

Press Release

Paris, 12 February 2009

Sopra Group – Excellent performance in 2008

■ Strong growth in revenue

- Total growth: +12.8%
- Organic growth: +10.5%

■ Current operating margin: 9.1%

- Excellent performance for SSI France (8.9%) and for Axway (11.8%)

		2008	2007	Change (%)
Key income statement items				
Revenue	M€	1,129.5	1,001.4	+ 12.8%
Profit from recurring operations	M€	102.3	90.8	+ 12.7%
<i>as % of revenue</i>	%	9.1%	9.1%	
Operating profit	M€	99.7	90.1	+ 10.7%
<i>as % of revenue</i>	%	8.8%	9.0%	
Net profit	M€	58.2	55.1	+ 5.6%
<i>as % of revenue</i>	%	5.2%	5.5%	
Data per share				
Basic net earnings per share ¹	€	4.98	4.80	+ 3.8%
Fully diluted net earnings per share	€	4.96	4.75	+4.4%
Financial ratios				
Free cash flow ²	M€	52.9	30.0	+76.3%
Net debt	M€	198.2	130.3	+52.1%
Equity	M€	268.3	248.8	+7.8%
Net debt / Equity	%	74%	52%	
Net debt / EBITDA	x	1.79	1.28	

With annual revenue of €1.129 billion in 2008, Sopra Group recorded strong growth, in line with its objectives set at the beginning of the year. Total growth came in at 12.8%, with organic growth of 10.5%. Profit from recurring operations was €102.3 million, an increase of 12.7%, representing a current operating margin of 9.1%. Although this margin is identical to that posted last year, given the economic climate during the fourth quarter this constitutes an excellent performance.

Pierre Pasquier commented on the Group's achievements during the year as follows: *"We maintained a level of organic growth significantly higher than the average for our sector throughout the entire year. We take pride in this performance, which saw the Group achieve a margin, for the second year running, at its highest level since 1999. This was achieved while carrying out the investments necessitated by the ongoing transformation of our production system and in conjunction with our adaptation to the current economic climate."*

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Performance by division

(in millions of euros)	2008					2007		
	Revenue	Growth		PRO ⁴	% Margin	Revenue	PRO ⁴	% Margin
		total	organic					
Management consulting	44.8	+ 2.1%	+ 2.1%	2.3	5.1%	43.9	4.5	10.3%
SSI ³ France	694.6	+ 16.3%	+ 14.2%	61.6	8.9%	597.5	52.3	8.8%
SSI ³ Europe	218.9	+ 1.9%	+ 2.6%	18.2	8.3%	214.9	19.5	9.1%
Axway	171.2	+ 18.0%	+ 9.4%	20.2	11.8%	145.1	14.5	10.0%
Total Group	1,129.5	+ 12.8%	+ 10.5%	102.3	9.1%	1,001.4	90.8	9.1%

Management Consulting (Orga Consultants): Revenue for this division was €44.8 million, representing organic growth of 2.1%. Profit from recurring operations came to €2.3 million, corresponding to a current operating margin of 5.1%. Until the end of September, the Group had anticipated a more favourable fourth quarter. Measures have already been taken to improve the occupation rate of consultants.

SSI France: Revenue for this division amounted to €694.6 million, representing organic growth of 14.2%. Profit from recurring operations came to €61.6 million, thus constituting a current operating margin of 8.9%. The Group's strong positioning in France and the signing of contracts for a number of major projects were key drivers of growth throughout the year, even during the fourth quarter, which saw revenue rise by 11.7%. Ongoing efforts to promote delivery process industrialisation helped to protect the margin. This division's healthy situation at the start of 2009 means that good organic growth may be anticipated during the first quarter of the new year.

SSI Europe: This division posted organic growth of 2.6%, with revenue of €218.9 million. Profit from recurring operations was €18.2 million, representing a current operating margin of 8.3%. The Group was able to protect its margins despite a difficult economic environment.

- In the United Kingdom, where business was hit hard over the year as a whole by contract cancellations in the banking sector, mainly in Scotland, revenue came to €72.7 million, corresponding to organic growth of 1.7%. The current operating margin for these activities was 4.7%.
- In Spain, revenue amounted to €85.9 million, corresponding to organic growth of 8.7% and a current operating margin of 13.7%. This excellent performance confirms the Group's ability to withstand the current downturn in the Spanish market.
- In Italy, revenue came in at €31.2 million, representing organic growth of 7.6%. The current operating margin was 8.0%.

