Atos' Board of Directors, following a specific governance process, proposed to submit to its shareholders the project to distribute in kind around 23.4% of Worldline's share capital, out of the 50.8% currently owned by the Group. Post transaction, Atos would retain approximately 27.4% of Worldline's share capital and Worldline's free float would be increased to approximately 45.7%. Following the partial distribution, Worldline is expected to be deconsolidated from the Group's accounts and Atos remaining stake would be accounted for as a financial asset.

A specific governance process was set up by the Atos' Board of Directors to study the feasibility of this project and of other strategic options, with the creation of an ad hoc committee comprising the independent directors and the Chairman of the Board. The ad hoc committee met several times and, assisted by its financial advisors Goldman Sachs Paris Inc. et Cie and d'Angelin & Co., formulated recommendations to the Board of Directors in favor of this project.

Worldline's Board of Directors met on January 29, 2019 and unanimously welcomed this planned change in ownership structure.

This project comes at a time when Atos has completed its global profile, capabilities and geographical footprint with the acquisition of Syntel. Consistent with the priorities highlighted in the 2019-2021 strategic plan, the proposed distribution of Worldline shares would reinforce the Group's focus as a leading listed digital player and increase its strategic flexibility, thereby allowing Atos to further amplify growth and value creation as the digital landscape accelerates. Atos' shareholders would also directly benefit from the value creation potential of Worldline shares distributed as part of this project.

Similarly, Worldline has also scaled up significantly over the course of 2018. With the acquisition of SIX Payment Services, Worldline can now pursue an independent standalone strategy as the undisputed payment leader in Europe, delivering strong revenue growth, profitability and sustainable cash flow generation. In a backdrop of continued consolidation in the European payment market, the proposed transaction is expected to increase Worldline's strategic flexibility. Worldline would also benefit from a strenthened equity capital markets profile as a result of its increased free float and liquidity.

The relationship between the two groups will remain strong. Atos would propose to reinforce its industrial and commercial partnership with Worldline and maintain all the existing partnerships on an arm's length basis through the creation of the Atos-Worldline Alliance. This Alliance would notably comprise a joint go-to-market strategy and R&D cooperation and would also combine innovation in digital and payment services as well as talent pools and networks.

Atos would also continue to participate in Worldline's governance, with reduced representation of Atos from 5 to 3 Board members consistent with its reduced ownership level. The Board of Directors of Worldline also announced that Thierry Breton will remain non-executive Chairman of Worldline's Board of Directors and Gilles Grapinet, Chief Executive Officer of Worldline. It has been decided that Gilles Grapinet will no longer hold any function within Atos as of February 1st, 2019. Finally, the shareholders' agreement between Atos and SIX will be amended to reflect the continued partnership between the two groups post distribution, and both parties are expected to commit to a 6 month joint lock-up on their respective stakes in Worldline post distribution.

Regarding the structure of the proposed distribution, Atos' shareholders are expected to receive 2 Worldline shares for 5 Atos shares held. Technical terms of the proposed transaction are under review and would be submitted to the vote of the Atos shareholders at the 2018 Annual General Meeting planned on April 30, 2019. Due to the planned date of the Annual General Meeting, the ex-date and the payment date of the proposed distribution in kind and of any ordinary dividend that could be proposed by the Board of Directors and approved by the Annual General Meeting would be expected to be in the first half of May 2019. At current Worldline share price levels, circa half of the value distributed to Atos' shareholders should be qualified as a partial repayment of share capital which, under French tax law, is not taxable at the level of French tax resident Atos' Shareholders and does not trigger French withholding tax when paid to non French tax resident Atos' shareholders.

Atos will immediately initiate the appropriate processes with the relevant works councils' representatives in accordance with applicable laws.

Further announcements will be made in due course.

