

Press release

Paris, 31 August 2009

Sopra Group – Resilient performance in the first half of 2009

- **Revenue virtually stable**
- **Current operating margin of 4.9%**

		30/06 2009	30/06 2008	31/12 2008
Key income statement items				
Revenue	€m	544.8	549.6	1,129.5
Profit from recurring operations	€m	26.5	40.8	102.3
as % of revenue	%	4.9%	7.4%	9.1%
Operating profit	€m	22.9	40.4	99.7
as % of revenue	%	4.2%	7.4%	8.8%
Net profit - Group share	€m	10.8	24.7	58.2
as % of revenue	%	2.0%	4.5%	5.2%
Per share data				
Net earnings per share ¹	€	0.92	2.12	4.98
Key balance sheet items				
Free cash flow ²	€m	34.1	8.7	52.9
Net debt	€m	196.0	156.6	198.2
Equity (Group share)	€m	265.8	246.0	268.3
Net debt / Equity	%	74%	64%	74%

Sopra Group posted revenue of €544.8 million in the first half of 2009, slightly lower than the same period in 2008. Total growth was -0.9% and organic growth was -4.3%. Profit from recurring operations amounted to €26.5 million, corresponding to a current operating margin of 4.9%.

Given the difficult economic environment, this is a good performance which demonstrates the success of the Group's strategic decisions as well as the relevance of the choices made in terms of its portfolio of businesses, the markets where the Group is active and its delivery organisation.

Pierre Pasquier commented on the Group's achievements during the year as follows: *"This represents a respectable performance during a period of severe economic crisis, exacerbated by a negative calendar shift and further compounded for Sopra Group by a particularly unfavourable basis for comparison due to the excellent performance recorded in 2008 (12.3% growth in the first half). Continued progress on major transformation projects, combined with the specific measures taken at the end of 2008 in response to the crisis, helped to protect the Group's results. This performance, coupled with the outlook for the second half of 2009, confirm the Group's ability to withstand the current economic downturn as well as meet its long-term objectives."*

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

² Gross cash flow from operations less net financial interest and tax paid as well as changes in working capital requirements and capital expenditures, net of disposals.

Performance by division

(€m / %)	1st Half Year 2009					1st Half Year 2008		
	Revenue	Growth		PRO ³	% Margin	Revenue	PRO ³	% Margin
		total	organic					
Management consulting	19.0	- 23.1%	- 23.1%	0.8	4.2%	24.7	2.5	10.1%
SSI ⁴ France	353.2	+ 2.8%	+ 2.8%	23.2	6.6%	343.6	28.7	8.4%
SSI Europe	89.5	- 17.9%	- 14.3%	2.4	2.7%	109.0	7.2	6.6%
Axway	83.1	+ 14.9%	- 14.0%	0.1	0.1%	72.3	2.4	3.3%
Total Group	544.8	- 0.9%	- 4.3%	26.5	4.9%	549.6	40.8	7.4%

Management Consulting (Orga Consultants): Revenue for this division was €19.0 million, representing a 23.1% decrease compared to the year earlier period. This decline, in line with the performance of management consulting firms across Europe, also reflects the previously mentioned negative calendar shift. The Group managed, in part, to protect the current operating margin for this division, which came to 4.2% at 30 June 2009. Revenue for the second half of 2009 is expected to move back onto a more stable track, accompanied by an improvement in the operating margin.

SSI France: Revenue for this division amounted to €353.2 million, representing organic growth of 2.8%. The current operating margin for these activities was 6.6%. For the period ended 30 June 2009, performance in France by the Group's core activities was excellent given the economic context. In particular, these results are attributable to strong order intake in the public sector, utilities and with major clients, in addition to the Group's highly reputed capacity in major integration and application outsourcing projects. The full-year outlook targets slight organic growth and an operating margin maintained at a level close to that achieved in 2008.

SSI Europe: Revenue for the Group's core activities in Europe came to €89.5 million in the first half of 2009, representing a decline of 14.3%. The current operating margin for this division was 2.7%. As the impact of the current economic crisis is more severe outside France, the Group expects this division to post a similar decrease for the year as a whole. A rigorous programme of margin protection measures has been implemented for all countries where the Group is active.

- In the United Kingdom, revenue came to €29.4 million, down 14.3% at constant exchange rates. At 30 June 2009, the current operating margin was 5.1%, representing a 2 percentage point improvement compared to the same period in 2008. The Group's activities in the United Kingdom may return to growth as early as the fourth quarter of 2009 and, thanks to measures already under way, continued improvement in the operating margin is expected in the second half of the year.
- Spain is being hit especially hard by the current economic crisis, prompting long-standing major clients to make drastic cutbacks in their IT budgets and their orders for the supply of contract IT staff, which has constituted the principal activity for the Group's Spanish subsidiary. Against this difficult backdrop, revenue amounted to €37.1 million, representing a 12.7% decrease. Profit from recurring operations came to €2.4 million, corresponding to a current operating margin of 6.5% before taking into account restructuring costs of €2.2 million. Negative revenue growth of about 15% is expected for the year as a whole.