Axway: Revenue for this division was €171.2 million, with organic growth of 9.4% and total growth of 18.0%. Profit from recurring operations amounted to €20.2 million, corresponding to a current operating margin of 11.8%. Amid a challenging economic climate at the end of the year, Axway's performance was excellent. Furthermore, the integration of Tumbleweed in the United States was carried out under very satisfactory conditions:

- The operating margin for 4 months of activity is on a par with that of Axway, proving that this acquisition is earnings enhancing in 2008, as announced.
- Actual economies of scale exceeded those forecast at the time of the acquisition.
- The teams of each company are fully integrated.

Group financial position

The Group generated free cash flow of €52.9 million. Net debt came to €198.2 million. Equity, which recorded a negative impact of €16.2 million due to the devaluation of several currencies and in particular the pound sterling, amounted to €268.3 million.

At 31 December 2008, the Group's financial position is sound, with respect to both debt maturity and compliance with banking covenants:

- The gearing ratio (net debt to equity) was 73.9%.
- The leverage ratio (net debt to EBITDA) was 1.79.
- The debt service coverage ratio (operating profit to net borrowing cost) came to 10.0.

In addition, Sopra Group has access to a total of €160 million in cash and cash equivalents and undrawn confirmed credit lines.

Dividend

A proposal will be brought before the General Meeting that a dividend of €1.65 per share be paid for financial year 2008, the same amount as the previous financial year. This proposal reflects the measured and prudent approach adopted by the Group, in full awareness of the current economic context.

Ownership structure

Pursuant to the provisions of the shareholders' agreement of 29 September 2004, Caravelle has requested the merger of Sopra GMT and Sopra Group. This project is currently under consideration, as are measures to ensure the stability of the ownership structure.

Outlook

On the basis of currently available information, no known event during the period under review is considered likely to have a material impact on the Group's financial position.

Current market conditions remain too unpredictable to allow the Group to issue revenue growth or operating profit forecasts. However, the Group is confident in its ability to adapt well to the present context in order to protect its revenue and its margins.

Changes in consolidation scope

As previously mentioned:

- CIBF (France) has been consolidated since 1 January 2008,
- G2i (France) has been consolidated since 1 January 2008,
- Tumbleweed Communications (USA) has been consolidated since 1 September 2008.

Financial calendar

- Wednesday 6 May 2009, after the market close: publication of revenue for the 1st quarter of 2009.
- Thursday 7 May 2009 at 2:30pm: Annual Shareholders' Meeting at Hôtel Meurice in Paris.

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About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.1 billion euros in 2008 and has a human and intellectual resource potential of over 12,000 people. Thanks to a longstanding culture of excellence and strong sector-specific, functional and technological know-how, the Group offers its clients an end to end approach based on a well-honed business model. Sopra Group's ambition is to allow its clients to focus on transformation projects that will give them a competitive edge and help them drive growth. Sopra Group's savoir-faire encompasses prior strategic reflection through to the supervision and implementation of major systems integration and application outsourcing projects. The Group also pursues the worldwide deployment of its activities in both application integration and business process management through its subsidiary Axway, a leading provider of Collaborative Business Solutions, with a complete range of solutions and services. For more information, please go to our website www.sopragroup.com.

¹ Calculated on the basis of the weighted average number of ordinary shares in circulation.

² Cash flow from operations less net interest expense and corporate income tax paid, change in working capital requirements and operating investments net of disposals.

³ SSI: Systems and Solutions Integration.

⁴ PRO: Profit from Recurring Operations.

Appendices

■ Consolidated income statement

	31/12 2008		31/12 2007	
	M€	%	M€	%
Revenue	1,129.5		1,001.4	
Staff costs - Employees	-721.8		-647.9	
Staff costs - Contractors	-97.6		-80.7	
Operating expenses	-193.8		-167.4	
Depreciation, amortisation and provisions	-14.0		-14.6	
Profit from recurring operations	102.3	9.1%	90.8	9.1%
Amortisation of allocated intangible assets	-1.4		-	
Other operating income and expenses	-1.2		-0.7	
Operating profit	99.7	8.8%	90.1	9.0%
Net cost of financial debt	-9.9		-7.8	
Net financial expense	-3.3		-2.0	
Corporate income tax	-28.3		-25.2	
Net profit	58.2	5.2%	55.1	5.5%
Group share	58.2		55.1	
Minority interests	-		-	

