



# 2012 results presentation

Paris, 20 February 2013



# Contents

***2012 Highlights***

Financial Results

Market, Strategy & Objectives



# Change in Group governance

- Significant **transition** for governance since August 2012
  - Pierre Pasquier is Chairman
  - Pascal Leroy is Chief Executive Officer
- Ongoing **coordination** between the Chairman and the CEO ensuring the successful transition of this strategy
- Operational **transmission** well initiated, intended to be progressive and part of a long term collaboration process

# Two distinct complementary roles

Pierre Pasquier  
*Chairman*

- Oversees the strategy, including mergers-acquisitions
- Leads corporate and financial communication operations
- Assists the CEO via certain operational missions, including the set up of Sopra Banking Software

Pascal Leroy  
*Chief Executive Officer*

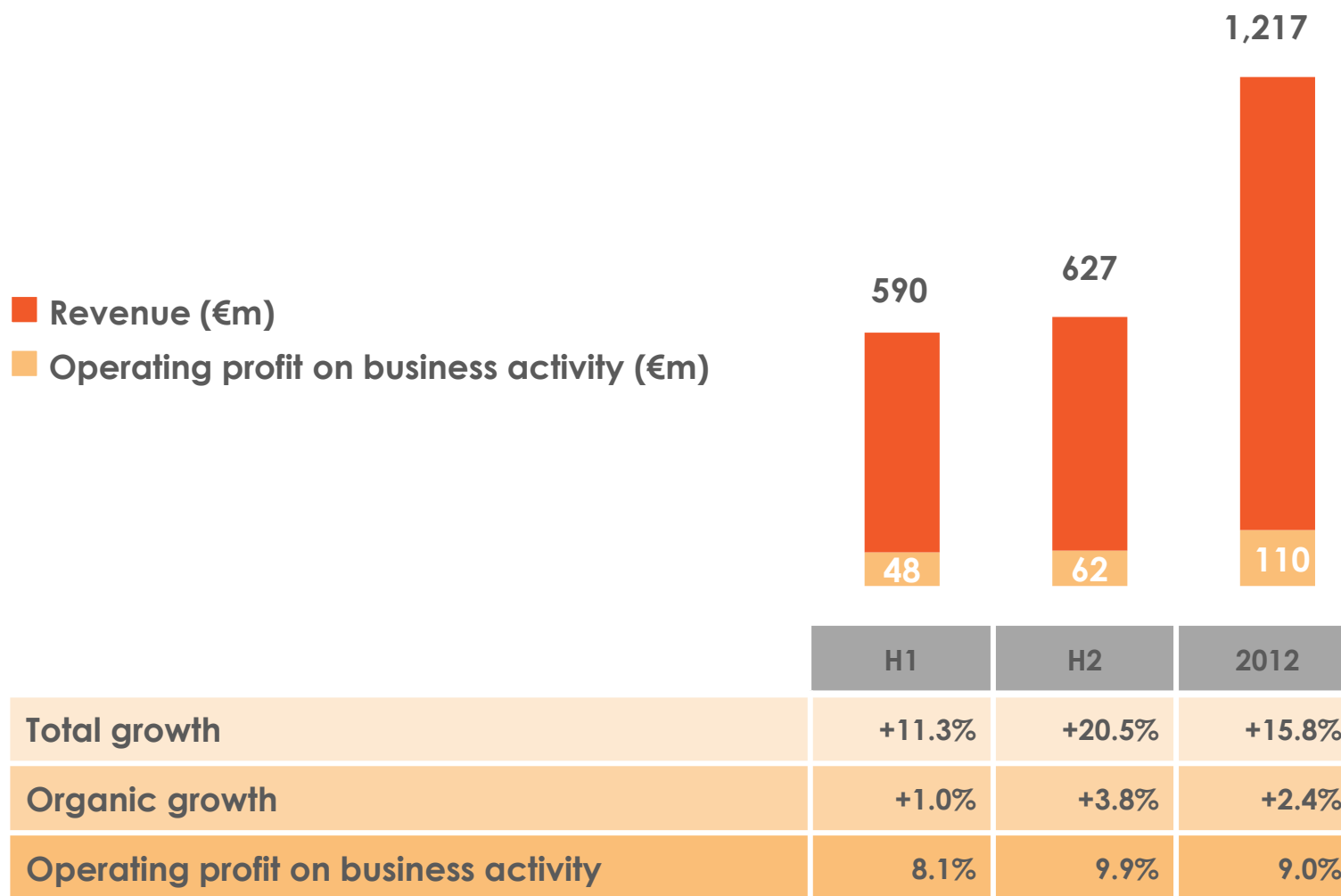
- Helps formulate strategy alongside the Chairman
- Supervises the implementation of decisions adopted
- Ensures operational leadership of all of the Group's business activities



# 2012, a key year for Sopra Group

- **Solid performance** and sustained growth over the year
  - Positive Q4 for all of the Group's entities
  - Substantial improvement in the operating profit on business activity (+20 basis points)
- Active role in **market consolidation**
  - Sopra Banking Software created, with the progressive combination of 4 offerings and the launch of Sopra Banking Suite which already serves over 500 clients in 70 countries
  - Integration well under way of Business & Decision in the United Kingdom
- Sopra 2015 **corporate project ongoing**

# Solid performance in a tough context...



...in line with announced objectives



...thanks to several major client deals



Along with many other projects in Europe!