Axway: Revenue for this division was €83.1 million, with positive total growth of 14.9% and negative organic growth of 14.0%. Profit from recurring operations was slightly positive, as is usually the case in the first half of the year. The impact of the economic crisis is clear: clients' decision-making cycles are lengthening, with the result being that orders are often postponed or broken up into smaller parts. Nevertheless, continuing interest generated by the division's Synchrony™ offering is reflected in a promising volume of sales for the second half. Operating margin resilience, despite a fall in licence sales, confirms the company's ability to successfully control costs. Axway currently anticipates second half revenue on a level comparable to pro forma revenue achieved in the same period in 2008. For the full-year 2009, the current operating margin is expected to be in the range of 7% to 10%.

³ PRO: Profit from recurring operations.

⁴ SSI: Systems and Solutions Integration.

Change in the Group's total workforce

At 30 June 2009, the Group had a total workforce of 12,750, a rise of 300 staff compared to 31 December 2008. The average number of sub-contractors was reduced by 16% over the period and amounted to 30% at 30 June 2009.

Group's financial position

The Group quadrupled its free cash flow to €34.1 million, particularly as a result of better management of trade receivables. After payment of the dividend and the final earnouts related to recent acquisitions, net debt came to €196.0 million. Equity amounted to €265.8 million.

At 30 June 2009, the Group's financial position is sound, with respect to both debt maturity and compliance with banking covenants:⁵

- The gearing ratio (net debt to equity) was 73.7%;
- The leverage ratio (net debt to gross operating profit) was lower than 2;
- The debt service coverage ratio (operating profit to net borrowing cost) came to 7.7.

In addition, Sopra Group has access to a total of €150 million in undrawn confirmed credit lines.

Strategy and transformation projects

The Group has reaffirmed its strategic focus on systems integration and services related to vertical market applications. It is continuing to execute multiple growth-driving transformation initiatives:

- Combining the consulting activities, currently spread over several business units, in order to reinforce Sopra Group's reputation as an indispensable player in major transformation projects;
- Increasing investment in the banking sector software offering in order to ensure better coverage of a market undergoing profound changes, including in Europe;
- Pursuing the industrialisation programme in order to continually enhance the level of control over client-specific needs in the area of major integration and application outsourcing projects;
- Aligning the Group's European subsidiaries with its global offering in integration and application outsourcing;
- Continuing Axway's European-American project and leveraging benefits of the acquisitions completed in terms of margin, business portfolio and client base.

Outlook

On the basis of currently-available information, no known event for the period is likely to have a significant impact on the Group's financial position.

Current market conditions remain difficult despite some signs of recovery. However, the Group is confident in its ability to adapt as well as possible to the current situation in order to protect its revenue and margins.

The Group expects to achieve slight organic growth in its businesses in France (65% of revenue). Taking all of its businesses together, the Group forecasts slight total growth and a dip in organic growth contained within the 3-4% range. As of this publication, Sopra Group is targeting a current operating margin above 7%.

⁵ Ratios calculated over a 12-month rolling basis.



Change in the scope of consolidation

As previously indicated:

- Tumbleweed Communications (USA) was consolidated as of 1 September 2008.

Financial calendar

- Thursday, 5 November 2009, after the market close: publication of revenue for the 3rd quarter of 2009.

Forward-looking information

This document contains forecasts in respect of which there are risks and uncertainties concerning the Group's future growth and profitability. The Group highlights the fact that licence contracts, which often represent an investment for clients, are more significant in the second half of the year, and as a result, may lead to more or less favourable impacts on the end-of-year performance.

The actual sequence of events or results may differ from those described in this document in light of a certain number of risks and uncertainties which are described in the 2008 Reference Document, which was filed with the Autorité des Marchés Financiers (AMF) on 20 April 2009.

Contacts

Investor relations: Kathleen Bracco – +33 (0)1 40 67 29 61 – kbraccoclark@sopragroup.com

Press relations: Virginie Legoupil – +33 (0)1 40 67 29 41 – vlegoupil@sopragroup.com

About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.129 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.

