

# 2021 Annual Results Presentation

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PARIS, 24 FEBRUARY 2022

The world is how we shape it

sopra  steria

# Disclaimer

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# Agenda

- 01 **Targets comfortably achieved in 2021**
- 02 **Operating position by reporting unit**
- 03 **2021 financial results**
- 04 **Strategy and outlook**
- 05 **Annexes**



# 01

## Targets comfortably achieved in 2021



Vincent Paris  
Chief Executive Officer

# Key figures for 2021 (1/2)

Solid performance across all financial indicators

Revenue

€4,682.8m

*Total growth of 9.8%  
Organic growth\* of 6.4%*

Operating profit on business activity

€379.2m

*i.e. 8.1% of revenue*

Net profit attributable to the Group

€187.7m

*i.e. 4.0% of revenue*

Free cash flow

€264.4m

*vs €203.5m in 2020*

Net financial debt

€327.1m

*down 23.1% relative to 2020*

UK pension fund deficit net of tax

€48.8m

*vs €119.4m at 31/12/2020*

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

# Key figures for 2021 (2/2)

Ongoing commitment to ESG performance

Net change in workforce

+3.2%

*up 2.4% excluding acquisitions*

Proportion of women on the Executive Committee

17.6%

*vs 12% in 2020*

CDP Climate

A List

*for the fifth year in a row*

Workforce attrition rate

16.0%

*vs 13.6% in 2020 and 17.7% in 2019*

Great Place to Work

72%

*up 10 points on 2019*

Cumulative reduction in GHG <sup>(1)</sup> emissions per employee

-50.0%<sup>(2)</sup>

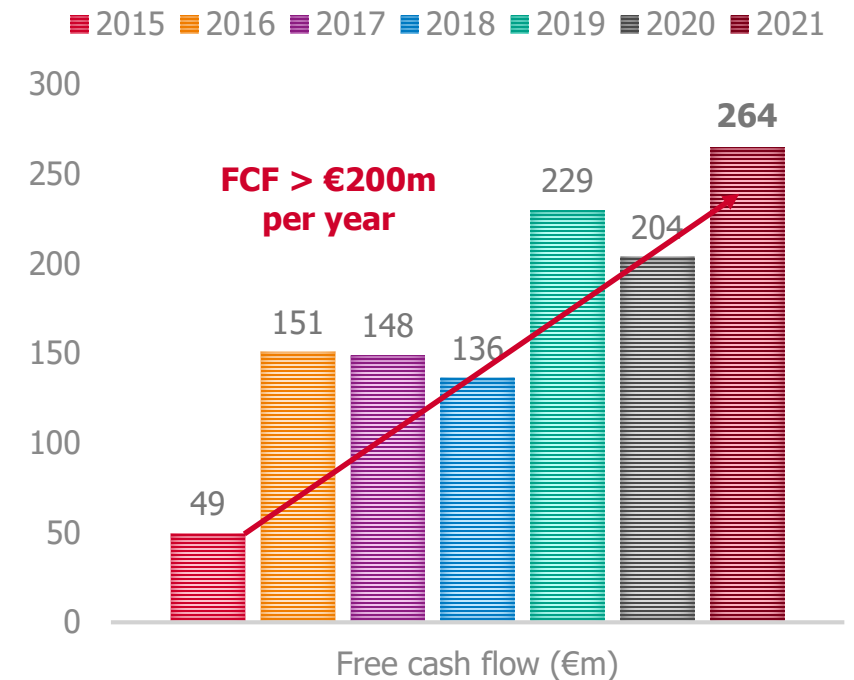
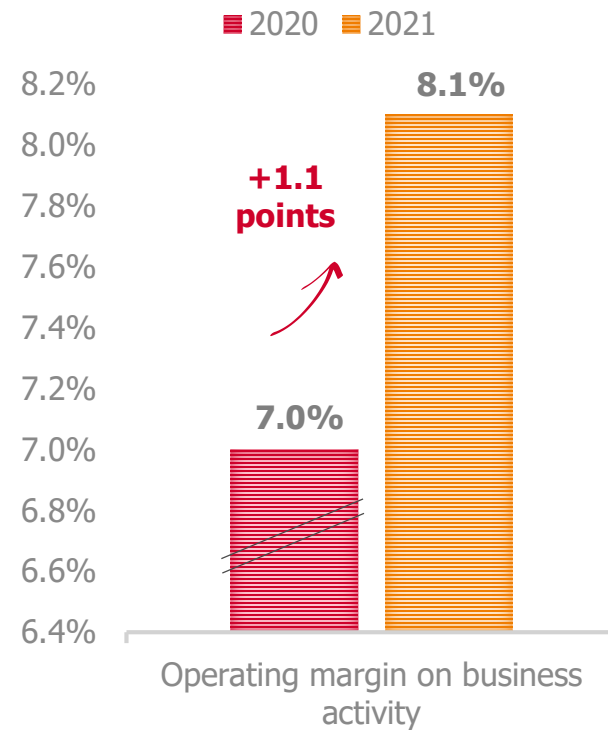
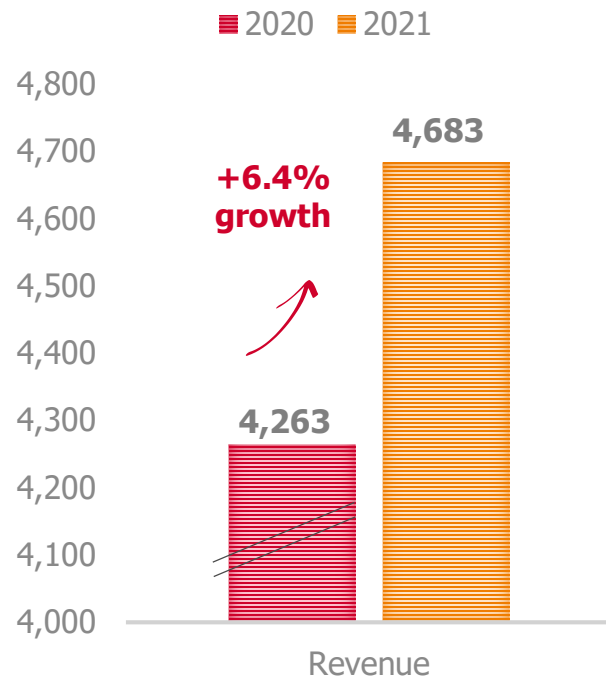
*2021 compared with 2015*

(1) Greenhouse gas emissions (figures currently being audited) from direct activities (offices, on- and off-site data centres and business travel)

(2) Excluding Covid-19 impact, down 83.5% including this impact

# Significant increase in value creation

Structural free cash flow in excess of €200 million per year



# Major new contract wins in strategic markets





# Strong performance driven by digitalisation

AI – Big data – Cloud – Cybersecurity

## Very buoyant market

- **Digital services in Europe: estimated growth >5% per year (Gartner 2022-2025)**
- **Across all countries and industry sectors**

## Powerful growth drivers

- **Cloud migration and modernisation of infrastructures and applications**
- **Digitalisation & automation of processes**
  - For 80% of senior managers,\* digital transformation is an opportunity to improve internal processes
  - For 77% of senior managers,\* it is an opportunity to make their organisations more resilient
- **Cybersecurity**

## Tailored response

sopraSteria

- **End-to-End approach**
- **Vertical specialisation**
  - +3,000 consultants
- **Advanced technology expertise**
  - AI, cloud, data, cybersecurity
- **Key player in an innovation ecosystem**
  - Campus Cyber, Gaia-X, Corporate Venture, Confiance.ai, etc.
- **Guaranteeing data sovereignty and building trust in digital technology**
- **International partners**



\* Sopra Steria Next Exploratoire, 5th survey in partnership with Radio Classique, Les Echos and Viavoice (November 2021) for companies with over 1,000 employees

# Priority placed on human resources

Attracting and retaining talented employees

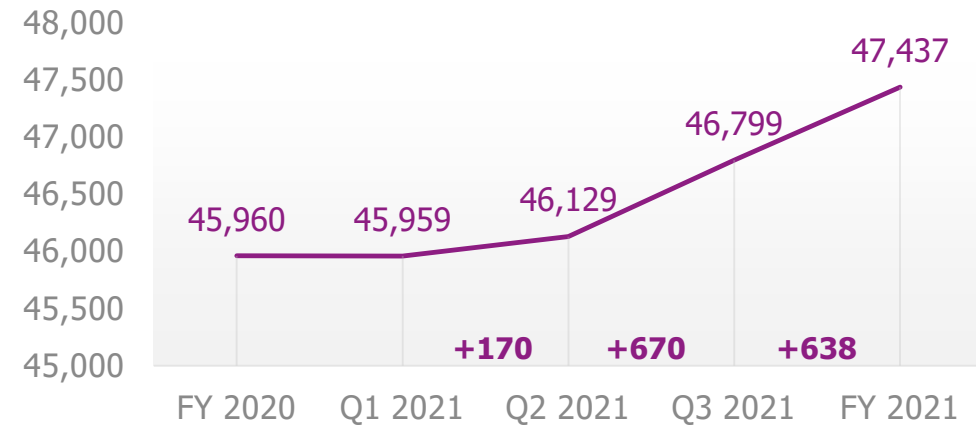
**Net headcount addition in 2021**  
**1,477 employees**

**2021 Recruitment**  
**10,636 employees (same level as in 2019)**  
**of which 6,392 in H2 alone**

**Workforce attrition rate under control**  
**in 2021**  
**16%**

**Subcontracting in 2021**  
**650 subcontractors added**

## Net workforce



- **Employee share ownership**
- **Refurbishment of sites**
- **Training policy**
- **Adaptation to new ways of working**
- **More women employees and leaders**
- **Development of partnerships with schools and universities**
- **Co-optation campaign**

# Value enhancement strategy

For a European leader in digital transformation







## Strengthening of consulting

- **Business recovery in 2021**
  - └ Revenue up 14% to ~€400m
  - └ Increase in pace of recruitment
- **Selling prices up 4%**
- **Strengthening of managerial structure**
- **Geographic expansion of the Sopra Steria Next brand**
- **Investments in business design and user experience**

## Renewal of offerings

- **IS/IT modernisation journey**
- **Hybrid cloud platform for managed services**
- **Trusted Digital Platform hosted by OVHcloud to guarantee data sovereignty for government agencies and the energy and health sectors**
- **Debt recovery management platform in the United Kingdom**
- **Launch of 5G Design Center in early 2021**

