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High-quality performance in 2012, with objectives achieved

Paris, 19 February 2013 – At its meeting on 18 February 2013 chaired by Pierre Pasquier, Sopra Group's Board of Directors approved the financial statements for the year ended 31 December 2012.

- **Revenue: €1,216.7 million**
 - **Organic growth⁽¹⁾ of 2.4%**
 - **Total growth of 15.8%**
 - **Solid fourth-quarter organic growth of 6.3%**
- **Improvement of 20 basis points in the operating margin on business activity to 9.0%**
- **Free cash flow: €47.3 million**

		2012		2011	
Key income statement items					
Revenue	€m	1,216.7		1,050.3	
Operating profit on business activity ⁽²⁾	€m / %	109.6	9.0%	92.5	8.8%
Profit from recurring operations	€m / %	103.2	8.5%	91.7	8.7%
Operating profit ⁽³⁾	€m / %	91.3	7.5%	97.9	9.3%
Net profit - Group share	€m / %	55.6	4.6%	62.9	6.0%
Per share data					
Net earnings per share ⁽⁴⁾	€	4.67		5.29	
Key balance sheet items					
Free cash flow ⁽⁵⁾	€m	47.3		43.2	
Net debt	€m	204.0		46.4	
Equity (Group share)	€m	305.3		273.9	
Net debt / Equity ⁽⁶⁾	%	67%		17%	

¹ Change calculated at constant exchange rates and group structure.

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 So as to allow for the comparability of accounts, all elements entering into the determination of Axway's operating profit have been presented in a single line item ("Profit net of tax from discontinued operations") shown above the "Net profit" line item in the 2011 income statement.

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

⁵ Gross cash flow from operations less corporate income tax paid, changes in working capital requirements, capital expenditures and net financial interest paid.

⁶ The gearing ratio, which excludes employee profit sharing in compliance with the Group's banking covenants, was 56% in 2012, compared to 7% in 2011.

Business review

Sopra Group posted revenue of €1,216.7 million in 2012, representing total growth of 15.8% and organic growth of 2.4%. Operating profit on business activity came to €109.6 million, corresponding to a margin of 9.0%, an improvement of 20 basis points compared to the previous year.

Profit on recurring operations was €103.2 million, representing a margin of 8.5%, after taking into account €2.2 million in expenses relating to the bonus share plan set up in June 2012 as well as the amortisation of allocated intangible assets in the amount of €4.2 million.

The Group's operating profit was €91.3 million, corresponding to a margin of 7.5%, after taking into account a net expense for other operating income and expenses of €11.9 million, comprised of the following items:

- Transaction costs for acquisitions in the amount of €4.9 million,
- Restructuring expenses relating to the integration of acquisitions and the reorganisation of the consulting business in France totalling €6.6 million,
- Balance of the payment for the Rent Profit dispute (premises in Spain) in the amount of €0.4 million.

Axway's net profit was accounted for using the equity method in reference to Sopra Group's 26.02% shareholding in this entity at 31 December 2012, thus in the amount of €6.1 million.

Sopra Group posted net profit of €55.6 million, representing a net profit margin of 4.6%.

In France, revenue was €805.4 million, corresponding to organic growth of 3.7%. Operating profit on business activity came to €68.0 million, representing a margin of 8.4% for the year, down from 9.2% in 2011. The decline in the margin is the result of pre-sales marketing investments relating to several large projects, the delay in the recovery of the Group's consulting business and a business environment that continues to be challenging. The Group nevertheless remains confident in its ability to maintain satisfactory margins in the current year.

In Europe (excluding France), revenue came to €240.0 million, representing total growth of 30.1% and organic growth of 3.0%. Operating profit on business activity was €17.7 million, with the margin thus improving from 4.9% in 2011 to 7.4% in 2012. This improvement is mainly the result of the Group's performance in the United Kingdom, while the margins of the other European subsidiaries remained in line with those achieved in 2011.

Sopra Banking Software, the Group's new subsidiary resulting from the combination of its four offerings in the area of banking software solutions, posted revenue of €171.3 million, representing total growth of 92.0% and negative organic growth of 3.9%. The operating profit margin on business activity for this subsidiary came to 14.0% in 2012, up from 13.6% in 2011.⁽⁷⁾

The Group's growth over the year as a whole was buoyed by a significant improvement in performance in the fourth quarter. Orders for the Group's large-scale and high value-added application build and outsourcing projects rose sharply at the end of the year, as did sales of Sopra Banking Software licences.

