

Post Q3 Roadshows

NOVEMBER 2019

The world is how we shape it

sopra  steria

Disclaimer

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01

Company overview

Western Europe IT Services market structure

A market of \$ 305bn

Sopra Steria 2018 Market Share (\$)

\$bn / %	Market 2018	Sopra Steria 2018	Market Share 2018
France	40.3	2.0	5.0%
UK	90.8	0.9	1.0%
Germany	52.7	0.4	0.8%
Other Western Europe	121.2	0.8	0.6%
Total	305.0	4.1	1.3%
Services booked in the software business		0.5	
Total IT Services	305.0	4.6	1.5%

\$bn / %	Market 2018	Sopra Steria 2018	Market Share 2018
IT Services	266.6	4.2	1.6%
BPO	38.4	0.4	1.1%
Total	305.0	4.6	1.5%

Sources : Gartner Report, Q4 2018 update, IT Services market excluding hardware and software and Gartner IT Services Market Share 2018, April 2019
Exchange rate: 1 USD = 0.85€ (constant USD \$ 2013)

Main competitors in Western Europe

- Capgemini
- Accenture
- CGI
- AtoS
- IBM
- DXC
- Capita & Fujitsu (UK)
- Indra (Spain)
- Tieto (Scandinavia)
- TCS, Cognizant, Wipro, Infosys (mainly in UK, but also in Continental Europe)
- Temenos, Edgeverve (Core banking software)

Top 5 Market share in Western Europe

1. IBM – 5 %
2. Accenture – 5 %
3. AtoS – 4 %
4. Capgemini – 3 %
5. DXC – 2%

Sopra Steria at 31/12/2018

A European leader in digital transformation

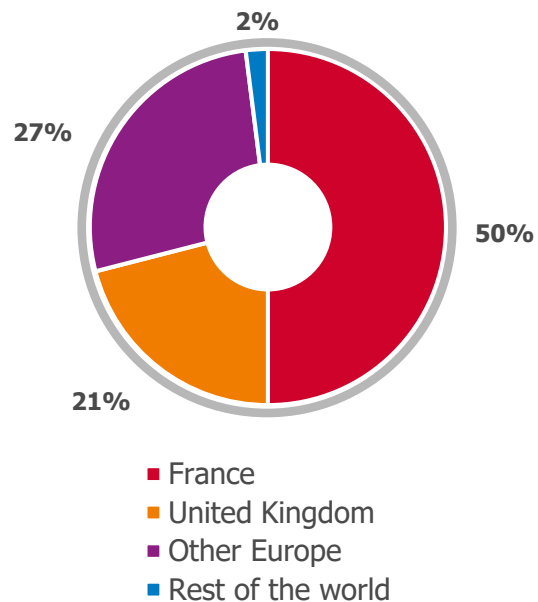
Top 5 European digital services companies

