

7th November 2016

TMT

Atos

Price EUR94.00

Capital Markets Day: FY19 targets

Fair Value EUR104 (+11%)

BUY

Bloomberg	ATO FP
Reuters	ATOS.PA
12-month High / Low (EUR)	97.8 / 62.7
Market Cap (EURm)	9,847
Avg. 6m daily volume (000)	280.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	-3.9%	8.5%	20.3%	21.4%
Softw.& Comp.				
SVS	-8.3%	-2.5%	6.8%	0.2%
DJ Stoxx 600	-5.0%	-2.7%	-0.9%	-10.1%
	2015	2016e	2017e	2018e
P/E	16.1x	13.6x	11.5x	10.6x
Div yield (%)	1.0%	1.2%	1.5%	1.6%

ANALYSIS

- This morning Atos has presented its 2019 ambitions, which are the following: 1) a revenue CAGR of 2-3% for 2017-2019; 2) a non-IFRS operating margin of 10.5-11%; 3) an operating free cash flow conversion of c. 65%. The main levers should be: 1) Managed Services with a 2017-2019 CAGR of 0-1% with a margin up 0.5-1ppt; 2) Consulting and Systems Integration with a 3-4% CAGR and a margin up 2-2.5ppt; 3) Worldline.
- We consider these targets cautious and pretty much in line with our expectations. They imply for 2019 mid-range revenues of EUR12.9bn, an operating margin of 10.75% and free cash flow of around EUR900m (vs. more than EUR550m for 2016). Further details will be provided today during presentations to investors.

VALUATION

- Atos' shares are trading at est. 8.3x 2016 and 6.0x 2017 EV/EBIT multiples.
- Net cash position on 30th June 2016 was EUR412.3m (net gearing: -10%).

NEXT CATALYSTS

Capital Markets Day today from 8am CET / 7am BST / 2am EDT in Bezons (France).

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Gregory Ramirez, gramirez@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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