

PRESENTATION OF FIRST-HALF 2019 RESULTS

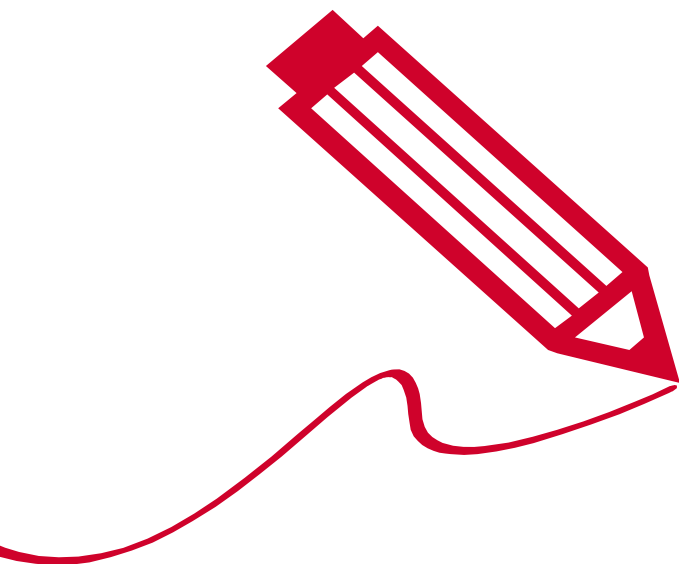
Paris, 26 July 2019

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 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 inquire as to any applicable restrictions and should comply with those restrictions.



AGENDA



- 1** Key events for the first half of 2019
- 2** Operating position at 30 June 2019
- 3** Financial results for the first half of 2019
- 4** Priorities and objectives
- 5** Questions & answers
- 6** Annexes





KEY EVENTS FOR THE FIRST HALF OF 2019



Vincent Paris – Chief Executive Officer



KEY EVENTS

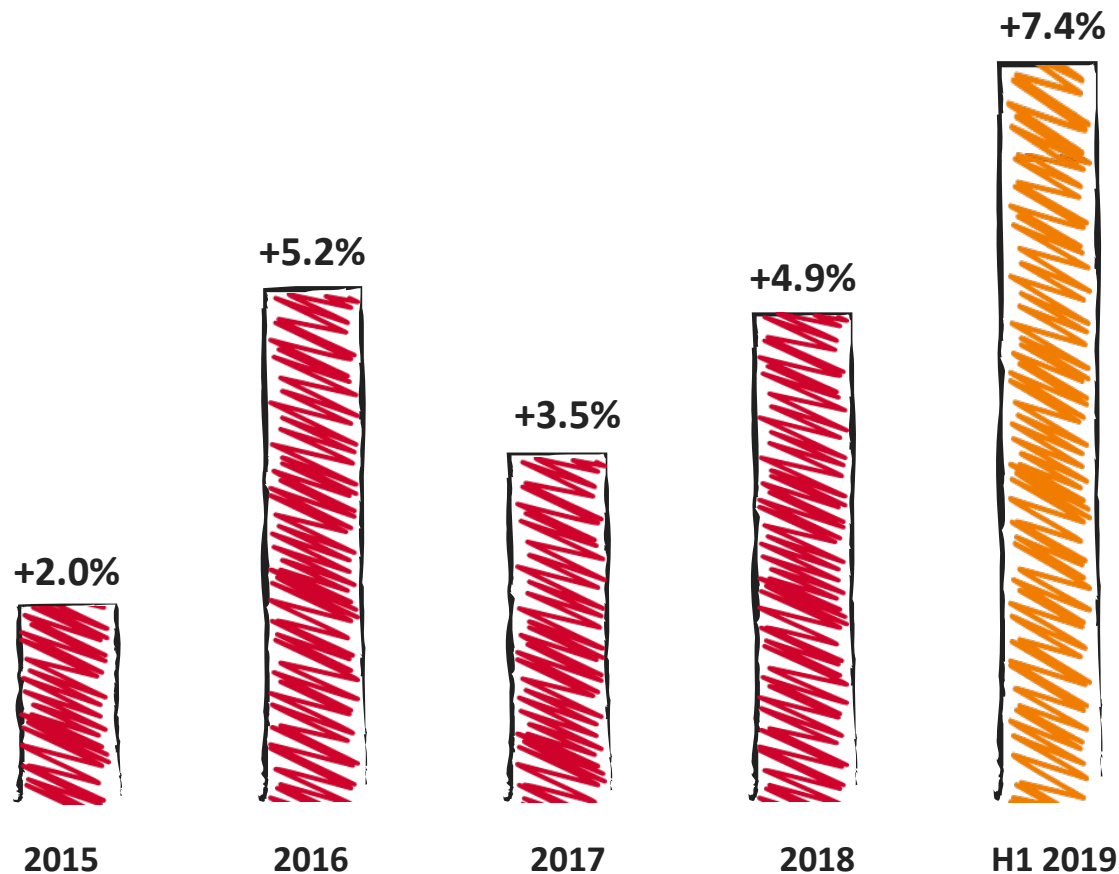
FIRST HALF 2019

- Robust growth in business activity
- Operating performance in line with full-year targets
- Continuing implementation of the value-enhancement strategy
- Confirmation of the Sopra Banking Software project



STRONG GROWTH IN A MARKET DRIVEN BY DIGITAL

ORGANIC REVENUE GROWTH* OF 7.4% IN THE FIRST HALF



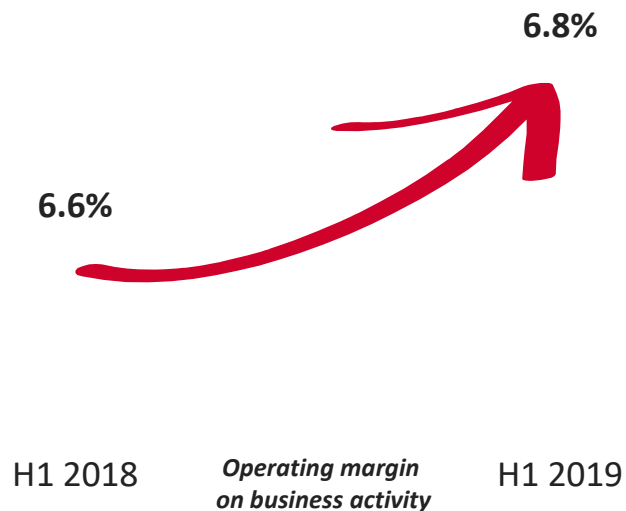
** Alternative performance measures are defined at the end of this presentation*



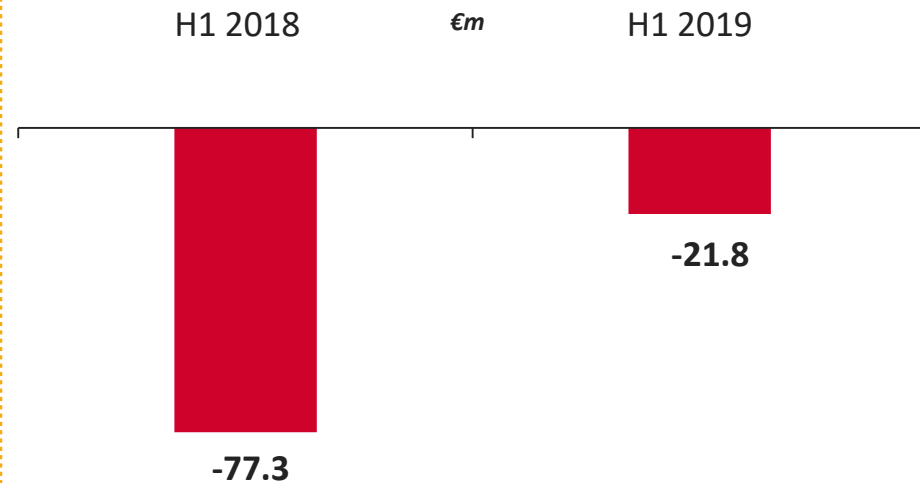
PERFORMANCE IN LINE WITH FULL-YEAR TARGETS

