Sopra Group
Combined General Meeting of
13 June 2013

Introduction

Pierre Pasquier
Chairman, Sopra Group

Ladies and gentlemen, thank you for attending this General Meeting of Sopra Group shareholders, which I hereby declare officially open. As Chairman of Sopra Group's Board of Directors, I shall chair the Meeting.

I would like to ask you now, as Sopra Group shareholders, to appoint the officers of this Meeting. I suggest that the two shareholders representing the largest number of votes, François Odin for Sopra GMT and Franck Harel for Caravelle, be appointed as vote tellers. I note that no objections with regard to these appointments have been raised. I hereby appoint Christophe Bastelica to serve as the Meeting's secretary. Finally, our Statutory Auditors are in attendance today, as is the case for all Sopra Group General Meetings.

The quorum that must be reached for the Ordinary General Meeting corresponds to a total of 2,376,000 shares. The amount required for an Extraordinary General Meeting is slightly higher. The number of shares already recorded today on the attendance sheet far exceeds these requirements. The precise counts will be announced at the end of the Meeting prior to voting on the resolutions. The quorum requirement for this Combined General Meeting has therefore been met.

I would also like to inform you that all of the documents required for the Meeting have been filed with its officers. These documents include the following:

- the latest version of the Company's Articles of Association;
- the attendance sheet for the Meeting;
- proxy forms for shareholders represented by proxy as well as all postal voting forms received;
- a copy of the convening letter;
- a copy of the legal gazette containing the convening notice;
- a copy of the convening notice, as published in the *Bulletin d'annonces légales obligatoires* (BALO);
- Sopra Group's individual company and consolidated financial statements for the year ended 31 December 2012, together with the other documents required by law;
- Sopra Group's five-year financial summary;
- the reports of the Board of Directors submitted to the General Meeting;
- the report of the Chairman of the Board of Directors on corporate governance and on internal control and risk management procedures;
- the report of the Statutory Auditors;
- the proposed resolutions submitted to the Meeting.

Furthermore, I would like to inform you that the individual company and consolidated financial statements, the reports of the Board of Directors and of the Chairman of the Board of Directors, the reports of the Statutory Auditors, the list of shareholders, the proposed resolutions submitted to the Meeting as well as all other documents and information required by law and the Articles of Association were made available to shareholders at the Company's registered office as from the date of the convening notice for this Meeting. Finally, I would like to inform the Meeting that the Company has not received any request to add items to the agenda for the Meeting or table additional draft resolutions. In addition, no written questions have been received for discussion.

We will begin by presenting the agenda for the Meeting, which will be read out by Christophe Bastelica. Then we will present the management report of the Board of Directors, the report of the Statutory Auditors and information on the proposed resolutions submitted. Once that is done, we will open up the floor for discussion. This will be followed by the vote on the resolutions, after which the Meeting will be officially closed.

Christophe Bastelica, General Secretary

The agenda for the Meeting is shown on page 176 of the 2012 Registration Document and on page 4 of the booklet for the Meeting handed to each of you upon arrival.

The agenda is as follows:

- **Items requiring the approval of the Ordinary General Meeting**

    - Approval of the Sopra Group SA individual financial statements for the year ended 31 December 2012 – Granting of final discharge to members of the Board of Directors – Approval of non-deductible expenses;

    - Approval of Sopra Group's consolidated financial statements for the financial year ended 31 December 2012;

    - Appropriation of earnings;

    - Approval of a change in the term of the framework agreement for assistance concluded with Sopra GMT;

    - Approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Pascal Leroy;

    - Approval of agreements governed by Article L. 225-38 et seq. of the French Commercial Code;

    - Setting of directors' fees;

    - Authorisation given to the Board of Directors to allow Sopra Group to acquire its own shares under Article L. 225-209 of the French Commercial Code.

- **Items requiring the approval of the Extraordinary General Meeting**

    - Delegation of authority given to the Board of Directors to issue warrants to subscribe for and/or acquire redeemable shares (BSAARs) to employees or officers of the Company or of any of its affiliated undertakings, without pre-emptive subscription rights – Conditions for this delegation of authority;

    - Delegation of authority given to the Board of Directors to decide to carry out capital increases reserved for employees of the Company or of any of its affiliated undertakings who are members of an employee savings plan, without pre-emptive subscription rights – Conditions for this delegation of authority;

- Powers required to carry out formalities.

