

# 2023 Annual Results Presentation

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Paris, 22 February 2024

# Disclaimer

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 2022 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2023 (see pages 40 to 45 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.

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# Highlights of 2023

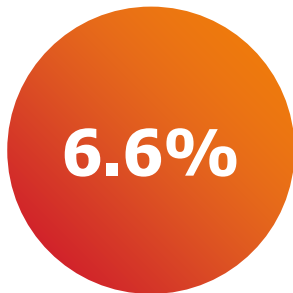
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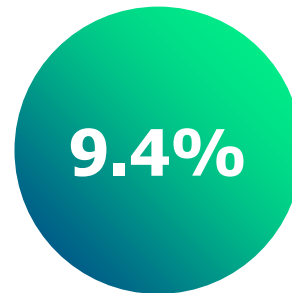
Cyril Malargé  
Chief Executive Officer

# 2023 targets comfortably achieved

"Organic revenue  
growth of at least  
**6%**"



"Operating margin on  
business activity  
slightly over **9%**"

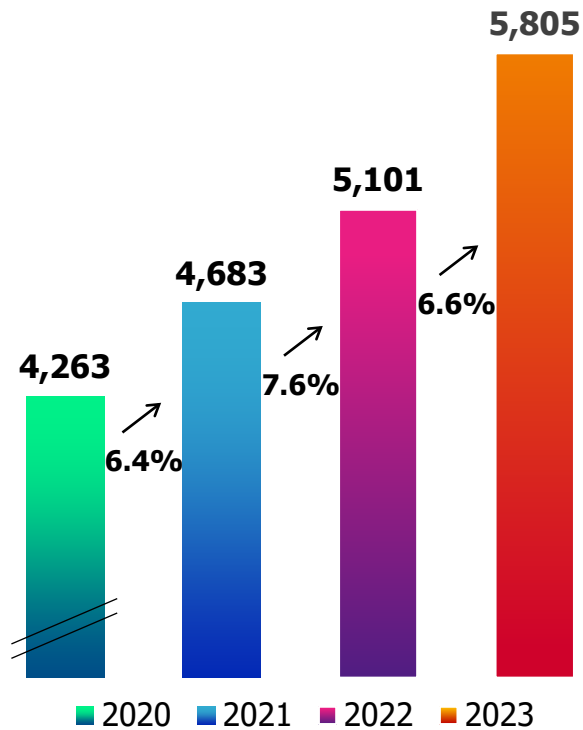


"Free cash  
flow of at least  
**€300m**"

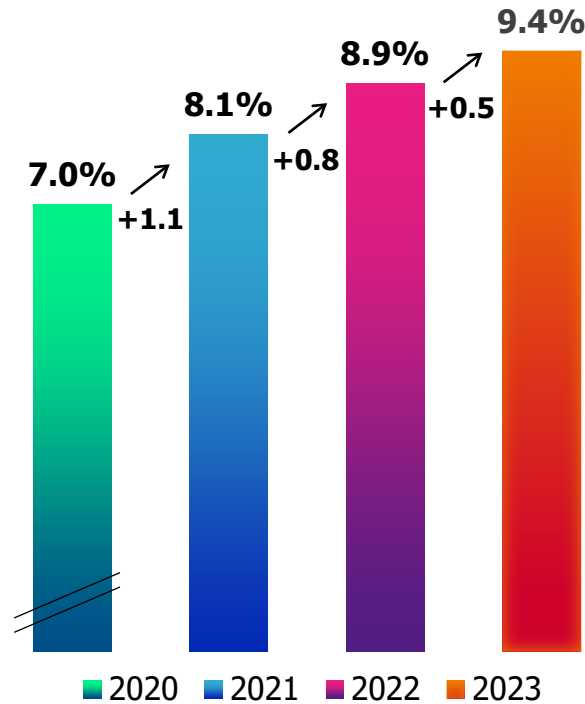


# Structural improvement in performance

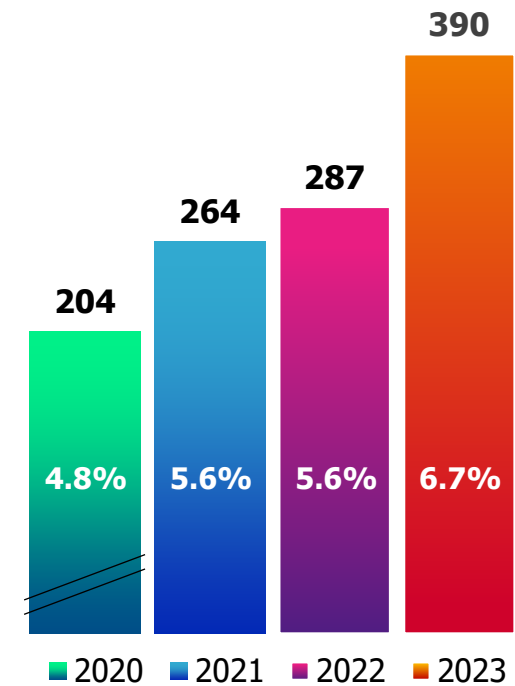
**Revenue**  
(€m and % organic growth)



**Operating margin on business activity (%)**



**Free cash flow**  
(€m and % of revenue)





# Strong commercial positions in strategic markets



Bayerische Staatsregierung

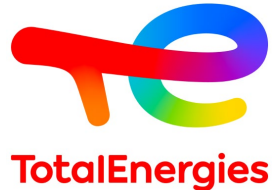


POLITIET

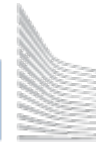


Ministry  
of Defence

Posteitaliane



MINISTÈRE  
DES ARMÉES  
*Liberté  
Égalité  
Fraternité*



Commission  
européenne



Santander

KNDS



sporveien



Border Force



France  
Travail

NS  
&I



INSTITUT  
POLYTECHNIQUE  
DE PARIS



AIRBUS



Mercedes-Benz  
Financial Services

sopra  steria

# New ambition for Consulting

- Launch of a new strategic aim for Consulting
  - ▶ Target of doubling revenue over 5 years
- New organisation
- New leadership
- Staff increases
  - Around 30 new partners and managers
  - Around 4,000 consultants
- Focus on AI/Data

**2023 revenue**  
**€458m**  
**Up 11.7%**  
**7.5% organic growth**

**2023 average daily**  
**rate billed**  
**Up 5%**





# Tech tailored to the needs of our business lines and our clients

## Adjusting the operating model

Verticals driving customer relationships and solutions  
Service lines and horizontal skill centres

## Developing digital expertise centres

Cloud  
Data / AI  
Cybersecurity  
SAP S/4HANA

## Boosting tech skills

Increasing number of certifications  
Expanding technological training  
Targeted recruitment

# AI a top priority for all our business lines

**raise**

## Experts

- 4,000 AI/data experts
- Major scale-up programme
- Target of doubling the workforce over 3 years

## Business consultants

- Around 4,000 consultants
- Global AI training programme
- Development of use cases and an IT Advisory range

## Tools and production

- AI modules natively embedded in Engine
- LLMs available for software engineering
- Creation of AI factories

## Partners

- Hyperscalers & startups
- Tech
- Sovereignty (SENS, OVH)
- Confiance.ai



# Strengthened positions in Europe

## Acquisitions

- CS Group
- Tobania
- Ordina
- SSCL
- 2023 pro forma revenue from acquisitions: €847m
- Contribution to 2023 revenue: €443m

## Bolstered verticals



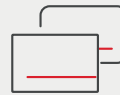
Defence



Aeronautics & Space



Public Sector



Financial Services



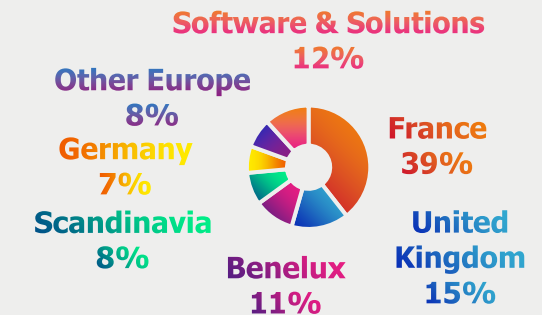
Energy



Cybersecurity

## Development in Europe

2023 pro forma revenue including acquisitions on a full-year basis: €6,205m



Position established in the Benelux market with ~€700m in revenue and 4,000 employees

# Making digital work for people

**Energy consumption down by 20% vs 2021**

**Net-Zero trajectory<sup>(1)</sup>: Reductions in greenhouse gas emissions**

63.6% reduction for Scopes 1 & 2 (baseline: 2019)