# ADVANCE 2021: Atos' new three-year plan building on its new global profile in digital services

## 2021 targets

**The Group aims to deliver:**

- **Revenue organic growth: +3% to +4% CAGR over the 2019-2021 period**
- **Operating margin rate: c. 13% of revenue in 2021**
- **Free cash flow: between € 1.2 billion and 1.3 billion in 2021**

To reach its 2021 ambition, ADVANCE 2021 will focus on 8 levers:

- Complete the transition to Cloud/Hybrid Cloud of its main customers and accelerate the transformation of the IDM business towards the next growth drivers: Smart Data Management, IoT, Ecosystems of Infrastructures, Digital Workplace, Automation, Artificial Intelligence, and Machine Learning;
- Accelerate the Industry specific Digital business transformation of Atos' customers by successfully integrating Syntel and generate the synergies to reach a profitability level above 13% in Business & Platform Solutions;
- Provide the high-end computing for Big Data algorithms, Cybersecurity and Mission Critical technologies to help customers succeed in the gigantic data era and to sustain a solid double-digit growth over the next three years;
- Delivering the next wave of Digital transformation, increasing the focus on industry verticals and solutions, deepening customer expertise and intimacy pulling through all Atos services and capability;
- RACE: A powerful combination of digital productivity levers and agile collaboration to sustain our compelling value creation;
- Maintain excellence in People skills and CSR;
- Continue to participate in the IT industry consolidation to expand its customer base and to strengthen its technological capabilities;
- Support Worldline to remain the undisputed European leader in payments.

## Complete the transition to Cloud/Hybrid Cloud of its main customers and accelerate the transformation of the Infrastructure & Data Management' business

While 68% of its TOP100 customers have already migrated to its Cloud and Hybrid Cloud offering, the Group considers that the transition of its customers will be **very largely** advanced by end of 2021. During the period of the three-year plan, beyond the lever of extension of Cloud and Hybrid cloud implementation, a new lever of growth will contribute to revenue: IoT **and Edge Computing** will start being the new lever of growth for IDM, would represent 3% in 2021 and **over 10% by** 2025 with the expected explosion of connected smarter objects and edge computing. According to Gartner, by 2022, over 70% of enterprise-generated data will be created and processed outside the data center or cloud, up from 10% to 20% today. Beyond the accelerated growth of these new infrastructures that will need to be managed and operated, an exponential growth of data will have to be collected, processed, secured, integrated and possibly stored. These are services which are at the core of Atos IDM business.

In the context of the 2019-2021 plan, Infrastructure & Data Management **is expected to improve its operating margin rate to double-digit as soon as 2019 with positive revenue organic growth over the next 3 years and c. +1% in 2021**.

## Accelerate the Industry specific Digital business transformation of Atos' customers by successfully integrating Atos Syntel in Business & Platform Solutions

Further to the acquisition of Syntel, Business & Platform Solutions aims over the next 3 years to double its size in Digital (AI, Analytics, IOT, Automation, CX, Mobility, Cloud) to € 2.4 billion representing 50% of Business & Platform Solutions revenue. While the retention rate on Syntel's customers amounts to 100% since the announcement of its acquisition by Atos, the Group proceeds at a fast implementation of revenue synergies with first signatures already materialized and cross-sell initiatives valued at half billion euros in full pipeline. Business & Platform Solutions targets to increase its offshore and nearshore rate on total headcount from 48% in 2018 to 60% in 2021.

As a result, **Business & Platform Solutions ambitions to accelerate its organic growth to c. +5% CAGR, while increasing its operating margin rate between 13% and 14% in 2021.**

## Provide the high-end computing for Big Data algorithms, Cybersecurity and Mission Critical technologies to help customers succeed in the gigantic data era and to sustain a solid double digit growth over the next three years

This end-to-end approach will enable Big Data & Cybersecurity to lead the consolidation of trusted intelligent platforms with cybersecurity products and services for the new machine age and to be the "Infra of Infras" security leader solutions.

To succeed in a fierce digital competition environment, customers will need to rapidly capitalize on the new technologies to generate business data, to leverage intelligence instantly so to turn data into automated actions, while protecting their end-user larger and more exposed digital information. In each of its business segments and by reinforcing its transversal and international expansion, **Big Data & Cybersecurity provides this new balance between digital efficiency and trust, and is expected to continue growing double-digit CAGR over the 2019-2021 period while maintaining its current strong operating margin rate at circa 15%.**

## Delivering the next wave of Digital transformation, increasing the focus on industry verticals and solutions, deepening customer expertise and intimacy pulling through all Atos' services and capability

Atos clients' needs are changing, they need to increasingly evolve their business models to deliver new experiences or engage with their customers in different ways. With the next wave of smart data, technology is playing an ever greater role in those new business models. Delivering digital solutions needs to be coupled with industry expertise and client knowledge to ensure the right outcome for end customers in a secure and compliant way. Atos is strengthening its customer centricity through a reinforced vertical go-to-market approach, pulling through all of Atos' capabilities from Infrastructure & Data Management, Business & Platform Solutions, Big Data & Cybersecurity and Atos' partners.

