

# Presentation of H1 2022 results

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PARIS, 28 JULY 2022

The world is how we shape it

sopra  steria

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# Agenda

- 01 Highlights of H1 2022
- 02 Operating position by reporting unit at 30 June 2022
- 03 Financial results for H1 2022
- 04 Priorities and objectives for 2022
- 05 Proposed acquisition of CS GROUP
- 06 Q&A session
- 07 Annexes



# 01

## Highlights of H1 2022



Cyril Malargé  
Chief Executive Officer

# Solid performance in H1 2022

In line with full-year targets

Revenue

€2,543.8m

*7.3% organic growth\**

Operating profit on business activity

€203.1m

*i.e. 8.0% of revenue*

Net profit attributable to the Group

€112.3m

*+32% relative to 30 June 2021*

Free cash flow

€66.3m

*vs €61.9m in H1 2021*

Net financial debt

€344.9m

*equating to 0.75x pro forma EBITDA before IFRS 16*

UK pension funds net of tax

Surplus of €50.1m

*vs deficit of €57m at 30 June 2021*

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

# Highly eventful H1

Demonstration of the Group's transformation

## Major deals



## Listings

### — Market

- Financial services IBSintelligence Global FinTech Perspectives
- Digital services PEAK MATRIX  
AI, Cybersec., Agile & DevOps, IoT, Cloud Infr. Mgt. Services
- ABI<sup>(1)</sup> Award for blockchain-based collateral management solution

### — Partnership with OVHcloud: AI rollout

### — Cloud certifications

- AWS Migration Competency
- Google Cloud Cloud Migration + Infra.
- MS Azure Modernisation of Web Apps + Analytics + Security