9.8% reduction for Scope 3 (baseline: 2019)

**More women in the Group**

Total workforce: 33.5% (up 0.4 points)

Proportion of women in the 10% most senior positions: 21.5% (up 1.1 points)

**Digital sovereignty, environmental sustainability and ethics**

Development of G4IT, a tool used to measure the environmental impact of digital services

Partnership with NumSpot



CDP

- Score of "A" for the 7th year running



Great Place To Work certification

- Response rate: 82%
- Overall perception: <sup>(2)</sup> 77%



Axelle Lemaire appointed Head of Corporate Responsibility and Sustainable Development



PAC Innovation Radar Sustainability 2023

- Sopra Steria recognised as "Best in class"

sopra  steria

(1) SBTi-endorsed 2030 target: 54% reduction for Scopes 1 & 2 and 37.5% reduction for Scope 3

(2) 77% of employees would recommend Sopra Steria as a great place to work

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# Operating position by reporting unit

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Cyril Malargé  
Chief Executive Officer



# 2023 operating performance

	Revenue			Operating profit on business activity	
	2023 (€m)	2022 Restated* (€m)	Organic growth (%)	2023 (% of Rev.)	2022 (% of Rev.)
France	2,384.3	2,271.7	+5.0%	9.6%	10.0%
United Kingdom	940.9	873.3	+7.7%	11.0%	10.5%
Other Europe	1,746.9	1,606.1	+8.8%	8.7%	6.2%
Sopra Banking Software	445.1	424.6	+4.8%	5.4%	6.5%
Other Solutions	288.2	272.2	+5.9%	13.7%	13.0%
<b>Total</b>	<b>5,805.3</b>	<b>5,447.9</b>	<b>+6.6%</b>	<b>9.4%</b>	<b>8.9%</b>

\* Revenue at 2023 scope and exchange rates

# France

	2023		2022	
	(€m)	(% Rev.)	(€m)	(% Rev.)
France				
Revenue	2,384.3		2,039.0	
<i>Organic growth (%)</i>	<i>+5.0%</i>			
Op. profit on business activity	229.5	9.6%	204.4	10.0%
Profit from recurring operations	196.8	8.3%	187.0	9.2%
Operating profit	189.4	7.9%	167.9	8.2%

Total growth: 16.9%, with CS Group consolidated for 10 months

- CS's contribution to revenue: €257.4m
- CS's organic growth: 10.2%
- Operational synergies from 2024

Growth at constant scope: 5.0%

- Q4 growth: 2.3%

Full-year growth driven by:

- Defence
- Aeronautics
- Transport

Operating margin on business activity: 9.6%

- Dilutive effect of the consolidation of CS Group in 2023

# United Kingdom

	2023		2022	
	(€m)	(% Rev.)	(€m)	(% Rev.)
United Kingdom				
Revenue	940.9		890.6	
<i>Organic growth (%)</i>	<i>+7.7%</i>			
Op. profit on business activity	103.2	11.0%	93.8	10.5%
Profit from recurring operations	89.4	9.5%	80.7	9.1%
Operating profit	79.1	8.4%	91.6	10.3%

Organic growth: 7.7%

- Aeronautics, Defence and Security: 23.1%
- NHS SBS: 9.7%
- SSCL: 15.3%
- Private sector: 2.4%

Operating margin on business activity improved by 0.5 points to 11.0%

# Other Europe

	2023		2022	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Other Europe				
Revenue	1,746.9		1,473.0	
<i>Organic growth (%)</i>	<i>+8.8%</i>			
Op. profit on business activity	152.2	8.7%	91.9	6.2%
Profit from recurring operations	140.0	8.0%	85.6	5.8%
Operating profit	118.1	6.8%	72.3	4.9%

8.8% growth at constant scope and exchange rates

Growth driven by Scandinavia and Spain, with double-digit growth

New position in Benelux

- Consolidation of Ordina in Q4 2023
- Full-year revenue for the region: €309.7m
- Organic growth: 5.3%

Operating margin on business activity: 8.7%, up 2.5 points compared with 2022

# Sopra Banking Software

	2023		2022	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Sopra Banking Software				
Revenue	445.1		426.5	
Organic growth (%)	+4.8%			
Op. profit on business activity	23.9	5.4%	27.6	6.5%
Profit from recurring operations	4.5	1.0%	11.1	2.6%
Operating profit	-92.9	-20.9%	-1.1	-0.3%

Return to growth for SBS, with 4.8% organic growth

Growth achieved in all four quarters, with 6.7% organic growth in Q4

Software revenue up 4.2%, driven by 9.8% growth in subscription revenue

Services revenue up 5.8%

Operating margin on business activity: 5.4%, lower than in 2022, as expected



# Other Solutions

	2023		2022	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Other Solutions				
Revenue	288.2		272.1	
<i>Organic growth (%)</i>	<i>+5.9%</i>			
Op. profit on business activity	39.4	13.7%	35.4	13.0%
Profit from recurring operations	36.6	12.7%	33.2	12.2%
Operating profit	36.2	12.6%	30.6	11.3%

Human Resources Solutions organic growth: +6.7%

Property Management Solutions organic growth: +4.1%

Continued recovery of operating margin on business activity: up 0.8 points to 13.7%

03

# Financial results for 2023

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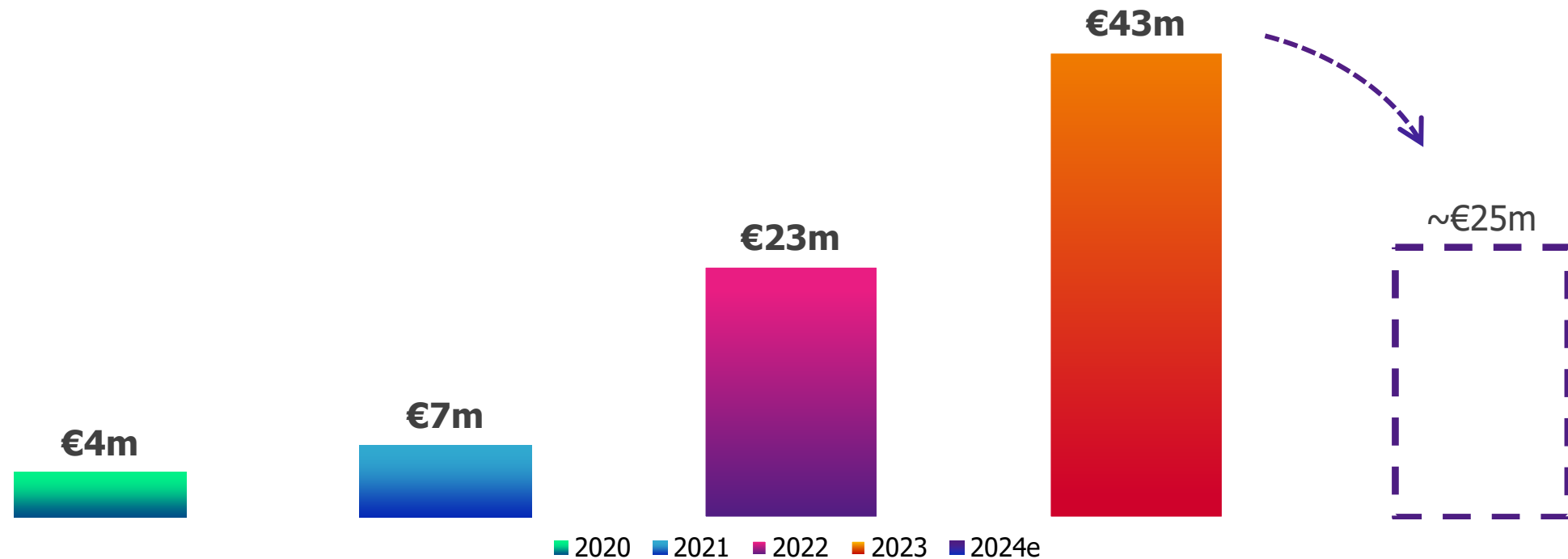
Étienne du Vignaux  
Chief Financial Officer