This new approach is built on a robust Industry engagement and a strong focus on top account management with:

- A stronger focus on 7 key vertical markets; Manufacturing, Financial Services, Health, Public Sector, Retail & Logistics, Energy & Utilities and Technology, Media & Telecoms;
- Centers of excellence built on vertical competencies, for example Life & Pensions in Edinburgh, or Manufacturing innovation in Austria;
- 200+ additional sales resources and Industry specific experts and consultants;
- More empowered senior client executives, assessed and developed to match industry top quartile;
- Dedicated client delivery executives representing all divisions;
- Dedicated cyber specialists;
- New global distribution agreements and industry specific partnerships for Atos' technologies and products.

In order to accelerate the deployment of this vertical approach, the Group is preparing its workforce on the next wave of disruption. It has introduced new training programs building on the best practices in the Group and enabling its people to help customers take advantage of the next wave.

## RACE: a powerful combination of digital productivity levers and agile collaboration to sustain our compelling value creation

With RACE, a new productivity & efficiency program launched to sustain the operating margin targeted trajectory, Atos benefits from tangible operational improvement by fully taking advantage of automation in all productivity levers, like the GOAL initiative where we combine RPA experts and libraries to amplify the impact of ongoing Lean waves.

Additionally, the Group is generating significant improvements with continuous integration of digital and automation into traditional levers like procurement, contract management, SG&A or workforce management.

Atos will continue transforming its workforce through agile collaboration and leveraging new Syntel talent and resource management to optimize its onshore/offshore headcount mix, enabling scaling of our digital services and offerings.

## Maintain excellence in People skills and CSR

In order to realize its three-year plan, the Group relies on strong values and best practices in Corporate and Social Responsibility. These values are fully integrated in its operations.

To power its ambition, Atos is aiming to drive customer experience through best-in-class employee digital experience.

In this respect, its People strategy 2021 will leverage on 5 major Human Resources programs:

- *My future*: to combine Atos' strengths around Campus Management, Performance Management 2.0 and expert and talent programs and create a unique end-to-end value proposition for our employees;
- *Be digital*: to equip all our employees with certified digital skills by 2021;
- *MyExperience*: through the "We are Atos" engagement program, to leverage on the successful Wellbeing@work initiative putting specific emphasis on social value, diversity and inclusion. As far as gender diversity is concerned, Atos' objective is to double the percentage of women in the top management over the next 3 years while decreasing the gender compensation gap by 3% / year;
- *Value Sharing*: to further engage -besides the already existing incentive plans for managers - all employees to the company's success;
- *Entrepreneurship*: To explore new ways of collaboration with Atos, further leveraging on our eco system of startups and contingent workers.

Atos set medium term extra-financial objectives including:

- A clear focus on customer satisfaction through sustainable and innovative solutions;
- As a sustainable player, Atos manages its operational efficiency in environmental footprint with the objective to further reduce by 7% to 20% $CO_2$ Emissions per revenue unit ($tCO_2$ per € million) by 2021.

## Continue to participate to the IT industry consolidation to expand its customer base and to strengthen its technological capabilities

After a first phase of acquisitions in order to get scale, a second phase which ended last year was to get the right skills and resources. The M&A strategy for the next years is focused on specific verticals to acquire new clients and technological capabilities, and on cybersecurity where the Group intends to be a major player in the consolidation to come. The acquisitions will be performed with the same financial discipline as in the previous years.

## Strongly support Worldline to remain the undisputed European leader in payments

Worldline today announces its ambition for 2021, reflecting the increase of its scope after the acquisitions of SIX Payment Services. Worldline's 2019-2021 targets are:

- A **revenue organic growth** between 7% and 8% CAGR over the three years period 2018-2021;
- An **OMDA improvement** of between +400 basis points to +500 basis points compared with 2018 pro forma of c. 21%;
- € 370 million to € 410 million **free cash flow** in 2021, representing between +75% to 95% increase compared with 2018.

For the next three years, Worldline intends to fully leverage its Pan-European competitive leadership, to keep a strong commercial focus on new large outsourcing deals and bank alliances and to ensure the fastest possible delivery of equensWorldline and SIX Payment Services synergy plans.

Based on its bank-friendly strategy, Worldline more than ever maintains a strong focus on the next wave of European payment consolidation.

