

## Atos proposes to acquire Gemalto to create a global leader in cybersecurity, digital technologies and services

**An all-cash offer of €46 per share**

**Paris, December 11, 2017**

Atos [Euronext Paris: ATO], a global leader in digital transformation, announces that it has made a formal proposal to acquire Gemalto [Euronext Amsterdam: GTO] by way of a public offer for all of Gemalto issued and outstanding shares. Atos invited Gemalto's Board of Directors to engage discussions and review collaboratively this potential transaction. On November 28, 2017, Atos has delivered an offer to the Board of Directors of Gemalto which is friendly, compelling, and which addresses the interests of all stakeholders. Since then, Atos has reiterated its friendly intentions. Considering increased risk that could impact Gemalto's shares, and for the purposes of market information, the Atos' Board of Directors has decided to make its proposal public while affirming its willingness to engage into discussions with the objective to come to a transaction recommended by the Gemalto's Board of Directors.

Key terms of the Atos proposal:

- Intended all-cash offer of €46.0 per Gemalto share (cum dividend), representing a total consideration of approximately €4.3bn.
- A premium of c. 42% to Gemalto's last unaffected closing price as of December 8, 2017, and c. 42% and c. 34% premium to Gemalto's 1-month and 3-month volume weighted average trading prices, respectively.
- The proposed transaction will strengthen Gemalto's businesses and will create a leading Group in cybersecurity technologies and digital services to the benefit of all stakeholders going forward.
- The acquisition of Gemalto shares will be entirely financed with Atos' existing cash resources and fully committed external debt.

**Thierry Breton**, Chairman and CEO of Atos said: *"Atos has been following closely, and with a lot of interest, the evolution of Gemalto as a leading player in digital cyber security, IoT and payment and has long admired its global presence and strong customer and technology portfolios. We believe that a combination of Atos and Gemalto would result in enhanced global leadership in cybersecurity, digital technologies and services and in the strengthening of our positioning as a leading European payment services provider. Atos has carefully considered the interest of the stakeholders of the two groups, shareholders, employees, and customers which will all benefit from the proposed friendly transaction. In addition, Atos comes forward with a long track-record of successfully integrating management teams, employees and businesses"*

## **A powerful industrial combination in three high-growth markets**

Strategically, the combination of Atos and Gemalto will lead to enhanced global leadership in cybersecurity and digital technologies and services, with highly complementary offerings, technologies, and commercial footprint:

- Reinforced capabilities in digital cyber technologies and services and homeland security: the combination will lead to the creation of a worldwide leader with total revenue amounting to c. €1.5bn. Gemalto's offerings in identity and access management, data encryption and crypto management strongly complement Atos' capabilities in Artificial Intelligence (AI), Big Data, High Performance Computers, and cloud orchestration.
- Enhanced capabilities in IoT/M2M by leveraging Atos' Codex data analytics and AI, deep industry knowledge and long-standing customer relationships, with c. €1bn in combined revenue.
- Consolidation of the Group position as a leading end-to-end European payment services provider: as a global leader with approximately €1bn in revenues in 2016, Gemalto has gained unique and deep expertise in payment solutions. The synergies between Worldline, Gemalto, and Atos businesses will benefit from end-to-end capabilities across the value chain and many substantial geographic, technology and services complementarities.

The combination will reinforce the two groups in Europe as well as in the United States of America, first market for the two companies and where the new group will be a key player in term of investments and jobs creation.

## **Strong fit in the interest of both Atos and Gemalto stakeholders**

Atos and Gemalto have long shared a common DNA, which is expected to serve as a strong foundation for bringing the two companies together. Both groups have a long-standing heritage of technological and scientific excellence. Both are client-centric organizations, relentlessly focusing on customer needs and satisfaction. Atos and Gemalto both put enormous emphasis on attracting, developing and retaining the very best talent, in an increasingly competitive and global environment. Finally, Atos and Gemalto share a long-standing experience in cybersecurity for its clients in both private and public sectors.

Atos has demonstrated in the past its integration capabilities, in particular with the successful integration of the 33,000 employees of the Siemens Information Systems, the 9,300 employees of Bull and the 9,600 employees of Xerox ITO, transactions which have been beneficial to all stakeholders involved. The integration methodology of Atos will notably entail – with due respect to the social dialogue framework of both companies – to:

- Immediately and fully mobilize the employee base of the two groups in order to sustain the continuity of operations and develop a shared strategic vision in key markets that Gemalto is operating in;
- Welcome Gemalto's employees as soon as the proposed transaction is completed and foster a joint culture of technological and scientific excellence, teamwork, and shared pride in being part of a strengthened global group ideally positioned to face future market challenges;
- Open up new opportunities for Gemalto's employees by allowing them to participate fully in the various programs of the Atos Group.