# Income statement

	2023 (€m)	2023 (% of Rev.)	2022 (€m)	2022 (% of Rev.)
Revenue	5,805.3		5,101.2	
<i>Organic growth</i>	6.6%			
Operating profit on business activity	548.2	9.4%	453.1	8.9%
Share-based payment expenses	-43.0		-23.2	
Amortisation of allocated intangible assets	-38.0		-32.3	
Profit from recurring operations	467.2	8.0%	397.6	7.8%
Other operating income and expenses	-137.4		-36.3	
Operating profit	329.9	5.7%	361.3	7.1%
Cost of net financial debt	-19.5		-8.7	
Other financial income and expenses	-16.3		-5.7	
Tax expense	-111.7		-83.2	
Share of net profit from equity-accounted companies	6.7		- 14.7	
Net profit	189.1		249.0	
<i>of which attributable to Group</i>	183.7	3.2%	247.8	4.9%
<i>of which minority interests</i>	5.4		1.2	


# Share-based payments

- Peak in 2023
- 2024 expected to be close to historical average (0.4% of revenue)



# Other operating income and expenses

	2023 (€m)	2022 (€m)
Costs related to business combination	-6.8	-3.7
Restructuring and reorganisation costs	-32.3	-22.4
Other	-98.3	-10.2
Other operating income and expenses	-137.4	-36.3



o/w €86.3m asset impairment charge on SBS  
and €13.7m in acquisition-related expenses and cost  
of shutting down low-margin activities



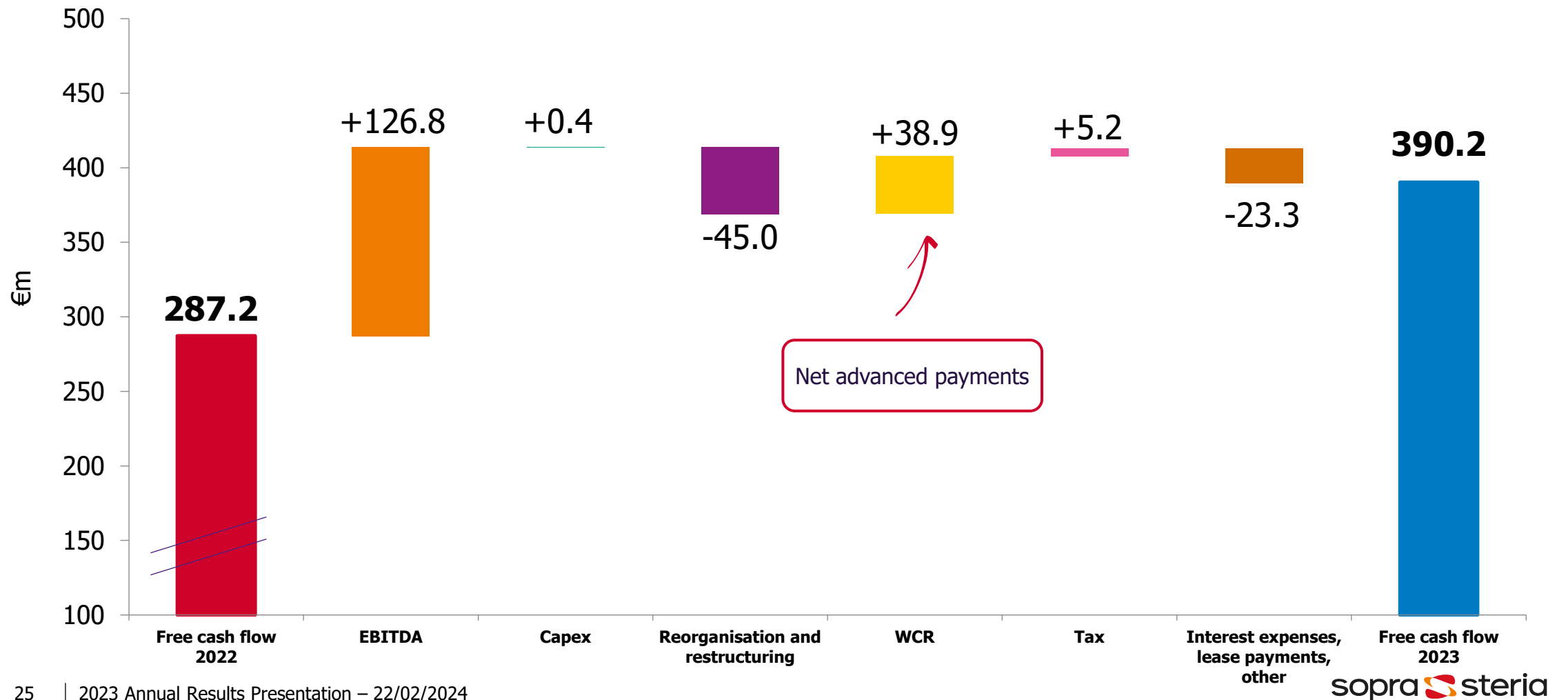
# Tax

	2023 (€m)	2022 (€m)
Profit before tax and share from equity-accounted companies	294.0	347.0
Effective tax charge	-111.7	-83.2
Effective tax rate (%)	38.0%	24.0%

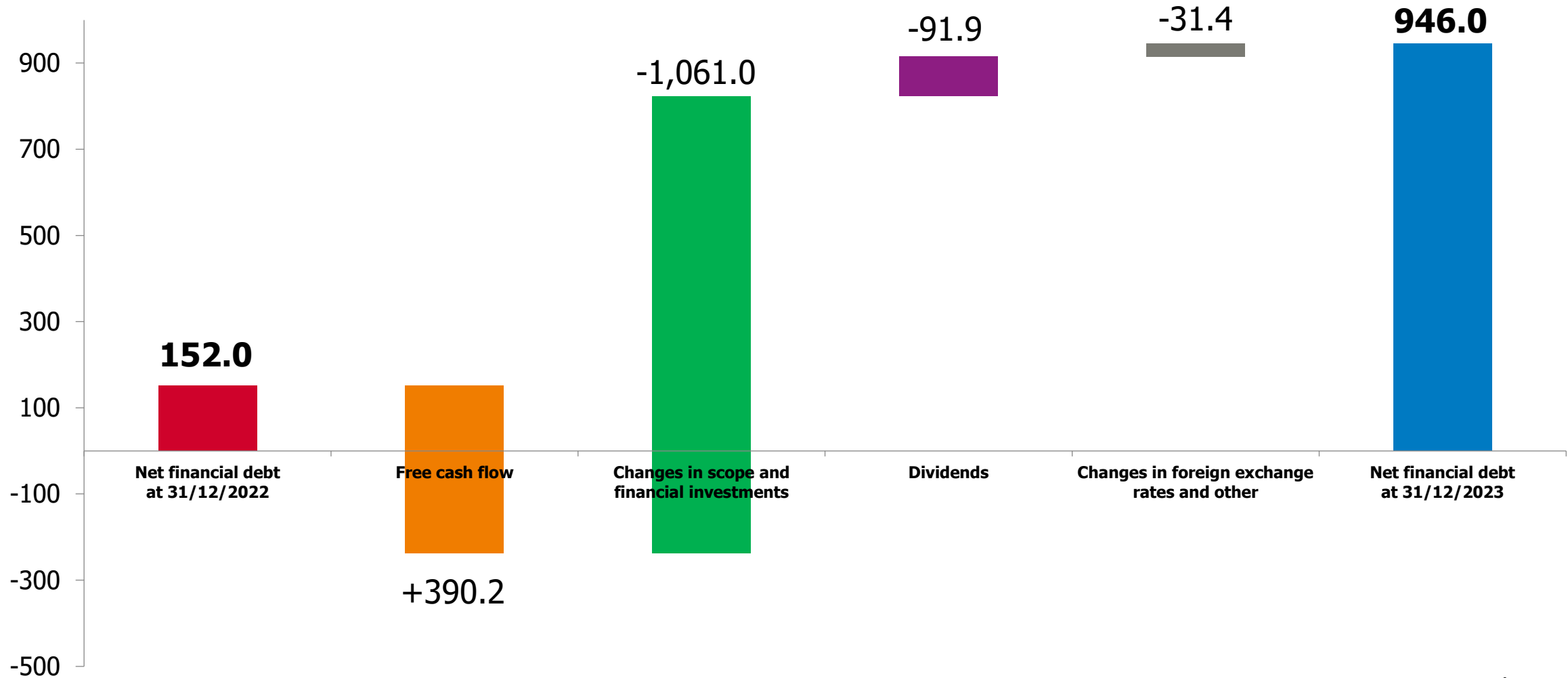
Normative rate excluding non-recurring items:  
~25%

