2019 Annual Results Presentation

PARIS, 21 FEBRUARY 2020
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 can be found in the 2018 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 12 April 2019 (see pages 28 to 44 and 229 to 233 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.
01

Key events of 2019

Vincent Paris
Chief Executive Officer
Satisfactory 2019 results
Despite a difficult situation in late 2018, targets for full-year 2019 were met

- Reinforcement of the Group to prepare for future growth
- Investment in value-building strategy
- Sopra Banking Software on track with its roadmap
- Development of the responsible growth policy
Key figures for 2019

Financial performance

Revenue
€4,434.0m
equating to organic growth* of 6.5%

Operating profit on business activity
€354.3m
i.e. 8.0% of revenue

Net profit attributable to the Group
€160.3m
up 28.1%

Free cash flow
€229.3m
vs €173.1m in 2018
Cash flow calculated excluding the sale of trade receivables with deconsolidation (€37m in 2017)

Net financial debt
€513.9m
representing 1.26x pro forma EBITDA before IFRS 16

UK pension fund deficit net of tax
€112.6m
vs €122.5m at 31/12/2018

* Alternative performance measures are defined at the end of this presentation
## Key figures for 2019

### Non-financial performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net change in workforce</strong></td>
<td>+2,131 pers.</td>
</tr>
<tr>
<td><strong>More women in the workforce</strong></td>
<td>32.0%</td>
</tr>
<tr>
<td><strong>Reduction of GHG</strong>(1) in 2019</td>
<td>- 10.8%</td>
</tr>
<tr>
<td><strong>Employee turnover</strong></td>
<td>17.7%</td>
</tr>
<tr>
<td><strong>More women hired</strong>(2)</td>
<td>33.1%</td>
</tr>
<tr>
<td><strong>Cumulative reduction of GHG</strong>(1) since 2015</td>
<td>- 36.7%</td>
</tr>
</tbody>
</table>

(1) Greenhouse gas emissions, figures under review not yet audited
(2) Excluding the impact of the year’s acquisitions
Our organic growth outperforms the wider digital services market

Average growth of around 5% per year since 2004

16-year annual average: 
~5% 

Volume
- Growth in the digital services market
- Impact of positioning (offerings/approach)

Prices
- Impact of value-building strategy
Continued improvement in cash generation
Higher cash conversion rate

Cash conversion rate excluding non-recurring items
FCF\(^{(1)}\) / OP\(^{(2)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>20%</td>
<td>43%</td>
<td>41%</td>
<td>50%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Days Sales Outstanding (DSO)\(^{(3)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days</td>
<td>70</td>
<td>68</td>
<td>61</td>
<td>55</td>
</tr>
</tbody>
</table>

Footnotes:
(1) Free cash flow adjusted for non-recurring and exceptional items
(2) Operating profit on business activity
(3) Average payment period of trade receivables
Reinforced piloting methods to drive transformation
Preparation for the Group’s future growth

- Quarterly reviews to guide the transformation of operating entities
- Use of customer and employee perception barometers
- Reinforcement of internal control and risk management systems
- Consolidation of in-house procedures and rules
- Changes to the training policy
Modernised development environment with the Digital Enablement Platform (DEP):

- DevOps hybrid cloud platform
- Asset-based platform: AI\(^{(1)}\) / ML\(^{(2)}\) / Blockchain / etc.

Portfolio of offerings transformed
End-to-end approach to guide the shift toward the cloud and digital

Optimise and disrupt: Redesigned offering

Need addressed: Modernisation and transformation of legacy applications by digitising processes and opening them up to surrounding ecosystems

Features: End-to-end, fully equipped, modular, can be implemented in phases

- Transformation journey
- Application modernisation – API first
  - Amplify (partnership with Axway)
  - DEP accelerators
- SAP Go2Cloud
- Mainframe modernisation
- Boost your platform strategy

(1) Artificial Intelligence
(2) Machine Learning
Around €440m in revenue and 3,400 consultants in Europe
Selling prices up 9% in France in 2019
“Level Up” programme

13.1% growth in the Software division in 2019
Investments in 2019
- SAB
- Partnership with Sparda banks
- NeoSpheres

Sopra Banking Software reaches critical mass: close to €500m in revenue
- Specialised loans – Target: World
- Retail banking – Target: EMEA