■ Change in net debt

<i>In millions of euros</i>	2008	2007
Net debt at beginning of period (A)	130.3	97.7
Cash from operations before changes in working capital	108.4	104.6
Income taxes paid	-29.3	-38.2
Changes in working capital requirements	-2.8	-14.7
Net cash flow from operating activities	76.3	51.7
Net cash used in investing activities	-12.7	-13.8
Net interest paid	-10.7	-7.9
Free cash flow	52.9	30.0
Impact of changes in consolidation scope	-101.6	-49.2
Dividends paid	-19.3	-15.5
Capital increases in cash	0.8	4.8
Other changes	-	-2.5
Total net change for the period (B)	-67.2	-32.4
Effect of foreign exchange rate changes (C)	-0.7	-0.2
Net debt at period-end (A-B+/-C)	198.2	130.3

■ Consolidated balance sheet

M€	31/12 2008	31/12 2007
Goodwill	372.7	300.6
Allocated intangible assets	26.4	-
Other fixed assets	41.0	42.2
Assets	440.1	342.8
Trade accounts receivable (net)	401.9	359.0
Other assets and liabilities	-375.5	-322.7
Operating assets and liabilities	26.4	36.3
ASSETS + WCR	466.5	379.1
Equity	268.3	248.8
Net financial debt	198.2	130.3
CAPITAL INVESTED	466.5	379.1

■ Change in equity

	M€
Position at 31 December 2007	248.8
Dividends	- 19.3
Net profit - Group share	58.2
Capital increase through exercise of share subscription options	0.8
Acquisition or disposal of treasury shares	- 0.6
Share-based payments	0.2
Actuarial differences	- 1.1
Change in financial instruments	- 1.8
Translation adjustments	- 16.2
Other movements	- 0.7
Position at 31 December 2008	268.3

■ Group revenue by quarter

	Q1	Q2	Q3	Q4	12 M 2008
Consulting					
Revenue 2008 (M€)	11.8	12.9	9.1	11.0	44.8
Revenue 2007 (M€)	10.8	11.9	9.2	12.0	43.9
Total growth (%)	9.3%	8.4%	-1.1%	-8.3%	2.1%
Organic growth (%)	9.3%	8.4%	-1.1%	-8.3%	2.1%
SSI France					
Revenue 2008 (M€)	166.8	172.0	160.5	195.3	694.6
Revenue 2007 (M€)	146.6	141.8	137.7	171.4	597.5
Total growth (%)	13.8%	21.3%	16.6%	13.9%	16.3%
Organic growth (%)	11.9%	19.3%	14.6%	11.7%	14.2%
SSI Europe					
Revenue 2008 (M€)	56.2	57.6	50.4	54.7	218.9
Revenue 2007 (M€)	51.9	52.5	51.0	59.5	214.9
Total growth (%)	8.3%	9.7%	-1.2%	-8.1%	1.9%
Organic growth (%)	6.0%	7.1%	0.2%	-2.7%	2.6%
Axway					
Revenue 2008 (M€)	33.9	38.4	38.5	60.4	171.2
Revenue 2007 (M€)	29.9	37.9	31.8	45.5	145.1
Total growth (%)	13.4%	1.3%	21.1%	32.7%	18.0%
Organic growth (%)	12.3%	4.9%	13.2%	8.4%	9.4%
Group					
Revenue 2008 (M€)	268.7	280.9	258.5	321.4	1,129.5
Revenue 2007 (M€)	239.2	244.1	229.7	288.4	1,001.4
Total growth (%)	12.3%	15.1%	12.5%	11.4%	12.8%
Organic growth (%)	10.6%	14.0%	10.7%	7.6%	10.5%

■ Breakdown of revenue by vertical market

	Revenue 2008 (%)	Revenue 2007 (%)
Banking / Finance	24%	24%
Insurance	6%	6%
Manufacturing	20%	16%
Services	18%	19%
Telecoms	12%	13%
Public Sector	14%	16%
Retail	6%	6%
	100%	100%

■ Breakdown of revenue by division

	Revenue 2008 (%)	Revenue 2007 (%)
Management consulting	4%	4%
SSI France	62%	60%
SSI Europe	19%	21%
Axway	15%	15%
	100%	100%

■ Breakdown and movements in the Group's workforce (excluding external personnel)

	31/12 2008	31/12 2007
Staff - France	8,210	7,580
Staff - International	4,240	3,740
Total	12,450	11,320
Staff at the beginning of the period	11,320	9,910
Integration of acquired companies	440	310
Net recruits	690	1,100
Total	12,450	11,320