Tax rate expected to be about 26% in 2024

# Breakdown of change in free cash flow

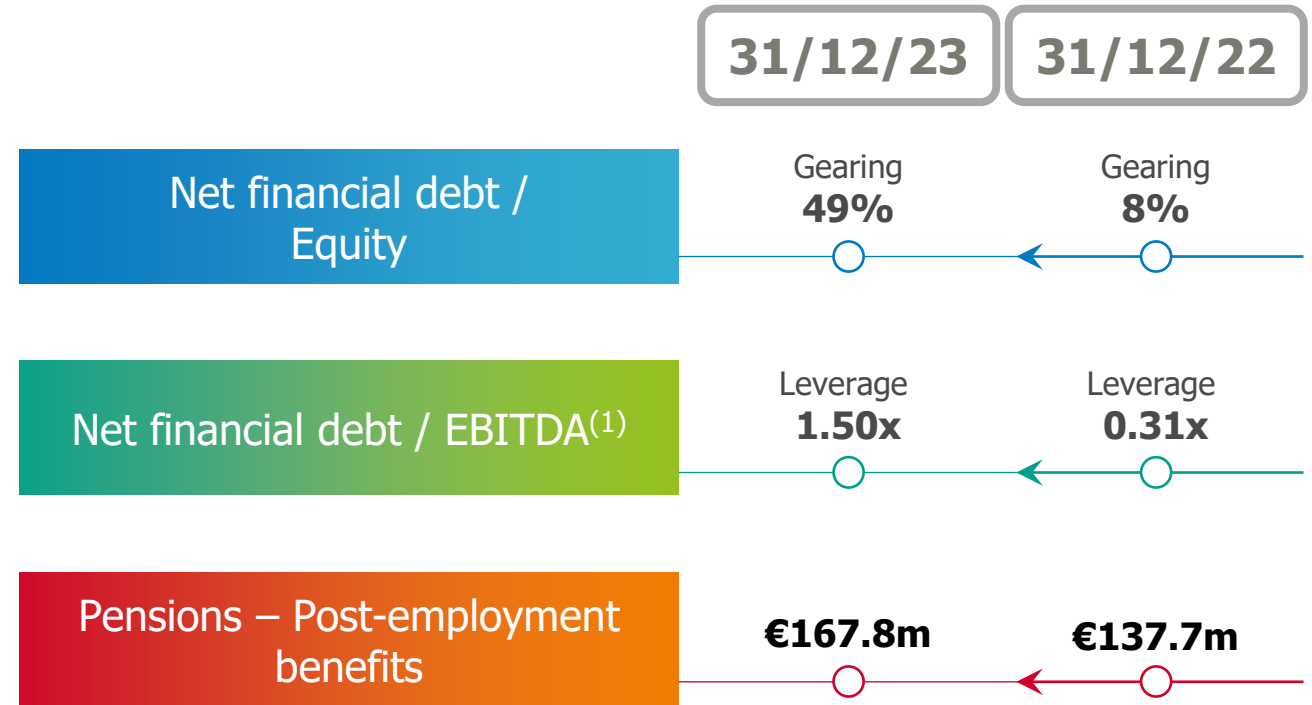
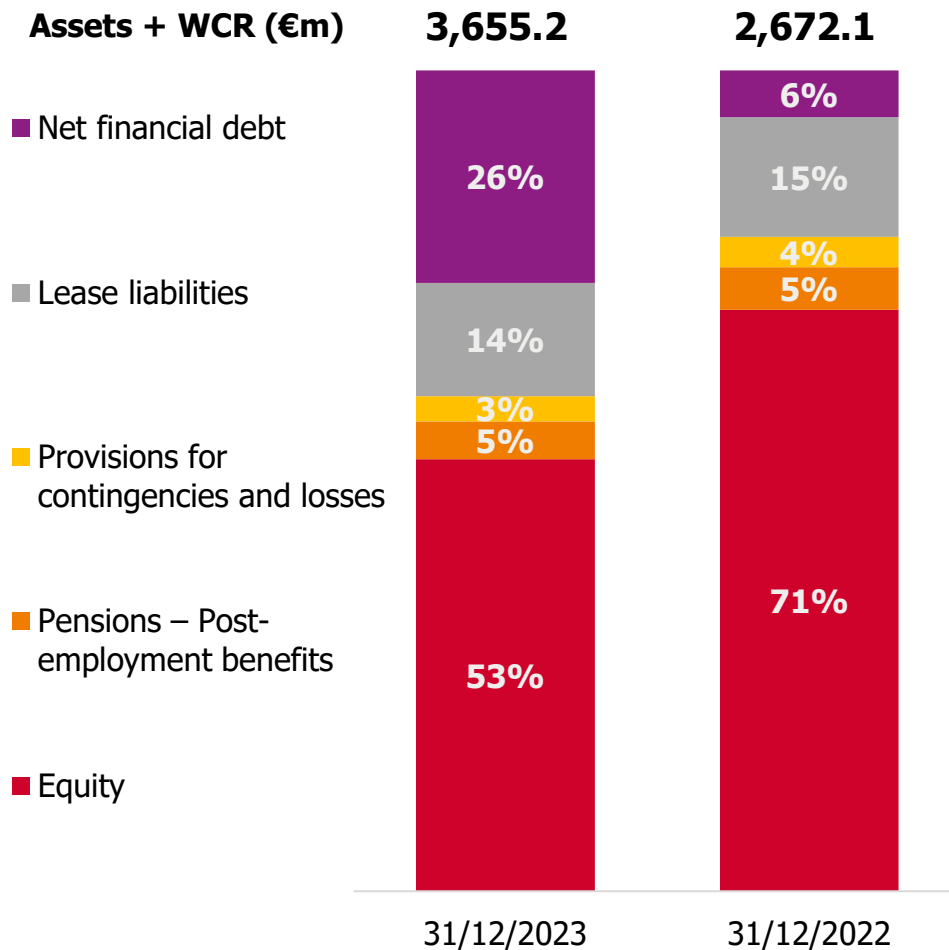


# Increase in net financial debt related to acquisitions



# Solid financial structure

## Simplified balance sheet



(1) Pro forma EBITDA before impact of IFRS 16

# Diversified, accessible financing

**Available undrawn amount  
€1.3bn**  
*i.e. 64% of authorised amount<sup>(1)</sup>*

**Refinancing on 19/12/2023 with a €400m bank credit facility consisting of an amortising tranche and a tranche due at maturity**

## Maturities

- **Bonds: Maturing in 2026 and 2027**
- **Amortising tranche: €280m repayable until 2028**
- **Tranches due at maturity: €187m in 2027 and 2028**
- **Multi-currency revolving credit facility: 2029**

	31/12/2023 Amount used (€m)	31/12/2023 Amount authorised (€m)
Bonds	250.0	250.0
Bank loans & borrowing facilities	467.0	542.0
Multi-currency revolving credit facility	-	1,100.0
Overdrafts and other	35.9	207.3
<b>Total</b>	<b>752.9</b>	<b>2,099.3</b>
NEU CP & MTN and other	384.8	
<b>Gross debt</b>	<b>1,137.7</b>	
Cash and cash equivalents	191.7	
<b>Net financial debt</b>	<b>946.0</b>	

<sup>(1)</sup> Assuming a constant amount of NEU CP & MTN commercial paper (€384.8m at 31 December 2023) and overdrafts  
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04

