

Targets exceeded for Sopra Steria in 2016

- Revenue of €3,741.3 million, equating to organic growth* of 5.2%
- Growth at constant exchange rates of 8.3% and total growth of 4.4%
- Operating margin on business activity up 1.2 percentage points to 8.0%
- Strong growth in net profit attributable to the Group at €150.4 million (up 78.2%) and in basic earnings per share at €7.5 (up 75.6%)
- Very strong improvement in free cash flow to €150.6 million (vs. €49.3 million in 2015)

Paris, 27 February 2017 – At its meeting of 24 February 2017 chaired by Pierre Pasquier, Sopra Steria's Board of Directors conducted an in-depth review of the consolidated financial statements¹ for the financial year ended 31 December 2016.

Sopra Steria: 2016 Full-year results

		2016		2015 Reported	
Key income statement items					
Revenue	€m	3 741.3		3 584.4	
Total growth		+ 4.4%			
Organic growth		+ 5.2%			
Operating profit on business activity	€m / %	301.1	8.0%	245.5	6.8%
Profit from recurring operations	€m / %	267.8	7.2%	225.0	6.3%
Operating profit	€m / %	240.2	6.4%	152.6	4.3%
Net profit - Group share	€m / %	150.4	4.0%	84.4	2.4%
Weighted average number of shares in issue excl. treasury shares	m	20.04		19.76	
Basic earnings per share	€	7.50		4.27	
Recurring net earnings per share	€	8.45		6.75	
Key balance sheet items					
		31/12/2016		31/12/2015	
Net financial debt	€m	506.0		530.8	
Equity (Group share)	€m	1 070.6		1 194.4	

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

¹ Audit procedures have been carried out on the financial statements. The Statutory Auditors report is in the process of being issued.

Comments on business activity and operating performance in financial year 2016

In financial year 2016, Sopra Steria exceeded its growth, profitability and cash flow targets, delivering a solid operating performance that saw the Group return to its historical performance standards.

As such, the Group's 2016 performance highlights the relevance and success of the tie-up between Sopra and Steria. It also reflects strategic developments initiated by the Group: driving up the value of its offerings through consulting and solutions, strengthening the vertical approach and close client relationship, and stepping up development in the digital segment, which proved particularly buoyant.

Sopra Steria generated 2016 revenue of €3,741.3 million, reflecting buoyant organic growth of 5.2%. Currency fluctuations had an adverse impact of -€130.3 million, mainly due to the drop in the British pound vs. Euro relative to 2015. Meanwhile, changes in scope had a positive impact of €103.9 million. Overall, Group revenue grew by 4.4% in 2016.

The Group's operating profit on business activity grew by 22.6% relative to 2015, to €301.1 million, a margin of 8.0%, up 1.2 percentage points relative to the previous year.

In **France**, 2016 revenue came in at €1,528.1 million, equating to organic growth of 6.7% and total growth of 12.0%.

- In **Consulting & Systems Integration**, the Group substantially consolidated its leading position, continuing to win market share from its competitors thanks to very strong momentum: revenue grew by 8.0% on an organic basis to €1,327.4 million, driven by key accounts (up 10%) and consulting services (up 17%) which now account for 12% of total business. The best-performing sectors were defence, aerospace and transport. Strong business growth was coupled with higher profitability, while the Group invested significantly in training (under the New Way programme launched in 2016): the operating margin on business activity came in at 9.0%, compared with 8.7% the previous year.
- **I2S (Infrastructure & Security Services)** posted revenue of €200.6 million. The IT infrastructure management business, which accounts for 90% of the entity's revenue, continued to refocus on higher-added-value services. This resulted in a slight organic decrease in revenue (down 1.3%) and the confirmation of the recovery in profitability begun two years ago. All in all, I2S's operating margin increased by 1.9 percentage points relative to 2015, to 2.2%. This performance has enabled the Group to maintain a target operating margin on business activity of almost 5% for 2017, as set in 2015.

In the **United Kingdom**, the Brexit had no material impact on business in the financial year. However, the British pound fell by an average of 11.4% against the euro, generating a translation loss of €117.5 million. Full-year revenue of €927.9 million was down 11.0% relative to 2015, however, at constant exchange rates and scope, revenue was stable (+0.4%). Public sector business grew by 2.0%. The private sector business was reorganised, resulting in the beginnings of an improvement. As regards profitability, the region's operating margin on business activity increased by 0.7 percentage points relative to 2015, reaching 8.0%.

The **Other Europe** region's performance in 2016 reflected the success of the recovery plan put in place two years ago, particularly in Germany, where the transformation was a clear success. The region generated revenue of €728.1 million, equating to organic growth of 5.8%. Nearly all countries posted growth, with Spain, Benelux and Norway particularly buoyant. Meanwhile, the region's profitability more than doubled relative to 2015. The operating margin on business activity came in at 5.7%, compared with 2.7% the previous year, mainly thanks to a very strong improvement in Germany, which returned to profit (delivering an operating margin on business activity of 5.7%, compared with 0% in 2015).