## New market footprint

- **Digital transformation consulting: "Key player"**  

- **Digital banking: Leader**  

- **Public cloud services - France: Leader**  

- **Cloud infrastructure brokerage and orchestration: Leader**  

- **Application transformation: "Star performer" among major contenders**  

- **Cybersecurity for large accounts: Leader**  


# Targeted external growth

Investments in consulting and cybersecurity

## French cybersecurity firm

- 2021 revenue: €33m
- Consulting, audit, IS, training
- 240 consultants and experts
- 80 clients (CAC 40 and SBF 120 companies, public sector)
- Increased firepower with our key clients
- Combination of close client relationships, an industrialised delivery model and innovation
- One of the leaders in France ; 1,300 experts in the Group
- New brand image



Labs

## Consultancy

- Business design
- 2021 revenue: €15m
- ~150 consultants
- Norway + Denmark

## Consultancy

- User experience
- 2021 revenue: €6m
- 50 consultants
- Bergen (Norway)

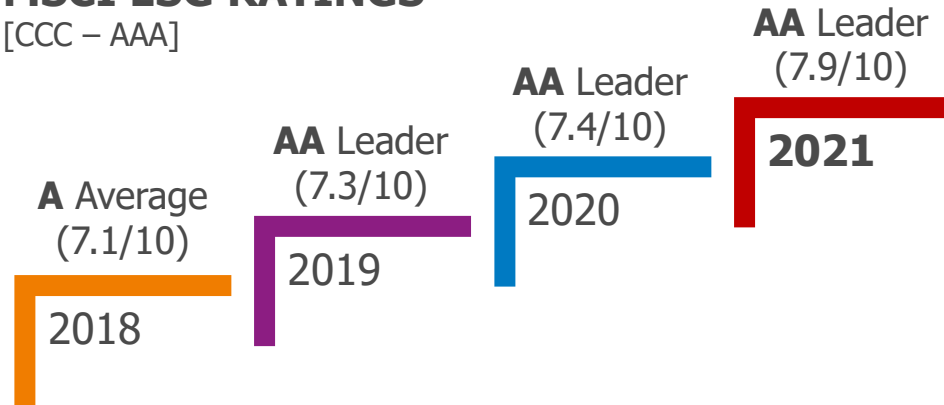


# Effective engagement with CSR actions

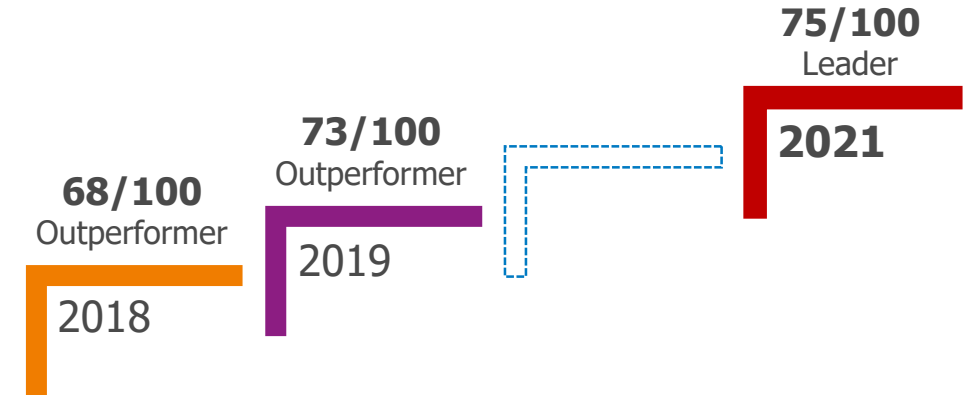
Improvement in ESG scores with non-financial rating agencies

## MSCI ESG RATINGS

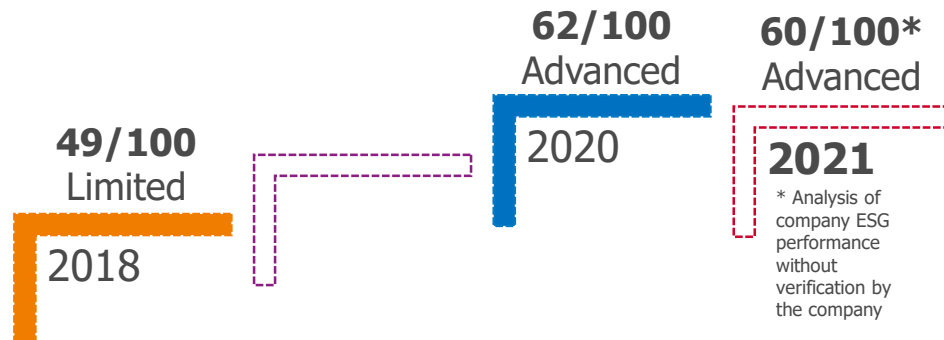
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## SUSTAINALYTICS RATINGS



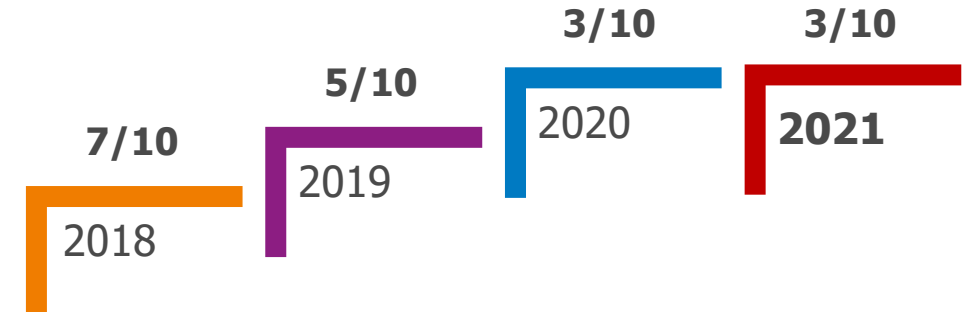
## VIGEO EIRIS RATINGS



\* Analysis of company ESG performance without verification by the company

## ISS GOVERNANCE QUALITYSCORE

Best = 1 Worst = 10





# 02

## Operating performance by reporting unit



Cyril Malargé  
Chief Operating Officer

# 2021 operating performance

Breakdown by reporting unit

	Revenue			Operating profit on business activity	
	2021 (€m)	2020 Restated* (€m)	Organic growth (%)	2021 (% of Rev.)	2020 (% of Rev.)
France	1,824.9	1,723.8	+ 5.9%	8.6%	6.8%
United Kingdom	823.1	722.7	+ 13.9%	9.1%	8.0%
Other Europe	1,343.2	1,266.7	+ 6.0%	7.8%	8.1%
Sopra Banking Software	434.1	448.9	- 3.3%	4.0%	2.5%
Other Solutions	257.5	236.9	+ 8.7%	10.1%	8.8%
<b>Total</b>	<b>4,682.8</b>	<b>4,399.0</b>	<b>+ 6.4%</b>	<b>8.1%</b>	<b>7.0%</b>

\* Revenue at 2021 scope and exchange rates

# France

Strong rebound in performance compared with 2020

	2021		2020	
	(€m)	(% Rev.)	(€m)	(% Rev.)
France				
Revenue	1,824.9		1,655.6	
<i>Organic growth (%)</i>	<i>+ 5.9%</i>			
Op. profit on business activity	156.3	8.6%	111.9	6.8%
Profit from recurring operations	152.9	8.4%	104.8	6.3%
Operating profit	137.8	7.6%	84.9	5.1%

- **Accelerating pace of recovery over the year, with double-digit growth in Q3 and Q4**
  - Rebound driven in particular by product life cycle management activities (up 17.2%)
  - Annual growth of 5.7% in consulting and systems integration and 2.5% in infrastructure management
- **Robust momentum in defence, aerospace, telecoms and energy**
- **Solid recovery in recruitment (2,800 new hires) and subcontracting (300 new subcontractors)**
- **Strengthening of position in cybersecurity to become one of leaders in this market in France**
- **Continuing operating margin improvement in 2022 to return to the level reached in 2019 (9.7%)**



# United Kingdom

Solid performance in 2021

	2021		2020	
	(€m)	(% Rev.)	(€m)	(% Rev.)
United Kingdom				
Revenue	823.1		699.8	
<i>Organic growth (%)</i>	<i>+ 13.9%</i>			
Op. profit on business activity	75.1	9.1%	56.0	8.0%
Profit from recurring operations	63.1	7.7%	44.1	6.3%
Operating profit	67.2	8.2%	27.7	4.0%

- **Slowing of growth in Q4, as anticipated**
- **Very strong revenue growth for the year**
  - └ Public-sector joint ventures up 24.3%
  - └ Defence & Security and Government sectors up 9.4%
  - └ Private sector seeing negative growth but an improvement in operating performance
- **Structural increase in profitability for the reporting unit**
- **Development of service platform activity: launch of a debt recovery management platform**

# Other Europe

Improvement and consolidation of operating performance

	2021		2020	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Other Europe				
Revenue	1,343.2		1,249.0	
<i>Organic growth (%)</i>	<i>+ 6.0%</i>			
Op. profit on business activity	104.1	7.8%	101.0	8.1%
Profit from recurring operations	95.5	7.1%	96.5	7.7%
Operating profit	76.4	5.7%	82.4	6.6%

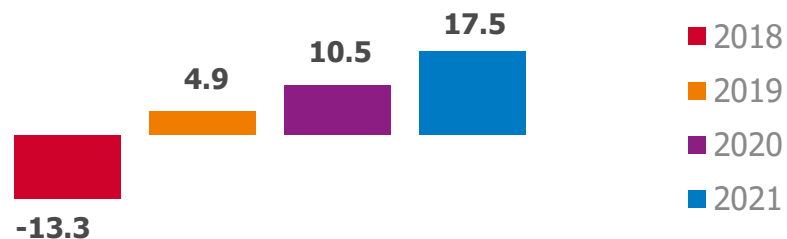
- **Double-digit growth**
  - └ In Benelux
  - └ In Scandinavia
  - └ In Germany
- **Strengthening of consulting business in Scandinavia (EGGS Design and Labs) with addition of around 200 consultants**
- **Almost stable operating margin on business activity**
  - └ Improved performance in the countries (9.1%)
  - └ Sopra Financial Technology dilutive, as expected during the transformation phase