Management report of the Board of Directors

I. Key achievements

Pierre Pasquier, Chairman

As this year's management report of the Board of Directors is quite long, I suggest that I don't read out in its entirety. A summary of this report is provided on page 38 of the Registration Document. The other reports of the Board of Directors, in particular those relating to the delegations of authority given by the General Meeting of 19 June 2012, to share subscription options and to warrants to subscribe for and/or acquire redeemable shares (BSAARs) are included on pages 52 to 54 of the Registration Document.

I would thus like to proceed as we usually do, by projecting the slides of the presentation given to financial analysts in February. Taken together, these slides will allow you to judge the Company's performance in 2012. We will then be happy to answer any questions you may have during the discussion period.

I will be presenting the first three slides, before turning the floor over to Pascal Leroy, Sopra Group's Chief Executive Officer, who will cover the Group's 2012 results.

The first slide deals with the change in Sopra Group's governance structure in 2012. I was Chairman & CEO until 20 August and thus served in this dual role only for a portion of the year. My transition from Chairman & CEO to Chairman was an important one for me, and for the Company as well. Although I retained some operational responsibilities, Pascal Leroy took over the role of Chief Executive Officer. This transition is important for the Group's governance. It is also significant for the future.

Pascal Leroy and I work together on a constant basis. The handover of operational responsibilities has proceeded smoothly. We have defined our individual roles, for the transition period, i.e. the latter part of 2012, extending into 2013 and perhaps 2014. Assisted by Pascal, I retain personal responsibility for strategy as well as corporate and financial communications.

We decide upon certain issues for which, in practice, I will represent the Chief Executive Officer, due to a particularly heavy workload. One key issue I continue to oversee is the development of our newest subsidiary, Sopra Banking Software.

Pascal Leroy takes part in strategy formulation, working with me and the members of the Executive Committee, oversees the implementation of all decisions made and heads up the operational management of all of the Company's business activities.

The ownership structure chart shows that Sopra GMT, which is now the Company's leading shareholder, supports the Executive Management team in its investment project as a shareholder, for obvious reasons relating to the motivation and loyalty of key personnel. Sopra GMT has also undertaken a commitment to the Sopra Group 2015 project and beyond. A second chart presents the shareholder agreement, entered into between Geninfo on the one hand and Sopra GMT, François

Odin and myself on the other. At present, this shareholder agreement controls 49.18% of the voting rights.

I would now like to turn the floor over to Pascal Leroy, who will present the results of the Group's operations in 2012.

II. Results for the year

Pascal Leroy, Chief Executive Officer

1. Key figures

In 2012, revenue came to €1.217 billion, driven mainly by organic growth (1% in the first half and 3.8% in the second half, thus 2.4% for the year as a whole). There were also some acquisitions, which explains the fact that total growth (15.8%) was much higher than organic growth. It is also important to underscore the improvement in our operating margin, which reached 9% in 2012. You will note that there is still a gap between the first half and the second half, due to our licence sales activity as well as a certain number of internal mechanisms that are more favourable in the second half than in the first, which explains why profitability is always lower in the early part of the year.

2. Income statement overview

I would like to give a quick overview the various income statement items. We generated revenue of €1,216.7 million in 2012, for an operating profit on business activity of €109 million (9% of revenue), with profit from recurring operations representing 8.5% of revenue. Net profit was 4.6% of revenue, for basic earnings per share of €4.67.

3. Operating profit

I would now like to return to each of these items in detail, starting with how we went from revenue (€1.217 billion) to operating profit on business activity (€109 million). Growth came to 15.8% overall, with growth in staff costs (for employees and contractors) of 14.4% and a 21.2% increase in operating expenses. This is mainly the result of the acquisitions carried out during the year in software development, which have slightly transformed our business model.

When we move down the income statement, from operating profit on business activity to profit from recurring operations and operating profit, we arrive first at expenses related to stock options and bonus share plans. We decided to award bonus shares, which will have an impact on both 2012 and 2013 (€2.2 million). Amortisation of allocated intangible assets amounted to €4.2 million. The acquisitions we carried out involved products, which we decided to amortise. Amortisation charges for these products were thus recorded for the first time in 2012, in the amount of €4.2 million.

The next item is other operating income and expenses. In 2011, this item was positive as a result of the Axway spin-off, which had given rise to exceptional income. It is negative in 2012, and consists of two components: acquisition costs and certain restructuring expenses. This leads us to an operating profit margin of 7.5%.