For **Sopra Banking Software**, 2016 was a year of significant development and consolidation. Revenue grew by 24.3% (of which 11.7% organic) to €350.9 million. Significant new ground was gained in specialist loans (with the acquisition of Cassiopae in April 2016) and payments (with Sopra Banking Platform for Payments



launched for Transactis). Significant milestones were achieved on the product roadmaps, notably on 'Platform', with the delivery of the account management module. A number of major new contracts were also won on 'Platform' (seven new clients) and demand remained strong on 'Amplitude' (with 13 new clients and 23 go-live decisions). Lastly, investment increased, with research and development expenses (recognised in the P&L) up €14 million, accounting for 27% of revenue. Against this backdrop, the operating margin on business activity held steady relative to 2015, coming in at 9.1%.

Other Solutions (Human Resource Solutions and Property Management Solutions) posted 2016 revenue of €206.4 million, equating to organic growth of 3.7%. Human Resource Solutions benefited from strong momentum in the second half of the year after delays signing contracts in the first half. Meanwhile, Property Management Solutions delivered sustained growth throughout the year. The reporting unit's profitability increased sharply, with an operating margin on business activity of 14.2% (compared with 11.6% in 2015).

Comments on 2016 net profit

Profit from recurring operations came in at €267.8 million equating to growth of 19.1%. This includes a €12.1 million expense related to share-based payments mainly due to the implementation, in the first half of 2016, of an employee share ownership plan involving both purchases of shares by employees and matching employer contributions.

Operating profit came in at €240.2 million, equating to growth of 57.4%, after other net operating income and expenses of -€27.6 million. These included €22.9 million in reorganisation and restructuring expenses, down significantly compared to the €67.2 million recorded in 2015.

The tax expense for the year totalled €80.9 million, compared with €47.2 million in 2015, giving an effective tax rate of 35.8%, similar to the 2015 rate.

The share of profit of equity-accounted companies (mainly Axway) was €10.8 million.

After taking into account €5.4 million attributable to minority interests, net profit attributable to the Group increased by 78.2% to €150.4 million, equivalent to 4.0% of revenue (compared with 2.4% of revenue to 31 December 2015).

Basic earnings per share increased 75.6% to €7.50 (compared with €4.27 in 2015).

Proposed dividend in respect of financial year 2016

At the next Annual General Meeting of Shareholders, Sopra Steria will propose the payment of a dividend² of €2.20 per share (€1.70 per share in respect of financial year 2015).

Financial position at 31 December 2016

Sopra Steria's financial position at 31 December 2016 was robust in terms of both financial ratios and liquidity.

Free cash flow improved sharply relative to 2015 (€150.6 million vs. €49.3 million).

Net financial debt stood at €506.0 million at end 2016, down €24.8 million relative to end 2015 and equating to 1.47x EBITDA (with the bank covenant stipulating a maximum of 3x).

At 31 December 2016, the Group had total financing of €1.5 billion, of which €1.1 billion was available³. The Group's bank facilities were renegotiated on 7 July 2016 for a period of five years (with extensions possible to 2022 and 2023).

² Annual General Meeting of Shareholders scheduled for 13 June 2017. The ex-dividend date will be 3 July 2017, and the dividend will be payable as from 5 July 2017.

³ Assuming a constant amount of commercial paper (€302.7m at 31 December 2016) and overdrafts.



Workforce

At 31 December 2016, the Group had a total workforce of 39,813 people (compared with 38,450 at 31 December 2015), with 17.6% working in X-Shore zones.

2017 targets

In 2017, a number of European countries will experience an adverse calendar effect of two to three days.

In the United Kingdom, successful completion of the first phase of development of the SSCL joint venture, consolidated at 100%, opens new growth opportunities for this activity in the medium term. In 2017, however, the end of the initial transformation period will provoke a reduction in business volume associated with the transformation phase. As such, SSCL is likely to see its revenue decline in 2017 by around £45 million year on year.

Against this backdrop, the Group has set itself the following targets for financial year 2017:

- organic revenue growth of between 2% and 3%
- an operating margin on business activity of around 8.5%
- free cash flow in excess of €150 million

2016 results presentation

The 2016 annual results will be presented to analysts and investors in French at the Shangri-La Hotel at 9:00 a.m. CET on 27 February 2017.