2018 revenue of €4.1bn

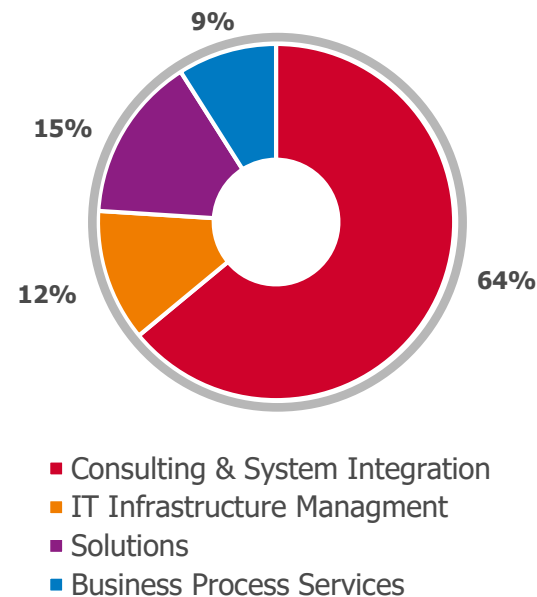
44,000+ employees

Operations in 25 countries

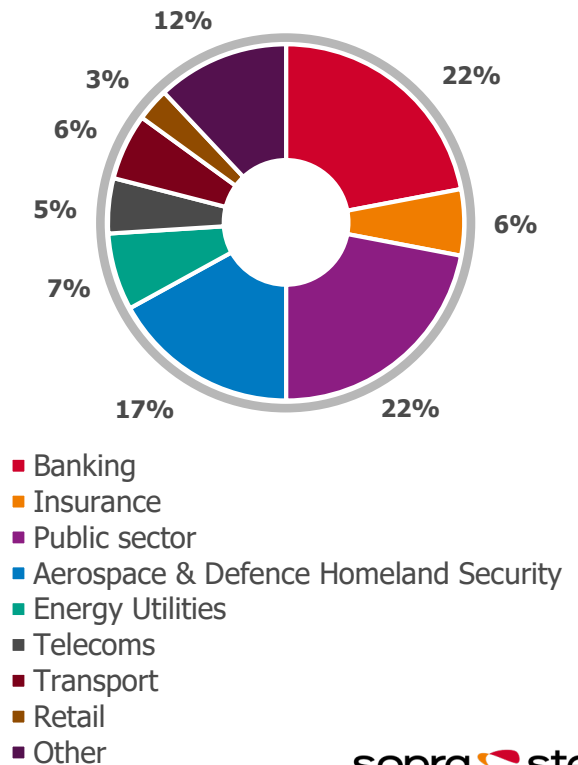
End-to-end approach



Revenue to 31/12/2018



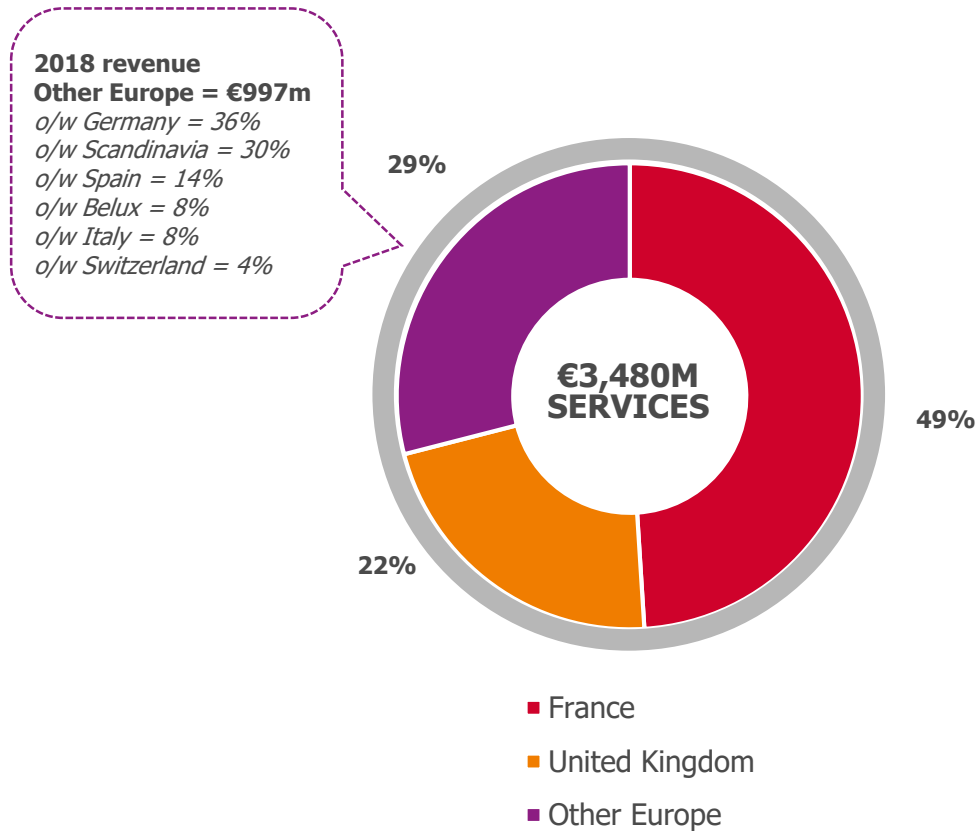
Top 10 operating in Europe



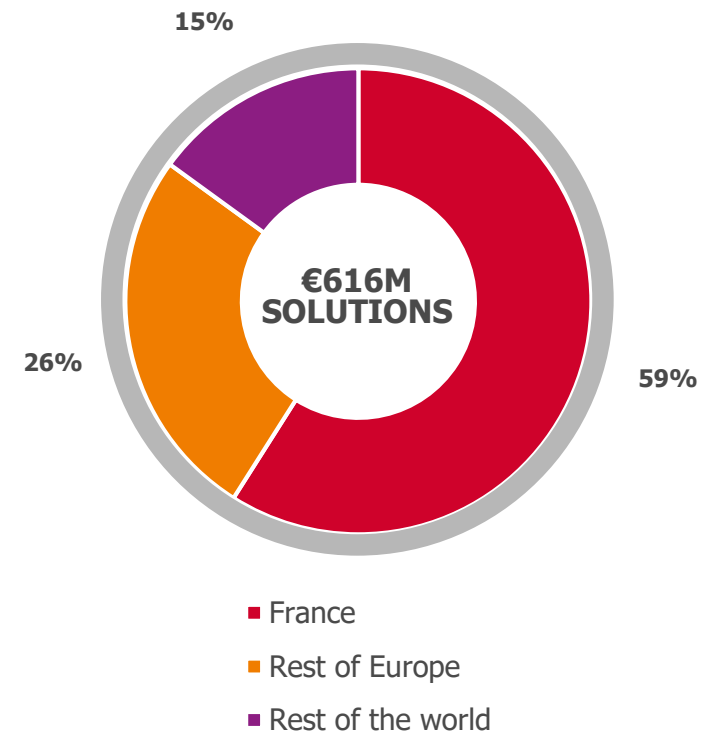
Revenue by country for the period

Ended 31/12/2018

SERVICES REVENUE TO 31/12/2018