OPERATING MARGIN AND FREE CASH FLOW

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



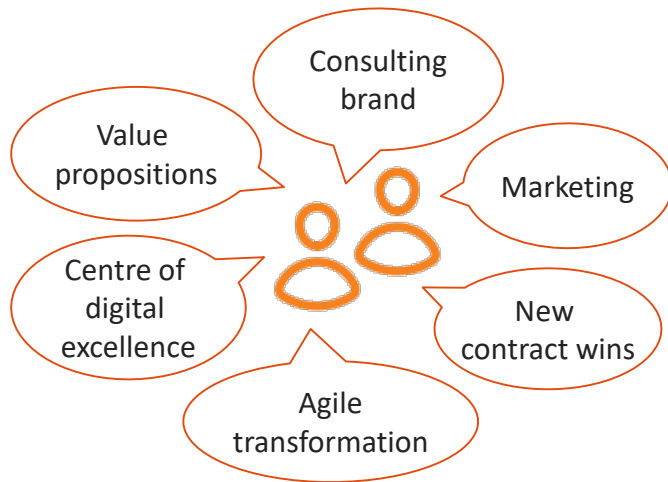
Improvement in free cash flow
in the first half of 2019



VALUE-ENHANCEMENT STRATEGY

PROGRESS OF THE INVESTMENT PROGRAMME

CONSULTING



VERTICALISATION

- Successful reorganisation in France
- Effective since 1 January 2019
- Vertical BUs for domestic clients

Client-
centric

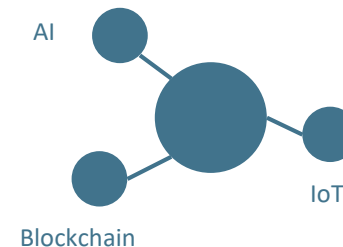


Employee-
centric

PRODUCTION TOOLING

DevOps hybrid cloud platform

- Developed and implemented in H1 2019
- International pilot projects under way
- Full-scale rollout in Q4 2019



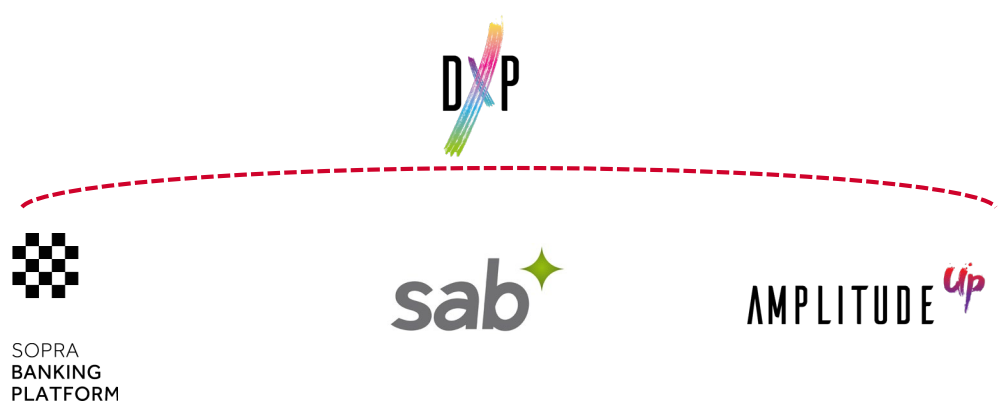
Asset-based platforms

- Priorities: go-to-cloud solutions and modernisation of application portfolios
- Components pending approval before being made available
- General implementation in Q4 2019



CONFIRMATION OF 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 



PROGRESS IN CORE BANKING IN 2019

DEVELOP PLATFORMS AND SYNERGIES VIA INSTALLED BASE

ACQUISITION

- Market-leading position for Sopra Banking Software in France
- Synergies realised through installed base with digital solutions (DxP)
- Business development opportunity in the EMEA market
- Strengthened presence in managed services

PARTNERSHIP

 **Sparda-Bank**

- Construction of a digital platform to serve 7 Sparda Banken
- End-to-end model: solution–implementation–operation
- Installation of the Sopra Banking Platform product
- Possibility to add other banks to the platform



CONFIRMATION OF THE SOPRA BANKING SOFTWARE PROJECT

SPECIALISED LOANS: TARGET MARKET AND ADOPTED APPROACH

Specialised loans

Market

Specialised financial institutions (equipment manufacturers and lenders) around the **world**:

- *Automotive loans*
- *Consumer loans*
- *Corporate loans*
- *Equipment loans*

Approach

A unique worldwide offering

- Credibility strengthened by the Group's scale in a fragmented market
- Exhaustive coverage of the value chain
- Implementation capability



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

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

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

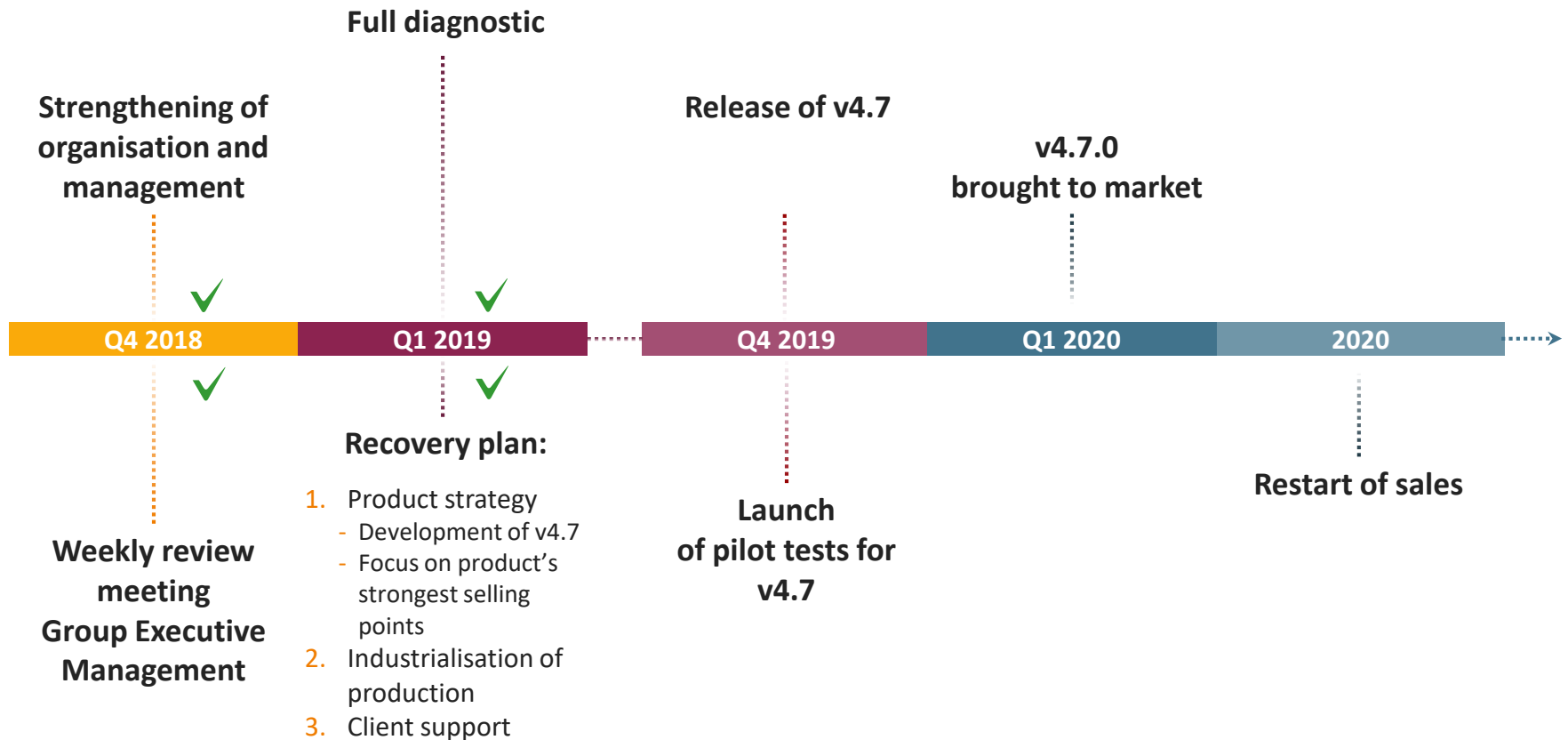
APAK IN LINE WITH EXPECTATIONS

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



PROGRESS IN SPECIALISED LOANS IN 2019 ^(2/2)

