

Investor Relations: Kathleen Clark Bracco  
 +33 (0)1 40 67 29 61 – [kbraccoclark@sopragroup.com](mailto:kbraccoclark@sopragroup.com)

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

 Image 7: Claire Doligez  
 +33 (0)1 53 70 74 48 – [cdoligez@image7.fr](mailto:cdoligez@image7.fr)

## Sopra Group announces an excellent performance in 2010, with a current operating margin of 10% and a net margin of 6.4%

Paris, 22 February 2011 – Sopra Group's performance in 2010 exceeded the growth and profitability targets set by the company at the start of the year.

Sopra Group posted revenue of €1,169.9 million in 2010. Organic growth<sup>1</sup> was 6.2% and increased steadily throughout the year, reaching 10.0% in the fourth quarter. Profit from recurring operations came to €116.6 million, corresponding to a current operating margin of 10.0%. Operating profit amounted to €109.3 million, corresponding to an operating margin of 9.3%. Net profit totalled €74.8 million, corresponding to a net margin of 6.4%. All of the Group's businesses contributed to attaining these results.

|   |        | 2010    |       | 2009    |      | Change 10/09 |
|---|--------|---------|-------|---------|------|--------------|
| <b>Key income statement items</b>             |        |         |       |         |      |              |
| Revenue                                       | €m     | 1,169.9 |       | 1,094.3 |      | +6.9%        |
| <i>organic growth</i>                         | %      |         |       |         |      | +6.2%        |
| Profit from recurring operations <sup>2</sup> | €m / % | 116.6   | 10.0% | 83.0    | 7.6% |              |
| Operating profit                              | €m / % | 109.3   | 9.3%  | 63.2    | 5.8% |              |
| Net profit - Group share                      | €m / % | 74.8    | 6.4%  | 27.2    | 2.5% | +175.0%      |
| <b>Per share data</b>                         |        |         |       |         |      |              |
| Net earnings per share <sup>3</sup>           | €      | 6.35    |       | 2.33    |      | +172.5%      |
| <b>Key balance sheet items</b>                |        |         |       |         |      |              |
| Free cash flow <sup>4</sup>                   | €m     | 90.8    |       | 91.2    |      | -0.4%        |
| Net debt                                      | €m     | 57.2    |       | 137.4   |      | -58.4%       |
| Equity (Group share)                          | €m     | 364.6   |       | 281.7   |      | +29.4%       |
| Net debt / Equity                             | %      | 16%     |       | 49%     |      |              |

<sup>1</sup> Calculated at constant exchange rates and comparable consolidation scope.

<sup>2</sup> Restated for CVAE, please see details in the appendix.

<sup>3</sup> Calculated on the basis of the weighted average number of ordinary shares in issue.

<sup>4</sup> Gross cash flow from operations less tax paid, changes in working capital requirements, capital expenditures and net financial interest.

## Consulting and Systems & Solutions Integration (CSSI)

Revenue for all CSSI businesses taken together came to €961.5 million, representing organic growth of 5.1%, increasing steadily over the course of the year. Profit from recurring operations was €85.5 million, corresponding to a current operating margin of 8.9%. Operating profit amounted to €83.7 million, corresponding to an operating margin of 8.7%. Net profit totalled 48.2 million, resulting in a net margin of 5.0%.

|                                  |        | 2010  |      | 2009   |        |
|----------------------------------|--------|-------|------|--------|--------|
| <b>Total CSSI Sopra Group</b>    |        |       |      |        |        |
| Revenue                          | €m     | 961.5 |      | 912.1  |        |
| Profit from recurring operations | €m / % | 85.5  | 8.9% | 64.5   | 7.1%   |
| Operating profit                 | €m / % | 83.7  | 8.7% | 46.6   | 5.1%   |
| Net profit                       | €m / % | 48.2  | 5.0% | 17.2   | 1.9%   |
| <b>CSSI France</b>               |        |       |      |        |        |
| Revenue                          | €m     | 786.1 |      | 741.6  |        |
| Profit from recurring operations | €m / % | 77.9  | 9.9% | 59.3   | 8.0%   |
| Operating profit                 | €m / % | 76.1  | 9.7% | 58.6   | 7.9%   |
| Net profit                       | €m / % | 42.2  | 5.4% | 34.9   | 4.7%   |
| <b>CSSI Europe</b>               |        |       |      |        |        |
| Revenue                          | €m     | 175.4 |      | 170.5  |        |
| Profit from recurring operations | €m / % | 7.6   | 4.3% | 5.2    | 3.0%   |
| Operating profit                 | €m / % | 7.6   | 4.3% | (12.0) | -7.0%  |
| Net profit                       | €m / % | 6.0   | 3.4% | (17.7) | -10.4% |

