

## Sopra Steria First-half 2015: In advance on initial integration plan and promising results

- Organic revenue growth: 2.0%
- Operating margin on business activity: 6.1%
- Substantial increase in operating margin on business activity in France
- Major portion of integration complete
- Operating margin objective for 2015 revised upward

Paris, 6 August 2015 – At its meeting on 4 August 2015 chaired by Pierre Pasquier, Sopra Steria Group's Board of Directors approved the financial statements for the first half of 2015, on which the Statutory Auditors conducted a limited review.

### Sopra Steria: 2015 Half-year results

		H1 2015	H1 2014 Pro Forma	H1 2014 Reported
<b>Key income statement items</b>				
Revenue	€m	1,768.1	1,661.5	722.3
	Growth*	+ 6.4%		
	Organic growth**	+ 2.0%		
Operating profit on business activity***	€m / %	107.4 6.1%	104.3 6.3%	52.2 7.2%
Profit from recurring operations	€m / %	97.5 5.5%	94.1 5.7%	48.4 6.7%
Operating profit	€m / %	66.1 3.7%	69.7 4.2%	40.6 5.6%
Net profit - Group share	€m / %	26.9 1.5%	33.0 2.0%	22.2 3.1%
Weighted average number of shares in issue excl. treasury shares	m	19.7	19.7	11.9
Basic earnings per share	€	1.36	2.00	1.86
<b>Key balance sheet items</b>				
		30/06/2015	31/12/2014	
Net financial debt	€m	618.1	442.4	
Equity (Group share)	€m	1,081.9	1,057.1	

\* Base of comparison adjusted pro forma for the Sopra Steria merger

\*\* At 2015 scope and exchange rates

\*\*\* Operating profit on business activity corresponds to profit from recurring operations after stock options and the amortisation of allocated intangibles

## Comments on business activity and operating performance for the first half of 2015

Growth for the first half of 2015 was satisfactory, particularly when examined within the context of the advanced stages of a demanding integration process.

Sopra Steria's revenue for the first half of 2015 was €1,768.1 million, up 6.4% from the first half of 2014 pro forma and representing organic growth of 2.0%.

Operating profit on business activity came to €107.4 million for the half-year period, yielding a margin of 6.1% (pro forma 2014: 6.3%), including €20 million in operational cost synergies related to the merger.

In **France**, where the market has shown signs of improvement, the Group achieved revenue of €666.2 million for organic growth of 1.8%, but with different trends depending on the business line.

- The Consulting & Systems Integration entity posted revenue of €562.8 million over the half-year period, representing organic growth of 3.1%. Business was marked by accelerated sales growth in the second quarter (4.3% versus 2.1% in the first quarter of 2015), buoyed by several large deals requiring an increasingly comprehensive project spectrum. This trend contributed to a substantial drop in consultant downtime in comparison to the end of 2014. Consequently, the operating margin on business activity improved significantly to reach 9.6%, up 3.4 points from the previous financial year (6.2%), a faster increase than initially planned.
- The I2S entity (Infrastructure & Security Services) posted negative organic growth of 4.6%, with revenue of €103.4 million. In Infrastructure Management, which accounts for 90% of the entity's revenue and is an important part of the Group's strategy for a comprehensive offering, the repositioning work continued with a focus on increasing selectivity to capture higher value-added contracts. Cybersecurity, an offering based on the cutting edge of current technology, was driven by some promising new deals and a full project pipeline. In general, the cost optimisation and restructuring initiatives taken in I2S helped improve its operating profit on business activity for the first half of 2015, containing the loss to €0.5 million for the period as opposed to a loss of €1.4 million in the first half of 2014.

In the **United Kingdom**, Sopra Steria achieved revenue of €518.3 million for the first half of 2015, an organic decrease of 1.0%. A particularly high base of comparison from the second quarter of 2014 and the disruption caused by the country's general elections in May are to be taken into account. Nevertheless, the substantial development prospects of shared service platforms for back-office administrative functions offer significant short- and medium-term sales opportunities. Sopra Steria has also reaffirmed its ambition to further develop business in the private sector, particularly in financial services, where major synergies can be developed with Sopra Banking Software. The operating margin on business activity was 6.4% for the first half of 2015, compared with 9.4% for the first half of 2014 pro forma. Given the market opportunities and initiatives taken to optimise costs, reaching an operating margin above 8.0% by 2017 is realistic.