# Sopra Banking Software

Gradual improvement in operating position

Sopra Banking Software	2021		2020	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Revenue	434.1		421.6	
<i>Organic growth (%)</i>	<i>- 3.3%</i>			
Op. profit on business activity	17.5	4.0%	10.5	2.5%
Profit from recurring operations	2.8	0.7%	-4.1	-1.0%
Operating profit	-2.1	-0.5%	-10.6	-2.5%

## Operating profit on business activity 2018-2021 (€m)



- Continuation of product developments
- Highly unfavourable base effect in H2 2020 for licences
- Increase in Services revenue in H2 2021
- Robust growth for new digital offering (Digital Banking Engagement Platform)
  - └ €6m in 2021 (up 50%)
  - └ €12m (estimated) in 2022
- First year of five-year R&D transformation programme
  - └ €4m cost reduction in 2021
  - └ Target of -€30m in 2025 compared with 2020
- Steady improvement in operating profit on business activity since 2018

# Other Solutions

Return to >10% operating margin on business activity

Other Solutions	2021		2020	
	(€m)	(% Rev.)	(€m)	(% Rev.)
Revenue	257.5		236.9	
<i>Organic growth (%)</i>	<i>+ 8.7%</i>			
Op. profit on business activity	26.1	10.1%	20.8	8.8%
Profit from recurring operations	24.9	9.7%	19.9	8.4%
Operating profit	24.1	9.4%	17.9	7.5%

— **Human resources solutions up 10.0%**

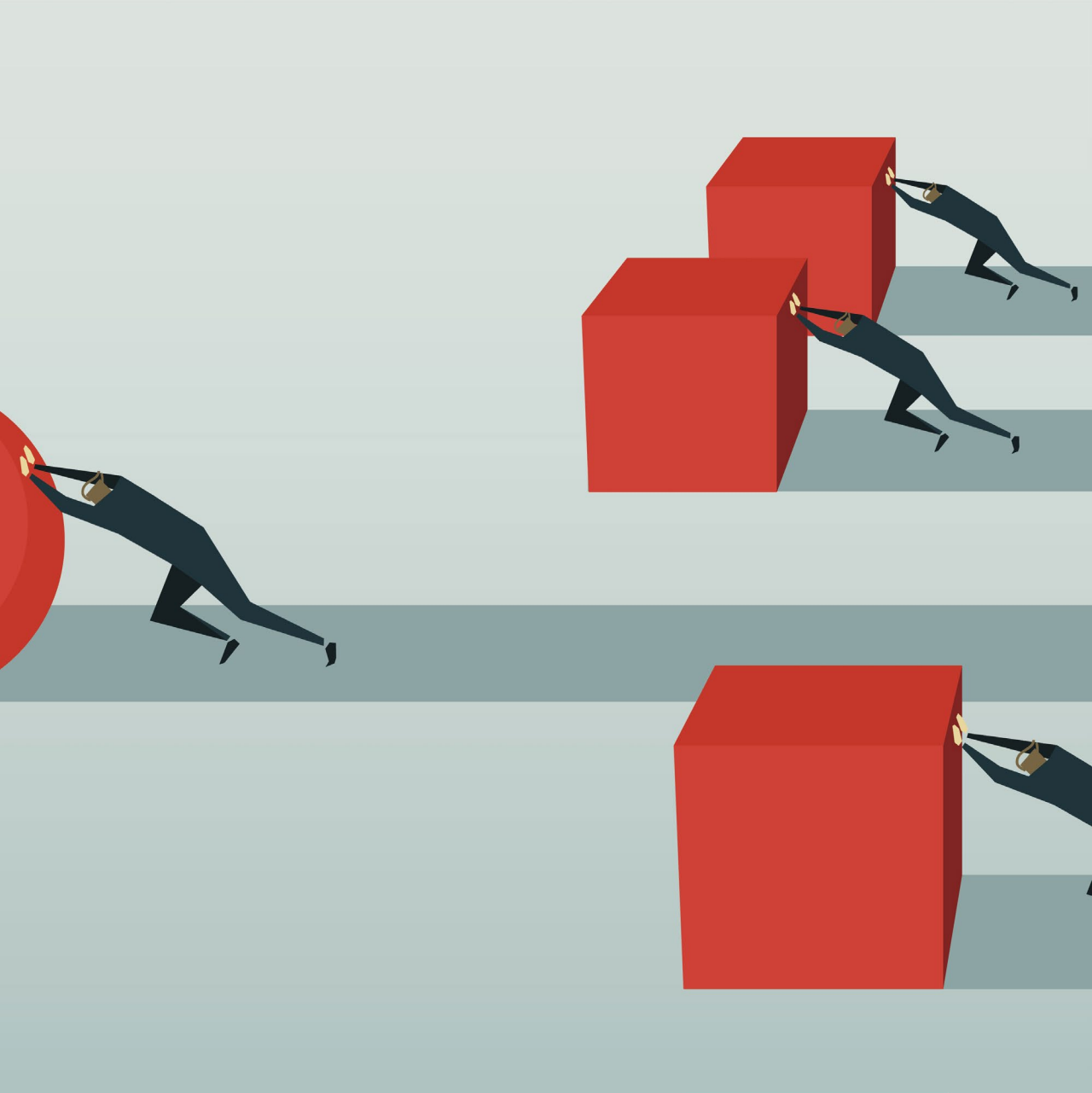
- └ Good momentum in outsourced management of payslips
  - More than a million payslips managed each month
- └ First major successes for the Multi-Country Payroll solution

— **Property management solutions up 6.2%**

- └ 12 new clients in 2021

— **Return to >10% operating margin on business activity**

- └ First milestone on the path back to historic margins



# 03

## 2021 financial results



Étienne du Vignaux  
Chief Financial Officer

# Income statement

Financial year 2021

	2021 (€m)	2021 (% of Rev.)	2020 (€m)	2020 (% of Rev.)
Revenue	4,682.8		4,262.9	
<i>Organic growth</i>	6.4%			
Operating profit on business activity	379.2	8.1%	300.2	7.0%
Share-based payment expenses	- 6.7		- 4.2	
Amortisation of allocated intangible assets	- 33.2		- 34.8	
Profit from recurring operations	339.3	7.2%	261.2	6.1%
Other operating income and expenses	- 35.9		- 58.9	
Operating profit	303.4	6.5%	202.3	4.7%
Cost of net financial debt	- 8.7		- 9.9	
Other financial income and expenses	- 9.5		- 15.4	
Tax expense	- 93.5		- 60.4	
Share of net profit from equity-accounted companies	1.8		2.3	
Net profit	193.5		118.9	
<i>of which attributable to Group</i>	187.7	4.0%	106.8	2.5%
<i>of which minority interests</i>	5.9		12.2	

# Other operating income and expenses

Financial year 2021

	2021 (€m)	2020 (€m)
Costs related to business combination	- 0.6	- 3.1
Restructuring and reorganisation costs	- 35.5	- 44.6
Other	0.2	- 11.1
<b>Other operating income and expenses</b>	<b>- 35.8</b>	<b>- 58.9</b>

Including €15.6m  
Covid-related  
costs



# Tax

Financial year 2021

	2021 (€m)	2020 (€m)
Profit before tax and share from equity-accounted companies	285.2	177.1
Effective tax charge	-93.5	-60.4
Effective tax rate (%)	32.8%	34.1%

Includes the impact on deferred tax of  
the increased tax rate in the UK  
(19% -> 25%)