...several acquisitions



- Financial solutions
- 2012 pro forma revenue: €79m
- 600 employees



- Financial solutions
- 2012 pro forma revenue: €27m
- 250 employees

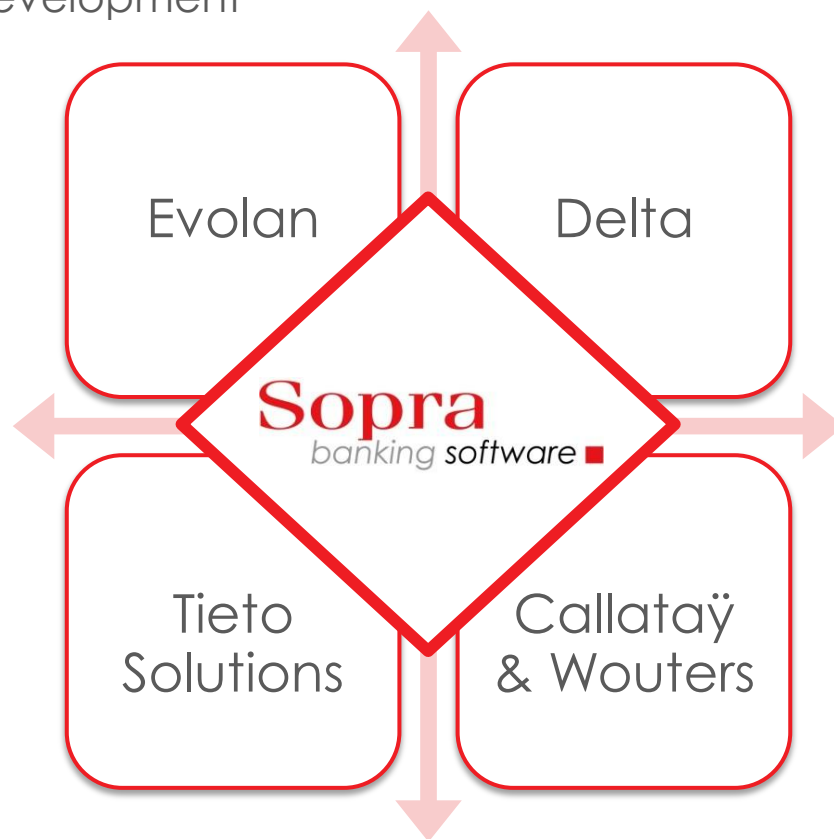


- Financial services
- 2012 pro forma revenue: €35m
- 250 employees



## ...and a strategic shift

- **Creation of a subsidiary** dedicated to banking solutions
  - European positioning in a high growth-potential market
  - Capitalising on integrator expertise and 40 years' experience in software development



...which has already born fruit

<b>Sopra</b> banking software ■	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012
Revenue (€m)	28	47	43	54	171
Organic growth (%)	4.9%	-11.0%	-12.3%	6.9%	-3.9%
Total growth (%)					+92.0%
Margin (% revenue)					14.0%
2012 pro forma revenue (€m) (Tieto + C&W consolidated)	52	54	50	60	<b>216</b>

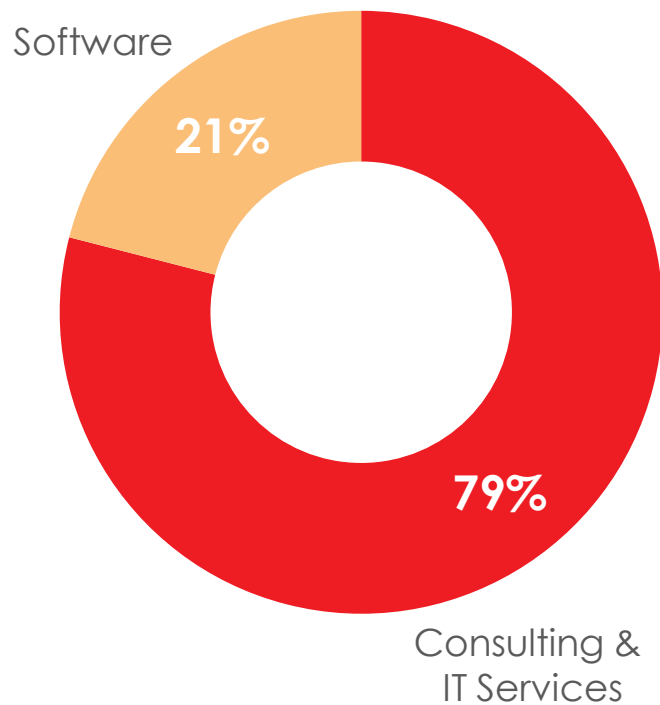
■ **Recognised** by market analysts

- Gartner Magic Quadrant for International Retail Core Banking 2012
  - Evaluated for its “ability to execute” and “completeness of vision”
- Forrester Wave: Global Banking Platforms, Q4 2012
  - Evaluated with “a strong current offering and a strong strategy”

