

# *Investor Update*

16 October 2023



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## Key investor messages

- Change in Group governance: – Jean-Pierre Mustier appointed Chairman of the Board  
– Laurent Collet-Billon appointed Vice Chairman
- Separation of Tech Foundations and Eviden would unlock the intrinsic value of Eviden and reflects the different dynamics of the two businesses
- Contemplated sale of Tech Foundations presented on August 1, 2023 offers the most achievable execution path to the separation of Tech Foundations and Eviden
- Regulatory approval and social process underway
- Ongoing discussions with EPEI on certain transaction parameters
- Shareholder meeting to vote on transaction and capital raise anticipated in early Q2 2024
- Active discussions with financing banks to obtain loan waivers and secure new financing for Eviden should the deal with EPEI happen
- Should the transaction with EPEI not go forward, the Group will have to access the debt and equity capital markets and/or consider the sale of additional assets, to ensure adequate liquidity to address upcoming debt maturities in 2025
- Commitment to ongoing regular dialogue with shareholders

# Atos operates in two distinct markets with fundamentally different dynamics

## Tech Foundations

## Eviden

*2022 Revenue and Operating Margin*

*€6.0bn revenue: 53% of total Group  
€79m Operating Margin: 1.3% of TFCo revenue*

*€5.3bn revenue: 47% of total Group  
€276m Operating Margin: 5.2% of Eviden revenue*

*Segments*

*Technology Services, Cloud & Infrastructure, Digital Business Platforms, Digital Workplace*

*Advanced Computing, Digital Security, Cloud, Smart Platforms, Gen-AI*

*Market and Dynamics*

*€705bn Global Infra & Private Cloud Market (2022)  
Low single digit growth  
A mature market segment, shifting from traditional to next-gen infrastructure*

*€1.8tn Global Digital, Big Data & Security Market (2026)  
Double digit LT growth*

*Mid-term OM*

*Mid-High single digit*






*Low double digits*

*Focus*

*Stabilizing revenue and delivering positive cash flow*

*Growth and margin acceleration*

## Strategic rationale for separating the businesses

-  Unlocking the *inherent intrinsic value* of Eviden
-  Greater *agility to execute* tailored strategy of the distinct businesses
-  *Operating model of each business* tailored to *customer needs*
-  Allow each company to *invest in their core capabilities*
-  Ensure each business has an *appropriate capital structure*

## Rationale for pursuing the contemplated transaction

- Since the announcement of the separation plan in June 2022, Atos was approached by several players interested in the acquisition of the Tech Foundations business
- The Group and its Board examined all received expressions of interest in light of the Group's corporate interest
- The contemplated transaction was determined to offer the most achievable execution plan for the separation of Tech Foundation and Eviden
- The contemplated transaction improves the risk profile of the Group post transaction
- Economic and capital market conditions made it increasingly challenging to monetize Eviden on acceptable terms and access the financing market for Tech Foundations

# Key milestones associated with the contemplated transaction

## Steps

Regulatory filing and Social plans

Negotiation with Banks

Proforma financials

Signing of Share Purchase Agreement (SPA)

Shareholder meeting

Capital Increase

# Key milestones associated with the contemplated transaction

Steps	Status
Regulatory filing and Social plans	Filed in most jurisdictions, solid progress; Social consultation with the Societas European Council (SEC) and at local level ongoing
Negotiation with Banks	Active discussions underway: <ul style="list-style-type: none"><li>• Positive feedback for obtaining waivers</li><li>• Negotiations of debt refinancing ongoing</li></ul>
Proforma financials	FY22 and H1 23 proforma financials being drawn up
Signing of Share Purchase Agreement (SPA)	Ongoing discussion on certain transaction parameters, Final agreements targeted to be completed by the end of 2023
Shareholder meeting	To approve both the proposed sale of Tech Foundations and the Capital increases Anticipated in early Q2 2024
Capital Increase	As soon as practicable after Shareholder meeting