A CLEARLY DEFINED PLAN





OPERATING POSITION AT 30 JUNE 2019



Vincent Paris – Chief Executive Officer



KEY FIGURES

FIRST-HALF PERFORMANCE IN LINE WITH FULL-YEAR TARGETS

Revenue

€2,207.1m

*organic growth of 7.4%
and total growth of 9.6%*

Operating profit on business activity

€151.0m

*i.e. 6.8% of revenue,
up 0.2 pt compared with H1 2018*

Net profit attributable to the Group

€60.9m

*up 58.8%
compared with H1 2018 (€38.4m)*

Free cash flow

-€21.8m

*clear improvement
relative to H1 2018 (-€77.3m)*

Net financial debt

€624.3m

*representing 1.6x pro forma EBITDA
vs. 1.8x in H1 2018*

UK pension fund deficit net of tax

€149m

vs. €123m at 31/12/2018



OPERATING PERFORMANCE BY DIVISION

	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



FRANCE

GOOD PERFORMANCE DESPITE INVESTMENT PROGRAMME

	H1 2019		H1 2018	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
France				
Revenue	914.9		849.1	
Organic growth (%)	+ 7.7%			
Operating profit on business activity	85.2	9.3%	76.0	9.0%
Profit from recurring operations	81.7	8.9%	60.5	7.1%
Operating profit	76.1	8.3%	56.1	6.6%

- Robust business growth driven by consulting, IT infrastructure transformation and cybersecurity
- Strongest vertical markets: defence, aerospace, insurance, social and energy
- Solid operating margin against backdrop of increasing investments
- Investments in digital and the Group's value-enhancement strategy aimed at laying the groundwork for operating margins >10% in the medium term



UNITED KINGDOM

SITUATION BUOYED BY PERFORMANCE OF THE TWO JOINT VENTURES

	H1 2019		H1 2018	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
United Kingdom				
Revenue	429.6		382.8	
Organic growth (%)	+ 11.4%			
Operating profit on business activity	26.4	6.1%	17.1	4.5%
Profit from recurring operations	20.4	4.7%	10.5	2.7%
Operating profit	19.8	4.6%	2.2	0.6%

- Strong growth and profitability at a normalised level for the joint ventures in the public sector
- Wait-and-see attitude among other public sector clients
- Reinforcement underway and to be continued over several upcoming periods in the private sector
- Management focus on transformation
 - Disposal of non-core and low-margin recruitment business (€129m in revenue and €3m in operating profit on business activity in 2018)



OTHER EUROPE

CONTINUED STRENGTHENING OF FUNDAMENTALS

	H1 2019		H1 2018	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Other Europe				
Revenue	534.9		475.5	
Organic growth (%)	+ 7.3%			
Operating profit on business activity	34.5	6.5%	32.9	6.9%
Profit from recurring operations	32.7	6.1%	28.9	6.1%
Operating profit	28.6	5.4%	25.1	5.3%

- Robust growth in most countries
- Revenue stability in Germany: strong growth across all vertical markets, but downward trend in spending by some banking clients from the start of 2019
- Continuing improvement of fundamentals in lower-margin countries



SOPRA BANKING SOFTWARE

MANY SUCCESSFUL GO-LIVES IN THE FIRST HALF

	H1 2019		H1 2018	
Sopra Banking Software	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	204.0		187.4	
<i>Organic growth (%)</i>	+ 0.9%			
Operating profit on business activity	- 9.5	-4.7%	- 8.4	-4.5%
Profit from recurring operations	- 15.6	-7.6%	- 14.6	-7.8%
Operating profit	- 21.2	-10.4%	- 16.2	-8.6%

- 108 go-lives for the DxP, Platform, Amplitude and Cassiopae products
- 2019, a transitional year
- Gradual improvement in profitability from 2020



OTHER SOLUTIONS

SOLID OPERATING PERFORMANCE

Other Solutions	H1 2019		H1 2018	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	123.6		119.2	
Organic growth (%)	+ 3.7%			
Operating profit on business activity	14.5	11.7%	15.1	12.7%
Profit from recurring operations	13.9	11.2%	13.9	11.7%
Operating profit	11.9	9.6%	12.8	10.8%

- Organic growth
 - Human resources solutions up 2.3%
 - Real estate management solutions up 6.7%
- High basis of comparison in H1 2018 (preparations for the introduction of income tax withholding in France)





FINANCIAL RESULTS FOR THE FIRST HALF OF 2019



Étienne du Vignaux – Chief Financial Officer



INCOME STATEMENT

FIRST HALF 2019

	H1 2019 (€m)	H1 2019 (% of Rev.)	H1 2018 (€m)	H1 2018 (% of Rev.)
Revenue	2,207.1		2,014.0	
Organic growth	7.4%			
Operating profit on business activity	151.0	6.8%	132.8	6.6%
Share-based payment expenses	- 4.3		- 22.1	
Amortisation of allocated intangible assets	- 13.6		- 11.6	
Profit from recurring operations	133.1	6.0%	99.2	4.9%
Other operating income and expenses	- 17.8		- 19.1	
Operating profit	115.3	5.2%	80.0	4.0%
Cost of net financial debt	- 4.4		- 3.7	
Other financial income and expenses	- 7.7		- 3.2	
Tax expense	- 34.4		- 34.9	
Share of net profit from equity-accounted companies	- 2.0		1.3	
Net profit	66.8		39.5	
of which attributable to Group	60.9	2.8%	38.4	1.9%
of which minority interests	5.9		1.1	



OTHER OPERATING INCOME AND EXPENSES

FIRST HALF 2019

	H1 2019 (€m)	H1 2018 (€m)
Costs related to business combination	- 2.3	- 0.4
Restructuring and reorganisation costs	- 14.3	- 18.0
Other	- 1.2	- 0.7
Other operating income and expenses	- 17.8	- 19.1