4. Net profit

The cost of net financial debt increased slightly to €7.2 million due to the acquisitions carried out, which required the use of our credit facilities. The corporate income tax expense decreased slightly. Net profit from associates corresponds to Sopra Group's share in Axway's net profit, which came to €6.1 million. Net profit therefore totalled €55.6 million, or 4.6% of the Company's revenue.

5. Balance sheet

Let's look at the main balance sheet items. The first item under assets is goodwill. This relates to the acquisitions carried out in 2012. With respect to intangible assets, we have already seen the portion amortised in 2012. Here we have all the items relating to intangible assets, i.e. €56.5 million. The other intangible assets remained nearly stable. Equity-accounted investments in associates correspond to the value of our stake in Axway.

Operating assets and liabilities reflect fairly good control of working capital and the fact that the Company is still geared up to ensure the overall management of its cash flows. Total fixed assets plus working capital requirements amounted to €509 million. Net debt, which was €46 million at the close of the previous year, rose to €204 million at the end of 2012, which calls for a few comments I would like to share with you now.

6. Change in net debt

We started the year with net debt of €46.4 million. Cash from operations before changes in working capital was €112.2 million. The negative €8 million change in working capital requirements reflects very strong growth in the fourth quarter of 2012 (about 7%), which witnessed a slight deterioration in our working capital requirements. This resulted in free cash flow of €47 million. Changes in scope, related to the several acquisitions, had a significant negative impact of €182 million. Dividends amounted to €22 million, following a 2011 financial year during which an exceptional dividend had been paid. This entailed a net change during the year of €156 million and net debt, at 31 December 2012, of €204 million.

7. Banking covenants

It is important to compare the amount of net debt to various criteria and banking covenants. This net debt of €204 million includes a "recurrent" component which takes the form of profit sharing liabilities (€32 million). Therefore we need to compare the figure of €172 million (€204 million – €32 million) to the banking covenants.

Under the first covenant, the ratio of operating profit to the cost of net debt must be greater than 5.0 with respect to our banks. It came to 17.27. Net debt to equity must be less than 100%. At year-end 2012, ours was 56%. Net debt to EBITDA must be less than 3.0; it was 1.46. As you can see, we are well within the terms of all our banking covenants.

8. Revenue by business line, vertical market and region

a. Revenue by business line

The revenue figures that we will discuss next are actual figures rather than pro forma. In light of the acquisitions that took place during the year, we should expect these percentages to change significantly in 2013 and in the following years.

Software publishing represented 21% of our revenue, which means that Consulting and IT services represented 79%. Revenue from software publishing includes the Sopra Banking Software activity (75%), which I will get back to in a few minutes, human resources (11%) and real estate (14%). In software publishing, taking into account all of the related activities (software sales, maintenance and related services), Sopra Group is ranked as France's second largest software solutions provider.

The Consulting and IT Services business breaks down into a number of segments (fixed-price projects, application outsourcing, technical assistance and consulting) for which revenue was very stable between 2011 and 2012.

b. Revenue by vertical market

Financial services remains the Group’s primary vertical market, accounting for one-third of the Group's revenue, including France and the main European countries where Sopra Group operates. We saw strong growth in Services, Transport and Utilities in France with clients such as SNCF and in the United Kingdom with Easyjet, for example. The public sector also remained a growth market for Sopra Group in both 2012 and 2013, although there was a little more tension in these areas.

c. Revenue by region

We generate close to one-third of our revenue outside France and two-thirds in France, based on actual data. The proportion of revenue generated outside France is slightly higher on a pro forma basis. For Sopra Banking Software, a complete transformation of the business model is taking shape, since France represented only 42% of revenue, Europe 38% and business outside Europe 20%. Conversely, Consulting and Services were highly concentrated in France (77%), far ahead of the United Kingdom (10%) and Spain (7%).

9. Organic growth

In 2012, revenue grew by 3.7% in France solely through organic growth. Revenue outside France grew by 2.9%. We should emphasize the solid performance of Sopra Banking Software in the 4th quarter (+6.9%), even though this entity was created during the year. We continued to focus on a number of key clients through our “Top 30 Clients” plan, which we already discussed here. We generated organic growth of 6.8% (higher than the average organic growth for the Group) from our top 30 clients, who represented approximately 50% of revenue. This result attests to the value of this focused strategy.

10. Workforce growth

Our workforce totalled 14,310 people at year-end 2012. We now have more than 15,000 employees in the Group. These figures were driven by very strong growth both in France and in our European businesses, since close to 5,000 people now work for us outside France. This workforce level also reflected the Group’s transformation; processes are in place to ensure in employee integration phases.