(1) Sopra Banking Software’s 2019 pro forma revenue close to €500m
Sopra Banking Software on track with its roadmap (1/2)
Specialised loans: Delivery of V4.7 confirmed for the end of Q1 2020

V4.7 for existing clients

Q1 2020

Commercial initiatives restarted at the end of 2020

2021

1. Gradual migration of the portfolio of existing clients
2. Enhancements to V4.7 in terms of features and automation
Sopra Banking Software on track with its roadmap (2/2)

Retail banking: Many successes in 2019

- Platform under construction for La Banque Postale
- 70 migrations to Amplitude’Up in EMEA
- International success of Platform
  Selected by 7 Sparda banks in Germany
- 31 new clients in 17 countries for the DBEP (1)

(1) DBEP = Digital Banking Enablement Platform
**Major strategic partnership in Germany**

Implementation of a digital platform for 7 German banks (Sparda) – 13-year contract

- Entity 51% controlled by Sopra Steria and managed using a “Bank as a Platform” model
- Entity restructured, Sopra Banking Platform installed over a 3.5-year period
- Growth targeted for the “Bank as a Platform” model

SFT\(^{(1)}\) is responsible for operating the Sparda banks’ system 24/7

Target operating margin on business activity of 8% for SFT

Possibility to add new banks to the platform

\(^{(1)}\) SFT = Sopra Financial Technology
Ambition confirmed for Sopra Banking Software
2 markets, 2 offerings, 2 approaches

Retail banking
- Banks of all sizes
- Europe and Africa

Sopra Banking Platform
- DBEP
- Core

Offerings

Sopra Financing Platform
- Global Retail Finance
- Global Wholesale Finance

Markets
- Automotive / Asset finance / Consumer loans / Corporate loans
- Industrial captives and financial institutions

Zones
- World
Sustainable, human and guiding corporate responsibility policy
Significant progress in 2019

- **Commitment to combating climate change**
  - Ranked on the CDP A List for the 3rd year in a row
  - The *Science Based Targets initiative* (SBTi) approves the Group’s GHG emissions targets, which aim to limit global warming to 1.5°C, as called for by the United Nations
  - Commitment to cut GHG emissions per employee by 48% by 2025 and by 85% by 2040 (baseline year: 2015)

- **Benchmark employer**
  - Group-wide programmes to promote gender equality and diversity
  - Agreement with Sciences Po to launch the Technology, Governance and Institutional Innovation Chair
02

Operating position by reporting unit

Vincent Paris
Chief Executive Officer
## Operating performance by reporting unit

<table>
<thead>
<tr>
<th></th>
<th>Revenue 2019 (€m)</th>
<th>Revenue 2018 Restated* (€m)</th>
<th>Organic growth (%)</th>
<th>Operating profit on business activity 2019 (% of Rev.)</th>
<th>Operating profit on business activity 2018 (% of Rev.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1,813.1</td>
<td>1,699.6</td>
<td>+ 6.7%</td>
<td>9.7%</td>
<td>9.1%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>771.5</td>
<td>719.0</td>
<td>+ 7.3%</td>
<td>7.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Other Europe</td>
<td>1,152.9</td>
<td>1,075.4</td>
<td>+ 7.2%</td>
<td>6.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Sopra Banking Software</td>
<td>438.9</td>
<td>426.8</td>
<td>+ 2.9%</td>
<td>1.1%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Other Solutions</td>
<td>257.5</td>
<td>243.0</td>
<td>+ 6.0%</td>
<td>15.7%</td>
<td>16.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,434.0</strong></td>
<td><strong>4,163.7</strong></td>
<td><strong>+ 6.5%</strong></td>
<td><strong>8.0%</strong></td>
<td><strong>7.5%</strong></td>
</tr>
</tbody>
</table>

*Revenue at 2019 scope and exchange rates*
France
Improved performance in line with medium-term forecasts

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(€m)</td>
<td>(€m)</td>
</tr>
<tr>
<td></td>
<td>(% of Rev.)</td>
<td>(% of Rev.)</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,813.1</td>
<td>1,699.5</td>
</tr>
<tr>
<td>Organic growth (%)</td>
<td>+ 6.7%</td>
<td></td>
</tr>
<tr>
<td>Operating profit on business activity</td>
<td>175.5</td>
<td>155.4</td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>167.2</td>
<td>139.2</td>
</tr>
<tr>
<td>Operating profit</td>
<td>156.9</td>
<td>131.8</td>
</tr>
</tbody>
</table>