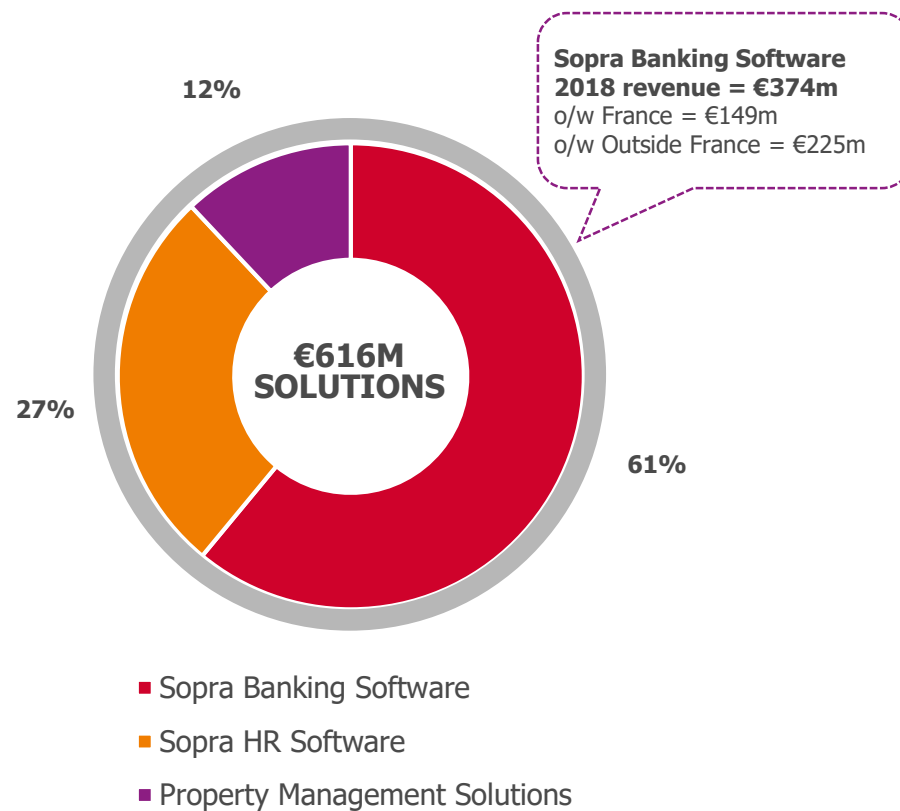
SOLUTIONS REVENUE TO 31/12/2018



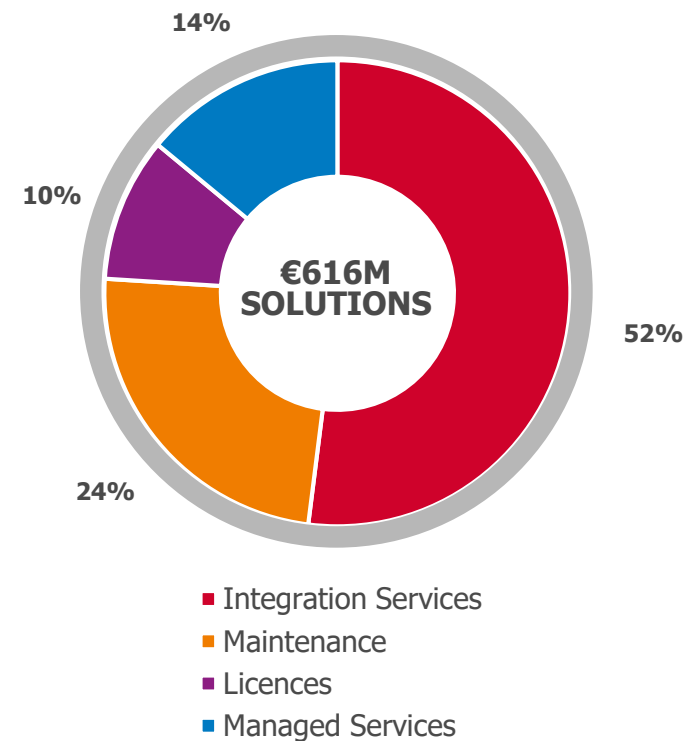
Solutions revenue for the period

Ended 31/12/2018

SOLUTIONS REVENUE BY PRODUCT

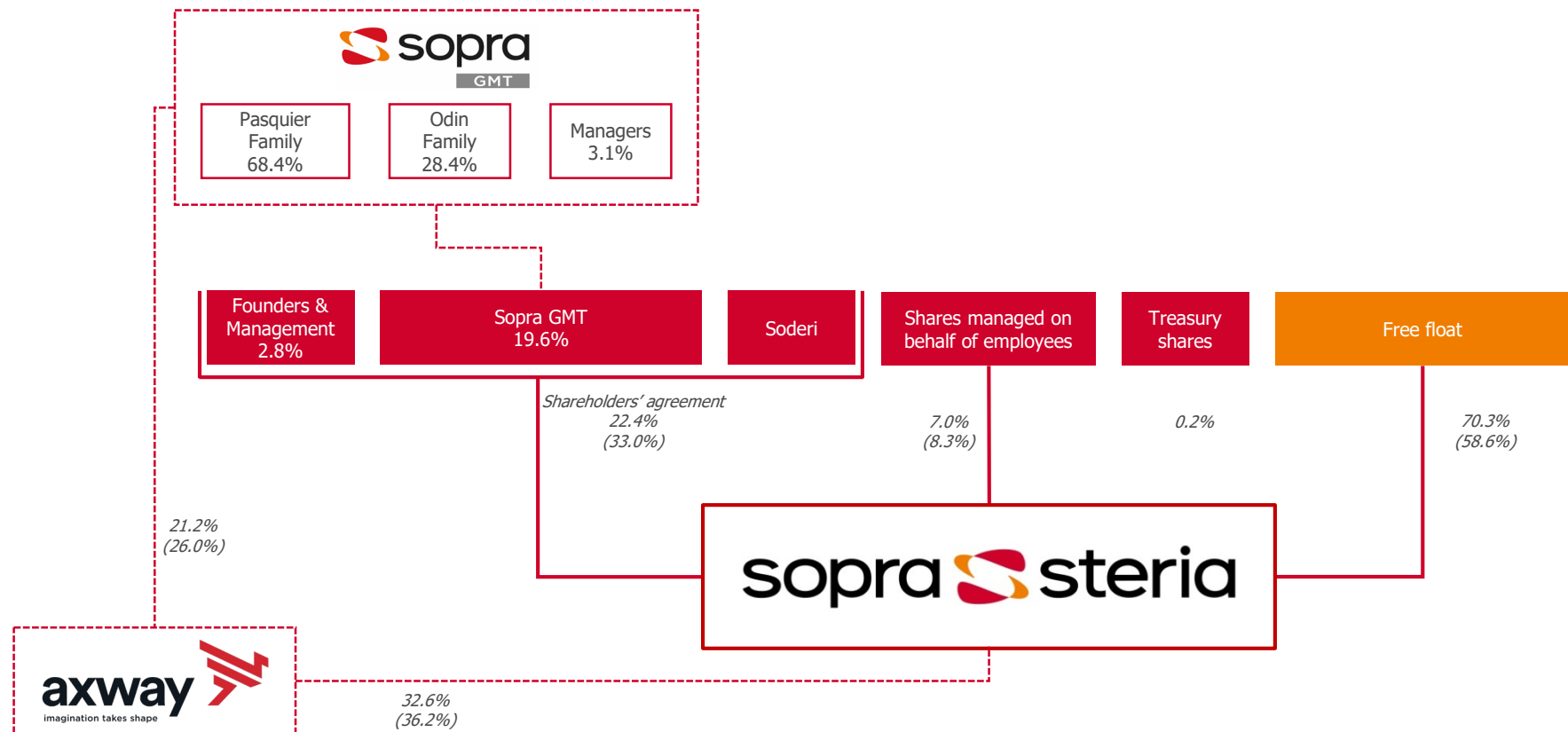


SOLUTIONS REVENUE BY BUSINESS LINE



Ownership at 31/12/2018

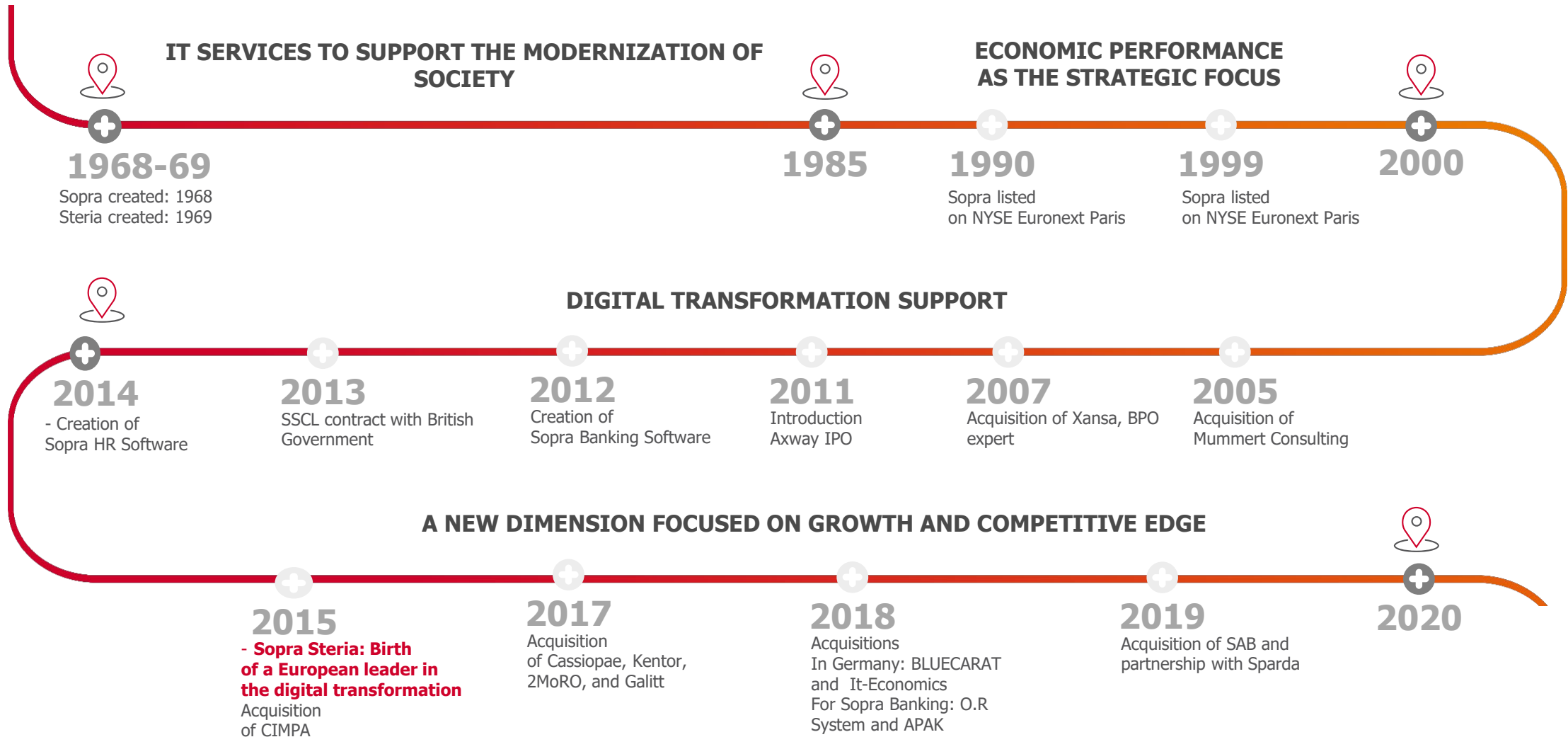
A key shareholder backing the corporate plan



