

Press release

**9M 2020 revenue:
€3,154.4 million, equating to negative organic growth of 3.7%**

- Improving with respect to Q2, negative organic revenue growth¹ came to 5.9% in Q3, largely due to a nearly 30% drop in business activity in the aeronautics sector
- Downtime levels returning to normal: since September, downtime has nearly returned to normal levels in most of the Group's countries
- Gradual, secure reboot of the Group's information system and operations following a cyberattack very rapidly detected on 20 October. It will take a few weeks for a return to normal across the Group.

Paris, 28 October 2020 – Sopra Steria Group generated revenue of €987.6 million in the third quarter of 2020, representing negative growth of 4.9%. At constant scope and exchange rates, revenue contracted by 5.9%.

Sopra Steria: Consolidated revenue – Q3 2020

€m / %	Q3 2020	Q3 2019	Organic growth	Total growth
Revenue	987.6	1,039.0	-5.9%	-4.9%

Comments on Q3 2020 business activity

In the third quarter of 2020, Sopra Steria's revenue contracted by 4.9%. Changes in scope had a positive impact of €17.4 million. Currency fluctuations had a negative impact of €6.4 million. **At constant scope and exchange rates**, revenue fell 5.9%.

The overall situation improved in Q3 with respect to Q2. The pace of negative organic revenue growth slowed (-5.9% in Q3 versus -8.4% in Q2), despite the fact that the decline in business activity for Sopra Steria in the aeronautics sector that started in the second quarter (down around 20%) worsened in the third quarter (down around 30%). Staff downtime improved substantially: in September, downtime had returned to almost normal levels in most of the Group's countries. Cost savings continued on travel expenses, fees and subcontracting on projects.

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

In **France**, revenue was €365.5 million, corresponding to an organic decrease in revenue of 15.4%. Substantial declines were seen in product lifecycle management and consulting activities, whereas IT infrastructure management was more resilient. In terms of vertical markets, the drop in business activity was particularly significant in the aeronautics sector, which accounted for 20% of the reporting unit's revenue at the beginning of 2020. However, the public sector and defence sector continued to post strong growth.

In the **United Kingdom**, revenue came to €174.7 million. The return to organic growth (6.2%) is mainly attributed to the two public-sector joint ventures (NHS SBS and SSCL), which posted average growth of more than 20%, and to the reopening of the visa service provided for the UK government starting in June. The private sector, meanwhile, remained under pressure during the quarter.

The **Other Europe** reporting unit posted organic growth of 0.4%, with revenue totalling €292.0 million. Growth was brisk in Scandinavia and Belgium, while the other countries saw slightly negative growth. Revenue generated by Sopra Financial Technology for operating the information system of the Sparda banks in Germany grew by 14.2% to €49.3 million.

Sopra Banking Software generated third-quarter revenue of €99.6 million, representing an organic decrease of 4.1%. Amidst an environment offering little visibility, the project pipeline and order intake remained quite low during the quarter. In this context, product developments continued to go ahead on schedule. New major go-lives were successfully completed in parallel, in particular in China (Nissan) and France (Yamaha) for Cassiopae as well as for SAB, which went live at BMCI, a subsidiary of BNP Paribas in Morocco.

Revenue for the **Other Solutions** reporting unit (€55.9 million), equating to negative organic growth of 5.6%, was hampered by a relatively slow recovery in project launches following the lockdown period in the first half of the year.

Workforce

At 30 September 2020, the Group's workforce totalled 46,501 people (46,245 people at 31 December 2019), with 17.8% working in X-Shore zones. As of 16 September 2020, this figure included 1,051 new people following the acquisition of Sodifrance.

Acquisition and external growth transactions

- Sodifrance has been consolidated since 16 September 2020 following the acquisition of a 94.03% controlling interest in its share capital. A draft information memorandum for the simplified public tender offer at a share price of €18 per share² was filed on 5 October 2020 with the Autorité des Marchés Financiers (AMF).
- The remaining 30% stake in SAB not yet held by the Group was acquired by Sopra Steria from SAB's minority shareholders on 7 August 2020.