CSSI France posted organic growth of 6.0%, with revenue of €786.1 million. Steady improvement in organic growth was observed throughout the year, reaching 9.4% in the fourth quarter. Profit from recurring operations came to €77.9 million, corresponding to a current operating margin of 9.9%. Operating profit was €76.1 million, corresponding to an operating margin of 9.7%. Net profit totalled €42.2 million, corresponding to a net margin of 5.4%. CSSI France started 2011 on a secure footing, owing to numerous contract wins in 2010.

Revenue posted by the European CSSI subsidiaries came to €175.4 million, representing organic growth of 1.2%. As anticipated when the Group reported its results for the first half of the year, the second half of 2010 saw a return to growth for these businesses, with organic growth of 2.2% in the third quarter, then a surge to 9.7% in the fourth quarter. Operating profit, which does not include exceptional expenses, was €7.6 million, corresponding to an operating margin of 4.3%. CSSI Europe recorded net profit of €6.0 million, corresponding to a net margin of 3.4%, a strong improvement compared to the previous year.

## Axway

Axway posted revenue of €208.4 million, representing total growth of 14.4% and organic growth of 11.8%.

|                                  |        | 2010  |       | 2009  |       |
|----------------------------------|--------|-------|-------|-------|-------|
| <b>Axway</b>                     |        |       |       |       |       |
| Revenue                          | €m     | 208.4 |       | 182.2 |       |
| Profit from recurring operations | €m / % | 31.1  | 14.9% | 18.5  | 10.2% |
| Operating profit                 | €m / % | 25.6  | 12.3% | 16.6  | 9.1%  |
| Net profit                       | €m / % | 26.6  | 12.8% | 10.0  | 5.5%  |



Profit from recurring operations for this business came to €31.1 million, corresponding to a current operating margin of 14.9%. Operating profit totalled €25.6 million, corresponding to an operating margin of 12.3%, after taking into account the amortisation of allocated intangible assets and exceptional expenses related to the proposed spin-off. Net profit, which totalled €26.6 million, corresponding to a net margin of 12.8%, benefited from the use of tax losses carried forward.

As indicated in the press release dated 4 August 2010, Axway reported a strong operating performance in the first half of the year, supported in part by postponements from 2009 to 2010 affecting the signature of definitive licence sales agreements. In the second half, all of Axway's operations saw robust growth, which reached 10.2%.

### Change in the Group's total workforce

At 31 December 2010, the Group's total workforce was 13,310 persons, a rise of 860 persons compared to 31 December 2009.

### Financial position

At 31 December 2010, the Group's financial position remained strong, with equity of €364.6 million and a significant reduction in net debt, closing the year at €57.2 million.

Free cash flow amounted to €90.8 million for the year.

### Proposed listing of Axway

Sopra Group continues to examine the terms and conditions for the proposed spin-off of Axway's business. The Group intends to submit the proposed operation to its shareholders for approval in the second quarter of 2011 unless adverse circumstances dictate otherwise, on the basis of a prospectus describing the terms and conditions of the operation and providing the information necessary for the shareholders of the new listed company (Axway), which the Group plans to publish in French one month before the Shareholders' Meeting, once the AMF's visa has been obtained.

The listing would occur at the moment when Sopra Group distributes Axway shares to its shareholders. This distribution of shares would be accompanied by a cash distribution intended to offset most of the operation's tax impact. The Axway share distribution and the cash distribution would be taxable, up to a value of about €150 million, the remainder being treated for tax purposes as an investment repayment.

### Cash dividend payment

The total amount to be distributed by Sopra Group in 2011, taking into account the dividend in respect of the 2010 financial year, would be in the range of €50 million, but no decision has been reached at this stage.

### Outlook

For 2011, Sopra Group forecasts organic growth as well as slight current operating margin improvements for both its CSSI businesses and Axway.

### Financial calendar

Tuesday, 22 February 2011 at 11.30am: Analysts' meeting at Hôtel Meurice, Paris.

Tuesday, 26 April 2011 after the stock market close: Publication of first quarter revenue.