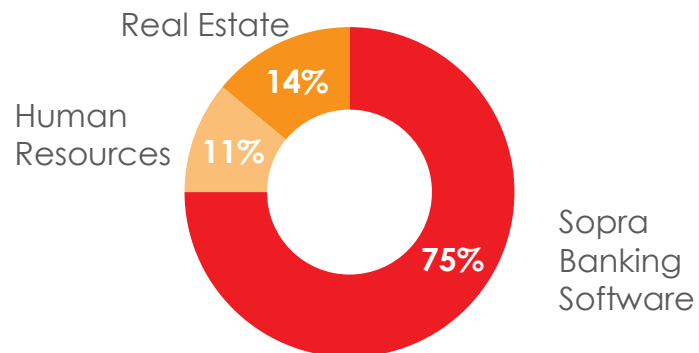
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# Revenue by business line

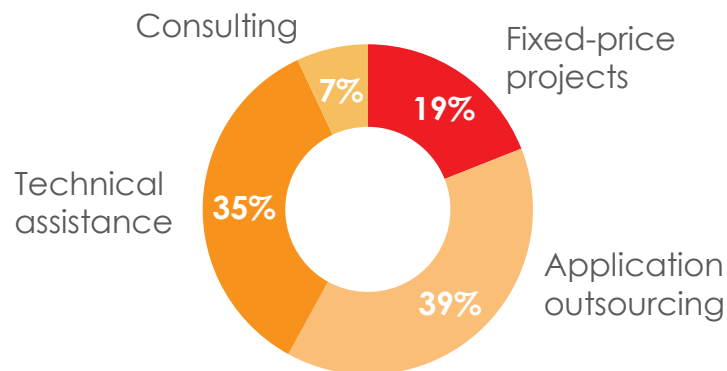
## Business line



## o/w Software

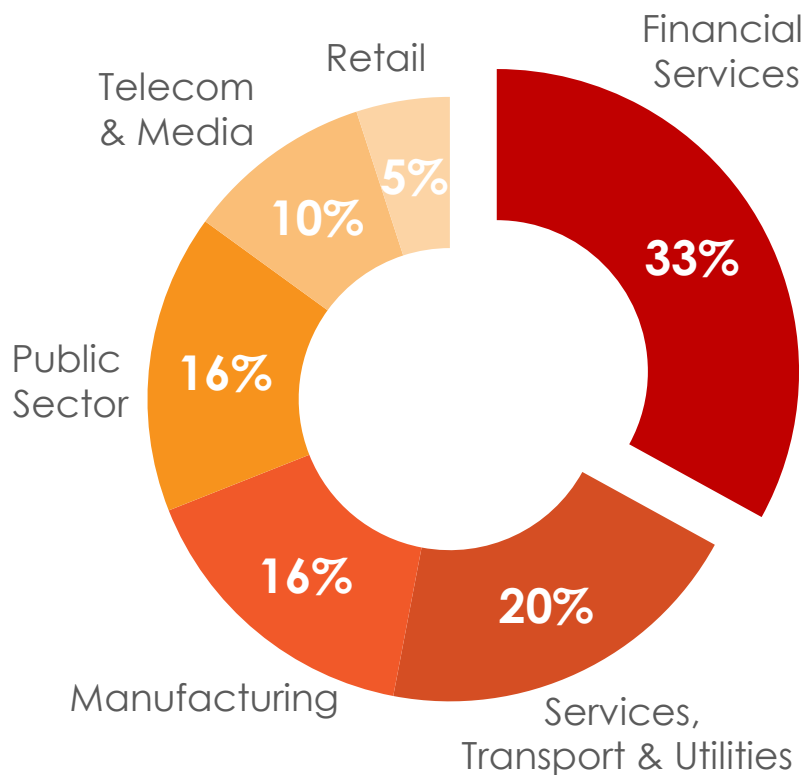


## o/w Consulting & Services

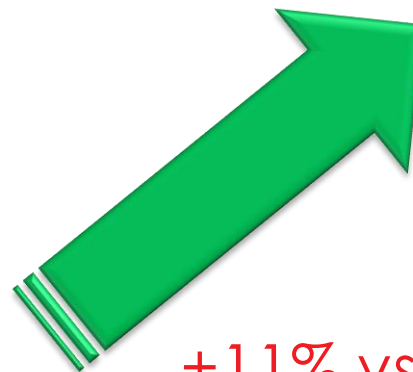


# Revenue by vertical market

## Verticals

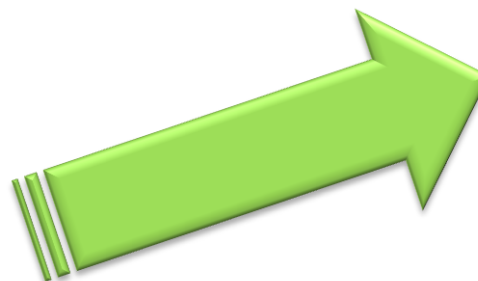


## Services, Transport & Utilities



+11% vs 2011

