

Adjustment to 2018 earnings forecast

Paris, 19 October 2018 – Sopra Steria has adjusted its 2018 full-year earnings forecast. Data for the third quarter of 2018 are still provisional and will be published in detail, as planned, on 26 October 2018.

The Group is now aiming for organic revenue growth of at least 4.5% for full-year 2018, and no longer expects to reach the top of its initial target range: "between 3% and 5%". For the third quarter of 2018, organic growth should be around 3.7%. The operating margin on business activity for the financial year is expected to be around 7.5% (equating to operating profit on business activity slightly higher than €300m). The consensus among financial analysts' forecasts at 2 October 2018 was 8.5% (cf. "Investors" section of soprasteria.com). Consequently, the Group does not expect to see an improvement in its free cash flow with respect to 2017 (initial guidance: €170m compared to €110m in 2017).

The Sopra Banking Software business will be impacted by two main elements in 2018:

- A major commercial opportunity that did not materialise
- Delivery issues arising from commercial success achieved for more than a year now. These issues are in the process of being resolved.

As a result, the operating margin on business activity of Sopra Banking Software is expected at €42m below the previous forecast: around €27m regarding licences and €15m regarding project margin. Those two items also have an impact on the Q3 2018 revenue of Sopra Banking Software, bringing negative growth to around 20% compared to Q3 2017.

Sopra Steria confirms its confidence in Sopra Banking Software's strategy and its capacity to address transformation issues of the financial institutions through its digital platform offerings.

Sopra Steria will provide its post-2018 targets during its full-year results, which will be reported on 22 February 2019.

Sopra Steria is confident in its ability to bring its independent corporate plan to fruition. Its strategy remains focused on reinforcing its consulting and software activities – particularly for banking – and on investing where needed to drive internal transformation (standardising business models across its different geographic regions, deploying digital solutions and developing human resources).

Glossary

- **Restated revenue:** Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.
- **Organic revenue growth:** Increase in revenue between the period under review and restated revenue for the same prior-year period.
- **EBITDA:** This measure, as defined in the Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Operating profit on business activity:** This measure, as defined in the Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities, less investments (net of disposals) in property, plant & equipment, and intangible assets, less net interest paid and less additional contributions to address any deficits in defined-benefit pension plans.

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About Sopra Steria

Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of offerings on the market, spanning consulting, systems integration, 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 42,000 employees in more than 20 countries, Sopra Steria generated revenue of €3.8 billion in 2017.

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

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