## Forward-looking information

This press release 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, as described in the 2009 Reference Document which was filed with the Autorité des Marchés Financiers (AMF) on 27 April 2010 (notably on pages 56 et seq.).

This press release and the information it contains does not constitute an offer to sell or subscribe, nor a solicitation of buy or subscribe to Sopra Group or Axway securities in any state or jurisdiction, nor a favourable vote with a view to approving the contribution, distribution and conversion operations described herein. In France, these securities can neither be offered nor sold without a prospectus having been approved by the Autorité des Marchés Financiers. Marketable securities may only be offered for sale or sold in the United States of America following the registration in compliance with the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the terms of an exemption of such a registration obligation. Axway shares have not been and shall not be registered under the U.S. Securities Act and Axway does not intend to carry out a public offer of its marketable securities in the United States of America.

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## Appendices

With effect from the 2010 financial year, the *taxe professionnelle* (a local business tax) has been eliminated in France. It was replaced by a new tax, the CVAE component of which, in accordance with the position adopted by Syntec Numérique, is classified as corporate income tax in order to ensure consistency with the treatment of similar taxes in other countries. For Sopra Group, the impact on profit from recurring operations represents 90 basis points for all of the Group's activities. A complete comparative presentation of the impact of this new contribution is provided below:

### Consolidated income statement

|   | 31/12<br>2010  |              | 31/12<br>2010<br>Restated (CVAE) |             | 31/12<br>2009  |             |
|---|----------------|--------------|----------------------------------|-------------|----------------|-------------|
|   | €m             | %            | €m                               | %           | €m             | %           |
| <b>Revenue</b>                              | <b>1,169.9</b> |              | <b>1,169.9</b>                   |             | <b>1,094.3</b> |             |
| Staff costs - Employees                     | -783.7         |              | -783.7                           |             | -737.4         |             |
| Staff costs - Contractors                   | -84.9          |              | -84.9                            |             | -74.3          |             |
| Operating expenses                          | -169.9         |              | -180.3                           |             | -183.7         |             |
| Depreciation, amortisation and provisions   | -14.8          |              | -14.8                            |             | -15.9          |             |
| <b>Profit from recurring operations</b>     | <b>116.6</b>   | <b>10.0%</b> | <b>106.2</b>                     | <b>9.1%</b> | <b>83.0</b>    | <b>7.6%</b> |
| Amortisation of allocated intangible assets | -2.6           |              | -2.6                             |             | -2.6           |             |
| Other operating income and expenses         | -4.7           |              | -4.7                             |             | -17.2          |             |
| <b>Operating profit</b>                     | <b>109.3</b>   | <b>9.3%</b>  | <b>98.9</b>                      | <b>8.5%</b> | <b>63.2</b>    | <b>5.8%</b> |
| Net cost of financial debt                  | -5.8           |              | -5.8                             |             | -9.2           |             |
| Net financial expense                       | -1.4           |              | -1.4                             |             | -1.8           |             |
| Corporate income tax                        | -27.3          |              | -16.9                            |             | -20.9          |             |
| Profit after tax of discontinued activities | -              |              | -                                |             | -4.1           |             |
| <b>Net profit</b>                           | <b>74.8</b>    | <b>6.4%</b>  | <b>74.8</b>                      | <b>6.4%</b> | <b>27.2</b>    | <b>2.5%</b> |
| Group share                                 | <b>74.8</b>    |              | <b>74.8</b>                      |             | <b>27.2</b>    |             |
| Minority interests                          | -              |              | -                                |             | -              |             |