### — ESG

- Ecovadis 80/100 (vs 78/100 H1 2021)
- Gender equality standard<sup>(2)</sup>

## Launches



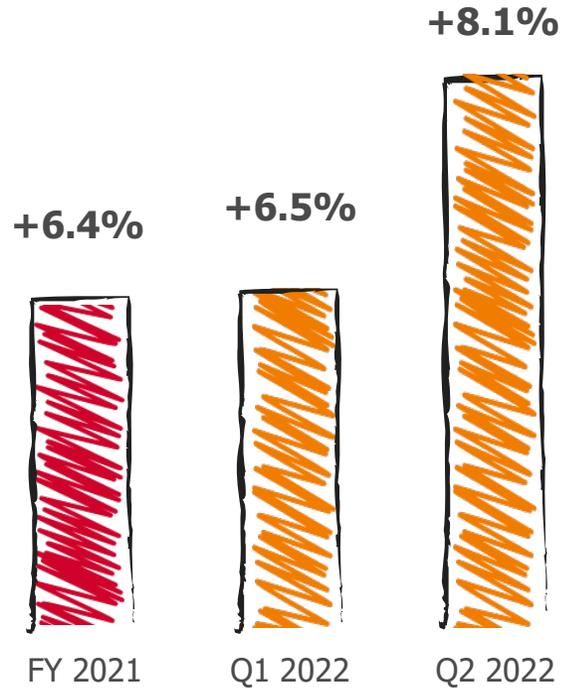
(1) Italian Banking Association

(2) Gender Equality European & International Standard

# Strong, steady market dynamics in Q2

Solid growth fundamentals

