



steria



## **SOPRA-STERIA GROUP**

Merger project

Creation of a European leader in digital transformation

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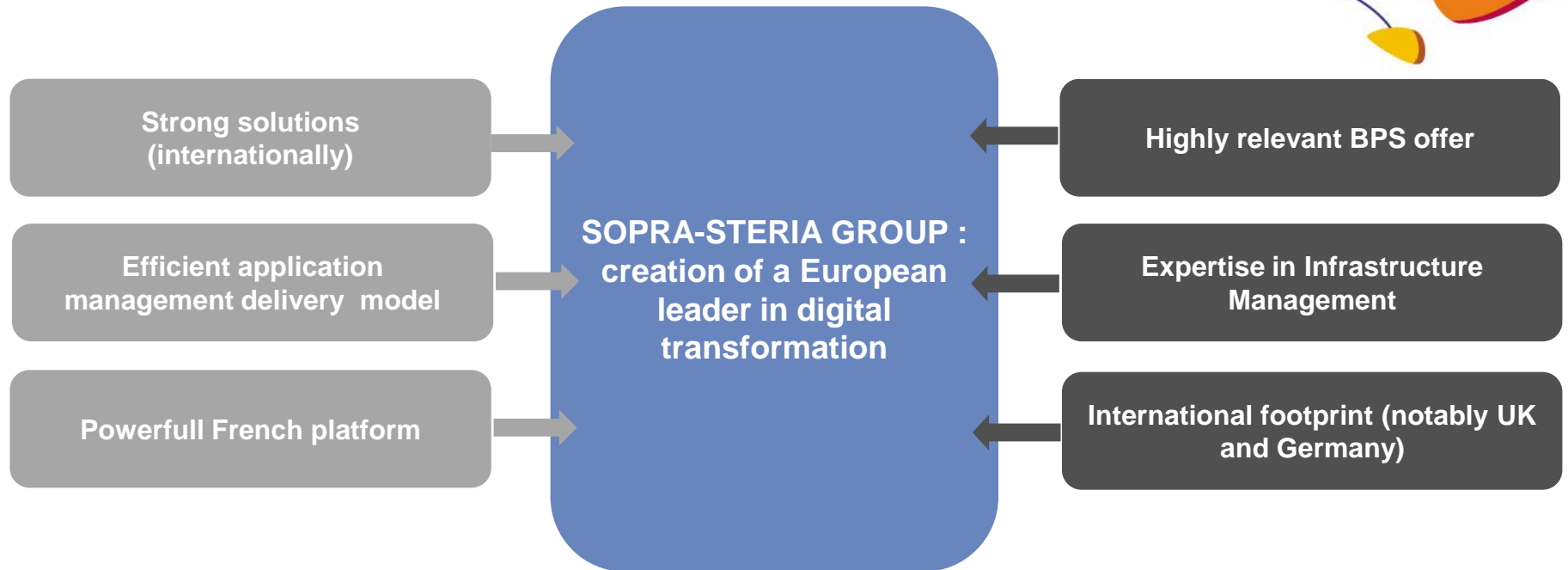
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# A PERFECT MATCH



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# CREATION OF A EUROPEAN LEADER IN DIGITAL TRANSFORMATION (1/2)

<b>1</b> CREATION OF A EUROPEAN LEADER IN DIGITAL TRANSFORMATION	<ul style="list-style-type: none"><li>■ A combined group with critical scale (over 35,000 employees and €3.1bn of sales) in a position to meet its client's major digital transformation challenges</li><li>■ TOP 4 in France</li><li>■ TOP 10 in Europe</li></ul>
<b>2</b> SHARED VISION OF THE PROJECT	<ul style="list-style-type: none"><li>■ A merger of equals</li><li>■ 2 strong independent French IT players combining forces, supported by a stable core shareholding</li><li>■ A balanced governance, with an equal number of representatives from both companies in decision-making bodies (Board of Directors, Executive Committee)</li><li>■ A shared Corporate culture, putting clients, employees and innovation at the heart of the strategy</li></ul>
<b>3</b> STRONG VALUE PROPOSITION FOR OUR CLIENTS	<ul style="list-style-type: none"><li>■ A digital transformation global player</li><li>■ Highly complementary<ul style="list-style-type: none"><li>• A well-balanced end-to-end service offering</li><li>• A unique portfolio of solutions in strategic verticals</li><li>• A strong geographic fit</li></ul></li><li>■ A differentiated industrial model (proximity, shared delivery centers, onshore, nearshore and offshore platforms)</li></ul>
<b>4</b> NEW HORIZONS FOR OUR EMPLOYEES	<ul style="list-style-type: none"><li>■ People at the heart of strategy (shared culture of employees empowerment)</li><li>■ A reinforced capacity to attract, retain and develop talents</li><li>■ A global corporate project offering international prospects to our employees</li><li>■ A strong desire to involve employees in the corporate project and to incentivize them</li></ul>