The strongest revenue growth was achieved in the following verticals: Services, Transport and Utilities (+11%), Manufacturing (+9%) and, to a lesser extent, the Public Sector (+4%).

At 31 December 2012, Sopra Group employed a workforce of 14,300 people, an increase of nearly 1,700 staff compared to 2011, including 690 net recruits and more than 1,000 employees from acquisitions.

⁷ Pro forma financial information relating to Sopra Banking Software's performance is included in the appendices.



Financial position

Equity amounted to €305.3 million. At 31 December 2012, net debt came to €204.0 million and included the following elements:

- the distribution of a cash dividend, in respect of financial year 2011, amounting to €22.6 million;
- the payment of the Tieto UK, Business & Decision UK and Callataÿ & Wouters acquisitions, for a total amount of €182.4 million.

Net bank debt, excluding the profit-sharing liability, came to €172.0 million. Consequently, the gearing ratio, which excludes employee profit sharing in compliance with the Group's banking covenants, was 56%.

Net financial expenses were €8.1 million. Free cash flow amounted to €47.3 million for the year.

A new agreement for a €128 million syndicated loan was signed in June 2012. At 31 December, the Group had total utilisable credit lines of €336 million.

The Group's financial position therefore remains sound, in regard to both debt maturity and compliance with banking covenants.

Proposed dividend

During its next Annual General Meeting of shareholders, the Board of Directors of Sopra Group will propose the distribution of a €1.70 dividend per share for the financial year 2012, totalling €20.2 million.

Strategy

The Group reiterates its ambition to expand its positioning in three high value-added activities: consulting, services and software development. Consequently, it has adopted a business strategy based on three pillars:

- Cementing the Group's position in the French market,
- Developing a sound positioning in Europe,
- Expanding the Group's solutions portfolio.

The proposed acquisition of the company HR Access (see the press release dated 19 February 2013) is perfectly consistent with this strategy.

Outlook

With the signings of a large number of multi-year contracts in the fourth quarter of 2012, the Group has set an organic growth target of between 2% and 5% for the 2013 financial year. However, the first quarter of 2013 provides a challenging basis for comparison due to an unfavourable calendar effect (two fewer invoicing days than the previous year).

Given the recently proposed acquisition of HR Access, the Group will provide an indication of annual margin target when reporting its interim results for 2013.

Sopra Group confirms its intention to reduce its debt over the course of 2013 and announces a net debt target in the range of €150–170 million for the year-end.



Financial calendar

Wednesday, 20 February 2013 at 3.30 pm: Analysts' meeting at Pavillon Kléber, Paris.

Monday, 22 April 2013, after market: Publication of first quarter revenue.

Thursday, 13 June 2013 at 2.30 pm: Annual General Meeting at Hotel Le Meurice, Paris.

Thursday, 1 August 2013, before market: Publication of interim results.

Appendices

Consolidated income statement

	2012		2011	
	€m	%	€m	%
Revenue	1,216.7		1,050.3	
Staff costs - Employees	-811.8		-701.4	
Staff costs - Contractors	-100.1		-95.8	
Operating expenses	-178.2		-147.0	
Depreciation, amortisation and provisions	-17.0		-13.6	
Operating profit on business activity	109.6	9.0%	92.5	8.8%
Expenses related to stock options and bonus share awards	-2.2		-0.5	
Amortisation of allocated intangible assets	-4.2		-0.3	
Profit from recurring operations	103.2	8.5%	91.7	8.7%
Other operating income and expenses	-11.9		6.2	
Operating profit	91.3	7.5%	97.9	9.3%
Cost of net financial debt	-7.2		-4.1	
Other financial income and expenses	-1.0		0.6	
Income tax expense	-33.6		-36.1	
Share of net profit from equity-accounted companies	6.1		6.0	
Net profit before profit from discontinued operations	55.6	4.6%	64.3	6.1%
Profit net of tax from discontinued operations	-		-1.4	
Net profit	55.6	4.6%	62.9	6.0%
Group share	55.6		62.9	
Minority interests	-		-	