- Stronger, more vertical-focused organisation
- Robust growth in business activity and profit in spite of investments made in digital and value-building strategy
- Growth among top 10 clients of more than 10%
- Employee turnover in Consulting & Systems Integration down 0.7 points to 17%
- Medium-term growth trend for operating profit on business activity of $\Rightarrow$ around 11%
**United Kingdom (UK)**

Improved performance driven by two public-sector joint ventures

<table>
<thead>
<tr>
<th></th>
<th>2019 (€m)</th>
<th>(%) of Rev.</th>
<th>2018 (€m)</th>
<th>(%) of Rev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>771.5</td>
<td></td>
<td>783.1</td>
<td></td>
</tr>
<tr>
<td>Organic growth (%)</td>
<td>+ 7.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>56.1</td>
<td>7.3%</td>
<td>45.0</td>
<td>5.7%</td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>43.8</td>
<td>5.7%</td>
<td>32.6</td>
<td>4.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>42.3</td>
<td>5.5%</td>
<td>18.7</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

- Unfavourable sales environment in 2019
- Accretive impact of the disposal of the recruitment business (around 0.4 points vs baseline 2018)
- Robust performance by 2 public-sector joint ventures
- SSCL joint venture wins MoD contract (£300m over 7 years)
- Measures to reinforce the non-joint-venture business model need to be continued over several half-year periods
Other Europe
Cyclical slowdown

<table>
<thead>
<tr>
<th></th>
<th>2019 (€m)</th>
<th>(% of Rev.)</th>
<th>2018 (€m)</th>
<th>(% of Rev.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,152.9</td>
<td></td>
<td>997.1</td>
<td></td>
</tr>
<tr>
<td>Organic growth (%)</td>
<td>+ 7.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit on business activity</td>
<td>77.4</td>
<td>6.7%</td>
<td>80.4</td>
<td>8.1%</td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>73.0</td>
<td>6.3%</td>
<td>74.9</td>
<td>7.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>66.1</td>
<td>5.7%</td>
<td>68.5</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

- Robust growth in most countries
- Slowdown in Germany: Growth in most verticals but reduced spending by certain banks affected operating performance
- Sopra Steria takes the reins in operating the Sparda banks’ information system (€86m revenue in H2 2019)
  - Good start, on track with its roadmap
  - Dilutive impact during the transformation phase (-0.6 points on the reporting unit’s 2019 operating margin)
**Sopra Banking Software (SBS)**

A satisfactory year in a difficult climate

<table>
<thead>
<tr>
<th>Sopra Banking Software</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(€m)</td>
<td>(€m)</td>
</tr>
<tr>
<td>Revenue</td>
<td>438.9</td>
<td>373.7</td>
</tr>
<tr>
<td><strong>Organic growth (%)</strong></td>
<td>+ 2.9%</td>
<td></td>
</tr>
<tr>
<td>Operating profit on business activity</td>
<td>4.9</td>
<td>1.1%</td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>-8.9</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-18.0</td>
<td>-28.9</td>
</tr>
</tbody>
</table>

**Emphasis placed on execution:** 200 successful “go lives”

**Retail banking**
- Continued updates to products (*Platform* deliveries, migrations to *Amplitude’Up*)
- Synergies pursued through the digital sphere: 31 new clients for the *Digital Banking Enablement Platform* (DBEP)

**Specialised loans**
- Delivery of V4.7 confirmed for the end of Q1 2020 and gradual improvement in difficult client situations
- Strong performance by Apak

**Goal of gradually returning to an operating margin on business activity of 10%, with a target of 15%**

---

2019 Annual Results Presentation – 21/02/2020
**Other Solutions**

**Solid performance**

<table>
<thead>
<tr>
<th>Other Solutions</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(€m)</td>
<td>(% of Rev.)</td>
</tr>
<tr>
<td>Revenue</td>
<td>257.5</td>
<td></td>
</tr>
<tr>
<td>Organic growth (%)</td>
<td>+ 6.0%</td>
<td></td>
</tr>
<tr>
<td>Operating profit on business activity</td>
<td>40.3</td>
<td>15.7%</td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>39.1</td>
<td>15.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>35.9</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