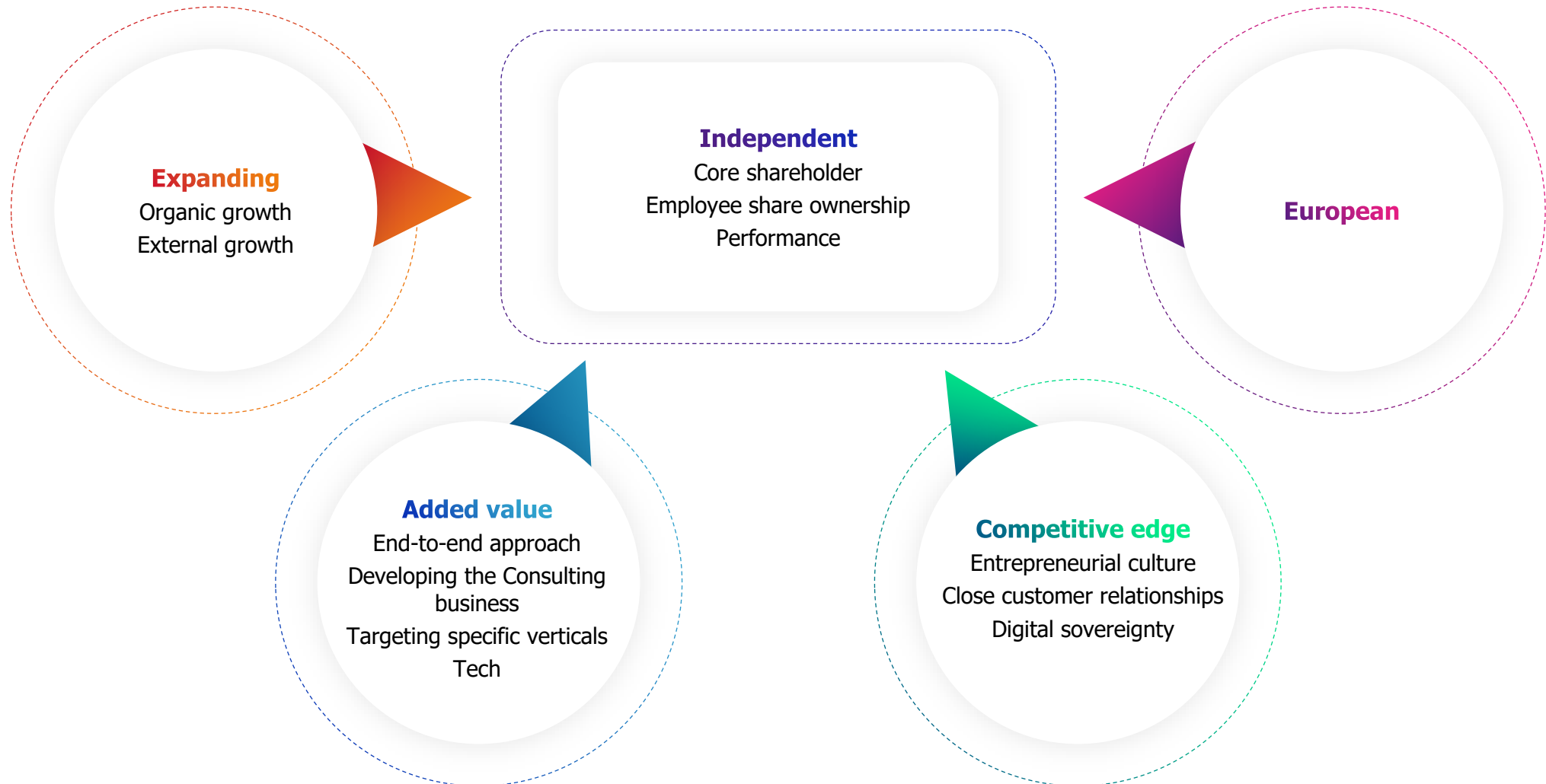
# Strategy

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Cyril Malargé  
Chief Executive Officer

# Ambitious corporate plan



# Clarification of the strategy

**Focus investments on consulting and digital services**

**Disposal of banking software operations**

- Become a compelling European alternative to global players for major European clients
- Make a difference in terms of digital sovereignty challenges, especially in the public sector, financial services, defense & security and aerospace
- Strengthen European presence within strategic regions
- Focus investments on consulting and digital services in strategic market verticals



# Separation of SBS activities and disposal of banking software to Axway Software

## Transferred scope to Axway Software: Banking software activities

Transferred scope:

- Software activities
- ~80% of Sopra Banking Software current perimeter
- Turnover: ~€340m
- Headcount: ~3,500 employees
- Price: €330m (Enterprise Value)

## Scope remaining within Sopra Steria: Service activities

Remaining scope:

- Service activities or projects for major banks and financial institutions
- Turnover: ~€100m
- Headcount: ~1,000 employees

# Other elements of the project

## Reduction of Sopra Steria stake in Axway Software's capital

- ❖ Disposal of 3.619m Axway shares currently owned by Sopra Steria to Sopra GMT, at a price of €26.5 per share for an amount of €95.9m
- ❖ Axway has announced its intention to finance part of the contemplated transaction through a capital increase with preferential subscription rights attached. Sopra Steria would not subscribe to the rights issue but would sell all of its rights to Sopra GMT who indicated its intention, as part of the capital increase, to exercise its rights and those acquired from Sopra Steria
- ❖ Strategic partnership between Sopra Steria and Axway will be strengthened
- ❖ Sopra Steria would keep benefiting from Axway's value creation through its residual shareholding of around 11% after the transactions

## Sopra GMT stake in Sopra Steria's capital

- ❖ No change in Sopra GMT's shareholding in Sopra Steria Group
- ❖ Sopra GMT will retain a full and long-term commitment to the success of Sopra Steria's enterprise project
- ❖ The financing of Sopra GMT would be ensured by a capital increase reserved to a minority financial investor, One Equity Partners

# Accounting impact and project timetable

## Estimated accounting impacts on Sopra Steria group

- ❖ Slight improvement of operating margin rate on an annual basis
- ❖ Decrease of the Group's net financial debt and stronger investment capacity
- ❖ No significant additional impact on assets valuation

## Transaction timetable



05

# Priorities and targets for 2024

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Cyril Malargé  
Chief Executive Officer



# Priorities for 2024



# Targets for 2024

## Organic revenue growth

**2% to 4%**

**Q1 relatively stable**

## Operating margin on business activity

**9.5% to 10%**

**o/w dilutive effect of acquisitions: 0.2 points**

**H2 > H1**

## Free cash flow

**>€350m**

# Q&A

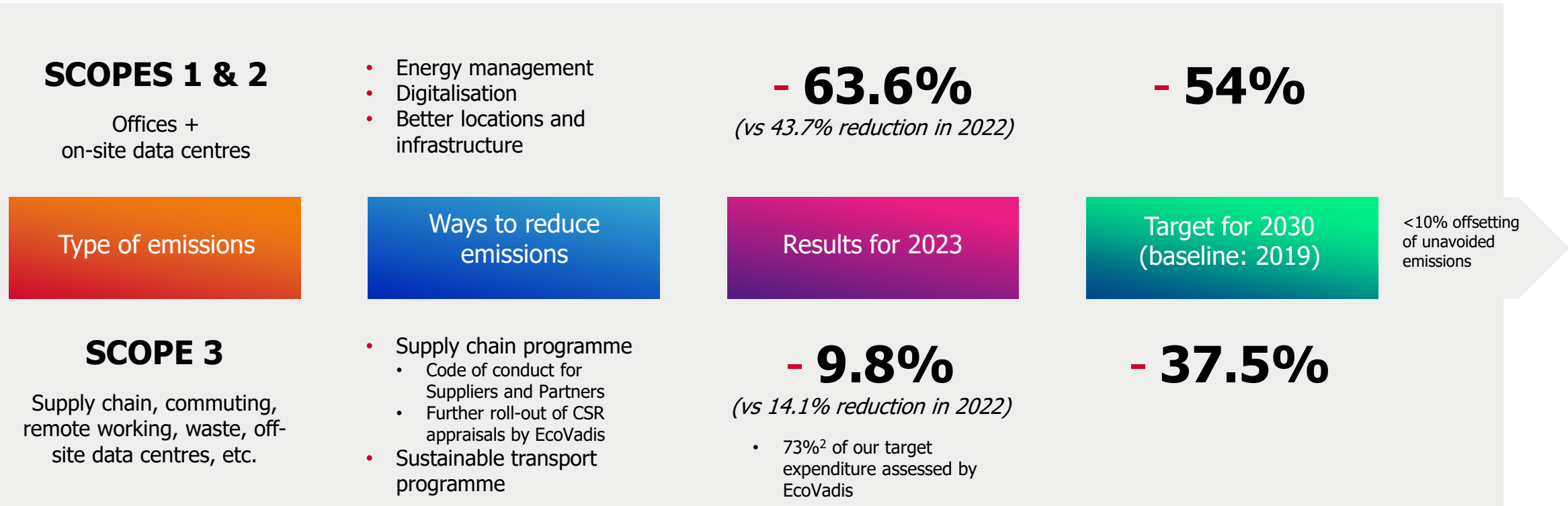
06

# Annexes

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# Helping combat climate change

New SBTi<sup>1</sup> targets covering our entire value chain by 2030



(1) Validated by the Science Based Targets initiative (SBTi)

(2) Total target expenditure in 2023 of €1,164m (vs. €868m in 2022) with our target suppliers (>26 employees, annual expenditure >€150k)

