

Sopra delivers an excellent quality performance in the 1st quarter

Paris, 28 April 2014 – Sopra announces revenue of €358.4 million for the first quarter of 2014, representing total growth of 11.5% and organic growth of 4.4%.

1st quarter 2014

€m	Q1 2014	Q1 2013 Pro forma	Q1 2013 Reported	Total growth	Organic growth ¹
France	197.8	193.5	192.1	3.0%	2.2%
Europe (excluding France)	63.8	60.5	59.9	6.5%	5.5%
Sopra Banking Software	60.7	58.3	53.0	14.5%	4.1%
Other Solutions	36.1	31.0	16.3	NS	16.5%
Sopra	358.4	343.3	321.3	11.5%	4.4%

Comments on business activity in 1st quarter 2014

The Group posted revenue of €358.4 million for the first quarter of 2014, representing total growth of 11.5% and organic growth of 4.4%. Amid a slight market upturn, Sopra once again demonstrated its ability to outperform.

In France, business activity remained resilient, continuing the trend noted at the end of last year, with the Group turning in a solid performance. Revenue for the quarter came to €197.8 million, representing total growth of 3.0% and organic growth of 2.2%. Sopra capitalized on its strong positioning among major clients, with numerous contract signings. In addition, some of the large contracts signed at the end of 2012 have hit their stride and are now attaining the profitability targets set for them.

In its other European markets, the Group's business activity also experienced growth. Sopra posted revenue in Europe (excluding France) of €63.8 million, achieving total growth of 6.5% and organic growth of 5.5%. Spain and the Benelux countries had an excellent start to the year with organic growth well over 15%, while certain projects in Germany and Italy weighed on the Group's performance. Sopra's performance in other European markets was in line with expectations.

¹ At constant consolidation scope and exchange rates.

Sopra Banking Software recorded revenue of €60.7 million for the quarter, representing total growth of 14.5% and organic growth of 4.1%. The subsidiary continues to develop, in particular by building up offshore teams in India and enhancing its industrialisation process to handle current large-scale projects. The period saw a significant (8%) rise in licence signings, and sales synergies with COR&FJA Banking Solutions, the Group's most recently completed acquisition (consolidated since 1 January), began to materialise, with the signing of the first cross-sold contract.

The Group's other solutions, for human resources and real estate, saw strong growth. Real estate solutions posted organic growth of more than 7%, while human resources solutions exceeded 20%. The remainder of the year is expected to offer excellent opportunities for this business segment, which enjoys a promising order book.

Sopra also announced the proposed acquisition, by its subsidiary Sopra HR Software, of HR Access Service Line, currently owned by IBM France (see press release dated 24th April). If completed, this transaction would position Sopra even more strongly to deliver on its software solutions strategy, resulting in pro forma 2014 revenue of over €150 million for the Group's Human Resources Solutions business as a whole.

Shareholding in Axway Software

Sopra maintains a 25.66% stake in its former subsidiary Axway Software. For first quarter 2014, Axway reported an encouraging revenue performance of €52.0 million, representing organic growth of 6.1%. This momentum has enabled the company to confirm its targets for the year, which include significant organic and external growth and an operating margin on business activity at least equal to that achieved in 2013 (15.8%).

Proposed tie-up between Sopra and Steria

The proposed friendly tie-up between Sopra and Steria aims to create a European leader in digital transformation with combined revenue of €3.1 billion and a Group with over 35,000 staff, serving major international clients from its locations in 24 countries. This project is expected to generate operating synergies of €62 million and aims to create an entity that can generate strong organic growth with the objective of attaining revenue of over €4 billion and progressively improve the operating margin on business activity towards 10%.

This proposal has been greeted very favourably by clients, notably in France and the United Kingdom, which would be the new entity's two largest markets. Based on the work done by the management teams over the past few months, there is every reason to be confident that this tie-up will result in synergies; apart from the increase in operational efficiency, the planned tie-up is founded upon the considerable complementarity of the two groups' offerings, expertise and geographies. Thanks to this, Sopra-Steria Group would be able to offer services tailored to the rapidly changing nature of demand from clients.

Employees of both groups have expressed their support for these growth plans. The potential for major sales synergies is clear, and represents a unique value-creating opportunity for Sopra's shareholders as well as those of Steria.

Workforce

In the first quarter, 430 staff joined the Group as new hires and 115 on the acquisition of COR&FJA Banking Solutions. The total workforce now comprises 16,835 people.

Proposed dividend

Sopra's Board of Directors will submit a proposal to the next Annual General Meeting for the distribution of a dividend of €1.90 per share in respect of financial year 2013, representing a total amount of €22.6 million.

Financial position

Sopra's financial position remains strong, both with respect to bank covenants and the level of debt.

Outlook

Given the current context and provided there is no significant deterioration in market conditions, Sopra can confirm its annual targets for organic growth (3% to 5%) and improvement in its operating margin on business activity.

Subject to completion of the proposed acquisition of HR Access Service Line, the Group's pro forma revenue would be of the order of €1.5 billion for the year, representing total growth of approximately 11%.

The proposed acquisition of HR Access Service Line requires an adjustment in the targeted level of net debt at year-end, which is now expected to fall in the range of €120 million to €140 million.

Financial calendar

Friday, 27 June 2014 at 2.30 pm: Annual General Meeting at Hotel Le Meurice, Paris.

Thursday, 31 July 2014: publication of half-year revenue and results.

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Appendices

1st quarter 2014

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France	197.8	193.5	192.1	3.0%	2.2%
Europe (excluding France)	63.8	60.5	59.9	6.5%	5.5%
of which United Kingdom	22.3	21.7	21.1	5.7%	2.8%
of which Spain	20.8	17.6	17.6	18.2%	18.2%
of which Italy	10.3	11.2	11.2	-8.0%	-8.0%
of which Switzerland	2.9	2.8	2.8	3.6%	3.6%
of which Benelux	4.3	3.4	3.4	26.5%	26.5%
of which Germany	3.2	3.8	3.8	-15.8%	-15.8%
Sopra Banking Software	60.7	58.3	53.0	14.5%	4.1%
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