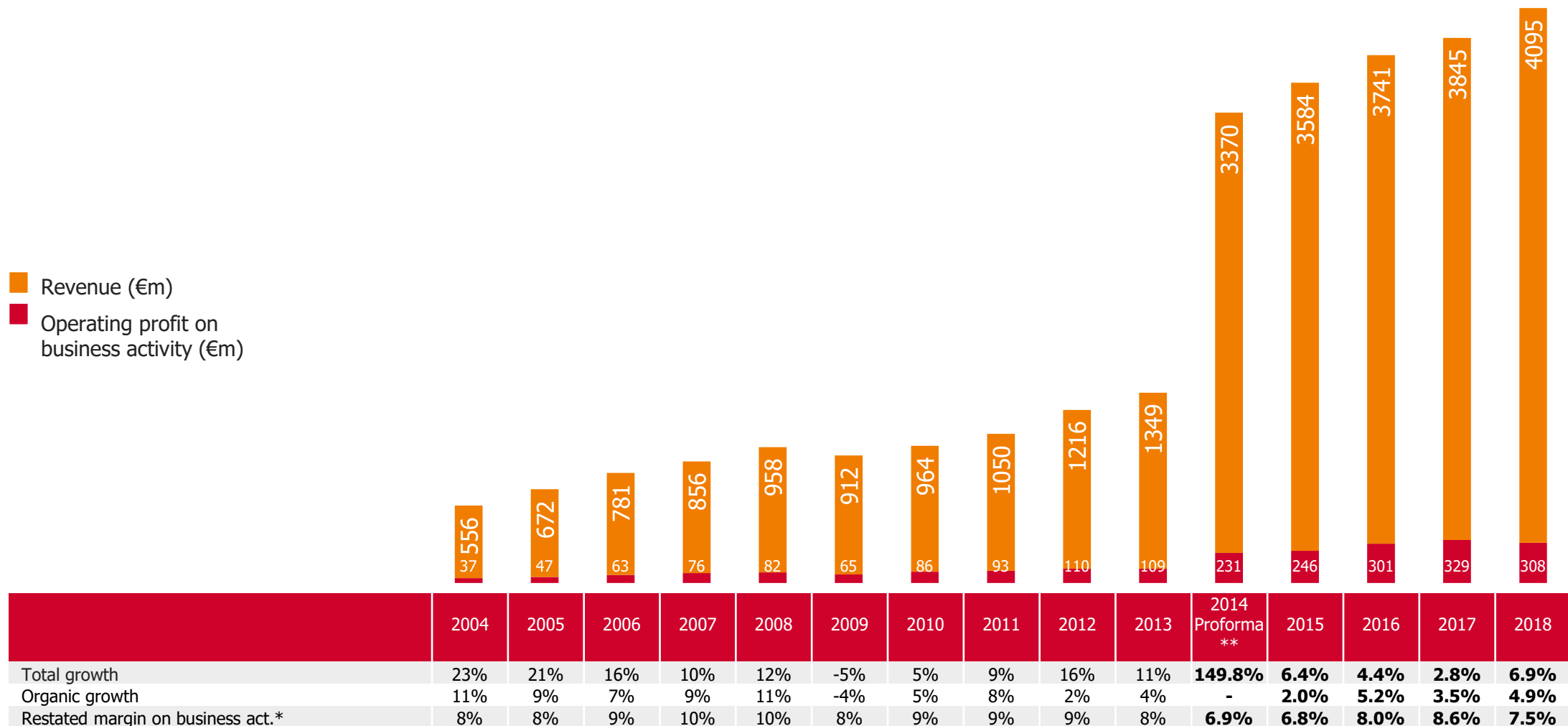
*XX.X% = Percentage of share capital held
(XX.X%) = Percentage of voting rights held*

