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Excellent performance in first half 2011 for Sopra Group

Paris, 31 August 2011 – At its meeting on 30 August 2011 chaired by Pierre Pasquier, the Board of Directors of Sopra Group approved for publication Sopra Group's financial statements for the first half of 2011.

- Revenue: €529.7 million, representing organic growth of 11.4%
- Operating profit on business activity: €42.9 million, representing a margin of 8.1%, up 25%
 - In France: €39.2 million, representing a margin of 9.0%
 - In Europe: €3.7 million, representing a margin of 3.9%
- Operating profit: €54.0 million, representing a margin of 10.2%
- Net profit: €36.3 million, representing a margin of 6.9%, and €24.8 million restated for other operating income and expenses, representing a margin of 4.7%, up 25% with respect to 2010

		30/06 2011		30/06 2010		Change 2011/2010
Key income statement items						
Revenue	€m	529.7		475.2		+ 11.5%
<i>organic growth⁽¹⁾</i>						+ 11.4%
Operating profit on business activity ⁽²⁾	€m / %	42.9	8.1%	34.3	7.2%	+ 25.1%
Profit from recurring operations	€m / %	42.5	8.0%	33.7	7.1%	+ 26.1%
Operating profit	€m / %	54.0	10.2%	33.5	7.0%	+ 61.2%
Net profit - Group share	€m / %	36.3	6.9%	19.8	4.2%	+ 83.3%
Restated net profit ⁽³⁾	€m / %	24.8	4.7%	19.8	4.2%	+ 25.3%
Per share data						
Restated net earnings per share ⁽³⁾	€	2.09		1.69		+ 23.7%
Net earnings per share ⁽⁴⁾	€	3.06		1.69		+ 81.1%
Key balance sheet items						
Net debt	€m	119.8		145.9		-17.9%
Equity (Group share)	€m	243.3		315.5		-22.9%
Net debt / Equity	%	49%		46%		

¹ Change calculated based on constant consolidation scope and exchange rates. For Q1 2011, revenue has been adjusted in order to take into consideration the spin-off of Axway's business activities. This adjustment includes €0.2 million in receipts that were previously eliminated on consolidation.

² Operating profit on business activity corresponds to profit from recurring operations before expenses related to stock options and amortisation charges for allocated intangible assets.

³ Restated net profit is equal to Net profit – Group share adjusted for non-recurring items for the period.

⁴ Calculated on the basis of the weighted average number of ordinary shares in issue.

Revenue in the first half of 2011 totalled €529.7 million, representing organic growth of 11.4%.

Operating profit on business activity amounted to €42.9 million, representing a margin of 8.1%. Profit from recurring operations was €42.5 million, representing a margin of 8.0%, up 90 basis points year-on-year.

Operating profit amounted to €54.0 million. It takes into account the following non-recurring items:

- An estimate of the investment retained by Sopra Group in Axway (26.27%):
 - At 14 June 2011: the investment retained in Axway was measured to fair value, which according to IAS 39, should be determined with reference to the stock market price on the first day of the stock market listing. Strict application of this standard led to the recognition of a gain of €71.4 million, on the basis of the average price per share observed of €23.94;
 - At 30 June 2011: the investment was once again subject to an evaluation on the basis of an average stock market reference of €19.70 (net of disposal costs) leading to the recognition of an impairment loss of €18.0 million.
- Non-recurring costs relating to the spin-off and stock market listing of Axway:
 - Portion of professional fees and external expenses borne by Sopra Group of €1.0 million;
 - Expense of €2.9 million corresponding to the non-recurring portion of employee profit sharing due to the impact on the company's equity as a result of distribution operations.
- Impairment of goodwill of European subsidiaries for a total amount of €38.0 million, broken down as follows: United Kingdom (€20 million), Spain (€15 million) and Belgium (€3 million). These impairment losses result mainly from the fact that poorer and uncertain economic conditions have been taken into account and, to a lesser extent, that the outlook has deteriorated slightly for the United Kingdom and Belgium.

The net financial expense was €1.1 million.

Pursuant to IFRS 5, Axway's net profit/loss is consolidated net of operations discontinued between 1 January and the date of the spin-off and stock market listing, 14 June 2011. The net loss thus represents €1.4 million for this period, after taking into consideration €3.4 million in non-recurring costs. For the period from the initial date of stock market listing until 30 June 2011, Axway's net profit was accounted for under the equity method in the proportion of 26.27%, representing €1.1 million.

Net profit amounted to €36.3 million and to €24.8 million restated for other operating income and expenses, representing a net margin of 4.7%, up 50 basis points with respect to 2010.