**Robust organic growth**
- Human resources solutions up 3.7%
- Property management solutions up 10.8%

**Successful implementation of a payroll system for the military personnel of the French navy (Source Solde)**

**Investments to be increased in 2020, focused on enhancing products and accelerating growth**
2019 financial results

Étienne du Vignaux
Chief Financial Officer
# Income statement

Financial year 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 (€m)</th>
<th>2019 (% of Rev.)</th>
<th>2018 (€m)</th>
<th>2018 (% of Rev.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,434.0</td>
<td></td>
<td>4,095.3</td>
<td></td>
</tr>
<tr>
<td>Organic growth</td>
<td>6.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit on business activity</td>
<td>354.3</td>
<td>8.0%</td>
<td>307.9</td>
<td>7.5%</td>
</tr>
<tr>
<td>Expenses related to share-based payments</td>
<td>-11.1</td>
<td></td>
<td>-22.8</td>
<td></td>
</tr>
<tr>
<td>Amortisation of allocated intangible assets</td>
<td>-28.9</td>
<td></td>
<td>-24.3</td>
<td></td>
</tr>
<tr>
<td>Profit from recurring operations</td>
<td>314.2</td>
<td>7.1%</td>
<td>260.8</td>
<td>6.4%</td>
</tr>
<tr>
<td>Other operating income and expenses</td>
<td>-31.0</td>
<td></td>
<td>-34.2</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>283.2</td>
<td>6.4%</td>
<td>226.6</td>
<td>5.5%</td>
</tr>
<tr>
<td>Cost of net financial debt</td>
<td>-9.9</td>
<td></td>
<td>-7.8</td>
<td></td>
</tr>
<tr>
<td>Other financial income and expenses</td>
<td>-14.7</td>
<td></td>
<td>-11.7</td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td>-87.3</td>
<td></td>
<td>-82.0</td>
<td></td>
</tr>
<tr>
<td>Share of net profit from equity-accounted companies</td>
<td>1.8</td>
<td></td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>173.1</td>
<td></td>
<td>128.7</td>
<td></td>
</tr>
<tr>
<td>of which attributable to Group</td>
<td>160.3</td>
<td>3.6%</td>
<td>125.1</td>
<td>3.1%</td>
</tr>
<tr>
<td>of which minority interests</td>
<td>12.7</td>
<td></td>
<td>3.6</td>
<td></td>
</tr>
</tbody>
</table>
### Other operating income and expenses

**Financial year 2019**

<table>
<thead>
<tr>
<th></th>
<th>2019 (€m)</th>
<th>2018 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs related to business combination</td>
<td>-3.3</td>
<td>-2.4</td>
</tr>
<tr>
<td>Restructuring and reorganisation costs</td>
<td>-31.6</td>
<td>-30.0</td>
</tr>
<tr>
<td>Other</td>
<td>3.9</td>
<td>-1.8</td>
</tr>
<tr>
<td><strong>Other operating income and expenses</strong></td>
<td><strong>-31.0</strong></td>
<td><strong>-34.2</strong></td>
</tr>
</tbody>
</table>
## Tax

### Financial year 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 (€m)</th>
<th>2018 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax and share from equity-accounted companies</td>
<td>258.7</td>
<td>207.2</td>
</tr>
<tr>
<td>Effective tax charge</td>
<td>- 87.3</td>
<td>- 82.0</td>
</tr>
<tr>
<td>Effective tax rate (%)</td>
<td>33.8%</td>
<td>39.6%</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>98.1</td>
<td>79.6</td>
</tr>
</tbody>
</table>
17% reduction in net financial debt in 2019

Strong free cash flow (FCF) performance

- Net financial debt at 31/12/2018: €620.9
- Free cash flow: +€229.3 (vs restated 2018 FCF: +€173.1)
- Changes in scope and financial investments: -€94.9
- Dividends: -€37.0
- Changes in exchange rates and other: -€7.3
- Accounting changes: +€16.9
- Net financial debt at 31/12/2019: €513.9

Impact of the initial application of IFRS 16
Detail of movement in free cash flow (FCF)

Increase in EBITDA and moderate change in working capital requirement (WCR)

Free cash flow 2018 (restated): €153.1m

Change in EBITDA: +53.7m

Change in CAPEX: +4.8m

Reorganisation and restructuring: +4.9m

Other items: +2.2m

Change in WCR: -17.6m

Tax: +8.2m

Free cash flow 2019 (restated): €179.3m

FCF up €26.2m (up 17.1%) excluding non-recurring items

Incl. €20m in exceptional cash receipts

€50m favourable impact of non-recurring items
Solid financial position at 31/12/2019 (1/2)
Diversified funding sources and comfortable liquidity