## CREATION OF A EUROPEAN LEADER IN DIGITAL TRANSFORMATION (2/2)

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### STRONG VALUE CREATION FOR OUR SHAREHOLDERS

- **Significant synergies:**
  - **Cross selling** and **market share gains**: strong fit in terms of geographical footprint, know-how and solutions allowing a **better competitive positioning**
  - **Scale effect** and operational performance optimisation
  - Total operational synergies estimated at c. **€62m** per year
- An **enhanced stock market status** with **higher liquidity** and **improved visibility** :
  - Market capitalization in excess **€1.5bn** pro forma
  - Free float above 60%

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### AMBITIOUS GOALS

- A strategy of **profitable growth** based around **3 key pillars**:
  - **France**
  - **United Kingdom**
  - **Solutions/BPS**
- **Ambitious objectives**
  - Sales > **€4bn**
  - Operating margin: **c.10%**

## KEY TRANSACTION TERMS

DEAL STRUCTURE	<ul style="list-style-type: none"> <li>■ Exchange Offer (<i>Offre Publique d’Echange</i>) <sup>(1)</sup></li> </ul>
PRICE CONSIDERATIONS	<ul style="list-style-type: none"> <li>■ All-share transaction</li> <li>■ 1 SOPRA share for 4 STERIA shares, representing a value of €22 per STERIA share <sup>(2)</sup> <ul style="list-style-type: none"> <li>• 40% premium to STERIA closing share price as of April 4, 2014</li> <li>• 49% premium to STERIA 3-month weighted average share price as of April 4, 2014</li> </ul> </li> </ul>
FINANCIAL IMPACTS	<ul style="list-style-type: none"> <li>■ Neutral impact on basic EPS in 2015, and accretive from 2016 for SOPRA shareholders</li> <li>■ Strong balance sheet: Net debt / EBITDA of 1.4x (2013 PF)</li> </ul>
CONDITIONS PRECEDENT	<ul style="list-style-type: none"> <li>■ Transaction subject to the following usual conditions precedents: <ul style="list-style-type: none"> <li>• Antitrust clearance</li> <li>• SOPRA EGM</li> <li>• Minimum acceptance threshold: 2/3 of the capital and the voting rights of STERIA for the Exchange Offer</li> </ul> </li> </ul>
INDICATIVE TIMETABLE	<ul style="list-style-type: none"> <li>■ Filing of the Exchange Offer: May 2014</li> <li>■ Exchange Offer results: July 2014</li> <li>■ Exchange Offer settlement: End of July 2014</li> </ul>

Note : (1) Sopra and Steria reserve the rights to complete the transaction through a statutory merger as the case may arise  
(2) based on 1-month weighted average price as of 4th April 2014, €1.90 coupon attached

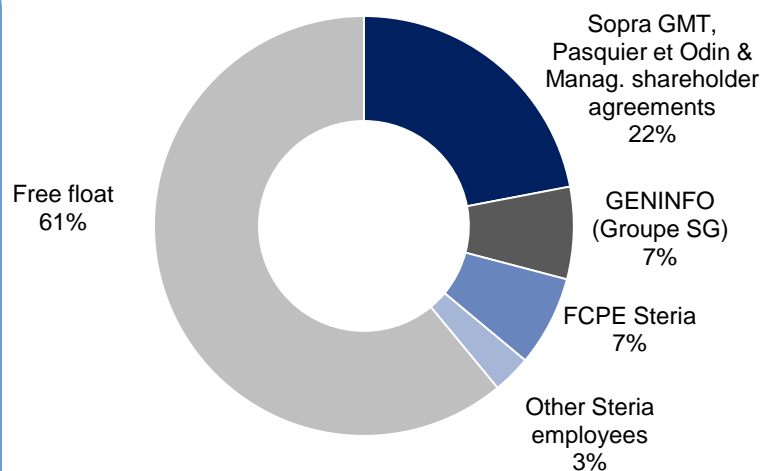
## BALANCED GOVERNANCE WITH STABLE CORE SHAREHOLDERS

### Board of Directors

Chairman: Pierre Pasquier

*SOPRA and STERIA will be represented by 4 board members each, completed with independent members and employees' representatives + 1 or 2 GENINFO representatives*