Appendices

■ Consolidated income statement

	30/06 2009		30/06 2008		31/12 2008	
	€m	%	€m	%	€m	%
Revenue	544.8		549.6		1,129.5	
Staff costs - Employees	-374.6		-360.8		-721.8	
Staff costs - Contractors	-39.6		-47.5		-97.6	
Operating expenses	-96.1		-92.9		-193.8	
Depreciation, amortisation and provisions	-8.0		-7.6		-14.0	
Profit from recurring operations	26.5	4.9%	40.8	7.4%	102.3	9.1%
Depreciation charges and charges allocated to intangible assets	-1.4		-0.4		-1.4	
Other operating income and expenses	-2.2		-		-1.2	
Operating profit	22.9	4.2%	40.4	7.4%	99.7	8.8%
Cost of net financial debt	-4.9		-4.1		-9.9	
Other financial income and expenses	-0.9		0.2		-3.3	
Income tax expense	-6.3		-11.8		-28.3	
Net profit	10.8	2.0%	24.7	4.5%	58.2	5.2%
Group share	10.8		24.7		58.2	
Minority interests	-		-		-	

■ Consolidated balance sheet

€m	30/06 2009	30/06 2008	31/12 2008
Goodwill	377.6	299.7	372.7
Allocated intangible assets	24.7	4.5	26.4
Other fixed assets	41.0	39.3	41.0
Total fixed assets	443.3	343.5	440.1
Trade accounts receivable (net)	358.0	385.9	401.5
Other assets and liabilities	-339.5	-326.8	-375.1
Operating assets and liabilities	18.5	59.1	26.4
ASSETS + WCR	461.8	402.6	466.5
Equity	265.8	246.0	268.3
Net financial debt	196.0	156.6	198.2
CAPITAL INVESTED	461.8	402.6	466.5

■ **Change in net debt**

€m	30/06 2009	30/06 2008	31/12 2008
Net debt at opening	198.2	130.3	130.3
Gross cash flow from operations before net financial debt and tax	32.4	42.0	108.4
Tax paid	-12.9	-10.1	-29.3
Changes in working capital requirements	26.4	-12.8	-2.8
Net cash flow from operations	45.9	19.1	76.3
Net financial interest paid	-6.8	-6.2	-12.7
Capital expenditures	-5.0	-4.2	-10.7
Free cash flow	34.1	8.7	52.9
Changes in scope	-8.8	-15.4	-101.6
Dividends paid	-19.3	-19.3	-19.3
Capital increases in cash	0.0	0.4	0.8
Other changes	-4.6	-0.2	0.0
Net cash flow	1.4	-25.8	-67.2
Changes in interest rates	0.8	-0.5	-0.7
Net debt at closing	196.0	156.6	198.2

■ **Change in equity**

	€m
Position at 31 December 2008	268.3
Dividends	- 19.3
Net profit - Group share	10.8
Capital increase through exercise of share subscription options	-
Purchase or sale of own shares	-
Share-based payments	0.2
Actuarial differences	-
Change in financial instruments	0.2
Translation adjustments	5.8
Other movements	- 0.2
Position at 30 June 2008	265.8

■ Group revenue by quarter

	Q1	Q2	H1 2009
Consulting			
Revenue 2009 (€m)	8.9	10.1	19.0
Revenue 2008 (€m)	11.8	12.9	24.7
Total growth (%)	-24.6%	-21.7%	-23.1%
Organic growth (%)	-24.6%	-21.7%	-23.1%
SSI France	Q1	Q2	H1 2009
Revenue 2009 (€m)	177.6	175.6	353.2
Revenue 2008 (€m)	169.0	174.6	343.6
Total growth (%)	5.1%	0.6%	2.8%
Organic growth (%)	5.1%	0.6%	2.8%
SSI Europe	Q1	Q2	H1 2009
Revenue 2009 (€m)	45.1	44.4	89.5
Revenue 2008 (€m)	54.0	55.0	109.0
Total growth (%)	-16.5%	-19.3%	-17.9%
Organic growth (%)	-11.7%	-16.7%	-14.3%
Axway	Q1	Q2	H1 2009
Revenue 2009 (€m)	39.5	43.6	83.1
Revenue 2008 (€m)	33.9	38.4	72.3
Total growth (%)	16.5%	13.5%	14.9%
Organic growth (%)	-15.1%	-13.0%	-14.0%
Group	Q1	Q2	H1 2009
Revenue 2009 (€m)	271.1	273.7	544.8
Revenue 2008 (€m)	268.7	280.9	549.6
Total growth (%)	0.9%	-2.6%	-0.9%
Organic growth (%)	-2.6%	-5.9%	-4.3%

■ Breakdown of revenue by vertical market

	Revenue 2009 (%)	Revenue 2008 (%)
Banking / Finance	22%	24%
Insurance	7%	6%
Manufacturing	18%	20%
Services	18%	18%
Telecoms	12%	12%
Public Sector	16%	14%
Retail	7%	6%
	100%	100%

■ Breakdown of revenue by division

	Revenue 2009 (%)	Revenue 2008 (%)
Management consulting	4%	4%
SSI France	65%	62%
SSI Europe	16%	19%
Axway	15%	15%
	100%	100%

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

	30/06 2009	31/12 2008
Staff - France	8,590	8,210
Staff - International	4,160	4,240
Total	12,750	12,450
Staff at the beginning of the period	12,450	11,320
Integration of acquired companies	-	440
Net recruits	300	690
Total	12,750	12,450