**Comparative information restated for CVAE tax application**

|                                     |        | 2010  |       | 2010<br>Restated (CVAE) |       | 2009  |       |
|-------------------------------------|--------|-------|-------|-------------------------|-------|-------|-------|
| <b>CSSI Sopra Group (ex. Axway)</b> |        |       |       |                         |       |       |       |
| Revenue                             | €m     | 961.5 |       | 961.5                   |       | 912.1 |       |
| Profit from recurring operations    | €m / % | 85.5  | 8.9%  | 76.2                    | 7.9%  | 64.5  | 7.1%  |
| Operating profit                    | €m / % | 83.7  | 8.7%  | 74.4                    | 7.7%  | 46.6  | 5.1%  |
| Net profit                          | €m / % | 48.2  | 5.0%  | 48.2                    | 5.0%  | 17.2  | 1.9%  |
| <b>of which CSSI France</b>         |        |       |       |                         |       |       |       |
| Revenue                             | €m     | 786.1 |       | 786.1                   |       | 741.6 |       |
| Profit from recurring operations    | €m / % | 77.9  | 9.9%  | 68.6                    | 8.7%  | 59.3  | 8.0%  |
| Operating profit                    | €m / % | 76.1  | 9.7%  | 66.8                    | 8.5%  | 58.6  | 7.9%  |
| Net profit                          | €m / % | 42.2  | 5.4%  | 42.2                    | 5.4%  | 34.9  | 4.7%  |
| <b>of which CSSI Europe</b>         |        |       |       |                         |       |       |       |
| Revenue                             | €m     | 175.4 |       | 175.4                   |       | 170.5 |       |
| Profit from recurring operations    | €m / % | 7.6   | 4.3%  | 7.6                     | 4.3%  | 5.2   | 3.0%  |
| Operating profit                    | €m / % | 7.6   | 4.3%  | 7.6                     | 4.3%  | 12.0  | -7.0% |
| Net profit                          | €m / % | 6.0   | 3.4%  | 6.0                     | 3.4%  | 17.7  | 10.4% |
| <b>Axway</b>                        |        |       |       |                         |       |       |       |
| Revenue                             | €m     | 208.4 |       | 208.4                   |       | 182.2 |       |
| Profit from recurring operations    | €m / % | 31.1  | 14.9% | 30.0                    | 14.4% | 18.5  | 10.2% |
| Operating profit                    | €m / % | 25.6  | 12.3% | 24.5                    | 11.8% | 16.6  | 9.1%  |
| Net profit                          | €m / % | 26.6  | 12.8% | 26.6                    | 12.8% | 10.0  | 5.5%  |

**Simplified balance sheet**

| €m                                      | 31/12<br>2010 | 31/12<br>2009 |
|---|---------------|---------------|
| Goodwill                                | 369.9         | 356.6         |
| Allocated intangible assets             | 22.0          | 23.1          |
| Other fixed assets                      | 44.6          | 40.4          |
| <b>Assets</b>                           | <b>436.5</b>  | <b>420.1</b>  |
| Trade accounts receivable (net)         | 368.4         | 333.9         |
| Other assets and liabilities            | -383.1        | -334.9        |
| <b>Operating assets and liabilities</b> | <b>-14.7</b>  | <b>-1.0</b>   |
| <b>ASSETS + WCR</b>                     | <b>421.8</b>  | <b>419.1</b>  |
| Equity                                  | 364.6         | 281.7         |
| Net financial debt                      | 57.2          | 137.4         |
| <b>CAPITAL INVESTED</b>                 | <b>421.8</b>  | <b>419.1</b>  |



## Statement of net debt

| <i>In millions of Euros</i>                            | 2010         | 2009         |
|--|--------------|--------------|
| <b>Net debt at beginning of period (A)</b>             | <b>137.4</b> | <b>198.2</b> |
| Cash from operations before changes in working capital | 124.7        | 94.6         |
| Income taxes paid                                      | -33.8        | -32.2        |
| Changes in working capital requirements                | 20.9         | 50.2         |
| <b>Net cash flow from operating activities</b>         | <b>111.8</b> | <b>112.6</b> |
| Net cash used in investing activities                  | -15.0        | -12.0        |
| Net interest paid                                      | -6.0         | -9.4         |
| <b>Free cash flow</b>                                  | <b>90.8</b>  | <b>91.2</b>  |
| Impact of changes in consolidation scope               | -0.2         | -8.8         |
| Dividends paid   | -9.4         | -19.3        |
| Capital increases in cash                              | 2.6          | 1.2          |
| Other changes  | -3.6         | -3.9         |
| <b>Total net change for the period (B)</b>             | <b>80.2</b>  | <b>60.4</b>  |
| Effect of foreign exchange rate changes (C)            | -            | 0.4          |
| <b>Net debt at period-end (A-B-C)</b>                  | <b>57.2</b>  | <b>137.4</b> |

## Changes in equity

|   | M€           |
|---|--------------|
| <b>Position at 31 December 2009</b>                             | <b>281.7</b> |
| Dividends   | - 9.4        |
| Net profit - Group share  | 74.8         |
| Capital increase through exercise of share subscription options | 2.6          |
| Acquisition or disposal of treasury shares                      | - 0.5        |
| Share-based payments  | 0.8          |
| Actuarial differences   | - 2.0        |
| Change in financial instruments                                 | 0.8          |
| Translation adjustments   | 15.8         |
| <b>Position at 31 December 2010</b>                             | <b>364.6</b> |