## 2021 targets in Digital Services (Atos excluding Worldline)

In its digital services activities, Atos aims to deliver:

- **Revenue organic growth**: +2% to +3% CAGR over the 2019-2021 period
- **Operating margin rate**: 11% to 11.5% of revenue in 2021
- **Free cash flow**: between € 0.8 billion and € 0.9 billion in 2021

## Dividend policy

The Group intends to pursue its dividend policy in line with the pay-out ratio between 25% and 30% of Net income Group share.

# 2018 annual results*

- **Strong acceleration in orchestrated hybrid cloud**
- **Integration of Syntel and SIX Payment Services moving fast**

- **Revenue at € 12,258 million, +1.2% organically with Q4 at +1.2% organically**
- **Operating margin at € 1,260 million, 10.3% of revenue**
- **Free cash flow at € 720 million, 57.1% conversion rate** (excluding € 62 million of acquisition and upfront financing costs for Syntel and SIX Payment Services)

- **All objectives for 2019 as communicated in October 2018 are confirmed**

Atos, a global leader in digital services, today announces its 2018 annual results qualified as estimates under R. AMF 2004-04.

| | Revenue | | | Operating margin | | Operating ma |
|---|---|---|---|---|---|---|
| *In € million* | **2018** | **2017*** | **Organic evolution** | **2018** | **2017*** | **2018** |
| Infrastructure & Data Management | 6,326 | 6,513 | -2.9% | 602 | 730 | 9.5% |
| Business & Platform Solutions | 3,356 | 3,227 | 4.0% | 300 | 283 | 8.9% |
| Big Data & Cybersecurity | 901 | 799 | 12.8% | 140 | 104 | 15.5% |
| Corporate costs | - | - | | - 74 | - 72 | -0.7% |
| Worldline | 1,674 | 1,576 | 6.3% | 293 | 263 | 17.5% |
| **Total** | **12,258** | **12,114** | **1.2%** | **1,260** | **1,308** | **10.3%** |

** At constant scope and exchange rates*

**Revenue** was **€ 12,258 million**, **+4.2% at constant exchange rates**, and **+1.2% organically**, particularly led by the **Atos Digital Transformation Factory** which represented 30% of 2018 revenue (vs. 23% in 2017) benefitting from the strong demand of large organizations implementing their digital transformation.

**Operating margin** was **€ 1,260 million**, representing **10.3% of revenue**, compared to 10.8% in 2017 at constant scope and exchange rates.

* Unaudited figures, qualified as estimates under R. AMF 2004-04

## 2018 performance by Division

**Infrastructure & Data Management revenue** was € 6,326 million, down -2.9%. Migration to Hybrid Cloud significantly accelerated during the year and Digital Workplace continued to grow. The Division continued the digital transformation of its main clients through automation and robotization. In 2018, revenue was impacted by two large contracts not renewed in North America, Mariott International and Standard & Poors, as well as a contractual issue with a Telco operator in Germany. In the fourth quarter, revenue decreased by -3.5% (Q3 at -4.6%).

**Operating margin** was € 602 million, representing 9.5% of revenue, decreasing by -170 basis points compared to the last year as a result of the items mentioned above for North Amercia and Germany. These two georaphies monitored throughout the year a cost take-out to mitigate the effects on the profitability.

The division benefited from improved results posted in the United Kingdom and other GBUs.

**Business & Platform Solutions revenue** reached € 3,356 million, +4.0% at constant scope and exchange rates, confirming a positive trend since the beginning of the year. The growth was led by all the large geographies: United Kingdom & Ireland, Germany, France, and North America. The division benefited from the dynamic in digital projects and automation in most of the geographies.

**Operating margin** was € 300 million, representing 8.9% of revenue. Business & Platform Solutions continued to invest in innovation and new Codex and SAP HANA offerings.

**Revenue** in **Big Data & Cybersecurity** was € 901 million, up +12.8% organically, maintaining a strong performance all over the year and pulled by the extension of the Division's markets, both in terms of industries served and geographies.
Cybersecurity strongly grew as customers' investments increased to prevent from more and more sophisticated cyberattacks. The performance was also driven by the strong sales dynamics in Big Data, sales of Bullions notably in North America, software and products, as well as increased projects in France. Finaly, High Performance Computing benefitted from new wins achieved in several geographies.

**Operating margin** was € 140 million significantly improving by +250 bps compared to 2017 on a like for like basis and representing 15.5% of revenue. This solid performance resulted from strong growth contribution and improved cost base monitoring, while pursuing investments in innovative solutions and products, as well as the benefits from the successful integration of CVC activities.

