

2014 pro forma revenue: €3,370.1m

Pro forma net profit – Group share: €92.8m

Paris, 19 March 2015 – At its meeting on 17 March 2015 chaired by Pierre Pasquier, Sopra Steria Group's Board of Directors approved the consolidated financial statements¹ for the financial year ended 31 December 2014.

Sopra Steria: Full-year results

		2014 Pro forma (12m+12m)		2014 Consolidated - IFRS (12m+5m)		2013 Reported Sopra	
Key income statement items							
Revenue	€m	3,370.1		2,280.4		1,349.0	
Operating profit on business activity	€m / %	231.2	6.9%	193.0	8.5%	108.9	8.1%
Profit from recurring operations	€m / %	210.9	6.3%	180.3	7.9%	101.1	7.5%
Operating profit	€m / %	156.8	4.7%	148.2	6.5%	103.9	7.7%
Net profit - Group share	€m / %	92.8	2.8%	98.2	4.3%	71.4	5.3%
Key balance sheet items							
Net debt			€m	442.4		154.6	
Equity (Group share)			€m	1057.1		357.9	

Pro forma revenue² for the new combined group was €3,370.1m in financial year 2014. At constant exchange rates and scopes, organic growth was 4.7% for the Sopra scope and 6.0% for the Steria scope (see press release dated 27 February 2015).

Pro forma operating profit on business activity for financial year 2014 was €231.2m, a margin of 6.9% as measured against revenue.

The pro forma 2014 Group share of net profit was €92.8m, equal to 2.8% of revenue.

The following comments address separately both the former Sopra and Steria scopes.

¹ 2014 IFRS financial statements: 12 months Sopra + 5 months Steria. Audit procedures have been carried out on the consolidated financial statements. The Statutory Auditors report is being issued.

² Pro forma 2014 revenue per Sopra accounting policies and after restatement of intra-group items: 12 months Sopra + 12 months Steria.

Comments on business activity – Sopra scope

Sopra (stand-alone): Full-year results

€m / %	2014		2013 Reported	
Income statement				
Revenue	1,482.0		1,349.0	
Operating profit on business activity	127.8	8.6%	108.9	8.1%
Profit from recurring operations	120.7	8.1%	101.1	7.5%
Operating profit	109.4	7.4%	103.9	7.7%
Net profit - Group share	77.6	5.2%	71.4	5.3%
Balance sheet				
Net debt, adjusted ^(*)	114.3		124.8	

(*) After reclassifying the employee profit-sharing liability

With revenue of €1,482.0m representing organic growth of 4.7%, business in the Sopra scope was robust in 2014, in line with the targets announced for the year. Total revenue growth was 9.9% and the operating margin on business activity was 8.6% (8.1% in 2013), amounting to operating profit on business activity of €127.8m for the financial year.

- In France, Sopra again outperformed its market, posting an operating profit on business activity of €66.6m, representing a margin of 8.5% and a 60 basis point increase over the prior financial year. In a tough market where the Group is generating growth by gradually building up its presence with key accounts, performance was boosted by the business lines dedicated to Financial Services, Energy and Transport, all of which showed particular buoyancy.
- In Europe, operating profit on business activity was €7.2m, corresponding to a margin of 2.7% of revenue, compared with 5.1% in 2013. Operational challenges in Germany and the lack of growth in the United Kingdom and Italy dampened performance. The Spanish, Swiss and Belgian subsidiaries, for their part, delivered improved profitability.
- Sopra Banking Software achieved an operating margin on business activity of 12.4% in 2014, i.e. operating profit on business activity of €32.0m. Over the financial year the subsidiary continued its investments in its products and sales development. The partnership with La Banque Postale and year-end license signings enabled it to deliver an excellent second half featuring an operating profit on business activity equal to 17.9% of revenue, up from the first-half figure of 6.1%.
- Other Solutions posted operating profit of €22.0m, equal to 12.6% of revenue. Sopra HR Software, which benefited in June from the acquisition of HR Access Service, achieved profitability of 11.8%. The range of products designed for various segments of the property management market delivered an operating margin of 15.0% for the financial year.