## Organic revenue growth (Group)



# Priority placed on human resources

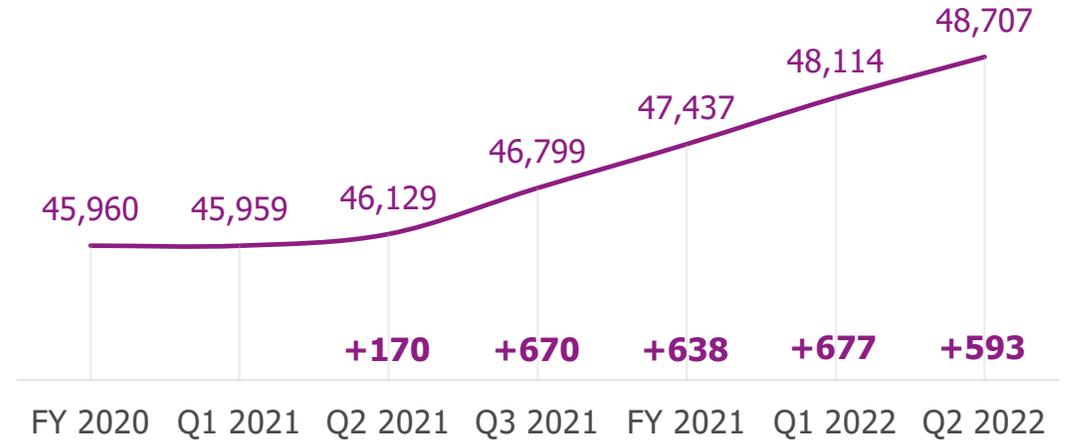
Attracting and retaining talent

**Net change in workforce**  
**+5.6% vs 30/06/2021**

**New hires in H1 2022**  
**6,843 people, 60% of full-year target**

**Attrition rate under control**  
**19%**

## Net workforce



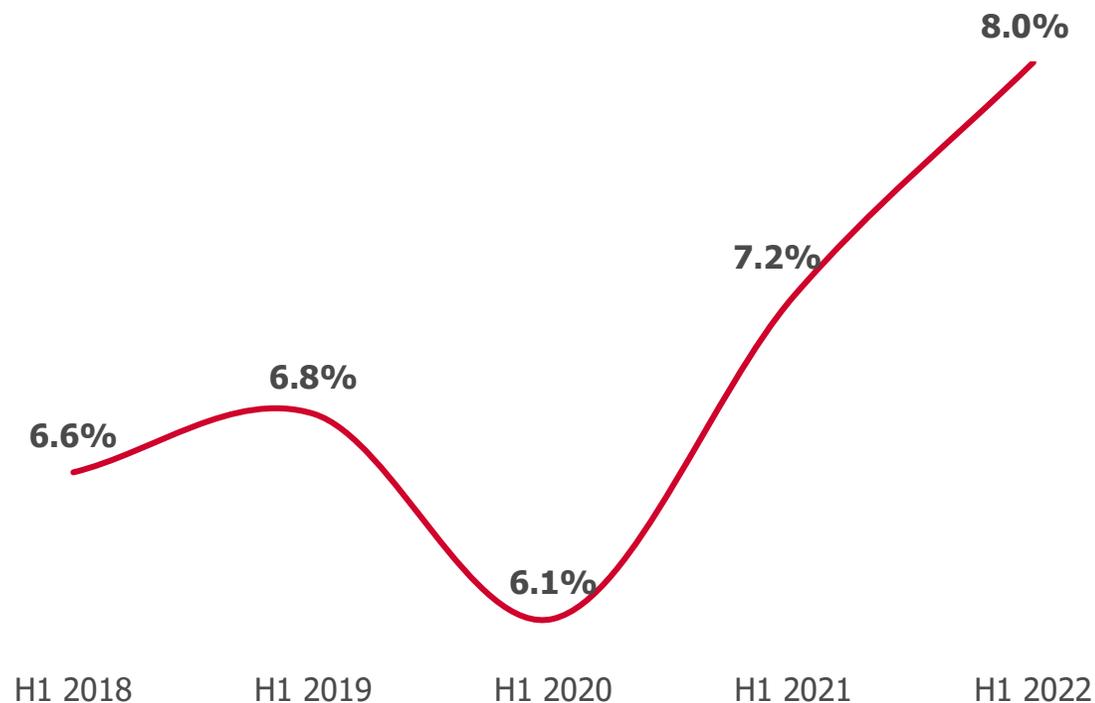