For **Other Europe**, revenue totalled €346.3 million in the first half of 2015, representing organic growth of 4.3%. Performance varied by country. In Germany, following a challenging year in 2014, the pipeline improved and business stabilised. Another operating loss was recorded in the first half of 2015, but Germany should see a clear improvement in its operating profit on business activity for the second half of 2015. Spain and Scandinavia posted strong organic growth while business in the BeLux (Belgium and Luxembourg) zone – which was still affected over the half-year period by the end of the Schengen project – showed improved sales momentum, illustrated in particular by a major success with the European Patent Office.

**Sopra Banking Software** had a good first half of the year, with revenue of €138.3 million, representing organic growth of 7.5%. Business was strong in Europe and especially in France thanks to the "Platform" product, as well as in the Middle East & Africa, where "Amplitude" products proved highly successful. The operating margin on business activity was 7.2% (6.7% in first-half 2014). Investments in research and development continued at a brisk pace.



Organic revenue growth in **Other Solutions** was 3.2% for the first half of the year. Property management solutions continued to show good momentum in line with past performance, as did Sopra HR Software, working against a high base of comparison from its revenue in the second quarter of 2014. The operating margin on business activity for the Other Solutions division came to 8.8%, versus 12.0% for the first half of 2014 (which included the impact of ONP licences for human resources solutions).

### Comments on net profit for the first half of 2015

Profit from recurring operations came to €97.5 million after stock options and equivalent expenses as well as the amortisation of allocated intangibles.

Operating profit was €66.1 million after a net expense of €31.4 million for other operating income and expenses, which included €30.4 million in reorganisation and restructuring expenses.

The tax expense was €25.2 million, versus €14.4 million in the pro forma financial statements for the first half of 2014, primarily due to the non-capitalisation of loss carryforwards in Germany.

The net profit attributable to the Group was €26.9 million after deducting €2.4 million in respect of minority interests.

### Financial position

At 30 June 2015, the financial position of Sopra Steria Group was robust in terms of both financial ratios and liquidity.

At the end of the first half of the year, which is traditionally a period of net cash outflows, net financial debt was €618.1 million (€442.4 million at 31 December 2014), equal to 2.1x EBITDA (the bank covenant stipulates a maximum of 3x).

On the basis of the bank facilities renegotiated on July 31 2014, the Group has €1.6 billion in financing, of which €1 billion was available at 30 June 2015.

### Workforce

At 30 June 2015, the Group's total workforce comprised 37,126 people (37,358 people as of 31 December 2014), with 17.4% assigned to X-Shore zones.

### Targets for 2015

Based on the advance on the initial integration plan in Consulting & Systems Integration in France, the Group's objectives for the 2015 financial year are now organic revenue growth of around 2.0% and an operating margin on business activity of approximately 6.5%.

## Presentation meeting

The results for the first half of 2015 will be presented to analysts and investors in French on 6 August 2015 at 9:00 a.m. CET, at the Shangri-La Hotel.

The presentation may be attended remotely via a bilingual webcast in French and English:

- Register for the French-language webcast: <http://edge.media-server.com/m/p/gv3isreg>
- Register for the English-language webcast: <http://edge.media-server.com/m/p/gv3isreg/lan/en>

Or by phone:

- French-language phone number: +33 (0)1 70 77 09 22
- English-language phone number: +44 (0)203 367 9454

Practical information on the presentation and webcast can be found in the "Investors" section of the Group's website: <http://www.soprasteria.com>

## Financial calendar

Wednesday, 4 November 2015 (before market): Publication of Q3 2015 revenue

## About Sopra Steria

Sopra Steria, a European leader in digital transformation, has one of the most extensive portfolios of offerings available on the market, spanning consulting, systems integration, development of industry-specific solutions, infrastructure management and business process services. It provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value with innovative high-performance services, Sopra Steria excels in guiding its clients through their transformation projects to help them make the most of digital technology. With 37,000 employees in over 20 countries, Sopra Steria Group had pro forma revenue of €3.4 billion in 2014.