TAX

FIRST HALF 2019

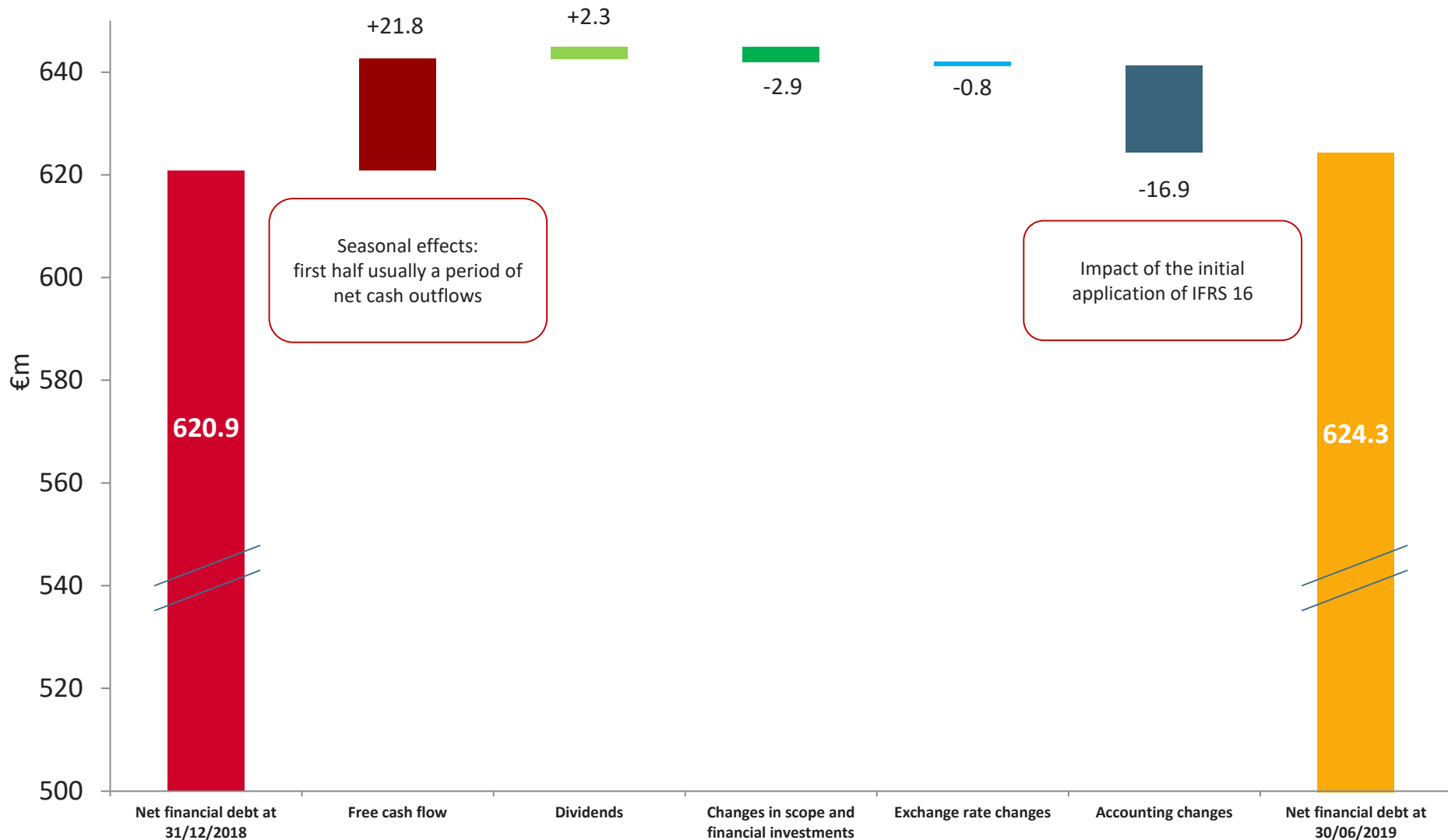
	H1 2019 (€m)	H1 2018 (€m)
Profit before tax and share from equity-accounted companies	103.2	73.2
Effective tax charge	- 34.4	- 34.9
Effective tax rate (%)	33.4%	47.8%

- Effective annual tax rate for 2019 estimated at about 35%



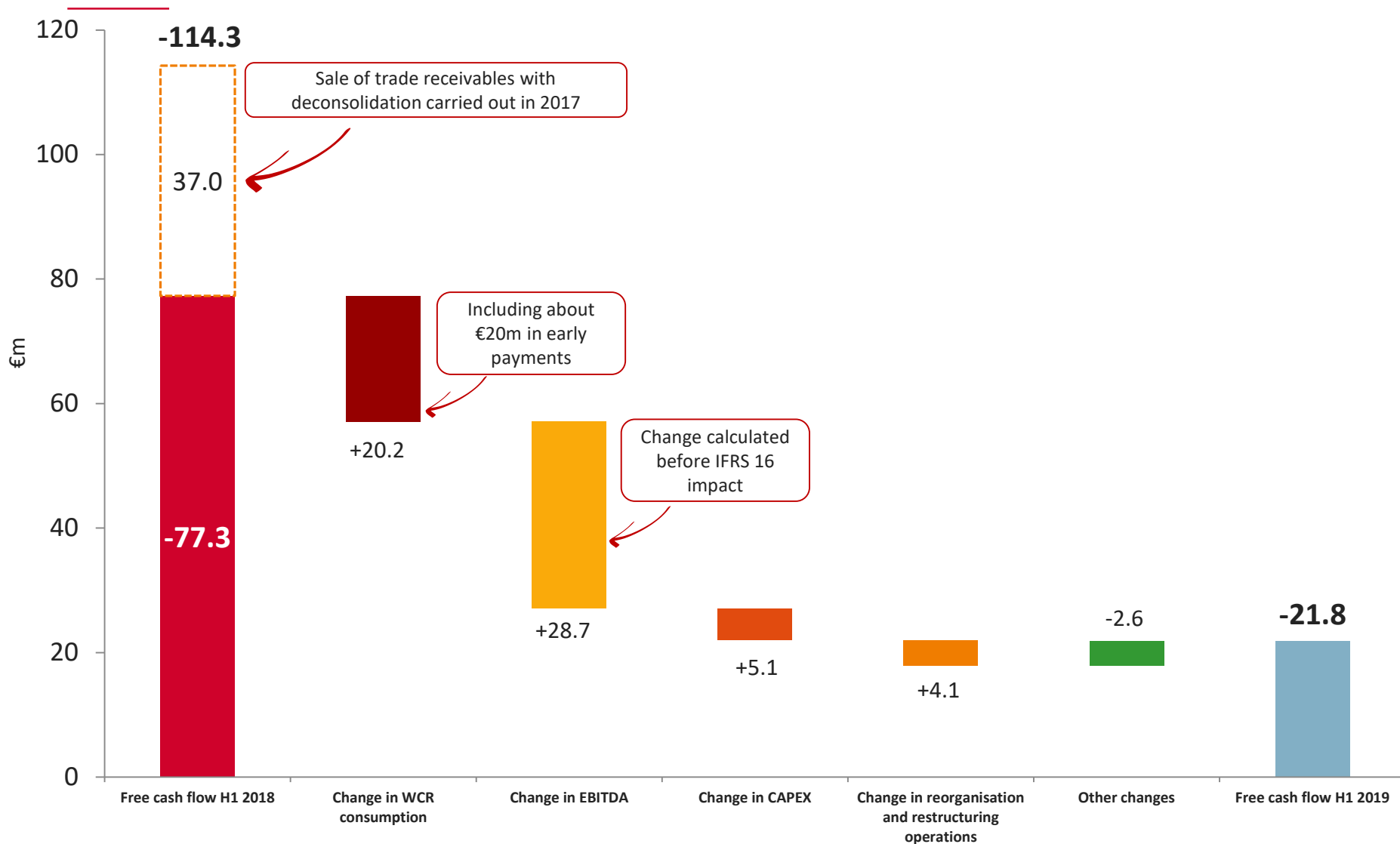
STABILITY OF NET FINANCIAL DEBT IN H1 2019

FREE CASH FLOW GENERALLY NEGATIVE IN THE FIRST HALF



DETAIL OF MOVEMENT IN FREE CASH FLOW

IMPROVED EBITDA AND STABLE WORKING CAPITAL CONSUMPTION



SOUND FINANCIAL POSITION AT 30 JUNE 2019 (1/2)

DIVERSIFIED FUNDING SOURCES AND COMFORTABLE LIQUIDITY

Equity
€1,292.7m

Net financial debt
€624.3m

Available undrawn amount:
€1.1bn
i.e. 56% of authorised amount

Maturities
• **Bond: 7/2019**
-> Refinancing completed on 5/7/19
• **Bank borrowing facilities: 2023**