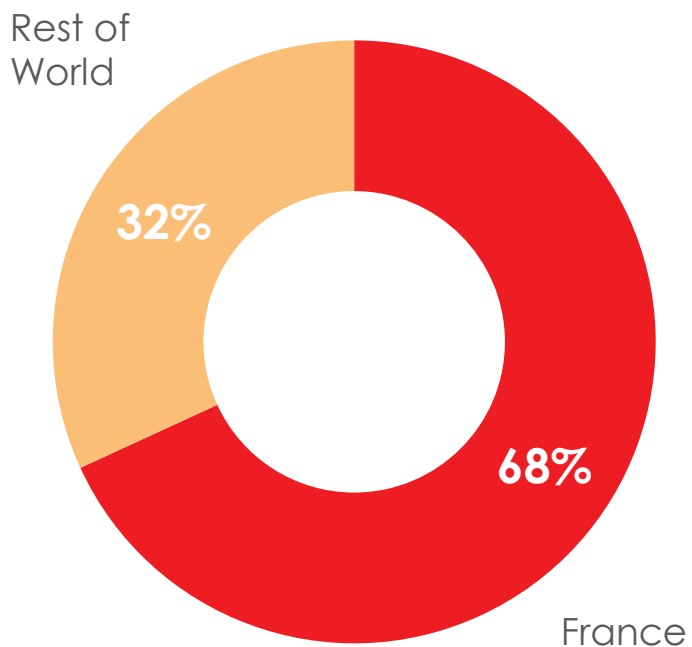
## Public Sector



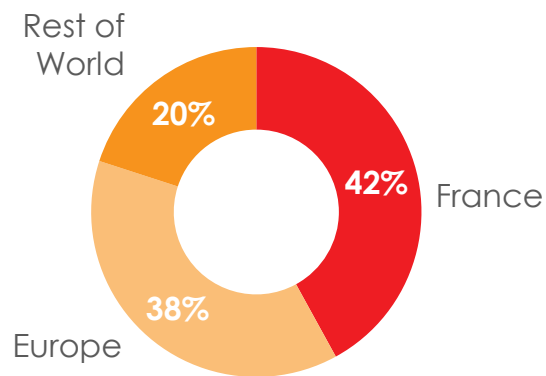
+4% vs 2011

# Revenue by region

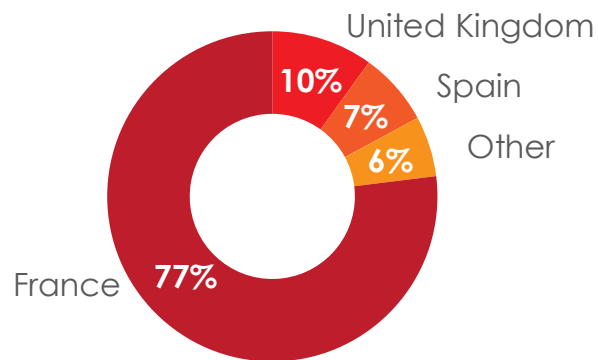
## Regions



## o/w Sopra Banking Software

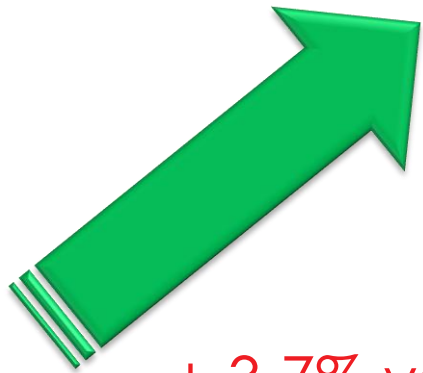


## o/w Consulting & Services



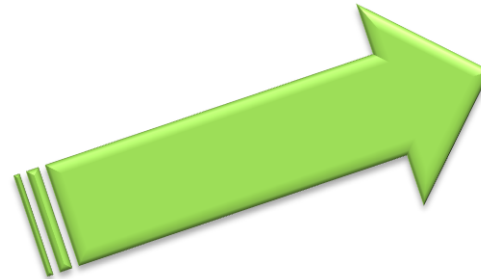
# Trends in our markets in 2012

France



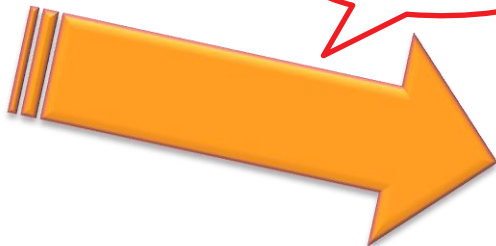
+ 3.7% vs 2011

Europe (excl. France)