11. Summary

We generated revenue of €1,217 million and organic growth of 2.4% in 2012. This growth occurred in a market that was sluggish at best, and even shrinking according to some analysts. So, from this point of view, we outperformed the market. Operating profit totalled €110 million, or 9% of revenue, for a net profit of €56 million (4.6% of revenue).

12. Targets reached

We set ourselves four targets at the start of 2012:

- generate organic revenue growth, coupled with acquisitions;
- continue to improve operating profit on business activity;
- contribute to the consolidation of the European market (concentration in this market continues, as announcements are made nearly every week);
- enhance our portfolio of solutions, which also represents a strategic growth driver.

We achieved all four of these targets.

13. A dynamic acquisition strategy

You will recall that we started 2012 with an acquisition completed just before year-end 2011 (Delta, which joined the Group in November 2011). We completed three acquisitions in 2012:

- the Belgian company Callataÿ & Wouters, which generated revenue of close to €79 million and employs 600 people in banking software solutions,
- Tieto Solutions (United Kingdom), a subsidiary of Tieto specialising in financial solutions (mortgage loans), which generated €27 million in revenue in 2012 and employs 250 people;
- the Business & Decision subsidiary in the United Kingdom, which mainly provides consulting and integration activities in the financial sector (€35 million in revenue and 250 employees).

These three major acquisitions help bolster our strategic growth drivers: Solutions and the Group's growth in Europe.

14. A new subsidiary for the banking sector

Another important event for 2012 was the creation of a new entity within Sopra Group, Sopra Banking Software. This entity reflects our determination to be a significant player in software solutions and services for the banking sector. Sopra Banking Software comprises the combination of the Group's traditional businesses (Evolan), Delta's businesses (acquired at year-end 2011) and two companies acquired in 2012, Tieto Solutions and Callataÿ & Wouters. This set of businesses now forms Sopra Banking Software, created on 1 July 2012. The new entity met with wide acclaim right from the start, for example by Gartner and by Forrester, both for its ability to execute and for its original banking sector business model.

15. Additional information: HR Access

We acquired HR Access on 1 April 2013. HR Access develops software solutions for the human resources segment and enhances our solutions portfolio in this area. HR Access generates close to €70 million in revenue and will be consolidated in our financial statements as from 1 April. The integration of this company began on that date and involves two focus areas.

The first of these will involve restructuring this activity in economic terms. The second will entail modifying its business model. The market is increasingly calling for solutions-based services. At the same time, the world of human resources is changing and we no longer bill our clients for projects on a standalone basis: we increasingly bill them for supplying monthly pay slips for a defined price per pay slip on an outsourcing basis. We are therefore currently modifying our offerings, such as Pleiades, which leads us to the restructuring and savings plan implemented at HR Access. We anticipate savings on the order of €25 million, which we expect to return the company to economic breakeven in 2014.

16. Updated 2013 targets

At the start of the year, we did not provide data on our outlook because it was difficult to do so at that stage, particularly due to the acquisitions that we completed or that were on the verge of coming to fruition (HR Access). We see things a bit more clearly now and, as we informed you this morning in a press release, we confirm an organic growth rate of between 2% and 5% for the current year.

This is especially significant given that the market undoubtedly has to deal with less favourable economic conditions than in 2012. This level of organic growth should therefore ensure the longevity of our business model.

We anticipate generating an operating margin from our existing business lines of over 8%, which would be slightly lower than in 2012 (9%). This is attributable to the ongoing investments in banking solutions to bring our offerings in line with the market. We also continue to make major investments in long-term projects for leading clients in France and Europe. These investments are necessary to ensure that growth, which is the engine of our business, is here to stay.

Once we consolidate HR Access in our financial statements, our net debt should be between €150 million and €170 million (versus €204 million at year-end 2012). Here again this confirms the guidance that we have already announced. We also expect an impact on our operating margin of between 30 and 70 basis points. Finally, we confirm our target of achieving a net profit margin at least equal to the 4.6% achieved in 2012.

Pierre Pasquier

In our press release we deliberately maintained the 2015 targets that we had set before the HR Access acquisition.

Statutory Auditors' reports

Christine Dubus, Statutory Auditor (Mazars)

I am going to review the Statutory Auditors' report on the parent company financial statements (page 160 of the Registration Document) and on the consolidated financial statements (page 140 of the Registration Document).