Profit from recurring operations, after stock options and equivalent expenses as well as the amortisation of allocated intangibles, was €120.7m, equal to 8.1% of revenue. Operating profit was €109.4 million after (-)€11.3m in other operating income and expenses. Those mainly comprised (-)€9.0m in restructuring expenses, (-)€11.5m in exceptional expenses related to the tie-up and integration with Steria and a provision reversal of €17.4m on the Axway Software shares held.

After deducting the cost of net debt, other financial income and expenses and the tax charge, net profit for the Sopra scope was €77.6m (5.2% of revenue), of which €5.9m originated from the company's shareholding in Axway Software (NYSE: AXW).



Net debt at 31 December 2014, after the acquisitions of HR Access Service and COR&FJA, was €114.3m, versus €124.8m at year-end 2013 (after reclassification of the profit-sharing liability as an employee-related liability).

Comments on business activity – Steria scope

Steria (stand-alone): Full-year results

€m / %	2014		2013 Reported	
Income statement				
Revenue	1,887.0		1,754.9	
Operating profit on business activity	99.4	5.3%	110.4	6.3%
Profit from recurring operations	92.2	4.9%	101.4	5.8%
Operating profit	49.5	2.6%	53.8	3.1%
Net profit - Group share	-7.3	-0.4%	8.9	0.5%
Balance sheet				
Net debt	312.1		224.0	

For the Steria scope, 2014 revenue totalled €1,887.0m, representing total growth of 7.5%. At constant exchange rates and scope, revenue growth was 6.0%. Operating profit on business activity was €99.4m, equalling a margin of 5.3%, as compared to 6.3% for financial year 2013.

The operating profit on business activity by region given below is presented after central costs³.

- In the United Kingdom, operating profit on business activity was up strongly at €84.8m (€62.9m in 2013) thanks to a significant increase in business volumes in Business Process Services and a level of profitability in this segment that handily beat its historical average. In total, the operating margin on business activity was 9.9%, compared to 9.1% in 2013.
- In France, the operating margin on business activity for 2014 was 1.5%, versus 3.6% for the prior financial year. The consulting and systems integration business, notably impacted by the decision of the French State to stop the “Ecotaxe” programme, experienced a decrease in revenue after the boost received in 2013 from the final stages of building that system. On the other hand, IT infrastructure management, whose revenue for the financial year was stable, posted a minor operating loss, which was an improvement over the prior financial year.
- In Germany, revenue showed significant negative growth in 2014 (-11.2% in organic terms) attributable to the departure of consultants following the management reorganisation in 2013 and the change in the entity's historical business model. Against this backdrop, the region booked an operating loss on business activity of (-)€6.7m, compared with operating profit on business activity of €10.9m for financial year 2013.
- In Other Europe, the operating margin on business activity was 4.5% (5.3% in 2013), mainly on account of the decrease in profitability in Belgium, where the impact of the negative growth of the Schengen project was felt.

Profit from recurring operations, after stock options and equivalent expenses and the amortisation of allocated intangible assets, was €92.2m, as compared to €101.4m in 2013.

After other operating income and expenses, including restructuring expenses of €35.1m and exceptional costs related to the tie-up with Sopra of €7.2m, operating profit was €49.5m (€53.8m in 2013).

³ In order to be aligned with the presentation used by Sopra



The net financial expense for the financial year was (-)€24.1m versus the (-)€25.8 reported in 2013.

The tax charge of €22.5m, an increase over 2013 (€15.5m), can be explained by the non-recognition of deferred tax assets on profit in France (a €21.6m impact on 2014 tax charge versus a €10m impact on the 2013 tax charge).

After the €10.2m attributable to minority interests (€3.9m in 2013), the net profit/loss attributable to the Group for financial year 2014 was (-)€7.3 (€8.9 in 2013).

Net financial debt at 31 December 2014 was €312.1m, versus €224.0m at 31 December 2013. The 2013 amount excluded €49.6 in receivables from a deconsolidation programme of non-recourse based securitization terminated at financial year-end 2014.

At 31 December 2014, the pension fund deficit net of tax was €255.6m (€226.2m at 31 December 2013).