Pierre Pasquier, Chairman and Chief Executive Officer, commented on the results: *"Sopra Group has achieved organic growth of more than 11%, comfortably exceeding the target set at the beginning of the year. Margins are up overall on the prior year, highlighting the quality of our business model and the Group's positioning in both its domestic and international markets. Finally, the success of the project to spin-off Axway clears the way for us to step up the pace of our strategic project in France and Europe in our core businesses."*

Comments on business activity

Business increased significantly in France, with revenue up 12.2% in organic terms to €435.5 million. Operating profit on business activity was €39.2 million, representing a margin of 9.0%. Profit from recurring operations totalled €38.8 million, representing a margin of 8.9%, up 60 basis points from the first half of 2010. Operating profit was €35.9 million, representing a margin of 8.2%. The improvement in profit arose from high value-added offerings, progress with industrialisation processes implemented over several years and better than expected performance in licence sales.

Revenue from European subsidiaries amounted to €94.2 million, representing organic growth of 7.7%. Operating profit on business activity was €3.7 million, representing a margin of 3.9%, up more than 200



points from the prior year. This uplift in profit arose from improvements in the application of Group processes in the day-to-day management of its subsidiaries.

Change in the Group's total workforce

At 30 June 2011, the Group's total workforce comprised 12,280 persons, 630 more than at 31 December 2010.

Financial position

At 30 June 2011, the Group's financial position was sound, in regard to both debt maturity and compliance with banking covenants.

After taking into account all transactions associated with the Axway spin-off, shareholders' equity amounted to €243.3 million.

After two cash distributions totalling €56.1 million, net debt at end-June 2011 was €119.8 million. The net debt to equity (gearing) ratio was 49%. The gearing ratio excluding employee profit sharing for the purposes of calculating banking covenants was 38%.

Axway repaid the full balance on its current account, amounting to €60 million, to Sopra Group on 19 July 2011 on completion of its capital increase, to which Sopra Group contributed €16.3 million. After restating for these various operations, Sopra Group's net debt amounted to €76.1 million at that date.

In June 2011, the Group obtained a €150 million syndicated loan facility from its various banks. This new loan brings the Group's total available medium-term borrowing facilities to €325 million, in addition to its short-term facilities. This means that the Group has the financing capacity required by the acquisitions that it will carry out as part of its strategy.

Strategy

Following the successful spin-off of Axway on 14 June 2011, Sopra Group is now focused on a strategy that aims to:

- extend, in the French market, the Group's leading position in all its businesses;
- develop a robust positioning in Europe;
- roll out a programme of acquisitions, particularly concerning Evolan (banking products);
- continue to achieve above-market organic growth;
- ensure a high level of profitability.

Outlook

Although the Group is maintaining performance objectives that it set at the beginning of the year for the financial year, namely organic growth and a slight improvement in the operating margin on business activity, the current economic environment does not permit any firm commitments.

Financial calendar

Thursday, 1 September 2011 at 3.30pm: Analysts' meeting at Hôtel Meurice, Paris.

Wednesday, 2 November 2011 after stock market close: publication of third quarter revenue.



Appendices

Consolidated income statement

	1st Half Year 2011		1st Half Year 2010	
	M€	%	M€	%
Revenue	529.7		475.2	
Staff costs - Employees	-357.3		-328.9	
Staff costs - Contractors	-51.5		-37.4	
Operating expenses	-71.2		-67.6	
Depreciation, amortisation and provisions	-6.8		-7.0	
Operating profit on business activity	42.9	8.1%	34.3	7.2%
Expenses related to stock options	-0.2		-0.2	
Amortisation of allocated intangible assets	-0.2		-0.4	
Profit from recurring operations	42.5	8.0%	33.7	7.1%
Other operating income and expenses	11.5		-0.2	
Operating profit	54.0	10.2%	33.5	7.0%
Cost of net financial debt	-1.8		-3.2	
Other financial income and expenses	0.7		-0.5	
Income tax expense	-16.3		-12.6	
Share of net profit from equity-accounted companies	1.1		-	
Net profit before profit from discontinued operations	37.7	7.1%	17.2	3.6%
Profit net of tax from discontinued operations	-1.4		2.6	
Net profit	36.3	6.9%	19.8	4.2%
Group share	36.3		19.8	
Minority interests	-		-	

Changes in equity

	€m
Position at 31 December 2010	364.6
Distribution in kind (73.73% of Axway at fair value)	- 284.5
Capital gain on the 73.73% of Axway distributed	200.4
Distribution in cash (exceptional)	- 46.6
Tax on distribution	- 3.2
Profit for the period	36.3
Distribution in cash (ordinary)	- 9.5
Capital increase through exercise of share options	1.1
Purchase or sale of own shares	- 0.3
Share-based payments	0.2
Actuarial differences	- 0.7
Variation of financial instruments	0.4
Translation adjustments	- 13.7
Other movements	- 1.2
Position at 30 June 2011	243.3