# Transaction overview

## Contemplated TFCo sale to EPEI

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- €0.1bn net positive cash proceeds for Eviden
- €1.9bn transfer of on-balance sheet liabilities
- Transfer of €7.6bn of off-balance sheet liabilities
- Conveyance of €0.8bn of working capital attributable to Tech Foundations
- Deconsolidation of Tech Foundations negative FCF
- Upside-sharing mechanism for Eviden
- EPEI group to capitalize a Special Purpose Vehicle with €0.8bn at closing to acquire TFCo

## Strengthen Eviden capital structure

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- Contemplated capital increase of €900m:
  - €180m reserved capital from EPEI at 20€ per share, in exchange of a 7.5% stake
  - €720m of rights offering
  - Standby underwriting provided by BNP Paribas and J.P. Morgan for the rights issue subject to usual conditions
- €400m divestment plan
- Target Eviden proforma net leverage of ca.4x improving to ca.2x by end of 2025

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### *Mechanism for net cash proceeds*

- All receivables and payables attributable to Tech Foundations to be conveyed to TFCo at closing
- SPA agreement with EPEI allows the Group to monetize €442m of receivables thru factoring
- Out of €442m in cash proceeds from factoring, Eviden entitled to €104m net cash proceeds; the balance to remain with TFCo in the form of:
  - €250m of cash on the balance sheet
  - €88m of cash compensation for the transfer of risks and charges
- EPEI to pay €1 for shares of TFCo

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### *Elements of on-balance sheet liabilities*

in €bn

	<i>Dec</i> <u>2022</u>	<i>Jun</i> <u>2023</u>
Provisions for risks and charges	0.6	0.6
Lease liabilities (IFRS 16)	0.8	0.7
Pension provisions	0.4	0.4
Other and contingencies	0.2	0.2
<b>Total</b>	<b>1.9</b>	<b>1.8</b>

*Transfer of on-balance sheet liabilities to significantly reduce the Group risk profile*

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### *Elements of off-balance sheet liabilities*

in €bn

	<i>Dec, 2022</i>
Performance guarantees	4.8
Leasing guarantees	0.4
Financing guarantees	0.4
Other parent company guarantees	2.0
<b>Total</b>	<b>7.6</b>

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### Working capital (WC):

- *Current operating assets less current liabilities*
- As of August 1, 2023 WC to run TFCo estimated at ca. €0.8bn; to be conveyed to buyer at closing
- WC actions include:
  - *Non-recourse factoring*
  - *Reduction of avg. payment period of trade receivables*
  - *Extended supplier payment terms*
- TFCo WC after WC actions forecasted at €(0.2bn) as on December 31, 2023

Conveying €0.8bn WC at closing, which includes current operating assets and liabilities attributable to TFCo, represents ca. €1bn difference with the forecasted WC of €(0.2bn)

€1.0bn difference does not represent cash paid by Eviden to TFCo

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*Significant negative free cash flow of TFCo in 2023 and 2024 due to:*

- Restructuring
- Consolidation of data centers
- Vendor commitments
- Red accounts

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    - EPEI group to capitalize a Special Purpose Vehicle with €0.8bn at closing to acquire TFCo
- Eviden entitled to receive up to 10% of TFCo's share capital in 2027 depending on the achievement of certain operational targets
  - In case of total or partial monetization of TFCo by EPEI, Eviden would receive
    - 40% of net proceeds of such transaction before December 31, 2026 and
    - 20% of net proceeds from January 1<sup>st</sup> 2027 to December 31, 2028