From a contributive perspective to Atos, **Worldline revenue** was € 1,674 million, improving by +6.3% at constant scope and exchange rates, representing 13.7% of the Group revenue. Growth was led in the three business segments by:

- Merchant Services growing by +4.2% organically and reaching € 621 million The growth mainly came from increased transactions volumes, notably through a strong momentum in India and from positive business trends in Continental Europe;
- Financial Processing reached € 773 million, up +7.6% organically thanks to increased volumes, in Sepa payment transactions, strong growth in Acquiring Processing as well as in Issuing Processing in internet payments;
- Mobility & e-Transactional Services revenue was € 280 million, up +7.4% organically led by Trusted Digitization, E-Consumer and Mobility growth, combined with higher volumes in Contact and Consumer Cloud activities.

**Operating margin** was € 293 million or 17.5% of revenue, improving by +80 basis points led by the strong performance of Financial Processing, thanks to revenue and the successful implementation of equensWorldline costs synergies plan. Merchant Services benefitted from transactions volume growth, continued productivity improvement and first results of synergies with MRL Postnet. Finally, Mobility & e-Transactional Services operating margin was impacted by base effect of pensions recorded last year as well as commercial litigations during the first part of the year.

## 2018 performance by Business Unit

| *In € million* | Revenue | | | Operating margin | | Operating ma |
|---|---|---|---|---|---|---|
| | 2018 | 2017* | Organic evolution | 2018 | 2017* | 2018 |
| Germany | 2,158 | 2,158 | 0.0% | 137 | 195 | 6.3% |
| North America | 2,022 | 2,136 | -5.3% | 202 | 268 | 10.0% |
| France | 1,714 | 1,665 | 3.0% | 151 | 159 | 8.8% |
| United Kingdom & Ireland | 1,612 | 1,600 | 0.7% | 193 | 180 | 11.9% |
| Benelux & The Nordics | 1,017 | 1,018 | -0.1% | 76 | 94 | 7.5% |
| Other Business Units | 2,059 | 1,961 | 5.0% | 275 | 228 | 13.4% |
| Global structures** | - | - | | - 66 | - 79 | -0.6% |
| Worldline | 1,674 | 1,576 | 6.3% | 293 | 263 | 17.5% |
| **Total** | **12,258** | **12,114** | **1.2%** | **1,260** | **1,308** | **10.3%** |

** At constant scope and exchange rates*

*** Global structures include the IT Services Divisions global costs not allocated to the Business Units and Corporate costs. Worldline hold its own corporate costs*

In 2018, all the geographies were either growing or stable, except North America as mentioned above due to the activity impacted by two large contracts not renewed.

**Operating margin** remained double-digit at 10.3% compared to 10.8% in 2017. Due to the reasons mentioned above in revenue for both North America and Germany, despite the costs monitoring in the two countries operating margin decreased in these two Global Business Units. However, North America achieved to reach 10.0% operating margin. United Kingdom & Ireland succeeded in improving its operating profitability at 11.9%. Finally, Worldline reached all its targets in 2018 with revenue organic growth at 6.3% and operating margin at 17.5%.

## Commercial activity

The commercial dynamism of the Group was particularly high in 2018 with **order entry** reaching **€ 13.7 billion**, representing a **book to bill** ratio of **112%** in 2018 compared to 109% in 2017 at constant rate. During the fourth quarter, the book to bill reached **124%**. **Full backlog** increased to € 24.5 billion from **€ 22.7 billion** at the end of 2017, representing almost **1.8 years of revenue**. The **full qualified pipeline** reached **€ 8.1 billion** compared to **€ 7.4 billion** published at the end of 2017.

## Net Income Group share

**Net income Group share** is estimated in the range of € 625-650 million. This includes the accelerated recognition of differed tax asset for c. € 90 million, the costs related to the acquisitions of Syntel and SIX Payment Services and the upfront financing fees for Syntel for € -25 million. It excludes c. € -15 million of pensions and long-term benefits changes in legislation (accounting treatment pending) and any change in the contingent consideration valuation for SIX Payment Services acquisition (final valuation pending, expected below € -10 million).

## Free cash flow

**Free cash flow** reached **€ 720 million** in 2018, excluding 62 million of acquisition costs on Syntel and SIX Payment Services and upfront financing fees on Syntel, representing a cash conversion of **57%**.

