

## Sopra Group resilient in 2009

Paris, 15 February 2010 - Sopra Group's revenue for 2009 was €1,094.3 million. The decrease compared to the prior year was limited to 3.1%, or 4.5% at constant exchange rates and consolidation scope.

Profit from recurring operations was €83.0 million, representing a current operating margin of 7.6%, comfortably achieving the previously-announced forecast (over 7.0%).

		2009	2008
<b>Key income statement items</b>			
Revenue	M€	1,094.3	1,129.5
Profit from recurring operations	M€	83.0	102.3
<i>as % of revenue</i>	%	7.6%	9.1%
Operating profit	M€	63.2	99.7
<i>as % of revenue</i>	%	5.8%	8.8%
Net profit	M€	27.2	58.2
<i>as % of revenue</i>	%	2.5%	5.2%
<b>Data per share</b>			
Basic net earnings per share <sup>1</sup>	€	2.33	4.98
Fully diluted net earnings per share	€	2.33	4.96
<b>Financial ratios</b>			
Free cash flow <sup>2</sup>	M€	91.2	52.9
Net debt	M€	137.4	198.2
Equity	M€	281.7	268.3
Net debt / Equity	%	48.8%	73.9%
Net debt / EBITDA	x	1.52	1.79

Operating profit amounted to €63.2 million: this includes €2.6 million in amortisation of intangible assets and €17.2 million of non-recurring expenses relating to the Spanish systems integration subsidiary (€15.0 million goodwill impairment and €2.2 million restructuring costs).

<sup>1</sup> Calculated on the basis of the weighted average number of ordinary shares in issue.

<sup>2</sup> 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.

After taking into account a significant improvement in net financial items (+16.7%) and non-recurring expenses of €4.1 million relating to the termination of the consulting business in Spain by the Group's subsidiary Valoris Iberia, net profit came to €27.1 million.

The reduction in net financial debt, which at €137.4 million was substantially lower than forecasts made at the beginning of the year, reflects progress made in managing working capital requirements.

## Information by division

<i>(in millions of euros)</i>	2009					2008		
	Revenue	Growth		PRO <sup>4</sup>	% Margin	Revenue	PRO <sup>4</sup>	% Margin
		total	organic					
Management consulting	37.1	- 17.2%	- 17.2%	0.8	2.2%	44.8	2.3	5.1%
SSI <sup>3</sup> France	704.5	+ 0.2%	+ 0.3%	58.5	8.3%	702.8	62.7	8.9%
SSI <sup>3</sup> Europe	170.5	- 19.1%	- 15.3%	5.2	3.0%	210.7	17.1	8.1%
Axway	182.2	+ 6.4%	- 7.6%	18.5	10.2%	171.2	20.2	11.8%
<b>Total Group</b>	<b>1,094.3</b>	<b>- 3.1%</b>	<b>- 4.5%</b>	<b>83.0</b>	<b>7.6%</b>	<b>1,129.5</b>	<b>102.3</b>	<b>9.1%</b>

**Management consulting:** Revenue for this division was €37.1 million, representing a 17.2% decrease year-on-year. As previously announced, the revenue decline has slowed since the beginning of the year: organic growth for the fourth quarter was -7.3% compared to -24.6% at the beginning of the year. Profit from recurring operations was in line with forecasts at €0.8 million.

**SSI France:** Revenue for this division amounted to €704.5 million, representing organic growth of +0.3%. Profit from recurring operations was €58.5 million, yielding an 8.3% margin. Considering the economic context, the Group's performance in its core businesses in France was excellent. This was achieved thanks to the signature and execution of large-scale application outsourcing and systems integration contracts, notably in the Group's key sectors (financial services, public sector, para-public sector and utilities). Market positioning has been bolstered by a revamped offering and the industrialisation of the entire production chain to support major clients' projects. In banking, the Evolan range of solutions has spurred renewed interest, which has already led to major commercial successes.

**SSI Europe:** Revenue from Europe (excluding France) came to €170.5 million, down 15.3%. Profit from recurring operations was €5.2 million, representing a margin of 3.0%. The transformation programme implemented at each subsidiary minimised the impact of the crisis on margins.

- In the United Kingdom, revenue was down 14.3% but profit from recurring operations, at 6.9%, improved by over 2 percentage points on the previous year (4.7%).
- In Spain, where the market remains very difficult, the performance was disappointing due to delays in implementing crisis-mitigation action plans. Revenue was down 18.2% and the current operating margin was 3.6%. As indicated above, exceptional expenses of €17.2 million were recognised.

**Axway:** Revenue amounted to €182.2 million, representing total growth of +6.4% and organic revenue growth of -7.6%. The negative organic performance was the result of a very difficult first half (-14.0%), followed by a better second half (-1.4%). Profit from recurring operations was €18.5 million, representing a margin of 10.2%, better than the previously-announced forecast (a margin of 7–10%). The strong volume of licence sales recorded in the second half of the year, particularly in December, did not completely offset the impact of the economic crisis at the beginning of the year.