Equity
€1,422.2m

Net financial debt
€513.9m

Available undrawn amount:
€1.1bn
i.e. 61% of authorised amount

Maturities
- Bond: 2026 and 2027
- Bank borrowing facilities: 2023

31/12/2019
Amount
used
(€m)  31/12/2019
Amount
authorised
(€m)

<table>
<thead>
<tr>
<th>Source</th>
<th>Used</th>
<th>Authorised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>250.0</td>
<td>250.0</td>
</tr>
<tr>
<td>Syndicated loan – Tranche A €</td>
<td>112.0</td>
<td>112.0</td>
</tr>
<tr>
<td>Syndicated loan – Tranche B £</td>
<td>52.7</td>
<td>52.7</td>
</tr>
<tr>
<td>Multi-currency revolving credit facility</td>
<td>-</td>
<td>900.0</td>
</tr>
<tr>
<td>Overdrafts and Other</td>
<td>77.8</td>
<td>284.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>492.4</strong></td>
<td><strong>1,599.6</strong></td>
</tr>
<tr>
<td>NEU CP &amp; MTN</td>
<td>219.0</td>
<td></td>
</tr>
<tr>
<td>Gross debt</td>
<td>711.4</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>197.5</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td></td>
<td>513.9</td>
</tr>
</tbody>
</table>

Note: Assuming a constant amount of NEU CP & MTN (€219m at 31 December 2019) and overdrafts.
Solid financial position at 31/12/2019 (2/2)

Net financial debt lower than 2x EBITDA

Net financial debt/EBITDA\(^{(1)}\)

Financial covenants

\[ \begin{align*}
\text{2015} & : 1.8x \\
\text{2016} & : 1.5x \\
\text{2017} & : 1.4x \\
\text{2018} & : 1.7x \\
\text{2019} & : 1.3x \\
\end{align*} \]

\(^{(1)}\) Pro forma EBITDA before the impact of IFRS 16
Overview of strategy

Vincent Paris
Chief Executive Officer
Our mission
Together, building a positive future by making digital work for people

Our goals

Make our contribution to society sustainable, human and guiding

Use innovation and digital technology to help our clients boost their corporate social responsibility

Contribute to the Sustainable Development Goals adopted by the United Nations

Our commitments

• Benchmark employer
• Constructive, transparent dialogue with stakeholders
• Long-lasting partnerships for our clients
• Involving the entire value chain in our corporate social responsibility approach
• Reducing our environmental impact
• Ethical business conduct
• Supporting local communities
Our business model
Independent and value-creating

**Expanding**
- Organic growth
- External growth

**European**
...in services and worldwide in software

**Independent**
- Reference shareholder
- Employee shareholding

**Added Value**
- End-to-end approach
- Strong consulting business
- Focus on vertical integration

**Differentiation**
- Development of Software business
- Contribution to Europe’s digital sovereignty
- Entrepreneurial culture and close relationships with clients
Our strategic ambition

Medium-term targets

Preferred partner in Europe for large public authorities, financial and industrial operators, and strategic companies, driving the digital transformation of their business lines (business model and operating model) and their information systems, and helping them safeguard their digital sovereignty.

<table>
<thead>
<tr>
<th>Diversified business mix</th>
<th>Financial targets</th>
<th>External growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>15%</td>
<td>4%–6%</td>
</tr>
<tr>
<td>Software</td>
<td>20%</td>
<td>~10% of revenue</td>
</tr>
<tr>
<td>IT Services</td>
<td>65%</td>
<td>5%–7% of revenue</td>
</tr>
</tbody>
</table>

(1) Operating margin on business activity
(2) Free Cash Flow
# Our strategic levers – IT services
Transforming service lines using digital and cloud technologies

<table>
<thead>
<tr>
<th>Focus-driven strategy</th>
<th>Offering strategy</th>
<th>Production model</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 key accounts in Europe</td>
<td>End-to-end approach</td>
<td>Industrial approach (methods and tools)</td>
</tr>
<tr>
<td>8 key verticals, with an emphasis on the financial sector</td>
<td>Strengthening of consulting (in sales volume and value)</td>
<td>DevOps and asset-based platforms</td>
</tr>
<tr>
<td>Specific business areas</td>
<td>Overhauled offerings to transform legacy applications</td>
<td>X-shore model</td>
</tr>
</tbody>
</table>
Our strategic levers – software
A software business with a pro-forma revenue of around €750m