*20,547,701 listed shares
26,054,339 exercisable voting rights*

50 years of continuous growth and transformation



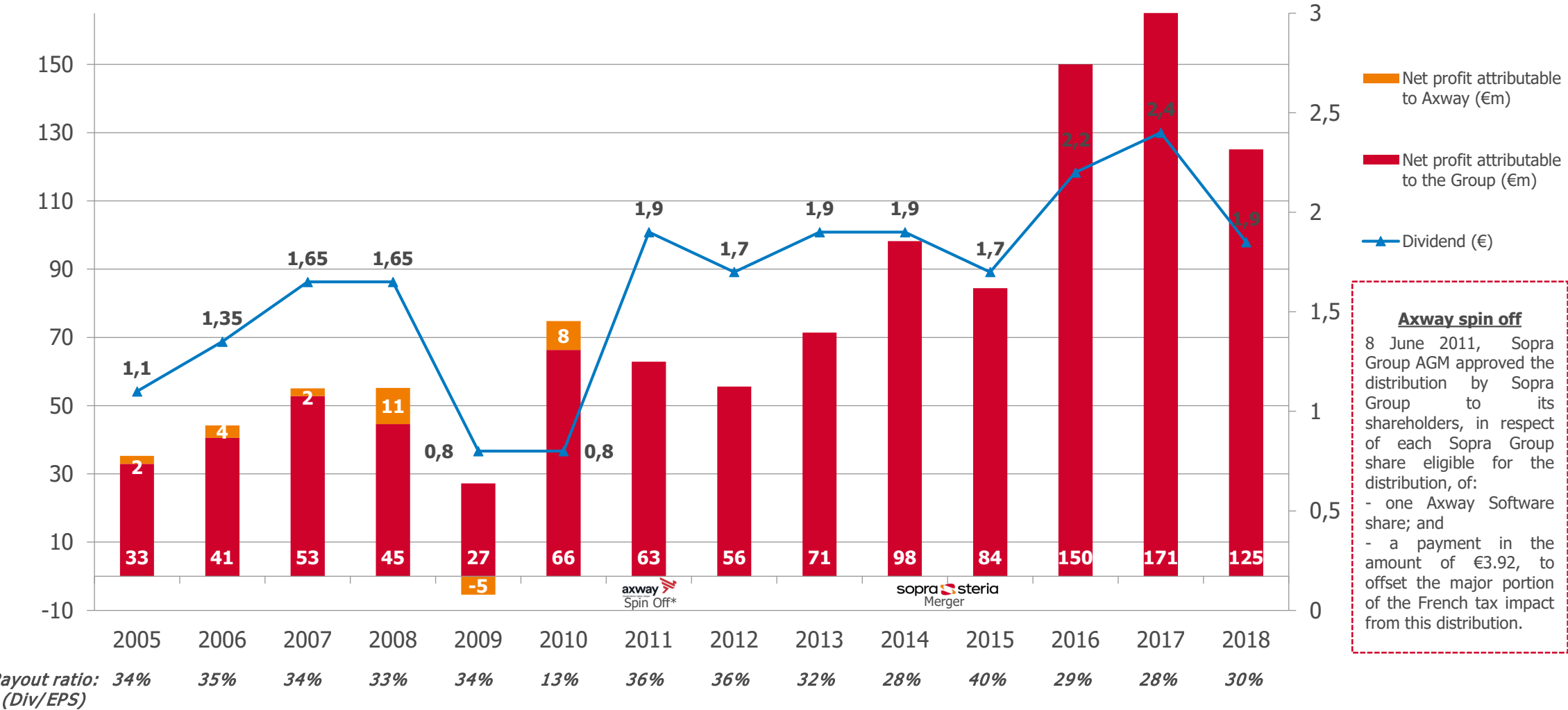
Sopra Steria historical performance

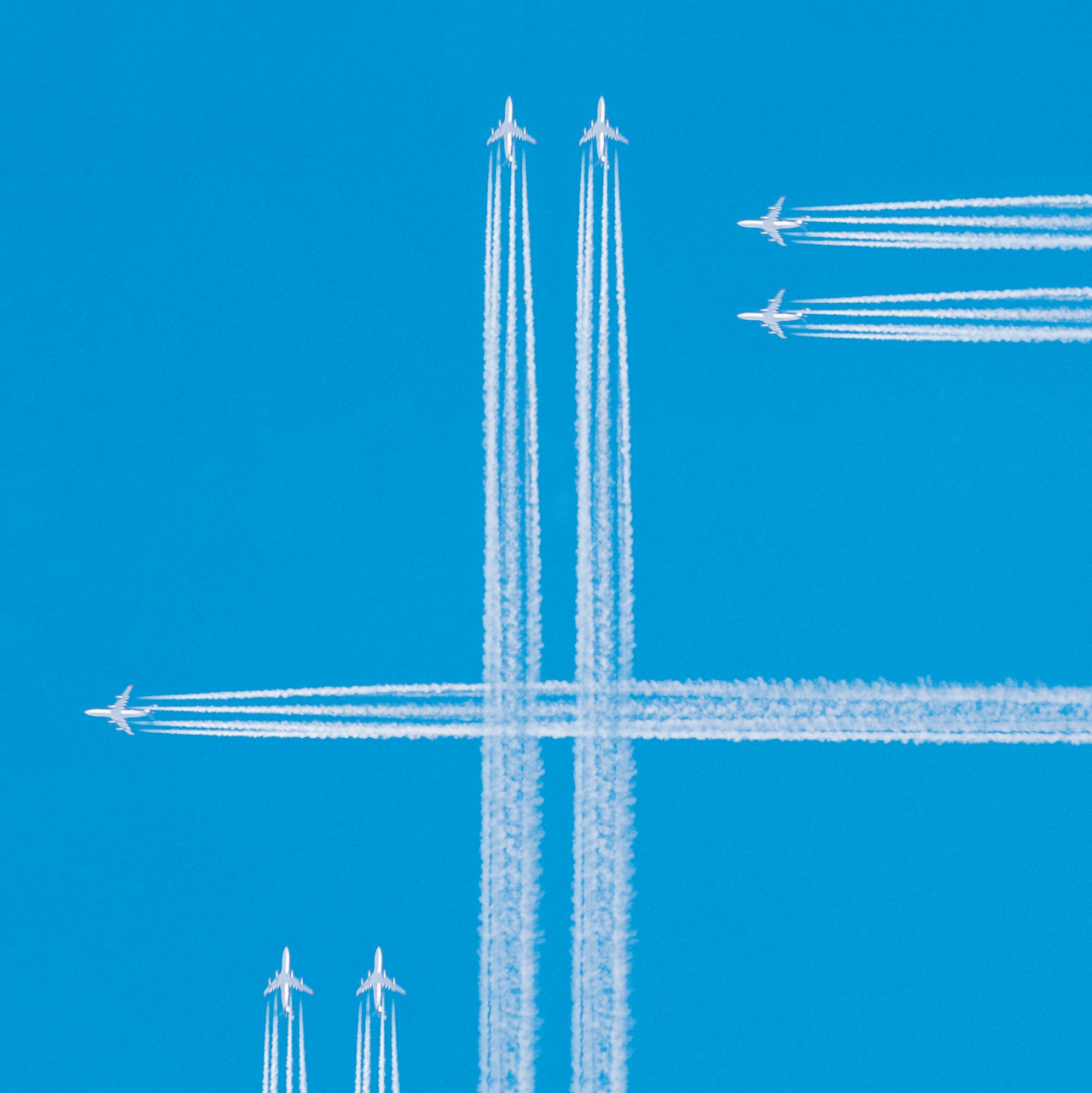


* Restated at equivalent tax laws for financial years up to and including 2009

** Base of comparison adjusted pro forma for the Sopra Steria merger

Sopra Steria historical performance





02

Strategy

An independent, value-creating corporate plan

Expanding

- Organic growth
- Targeted external growth

European

...in services and worldwide in software

Independent

- Key shareholder
- Employee shareholding

Added Value

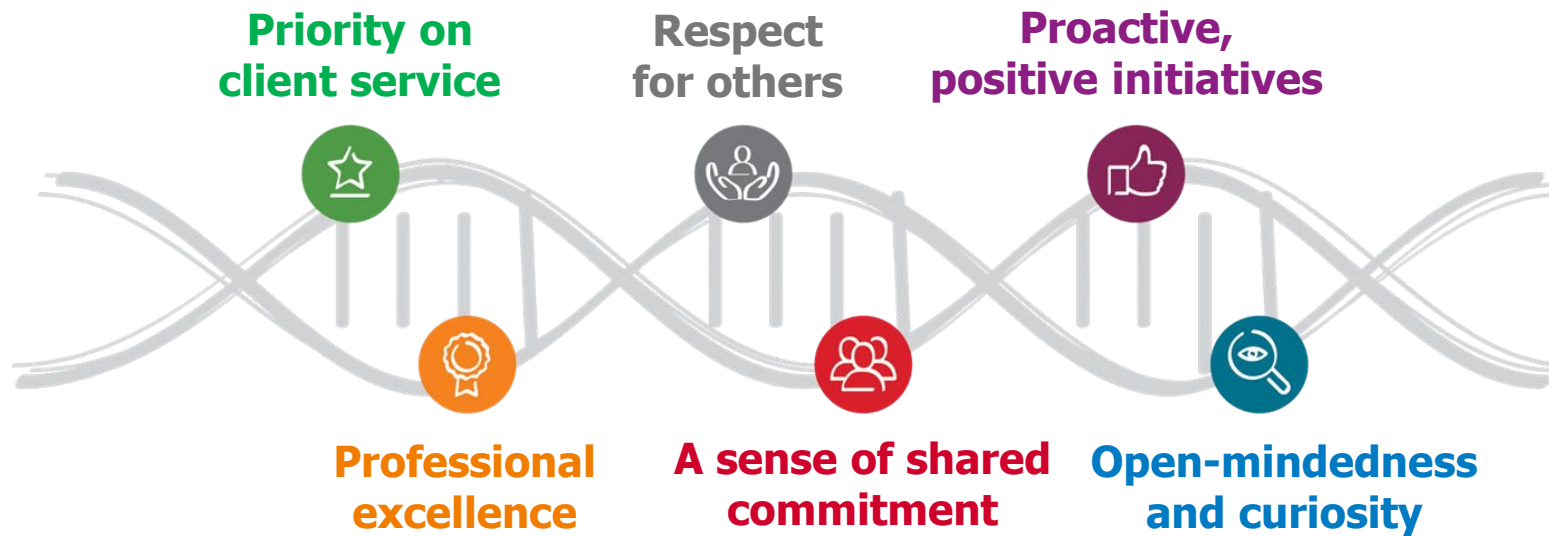
- Consulting
- End-to-end
- Vertical approach

Unique

- Software
- Entrepreneurial culture and close relationships with clients

Mission and values

— “Leveraging digital to build a positive future for all”



Strategic ambitions

— Services


- └ **Strategic partner** for large public authorities, financial and industrial players, and strategic companies in Europe, providing **end-to-end** support for the transformation of their business and operating models, making the best possible use of **digital** and the Group's **solutions**

— Software

- └ Main emphasis on **banking**
- └ **Developer of core business** solutions for retail banks and specialist lenders, all **among the leaders** in our target markets:
 - EMEA for core banking solutions
 - Rest of the world for specialist lenders

The Sopra Banking Software project

Core banking: target market and adopted approach

Core banking	
Market	Transformation projects for core banking systems of Europe/Middle East/Africa (EMEA)-based retail banks regardless of size (T1 to T4)
Approach	<ul style="list-style-type: none">• End-to-end model: solution—implementation—operation• Development of platforms• Rollout of digital solutions 

The Sopra Banking Software project

Specialised loans: target market and adopted approach

<i>Specialised loans</i>	
Market	Specialised financial institutions (equipment manufacturers and lenders) around the world: <ul style="list-style-type: none">- <i>Automotive loans</i>- <i>Consumer loans</i>- <i>Corporate loans</i>- <i>Equipment loans</i>
Approach	A unique worldwide offering <ul style="list-style-type: none">- Credibility strengthened by the Group's scale in a fragmented market- Exhaustive coverage of the value chain- Implementation capability



A sustainable, human and guiding contribution

Our commitment as a responsible company



We believe that we cannot make the world more sustainable and responsible without the commitment and positive contribution of all stakeholders in our Company. Sopra Steria has chosen to be a “contributive” company for building a sustainable world.

Pierre Pasquier

President, Sopra Steria

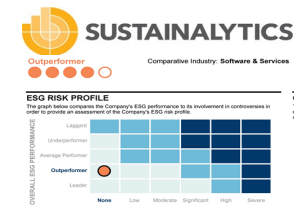
Innovation and digital technology serving the challenges of the Group and of our customers

Dialogue with stakeholders

Social responsibility

Environmental responsibility

Community engagement



Strategic objectives



- Organic growth of between 4% and 6% per year, under equivalent market conditions
- Acquisition strategy



- Operating margin on business activity ~10%



- 5% to 7% of revenue



03

FY2018 Highlights

Key figures

2018

Revenue

€4,095.3m

Organic growth of 4.9%*
Growth at constant exchange rate of 7.4%
Total growth of 6.9%

Operating profit on business activity

€307.9m

i.e. 7.5% of revenue
(8.6% in 2017)

Net profit attributable to the Group

€125.1m

Taking into account a tax rate of 39.6 % due to
non-recurring items for around €15m
Net margin of 3.1 % vs 4.5% in 2017)

Free cash flow

€173.1m

vs €111.4m in 2017 (excluding a sale of trade receivables with
deconsolidation at end-2017)

Net financial debt

€620.9m

corresponding to 1.68x EBITDA
on a 12-month rolling basis

UK pension fund deficit net of tax

€122.5m

vs €167m at 31/12/2017
i.e. a €44.9m reduction

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

2018, a transitional year...