# Sopra Steria: A European leader in digital transformation

Breakdown of revenue – Financial year ended 31 December 2023

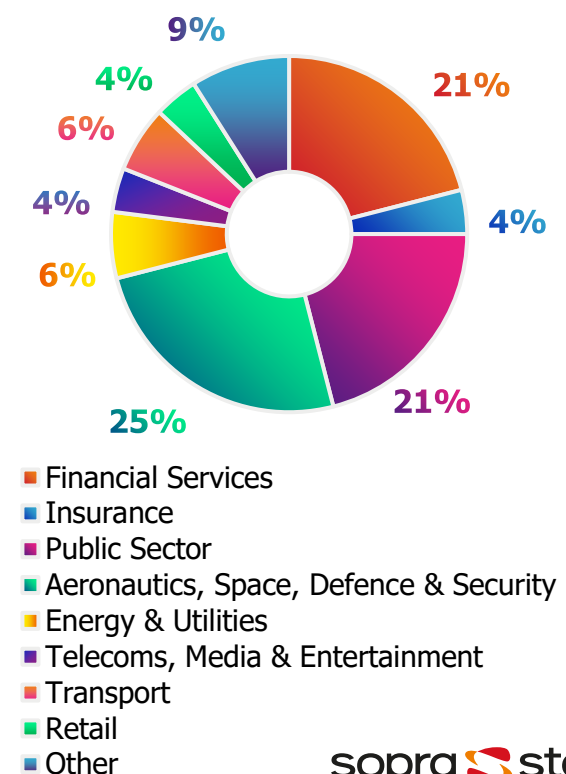
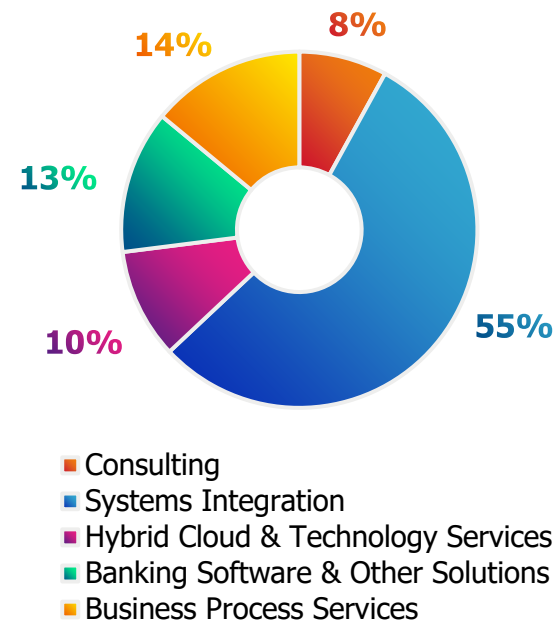
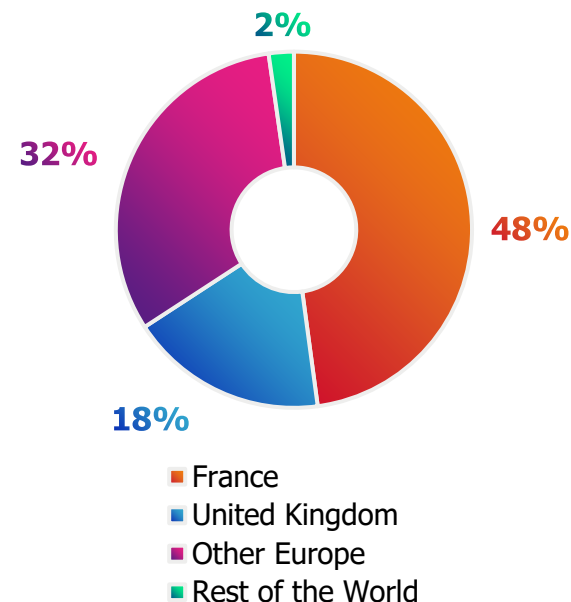
## Top 13 operating in Europe<sup>(1)</sup>

2023 revenue:  
€5.8bn

56,000  
employees

Operations in  
30 countries

End-to-end  
approach



(1) Gartner – Q4 2023 IT Services Market Share – Excluding hyperscalers and software vendors

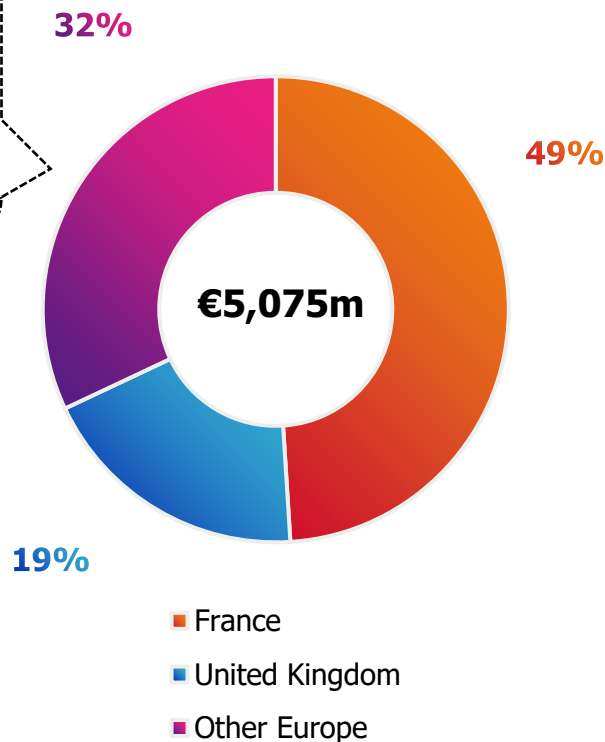
Note: Breakdown excluding Ordina for business lines and verticals

# Breakdown of revenue by country

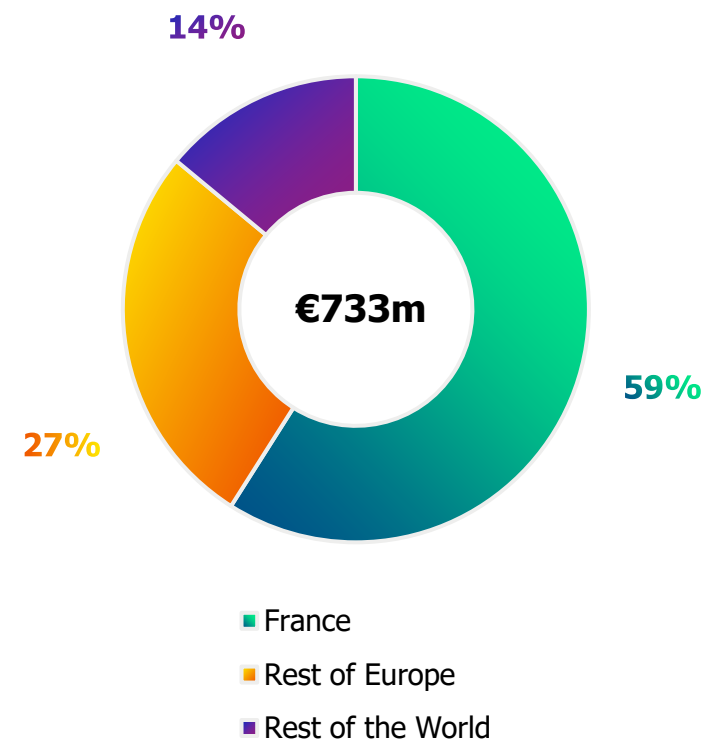
To 31/12/2023

**Services**  
Revenue to 31/12/2023

Revenue:  
**Other Europe = €1,747m**  
o/w Germany = 25%  
o/w Scandinavia = 30%  
o/w Belux = 18%  
o/w Spain = 10%  
o/w SFT = 9%  
o/w Italy = 6%  
o/w Switzerland = 2%