The presentation may be attended remotely via a bilingual webcast in French and English:

- Register for the French language webcast: <http://edge.media-server.com/m/p/7reqi6t3>
- Register for the English language webcast: <http://edge.media-server.com/m/p/7reqi6t3/lan/en>

Or by telephone:

- French language phone number: +33 (0)1 70 77 09 20
- English language phone number: +44 (0)203 367 9454

Practical information about the presentation and webcast can be found in the 'Investors' section of the Group's website: <https://www.soprasteria.com>

Next financial release

Thursday, 27 April 2017 (before market open): first quarter 2017 revenue.



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 the restated revenue for the same period in the prior financial year.
- **EBITDA:** This measure, as defined in the Registration Document, is equal to the consolidated operating profit on business activity adding back depreciation and amortisation included in the 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 expense relating to the cost of services rendered by the grantees of stock options and free shares and additions to the 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 predictive, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Recurring net earnings per share:** This measure is equal to basic net earnings per share before taking into account other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities (as described in the consolidated cash flow statement in the Registration Document), less investments (net of disposals) in tangible and intangible fixed assets, less net interest and less additional contributions to address any deficits in defined-benefit pension plans.

Disclaimer

This presentation 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 are available in the 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 22 April 2016 (see pages 33 and following 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 certain laws and regulations. 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 digital transformation, provides one of the most comprehensive portfolios of end-to-end service offerings on the market: consulting, systems integration, software development, infrastructure management and business process services. Sopra Steria is trusted by leading private and public-sector organisations to deliver successful transformation programmes that address their most complex and critical business challenges. Combining high quality and performance services, added value and innovation, Sopra Steria enables its clients to make the best use of digital technology. With over 39,800 employees in more than 20 countries, Sopra Steria generated revenue of €3.7 billion in 2016.

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

For more information, please visit our website: www.soprasteria.com

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates - FY 2016

€m	2016	2015	Growth
Revenue	3 741.3	3 584.4	+ 4.4%
Changes in exchange rates		-130.3	
Revenue at constant exchange rates	3 741.3	3 454.1	+ 8.3%
Changes in scope		103.9	
Revenue at constant scope and exchange rates	3 741.3	3 557.9	+ 5.2%

Sopra Steria: Changes in exchange rates - FY 2016

For €1 / %	Average rate 2016	Average rate 2015	Change
Pound sterling	0.8195	0.7258	- 11.4%
Norwegian krone	9.2906	8.9496	- 3.7%
Swedish krona	9.4689	9.3535	- 1.2%
Danish krone	7.4452	7.4587	+ 0.2%
Swiss franc	1.0902	1.0679	- 2.0%

Sopra Steria: Revenue by reporting unit (€m / %) - FY 2016

	2016	2015 Restated*	2015 Reported	Organic growth	Total growth
France	1 528.1	1 432.4	1 364.3	+ 6.7%	+ 12.0%
United Kingdom	927.9	924.4	1 042.0	+ 0.4%	- 11.0%
Other Europe	728.1	687.9	697.4	+ 5.8%	+ 4.4%
Sopra Banking Software	350.9	314.1	282.4	+ 11.7%	+ 24.3%
Other Solutions	206.4	199.1	198.3	+ 3.7%	+ 4.1%
Sopra Steria Group	3 741.3	3 557.9	3 584.4	+ 5.2%	+ 4.4%

* Revenue at 2016 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) - Q4 2016

	Q4 2016	Q4 2015 Restated*	Q4 2015 Reported	Organic growth	Total growth
France	392.3	382.7	380.6	+ 2.5%	+ 3.1%
United Kingdom	227.1	221.8	267.0	+ 2.4%	- 14.9%
Other Europe	200.5	189.9	189.1	+ 5.6%	+ 6.0%
Sopra Banking Software	109.9	90.8	80.3	+ 21.0%	+ 36.9%
Other Solutions	57.7	54.1	53.6	+ 6.7%	+ 7.6%
Sopra Steria Group	987.5	939.2	970.6	+ 5.1%	+ 1.7%