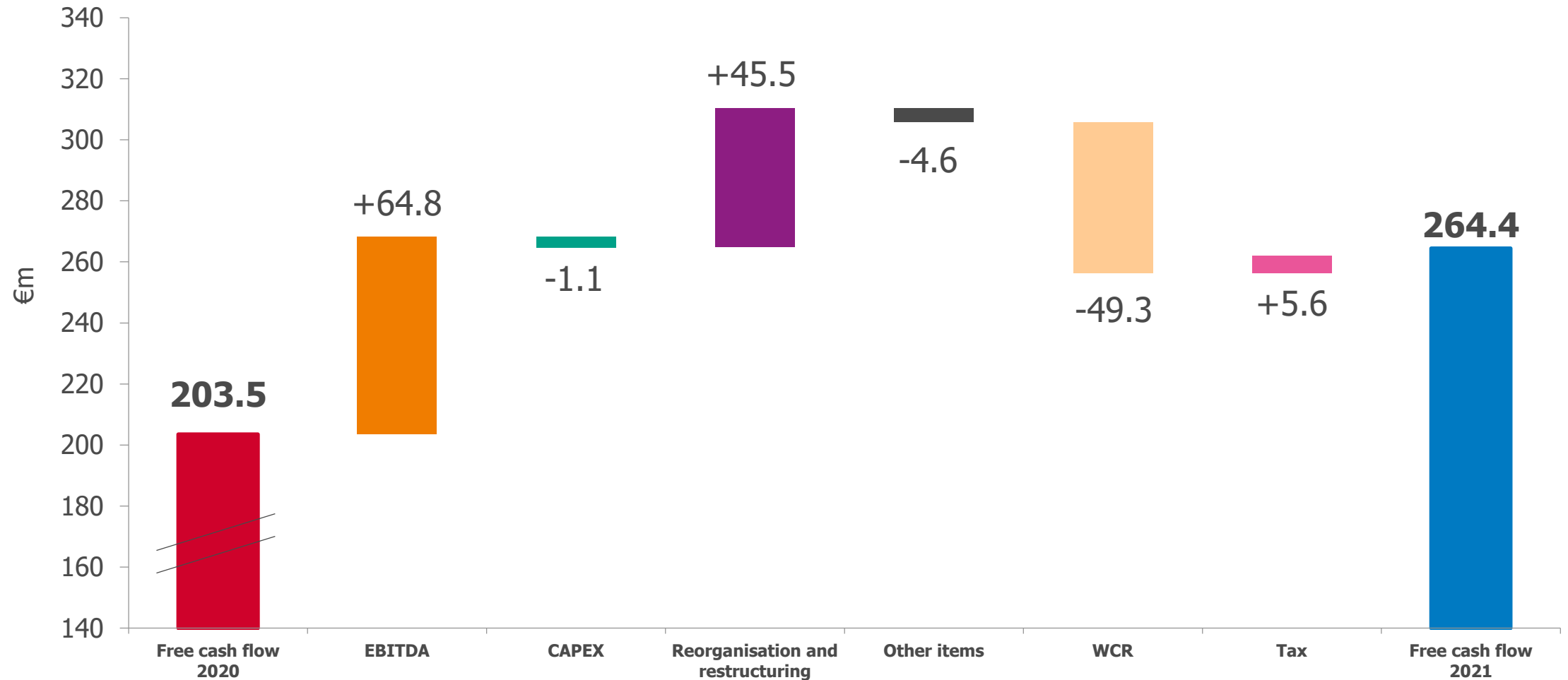


Normative tax rate estimated at ~27% in 2022

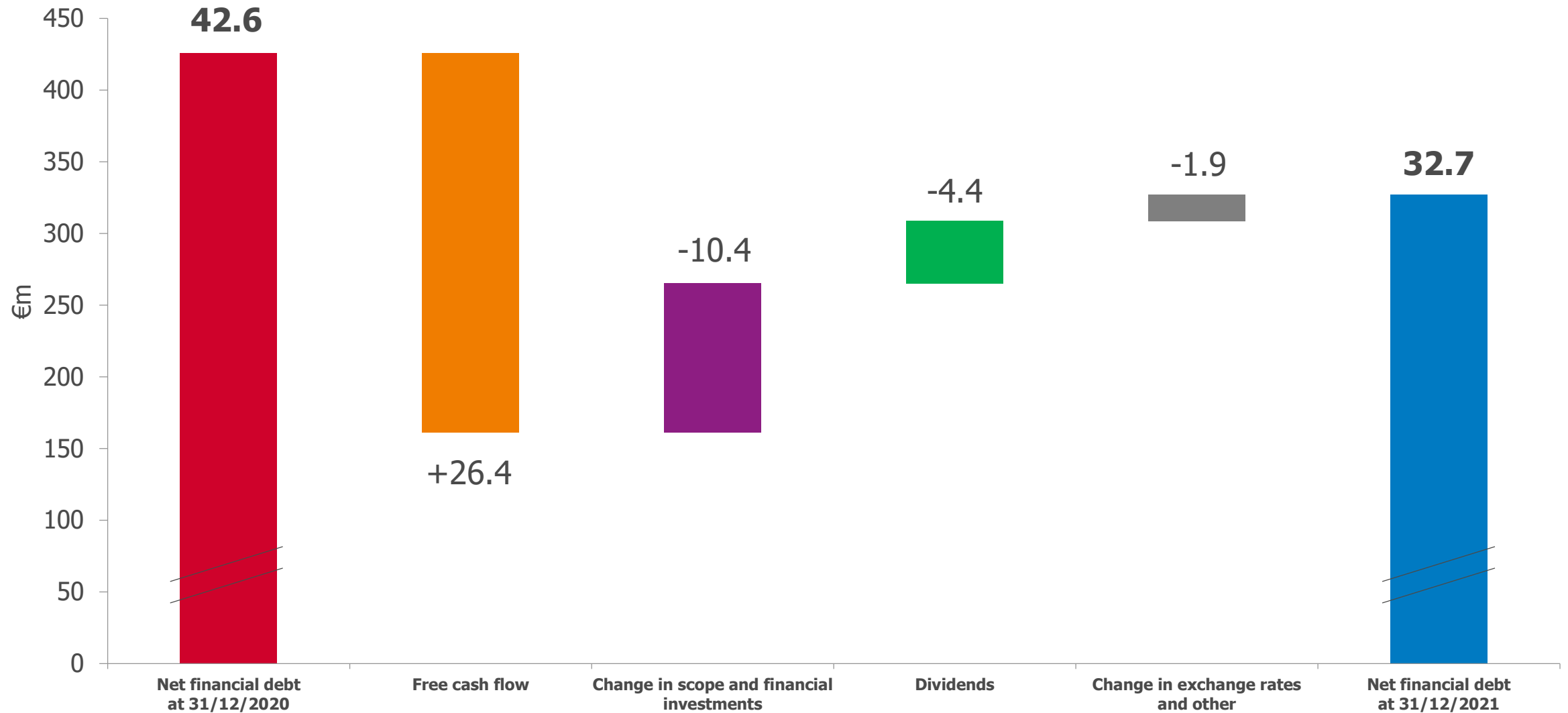


# Detail of movement in free cash flow (FCF)

Strong rise in EBITDA



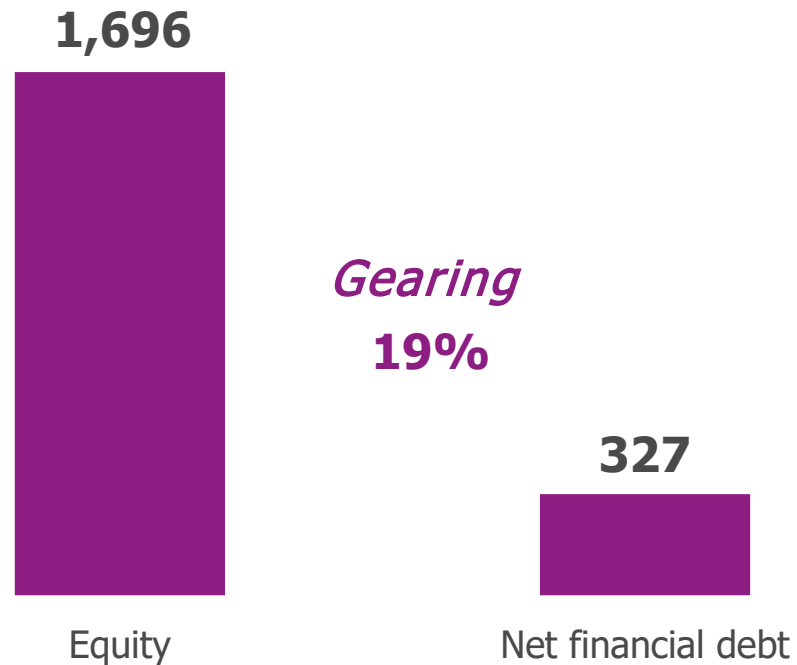
# 23% reduction in net financial debt



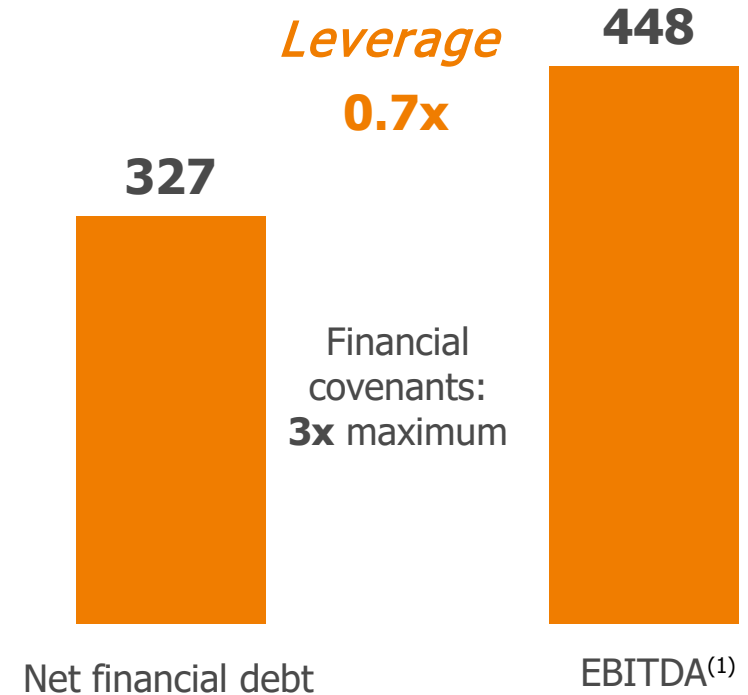
# Very solid balance sheet

Position at 31 December 2021

## Net financial debt / Equity



## Net financial debt / EBITDA <sup>(1)</sup>



(1) Pro forma EBITDA before impact of IFRS 16

# Available and diversified financing

Position at 31 December 2021

## Maturities

- **Bond: 2026 and 2027**
- **Bank borrowing facilities: 2023 and 2024**

**Amount authorised**  
**€1.5bn**

**Available undrawn amount**  
**€1.1bn**

*i.e. 67% of authorised amount<sup>(1)</sup>*

**Cash**  
**€217.2m**

	31/12/2021 Amount used (€m)	31/12/2021 Amount authorised (€m)
Bond	250.0	250.0
Syndicated loan – Tranche A €	88.0	88.0
Syndicated loan – Tranche B £	-	-
Multi-currency revolving credit facility	-	900.0
Overdrafts and Other	61.3	272.7
<b>Total</b>	<b>399.3</b>	<b>1,510.7</b>
NEU CP & MTN	145.0	
<b>Gross debt</b>	<b>544.3</b>	
<b>Cash and cash equivalents</b>	<b>217.2</b>	
<b>Net financial debt</b>	<b>327.1</b>	

(1) Assuming a constant amount of NEU CP & MTN commercial paper (€145m at 31 December 2021) and overdrafts

# Additional information concerning financial year 2022

## — **Renewal of syndicated credit facilities on 22 February 2022**

- └ Five-year €1.1 billion multi-currency revolving credit facility
- └ Improved credit spread
- └ Only one covenant (leverage ratio of 3x, which can be raised to 3.5x over 18 months in the event of an acquisition)
- └ Interest rate calculations tied in part to an ESG metric (reduction in greenhouse gas emissions)

## — **We Share 2022 employee share ownership programme**

- └ Launch: March 2022
- └ 1 free share for each share purchased
- └ Employer contribution not to exceed 100,000 shares