Sopra Steria Group (SOP) is listed on NYSE Euronext Paris (Compartment A) – ISIN: FR0000050809

For more information, visit us at [www.soprasteria.com](http://www.soprasteria.com)

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**Sopra Steria: Impact on revenue of changes in scope and exchange rates - H1 2015**

€m	H1 2015	H1 2014	Growth
Revenue	1768.1	722.3	+ 144.8%
Change in scope related to the Sopra Steria merger		939.2	
<b>Revenue adjusted pro forma for the Sopra Steria merger</b>	<b>1768.1</b>	<b>1661.5</b>	<b>+ 6.4%</b>
Other changes in scope		16.1	
Change in exchange rates		56.4	
<b>Revenue at constant scope and exchange rates</b>	<b>1768.1</b>	<b>1734.0</b>	<b>+ 2.0%</b>

**Sopra Steria: Revenue by reporting entity (€m / %) - H1 2015**

	H1 2015	H1 2014 Restated*	H1 2014 Reported	Organic growth	Total growth
France	666.2	654.1	393.3	+ 1.8%	+ 69.4%
United Kingdom	518.3	523.4	43.6	- 1.0%	NS
Other Europe	346.3	331.9	86.3	+ 4.3%	+ 301.3%
Sopra Banking Software	138.3	128.7	120.7	+ 7.5%	+ 14.6%
Other Solutions	99.0	95.9	78.4	+ 3.2%	+ 26.3%
<b>Sopra Steria Group</b>	<b>1,768.1</b>	<b>1,734.0</b>	<b>722.3</b>	<b>+ 2.0%</b>	<b>+ 144.8%</b>

\* Revenue at 2015 scope and exchange rates

**Sopra Steria: Revenue by reporting entity (€m / %) - Q2 2015**

	Q2 2015	Q2 2014 Restated*	Q2 2014 Reported	Organic growth	Total growth
France	332.9	324.3	195.5	+ 2.7%	+ 70.3%
United Kingdom	266.7	275.6	21.3	- 3.2%	NS
Other Europe	176.4	166.3	44.8	+ 6.1%	+ 293.8%
Sopra Banking Software	69.3	64.6	60.0	+ 7.3%	+ 15.5%
Other Solutions	50.8	51.3	42.3	- 1.0%	+ 20.1%
<b>Sopra Steria Group</b>	<b>896.1</b>	<b>882.0</b>	<b>363.9</b>	<b>+ 1.6%</b>	<b>+ 146.2%</b>

\* Revenue at 2015 scope and exchange rates

**Sopra Steria: Performance by reporting entity - H1 2015**

	H1 2015		H1 2014 Pro Forma	
	€m	%	€m	%
<b>France</b>				
Revenue	666.2		653.6	
Operating profit on business activity	53.3	8.0%	32.6	5.0%
Profit from recurring operations	53.0	8.0%	31.4	4.8%
Operating profit	32.3	4.8%	17.9	2.7%
<b>of which C&amp;SI</b>				
Revenue	562.8		545.2	
Operating profit on business activity	53.8	9.6%	34.0	6.2%
Profit from recurring operations	53.5	9.5%	32.8	6.0%
Operating profit	38.4	6.8%	22.2	4.1%
<b>of which I2S</b>				
Revenue	103.4		108.4	
Operating profit on business activity	-0.5	-0.5%	-1.4	-1.3%
Profit from recurring operations	-0.5	-0.5%	-1.4	-1.3%
Operating profit	-6.1	-5.9%	-4.4	-4.1%
<b>United Kingdom</b>				
Revenue	518.3		468.2	
Operating profit on business activity	33.3	6.4%	44.2	9.4%
Profit from recurring operations	26.9	5.2%	38.5	8.2%
Operating profit	25.2	4.9%	38.5	8.2%
<b>Other Europe</b>				
Revenue	346.3		334.0	
Operating profit on business activity	2.2	0.6%	9.6	2.9%
Profit from recurring operations	1.7	0.5%	8.8	2.6%
Operating profit	-4.9	-1.4%	3.1	0.9%
<b>Sopra Banking Software</b>				
Revenue	138.3		127.2	
Operating profit on business activity	9.9	7.2%	8.5	6.7%
Profit from recurring operations	7.2	5.2%	6.0	4.7%
Operating profit	7.2	5.2%	5.9	4.6%
<b>Other Solutions</b>				
Revenue	99.0		78.4	
Operating profit on business activity	8.7	8.8%	9.4	12.0%
Profit from recurring operations	8.7	8.8%	9.4	12.0%
Operating profit	6.4	6.5%	9.0	11.5%