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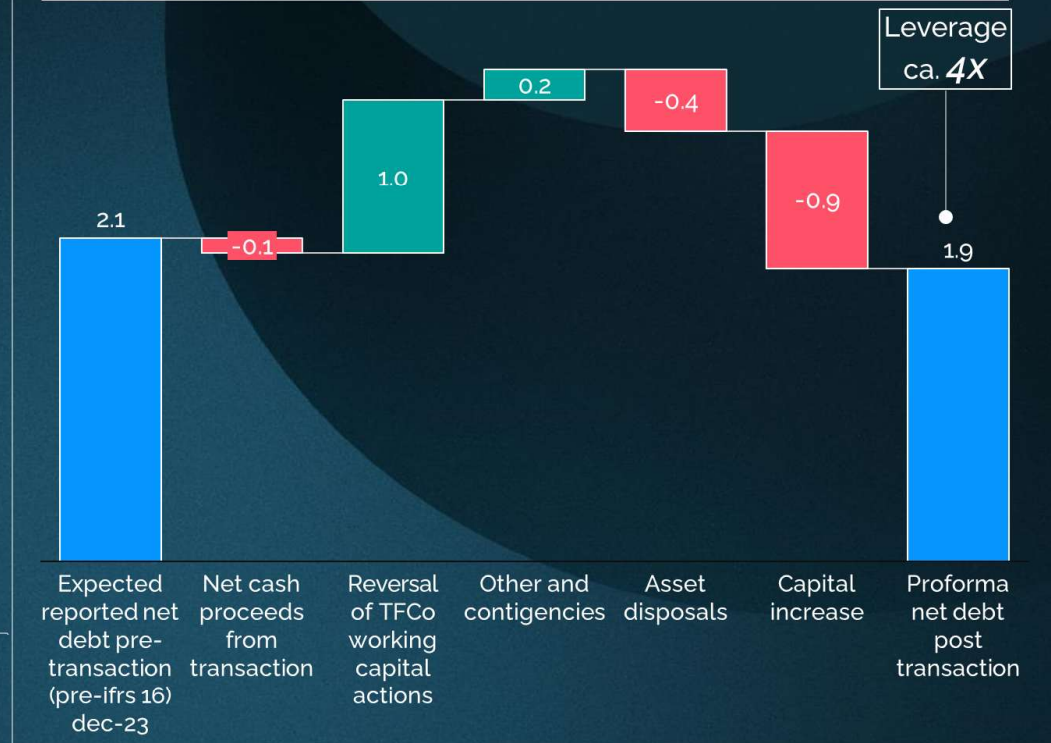
- Announced on July 28, 2023
- Consists of non-strategic Eviden assets
- Signed one transaction already
- Signature and cash proceeds from remaining assets expected in FY24

# Transaction overview

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Eviden Proforma Net Debt, €bn



# Eviden: Capital structure framework



## Liquidity management

- Strong Free Cash Flow
- Access to RCF facility
  - Maintain current RCF
  - Secure new forward starting RCF (start in Nov 2025) (under negotiation)



## Credit rating profile

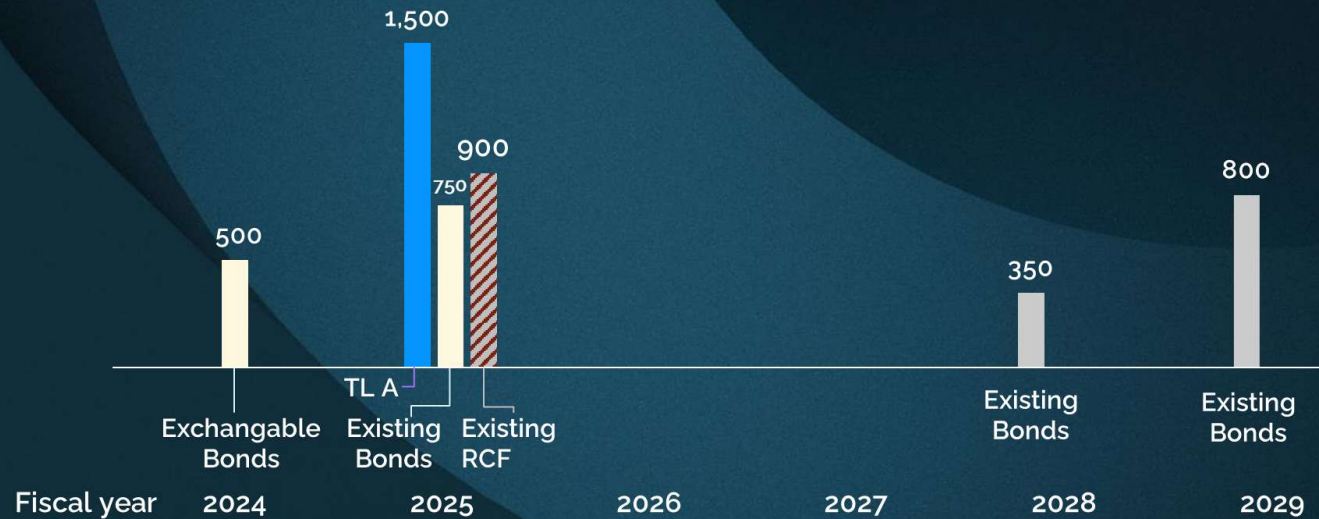
- S&P BB- indicative rating at closing
- Targeting investment grade credit rating
- Net reported leverage of ca. 3x by 2024 and ca. 2x by 2025