### Core shareholders



- Shareholder agreements between SOPRA GMT, Soderi and GENINFO
- Duration: 5 years, tacitly renewable
- Engagement to consult on key decisions (major capital transactions, acquisitions, disposals, etc.)

## CONTEMPLATED EXECUTIVE COMMITTEE WITH MEMBERS FROM BOTH COMPANIES

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### EXECUTIVE COMMITTEE

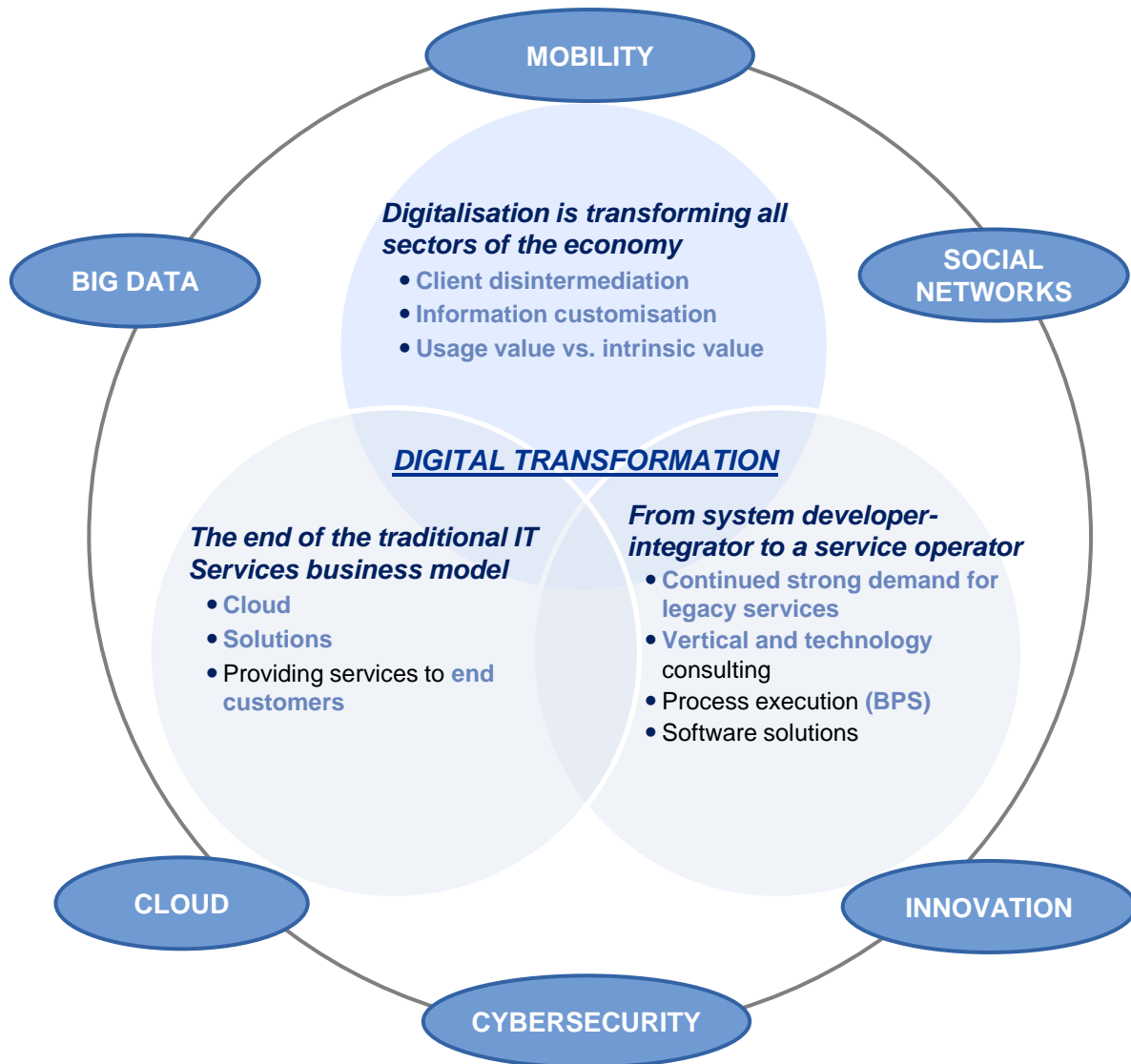
General Manager: François Enaud

*A balanced executive committee involving managers of both groups to secure a quick and efficient integration*