The report on the parent company financial statements comprises three parts:

- our opinion on the financial statements;
- justification of our assessments;
- specific procedures and disclosures.

We issued an unqualified opinion on the parent company financial statements for the financial year under review, prepared in accordance with French professional standards. The justification of our assessments relates to two important points in the financial statements: first, an assessment of the value of equity interests in Sopra Group's parent company financial statements and, second, the accounting procedures applied to retirement benefit commitments. We conducted investigations on both of these points and have no matters to report with regard to the procedures and methods used. Lastly, we performed all of the specific procedures required by law and have no matters to report in this regard.

The report on the consolidated financial statements (prepared according to IFRS) also includes three parts.

- **Opinion on the consolidated financial statements prepared according to IFRS**
  We issued an unqualified opinion on the consolidated financial statements.

- **Justification of our assessments**
  The assessments that we drew up relate to three points:

  - The "corresponding items" for the items recognised in the parent company financial statements with respect to the value of intangibles, for which we verified the procedures used by the Group to determine impairment tests conducted on these assets;

  - the accounting recognition of commitments for retirement benefits;

  - the procedures for determining the deferred tax assets recognized in the financial statements.

- **Specific verifications**
  Lastly, we performed specific verification procedures and have no comments to report in this regard.

François Mahé, Statutory Auditor (Auditeurs & Conseils Associés)

I am going to review the special report on regulated agreements and commitments, which is found on page 161 and thereafter of the Registration Document.

Our role consists in informing you of the principal terms and conditions of these agreements. They relate to the relationships between your company and its senior executives or its relationships with related companies that have the same senior executives.

The report is broken down into two parts. The first part relates to new agreements approved by the Board of Directors. The second part of the report reviews the agreements approved in previous years, which continued to remain in force during the financial year. For the most part, the new agreements relate to the creation of Sopra Banking Software, for which the Group implemented the pooling of resources in various areas. One agreement relates to Axway Software. The agreements approved previously that continue to be in force are of a similar nature: these include all the agreements implemented within the Group to share resources among companies that have senior executives in common.

Information on proposed resolutions

Pierre Pasquier

Before opening the Meeting to discussion, I would like to suggest that we ask Christophe Bastelica to provide some information pertaining to the resolutions on which you will be voting.

Christophe Bastelica

I would first like to recall that, for resolutions requiring the approval of the Ordinary General Meeting, the quorum to be obtained is one-fifth of shares to which voting rights are attached. In this case, resolutions are adopted by a simple majority.

The first and second resolutions relate to the approval of Sopra Group's individual company and consolidated financial statements for the year, the granting of final discharge to the members of the Board of Directors and the approval of non-deductible expenses.

The third resolution concerns the appropriation of earnings. The Board of Directors proposes to the General Meeting that the dividend per share be set at €1.70. The ex-dividend date is 19 June 2013 and this dividend is to be payable as of 24 June 2013. I believe all Sopra Group shareholders are familiar with recent changes to tax regimes affecting dividend payments. For shareholders whose tax residence is in France, except in the case of shares held in a PEA (*plan d'épargne en actions*, a French personal equity plan) or if an exemption has been granted, this dividend will give rise to two amounts deducted at source: the first is a 21% withholding tax, which has the status of a provisional payment to be adjusted when the taxpayer's income tax return for the following year is filed; the second corresponds to social charges of 15.5%.

The fourth, fifth and sixth resolutions concern the approval of regulated agreements, which are discussed in the Statutory Auditors' report.

The seventh resolution relates to the setting of directors' fees (€250,000 to be divided among the members of the Board of Directors), an amount remaining unchanged from the previous year.

The eighth resolution concerns the authorisation given to the Board of Directors to allow Sopra Group to purchase its own shares. This authorisation is requested of the General Meeting every year and enables a liquidity agreement to be put in place.

The use made of the previous year's authorisation is described on page 167 of the Registration Document.

The ninth, tenth and eleventh resolutions require the approval of the Extraordinary General Meeting. A quorum of one-quarter of shares to which voting rights are attached must be obtained for these resolutions, which are adopted by a two-thirds majority.

The ninth resolution concerns the delegation of authority to the Board of Directors in order to give Group employees and/or company officers the opportunity to participate in the share capital through the issue of warrants to subscribe for and/or acquire redeemable shares (BSAARs). The purpose of this resolution is to renew an authorisation that was given by the General Meeting the previous year as it is due to expire in December of this year, thus ensuring that the Board of Directors has the ability to take all actions permitted by law in this regard.