Financial position of Sopra Steria Group

At 31 December 2014, the financial position of Sopra Steria Group was robust in terms of both financial ratios and liquidity.

Consolidated net financial debt was €442.4m, equal to 40.6% of equity and 1.6x EBITDA (bank covenant at a maximum of 3x).

Bank facilities were renegotiated in August 2014 for a period of 5 years (extendable to 7 years) and as of this date the Group has €1.5bn in financing of which €0.9bn was available at 31/12/2014.

Proposed dividend

Given the confidence of the Board of Directors that the Sopra Steria integration will proceed successfully, the Group will propose to the next Annual General Meeting of Shareholders the distribution of a dividend of €1.90 per share in respect of financial year 2014, an identical per share amount compared with the previous year.

Operating position and targets for 2015

With 36,000 employees in 20 countries and one of the most extensive portfolios of offerings on the market, the Group is particularly well positioned to meet its clients' needs as the pace of their digital transformation challenges accelerates. To this effect, responses from key customers following the public exchange offer were very positive and the sales opportunities are promising.

Thanks to the rapid completion, between 8 April 2014 (when the tie-up was announced) and 31 December 2014 (the effective merger date), of the various stock market-related, financial, social and legal stages of the tie-up, the Group was ready for operations as of 1 January 2015. The new organisation is operational and integration is proceeding as planned.

At end-February 2015, the French zone, which accounts for 40% of Group pro forma revenue and where the most important efforts of the integration process are concentrated, is showing a satisfactory level of business activity and its consultant downtime on a combined basis was significantly improved from fourth-quarter 2014.

Detailed analysis has confirmed the value of operating synergies at €62m/year starting in 2017 with a total execution cost of €65m.



In that context and given the particularly high 2014 basis of comparison in the United Kingdom and the solutions business, Sopra Steria's target for 2015 is an operating margin on business activity of around 6%. The revenue target is growth at constant exchange rates and scope.

2017 Ambition

The Group intends to remain true to the values that have underpinned Sopra's performance in the past by focusing on pursuing organic growth, generating free cash flow and distributing dividends.

Based on its operating position in early 2015 and its confidence in a successful integration as well as the value of synergies to be unlocked, the Group's targets for 2017 are revenue of between €3.8bn and €4.0bn and operating profit margin on business activity of between 8.0% and 9.0%.

Presentation meeting

The 2014 annual results will be presented to analysts and investors in French on 19 March 2015 at 10:00 a.m. CET, at the Hôtel Shangri-la.

This presentation may also be attended remotely via a bilingual webcast in French and English.

- Registration: <http://edge.media-server.com/m/p/khmebi7y/lan/en>
- Listen to the webcast: +44 207 107 1613

Practical information on the presentation and webcast can be found on the Group's website: www.soprasteria.com.

Financial calendar

Tuesday, 28 April 2015

- Publication of 1st quarter revenue – before market / www.soprasteria.com

Thursday, 11 June 2015

- Annual General Meeting of Shareholders – 2:30 p.m. / Hôtel Le Meurice

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, sales of industry-specific solutions and business process services. It also 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, innovative solutions and high-performance services, Sopra Steria excels in guiding its clients through their transformation projects, no matter how complex, and helping them make the most of digital technology.

With approximately 36,000 employees in over 20 countries, Sopra Steria Group had pro forma revenue of €3.4bn 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

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Sopra Steria: Performance by division^(*)

	2014 Pro forma (12m+12m)	
France		
Revenue (€m)	1,313.6	
Operating profit on business activity (€m / %)	79.5	6.1%
Profit from recurring operations (€m / %)	77.6	5.9%
Operating profit (€m / %)	40.9	3.1%

United Kingdom

Revenue (€m)	944.0	
Operating profit on business activity (€m / %)	89.3	9.5%
Profit from recurring operations (€m / %)	77.8	8.2%
Operating profit (€m / %)	76.3	8.1%

Other Europe

Revenue (€m)	667.0	
Operating profit on business activity (€m / %)	6.8	1.0%
Profit from recurring operations (€m / %)	5.2	0.8%
Operating profit (€m / %)	-7.1	-1.1%