* Revenue at 2016 scope and exchange rates

Sopra Steria: Performance by reporting unit - FY 2016

	2016		2015	
	€m	%	€m	%
France				
Revenue	1 528.1		1 364.3	
Operating profit on business activity	123.3	8.1%	102.0	7.5%
Profit from recurring operations	114.4	7.5%	100.8	7.4%
Operating profit	102.7	6.7%	52.3	3.8%
of which C&SI (including CIMPA)				
Organic growth	+ 8.0%		+ 3.5%	
Revenue	1 327.4		1 161.1	
Operating profit on business activity	119.0	9.0%	101.3	8.7%
Profit from recurring operations	110.6	8.3%	100.1	8.6%
Operating profit	106.1	8.0%	60.7	5.2%
of which I2S				
Organic growth	- 1.3%		- 7.8%	
Revenue	200.6		203.2	
Operating profit on business activity	4.4	2.2%	0.7	0.3%
Profit from recurring operations	3.8	1.9%	0.7	0.3%
Operating profit	-3.4	-1.7%	-8.4	-4.1%
United Kingdom				
Revenue	927.9		1 042.0	
Operating profit on business activity	74.7	8.0%	76.2	7.3%
Profit from recurring operations	63.1	6.8%	63.3	6.1%
Operating profit	59.4	6.4%	57.1	5.5%
Other Europe				
Revenue	728.1		697.4	
Operating profit on business activity	41.8	5.7%	18.5	2.7%
Profit from recurring operations	39.1	5.4%	17.4	2.5%
Operating profit	31.1	4.3%	5.3	0.8%
Sopra Banking Software				
Revenue	350.9		282.4	
Operating profit on business activity	31.9	9.1%	25.7	9.1%
Profit from recurring operations	22.9	6.5%	20.3	7.2%
Operating profit	19.9	5.7%	20.1	7.1%
Other Solutions				
Revenue	206.4		198.3	
Operating profit on business activity	29.4	14.2%	23.1	11.6%
Profit from recurring operations	28.3	13.7%	23.1	11.6%
Operating profit	26.7	12.9%	17.7	8.9%



Sopra Steria: Consolidated income statement - FY 2016

	2016		2015 Reported	
	€m	%	€m	%
Revenue	3 741.3		3 584.4	
Staff costs	-2 257.3		-2 185.6	
Operating expenses	-1 138.8		-1 095.0	
Depreciation, amortisation and provisions	-44.1		-58.3	
Operating profit on business activity	301.1	8.0%	245.5	6.8%
Expenses related to stock options and related items	-12.1		-1.2	
Amortisation of allocated intangible assets	-21.1		-19.4	
Profit from recurring operations	267.8	7.2%	225.0	6.3%
Other operating income and expenses	-27.6		-72.4	
Operating profit	240.2	6.4%	152.6	4.3%
Cost of net financial debt	-6.7		-8.1	
Other financial income and expenses	-7.6		-14.9	
Income tax expense	-80.9		-47.2	
Share of net profit from equity-accounted companies	10.8		7.2	
Net profit	155.8	4.2%	89.6	2.5%
Group share	150.4	4.0%	84.4	2.4%
Minority interests	5.4		5.2	
Weighted average number of shares in issue excl. treasury shares (m)	20.04		19.76	
Basic earnings per share (€)	7.50		4.27	

Sopra Steria: Simplified balance sheet (€m) - 31/12/2016

	31/12/2016	31/12/2015
Goodwill	1 557.0	1 586.9
Allocated intangible assets	179.7	186.5
Other fixed assets	160.8	162.8
Equity-accounted investments	202.3	154.4
Fixed assets	2 099.8	2 090.7
Net deferred tax	128.9	126.9
Trade accounts receivable (net)	1 132.7	1 099.8
Other assets and liabilities	-1 171.5	-1 117.2
Working capital requirement (WCR)*	-38.7	-17.4
Assets + WCR	2 190.0	2 200.1
Equity	1 103.1	1 233.1
Provisions for post-employment benefits	464.5	309.4
Provisions for contingencies and losses	116.4	126.8
Net financial debt	506.0	530.8
Capital invested	2 190.0	2 200.1

* After reclassification of certain items in WCR as of 31/12/2015



Sopra Steria: Change in net financial debt (€m) - FY 2016

	2016	2015
Operating profit on business activity	301.1	245.5
Depreciation, amortisation and provisions (excluding allocated intangible assets)	42.9	56.4
EBITDA	344.0	301.9
Non-cash items	-0.9	-5.9
Tax paid	-72.0	-35.2
Change in operating working capital requirement	-17.0	-81.9
Reorganisation and restructuring costs	-29.6	-55.8
Net cash flow from operating activities	224.5	123.2
Change relating to investing activities	-46.7	-42.3
Net financial interest	-6.2	-8.3
Additional contributions related to defined-benefit pension plans	-21.0	-23.3
Free cash flow	150.6	49.3
Impact of changes in scope	-120.6	-92.3
Financial investments	1.4	3.1
Dividends paid	-34.4	-37.5
Dividends received from equity-accounted companies	3.1	2.2
Capital increases in cash	2.3	2.4
Purchase and sale of treasury shares	10.3	-22.5
Impact of changes in foreign exchange rates	12.3	6.2
Other changes	-0.2	0.7
Change in net financial debt	24.8	-88.4
Net financial debt at beginning of period	530.8	442.4
Net financial debt at end of period	506.0	530.8

Sopra Steria: Workforce breakdown - 31/12/2016

	31/12/2016	31/12/2015
France	18 227	17 606
United Kingdom	6 508	6 722
Other Europe	7 844	7 495
Rest of the World	231	134
X-Shore	7 003	6 493
Total	39 813	38 450