**Net debt** was -**€ 2.9 billion** at the end of 2018 reflecting the amount paid for the acquisition of Syntel during the year and also the cash component for SIX Payment Services.

## Human resources

The **total headcount** was **122,109** at the end of 2018 compared to 97,267 at the end of 2017.

Excluding scope effect from 2018 acquisitions (of which 22,103 from Syntel and 1,120 from SIX Payment Services), this represents a decrease by -2.1% compared to the end of 2017 and translates the Group hiring adaptation in anticipation of the implementation of automation and focus on digital transformation skills. The Group pursued the digital training and reskilling of its teams.

Following the integration of Syntel, staffs located in offshore and nearshore countries at the end of 2018 represented 41% of Group total headcount.

## 2019 objectives

In 2019, the Group targets the following objectives for its 3 key financial criteria in line with the targets communicated on October 23, 2018 at the time of its Q3 release:

- **Revenue organic growth:** +2% to +3%
- **Operating margin:** 11.5% to 12% of revenue
- **Free cash flow:** € 0.9 billion to € 1.0 billion

## 2019 objectives in digital services (Atos excluding Worldline)

In its digital services activities, Atos aims to deliver in 2019 the following objectives for its 3 key financial criteria:

- **Revenue organic growth:** +1% to +2%
- **Operating margin:** c. 10.5% of revenue
- **Free cash flow:** € 0.6 billion to € 0.7 billion

## Appendix

### Revenue and operating margin at constant scope and exchange rates reconciliation

| *In € million* | 2018 | 2017 Restated for IFRS 15 | % change | 2017 Reported |
|---|---|---|---|---|
| Statutory revenue | 12,258 | 11,996 | 2.2% | 12,691 |
| Exchange rates effect | | -234 | | -249 |
| **Revenue at constant exchange rates** | **12,258** | **11,762** | **4.2%** | **12,442** |
| Scope effect | | 359 | | 359 |
| Exchange rates effect on acquired/disposed perimeters | | -8 | | -8 |
| **Revenue at constant scope and exchange rates** | **12,258** | **12,114** | **1.2%** | **12,794** |
| Statutory operating margin | 1,260 | 1,292 | -2.5% | 1,292 |
| Scope effect | | 52 | | 52 |
| Exchange rates effect | | -37 | | -37 |
| **Operating margin at constant scope and exchange rates** | **1,260** | **1,308** | **-3.6%** | **1,308** |
| *as % of revenue* | *10.3%* | *10.8%* | | *10.2%* |

Scope effects amounted to €+359 million for revenue. This was mostly related to the acquisitions of Syntel (2 months for €+142 million), SIX Payment Services (1 month for €+50 million), and CVC (12 months for €+73 million). Other effects were related to the acquisitions of Healthcare Consulting firms in North America, Imakumo, Air Lynx and payment companies by Worldline on one side, and to the disposal of some specific Unified Communication & Collaboration activities, Cheque Service and Paysquare Belgium on the other side.

Scope effects amounted to €+52 million for operating margin. Most of the impact came from the acquisitions of Syntel (2 months for €+43 million), SIX Payment Services (1 month for €+6 million), and CVC (12 months for €-8 million).

The following internal transfers occurred as of January 1st, 2018: (i) Diamis activities from Business & Platform Solutions in France to Worldline, (ii) activities from Other Business Units to Germany, and (iii) activities in Israel which were consolidated in North America as part of Xerox ITO acquisition to Other Business Units.

IFRS 15 adjustment represented a restatement of FY 2017 accounts of €-695 million for revenue.

Currency exchange rates effects mainly came from the American dollar, the Argentina peso, the Brazilian real, the Turkish lira and the British pound depreciating versus the Euro and negatively contributed to revenue for €-242 million and to operating margin for €-37 million.