**SBS and Other Solutions**  
Revenue to 31/12/2023

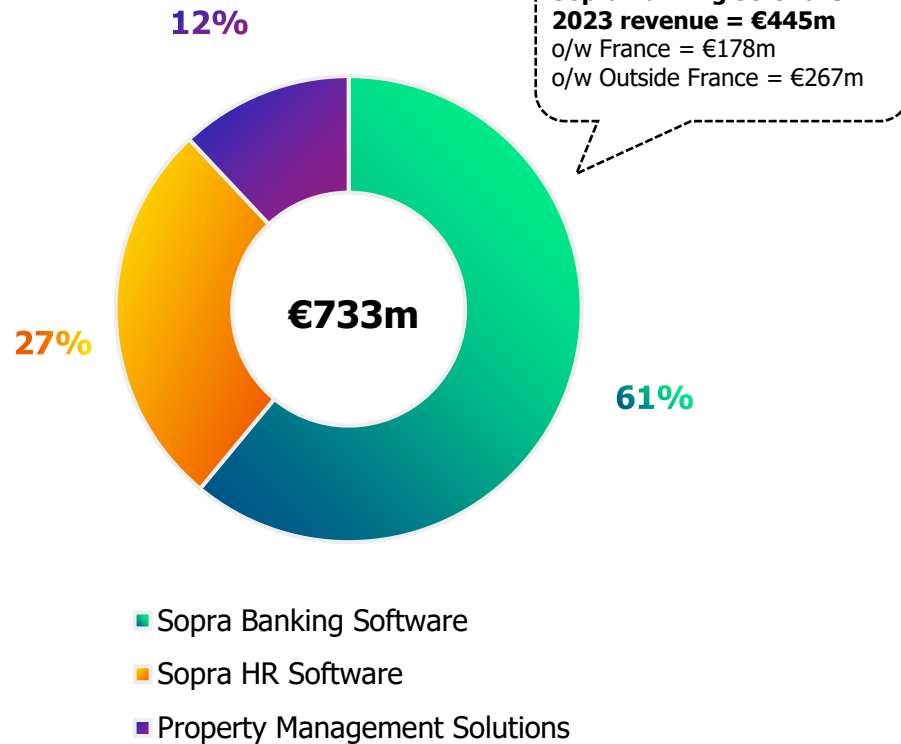




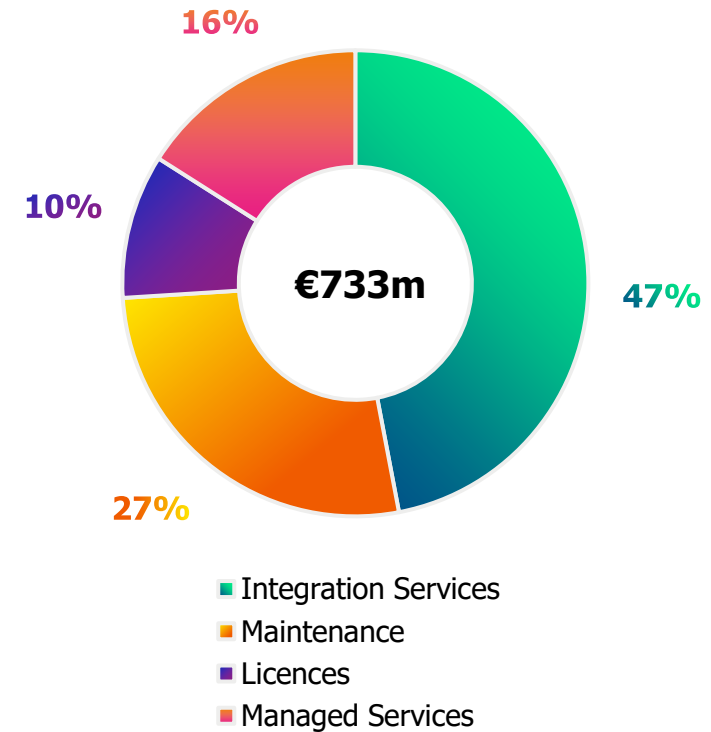
# Breakdown of Solutions revenue

To 31/12/2023

**SBS and Other Solutions**  
Revenue by product



**SBS and Other Solutions**  
Revenue by service line



# Global workforce

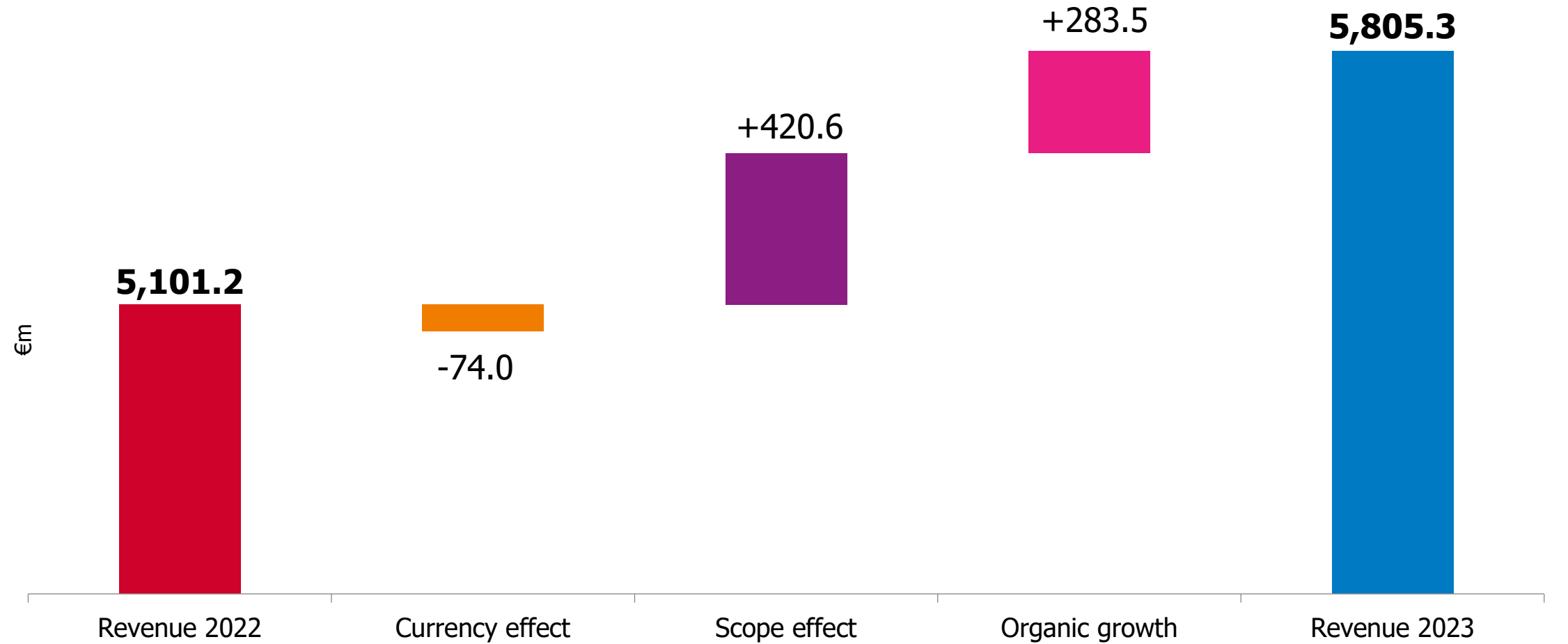
	31/12/2023	31/12/2022
France	21,758	19,822
United Kingdom	7,779	7,440
Other Europe	16,534	12,583
Rest of the World	560	435
X-Shore	9,202	9,410
<b>Total</b>	<b>55,833</b>	<b>49,690</b>

# Changes in exchange rates

*For €1 / %*

Changes in exchange rates			
	Average rate 2023	Average rate 2022	Change (%)
Pound sterling	0.8698	0.8528	-2.0%
Norwegian krone	11.4248	10.1026	-11.6%
Swedish krona	11.4788	10.6296	-7.4%
Danish krone	7.4509	7.4396	-0.2%
Swiss franc	0.9718	1.0047	+3.4%

# Breakdown of change in revenue



# Earnings per share

Financial year 2023

	2023 (€m)	2022 (€m)
Net profit attributable to the Group (€m)	183.7	247.8
Weighted average number of shares in issue excluding treasury shares	20.22	20.26
Basic earnings per share (€)	9.08	12.23
Basic recurring earnings per share (€)	15.51	13.66
Theoretical weighted average number of shares	20.55	20.43
Diluted earnings per share (€)	8.94	12.13
Diluted recurring earnings per share (€)	15.27	13.55