<sup>3</sup> SSI: Systems and Solutions integration.

<sup>4</sup> PRO: Profit from recurring operations.



In a challenging economic context, the Group's results represent a good performance, reflecting the quality of its strategic positioning and the pertinent choices it has made with respect its business portfolio, markets and production organisation.

### **Group's financial position**

The Group generated net free cash flow of €91.2 million, up 72.4 %. Net debt came to €137.4 million, compared with €198.2 million at year-end 2008.

After the impairment of goodwill relating to the systems integration subsidiary in Spain, which was reduced from €81 million to €66 million, total equity amounted to €281.7 million.

As of 31 December 2009, 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 48.8%.
- The leverage ratio (net debt to gross operating profit) was 1.52.
- The debt service coverage ratio (operating profit to net borrowing cost) was 6.86.

In addition, Sopra Group has access to a total of €194 million in cash and undrawn confirmed credit lines.

### **Dividend**

A proposal will be brought before the Shareholders' Meeting to pay out a dividend of €0.80 per share, representing 34.5% of net profit. This proposal reflects the measured approach adopted by the Group, in full awareness of the current economic context.

### **Strategy**

The Board of Directors confirmed the continuation of the initiative to separate the activities of its subsidiary Axway from those of Sopra Group, with a view to listing a new Axway group on the stock market. Sopra Group would retain a 15% stake in Axway (cf. press releases of 22 October and 9 December 2009).

The Group continues to work on its strategic transformation plan in which both companies (Sopra Group and Axway) pursue the development of independent and high added-value business portfolios benefiting their respective clients, employees and shareholders.

After consulting with personnel representatives, this operation would be subject to the approval of Sopra Group's shareholders and, in the absence of unfavourable conditions, may be carried out in the final quarter of 2010 on the basis of the interim financial statements for the six-month period ended 30 June 2010.

### **Outlook**

On the basis of currently available information, no other events are considered likely to have a material impact on the Group's financial position.

For 2010, Sopra Group forecasts positive organic growth and a slight improvement in its current operating margin. Axway also forecasts organic growth and a slight improvement in its current operating margin.

### **Change in consolidation scope**

As previously indicated, Tumbleweed Communications (USA) has been consolidated since 1 September 2008.



## Financial calendar

Tuesday, 4 May 2010, after the market close: Publication of revenue for the 1st quarter of 2010.

Tuesday, 22 June 2010: Annual Shareholders' Meeting.

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## 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 the signature of licence contracts, which often represent investments 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 that described in this document, in light of a certain number of risks and uncertainties, which are described in the 2008 Annual Report, which was filed with the *Autorité des Marchés Financiers* (AMF) on 20 April 2009.

## About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.094 billion euros in 2009 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 Business Interaction Networks, with a complete range of solutions and services. For more information, please visit our website [www.sopragroup.com](http://www.sopragroup.com).

This document is a free translation into English of the original French press release. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.



## Appendices

Consolidated income statement	31/12 2009		31/12 2008	
	M€	%	M€	%
<b>Revenue</b>	<b>1,094.3</b>		<b>1,129.5</b>	
Staff costs - Employees	-737.4		-721.8	
Staff costs - Contractors	-74.3		-97.6	
Operating expenses	-183.7		-193.8	
Depreciation, amortisation and provisions	-15.9		-14.0	
<b>Profit from recurring operations</b>	<b>83.0</b>	<b>7.6%</b>	<b>102.3</b>	<b>9.1%</b>
Amortisation of allocated intangible assets	-2.6		-1.4	
Other operating income and expenses	-17.2		-1.2	
<b>Operating profit</b>	<b>63.2</b>	<b>5.8%</b>	<b>99.7</b>	<b>8.8%</b>
Net cost of financial debt	-9.2		-9.9	
Net financial expense	-1.8		-3.3	
Corporate income tax	-20.9		-28.3	
Profit after tax of discontinued activities	-4.1		-	
<b>Net profit</b>	<b>27.2</b>	<b>2.5%</b>	<b>58.2</b>	<b>5.2%</b>
Group share	27.2		58.2	
Minority interests	-		-	