The tenth resolution is submitted in application of the French Commercial Code. It relates to a delegation of authority to the Board of Directors to carry out a capital increase reserved for employees of the Company or any other affiliated undertakings who are members of a company savings plan, without pre-emptive subscription rights. The Board of Directors recommends that shareholders vote in favour of this resolution.

Finally, the eleventh resolution concerns powers granted to carry out all legal formalities.

Pierre Pasquier

We will now open up the floor for discussion.

Discussion

From the floor

Good afternoon, Mr Chairman. I would like to ask the same question as was asked last week at the Axway Shareholders' Meeting, about the 22% increase in Statutory Auditors' fees.

Pierre Pasquier

I do not remember that question regarding Axway. The increase in Statutory Auditors' fees must be related to the amount of work that they had to perform during the year. Perhaps Mr Lefebvre has some further explanation to add.

François Lefebvre, Chief Financial Officer, Sopra Group

The Group is growing strongly due to its acquisitions in various countries. Fees are also related to the acquisition work we have done, given the three complex transactions we completed outside France (Business & Decision and Tieto Solutions in the United Kingdom and Callataÿ & Wouters in Belgium). These fees account for most of the change in this item from 2011 to 2012.

From the floor

I have another question, which is more of an aside. Why isn't the number of employees listed on slide 22 (14,310 people) the same as the figure on page 62 of the Registration Document (14,303 people)?

Pierre Pasquier

It would appear that seven people "disappeared" while we were producing the financial statements.

From the floor

There is also a discrepancy between these two documents for the year 2008: slide 22 shows 10,795 people while the table in the Registration Document (page 62) lists 10,798 people.

Pierre Pasquier

We take the figures regarding our workforce very seriously but while producing the document, at some point someone may have forgotten to refer to the most recent data available. I hope you will forgive us for this difference of 5 people for 2012 and 3 people for 2008.

From the floor, individual shareholder

Will the Sopra Banking Software subsidiary be spun off like Axway or will it stay within the Group?

Pierre Pasquier

There are no plans to do so.

From the floor

Will there be any?

Pierre Pasquier

As we indicated when we created this entity, its activity is much closer to that of Sopra Group. Axway had to leave Sopra Group in order to pursue its activity throughout the world, particularly in the United States. The same is not true for Sopra Banking Software so there are no plans in this regard.

From the floor

When we refer to the table of financial results over the past five financial years, we see that earnings per share changed significantly in 2012 (€2.92 compared to €14.57 in 2011), which is no doubt due to the sale of Axway. Do you have an idea of what the earnings per share would be if this exceptional item were excluded?

Pierre Pasquier

The figures for the 2011 financial year would need to be restated, since the 2012 financial year was not affected by any specific exceptional events. In 2011, we recorded a considerable exceptional gain due to the share distribution. I do not know the exact figure that you have asked for. You may have noticed, though, that the first level of profit (EBIT) was slightly higher in 2012 than it was in 2011. It seems to me that 2011 profit is of the same order of magnitude. The first line is most probably slightly higher in 2012. The amount of €14 per share resulted from the distribution of Axway shares.

From the floor

Do you have other divestment plans that might generate an exceptional gain?

Pierre Pasquier

That was more or less the thrust of the previous question. We have no plans regarding that. We do not exclude the possibility of formulating plans regarding this issue in the future, but for the moment we do not have any.

Derric Marcon, Société Générale

Could you come back to the restructuring costs that you will have to incur to achieve the €25 million in savings that you announced, and how they will be apportioned between the first and second half of the year? Among the measures that will generate this €25 million saving, which ones are already underway and to all intents and purposes have been achieved for the rest of the year?

Finally, what proportion of HR Access' revenue (€70 million in total) was generated with IT partners who were already present prior to the acquisition?

Pierre Pasquier

We have disclosed the figure of €25 million for restructuring costs. We will give you a much more precise set of details when we present our first-half results. These figures include ordinary expenses that we consider exceptional and which will not exist next year. They also include the additional cost of restoring HR Access to working order. Taken together, this should allow us to return more or less to breakeven position next year.

Derric Marcon, Société Générale

I thought that the €25 million referred to savings, rather than restructuring costs.

Pierre Pasquier

It is the amount that will not recur next year.

Derric Marcon, Société Générale

Should we take that to mean that saving €25 million will cost you €25 million in exceptional expenses?