Simplified balance sheet

€m	31/12 2012	31/12 2011
Goodwill	314.6	190.9
Allocated intangible assets	56.5	1.3
Other fixed assets	45.7	44.1
Equity-accounted investments	113.8	109.4
Fixed assets	530.6	345.7
Trade accounts receivable (net)	384.3	345.0
Other assets and liabilities	-405.6	-370.4
Operating assets and liabilities	-21.3	-25.4
ASSETS + WCR	509.3	320.3
Equity	305.3	273.9
Net financial debt	204.0	46.4
CAPITAL INVESTED	509.3	320.3

Statement of net debt

€m	2012	2011
Net debt at beginning of period (A)	46.4	57.2
Gross cash flow from operations before net financial debt and tax	112.2	100.5
Tax paid	-41.8	-38.7
Changes in working capital requirements	-8.6	-1.3
Net cash flow from operations	61.8	60.5
Change relating to operating investments	-7.7	-13.8
Net financial interest paid	-6.8	-3.5
Free cash flow	47.3	43.2
Changes in scope	-182.4	-29.8
Financial investments (Axway capital increase)	-0.1	-16.2
Dividends paid	-22.6	-56.1
Dividends received from equity-accounted companies	1.3	-
Capital increases in cash	-	1.2
Change in loans and advances granted (reimbursement of Axway current account)	-	68.4
Other changes	0.2	-1.0
Net cash flow relating to discontinued operations	-	12.6
Net cash flow (B)	-156.3	22.3
Changes in exchange rates (C)	-1.3	-0.4
Net debt relating to discontinued operations (D)	-	-11.1
Net debt at period-end (A-B-C-D)	204.0	46.4



Performance by geographic zone

		2012		2011	
France					
Revenue	€m	805.4		776.6	
<i>organic growth</i>	%		+ 3.7%		
Operating profit on business activity	€m / %	68.0	8.4%	71.4	9.2%
Profit from recurring operations	€m / %	66.2	8.2%	71.0	9.1%
Operating profit	€m / %	64.5	8.0%	63.1	8.1%
Sopra Banking Software					
Revenue	€m	171.3		89.2	
<i>organic growth</i>	%		-3.9%		
Operating profit on business activity	€m / %	23.9	14.0%	12.1	13.6%
Profit from recurring operations	€m / %	20.6	12.0%	11.7	13.1%
Operating profit	€m / %	19.1	11.2%	11.3	12.7%
Europe (ex. France)					
Revenue	€m	240.0		184.5	
<i>organic growth</i>	%		+ 3.0%		
Operating profit on business activity	€m / %	17.7	7.4%	9.0	4.9%
Profit from recurring operations	€m / %	16.4	6.8%	9.0	4.9%
Operating profit	€m / %	14.4	6.0%	9.0	4.9%
o/w United Kingdom					
Revenue	€m	103.8		58.5	
<i>organic growth</i>	%		- 2.9%		
Operating profit on business activity	€m / %	10.3	9.9%	1.4	2.4%
Profit from recurring operations	€m / %	9.2	8.9%	1.4	2.4%
Operating profit	€m / %	7.6	7.3%	1.4	2.4%
o/w Spain					
Revenue	€m	74.8		70.3	
<i>organic growth</i>	%		+ 6.4%		
Operating profit on business activity	€m / %	4.6	6.1%	4.3	6.1%
Profit from recurring operations	€m / %	4.4	5.9%	4.3	6.1%
Operating profit	€m / %	4.0	5.3%	4.3	6.1%
o/w Italy					
Revenue	€m	39.2		35.9	
<i>organic growth</i>	%		+ 9.2%		
Operating profit on business activity	€m / %	1.1	2.8%	2.0	5.6%
Profit from recurring operations	€m / %	1.1	2.8%	2.0	5.6%
Operating profit	€m / %	1.1	2.8%	2.0	5.6%
o/w Other countries					
Revenue	€m	22.2		19.8	
<i>organic growth</i>	%		+ 11.0%		
Operating profit on business activity	€m / %	1.7	7.7%	1.3	6.6%
Profit from recurring operations	€m / %	1.7	7.7%	1.3	6.6%
Operating profit	€m / %	1.7	7.7%	1.3	6.6%