## — **Capitalisation of some development costs for a limited amount**

# 04

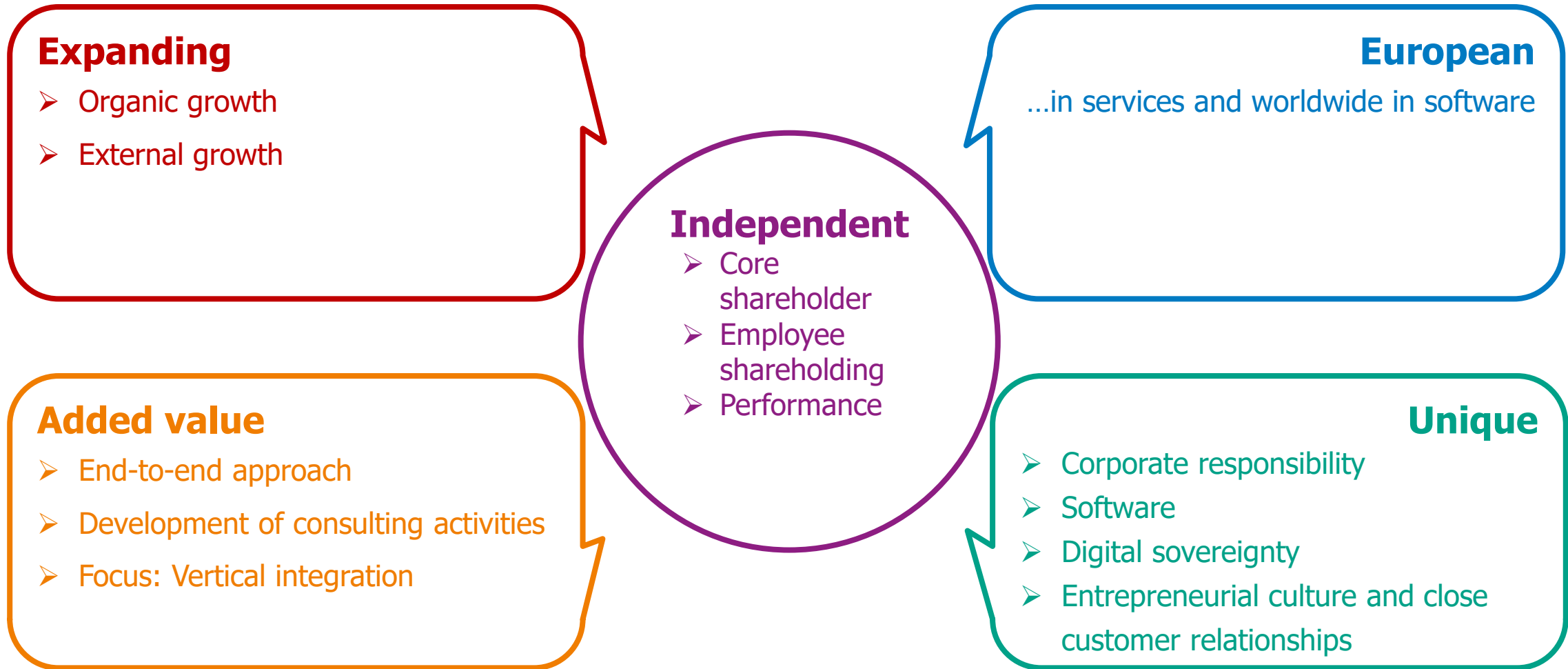
## Strategy and outlook



Cyril Malargé  
Chief Operating Officer

# Reaffirming our ambitious corporate plan

In a rapidly changing post-pandemic market environment



# Strategy underpinned by clearly defined levers

## Focus strategy

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- **100 European key accounts**
- **8 key vertical markets, including 2 priorities**
  - └ Financial Services
  - └ Defence & Security
- **Specific business areas**

## Offering strategy

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- **End-to-end approach**
- **Strengthening of consulting**
- **Digitisation**
  - └ Cloud, cybersecurity, AI, big data, blockchain

## Production model

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- **Industrial approach**
- **DevOps and asset-based platforms**
- **X-shore model**

## Software

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- **Sopra Banking Platform and Sopra Financing Platform**
- **Human resources**
- **Property management**



# Medium-term ambitions

## Financial targets

### Operating performance - 2022 / 2024

**Revenue organic growth** +4% to +6% pa

**Operating margin rate on business activity** ~ 10% in 2024

**Free cash flow** 5% to 7% of rev.

### External growth

**Proactively pursuing consolidation**

# Medium-term ambitions

## ESG objectives

### Net-zero emissions by 2028

— **Cut GHG <sup>(1)</sup> emissions from direct activities, approved by SBTi**

- └ 2021: -50.0%<sup>(2)</sup> vs 2015
- └ 2040: -85% target

— **Incorporation of emissions from indirect activities in the carbon neutral programme**

— **Offset emissions not averted <sup>(3)</sup> through carbon capture projects (e.g. afforestation)**

### Women to make up 30% of Executive Committee by 2025

— **A proactive policy of bringing more women into the workforce and senior management**

Proportion of women	2020	2021
Executive Committee	12%	17.6%
Total workforce	32%	32%
Recruitment	34%	33%

### Digital sustainability in our value proposition

— **Digital sobriety**

- └ Measuring the environmental impact of our clients' systems
- └ Developing systems that meet our clients' sustainability goals
- └ Sustainable design (16,000 employees trained)

— **Digital sovereignty**

— **Digital ethics**

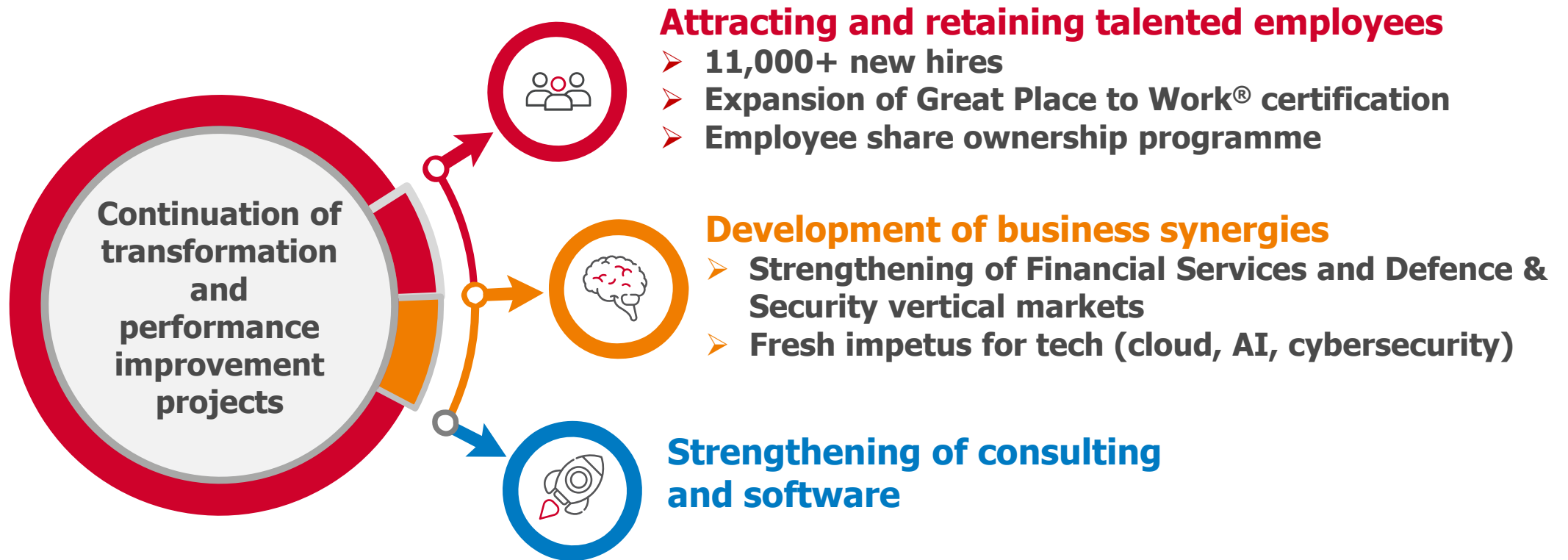
- └ Inform and guide our clients on key issues surrounding digital ethics, trust and responsibility

(1) Greenhouse gases

(2) Excluding Covid-19 impact, -83.5% including this impact

(3) Through the Climate Neutral Now initiative

# Priorities for 2022



# Financial targets for 2022

**Organic revenue growth of between 5% and 6%**

**Operating margin on business activity of between 8.5% and 9.0%**

**Free cash flow of around €250m**



# 06

## Annexes

# Sopra Steria, a European leader in digital transformation

Breakdown of revenue – year ended 31 December 2021

## Top 5 European digital services companies

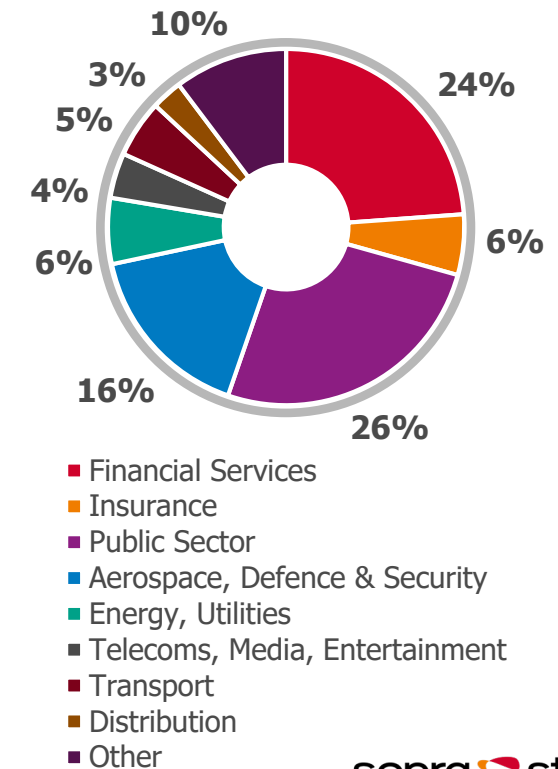
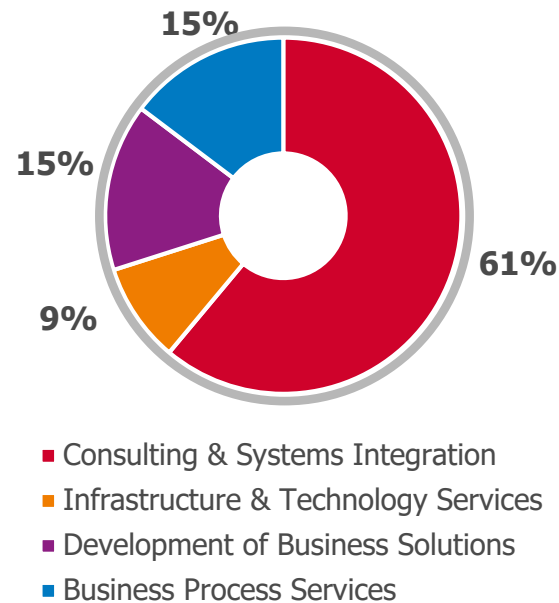
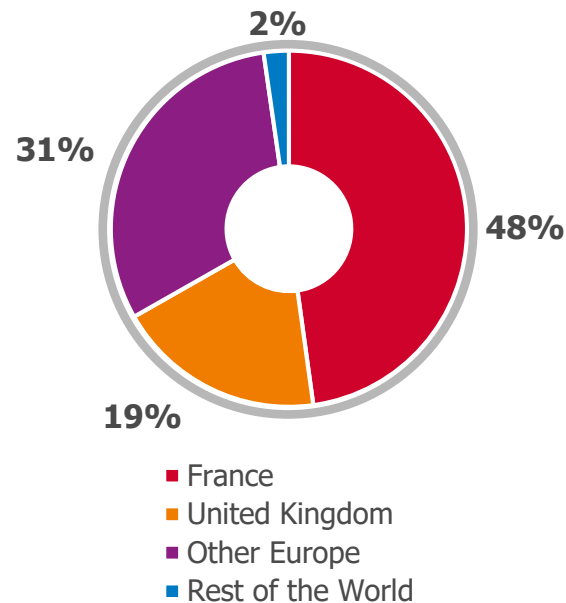
## Top 12 operating in Europe

