

Revenue for Q3 2019: €1,039.0m
Total growth: 9.2%
Organic growth:¹ 8.3%

Paris, 25 October 2019 – Sopra Steria Group generated revenue of €1,039.0 million in the third quarter of 2019, representing growth of 9.2%. At constant scope and exchange rates, revenue grew 8.3%.

Sopra Steria: Consolidated revenue – Q3 2019

€m / %	Q3 2019	Q3 2018	Organic growth	Total growth
Revenue	1,039.0	951.4	8.3%	9.2%

Comments on Q3 2019 business activity

Sopra Steria posted third-quarter revenue growth of 9.2%. Changes in scope had a positive impact of €11.0 million. Currency fluctuations had a negative impact of €2.9 million. **At constant scope and exchange rates**, revenue grew 8.3%.

During the quarter, Sopra Steria continued its strategy of raising the value of its offerings. On 30 September 2019, the Group announced the launch of its new digital transformation consulting brand, **Sopra Steria Next**, along with a new visual identity for all its entities. With 3,400 consultants in Europe, Sopra Steria Next is one of the largest digital transformation consulting firms. By helping its clients develop innovative digital transformation strategies, Sopra Steria Next forms a key link in Sopra Steria's end-to-end strategy.

In **France**, revenue totalled €427.8 million, corresponding to organic growth of 9.0%. Growth was robust in all business lines, in particular in consulting, IT infrastructure transformation (especially cloud solutions) and cybersecurity. The best-performing vertical markets were defence, aeronautics, transport and the public sector. Banking and telecommunications were the least dynamic sectors. The calendar effect, which had a negative one-day impact in the first half of 2019, had a positive one-day impact in the third quarter and will have a negative one-day impact in the fourth quarter.

In the **United Kingdom**, revenue came to €166.2 million (comprising 16% of Group revenue). Since 28 June 2019, it no longer includes the recruitment business, which contributed €34.4 million in revenue in the third quarter of 2018. Excluding this impact and currency fluctuations, organic revenue growth was 7.1%. This performance was chiefly driven by a catch-up effect and by the improved performance at the two public-sector joint ventures since the beginning of the year (around 40% of revenue for the reporting unit). Their average organic growth came to 10.6% for the quarter. The other businesses continued to reflect a wait-and-see attitude. Lastly, the Group's strategy of reinforcing its presence in the private sector and refocusing its business model on higher-added-value services like consulting must be continued for several half-year periods.

¹ Alternative performance measures are defined in the glossary at the end of this document

The **Other Europe** reporting unit posted organic growth of 6.3%, with revenue coming to €281.9 million. In Germany, continuing the trend seen in the first half of the year, revenue remained largely stable as a result of significantly lower spending by some clients in the banking sector, which hit operating performance. Growth was strong outside the banking sector. Elsewhere in the reporting unit, growth was particular brisk in Scandinavia, Italy and Spain. Lastly, since 1 August 2019 Sopra Steria has been responsible for operating the information system of the Sparda banking network. This business is part of the Other Europe reporting unit and contributed €30.5 million to revenue for the quarter.

Sopra Banking Software generated revenue of €104.5 million. Organic growth came to 12.1%, thanks to some extent to a favourable comparison basis pertaining to progress adjustments made on certain projects in the third quarter of 2018 (for a negative amount of €10 million). There were several highlights during the quarter. In the specialised lending business, the development of a major version (V4.7) proceeded according to plan, with the launch of a test phase still scheduled for the end of the year. New go-lives were successfully completed in parallel. In the Africa / Middle East region, migrations to Amplitude Up continued, with the aim of completing 70 migrations by the end of 2019. In Europe, new instant payment solutions were launched, and the use of the Digital eXperience Platform under the EU's new payment services directive (PSD 2) accelerated with the arrival of several new clients, bringing their current number to around thirty.

The **Other Solutions** reporting unit posted organic growth of 9.2% (€58.6 million in revenue). Growth was robust, benefiting from a favourable comparison basis with the third quarter of 2018, in both property management solutions (9.9%) and human resources solutions (8.9%). In this business, Sopra HR Software's acquisition of NeoSpheres Consulting consolidated its position as an end-to-end human resources solutions provider, reinforcing its capacity in talent management consulting.