+2.9% vs 2011

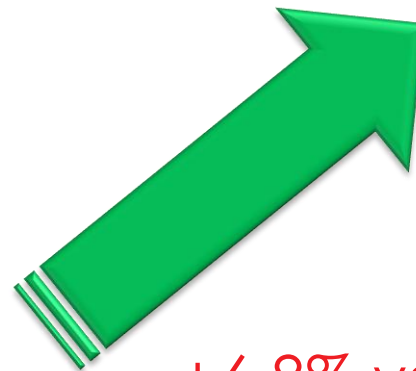
Sopra Banking Software



-3.9% vs 2011

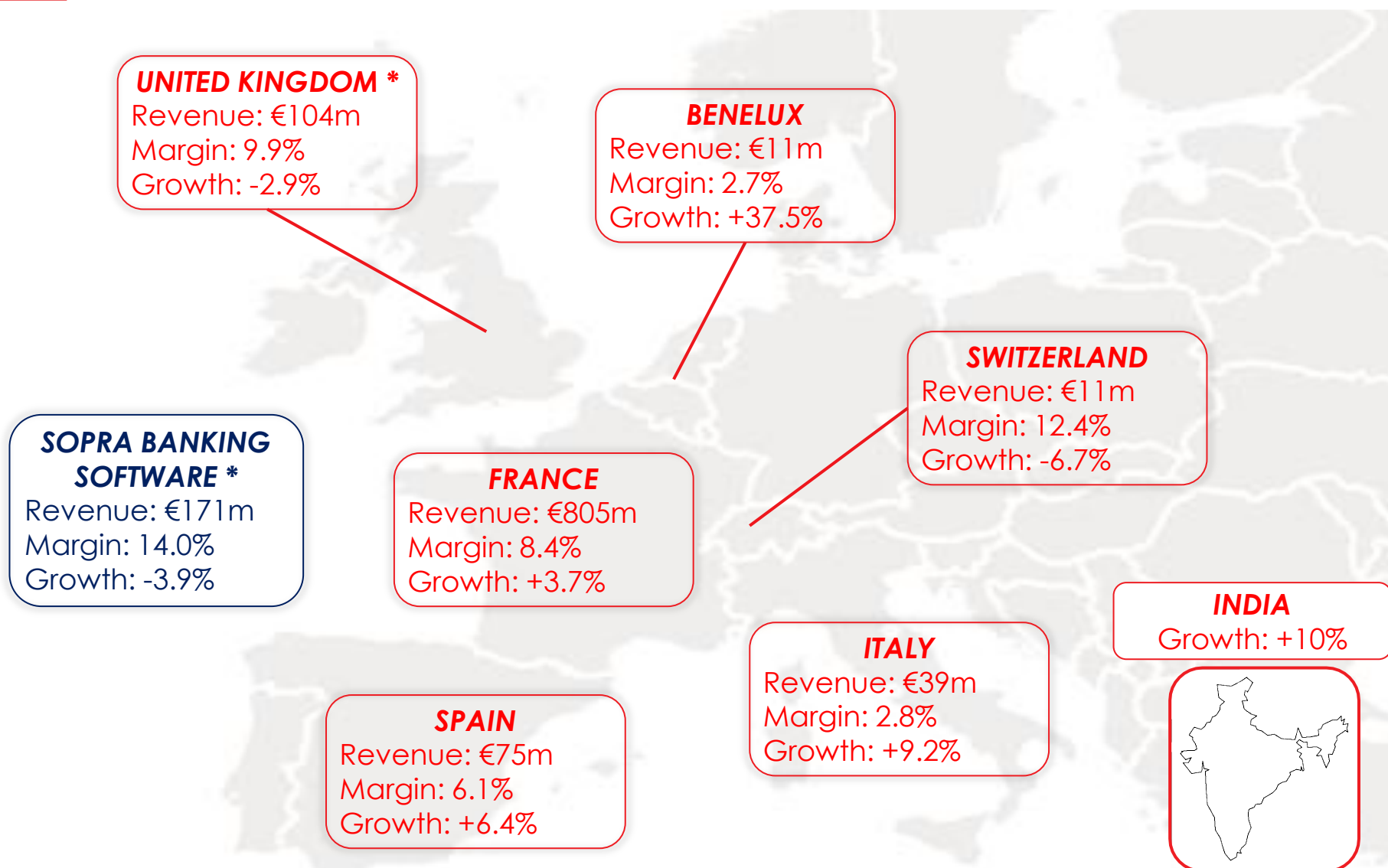
Q4: +6.9%

Top 30 Clients (51% of sales)