**Sopra Steria: Consolidated income statement - H1 2015**

	H1 2015		H1 2014 Pro Forma		H1 2014 Reported	
	€m	%	€m	%	€m	%
<b>Revenue</b>	<b>1,768.1</b>		<b>1,661.5</b>		<b>722.3</b>	
Staff costs	-1,084.4		-1,040.8		-498.8	
Operating expenses	-554.0		-486.9		-161.0	
Depreciation, amortisation and provisions	-22.3		-29.5		-10.3	
<b>Operating profit on business activity</b>	<b>107.4</b>	<b>6.1%</b>	<b>104.3</b>	<b>6.3%</b>	<b>52.2</b>	<b>7.2%</b>
Expenses related to stock options and related items	-0.4		-1.6		-1.4	
Amortisation of allocated intangible assets	-9.5		-8.6		-2.4	
<b>Profit from recurring operations</b>	<b>97.5</b>	<b>5.5%</b>	<b>94.1</b>	<b>5.7%</b>	<b>48.4</b>	<b>6.7%</b>
Other operating income and expenses	-31.4		-24.4		-7.8	
<b>Operating profit</b>	<b>66.1</b>	<b>3.7%</b>	<b>69.7</b>	<b>4.2%</b>	<b>40.6</b>	<b>5.6%</b>
Cost of net financial debt	-4.1		-6.3		-3.2	
Other financial income and expenses	-7.7		-10.2		-1.4	
Income tax expense	-25.2		-14.3		-14.3	
Share of net profit from equity-accounted companies	0.2		0.6		0.5	
<b>Net profit</b>	<b>29.3</b>	<b>1.7%</b>	<b>39.5</b>	<b>2.4%</b>	<b>22.2</b>	<b>3.1%</b>
Group share	<b>26.9</b>		<b>33.0</b>		<b>22.2</b>	
Minority interests	<b>2.4</b>		<b>6.5</b>		-	

**Sopra Steria: Simplified balance sheet (€m) - 30/06/2015**

	30/06/2015	31/12/2014	31/12/2014 Adjusted*
Goodwill	1,546.8	1,449.3	1,475.2
Allocated intangible assets	176.7	174.6	174.6
Other fixed assets	235.6	230.0	230.0
Equity-accounted investments	148.6	146.8	146.8
<b>Fixed assets</b>	<b>2,107.7</b>	<b>2,000.7</b>	<b>2,026.6</b>
Net deferred tax	146.5	146.6	146.6
Trade accounts receivable (net)	1,088.2	942.3	931.6
Other assets and liabilities	-1,058.7	-1,044.3	-1,047.7
<b>Working capital requirement</b>	<b>29.5</b>	<b>-102.0</b>	<b>-116.1</b>
<b>Assets + WCR</b>	<b>2,283.7</b>	<b>2,045.3</b>	<b>2,057.1</b>
Equity	1,117.3	1,088.4	1,086.8
Provisions for post-employment benefits	441.4	428.6	428.6
Provisions for contingencies and losses	106.9	85.9	99.3
Net financial debt	618.1	442.4	442.4
<b>Capital invested</b>	<b>2,283.7</b>	<b>2,045.3</b>	<b>2,057.1</b>

\* Application of IFRS 3 related to business combination



Sopra Steria: Changes in net financial debt - H1 2015

(€m)	H1 2015	H1 2014 Pro Forma
<b>Net debt at beginning of period (A)</b>	<b>442.4</b>	<b>348.7</b>
Cash flow from operations before cost of net financial debt and tax	102.2	100.1
Tax paid	-6.1	-21.8
Change in operating working capital requirement	-226.0	-117.0
<b>Net cash from/used in operations</b>	<b>-129.9</b>	<b>-38.7</b>
Change relating to investing activities	-17.7	-24.9
Net financial interest paid	-5.3	-5.1
<b>Free cash flow</b>	<b>-152.9</b>	<b>-68.7</b>
Changes in scope	-	-23.6
Financial investments	3.4	-
Dividends received from equity-accounted companies	-	2.1
Additional contributions related to defined-benefit pension plans	-10.4	-8.5
Transactions in treasury shares	-22.6	-
Other changes	0.3	-0.9
<b>Total net change for the period (B)</b>	<b>-182.2</b>	<b>-99.6</b>
Changes in exchange rates (C)	6.5	-0.8
<b>Net debt at period-end (A-B-C)</b>	<b>618.1</b>	<b>449.1</b>