Bolstering the Group in response to a challenging workload

— **Heavy workload resulting in delivery issues**

- └ Internal growth
- └ Acquisitions
- └ Transformations underway at all entities

— **Licence revenue lower than expected**



Investments to improve the model

- Reinforced organisational structure
- Internal tools
- Continuation of transformation at every entity



Governance reinforced

...and a year of big leaps forward

- **Robust growth in business activity**
- **Structural improvement in cash generation**
- **Continued progress in raising the value of offerings**
- **First encouraging signs in the United Kingdom**
- **Significant headway for Sopra Banking Software's products**
- **External recognition for our sustainability performance**

Operating performance by reporting unit

	Revenue			Operating profit on business activity	
	2018 IFRS 15 (€m)	2017 Restated* (€m)	Organic growth (%)	2018 IFRS 15 (% of Rev.)	2017 IFRS 15 (% of Rev.)
France	1,699.5	1,623.5	+ 4.7%	9.1%	8.6%
United Kingdom	783.1	784.1	- 0.1%	5.7%	6.9%
Other Europe	997.1	871.7	+ 14.4%	8.1%	8.1%
Sopra Banking Software	373.7	387.7	- 3.6%	-3.6%	9.5%
Other Solutions	241.8	235.5	+ 2.7%	16.7%	14.9%
Total	4,095.3	3,902.5	+ 4.9%	7.5%	8.6%

* Revenue at 2018 scope and exchange rates and after application of IFRS 15

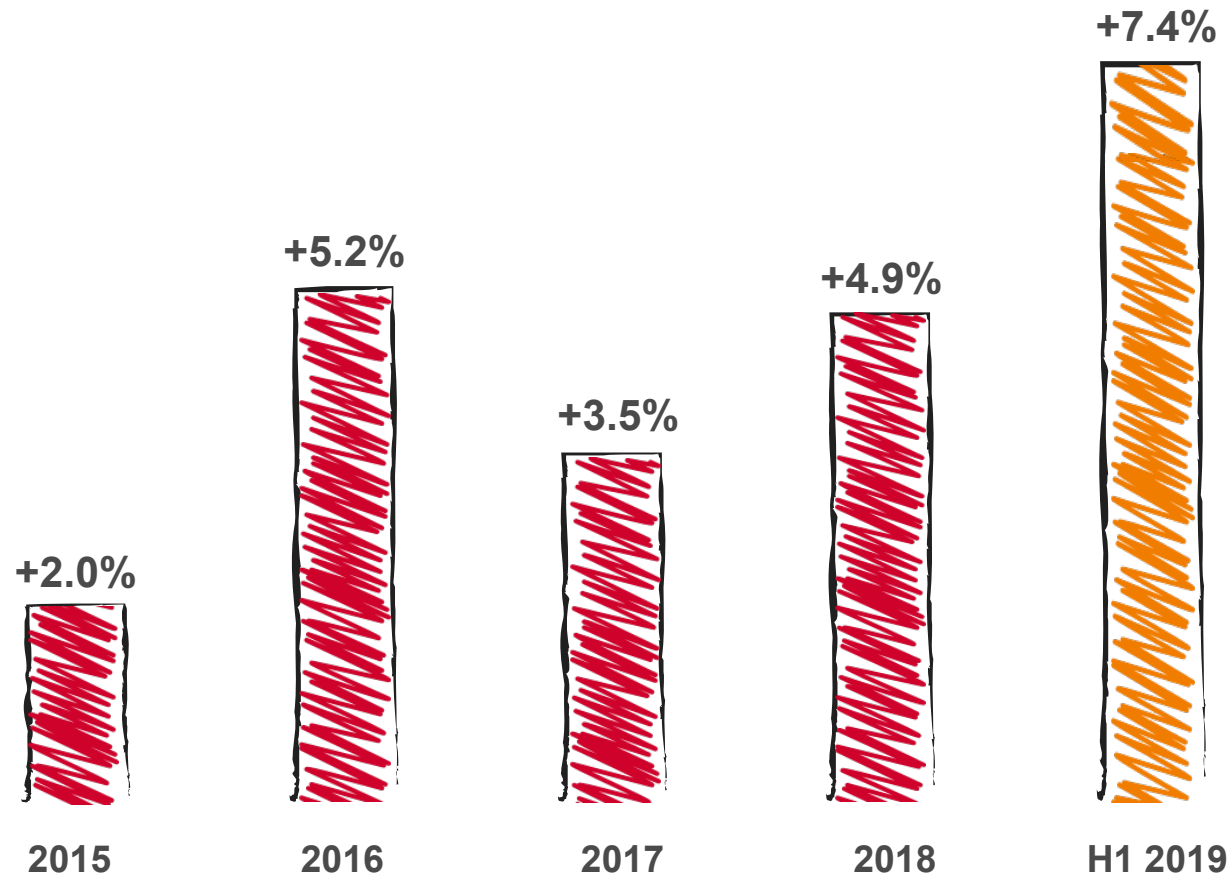


04

2019 YTD performance & FY objectives

H1 - Strong growth in a market driven by digital

Organic revenue growth* of 7.4% in the first half

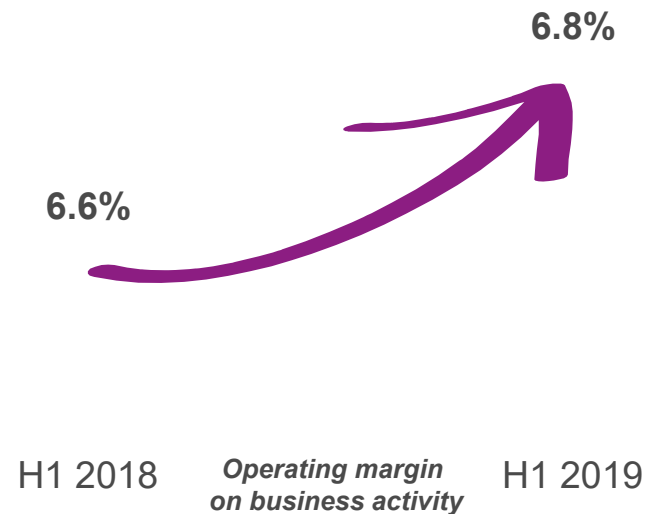


** Alternative performance measures are defined at the end of this presentation*

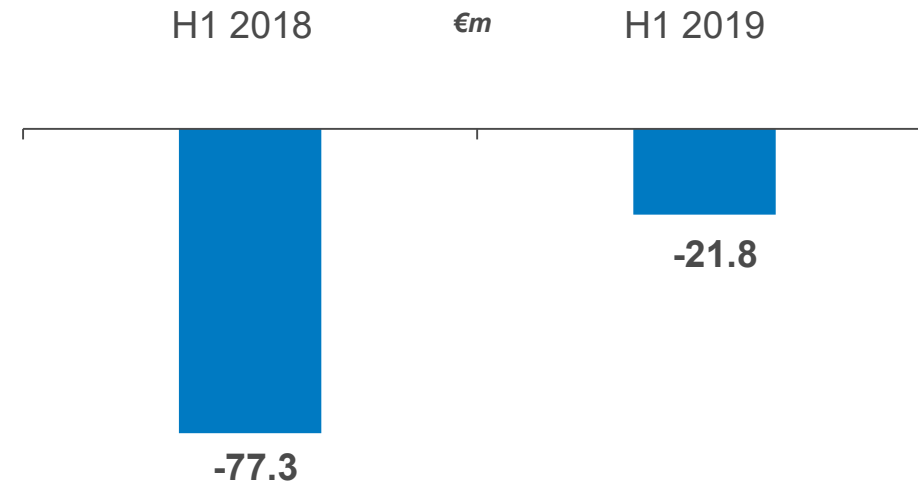
H1 - Performance in line with full-year targets