Pierre Pasquier

No. It refers to a set of operating expenses that we will no longer have to bear in 2014 and exceptional expenses that will not be incurred next year either. We will no doubt be able to provide a bit more detail on these figures in July but we will not say much more about this.

Derric Marcon, Société Générale

My second question has to do with the measures that you have already implemented since 1 April. Which ones are you already sure will yield savings in the second half of the year?

Pierre Pasquier

We are sure that all of them will, but I'm not going to give you more details. We want to use this €25 million to return to a normal operating expenses level in 2014.

Derric Marcon, Société Générale

My question was about the percentage of HR Access' revenue generated by partners.

Pascal Leroy

HR Access has two businesses. The first is outsourcing, which it carries out without partners. HR Access carries out work on its own products itself.

The second business involves the sale of licences, maintenance and services, which are billed directly. The situation is completely different from one country to the next. As an estimate, 50% of service revenue is generated with partners.

Pierre Pasquier

They are the ones that request our services.

Pascal Leroy

Exactly. As I mentioned when we were talking about our business model, we would very much like to increase our involvement in this activity. The changes affecting this business mean that that's the way we have to go.

From the floor

I have noticed that the amount of directors' fees has not changed since last year. There was however a very substantial increase in this amount from 2011 to 2012. In 2012, was this increase completely paid out (bearing in mind that the payment of directors' fees is conditional upon the attendance rate at Board meetings)? I would also like to know what could have justified such an increase. I see that directors' fees paid to the director who received the largest amount went from €20,000 to €38,543. Is there any particular reason for this change?

Pierre Pasquier

When it was renewed, the Board of Directors expanded its membership. Today it is made up of more members than before. As usual, we created an audit committee, a compensation committee and a nomination, ethics and governance committee. The Board of Directors has more meetings than it did in the past. The work involved in directing an audit committee, in particular, takes up a considerable amount of time. We have taken all these factors into consideration and this work is remunerated, which has led to a significant increase in directors' fees for certain Board members. This seems completely reasonable and justified to me. Verifying the financial statements, when a group like ours is acquiring three companies, generates quite a lot of work, and the amount of directors' fees had been unchanged for several years so it was not unreasonable to review this amount last year.

Christophe Bastelica is whispering to me that the distribution of directors' fees is determined according to attendance at Board meetings. If a director does not come to one or several meetings, he or she will not receive the related directors' fees.

Dov Levy, CM-CIC Securities

Can you tell us some more about the pricing pressure that you are seeing in France and abroad?

Can you also specify how you expect the workforce to change in 2013? Are you still hiring at the same pace as in the first quarter or do you plan to accelerate recruitment, considering the major projects that you signed last year?

Pierre Pasquier

As Pascal Leroy mentioned, the market is very competitive and pricing pressure is at least as strong as it has been of late. When we sign off on major projects, we are also seeing a shift away from the form this pricing pressure used to take. When you sign off, as we did last year, on projects that need to be carried out over five to seven years, the pre-sale and project entry cost is burdensome. If you do not make this effort, you will not lose money the year you start the project but you will lose money over the following years. At the end of the day, it's another form of commercial battle, in which we adapt to the situation with the means we have at our disposal. The baseline pressure is constant. There are not many of us who can win this battle for major projects. To do so, we have to invest.

Incidentally, investment is my key takeaway from 2012. You cannot simply buy four companies and bring them together in the banking sector, or HR Access, without investing. You don't win major projects without investing. This will probably have some impact on this year's margins. The HR Access acquisition is an investment. We are certain that this transaction was logical and dovetails nicely into our strategy. We had to do it and we are very clear-minded about it. We will conduct our operations as vigorously as possible but the market we are working in is not an easy one.

Dov Levy, CM-CIC Securities

Has there been a gradual change in the business model, as a result of integrating HR Access and increasing the number of major projects?

Pierre Pasquier

Sopra Group is doing well in France. There are not so many firms here who do what we do. There are three or four big companies, and these have not changed. We are one of them. We have been gradually winning business to carry out major projects that we didn't have three years ago.

We have made a name for ourselves in software and solutions. We are capitalising on this tradition, since not everyone has our product know-how. This tradition led us to carry out all the acquisitions that we have recently completed. We remain attentive to opportunities, even if it is of course necessary to absorb these operations. We consider that the investments we have made – in new major projects, in what we believe to be high-growth sectors and through these acquisitions – will help us prepare for the future in a rational way. They should ensure excellent results later on. If we had not invested, we would have created difficulties for ourselves. We hear constant talk of intense pricing pressure affecting more general-purpose businesses. We must therefore move beyond "general purpose".