## Attrition rate



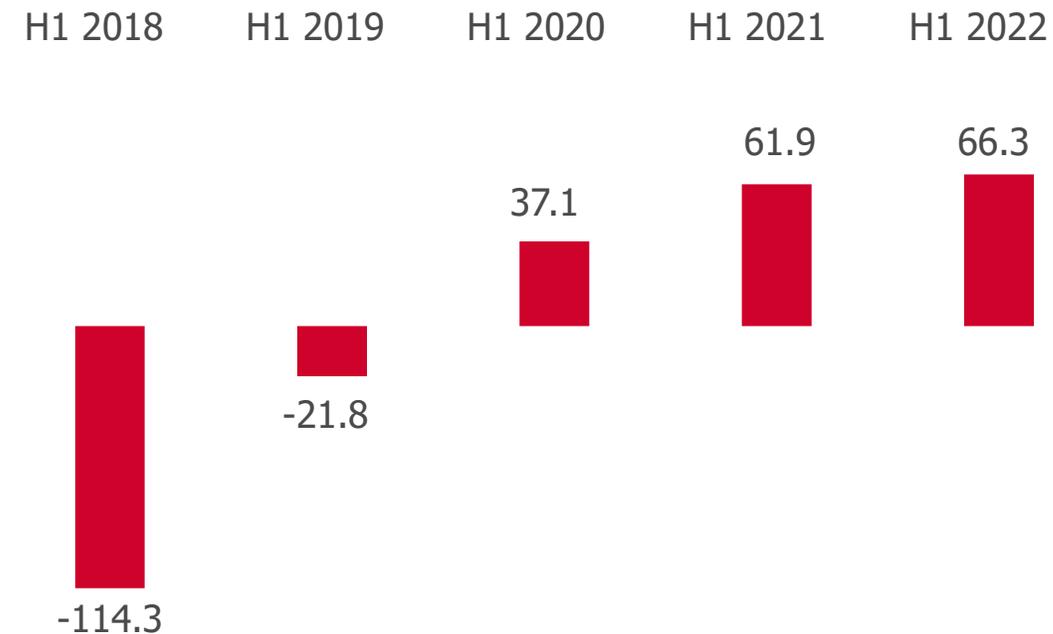
# Improved operating performance

Operating margin up 0.8 pts and free cash flow of €66m

## Operating margin on business activity (%)

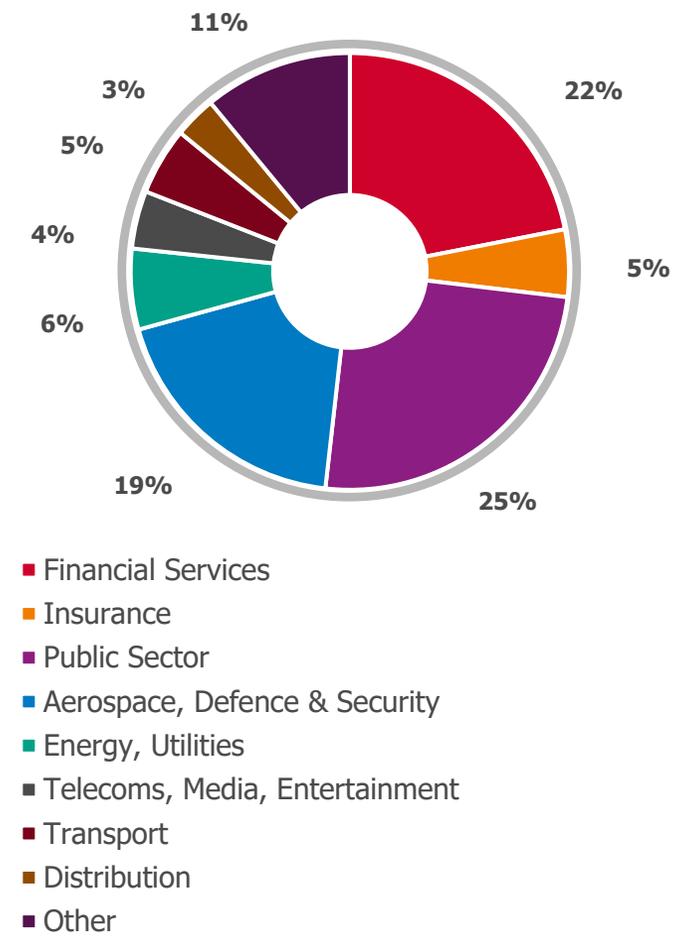
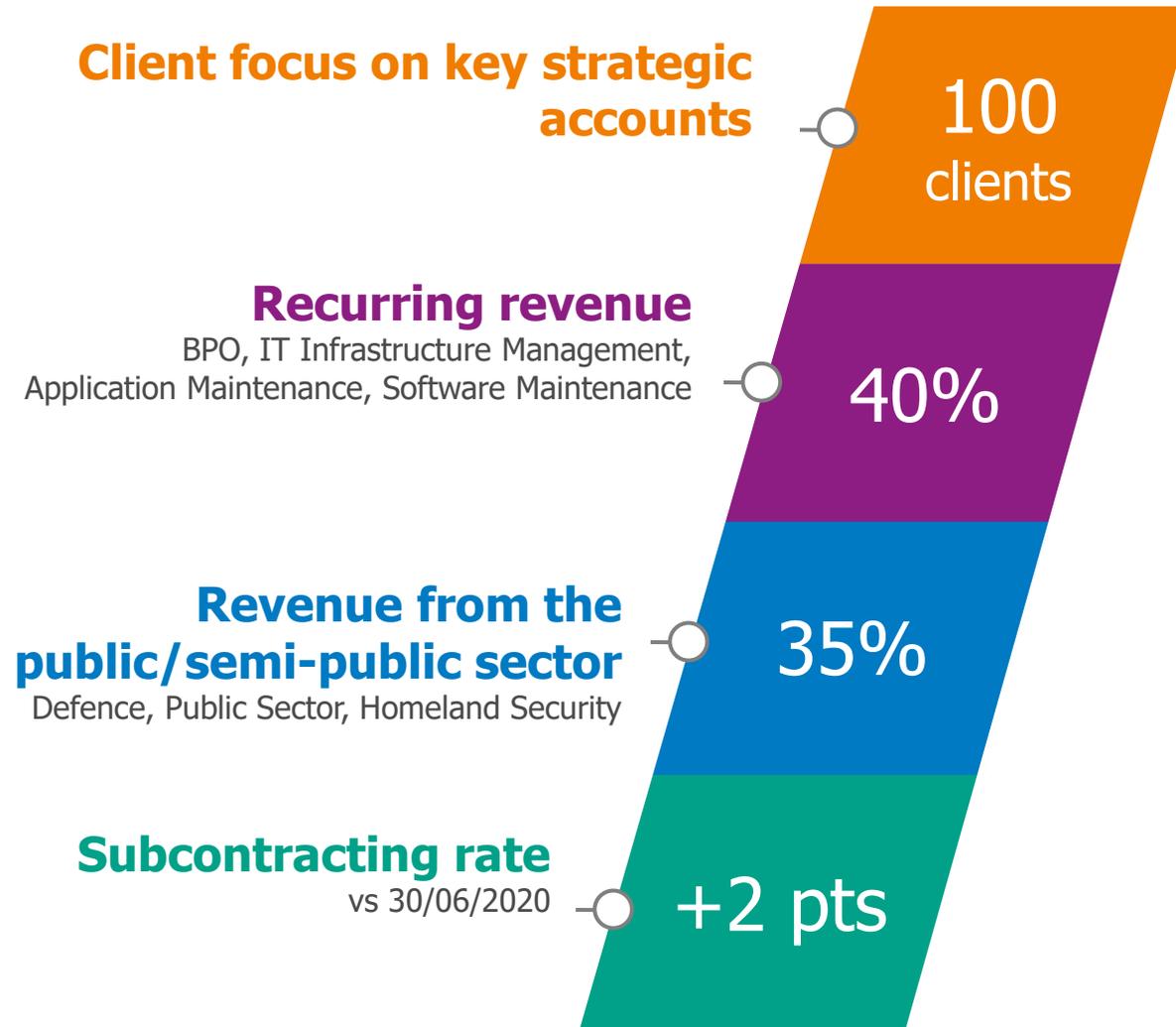