It is key for Atos to retain Gemalto's talents within the combined group. With the cooperation of Gemalto's management, Atos is very confident in its ability to implement a smooth and successful integration of Gemalto's employees. By way of background, Atos hires more than 10,000 engineers annually, and has obtained multiple awards as a great place to work across countries. Atos will obviously respect all the existing employment terms of the employees of Gemalto.

Regarding Gemalto's clients, Atos believes the combination will greatly enhance the breadth and depth of existing commercial relationships. Clients will obviously benefit from continued and relentless focus on their needs, but also from a broader set of capabilities contributed by Atos (e.g. holistic approach in digital security, deep industry expertise in IoT/M2M, positioning across the full payments value chain, new

technology expertise in AI, Big Data, High Performance Computing, cloud orchestration) but also from the increased scale and stability of the combined group.

## **Significant value for Gemalto's shareholders**

Atos believes this proposal presents an opportunity for Gemalto's shareholders to realize extraordinary value for their shares in Gemalto. It provides them with a premium valuation and the opportunity to receive substantial and immediate cash consideration. The proposed offer price represents a premium of c. 42% to Gemalto's last unaffected closing price as of December 8, 2017, and c. 42% and c. 34% premium to Gemalto's 1-month and 3-month volume weighted average trading prices, respectively.

## **Strong financial capability**

Atos has strong financial capabilities and intends to finance the all-cash offer using existing cash resources and fully committed external debt. For this purpose, Atos has secured financing for the transaction with two major international banks which have agreed to underwrite the full amount of the offer. The financing package including the credit agreement is all agreed in final form and actionable. Moreover, the leverage contemplated after completion of the proposed transaction will preserve financial firepower for the combined group to expand further and participate in future steps of industry consolidation.

## **Commitments to R&D effort and Gemalto's brand**

Preservation of Gemalto's strong R&D capabilities and skills is also key to Atos, consistent with its culture of technological and scientific excellence. By joining forces, the two groups will benefit from increased scale and relevance and create a formidable innovation powerhouse, notably by capitalizing on the adjacencies between digital security, payments, machine learning and quantum computing.

Atos will also expect the combined group to capitalize on Gemalto's recognized brand, viewed as a strong asset.

## **Management**

Atos appreciates the achievements of Gemalto's management team, in particular in transitioning its business model. Atos expects key executives to remain involved and help drive the combined group's strong ambition, in the same way Atos successfully included Siemens', Bull's and Xerox ITO's key people in its development.

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Atos, in conjunction with its financial and legal advisors, has devoted significant time and resources to analyzing a potential combination with Gemalto and is confident in its ability to execute and complete the proposed transaction and to swiftly obtain all necessary regulatory approvals, in particular for anti-trust regulation which has already been deeply assessed.

Atos has submitted a friendly proposal to Gemalto to combine their respective businesses by way of an all-cash public offer for all issued and outstanding ordinary shares of Gemalto. The proposed offer will be subject to pre-offer and offer conditions customary for transactions of this nature, including but not limited to a minimum acceptance level and required regulatory clearances. Atos will determine and confirm the conditions to the offer in accordance with applicable laws in the Netherlands and in France.

Atos will file its offer with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten, AFM*) and wishes to move swiftly with the negotiation of a merger agreement, with a view to come to a recommended transaction. Atos expects such merger agreement to be customary for transactions of this nature, including in particular with respect to non-financial covenants relating to employees, integration and strategy.

No agreement has been reached and there can be no assurances that any transaction will result from this proposal. Any offer will be made only by means of an offer memorandum, approved by the AFM. Atos will make further announcements if and when appropriate.


## Conference call

Atos will hold a conference call in English chaired by Thierry Breton, Chairman and CEO, on Tuesday December 12, 2017, at 08:00 am (CET - Paris) in order to comment on the proposed acquisition and answer questions from the financial community. You can join the webcast of the conference on [atos.net](http://atos.net), in the Investors section.

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## About Atos

Atos is a global leader in digital transformation with approximately 100,000 employees in 72 countries and annual revenue of around € 13 billion. European number one in Big Data, Cybersecurity, High Performance Computing and Digital Workplace, the Group provides Cloud services, Infrastructure & Data Management, Business & Platform solutions, as well as transactional services through Worldline, the European leader in the payment industry. With its cutting-edge technologies, digital expertise and industry knowledge, Atos supports the digital transformation of its clients across various business sectors: Defense, Financial Services, Health, Manufacturing, Media, Energy & Utilities, Public sector, Retail, Telecommunications and Transportation. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, Unify and Worldline. Atos SE (Societas Europaea) is listed on the CAC40 Paris stock index. [www.atos.net](http://www.atos.net) - Follow us on  @AtosFR

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