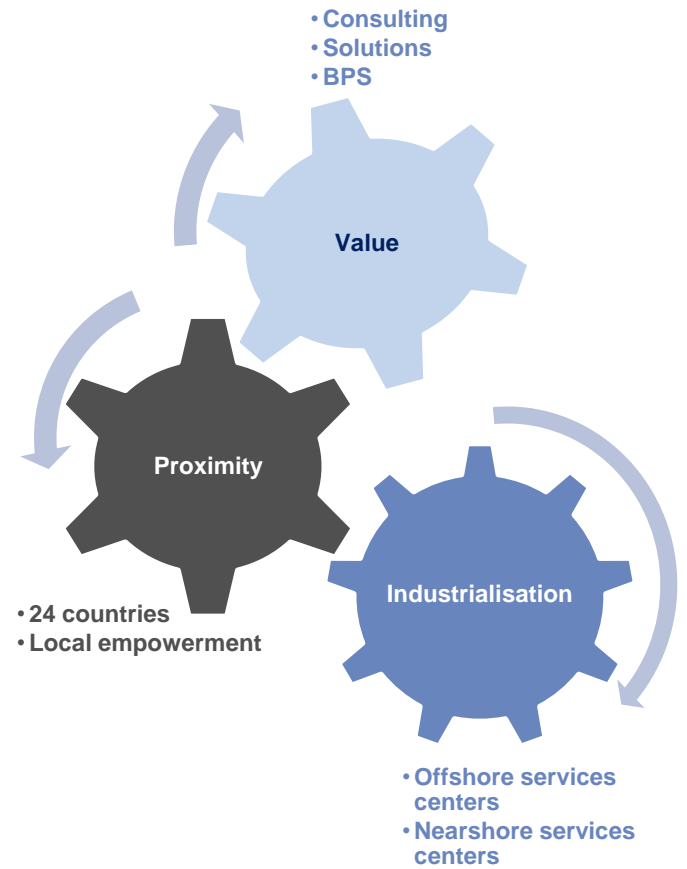
INTEGRATION COMMITTEE LED JOINTLY BY PIERRE PASQUIER AND FRANCOIS ENAUD



# A MARKET UNDERGOING MAJOR CHANGES



## SOPRA-STERIA GROUP: A group ready to meet new challenges

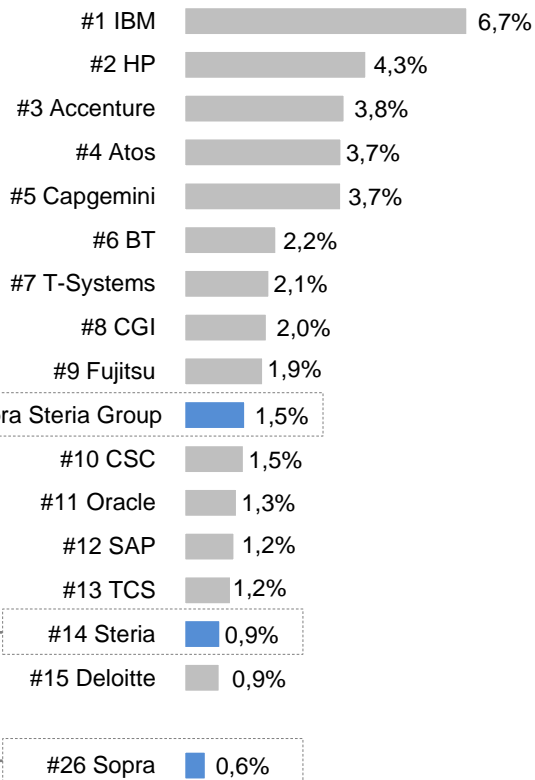


# CREATION OF A NEW EUROPEAN LEADER...

## A new leading player in Europe in the Top 10

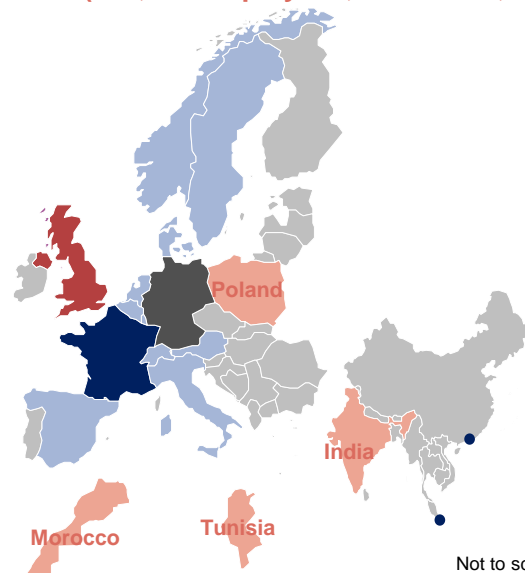


### 2012 market shares – IT services, Western Europe



SOPRA-STERIA GROUP : #10

- ✓ **A leader in France (c. €1.5bn of sales)**
- ✓ **Reinforcement in other key European IT services markets**