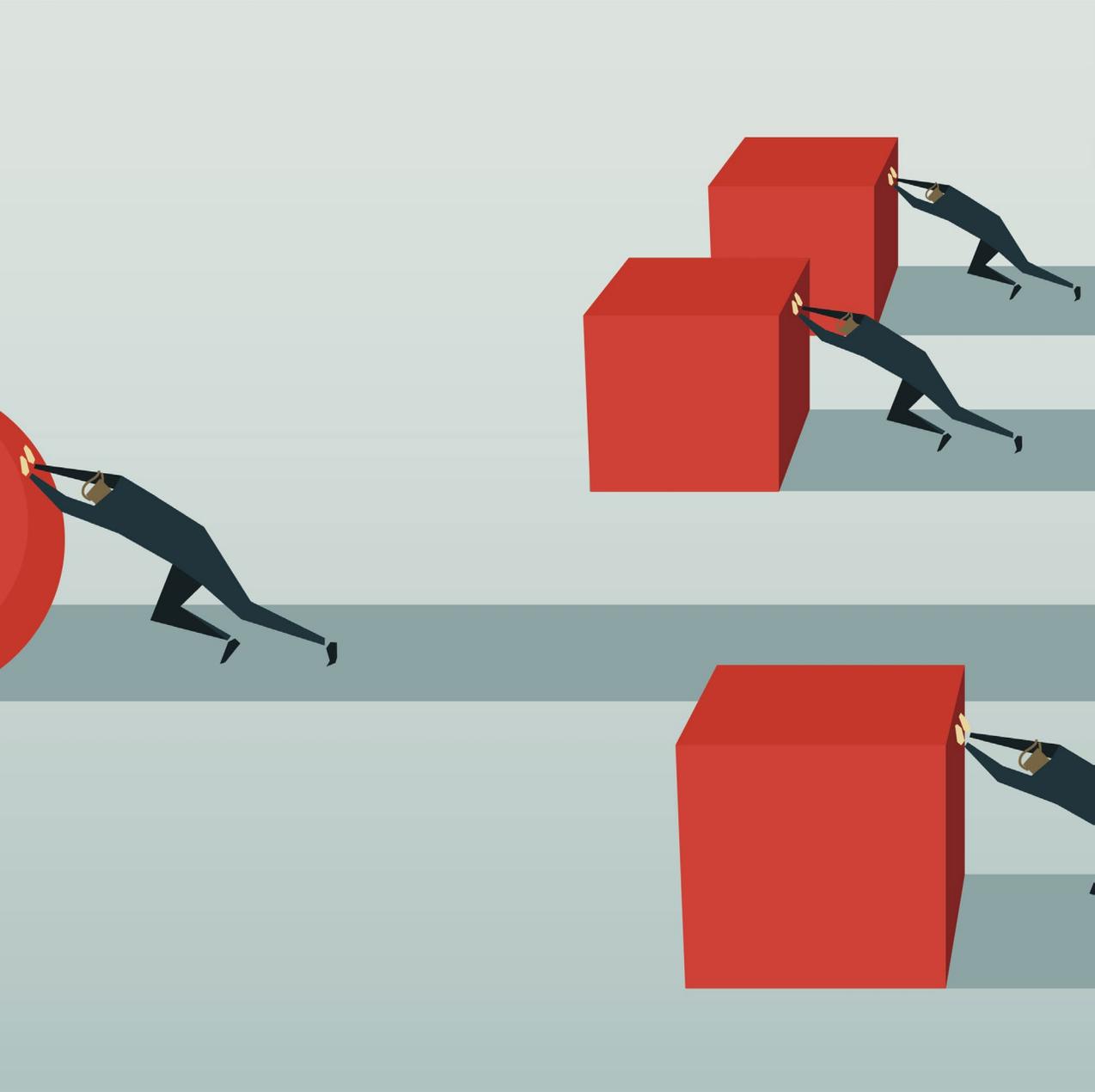
## Free cash flow (€m)



# Resilient profile

Thanks to the nature of the Group's client portfolio and business lines





# 02

## Operating position by reporting unit at 30 June 2022



Cyril Malargé  
Chief Executive Officer

# Operating performance by reporting unit

	Revenue			Operating profit on business activity	
	H1 2022 (€m)	H1 2021 Restated* (€m)	Organic growth (%)	H1 2022 (% of Rev.)	H1 2021 (% of Rev.)
France	1,023.7	932.0	+ 9.8%	9.7%	8.3%
United Kingdom	442.6	421.4	+ 5.0%	10.5%	8.7%
Other Europe	731.3	676.2	+ 8.2%	5.0%	6.4%
Sopra Banking Software	210.9	212.3	- 0.7%	4.1%	2.8%
Other Solutions	135.2	128.9	+ 4.9%	8.8%	6.8%
<b>Total</b>	<b>2,543.8</b>	<b>2,370.8</b>	<b>+ 7.3%</b>	<b>8.0%</b>	<b>7.2%</b>

\* Revenue at 2022 scope and exchange rates

# France

Robust growth in business activity and operating margin back to pre-Covid level

	H1 2022		H1 2021	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
France				
Revenue	1,023.7		914.8	
<i>Organic growth (%)</i>	<i>+9.8%</i>			
Op. profit on business activity	99.6	9.7%	76.2	8.3%
Profit from recurring operations	89.6	8.8%	73.2	8.0%
Operating profit	88.7	8.7%	70.2	7.7%