**Sopra Banking Software**

- **Retail banking**
  - Digital
  - Bank as a Platform
- **Specialised lending**
  - Sopra Financing Platform

**HR and Real Estate Solutions**

- **Digital**
- **End-to-end approach**
- **Performance and growth**
Proposed acquisition of Sodifrance
Creation of a French leader in digital services dedicated to insurance and social security

Sodifrance

- Founded in 1986
- Listed on Euronext Paris (Compartment C)
- 2019 revenue: €106.5m
  - 50% Insurance / Pensions / Social Security / Health
  - 24% Banking
- 1,160 employees
- Share ownership
  - 94.03% HP2M(1)
  - 5.97% Free float

Rationale for the transaction
- Combination creates a leader, in France, in insurance and social security market, with €200m in revenue
- Reinforcement of existing key clients and acquisition of new clients

Potential synergies
- Revenue synergies
- Cost synergies: €4.6m on an annual basis starting in the 2nd year for an implementation cost of €3.8m

Terms of the proposed transaction
- Acquisition of a controlling stake of 94.03%
- Price: 17,10€(2) per share
- Slightly accretive from the 1st year in terms of earnings per share

Provisional timeline: end of Q2 or beginning of Q3 2020
- Closing of the transaction to acquire a controlling stake
- Filing of a proposed delisting offer with the AMF

(1) HP2M is a French simplified joint stock company (Société par Actions Simplifiée) controlled by the Mazin family group (brother and sister Franck Mazin and Anne-Laure Mazin) for 52.8%. The remaining part is owned by several managers and ex-managers of Sodifrance and several investors.

(2) On the basis of a fully diluted number of shares of 3,655,457 including a free shares plan which has not been attributed as of today's date
05
Financial targets for 2020

Vincent Paris
Chief Executive Officer
Financial targets for 2020

**Organic revenue growth of between 3% and 5%**

**Slight improvement in operating margin on business activity**

**Free cash flow > €180m**
Annexes
Among the top 5 European digital services companies

- 2019 revenue of €4.4bn
- 46,000 employees
- Operations in 25 countries
- End-to-end approach

Revenue to 31/12/2019

- France: 29%
- United Kingdom: 50%
- Other Europe: 19%
- Rest of the World: 2%

Among the top 10 operating in Europe

- Banking: 24%
- Insurance: 11%
- Public Sector: 11%
- Aerospace, Defence, Homeland Security: 6%
- Energy, Utilities: 4%
- Telco-Media: 7%
- Transport: 17%
- Retail: 23%
- Other: 5%
Breakdown of Group revenue by country
At 31/12/2019

SERVICES REVENUE TO 31/12/2019

- France: 31%
- United Kingdom: 21%
- Other Europe: 21%

2019 revenue
Other Europe = €1,153m
- o/w Germany = 33%
- o/w Scandinavia = 29%
- o/w Spain = 13%
- o/w Belux = 7%
- o/w Italy = 7%
- o/w SFT = 7%
- o/w Switzerland = 4%

SOLUTIONS REVENUE TO 31/12/2019

- France: 14%
- Rest of Europe: 27%
- Rest of the World: 59%

€3,738m SERVICES

€696m SOLUTIONS

2019 revenue
Rest of Europe = €696m
Breakdown of Solutions revenue
At 31/12/2019

**SOLUTIONS REVENUE BY PRODUCT**

- Sopra Banking Software: 63%
- Sopra HR Software: 25%
- Property Management Solutions: 12%

**SOLUTIONS REVENUE BY BUSINESS LINE**

- Integration Services: 14%
- Maintenance: 27%
- Licences: 25%
- Managed Services: 11%

Sopra Banking Software 2019 revenue = €439m
o/w France = €180m
o/w Outside France = €259m
IFRS 16
Recap: Impact of the initial application of IFRS 16

- **Change in accounting for leases (IFRS 16)**
  - Elimination of the distinction between operating leases and finance leases (IAS 17) and change in the definition of a lease
  - All leased assets and liabilities recognised in the balance sheet
    Exceptions only for leases with term of 12 months or less and low-value leases