### Statement of net debt

<i>In millions of euros</i>	2009	2008
<b>Net debt at beginning of period (A)</b>	<b>198.2</b>	<b>130.3</b>
Cash from operations before changes in working capital	94.6	108.4
Income taxes paid	-32.2	-29.3
Changes in working capital requirements	50.2	-2.8
<b>Net cash flow from operating activities</b>	<b>112.6</b>	<b>76.3</b>
Net cash used in investing activities	-12.0	-12.7
Net interest paid	-9.4	-10.7
<b>Free cash flow</b>	<b>91.2</b>	<b>52.9</b>
Impact of changes in consolidation scope	-8.8	-101.6
Dividends paid	-19.3	-19.3
Capital increases in cash	1.2	0.8
Other changes	-3.9	-
<b>Total net change for the period (B)</b>	<b>60.4</b>	<b>-67.2</b>
Effect of foreign exchange rate changes (C)	0.4	-0.7
<b>Net debt at period-end (A-B+/-C)</b>	<b>137.4</b>	<b>198.2</b>



### Simplified balance sheet

€m	31/12 2009	31/12 2008
Goodwill	356.6	372.7
Allocated intangible assets	23.1	26.4
Other fixed assets	40.4	41.0
<b>Assets</b>	<b>420.1</b>	<b>440.1</b>
Trade accounts receivable (net)	333.9	401.5
Other assets and liabilities	-334.9	-375.1
<b>Operating assets and liabilities</b>	<b>-1.0</b>	<b>26.4</b>
<b>ASSETS + WCR</b>	<b>419.1</b>	<b>466.5</b>
Equity	281.7	268.3
Net financial debt	137.4	198.2
<b>CAPITAL INVESTED</b>	<b>419.1</b>	<b>466.5</b>

### Changes in equity

	M€
<b>Position at 31 December 2008</b>	<b>268.3</b>
Dividends	- 19.3
Net profit - Group share	27.2
Capital increase through exercise of share subscription options	1.2
Acquisition or disposal of treasury shares	0.8
Share-based payments	0.3
Actuarial differences	- 0.2
Change in financial instruments	1.0
Translation adjustments	2.4
<b>Position at 31 December 2009</b>	<b>281.7</b>

### Staff Changes

	31/12 2009	31/12 2008
Staff - France	8,335	8,210
Staff - International	4,115	4,240
<b>Total</b>	<b>12,450</b>	<b>12,450</b>
Staff at the beginning of the period	12,450	11,320
Integration of acquired companies	-	440
Net recruits	-	690
<b>Total</b>	<b>12,450</b>	<b>12,450</b>



### Revenue breakdown by business segment

	Revenue 2009 (%)	Revenue 2008 (%)
Banking / Finance	23%	24%
Insurance	7%	6%
Manufacturing	17%	20%
Services	17%	18%
Telecoms	12%	12%
Public sector	17%	14%
Retail	7%	6%
	<b>100%</b>	<b>100%</b>

### Revenue breakdown by division

	Revenue 2009 (%)	Revenue 2008 (%)
Management consulting	3%	4%
SSI France	64%	62%
SSI Europe	16%	19%
Axway	17%	15%
	<b>100%</b>	<b>100%</b>

### Quarterly performance by division

	Q1	Q2	Q3	Q4	12 M 2009
<b>Consulting</b>					
Revenue 2009 (M€)	8,9	10,1	7,9	10,2	37,1
Revenue 2008 (M€)	11,8	12,9	9,1	11,0	44,8
Total growth (%)	-24,6%	-21,7%	-13,2%	-7,3%	-17,2%
Organic growth (%)	-24,6%	-21,7%	-13,2%	-7,3%	-17,2%
<b>SSI France</b>					
Revenue 2009 (M€)	177,6	175,6	162,6	188,7	704,5
Revenue 2008 (M€)	169,0	174,6	162,1	197,1	702,8
Total growth (%)	5,1%	0,6%	0,3%	-4,3%	0,2%
Organic growth (%)	5,1%	0,6%	0,4%	-4,3%	0,3%
<b>SSI Europe</b>					
Revenue 2009 (M€)	45,1	44,4	40,3	40,7	170,5
Revenue 2008 (M€)	54,0	55,0	48,8	52,9	210,7
Total growth (%)	-16,5%	-19,3%	-17,4%	-23,1%	-19,1%
Organic growth (%)	-11,7%	-16,7%	-14,4%	-18,3%	-15,3%
<b>Axway</b>					
Revenue 2009 (M€)	39,5	43,6	43,0	56,1	182,2
Revenue 2008 (M€)	33,9	38,4	38,5	60,4	171,2
Total growth (%)	16,5%	13,5%	11,7%	-7,1%	6,4%
Organic growth (%)	-15,1%	-13,0%	-1,8%	-1,1%	-7,6%
<b>Group</b>					
Revenue 2009 (M€)	271,1	273,7	253,8	295,7	1 094,3
Revenue 2008 (M€)	268,7	280,9	258,5	321,4	1 129,5
Total growth (%)	0,9%	-2,6%	-1,8%	-8,0%	-3,1%
Organic growth (%)	-2,6%	-5,9%	-3,1%	-6,0%	-4,5%