2021 revenue  
of €4.7bn

>47,000  
employees

Operations in  
30 countries

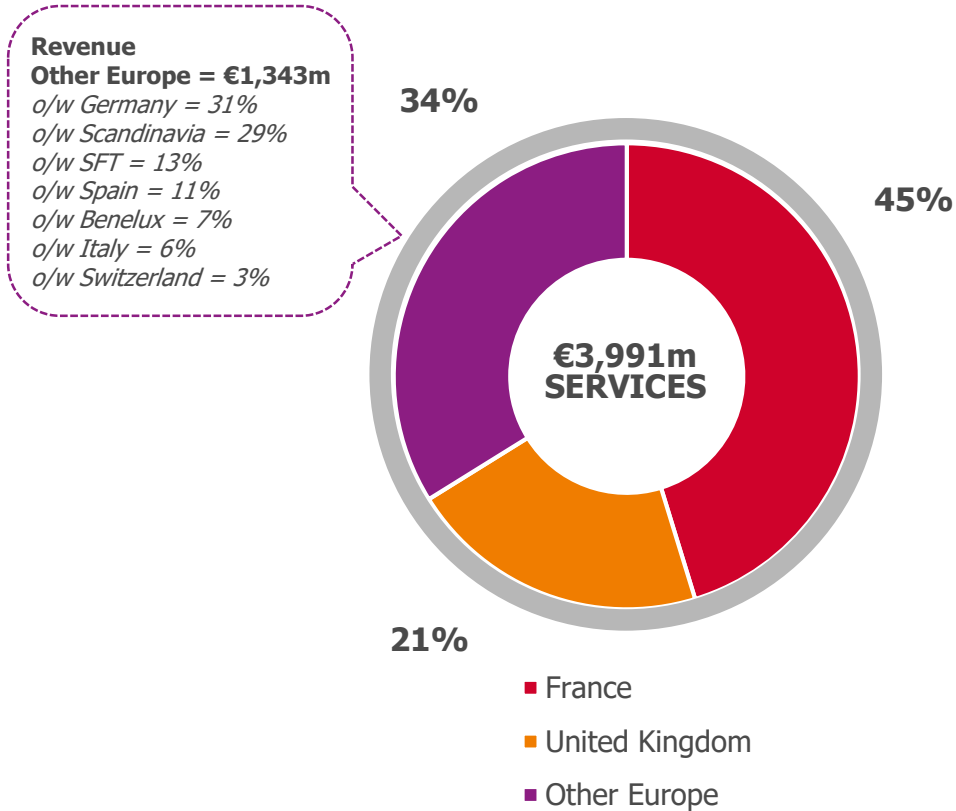
End-to-end approach  
End-to-end



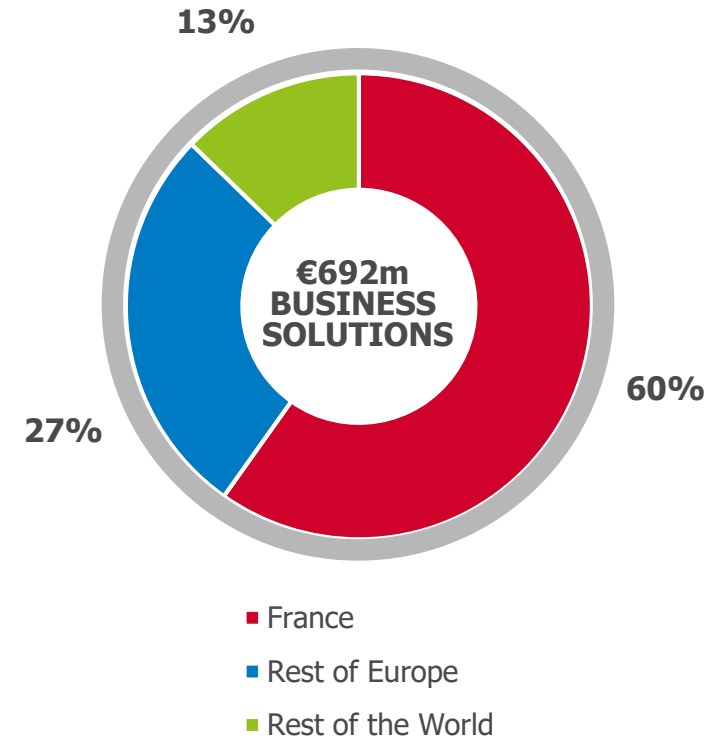
# Detailed breakdown of revenue by country

Year ended 31/12/2021

**SERVICES REVENUE TO 31/12/2021**



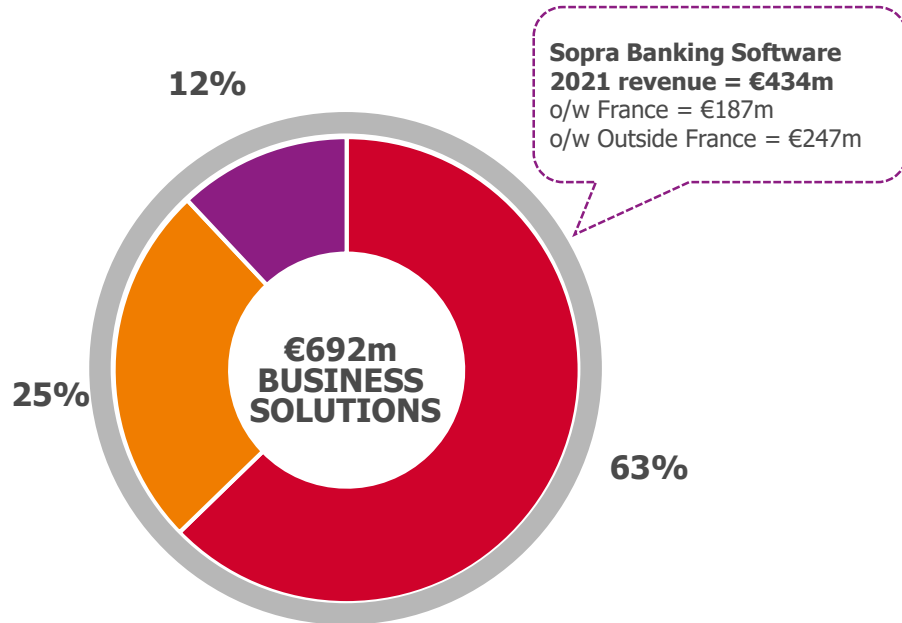
**BUSINESS SOLUTIONS REVENUE TO 31/12/2021**



# Detailed breakdown of Solutions revenue

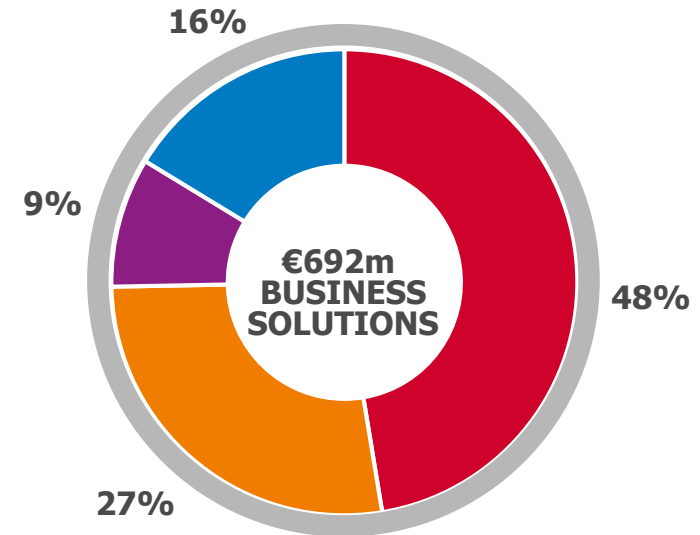
Year ended 31/12/2021

## BUSINESS SOLUTIONS REVENUE BY PRODUCT



- Sopra Banking Software
- Sopra HR Software
- Property Management Solutions

## BUSINESS SOLUTIONS REVENUE BY SERVICE LINE



- Integration Services
- Maintenance
- Licences
- Managed Services



# Global workforce

Financial year 2021

	31/12/2021	31/12/2020
France	19,842	19,799
United Kingdom	6,926	6,646
Other Europe	11,494	10,885
Rest of the World	498	523
X-Shore	8,677	8,107
<b>Total</b>	<b>47,437</b>	<b>45,960</b>