- **Impact on the Group’s 2019 accounting data**
  - Leases concerned: buildings (88%), vehicles (6%), computer equipment (5%) and other (1%)
  - Recognition of a lease liability of €342m, not classified as financial debt, including liabilities related to existing finance leases, and a non-current right-of-use asset of €320m
  - Positive impact on EBITDA of €96.2m
  - Non-material impact on free cash flow (FCF)
  - Slightly positive impact on operating profit on business activity
  - Neutral impact on net profit
  - Financial covenants calculated before the impact of IFRS 16, with the exception of finance leases reclassified within *Lease liabilities*
# Changes in exchange rates

Financial year 2019

<table>
<thead>
<tr>
<th>Currency</th>
<th>Average rate 2019</th>
<th>Average rate 2018</th>
<th>Change (%), 2019/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pound sterling</td>
<td>0.8778</td>
<td>0.8847</td>
<td>+ 0.8%</td>
</tr>
<tr>
<td>Norwegian krone</td>
<td>9.8511</td>
<td>9.5975</td>
<td>- 2.6%</td>
</tr>
<tr>
<td>Swedish krona</td>
<td>10.5891</td>
<td>10.2583</td>
<td>- 3.1%</td>
</tr>
<tr>
<td>Danish krone</td>
<td>7.4661</td>
<td>7.4532</td>
<td>- 0.2%</td>
</tr>
<tr>
<td>Swiss franc</td>
<td>1.1124</td>
<td>1.1550</td>
<td>+ 3.8%</td>
</tr>
</tbody>
</table>
Change in revenue in financial year 2019
Growth at constant exchange rates: 8.2%

- Sparda = +€59.7m
- SAB = +€31.6m
- Apak = +€20.4m
- BLUECARAT = +€13.9m
- it-economics = +€10.7m
- NeoSpheres = +€1.1m
- O.R. System = +€0.2m
- Recruitment business: -€70.3m

\[
\begin{align*}
\text{2018 revenue} & = 4,095.3 \\
\text{Currency impact} & = 1.1 \\
\text{Scope impact} & = 67.3 \\
\text{Organic growth} & = 270.3 \\
\text{2019 revenue} & = 4,434.0
\end{align*}
\]
## Earnings per share

Financial year 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 (€m)</th>
<th>2018 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit attributable to the Group (€m)</td>
<td>160.3</td>
<td>125.1</td>
</tr>
<tr>
<td>Weighted average number of shares in issue excluding treasury shares</td>
<td>20.23</td>
<td>20.18</td>
</tr>
<tr>
<td>Basic earnings per share (€)</td>
<td>7.92</td>
<td>6.20</td>
</tr>
<tr>
<td>Basic recurring earnings per share (€)</td>
<td>8.97</td>
<td>7.43</td>
</tr>
<tr>
<td>Theoretical weighted average number of shares</td>
<td>20.35</td>
<td>20.27</td>
</tr>
<tr>
<td>Diluted earnings per share (€)</td>
<td>7.88</td>
<td>6.17</td>
</tr>
<tr>
<td>Diluted recurring earnings per share (€)</td>
<td>8.92</td>
<td>7.40</td>
</tr>
</tbody>
</table>
## Breakdown of change in net financial debt