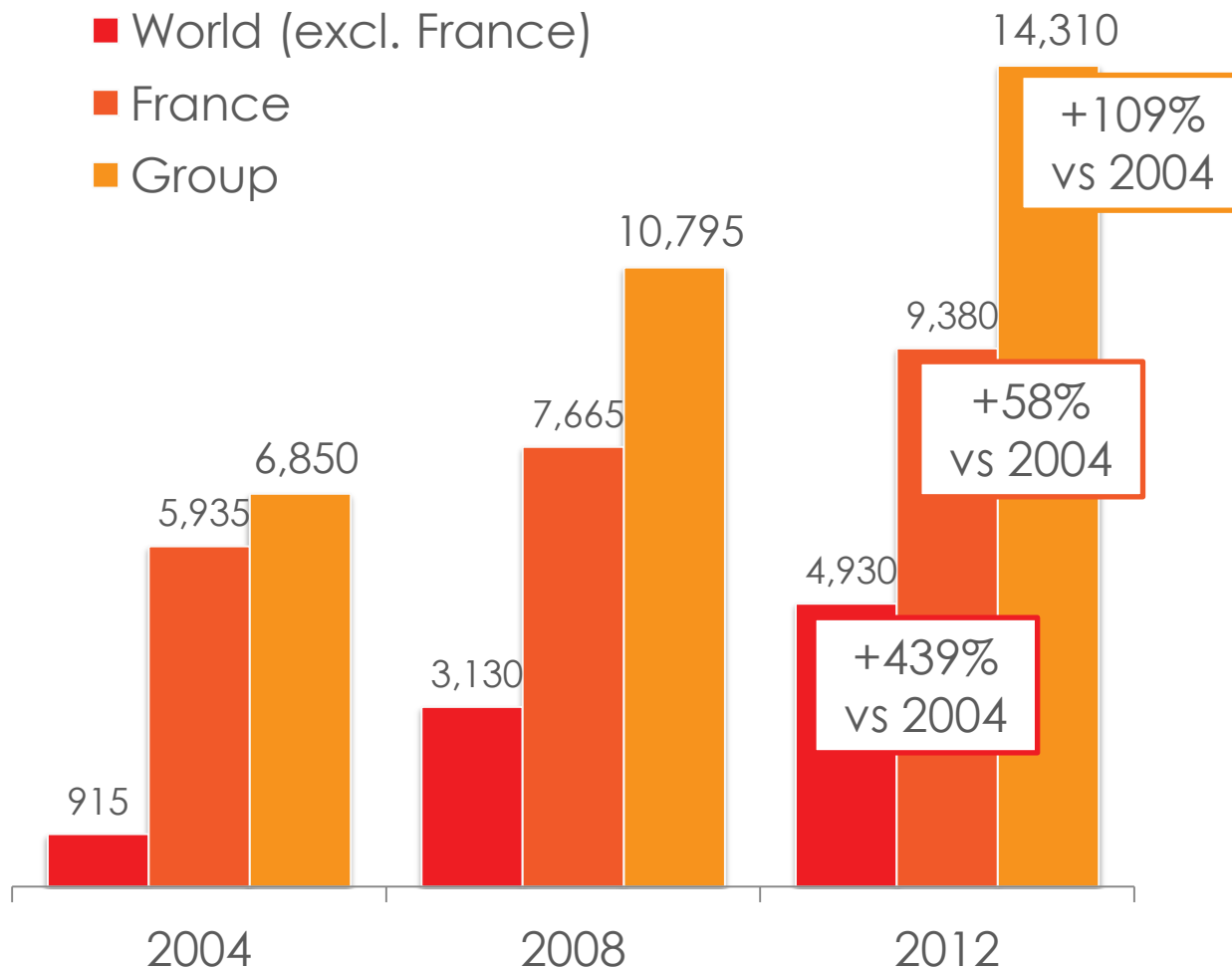
+6.8% vs 2011

# Performance by subsidiary



\* In 2012 Tieto's business was consolidated in the United Kingdom, in 2013 Tieto joined Sopra Banking Software

# Constant increase in headcount





## Key figures for the financial year

Revenue

€1217m

+€166m vs 2011

Organic growth

+2.4%

Total growth +15.8%

Op. profit on business act.

€110m

9.0% of revenue

Net profit

€56m

4.6% of revenue



# Contents

2012 Highlights

***Financial Results***

Market, Strategy & Objectives

# Solid results for the financial year

	2011 (€m)	2012 (€m)	2012 (%)
Revenue	1050.3	1216.7	
Operating profit on business activity	92.5	109.6	9.0%
Profit from recurring operations	91.7	103.2	8.5%
Operating profit (EBIT)	97.9	91.3	7.5%
Net profit - Group share	62.9	55.6	4.6%
EPS (€)	€5.29	€4.67	

# Operating profit on business activity

	2011 (€m)	2012 (€m)	2012/2011 (%)
Revenue	1050.3	1216.7	15.8%
Staff costs - employees	-701.4	-811.8	15.7%
Staff costs - contractors	-95.8	-100.1	4.5%
<i>Staff costs - Total</i>	-797.2	-911.9	14.4%
Operating expenses	-147.0	-178.2	21.2%
Depreciation, amortization and provisions	-13.6	-17.0	25.0%
Operating profit on business activity	92.5	109.6	

# Operating profit

	2011 (€m)	2012 (€m)	2012 (%)
Operating profit on business activity	92.5	109.6	9.0%
Expenses related to stock options and bonus share awards	-0.5	-2.2	
Amortisation of allocated intangible assets	-0.3	-4.2	
Profit from recurring operations	91.7	103.2	8.5%
Other operating income and expenses	6.2	-11.9	
Operating profit (EBIT)	97.9	91.3	7.5%

# Net profit

	2011 (€m)	2012 (€m)	2012 (%)
Operating profit	97.9	91.3	7.5%
Cost of net financial debt	-4.1	-7.2	
Other operating income and expenses	0.6	-1.0	
Tax expense	-36.1	-33.6	
Share of net profit from equity-accounted companies	6.0	6.1	
Net profit before profit from discontinued operations	64.3	55.6	4.6%
Profit net of tax from discontinued operations	-1.4	-	
Net profit	62.9	55.6	4.6%

# Balance sheet

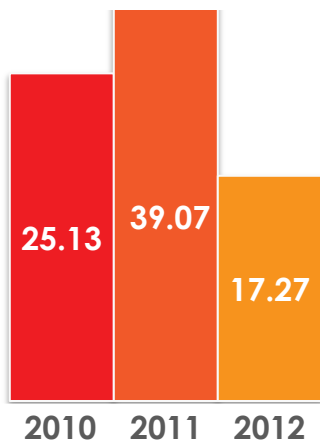
	2011 (€m)	2012 (€m)
Goodwill	190.9	314.6
Allocated intangible assets	1.3	56.5
Other fixed assets	44.1	45.8
Equity-accounted investments	109.4	113.8
<b>Fixed assets</b>	<b>345.7</b>	<b>530.6</b>
Trade accounts receivable (net)	345.0	384.3
Other assets and liabilities	-370.4	-405.6
<b>Operating assets and liabilities</b>	<b>-25.4</b>	<b>-21.3</b>
<b>ASSETS + WCR</b>	<b>320.3</b>	<b>509.3</b>
Equity	273.9	305.3
Net financial debt	46.4	204.0
<b>Capital invested</b>	<b>320.3</b>	<b>509.3</b>