- **Growth in Q2 (10.1%) slightly higher than in Q1 (9.6%)**
- **Performance driven by:**
  - ⌞ Product Lifecycle Management (+40%), Cybersecurity (+16%) and Consulting (+14%)
  - ⌞ To a lesser extent, Systems Integration and IT Infrastructure Management
  - ⌞ Best-performing vertical markets: Aeronautics, Defence and Transport
- **Operating margin on business activity returns to pre-Covid level (9.3% in H1 2019)**

# United Kingdom

Operating margin on business activity above 10%

	H1 2022		H1 2021	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
United Kingdom				
Revenue	442.6		408.9	
<i>Organic growth (%)</i>	<i>+5.0%</i>			
Op. profit on business activity	46.6	10.5%	35.5	8.7%
Profit from recurring operations	40.4	9.1%	29.8	7.3%
Operating profit	40.6	9.2%	27.8	6.8%

- **Growth accelerated in Q2 (10.1% vs 0.3% in Q1)**
  - ⌊ Stronger-than-expected momentum for the service platform business and the two joint ventures, SSCL and NHS SBS, which posted 9.7% growth in Q2
  - ⌊ Improvement in the private sector, with slight growth in Q2
- **Operating margin on business activity above 10%**

# Other Europe

Growth driven by Scandinavia and Benelux

	H1 2022		H1 2021	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Other Europe				
Revenue	731.3		665.2	
<i>Organic growth (%)</i>	<i>+8.2%</i>			
Op. profit on business activity	36.4	5.0%	42.3	6.4%
Profit from recurring operations	31.5	4.3%	40.1	6.0%
Operating profit	26.8	3.7%	35.3	5.3%

- Double-digit revenue growth in Scandinavia and Benelux
- Operating margin for the half-year period temporarily affected by a contract in Germany
  - Negotiations in progress
  - No major impact related to this contract expected for H2
- **SFT (Sopra Financial Technology) posted €79m in revenue and the same level of operating profit on business activity as in H1 2021**

# Sopra Banking Software

H1 in line with targets

	H1 2022		H1 2021	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Sopra Banking Software				
Revenue	210.9		210.5	
<i>Organic growth (%)</i>	<i>-0.7%</i>			
Op. profit on business activity	8.7	4.1%	5.8	2.8%
Profit from recurring operations	-0.1	-0.1%	-1.2	-0.6%
Operating profit	-4.5	-2.1%	-0.6	-0.3%