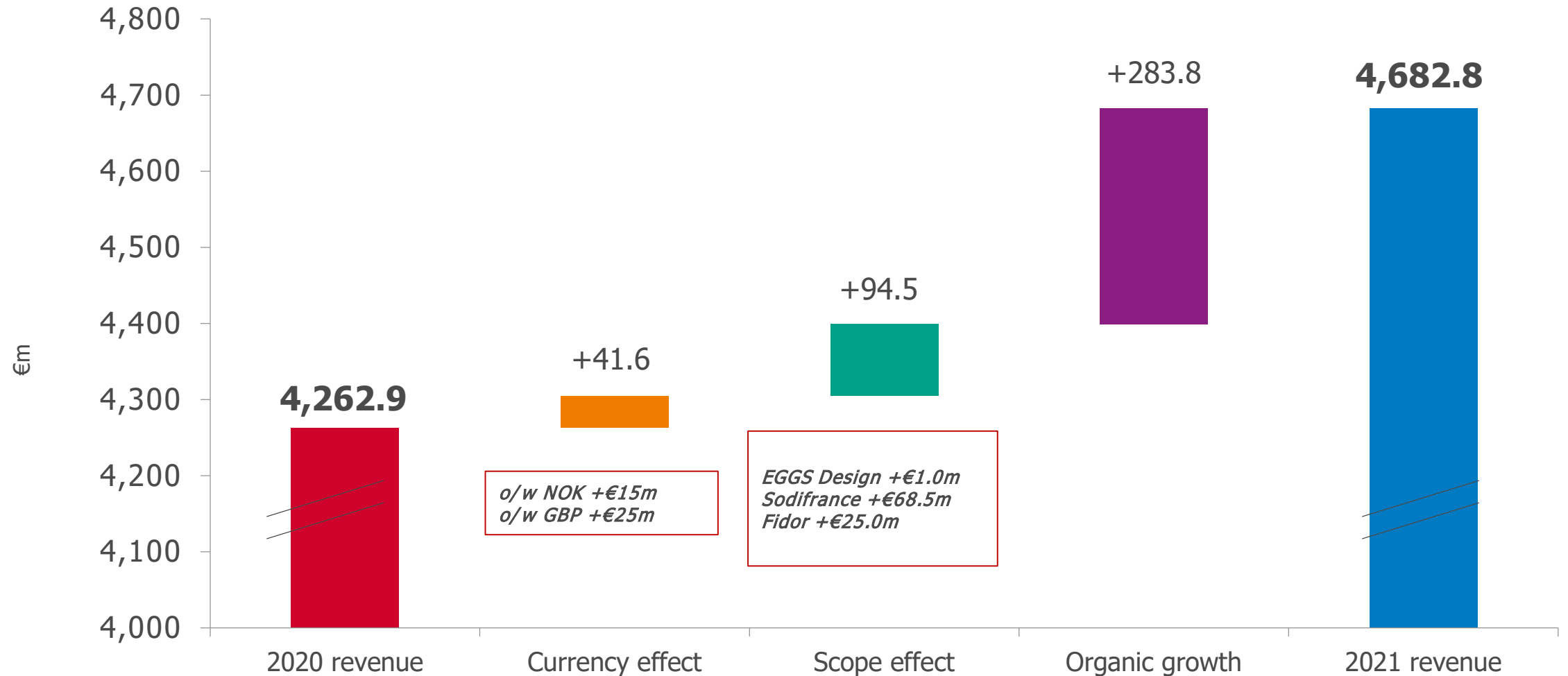
# Changes in exchange rates

Financial year 2021

	Changes in exchange rates		
	Average rate 2021	Average rate 2020	Change (%)
<i>For €1 / %</i>			
Pound sterling	0.8596	0.8897	+ 3.5%
Norwegian krone	10.1633	10.7228	+ 5.5%
Swedish krona	10.1465	10.4848	+ 3.3%
Danish krone	7.4370	7.4542	+ 0.2%
Swiss franc	1.0811	1.0705	- 1.0%

# Detailed change in revenue

Growth at constant scope and exchange rates of 6.4% in 2021



# Earnings per share

Financial year 2021

	2021 (€m)	2020 (€m)
Net profit attributable to the Group (€m)	187.7	106.8
Weighted average number of shares in issue excluding treasury shares	20.24	20.25
Basic earnings per share (€)	9.27	5.27
Basic recurring earnings per share (€)	10.45	7.42
Theoretical weighted average number of shares	20.30	20.32
Diluted earnings per share (€)	9.24	5.25
Diluted recurring earnings per share (€)	10.42	7.40

# Breakdown of change in net financial debt

Financial year 2021

	2021 (€m)	2020 (€m)
Operating profit on business activity	379.2	300.2
Depreciation, amortisation and provisions (excluding allocated intangible assets)	173.2	187.4
<b>EBITDA</b>	<b>552.3</b>	<b>487.6</b>
Non-cash items	- 0.9	6.7
Tax paid	-77.3	-82.9
Change in current operating working capital requirement	23.2	72.5
Reorganisation and restructuring costs	-36.6	-82.2
<b>Net cash flow from operating activities</b>	<b>460.7</b>	<b>401.7</b>
Change relating to investing activities	-54.4	-53.2
Lease payments	-105.8	-109.4
Net interest	-6.3	-10.0
Additional contributions related to defined-benefit pension plans	-29.8	-25.5
<b>Free cash flow</b>	<b>264.4</b>	<b>203.5</b>
Impact of changes in scope	-102.3	-97.5
Financial investments	-1.5	-2.0
Dividends paid	-46.3	-4.3
Dividends received from equity-accounted companies	2.8	0.0
Purchase and sale of treasury shares	-16.2	-10.9
Impact of changes in foreign exchange rates	-2.3	-0.4
Other variations	0.0	-0.1
<b>Change in net financial debt</b>	<b>98.5</b>	<b>88.3</b>
<b>Net financial debt at beginning of period</b>	<b>425.6</b>	<b>513.9</b>
<b>Net financial debt at end of period</b>	<b>327.1</b>	<b>425.6</b>

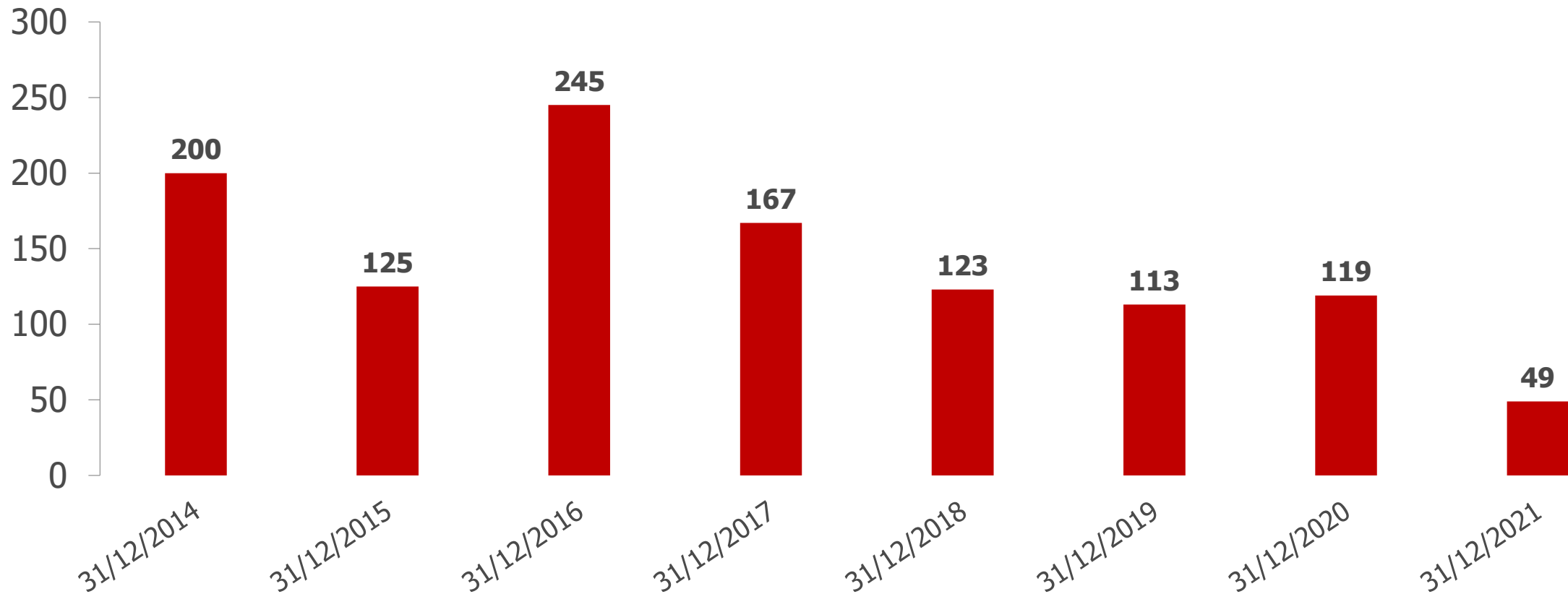
# Simplified balance sheet

Financial year 2021

	31/12/2021 (€m)	31/12/2020 (€m)
Goodwill	1,984.3	1,843.2
Allocated intangible assets	131.8	161.5
Other fixed assets	216.4	241.1
Right-of-use assets	343.1	290.3
Equity-accounted investments	198.1	193.4
<b>Fixed assets</b>	<b>2,873.8</b>	<b>2,729.6</b>
Net deferred tax	99.7	113.4
Trade accounts receivable (net)	1,020.1	954.6
Other assets and liabilities	-1,221.5	-1,112.8
<b>Working capital requirement (WCR)</b>	<b>-201.5</b>	<b>-158.2</b>
<b>Assets + WCR</b>	<b>2,772.0</b>	<b>2,684.8</b>
Equity	1,695.5	1,445.4
Provisions for post-employment benefits	278.1	380.1
Provisions for contingencies and losses	106.5	116.0
Lease liabilities	364.8	317.5
Net financial debt	327.1	425.6
<b>Capital invested</b>	<b>2,772.0</b>	<b>2,684.8</b>