### Quarterly performance by division

|                               | Q1    | Q2    | Q3    | Q4    | 2010    |
|-------------------------------|-------|-------|-------|-------|---------|
| <b>Group</b>                  |       |       |       |       |         |
| Revenue 2010 (€m)             | 278.9 | 290.1 | 272.0 | 328.9 | 1,169.9 |
| Revenue 2009 (€m)             | 271.1 | 273.7 | 253.8 | 295.7 | 1,094.3 |
| <i>Total growth (%)</i>       | 2.9%  | 6.0%  | 7.2%  | 11.2% | 6.9%    |
| <i>Organic growth (%)</i>     | 3.0%  | 5.5%  | 6.0%  | 10.0% | 6.2%    |
| <b>CSSI Sopra (ex. Axway)</b> |       |       |       |       |         |
| Revenue 2010 (€m)             | 235.1 | 238.7 | 223.8 | 263.9 | 961.5   |
| Revenue 2009 (€m)             | 231.6 | 230.1 | 210.8 | 239.6 | 912.1   |
| <i>Total growth (%)</i>       | 1.5%  | 3.7%  | 6.2%  | 10.1% | 5.4%    |
| <i>Organic growth (%)</i>     | 1.4%  | 3.6%  | 5.7%  | 9.4%  | 5.1%    |
| <b>CSSI France</b>            |       |       |       |       |         |
| Revenue 2010 (€m)             | 192.8 | 194.1 | 181.7 | 217.5 | 786.1   |
| Revenue 2009 (€m)             | 186.5 | 185.7 | 170.5 | 198.9 | 741.6   |
| <i>Total growth (%)</i>       | 3.4%  | 4.5%  | 6.6%  | 9.4%  | 6.0%    |
| <i>Organic growth (%)</i>     | 3.4%  | 4.5%  | 6.5%  | 9.4%  | 6.0%    |
| <b>CSSI Europe</b>            |       |       |       |       |         |
| Revenue 2010 (€m)             | 42.3  | 44.6  | 42.1  | 46.4  | 175.4   |
| Revenue 2009 (€m)             | 45.1  | 44.4  | 40.3  | 40.7  | 170.5   |
| <i>Total growth (%)</i>       | -6.2% | 0.5%  | 4.5%  | 14.0% | 2.9%    |
| <i>Organic growth (%)</i>     | -6.6% | 0.0%  | 2.2%  | 9.7%  | 1.2%    |
| <b>Axway</b>                  |       |       |       |       |         |
| Revenue 2010 (€m)             | 43.8  | 51.4  | 48.2  | 65.0  | 208.4   |
| Revenue 2009 (€m)             | 39.5  | 43.6  | 43.0  | 56.1  | 182.2   |
| <i>Total growth (%)</i>       | 10.9% | 17.9% | 12.1% | 15.9% | 14.4%   |
| <i>Organic growth (%)</i>     | 12.6% | 14.7% | 7.6%  | 12.3% | 11.8%   |

### Revenue breakdown by division (%)

|             | 2010        | 2009        |
|-------------|-------------|-------------|
| CSSI France | 67%         | 67%         |
| CSSI Europe | 15%         | 16%         |
| Axway       | 18%         | 17%         |
|             | <b>100%</b> | <b>100%</b> |



### Revenue breakdown by business segment (%)

|                   | 2010        | 2009        |
|-------------------|-------------|-------------|
| Banking / Finance | 22%         | 23%         |
| Insurance         | 7%          | 7%          |
| Manufacturing     | 17%         | 17%         |
| Services          | 20%         | 17%         |
| Telecoms & Media  | 10%         | 12%         |
| Public sector     | 16%         | 17%         |
| Retail            | 8%          | 7%          |
|                   | <b>100%</b> | <b>100%</b> |

### Staff Changes

|                                      | 2010          | 2009          |
|--------------------------------------|---------------|---------------|
| Staff - France                       | 8,825         | 8,335         |
| Staff - International                | 4,485         | 4,115         |
| <b>Total</b>                         | <b>13,310</b> | <b>12,450</b> |
| Staff at the beginning of the period | 12,450        | 12,450        |
| Net recruits                         | 860           | -             |
| <b>Total</b>                         | <b>13,310</b> | <b>12,450</b> |

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### About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.169 billion euros in 2010 and has a human and intellectual resource potential of over 13,000 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).