Workforce

At 30 September 2019, the Group's workforce totalled 45,238 people (44,114 people at 31 December 2018), with 19.8% working in X-Shore zones.

Changes in scope and external growth

- SAB has been fully consolidated within Sopra Banking Software since 1 July 2019.
- Sopra Financial Technology (partnership with Sparda banks) has been fully consolidated since 1 August 2019.
- NeoSpheres Consulting (2018/2019 revenue for the period ended 31 August estimated at €3.6 million), acquired by Sopra HR Software, has been fully consolidated since 3 September 2019.

Targets for 2019

- Organic revenue growth of between 6.3% and 6.5% (previously "equal to or greater than 6%")
- Slight improvement in operating margin on business activity
- Free cash flow in excess of €150 million

Medium-term ambitions

The Group is targeting annual organic revenue growth, under equivalent market conditions, of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

Upcoming events

Friday, 21 February 2020: Publication of 2019 annual results (before market) and presentation meeting



Glossary

- **Restated revenue:** Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- **Organic revenue growth:** Increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **EBITDA:** This measure, as defined in the Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Operating profit on business activity:** This measure, as defined in the Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities, less investments (net of disposals) in property, plant and equipment and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.

Disclaimer

This document contains forward-looking information subject to certain risks and uncertainties that may affect the Group's future growth and financial results. Readers are reminded that licence agreements, which often represent investments for clients, are signed in greater numbers in the second half of the year, with varying impacts on end-of-year performance. Actual outcomes and results may differ from those described in this document due to operational risks and uncertainties. More detailed information on the potential risks that may affect the Group's financial results can be found in the 2018 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 12 April 2019 (see pages 28 to 44 and 229 to 233 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should inquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits. It provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to making the most of digital technology to build a positive future for its clients. With 45,000 employees in 25 countries, the Group generated revenue of €4.1 billion in 2018.

The world is how we shape it.

Sopra Steria (SOP) is listed on Euronext Paris (Compartment A) – ISIN: FR0000050809

For more information, visit us at www.soprasteria.com

Contacts

Investor Relations

Olivier Psaume

olivier.psaume@soprasteria.com

+33 (0)1 40 67 68 16

Press Relations

Caroline Simon (Image 7)

caroline.simon@image7.fr

+33 (0)1 53 70 74 65



Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – 9M 2019

€m / %	9M 2019	9M 2018	Growth
Revenue	3,246.0	2,965.4	+9.5%
Changes in exchange rates		-1.2	
Revenue at constant exchange rates	3,246.0	2,964.2	+9.5%
Changes in scope		49.9	
Revenue at constant scope and exchange rates	3,246.0	3,014.1	+7.7%

Sopra Steria: Changes in exchange rates – 9M 2019

For €1 / %	Average rate 9M 2019	Average rate 9M 2018	Change
Pound sterling	0.883	0.884	0.1%
Norwegian krone	9.771	9.588	-1.9%
Swedish krona	10.568	10.237	-3.1%
Danish krone	7.464	7.450	-0.2%
Swiss franc	1.118	1.161	3.9%

Sopra Steria: Revenue by reporting unit – 9M 2019

€m / %	9M 2019	9M 2018 Restated*	9M 2018	Organic growth	Total growth
France	1,342.6	1,241.5	1,241.4	8.1%	8.1%
United Kingdom	595.9	540.9	574.1	10.2%	3.8%
Other Europe	816.9	763.6	717.4	7.0%	13.9%
Sopra Banking Software	308.5	295.3	259.9	4.5%	18.7%
Other Solutions	182.2	172.8	172.7	5.4%	5.5%
Total	3,246.0	3,014.1	2,965.4	7.7%	9.5%

* Revenue at 2019 scope and exchange rates

Sopra Steria: Revenue by reporting unit – Q3 2019

€m / %	Q3 2019	Q3 2018 Restated*	Q3 2018	Organic growth	Total growth
France	427.8	392.4	392.3	9.0%	9.0%
United Kingdom	166.2	155.1	191.2	7.1%	-13.1%
Other Europe	281.9	265.1	241.9	6.3%	16.6%
Sopra Banking Software	104.5	93.2	72.5	12.1%	44.2%
Other Solutions	58.6	53.6	53.4	9.2%	9.6%
Total	1,039.0	959.5	951.4	8.3%	9.2%

* Revenue at 2019 scope and exchange rates