  - **€900m of pro forma sales in the UK**  
(1<sup>st</sup> European market), with strong positions in BPO (#2 on F&A market)
  - **c.€300m of sales in Germany**
  - **c.€500m of sales in other European countries**
- ✓ **An efficient industrial platform:**
  - **Onshore, nearshore and offshore shared delivery centers (c. 8,000 employees, of which 6,000 in India )**



Not to scale

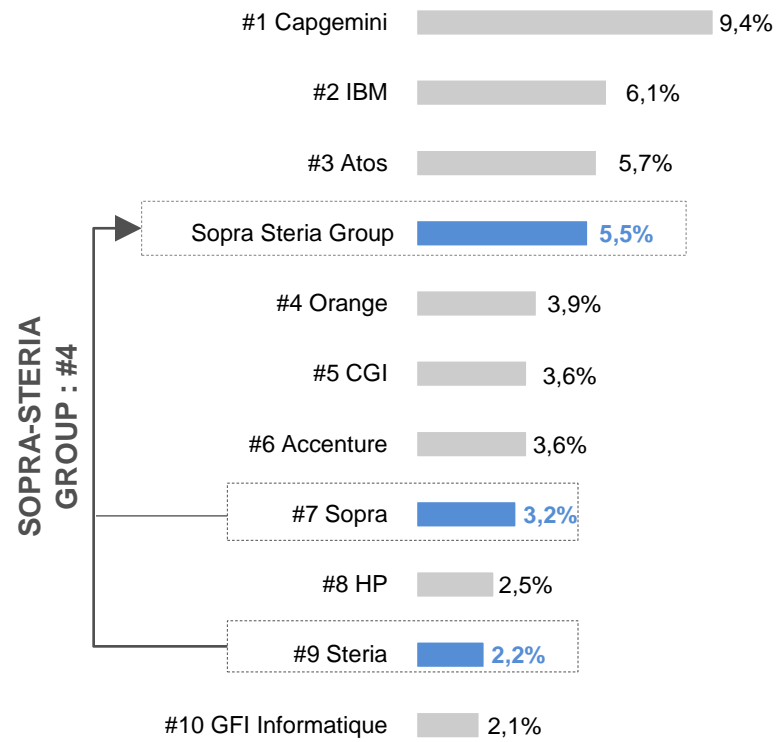
Source: Gartner. Market shares based on IT services revenues, excluding licenses and software revenues  
Capita Group excluded from European ranking