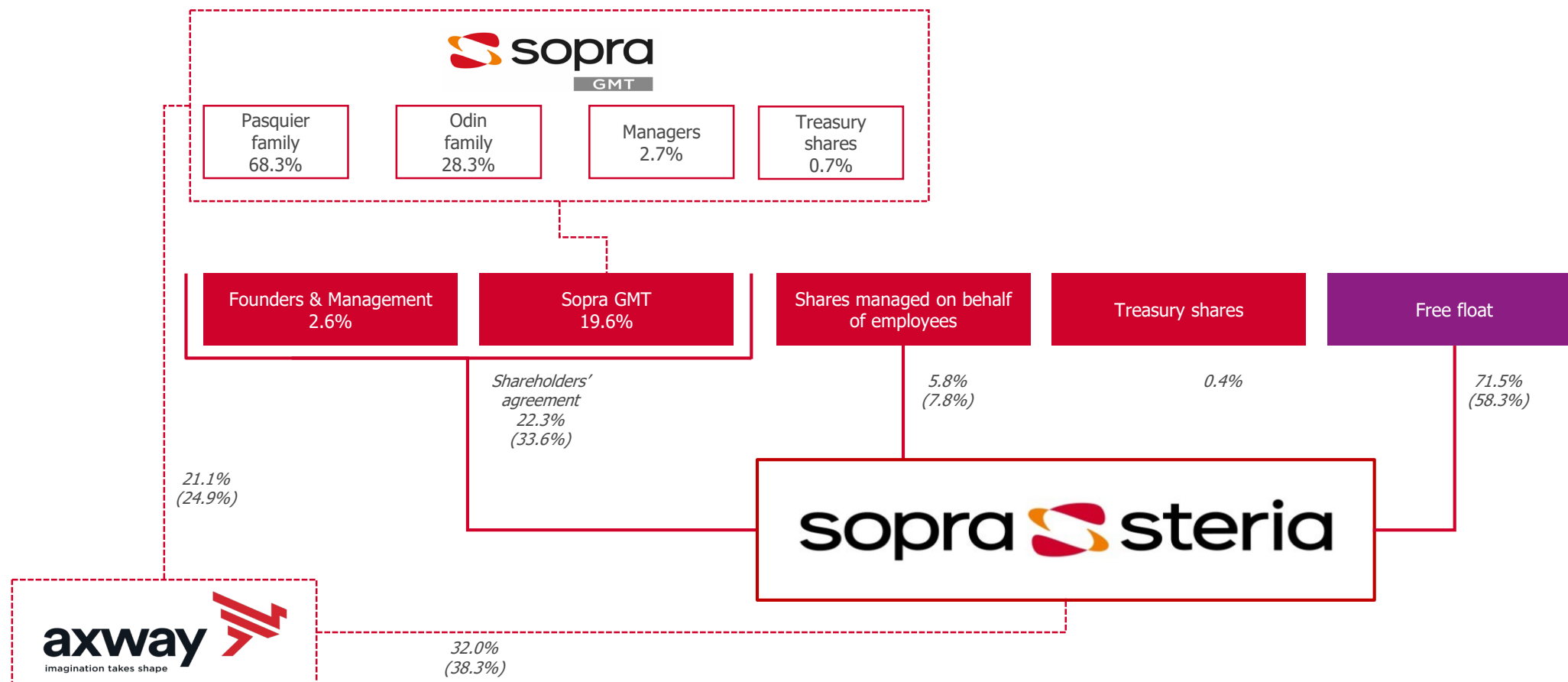
# UK pension fund deficit net of tax

In €m



# A core shareholder backing the corporate plan

Ownership structure at 31 December 2021



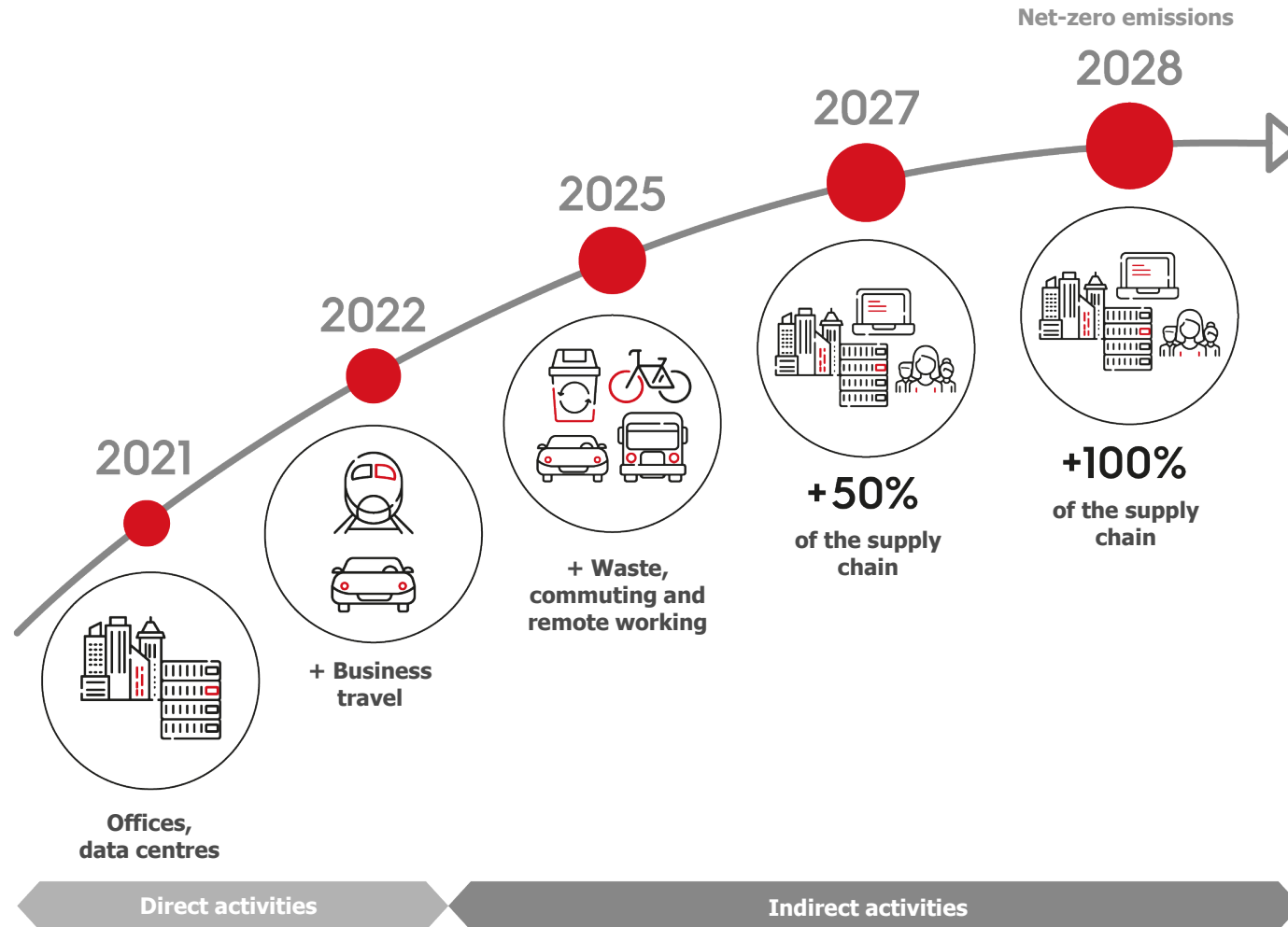
XX.X% = Percentage of share capital held  
(XX.X%) = Percentage of voting rights held

20,547,701 listed shares  
26,511,279 theoretical voting rights



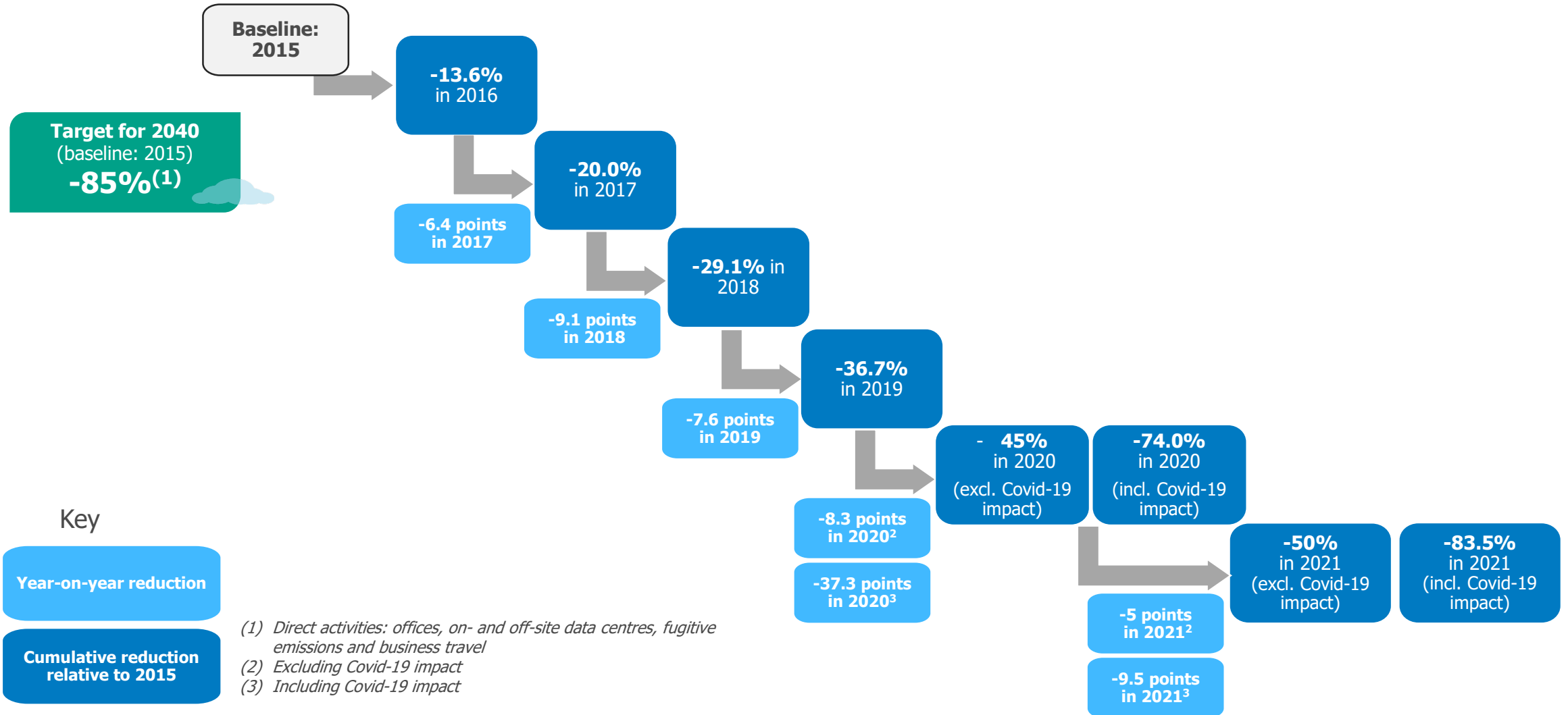
# Commitment to net-zero emissions by 2028

Our trajectory toward achieving net-zero emissions by 2028



# Plan to reduce CO<sub>2</sub> emissions from direct activities (1)

Aligning with the 1.5°C trajectory approved by SBTi (measured per employee)



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