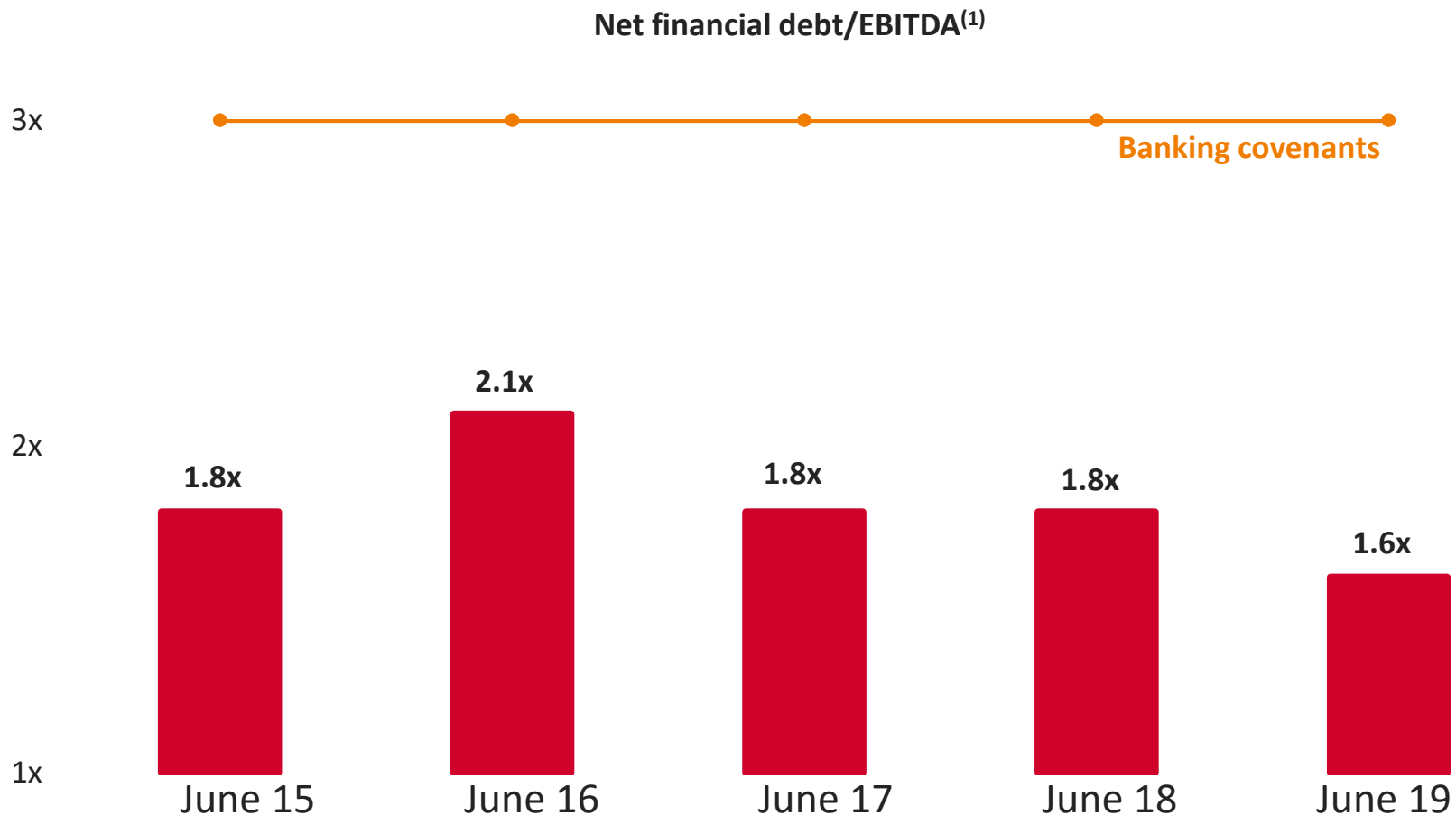
	30/06/2019 Amount used (€m)	30/06/2019 Amount authorised (€m)
Bond	180.0	180.0
Syndicated loan – Tranche A €	128.0	128.0
Syndicated loan – Tranche B £	57.1	57.1
Multi-currency revolving credit facility	-	900.0
Bank loans due in more than 1 year	60.0	60.0
NEU MTN due in more than 1 year	34.0	34.0
Overdrafts and Other	75.1	284.7
Total	534.2	1,643.8
Commercial paper	261.0	
IFRS 3 impact – Bond	65.0	
Gross debt	860.2	
Cash and cash equivalents	235.8	
Net financial debt	624.3	

(1) Assuming a constant amount of NEU CP and MTN commercial paper (€360m at 30 June 2019) and overdrafts



SOUND FINANCIAL POSITION AT 30 JUNE 2019 (2/2)

NET FINANCIAL DEBT LOWER THAN 2X EBITDA



(1) Pro forma EBITDA on a 12-month rolling basis



CHANGES IN SCOPE

CONSOLIDATIONS AND DIVESTMENTS IN H2 2019

- Recruitment business in the United Kingdom: divested at 28 June 2019
- SAB: fully consolidated within Sopra Banking Software since 1 July 2019
- Captive Sparda Banken: to be fully consolidated within Other Europe in the course of Q3 2019





PRIORITIES AND OBJECTIVES



Vincent Paris – Chief Executive Officer



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 equal to or greater than 6%

Previously announced as “between 4% and 6%”

Slight improvement in operating margin on business activity

Free cash flow > €150m



MEDIUM-TERM OBJECTIVES

REV

- Organic growth of between 4% and 6% per year
- Acquisition strategy

OP

- Operating margin on business activity of around 10%

FCF

- 5% to 7% of revenue





QUESTIONS & ANSWERS





ANNEXES



SPARDA BANKEN: A KEY STRATEGIC PARTNERSHIP

PROJECT WITH REVENUE POTENTIAL > €1.1BN OVER 13 YEARS

Sparda-Bank

Construction of a digital platform to serve the German banking market

Background

- Initial context: information system of 11 banks managed by a non profit organisation
- Decision by 4 of the 11 banks to abandon the existing information system in favour of one supplied by a different service provider
- Need for the 7 remaining banks to reduce the system's operating costs
- Aim is to digitise the system to expand the customer base
- Also designed as a market initiative to attract other banks to the platform

Project

Revenue > €1.1bn over 13 years

- Sopra Steria to acquire 51% control of the captive
 - Some 350 employees and 70 subcontractors
 - Expected 2019 annual revenue of around €150m
- 3-year transformation of the captive into a profit centre
→ targeted operating margin on business activity of about 8%
- Installation of Sopra Banking Platform
- Possibility to add new banks to the platform once the transformation is complete

Strategic implications

- 7 new German clients
- Bolstering of Sopra Banking Platform's competitive position
- Localisation of Sopra Banking Platform in Germany
- End-to-end core banking solution:
Solution–Implementation–Operation



RECOGNISED APPROACH TO CORPORATE RESPONSIBILITY

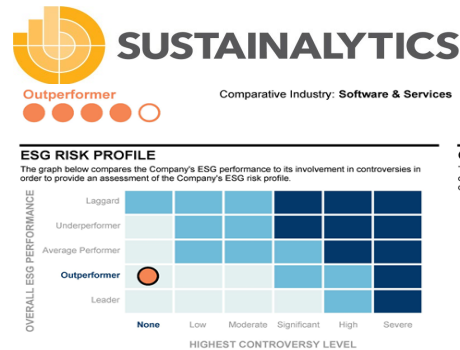
COMMITMENT TO THE GLOBAL COMPACT (ADVANCED LEVEL)



2019 ESG ratings



AA



Outperformer



**Gold medal
(Advanced level)**

for CSR performance
Ranked in the top 1% of companies
assessed

2019 environmental rankings



2019 workforce-related rankings



Sopra Steria: **Ranked sixth among**
companies with more than 5,000
employees earning the highest scores from
their employees for well-being at work