# ...WITH A STRONG LEADERSHIP IN FRANCE

## Creation of the #4 player in France

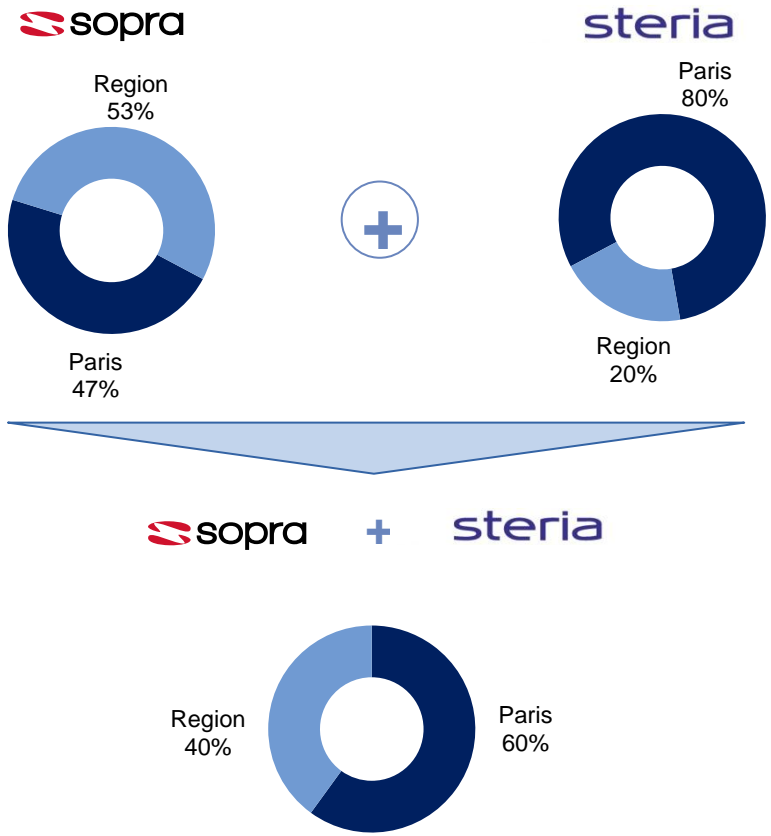


### 2012 market shares – IT services, France



## Strong geographic fit in France Paris vs. Regions

### 2013 sales breakdown in France (excluding solutions)

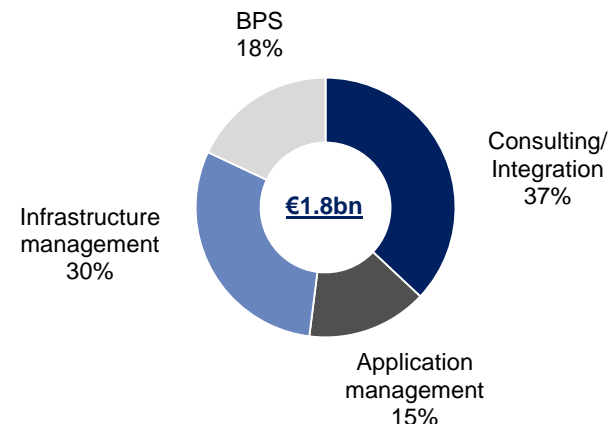
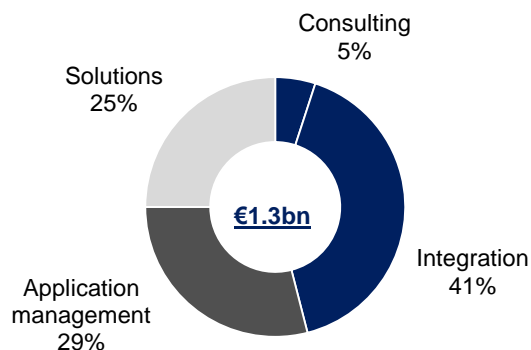


Source: Gartner. Market shares based on IT services revenues, excluding licenses and software revenues

# HIGHLY COMPLEMENTARY SERVICES AND SOLUTIONS



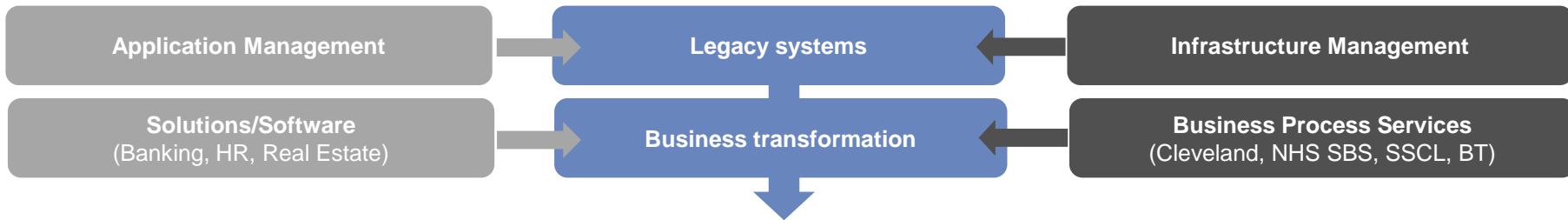
## 2013 sales breakdown by business line