Dov Levy, CM-CIC Securities

What about changes to the number of employees?

Pascal Leroy

We are still recruiting and our recruitment volume is about the same as it was last year.

Pierre Pasquier

Staff turnover has gone down.

Pascal Leroy

The market is less favourable, which helps to reduce turnover.

Grégory Ramirez, Bryan Garnier & Co

I would also like to raise a question about margins. It looks like changes to the business model are leading to additional costs in 2013, which was already the case in 2012, within a context of persistent pricing pressure. What factors could keep you from reaching your margin objectives in 2015?

Pierre Pasquier

The prevailing economic environment could keep us from reaching our goals. If there is another major banking crisis, we will obviously not be able to reach these objectives. The rest is just a question of execution. Since we achieve between 25% and 30% of our revenue from software publishing (licences, maintenance and service), I believe that, given Sopra Group's history and the acquisitions we have completed, we are in a strong position to achieve significant margins in this business, just like Axway. In the best-case scenario, we can get up to quite a high level. We believe that a 15% margin is attainable. We know that in France, even if there are investments to be made, we can achieve healthy margins. We can improve in other countries as well, step by step. When we make this kind of model work, we can reasonably expect to achieve a 10% margin. There will be organic growth. There may be new acquisitions. We haven't plucked this figure out of thin air. We have achieved a 10% margin twice already, in 2007 and 2008, the latter of which was not an easy year. We did it when our product offering was much lighter than it is today, since we had not yet acquired Axway. We have the potential to do it again. Obviously if you do not set an objective for yourself, you will not reach it.

Grégory Ramirez, Bryan Garnier & Co

Does this mean that you do not have much flexibility in terms of improving margins in the "pure" IT services businesses, as far as Sopra Group is concerned?

Pierre Pasquier

There is plenty of flexibility in "pure" IT.

From the floor

I see that most of your subsidiaries are located in southern Europe, to a lesser extent in the United Kingdom and in Luxembourg. Has the crisis in southern Europe had an impact on your revenue, and what changes do you expect in 2013?

Pierre Pasquier

We are present in Spain, Italy, the United Kingdom, Benelux and Switzerland. We are now also present in Germany. We are not only present in southern Europe. Through Sopra Banking Software, HR Access and our products, we have a much broader geographic footprint. As for Spain and Italy, I will let you respond, Pascal.

Pascal Leroy

Our performance does not reflect the market. The market in Italy and Spain is highly deflationary. In Spain, the figures generally point to annual deflation of between 5% and 10%. As you have seen, in 2012 our business grew in Spain. This year, our activity in that country should be stable. In Italy, we continue to experience strong growth. We are therefore not representative.

Also, when we build our business model, we do not simply put together pieces that have no relation to one another – we look for synergies between our businesses and between our countries (France, Spain, the United Kingdom, etc.) to achieve a coherent whole. When we talk about the financial services market, we try to look at it from all angles, so that this whole group can work coherently and effectively. This also helps boost our growth in these countries, especially Spain. So even though it remains difficult, we are confident about the overall market situation. We do not expect an improvement in the intrinsic situation of these markets over the next few years. We will deal with a difficult market.

Pierre Pasquier

If there are no further questions, I suggest we move on to the vote on resolutions.

Vote on resolutions

Pierre Pasquier

I will now hand over to Christophe Bastelica, who will explain how we are going to proceed.

Christophe Bastelica

Let me just say a word on how to use the voting device that you were given when you arrived. To vote, all you need to do is press 1 to vote "for", 2 to vote "against" or 3 to abstain. You have 10 seconds to make your selection (and to modify it, if you wish, before the time is up), for each resolution.

Resolution plans are described in the folder that you received (starting on page 39 of the booklet and page 178 of the Registration Document). If there are no objections, I will not read the text of the resolutions. I will only read the title, which will help the vote proceed more smoothly. Please do not leave the room before the Chairman has adjourned the meeting, since this makes it much more complicated to count the votes.

The quorum has been amply satisfied, with 10,251,041 votes represented in this room, while the quorum required for the Extraordinary General Meeting is 2,970,840 votes.

I suggest we move on to the vote.

Pierre Pasquier

We have covered all the items on the agenda so I hereby adjourn the meeting. I invite you all to join me for a cocktail. Thank you.