SOPRA STERIA AT 30/06/2019

A EUROPEAN LEADER IN DIGITAL TRANSFORMATION



Among the top 5 European digital services companies

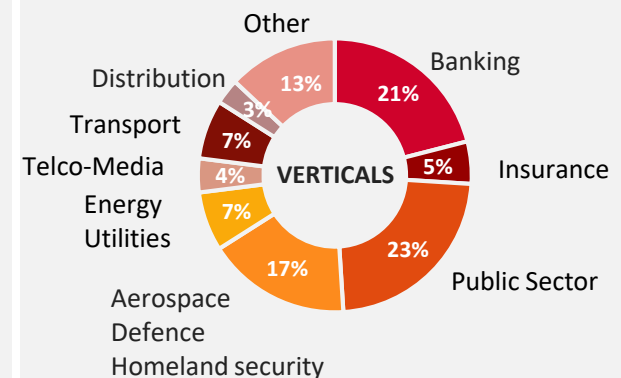
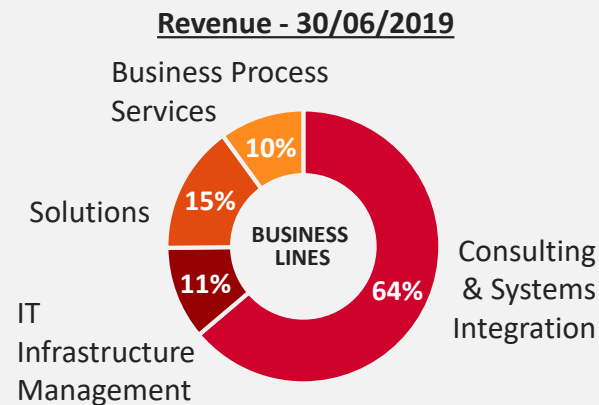
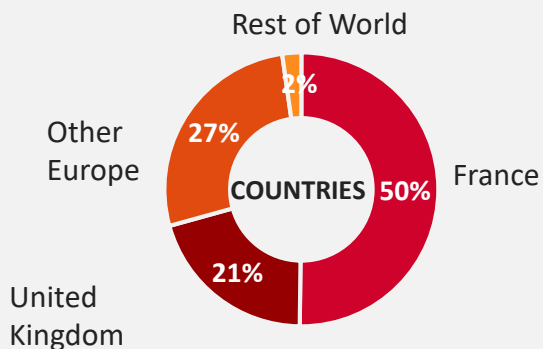
Among the top 10 operating in Europe