Simplified balance sheet

€m	30/06 2011	31/12 2010
Goodwill	164.1	369.9
Allocated intangible assets	1.7	22.0
Other fixed assets	43.2	44.6
Equity-accounted investments	83.4	-
Axway current account	60.0	-
Fixed assets	352.4	436.5
Trade accounts receivable (net)	336.0	368.4
Other assets and liabilities	-325.3	-383.2
Operating assets and liabilities	10.7	-14.8
ASSETS + WCR	363.1	421.7
Equity	243.3	364.6
Net financial debt	119.8	57.1
CAPITAL INVESTED	363.1	421.7

Statement of net debt

€m	30/06 2011	31/12 2010
Net debt at beginning of period ^(A)	57.2	137.4
Gross cash flow from operations before net financial debt and tax	46.6	124.7
Tax paid	- 19.0	- 33.8
Changes in working capital requirements	- 25.7	20.9
Net cash flow from operations	1.9	111.8
Change relating to operating investments	- 8.4	- 15.0
Net financial interest paid	- 1.9	- 6.0
Free cash flow	- 8.4	90.8
Changes in scope	-	- 0.2
Dividends paid	- 56.1	- 9.4
Capital increases in cash	1.1	2.6
Other changes	- 0.3	- 3.6
Net cash flow relating to discontinued operations	12.6	-
Net cash flow ^(B)	- 51.1	80.2
Changes in exchange rates ^(C)	- 0.4	-
Net debt relating to discontinued operations ^(D)	- 11.1	-
Net debt at period-end ^(A-B-C-D)	119.8	57.2



Key income statement items by geography

		30/06 2011		30/06 2010	
France					
Revenue	€m	435.5		388.3	
<i>organic growth</i>	%		+12.2%		
Operating profit on business activity	€m / %	39.2	9.0%	32.7	8.4%
Profit from recurring operations	€m / %	38.8	8.9%	32.1	8.3%
Operating profit	€m / %	35.9	8.2%	32.1	8.3%
Europe (excl. France)					
Revenue	€m	94.2		86.9	
<i>organic growth</i>	%		+7.7%		
Operating profit on business activity	€m / %	3.7	3.9%	1.6	1.8%
Profit from recurring operations	€m / %	3.7	3.9%	1.6	1.8%
Operating profit	€m / %	3.7	3.9%	1.6	1.8%
o/w United Kingdom					
Revenue	€m	30.7		28.5	
Operating profit on business activity	€m / %	0.4	1.3%	0.7	2.5%
Profit from recurring operations	€m / %	0.4	1.3%	0.7	2.5%
Operating profit	€m / %	0.4	1.3%	0.7	2.5%
o/w Spain					
Revenue	€m	36.3		33.8	
Operating profit on business activity	€m / %	1.7	4.7%	0.1	0.3%
Profit from recurring operations	€m / %	1.7	4.7%	0.1	0.3%
Operating profit	€m / %	1.7	4.7%	0.1	0.3%
o/w Italy					
Revenue	€m	17.4		15.5	
Operating profit on business activity	€m / %	0.7	4.0%	0.2	1.3%
Profit from recurring operations	€m / %	0.7	4.0%	0.2	1.3%
Operating profit	€m / %	0.7	4.0%	0.2	1.3%
o/w other countries					
Revenue	€m	9.8		9.1	
Operating profit on business activity	€m / %	0.9	9.2%	0.6	6.6%
Profit from recurring operations	€m / %	0.9	9.2%	0.6	6.6%
Operating profit	€m / %	0.9	9.2%	0.6	6.6%
Not allocated					
Revenue	€m	-		-	
Operating profit on business activity	€m / %	-		-	
Profit from recurring operations	€m / %	-		-	
Operating profit	€m / %	14.4		- 0.2	



Staff breakdown and changes

	30/06 2011
Staff - France	8,800
Staff - International	3,480
Total	12,280

Staff at the beginning of the period	11,650
Integration of acquired companies	-
Net recruits	630
Total	12,280

Vertical sector breakdown

	Revenue 2011 (%)
Financial Services	25%
Manufacturing	17%
Services/Transport/Utilities	21%
Telecoms & Media	12%
Public Sector	18%
Retail	7%
	100%

Disclaimer

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.

The forecasts in this document are contingent upon risks and uncertainties as to the Group's future growth and profitability. Readers are reminded that licence agreements, which often represent investments for our clients, are more significant in the second half of the year, and may therefore have a more or less favourable impact on full-year performance.

The outcome of events or actual results may differ from those described in this document as a result of various risks and uncertainties set out in the 2010 Reference Document submitted to the Autorité des Marchés Financiers on 8 April 2011 (in particular pages 54 and following).

About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.17 billion euros in 2010 and has a human and intellectual resource potential of over 13,000 people (including Axway). 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. For more information, please visit our website www.sopragroup.com.