# Change in net debt

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

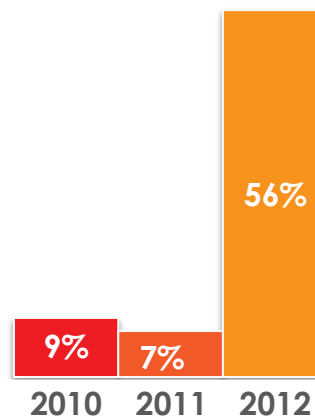
# Bank covenants

PRO / Cost of net debt



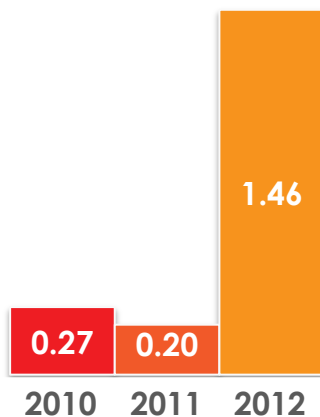
Must be  
**> 5**

Net debt / Equity



Must be  
**< 100%**

Net debt / EBITDA (€118M)



Must be  
**< 3**

Net financial debt is adjusted for employee profit sharing (€32m) for the calculation of bank covenants



# Contents

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# A rapidly changing IT market



- 2 **major challenges** for our clients
  - Maintenance quality and cost control of existing systems
  - Develop & innovate to support growth and competitiveness
- Market increasingly receptive to **differentiating business models** which combine consulting, services and software solutions

# Since 2004 our business model has evolved

■ Revenue (€m)

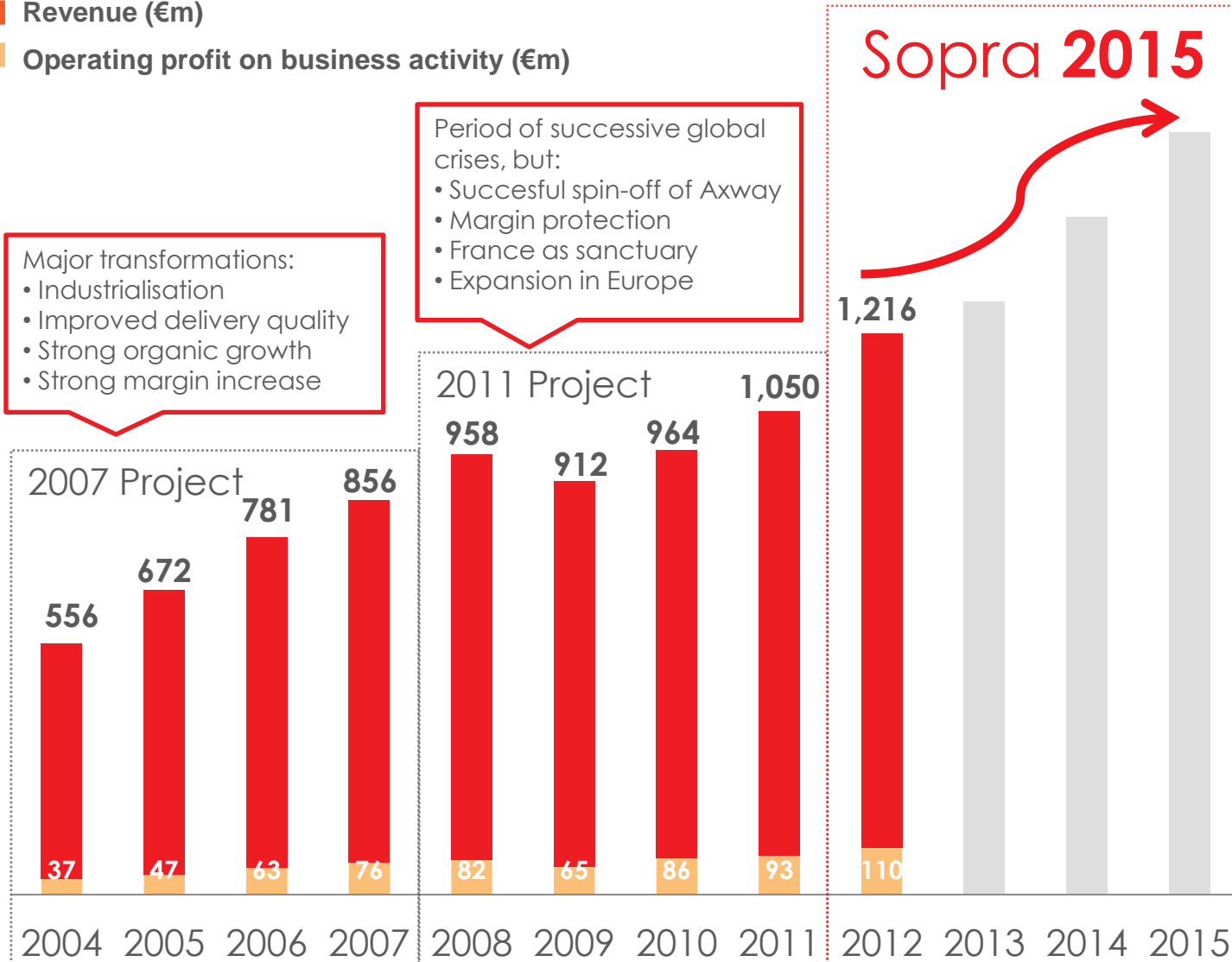
■ Operating profit on business activity (€m)