2018 revenue of €4.1bn

45,000 employees

Operations in 25 countries

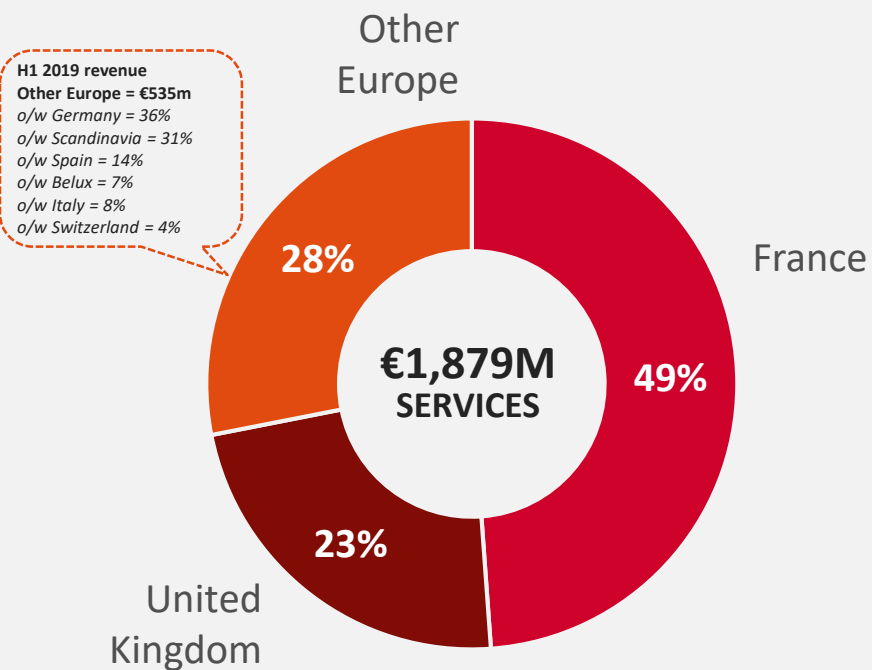
End-to-end approach



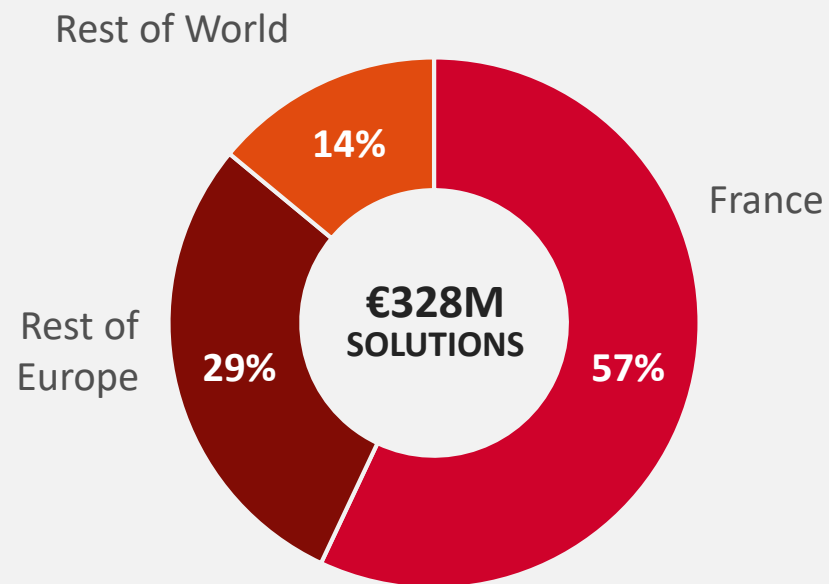
REVENUE BY COUNTRY

FOR THE PERIOD ENDED 30/06/2019

SERVICES REVENUE - 30/06/2019



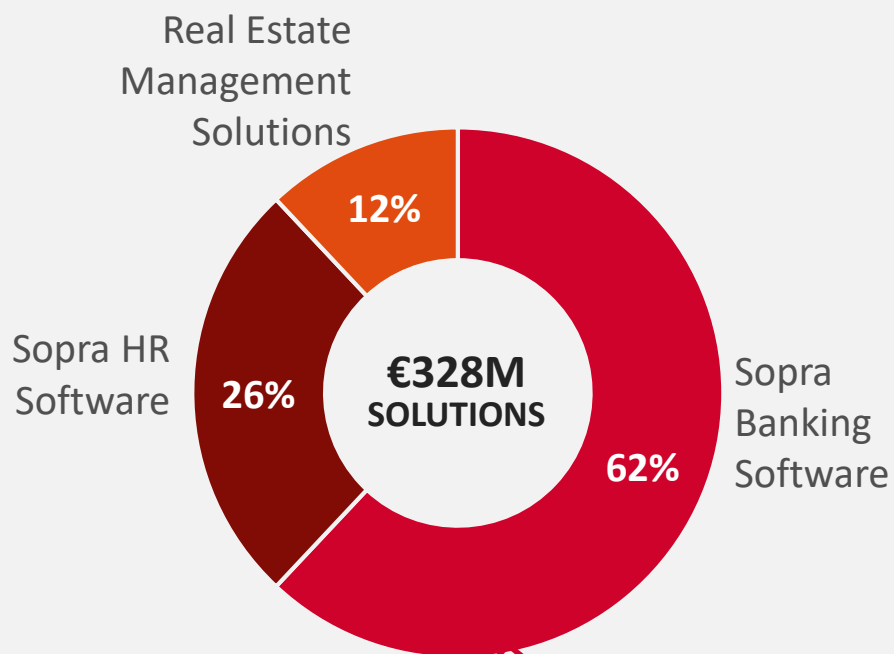
SOLUTIONS REVENUE - 30/06/2019



SOLUTIONS REVENUE

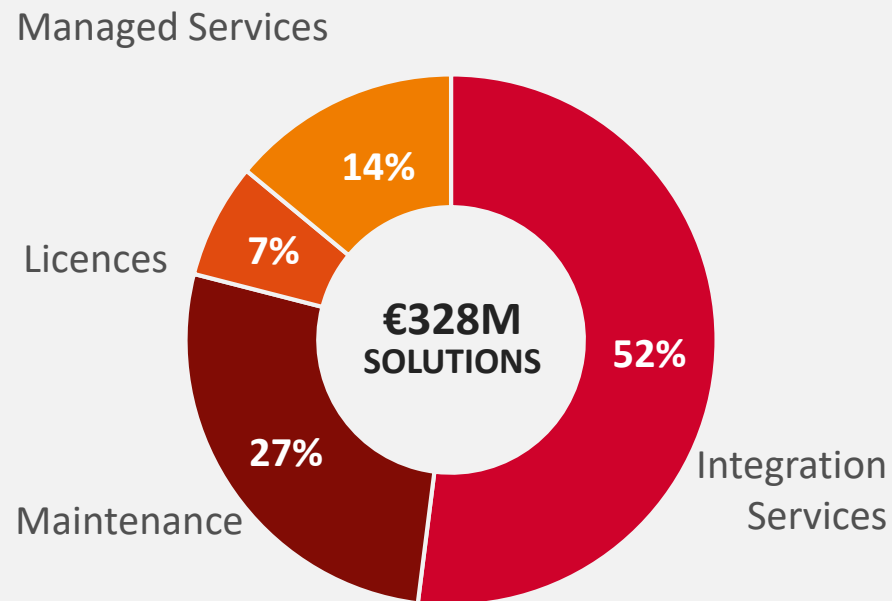
FOR THE PERIOD ENDED 30/06/2019

SOLUTIONS REVENUE BY PRODUCT



Sopra Banking Software H1 2019 revenue =
€204m
o/w France = €77m
o/w outside France = €127m

SOLUTIONS REVENUE BY BUSINESS LINE



CHANGES IN EXCHANGE RATES

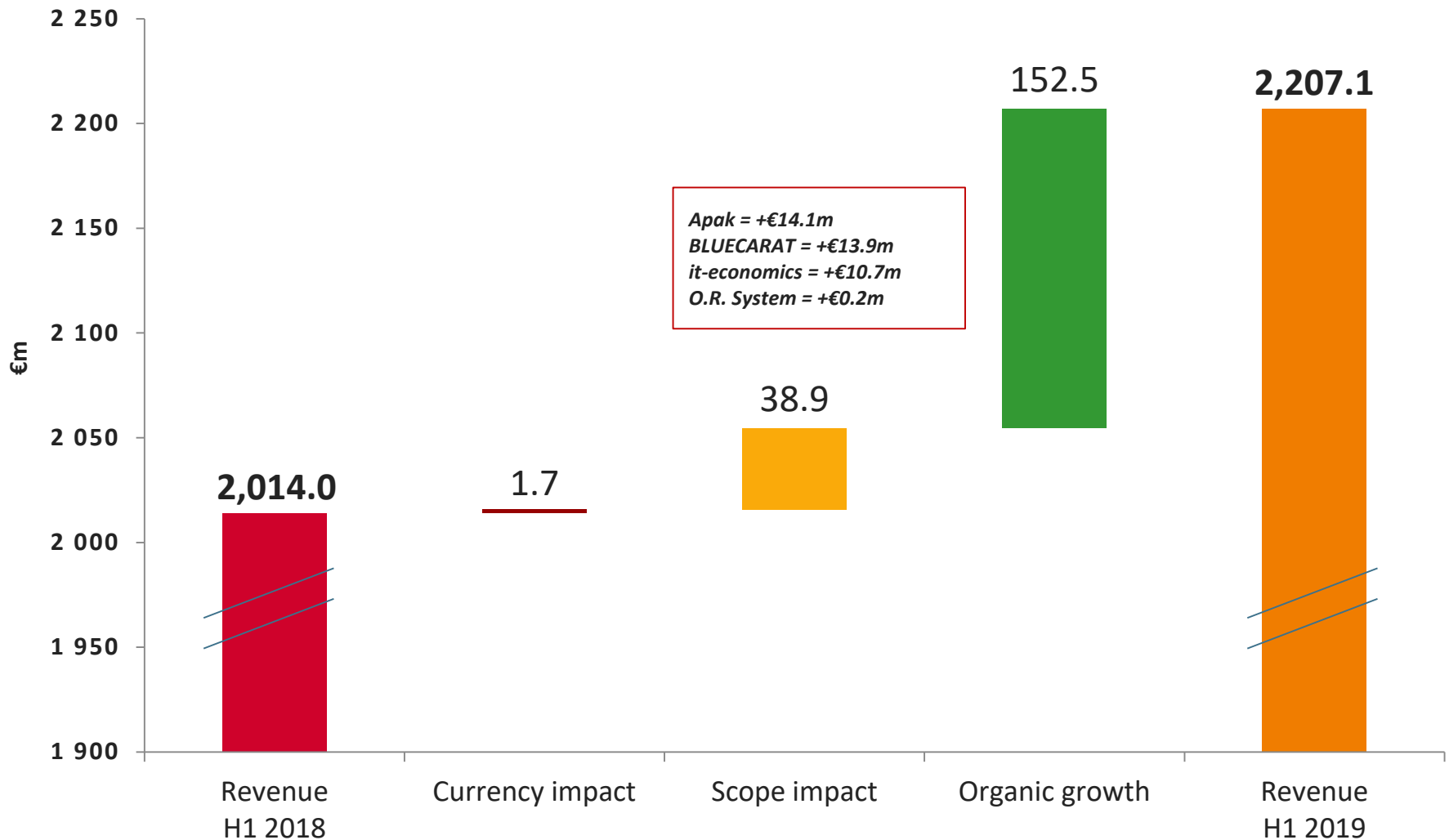
FIRST HALF 2019

<i>For €1 / %</i>	Changes in exchange rates		
	Average rate H1 2019	Average rate H1 2018	Change (%)
Pound sterling	0.8736	0.8798	+ 0.7%
Norwegian krone	9.7304	9.5929	- 1.4%
Swedish krona	10.5181	10.1508	- 3.5%
Danish krone	7.4651	7.4476	- 0.2%
Swiss franc	1.1295	1.1697	+ 3.6%



CHANGE IN REVENUE IN THE FIRST HALF OF 2019

TOTAL GROWTH OF 9.5%



EARNINGS PER SHARE

FIRST HALF 2019

	H1 2019 (€m)	H1 2018 (€m)
Net profit attributable to the Group (€m)	60.9	38.4
Weighted average number of shares in issue excluding treasury shares	20.22	20.16
Basic earnings per share (€)	3.01	1.90
Basic recurring earnings per share (€)	3.61	2.60
Theoretical weighted average number of shares	20.27	20.23
Diluted earnings per share (€)	3.00	1.90
Diluted recurring earnings per share (€)	3.60	2.59



BREAKDOWN OF CHANGE IN NET FINANCIAL DEBT

FIRST HALF 2019

	H1 2019 (€m)	H1 2018 (€m)
Operating profit on business activity	151.0	132.8
Depreciation, amortisation and provisions (excluding allocated intangible assets)	81.5	22.9
EBITDA	232.5	155.7
Non-cash items	- 4.6	- 3.5
Tax paid	- 34.3	- 34.9
Change in operating working capital requirement	- 112.2	- 169.4
Reorganisation and restructuring costs	- 16.7	- 20.7
Net cash flow from operating activities	64.8	- 72.8
Net change related to leases	-46.8	0.0
Change relating to investing activities	- 20.6	- 25.7
Net financial interest	- 7.5	- 4.6
Additional contributions related to defined-benefit pension plans	- 11.7	- 11.2
Free cash flow	- 21.8	- 114.3
Impact of changes in scope	7.3	- 15.7
Financial investments	- 1.1	- 2.3
Dividends paid	- 2.3	0.0
Dividends received from equity-accounted companies	- 0.0	0.0
Capital increases in cash	0.0	0.0
Purchase and sale of treasury shares	- 3.4	- 18.3
Impact of changes in foreign exchange rates	0.8	- 1.6
Impact of the initial application of IFRS 16	16.9	0.0
Change in net financial debt	- 3.4	- 152.3
<i>* Free cash flow after adjusting for trade receivables sold in 2017 for €37m</i>	-	-77.3
Net financial debt at beginning of period	620.9	510.1
Net financial debt at end of period	624.3	662.4