- **Developer – Integrator** historical know-how
- Leadership in **Application Management**
- Strong expertise and positioning in **solutions**:
  - Sopra Banking Suite
  - Sopra HR Solutions
  - Sopra Real Estate Solutions

- **Developer – Integrator** historical know-how
- Leadership in **Infrastructure Management**
- Strong position in **Business Process Services**
- **High potential** portfolio of solutions
  - Police/Biometry
  - Payments
  - Insurance
  - Energy and Transport

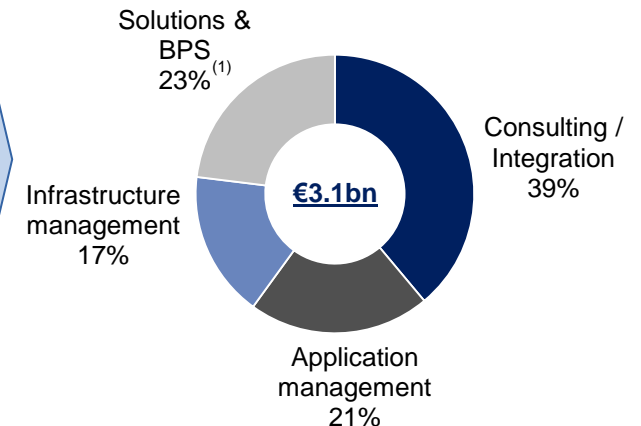
# A WELL-BALANCED END-TO-END SERVICE OFFERING FOR DIGITAL TRANSFORMATION



**SOPRA-STERIA GROUP: an end-to-end service offering to accompany clients' digital transformation**

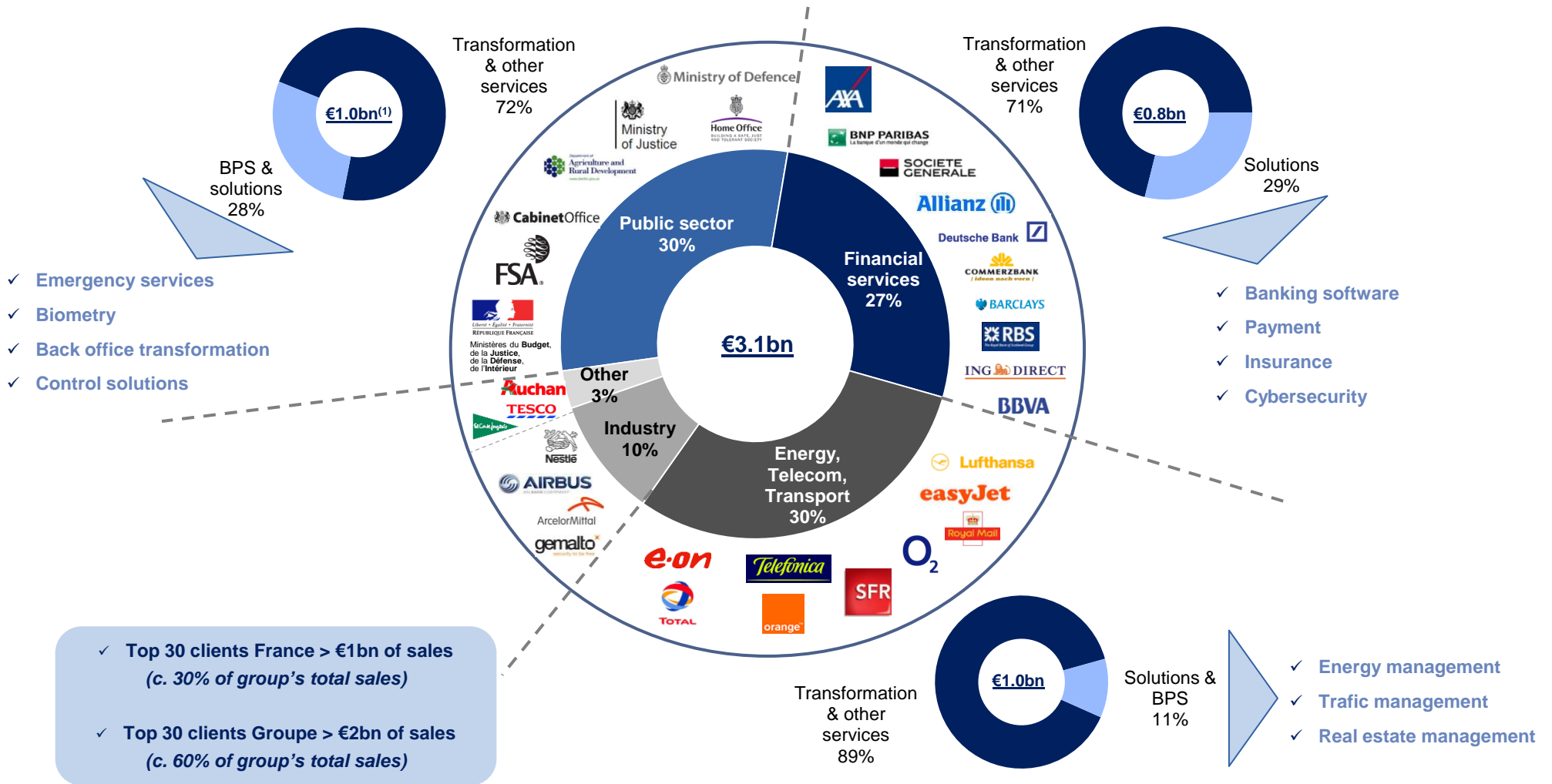
- One of the most **comprehensive software solutions** portfolio in the market
- A large scale capacity to transform **legacy systems**
- Leading position on **BPS**
- A **vertical** service offering