Major transformations:

- Industrialisation
- Improved delivery quality
- Strong organic growth
- Strong margin increase

Period of successive global crises, but:

- Successful spin-off of Axway
- Margin protection
- France as sanctuary
- Expansion in Europe





# Sopra 2015, an ambitious corporate project...

## ■ **Ambition**

- A coherent, independent European consulting, technology services and software development firm
- A market reference in terms of financial performance

## ■ **Positioning**

- A benchmark partner for major companies and organisations – throughout all vertical markets – who are looking for
  - Optimised use of digital technology to ensure their development and competitive edge
  - Impeccable industrial-scale quality and performance of services delivered
  - Real innovative added value in solutions offered to their businesses

## ■ **Performance**

- Revenue in the €1.5 to €2bn range (including 35 to 40% outside France)
- Operating margin on business activity of around 10%

...based on 4 major strategic initiatives



## ...with the banking sector as a lever

- Sopra Group positioned as **leader** in this segment thanks to
  - Our subsidiary Sopra Banking Software
  - Our legacy positioning as an integrator
  - Our international dimension



Major ambitions in financial services

Consulting

Services

Software

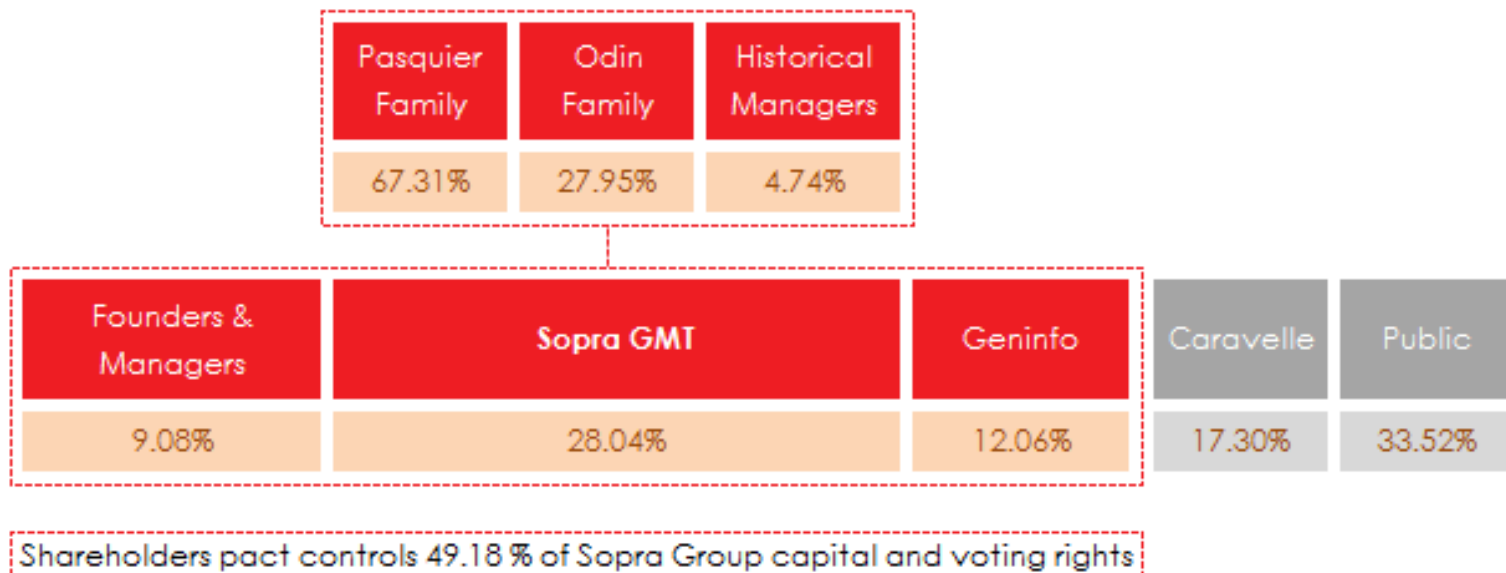


...and a new acquisition to be integrated

- **Proposed acquisition** of HR Access
  - 900 people, mainly in France, Spain and Tunisia
  - Highly-reputed product, at the leading edge of technology, installed in 54 countries
  - 625 high-quality clients, including 50% of CAC 40
- Strong **strategic interest** with numerous synergies
  - Develop a leadership position in the HR management market
  - 2012 revenue for all of our HR solutions: around €100m
  - Impressive growth prospects
- **Finalisation** of the operation end-March

# Sopra GMT, a committed reference shareholder

- **In partnership with Sopra GMT**, investment of the management team as shareholder
  - Motivation and long-term commitment of key people
  - Commitment for the Sopra 2015 Project, and beyond...





# Objectives for 2013

- **Organic growth** for the financial year of between 2% and 5%
- **Challenging first quarter**
  - -2 billable days compared with the previous year
  - High comparison basis (organic growth Q1 2011: +4%)
- Given the proposed acquisition of HR Access
  - Margin target: to be indicated in the H1 2013 press release
  - Estimated year-end net debt between €150M and €170M



# Forward-looking information

- *This presentation 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 document 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.*

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