SIMPLIFIED BALANCE SHEET

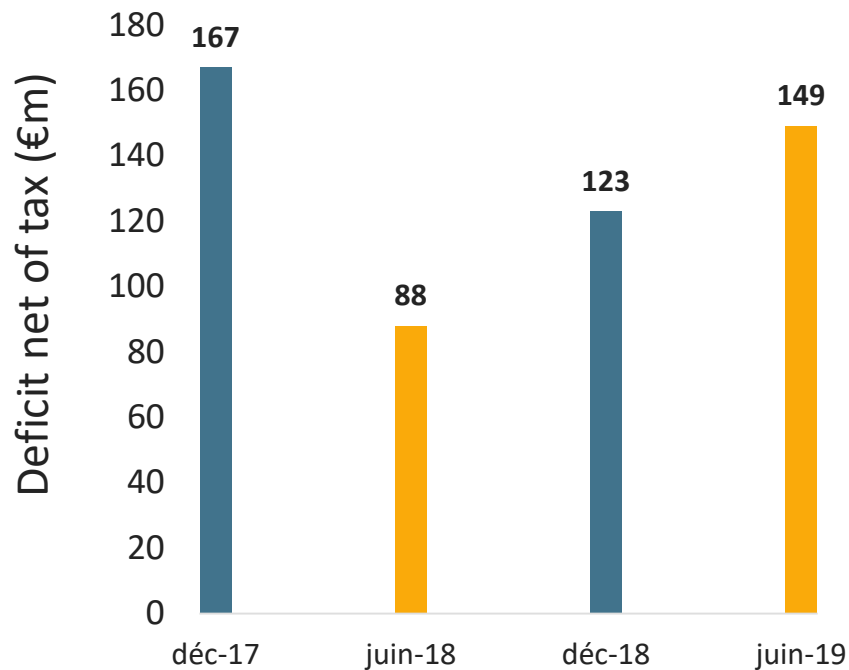
30/06/2019

	30/06/2019 (€m)	31/12/2018 (€m)
Goodwill	1,710.3	1,708.5
Allocated intangible assets	169.2	183.0
Right-of-use assets	284.1	-
Other fixed assets	211.2	234.9
Equity-accounted investments	193.0	195.1
Fixed assets	2,567.8	2,321.5
Net deferred tax	97.8	79.6
Trade accounts receivable (net)	1,161.1	1,091.8
Other assets and liabilities	- 1,162.0	- 1,153.1
Working capital requirement (WCR)	- 0.9	- 61.3
Assets + WCR	2,664.8	2,339.8
Equity	1,292.7	1,329.2
Provisions for post-employment benefits	364.0	308.3
Provisions for contingencies and losses	79.3	81.5
Lease liabilities	304.4	-
Net financial debt	624.4	620.9
Capital invested	2,664.8	2,339.8



UK PENSION FUND DEFICIT NET OF TAX AT 30/06/2019

AROUND €150M ON AVERAGE SINCE 2017



- 60 bp drop in the discount rate since 31 December 2018
- Annual additional cash contribution of £20m unchanged until August 2020



GLOBAL WORKFORCE

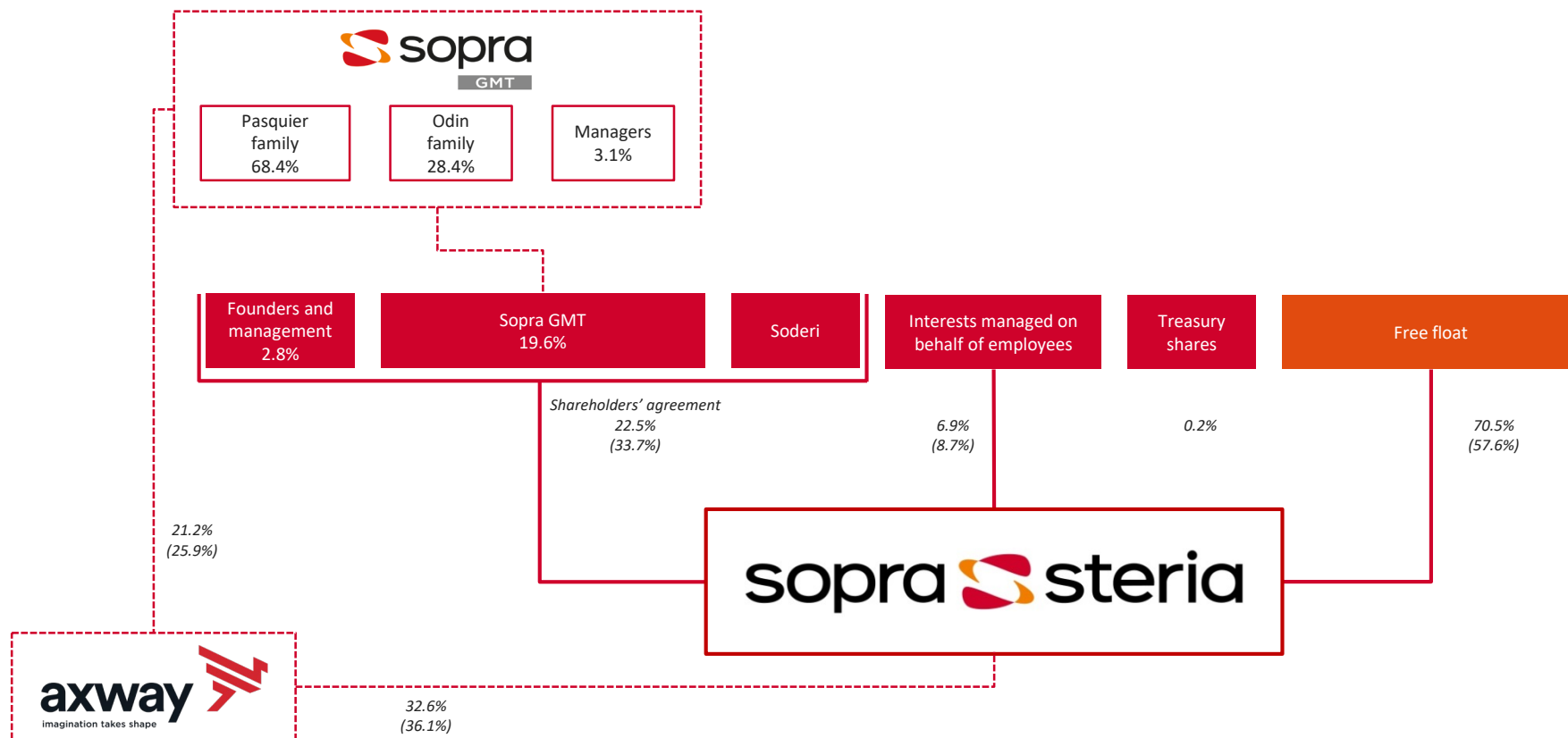
FIRST HALF 2019

	30-06-19	31-12-18
France	19,343	19,013
United Kingdom	6,352	6,407
Other Europe	10,268	10,095
Rest of the World	360	344
X-Shore	8,636	8,255
Total	44,959	44,114



OWNERSHIP AT 30/06/2019

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
26,521,924 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 the change in assets and liabilities relating to leased assets, less net interest paid and less additional contributions to address any deficits in defined-benefit pension plans.