Cyberattack detected on 20 October

It has been established that the cyberattack was only launched a few days before it was detected on the evening of 20 October. The virus has been identified: it is a new version of the Ryuk ransomware, previously unknown to antivirus software providers and security agencies. The measures implemented immediately made it possible to contain the virus to only a limited part of the Group's infrastructure and to protect its customers. At this stage and following in-depth investigation, Sopra Steria has not identified any leaked data or damage caused to its customers' information systems. Having analysed the attack and established a remediation plan, the Group started to reboot its information system and operations progressively and securely on Monday, 26 October 2020. It will take several weeks for a return to normal across the Group. The impact of this cyberattack on the accounts of the Group, which has insurance contracts in place to cover cyber risks, remains to be assessed and will be announced in due course.

² Enterprise value: Price of shares for 100% of the share capital of €63m + Net financial debt of €17.6m at 15/09/2020



Reminder of targets for 2020 announced on 29 July 2020

- Organic change in revenue of between -2% and -4%
- Operating margin on business activity of between 6% and 7%
- Free cash flow of between €80m and €120m

The performance of the first nine months of 2020 and the first trends for the fourth quarter of 2020 are in line with these targets.

However, the potential impact of the cyberattack detected on 20 October 2020 on these targets has yet to be quantified. They will be announced as soon as possible.

Q3 2020 revenue presentation meeting

Revenue for the third quarter of 2020 will be presented to financial analysts and investors via a bilingual (French and English) conference call to be held on Wednesday 28 October 2020 at 8:00 a.m. CET (Paris time).

- French-language phone number: +33 (0)1 70 37 71 66 – PIN: sopra steria fr
- English-language access number: +44 203 003 26 66 – PIN: sopra steria

Practical information about this presentation can be found in the 'Investors' section of the Group's website:

<https://www.soprasteria.com/investors>

Upcoming events

Friday, 26 February 2021: Publication of 2020 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 Universal 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 Universal 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 in respect of retirement benefit obligations to address any deficits in defined-benefit pension plans.
- **Downtime:** Number of days between two contracts (excluding training, sick leave, other leave and pre-sale) divided by the total number of business days

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 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 10 April 2020 (see pages 35 to 52 and 27 to 275 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 enquire 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 putting digital to work for its clients in order to build a positive future for all. With 46,000 employees in 25 countries, the Group generated revenue of €4.4 billion in 2019.

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 2020

€m / %	9M 2020	9M 2019	Growth
Revenue	3,154.4	3,246.0	-2.8%
Changes in exchange rates		-18.9	
Revenue at constant exchange rates	3,154.4	3,227.2	-2.3%
Changes in scope		48.2	
Revenue at constant scope and exchange rates	3,154.4	3,275.4	-3.7%

Sopra Steria: Changes in exchange rates – 9M 2020

For €1 / %	Average rate 9M 2020	Average rate 9M 2019	Change
Pound sterling	0.885	0.883	- 0.2%
Norwegian krone	10.711	9.771	- 8.8%
Swedish krona	10.558	10.568	+ 0.1%
Danish krone	7.458	7.464	+ 0.1%
Swiss franc	1.068	1.118	+ 4.7%

Sopra Steria: Revenue by reporting unit – 9M 2020

€m / %	9M 2020	9M 2019 Restated*	9M 2019	Organic growth	Total growth
France	1,230.0	1,346.5	1,342.6	-8.6%	-8.4%
United Kingdom	513.2	519.6	595.9	-1.2%	-13.9%
Other Europe	930.8	890.1	816.9	+4.6%	+13.9%
Sopra Banking Software	305.1	334.5	308.5	-8.8%	-1.1%
Other Solutions	175.2	184.8	182.2	-5.2%	-3.8%
Total	3,154.4	3,275.4	3,246.0	-3.7%	-2.8%

* Revenue at 2020 scope and exchange rates

Sopra Steria: Revenue by reporting unit – Q3 2020

€m / %	Q3 2020	Q3 2019 Restated*	Q3 2019	Organic growth	Total growth
France	365.5	431.7	427.8	-15.4%	-14.6%
United Kingdom	174.7	164.5	166.2	+6.2%	+5.1%
Other Europe	292.0	290.7	281.9	+0.4%	+3.6%
Sopra Banking Software	99.6	103.9	104.5	-4.1%	-4.7%
Other Solutions	55.9	59.2	58.6	-5.6%	-4.6%
Total	987.6	1,050.0	1,039.0	-5.9%	-4.9%

* Revenue at 2020 scope and exchange rates