# Breakdown of change in net financial debt

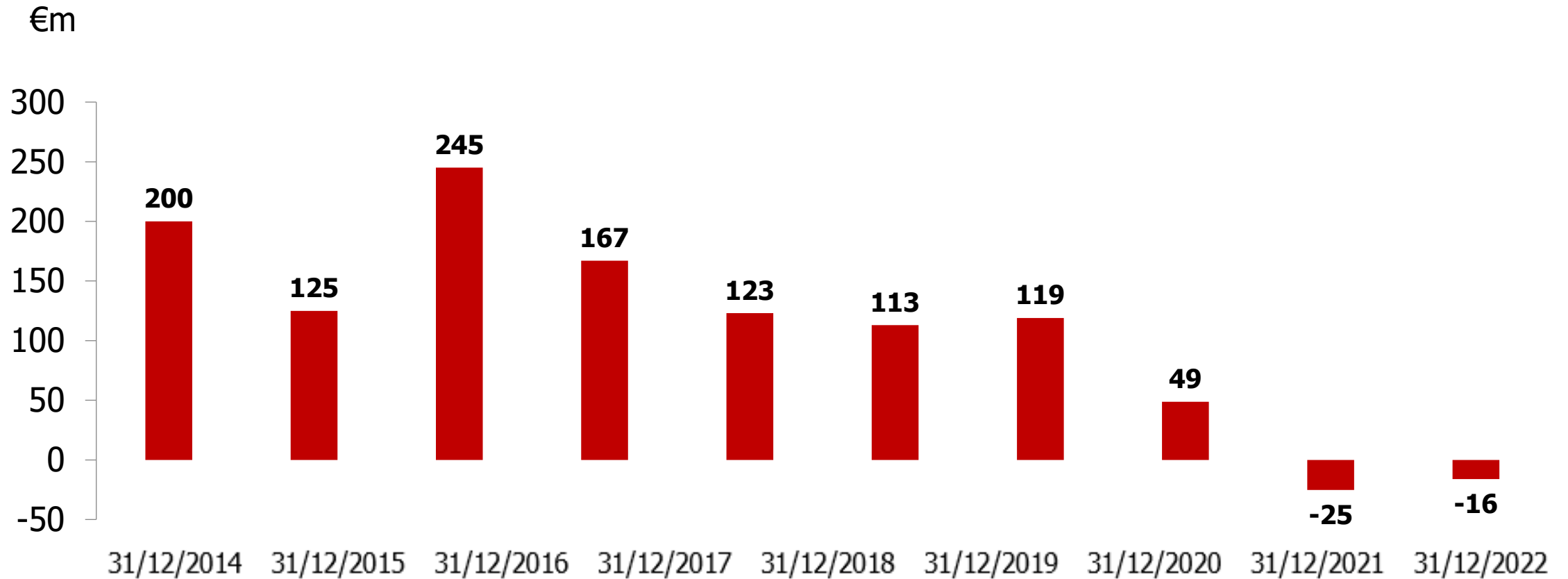
	2023 (€m)	2022 (€m)
Operating profit on business activity	548.2	453.1
Depreciation, amortisation and provisions (excluding allocated intangible assets)	176.1	144.4
EBITDA	724.3	597.5
Non-cash items	0.4	5.4
Tax paid	-82.6	-87.8
Change in current operating working capital requirement	44.9	6.1
Reorganisation and restructuring costs	-62.8	-17.8
Net cash flow from operating activities	624.2	503.4
Change relating to investing activities	-93.7	-94.1
Lease payments	-106.0	-94.5
Net interest	-22.0	-8.6
Additional contributions related to defined-benefit pension plans	-12.3	-18.9
Free cash flow	390.2	287.2
Capital increases	0.0	0.0
Impact of changes in scope	-1,049.2	-13.8
Financial investments	-11.8	-8.7
Dividends paid	-94.5	-71.6
Dividends received from equity-accounted companies	2.7	2.8
Purchase and sale of treasury shares	-26.1	-17.5
Impact of changes in foreign exchange rates	-5.2	-3.4
Other changes	0.0	0.0
Change in net financial debt	- 794.0	175.1
Net financial debt at beginning of period	152.0	327.1
Net financial debt at end of period	946.0	152.0

# Simplified balance sheet

	31/12/2023 (€m)	31/12/2022 (€m)
Goodwill	2,668.9	1,943.9
Allocated intangible assets	124.8	108.3
Other fixed assets	304.3	261.3
Right-of-use assets	457.1	359.9
Equity-accounted investments	185.9	183.5
<b>Fixed assets</b>	<b>3,740.9</b>	<b>2,857.0</b>
Net deferred tax	98.3	58.5
Trade accounts receivable (net)	1,372.4	1,104.2
Other assets and liabilities	-1,556.4	-1,347.6
<b>Working capital requirement (WCR)</b>	<b>-184.0</b>	<b>-243.4</b>
<b>Assets + WCR</b>	<b>3,655.2</b>	<b>2,672.1</b>
Equity	1,925.1	1,893.4
Pensions – Post-employment benefits	167.8	137.7
Provisions for contingencies and losses	113.3	98.5
Lease liabilities	503.0	390.5
Net financial debt	946.0	152.0
<b>Capital invested</b>	<b>3,655.2</b>	<b>2,672.1</b>

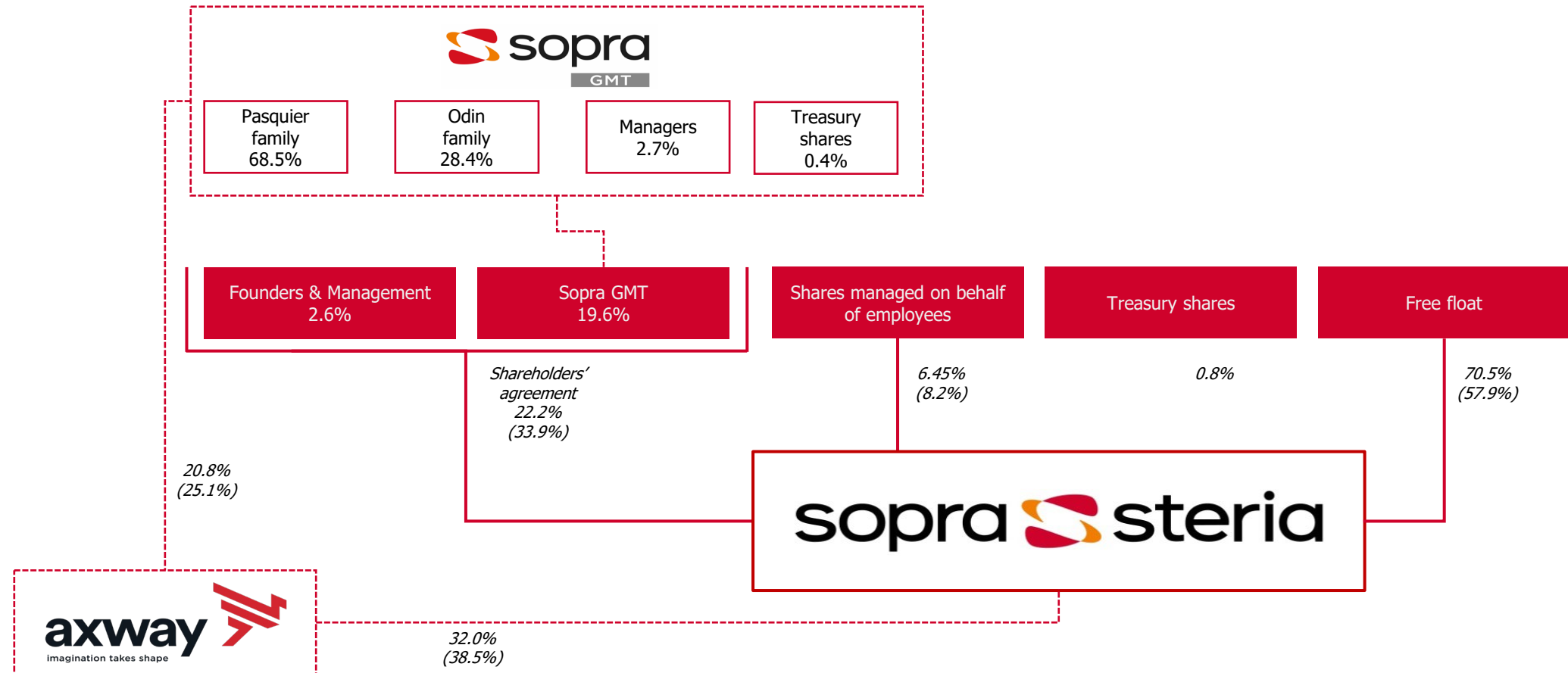


# UK pension fund deficit net of tax



# A core shareholder backing the corporate plan

Ownership structure at 31 December 2023



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

20,547,701 listed shares  
26,529,583 theoretical 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 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.

Return on capital employed (RoCE):  $(\text{Profit from recurring operations after tax} + \text{Profit from equity-accounted companies}) / (\text{Equity} + \text{Net financial debt})$ .

Free cash flow: 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.

Downtime: Number of days between two contracts (excluding training, sick leave, other leave and pre-sales) divided by the total number of business days.