Operating margin and free cash flow

Slight rise in the operating margin on business activity
in the first half of 2019



Improvement in free cash flow
in the first half of 2019



H1 - Progress in specialised loans in 2019 (1/2)

A better level of control at 30 June 2019

CLIENT PORTFOLIO RESILIENCE

- Around 10 challenging projects
- Specific client support during the current period

GO-LIVES IN H1 2019

- More successful go-lives for Cassiopae: HSBC, DAF PACCAR, BPCE, Siemens FS US, etc.
- Very positive feedback on go-lives

DEVELOPMENT OF V4.7

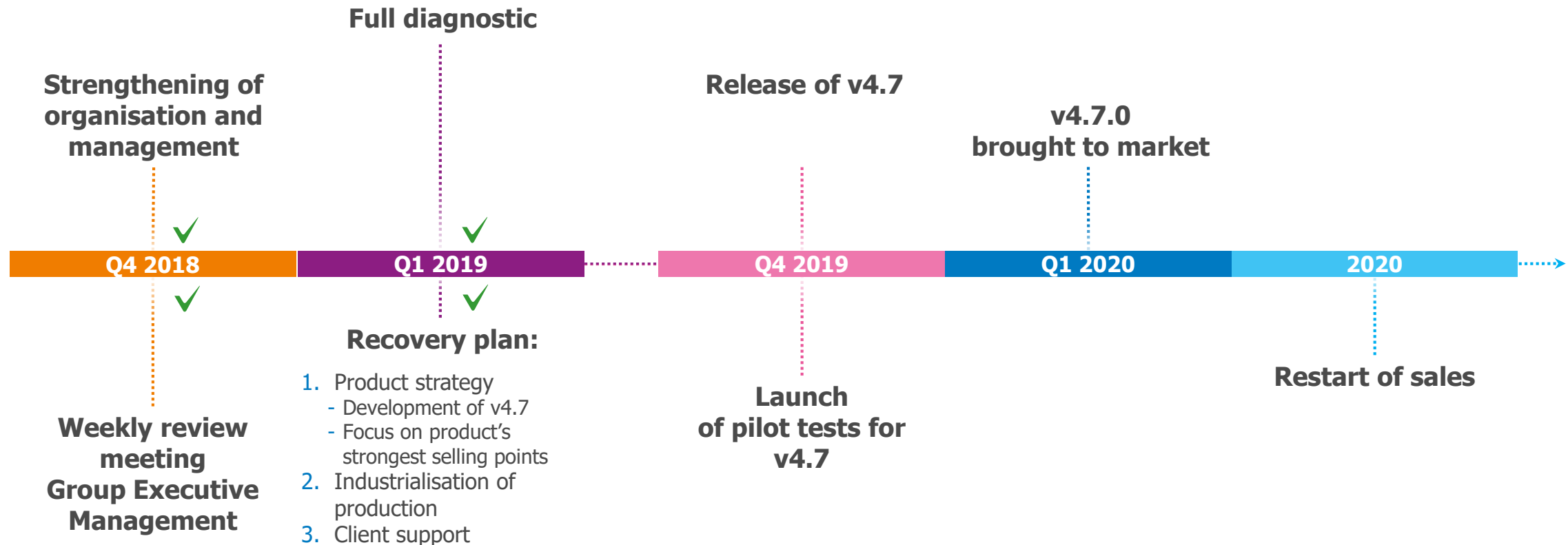
- Standardised version
- Industrialisation of production
 - Unique source code
 - API catalogue
 - Documentation
 - Software development strategy and release management
- Adherence to road map

APAK IN LINE WITH EXPECTATIONS

- Team
- Sales synergies
- Delivery capabilities
- Recurring revenue (ASP model), business development outside the UK

H1 - Progress in specialised loans in 2019 (2/2)

A clearly defined plan



H1 - Operating performance by reporting unit

	Revenue			Operating profit on business activity	
	H1 2019 (€m)	H1 2018 Restated* (€m)	Organic growth (%)	H1 2019 (% of Rev.)	H1 2018 (% of Rev.)
France	914.9	849.1	+ 7.7%	9.3%	9.0%
United Kingdom	429.6	385.7	+ 11.4%	6.1%	4.5%
Other Europe	534.9	498.5	+ 7.3%	6.5%	6.9%
Sopra Banking Software	204.0	202.1	+ 0.9%	-4.7%	-4.5%
Other Solutions	123.6	119.2	+ 3.7%	11.7%	12.7%
Total	2,207.1	2,054.6	+ 7.4%	6.8%	6.6%

* Revenue at 2019 scope and exchange rates

Q3 - Revenue by reporting unit

	Revenue			
	Q3 2019 (€m)	Q3 2018 Restated* (€m)	Organic growth (%)	Total growth (%)
France	427,8	392,4	+ 9,0%	+ 9,0%
United Kingdom	166,2	155,1	+ 7,1%	- 13,1%
Other Europe	281,9	265,1	+ 6,3%	+ 16,6%
Sopra Banking Software	104,5	93,2	+ 12,1%	+ 44,2%
Other Solutions	58,6	53,6	+ 9,2%	+ 9,6%
Total	1 039,0	959,5	+ 8,3%	+ 9,2%

* Revenue at 2019 scope and exchange rates

Priorities for 2019



SOPRA BANKING SOFTWARE

Focus on delivery

Synergies with the services arm of the company



VALUE ENHANCEMENT

Investments in all entities



STRUCTURE

Reinforcement to prepare for future growth



CORPORATE RESPONSIBILITY

Benchmark employer

Gender balance and equal treatment

Raising of annual growth target and confirmation of other 2019 targets

Organic revenue growth of between 6.3% and 6.5%
Previously announced as “equal to or greater than 6%”