## 2013 sales breakdown by business line



# LEADING POSITIONS IN STRATEGIC VERTICALS

## Combined 2013 Sales breakdown by vertical



Note : (1) pro forma including SSCL on a full basis

## KEY FINANCIALS OF THE COMBINED GROUP

(in €m)	SOPRA	STERIA	Pro-forma	Ambitions
	2013	2013	2013	
<b>Sales</b>	<b>1,349</b>	<b>1,755</b>	<b>3,104</b>	<b>&gt;€4Bn</b>
<b>Recurring operating profit</b>	<b>109</b>	<b>110</b>	<b>219</b>	
<i>% of Sales</i>	8.1%	6.3%	7.1%	c. 10%
<b>Recurring net income - Group share</b>	<b>71</b>	<b>47</b>	<b>119</b>	
<i>% of Sales</i>	5.3%	2.7%	3.8%	
<b>Net financial debt</b>	<b>155</b>	<b>224</b>	<b>379</b>	
<i>Net financial debt/EBITDA</i>	1.2x	1.6x	1.4x	

## A VALUE CREATION BASED ON SIGNIFICANT SYNERGIES

### REVENUE SYNERGIES

- **Cross selling:** SOPRA and STERIA client complementary fit
  - **Legacy transformation:** Application Management <=> Infrastructure Management
  - Solutions: Banking <=> Human Resources
  - Extending processes (BPS) around solutions (Banking, HR)
  - At a geographic level (Paris vs. Regions, UK, Europe)
- An end-to-end offer fully meeting clients' digital transformation needs

### OPERATIONAL SYNERGIES

- Industrial efficiency and leveraging delivery centres
- Purchasing/procurement pooling
- Asset optimisation (headquarters, premises, other fixed assets)
- Reducing subcontracting
- Pooling of resources

c. €62m of synergies per year  
Total integration costs: €65m



## INDICATIVE TIMETABLE

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Opening of the pre-offer period

April 8, 2014

Filing of Exchange offer

May 2014

Results of the Exchange offer

End of July 2014



A merger project by the end of 2014

# A MERGER PROJECT CREATING VALUE FOR ALL THE STAKEHOLDERS

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1

**CREATION OF A EUROPEAN LEADER IN DIGITAL TRANSFORMATION**

2

**A SHARED VISION OF THE ENTREPRENEURIAL PROJECT**

3

**A UNIQUE VALUE PROPOSITION FOR OUR CLIENTS**

4

**NEW HORIZONS FOR OUR EMPLOYEES**

5

**A VALUE CREATING TRANSACTION FOR OUR SHAREHOLDERS**