## Debt maturity

- New term loan with lower principal maturing in Dec 2026 (under negotiation)
- Access to debt market
- Balanced maturity ladder

Current maturity profile, €m



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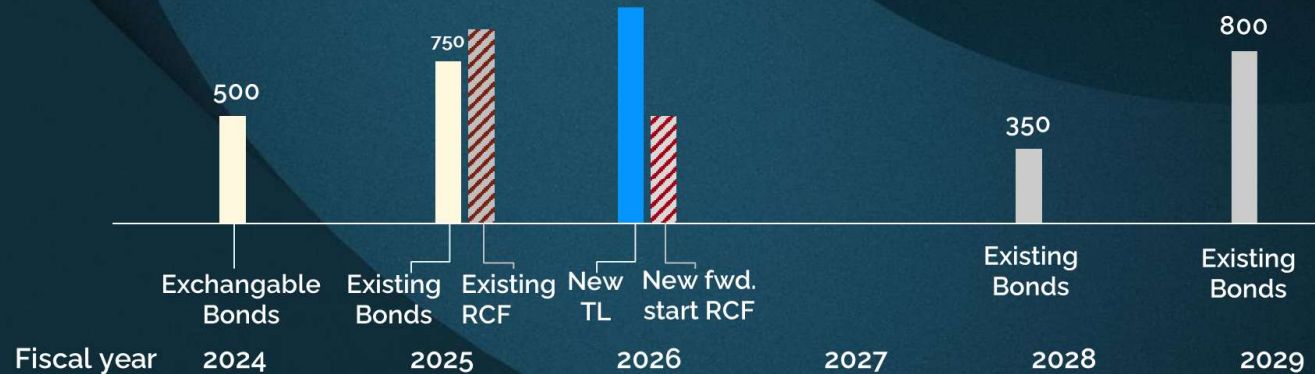
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Target maturity profile, €m



## Liquidity plan

- Should the contemplated transaction and capital raise be approved by shareholders:

Eviden expected to have necessary liquidity to run its business driven by:

- *Access to capital market*
- *Assuming capital increase and new term loan from financing banks*

- Should the contemplated transaction not move forward:

Group expects to meet its liquidity requirements for 2024 driven by:

- *Forecasted business performance*
- *Assuming continued access to the factoring program and completion of the €0.4bn asset divestment plan announced on July 28, 2023*
- *Group would have to access the debt and equity capital markets and/or consider the sale of additional assets to refinance €1.5bn TL A maturing in January 2025 and €750m bonds maturing in May 2025*

## Accounting matters

- Proforma financials of Tech Foundations and Eviden are currently being drawn up
- Annual impairment test that the Group carries out at year end could lead to significant impairment charge. Among the factors:
  - *Contemplated transaction regarding Tech Foundations*
  - *Atos share price, should it remain at current levels*

## Key investor messages

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- Commitment to ongoing regular dialogue with shareholders