Sopra Banking Software

Revenue (€m)	270.7	
Operating profit on business activity (€m / %)	33.7	12.4%
Profit from recurring operations (€m / %)	28.2	10.4%
Operating profit (€m / %)	27.1	10.0%

Other Solutions

Revenue (€m)	174.7	
Operating profit on business activity (€m / %)	22.0	12.6%
Profit from recurring operations (€m / %)	22.0	12.6%
Operating profit (€m / %)	19.4	11.1%

(*) After management fees and excluding several non allocated specific central elements

Sopra Steria: Consolidated income statement

	2014 Consolidated - IFRS (12m+5m)		2013 Reported Sopra	
	€m	%	€m	%
Revenue	2,280.4		1,349.0	
Staff costs	-1,437.6		-911.9	
External expenses and purchases	-605.6		-306.3	
Taxes and duties	-23.4		-17.6	
Depreciation, amortisation and provisions	-27.0		-21.3	
Other current operating income and expenses	6.3		17.0	
Operating profit on business activity	193.0	8.5%	108.9	8.1%
Expenses related to stock options and related items	-2.0		-3.0	
Amortisation of allocated intangible assets	-10.6		-4.8	
Profit from recurring operations	180.3	7.9%	101.1	7.5%
Other operating income and expenses	-32.1		2.8	
Operating profit	148.2	6.5%	103.9	7.7%
Cost of net financial debt	-7.4		-7.0	
Other financial income and expenses	-10.7		-1.4	
Income tax expense	-34.4		-32.5	
Share of net profit from equity-accounted companies	5.9		8.4	
Net profit	101.5	4.5%	71.4	5.3%
Group share	98.2		71.4	
Minority interests	3.3		-	

Sopra Steria: Simplified balance sheet (€m)

	2014 Consolidated - IFRS	2013 Reported Sopra
Goodwill	1,449.3	317.5
Allocated intangible assets	174.6	51.4
Other fixed assets	230.0	56.7
Equity-accounted investments	146.8	118.8
Fixed assets	2,000.7	544.4
Net deferred tax	146.6	23.5
Trade accounts receivable (net)	942.3	442.4
Other assets and liabilities	-1,044.3	-426.7
Working capital requirement	-102.0	15.7
Assets + WCR	2,045.3	583.6
Equity	1,088.4	357.9
Provisions for post-employment benefits	428.6	58.7
Provisions for contingencies and losses	85.9	12.4
Net financial debt	442.4	154.6
Capital invested	2,045.3	583.6



Sopra Steria: Statement of net debt

(€m)	2014 Pro forma (12m+12m)
Net debt at beginning of period (A)	348,7
Gross cash flow from operations before cost of net financial debt and tax	197,2
Tax paid	-52,8
Changes in working capital requirements	-109,0
Net cash flow from operations	35,4
Change relating to operating investments	-48,7
Net financial interest paid	-12,2
Free cash flow	-25,5
Changes in scope	-22,9
Financial investments	-7,0
Dividends paid	-25,9
Dividends received from equity-accounted companies	2,3
Capital increases in cash	1,4
Additional contributions related to defined-benefit pension plans	-18,7
Revaluation of the Euro PP bond	-13,0
Other changes	2,3
Net cash flow (B)	-107,0
Changes in exchange rates (C)	13,4
Net debt at period-end (A-B-C)	442,4

Sopra Steria: 2014 quarterly pro forma revenue

€m	Q1	Q2	Q3	Q4	2014
France	329.5	324.1	307.2	353.0	1,313.6
United Kingdom	225.3	243.0	236.8	238.9	944.0
Other Europe	166.5	167.7	153.0	180.1	667.1
Sopra Banking Software	64.1	63.1	56.4	87.1	270.7
Other Solutions	36.1	42.3	42.2	54.1	174.7
Total	821.5	840.2	795.6	913.2	3,370.1

Sopra Steria: Staff changes

	2014	2013
France	16,660	10,230
United Kingdom	6,220	930
Other Europe	7,380	3,590
X-Shore	6,050	1,540
Total	36,310	16,290
Staff at beginning of period	16,290	14,310
Integration of acquired companies	18,985	900
Net recruits	1,035	1,080
Total	36,310	16,290