## 2018 revenue performance by Market

| *In € million* | Revenue 2018 | Revenue 2017* | Organic evolution |
|---|---|---|---|
| Manufacturing, Retail & Transportation | 4,489 | 4,501 | -0.3% |
| Public & Health | 3,394 | 3,372 | 0.6% |
| Financial Services | 2,449 | 2,313 | 5.9% |
| Telcos, Media & Utilities | 1,926 | 1,928 | -0.1% |
| **Total** | **12,258** | **12,114** | **1.2%** |

** At constant scope and exchange rates*

## Q4 2018 revenue performance by Division, Business Unit, and Market

| *In € million* | Revenue Q4 2018 | Revenue Q4 2017* | Organic evolution |
|---|---|---|---|
| Infrastructure & Data Management | 1,637 | 1,696 | -3.5% |
| Business & Platform Solutions | 972 | 937 | 3.7% |
| Big Data & Cybersecurity | 281 | 249 | 13.1% |
| Worldline | 478 | 447 | 6.9% |
| **Total** | **3,369** | **3,329** | **1.2%** |

** At constant scope and exchange rates*

| *In € million* | Revenue Q4 2018 | Revenue Q4 2017* | Organic evolution |
|---|---|---|---|
| Germany | 584 | 580 | 0.7% |
| North America | 590 | 636 | -7.2% |
| France | 492 | 469 | 4.9% |
| United Kingdom & Ireland | 404 | 410 | -1.4% |
| Benelux & The Nordics | 265 | 262 | 1.3% |
| Other Business Units | 555 | 525 | 5.6% |
| Worldline | 478 | 447 | 6.9% |
| **Total** | **3,369** | **3,329** | **1.2%** |

** At constant scope and exchange rates*

| *In € million* | Revenue Q4 2018 | Revenue Q4 2017* | Organic evolution |
|---|---|---|---|
| Manufacturing, Retail & Transportation | 1,254 | 1,224 | 2.5% |
| Public & Health | 880 | 916 | -3.9% |
| Financial Services | 714 | 685 | 4.2% |
| Telcos, Media & Utilities | 520 | 504 | 3.2% |
| **Total** | **3,369** | **3,329** | **1.2%** |

** At constant scope and exchange rates*

## Webcast

Several sections of the Investor Day will be live webcasted on Atos website, notably the "Vision, strategy & 3-year plan targets" section presented by Thierry Breton, Chairman and CEO, as well as the "Financial achievements & objectives" section presented by Elie Girard, Chief Financial Officer between 8 am CET and 10 am CET. The "Worldline's 3-year plan" presentation by Gilles Grapinet, Worldline CEO will be webcasted on both Atos and Worldline websites at 3 pm CET.

You can join the **webcast** of the presentations on atos.net, in the Investors section.

## Fothcoming events

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| February 21, 2019: | 2018 annual results |
| April 30, 2019: | 2018 Annual General Meeting |

## Contacts


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### About Atos

Atos is a global leader in digital transformation with 120,000 employees in 73 countries and annual revenue of € 13 billion. European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions through its Digital Transformation Factory, as well as transactional services through Worldline, the European leader in the payment industry. With its cutting-edge technologies and industry knowledge, Atos supports the digital transformation of its clients across all business sectors. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos Syntel, Unify and Worldline. Atos is listed on the CAC40 Paris stock index.

For more information, visit: atos.net.

### Disclaimers

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 2017 Registration Document filed with the Autorité des Marchés Financiers (AMF) on February 26, 2018 under the registration number: D.18-0074 and its update filed with the Autorité des Marchés Financiers (AMF) on July 27, 2018 under the registration number: D.18-0074-A01.

The Group's financial information relating to the financial year ended December 31, 2018 included in this document has been prepared using a process similar to that adopted for the preparation of the Group's annual consolidated financial statements but is not yet audited. Accordingly, Atos has not yet obtained from its statutory auditors the assurance that they will be able to certify its financial statements without reserve. The Board of Directors of Atos SE has examined at its January 29, 2019 meeting the Group's financial information for the financial year ended December 31, 2018 included in this document and has approved its communication. The Group's financial statements which will be approved by the Board of Directors, to be held on February 20, 2019, shall include any material events previously unknown by the Group and of which it becomes aware or which may occur after January 30, 2019. Therefore the financial information presented in this document shall be, in accordance with the AMF position-recommendation n°2004-04, qualified as estimated results (résultats estimés).

**Revenue organic growth** is presented at constant scope and exchange rates, and restated for the impact of IFRS 15. **Operating margin** is presented as defined in the 2017 Registration Document. Starting January 1$^{st}$, 2018, dividends paid to non-controlling interests are not anymore a Free Cash Flow item but reported in line 'Dividends paid'.

Business Units include **Germany**, **North America** (USA, Canada, and Mexico), **France**, **United Kingdom & Ireland**, **Worldline**, **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.

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 or Worldline's shares for sale or an invitation or inducement to invest in Atos or Worldline's shares in France, the United States of America or any other jurisdiction.