2019 under IFRS 16 and 2018 before IFRS 16

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 (€m)</th>
<th>2018 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit on business activity</td>
<td>354.3</td>
<td>307.9</td>
</tr>
<tr>
<td>Depreciation, amortisation and provisions (excluding allocated intangible assets)</td>
<td>159.3</td>
<td>55.8</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>513.6</td>
<td>363.7</td>
</tr>
<tr>
<td>Non-cash items</td>
<td>- 3.0</td>
<td>- 8.1</td>
</tr>
<tr>
<td>Tax paid</td>
<td>- 81.0</td>
<td>- 63.4</td>
</tr>
<tr>
<td>Change in operating working capital requirement</td>
<td>25.3</td>
<td>- 23.1</td>
</tr>
<tr>
<td>Reorganisation and restructuring costs</td>
<td>- 32.7</td>
<td>- 39.2</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>422.2</td>
<td>229.8</td>
</tr>
<tr>
<td>Change relating to investing activities</td>
<td>- 49.7</td>
<td>- 61.8</td>
</tr>
<tr>
<td>Lease payments</td>
<td>- 109.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Net interest</td>
<td>- 9.3</td>
<td>- 8.4</td>
</tr>
<tr>
<td>Additional contributions related to defined-benefit pension plans</td>
<td>- 24.1</td>
<td>- 23.4</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>229.3</td>
<td>136.1</td>
</tr>
<tr>
<td>Impact of changes in scope</td>
<td>- 89.5</td>
<td>- 168.8</td>
</tr>
<tr>
<td>Financial investments</td>
<td>- 2.6</td>
<td>- 4.7</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>- 39.9</td>
<td>- 48.7</td>
</tr>
<tr>
<td>Dividends received from equity-accounted companies</td>
<td>2.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Capital increases in cash</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Purchase and sale of treasury shares</td>
<td>- 2.8</td>
<td>- 23.4</td>
</tr>
<tr>
<td>Impact of changes in foreign exchange rates</td>
<td>- 7.3</td>
<td>- 2.6</td>
</tr>
<tr>
<td>Impact of the initial application of IFRS 16</td>
<td>16.9</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Change in net financial debt</strong></td>
<td>107.0</td>
<td>- 110.8</td>
</tr>
<tr>
<td>* Free cash flow after restating for the sale of trade receivables in 2017 for €37m</td>
<td>229.3</td>
<td>173.1</td>
</tr>
<tr>
<td><strong>Net financial debt at beginning of period</strong></td>
<td>620.9</td>
<td>510.1</td>
</tr>
<tr>
<td><strong>Net financial debt at end of period</strong></td>
<td>513.9</td>
<td>620.9</td>
</tr>
</tbody>
</table>
### Simplified balance sheet
2019 under IFRS 16 and 2018 before IFRS 16

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019 (€m)</th>
<th>31/12/2018 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>1,813.9</td>
<td>1,708.5</td>
</tr>
<tr>
<td>Allocated intangible assets</td>
<td>181.5</td>
<td>183.0</td>
</tr>
<tr>
<td>Other fixed assets</td>
<td>267.9</td>
<td>234.9</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>320.4</td>
<td>-</td>
</tr>
<tr>
<td>Equity-accounted investments</td>
<td>195.0</td>
<td>195.1</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>2,778.8</td>
<td>2,321.5</td>
</tr>
<tr>
<td>Net deferred tax</td>
<td>98.1</td>
<td>79.6</td>
</tr>
<tr>
<td>Trade accounts receivable (net)</td>
<td>1,074.3</td>
<td>1,091.8</td>
</tr>
<tr>
<td>Other assets and liabilities</td>
<td>- 1,256.1</td>
<td>- 1,153.1</td>
</tr>
<tr>
<td>Working capital requirement (WCR)</td>
<td>- 181.8</td>
<td>- 61.3</td>
</tr>
<tr>
<td><strong>Assets + WCR</strong></td>
<td>2,695.1</td>
<td>2,339.8</td>
</tr>
<tr>
<td>Equity</td>
<td>1,422.2</td>
<td>1,329.2</td>
</tr>
<tr>
<td>Provisions for post-employment benefits</td>
<td>339.7</td>
<td>308.3</td>
</tr>
<tr>
<td>Provisions for contingencies and losses</td>
<td>77.0</td>
<td>81.5</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>342.1</td>
<td>-</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>513.9</td>
<td>620.9</td>
</tr>
<tr>
<td><strong>Capital invested</strong></td>
<td>2,695.1</td>
<td>2,339.8</td>
</tr>
</tbody>
</table>
Pension fund deficit net of tax in the United Kingdom
Deficit net of tax down €10m to €113m at 31/12/2019
## Workforce

Financial year 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>19,502</td>
<td>19,013</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6,305</td>
<td>6,407</td>
</tr>
<tr>
<td>Other Europe</td>
<td>10,868</td>
<td>10,095</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>510</td>
<td>344</td>
</tr>
<tr>
<td>X-Shore</td>
<td>9,060</td>
<td>8,255</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46,245</strong></td>
<td><strong>44,114</strong></td>
</tr>
</tbody>
</table>
Ownership at 31/12/2019
A key shareholder backing the corporate plan

Ownership at 31/12/2019

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

Pasquier Family 68.3%
Odin Family 28.3%
Managers 3.4%
Founders & Management 2.8%
Sopra GMT 19.6%
Soderi
Interests managed on behalf of employees
Treasury shares
Free float

Sopra GMT 22.4%
(33.6%)

Shareholders’ agreement 22.4%
(33.6%)

6.6%
(8.4%)
0.1%
70.8%
(57.8%)

21.2%
(25.9%)

32.6%
(36.1%)

20,547,701 listed shares
26,503,024 exercisable voting rights
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.