Quarterly performance by division

Group	Q1	Q2	Q3	Q4	Full-year
Revenue 2012 (€m)	287.8	301.8	290.2	336.9	1,216.7
Reported revenue 2011 (€m)	262.8	266.9	240.1	280.5	1,050.3
Pro forma revenue 2011 (€m)	275.6	308.3	287.0	316.9	1,187.8
Total growth (%)	9.5%	13.1%	20.9%	20.1%	15.8%
Organic growth (%)	4.4%	-2.1%	1.1%	6.3%	2.4%

France

Revenue 2012 (€m)	205.1	193.5	188.1	218.7	805.4
Reported revenue 2011 (€m)	196.2	196.0	179.9	204.5	776.6
Pro forma revenue 2011 (€m)	196.2	195.9	179.9	204.4	776.4
Total growth (%)	4.5%	-1.3%	4.6%	6.9%	3.7%
Organic growth (%)	4.5%	-1.2%	4.6%	7.0%	3.7%

Europe (including Tieto UK and B&D UK)

Revenue 2012 (€m)	55.1	61.3	59.4	64.2	240.0
Reported revenue 2011 (€m)	48.2	46.0	43.2	47.1	184.5
Pro forma revenue 2011 (€m)	53.1	59.6	58.4	62.0	233.1
Total growth (%)	14.3%	33.3%	37.5%	36.3%	30.1%
Organic growth (%)	3.8%	2.9%	1.7%	3.5%	3.0%

Sopra Banking Software (including C&W)

Revenue 2012 (€m)	27.6	47.0	42.7	54.0	171.3
Reported revenue 2011 (€m)	18.4	24.9	17.0	28.9	89.2
Pro forma revenue 2011 (€m)	26.3	52.8	48.7	50.5	178.3
Total growth (%)	50.0%	88.8%	151.2%	86.9%	92.0%
Organic growth (%)	4.9%	-11.0%	-12.3%	6.9%	-3.9%

Revenue breakdown by business segment (%)

	2012	2011
Financial Services	33%	25%
Services/Transport/Utilities	20%	21%
Public Sector	16%	18%
Manufacturing	16%	17%
Telecoms & Media	10%	12%
Retail	5%	7%
	100%	100%

Staff changes

	2012	2011
Staff - France	9,380	8,920
Staff - International	4,930	3,690
Total	14,310	12,610
Staff at the beginning of the period	12,610	11,650
Integration of acquired companies	1,010	280
Net recruits	690	680
Total	14,310	12,610



Changes in equity (€m)

	2012
Equity position at beginning of period	273.9
Net profit - Group share	55.6
Distribution in cash (ordinary)	- 22.6
Acquisition or disposal of treasury shares	0.7
Share-based payments	1.6
Actuarial differences	- 2.2
Change in financial instruments	- 1.2
Translation adjustments	0.1
Other movements	- 0.6
Equity position at end of period	305.3

In order to facilitate the analysis of Sopra Banking Software's performance, we provide below this entity's revenue on a pro forma basis:

Sopra Banking Software (full-year results integrating Tieto UK and C&W)

	Q1	Q2	Q3	Q4	Full-year
Pro forma revenue 2012 (€m)	51.9	54.0	49.6	60.0	215.5
Pro forma revenue 2011 (€m)	47.9	58.3	55.1	57.2	218.5
Organic growth (%)	8.4%	-7.4%	-10.0%	4.9%	-1.4%

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 2011 Reference Document which was filed with the Autorité des Marchés Financiers (AMF) on 27 April 2012 (notably on pages 48 et seq.).

The distribution of this press release in certain countries may be subject to the laws and regulations in force. Natural persons present in these countries and in which this press release is disseminated, published or distributed, should obtain information about such restrictions and comply with them.

About Sopra Group

A leader in the European consulting, IT services and software solutions markets, Sopra Group generated revenue of €1.217 billion in 2012 and today employs over 14,000 staff. Thanks to a long-standing 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 successfully complete transformation projects that will give them a competitive edge and help them drive growth. Sopra Group's specific expertise extends from prior strategic reflection through to the supervision and implementation of major projects. For more information, please visit our website www.sopragroup.com.