Slight improvement in operating margin on business activity

Free cash flow > €150m



05

Annexes

Income statement

Financial year 2018

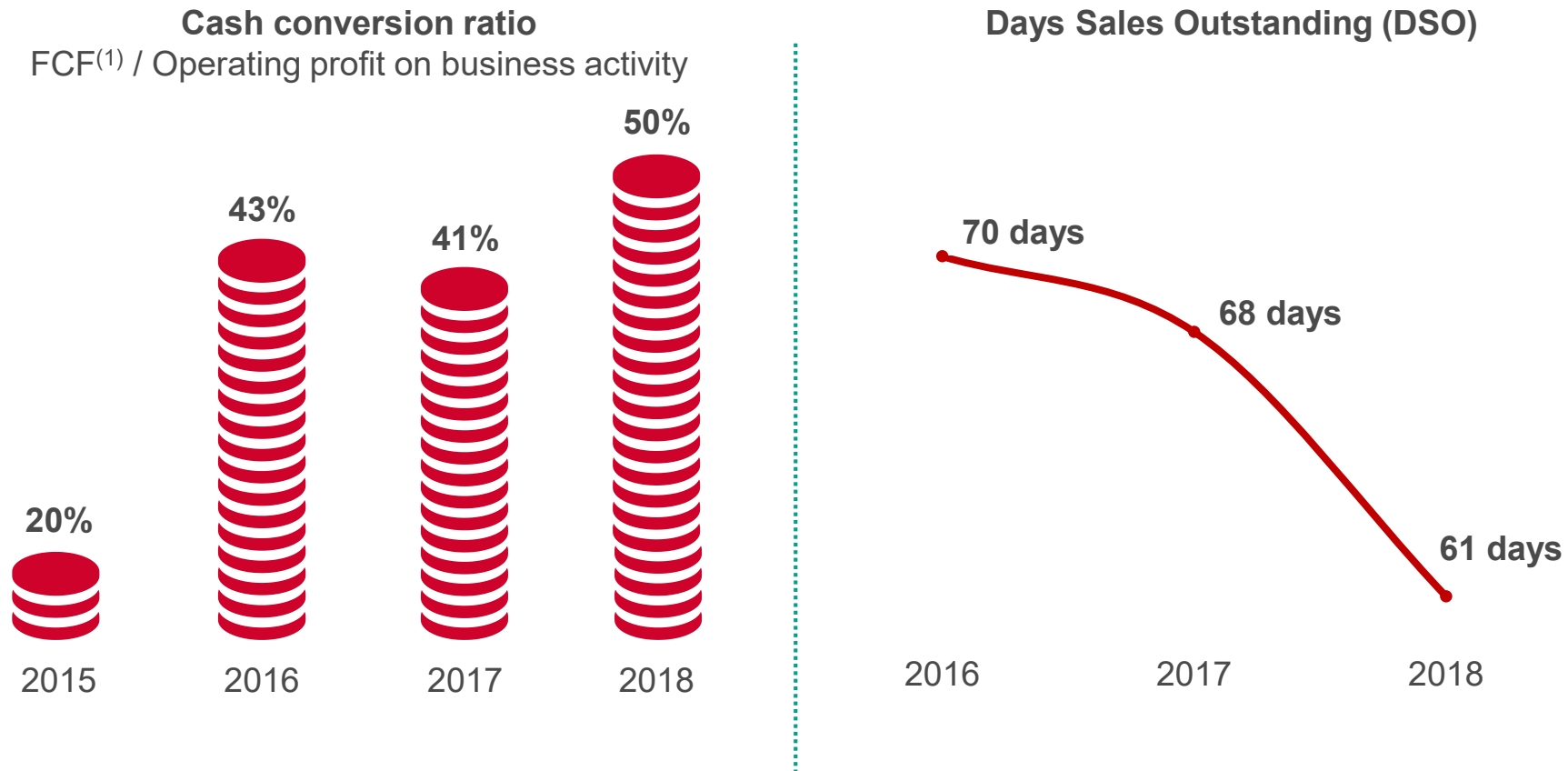
	2018 IFRS 15 (€m)	2018 IFRS 15 (% of Rev.)	2017 IFRS 15 (€m)	2017 IFRS 15 (% of Rev.)
Revenue	4,095.3		3,831.1	
Organic growth	4.9%			
Operating profit on business activity	307.9	7.5%	330.7	8.6%
Expenses related to stock options and related items	- 22.8		- 21.2	
Amortisation of allocated intangible assets	- 24.3		- 21.8	
Profit from recurring operations	260.8	6.4%	287.7	7.5%
Other operating income and expenses	- 34.2		- 25.1	
Operating profit	226.6	5.5%	262.6	6.9%
Cost of net financial debt	- 7.8		- 6.8	
Other financial income and expenses	- 11.7		- 8.5	
Tax expense	- 82.0		- 73.9	
Share of net profit from equity-accounted companies	3.6		1.7	
Net profit	128.7		175.1	
of which attributable to Group	125.1	3.1%	172.5	4.5%
of which minority interests	3.6		2.6	

Breakdown of change in net financial debt

Financial year 2018

	2018 IFRS 15 (€m)	2017 IFRS 15 (€m)
Operating profit on business activity	307.9	330.7
Depreciation, amortisation and provisions (excluding allocated intangible assets)	55.8	25.2
EBITDA	363.7	355.9
Non-cash items	- 8.1	- 1.6
Tax paid	- 63.4	- 63.9
Change in operating working capital requirement	- 23.1	- 20.2
Reorganisation and restructuring costs	- 39.2	- 29.6
Net cash flow from operating activities	229.8	240.6
Change relating to investing activities	- 61.8	- 62.3
Net interest	- 8.4	- 9.0
Additional contributions related to defined-benefit pension plans	- 23.4	- 21.0
Free cash flow*	136.1	148.4
Impact of changes in scope	- 168.8	- 96.0
Financial investments	- 4.7	- 2.8
Dividends paid	- 48.7	- 44.5
Dividends received from equity-accounted companies	1.4	2.8
Capital increases in cash	0.0	0.1
Purchase and sale of treasury shares	- 23.4	- 1.3
Impact of changes in foreign exchange rates	- 2.6	- 10.7
Change in net financial debt	- 110.8	- 4.1
* Free cash flow after restating for the sale of trade receivables in 2017 for €37m	173.1	111.4
Net financial debt at beginning of period	- 510.1	- 506.0
Net financial debt at end of period	- 620.9	- 510.1

Structural improvement in cash generation



(1) Free cash flow excluding sales of trade receivables and after adjusting for non-recurring items

Solid financial position at 31/12/2018 (1/2)

Comfortable structure and liquidity

Equity
€1,329.2m

Net financial debt
€620.9m

Available undrawn amount
€1.1bn
i.e. 58% of authorised amount⁽¹⁾

Maturities

- **Bond: 2019 (refinanced line of credit)**
- **Bank borrowing facilities: 2023**

	31/12/2018 Amount used (€m)	31/12/2018 Amount authorised (€m)
Bond	180.0	180.0
Syndicated loan – Tranche A €	128.0	128.0
Syndicated loan – Tranche B £	57.2	57.2
Multi-currency revolving credit facility	-	900.0
Finance leases	16.9	16.9
Overdrafts and Other	151.6	353.0
Total	533.7	1,635.1
Commercial paper	256.0	
Impact of IFRS 3 – Bond	1.5	
Gross debt	791.2	
Cash and cash equivalents	170.3	
Net financial debt	620.9	

Note: Assuming a constant amount of commercial paper (€256m at 31 December 2018) and overdrafts

Simplified balance sheet

31/12/2018

	31/12/2018 IFRS 15 (€m)	31/12/2017 IFRS 15 (€m)
Goodwill	1,708.5	1,590.6
Allocated intangible assets	183.0	161.5
Other fixed assets	234.9	179.7
Equity-accounted investments	195.1	189.1
Fixed assets	2,321.5	2,120.9
Net deferred tax	79.6	99.1
Trade accounts receivable (net)	1,091.8	1,147.1
Other assets and liabilities	- 1,153.1	- 1,188.1
Working capital requirement (WCR)	- 61.3	- 41.0
Assets + WCR	2,339.8	2,179.0
Equity	1,329.2	1,237.2
Provisions for post-employment benefits	308.3	358.9
Provisions for contingencies and losses	81.5	72.8
Net financial debt	620.9	510.1
Capital invested	2,339.8	2,179.0

Earnings per share

Financial year 2018

	2018 IFRS 15 (€m)	2017 IFRS 15 (€m)
Net profit attributable to the Group (€m)	125.1	172.5
Weighted average number of shares in issue excluding treasury shares	20.18	20.21
Basic earnings per share (€)	6.20	8.53
Basic recurring earnings per share (€)	7.43	9.34
Theoretical weighted average number of shares	20.27	20.28
Diluted earnings per share (€)	6.17	8.51
Diluted recurring earnings per share (€)	7.40	9.31

Global workforce

Financial year 2018

	31/12/2018	31/12/2017
France	19,013	18,649
United Kingdom	6,407	6,181
Other Europe	10,095	8,777
Rest of the World	344	281
X-Shore	8,255	7,773
Total	44,114	41,661

Alternative performance measures

- **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.