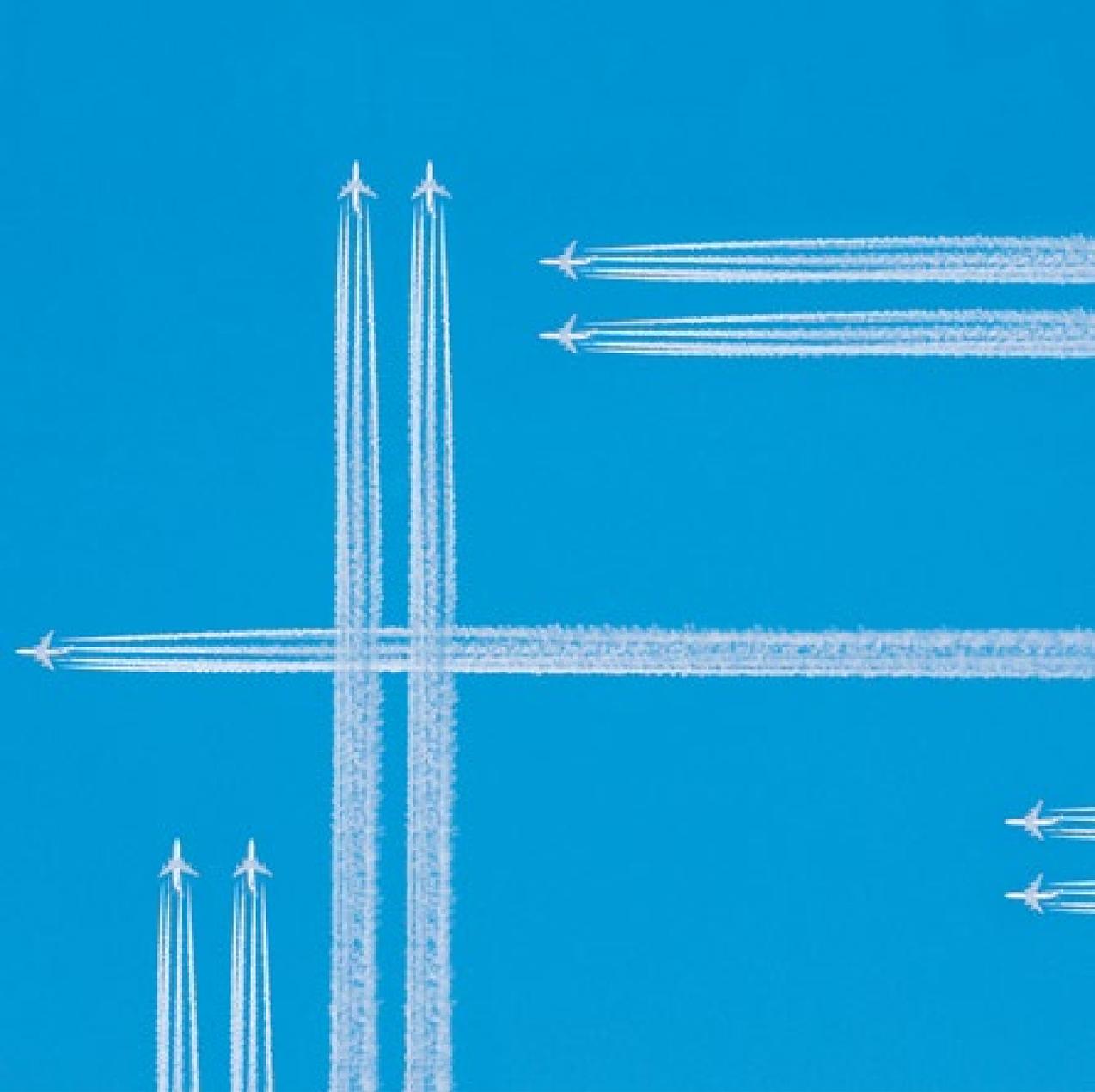
- **Slightly negative growth in revenue**
  - └ Licences contracted by 14.1% (more pronounced seasonal effect than in 2021)
  - └ Performance in subscriptions, maintenance and services, with average growth of 1.4% was similar
  - └ Strong momentum in new digital solutions offered by Sopra Banking Platform, which grew by 26.9%
- **R&D transformation plan in line with full-year target**
- **Operating margin on business activity up, totalling 4.1%**

# Other Solutions

Growth driven by Human Resources Solutions business

	H1 2022		H1 2021	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
<b>Other Solutions</b>				
Revenue	135.2		128.9	
<i>Organic growth (%)</i>	<i>+4.9%</i>			
Op. profit on business activity	11.9	8.8%	8.8	6.8%
Profit from recurring operations	10.6	7.9%	8.3	6.4%
Operating profit	10.4	7.7%	8.3	6.5%

- Human Resources Solutions up 7.5%
- Property Management Solutions relatively stable
- Continued improvement in operating margin on business activity, which came to 8.8%



# 03

## Financial results for H1 2022



Étienne du Vignaux  
Chief Financial Officer

# Income statement

H1 2022

	H1 2022 (€m)	H1 2022 (% of Rev.)	H1 2021 (€m)	H1 2021 (% of Rev.)
Revenue	2,543.8		2,328.3	
<i>Organic growth</i>	<i>7.3%</i>			
Operating profit on business activity	203.1	8.0%	168.6	7.2%
Share-based payment expenses	-14.5		-2.2	
Amortisation of allocated intangible assets	-16.6		-16.2	
Profit from recurring operations	172.0	6.8%	150.2	6.5%
Other operating income and expenses	-10.0		-9.2	
Operating profit	162.1	6.4%	141.0	6.1%
Cost of net financial debt	-4.8		-4.6	
Other financial income and expenses	0.9		-3.2	
Tax expense	-43.2		-44.6	
Net profit from associates	0.1		0.2	
Net profit	115.1		88.8	
<i>of which attributable to Group</i>	<i>112.3</i>	<i>4.4%</i>	<i>85.1</i>	<i>3.7%</i>
<i>of which non-controlling interests</i>	<i>2.8</i>		<i>3.8</i>	

# Other operating income and expenses

H1 2022

	H1 2022 (€m)	H1 2021 (€m)
Costs related to business combination	-0.3	-0.2
Restructuring and reorganisation costs	-10.4	-14.7
Other	0.8	5.7
<b>Other operating income and expenses</b>	<b>-10.0</b>	<b>-9.2</b>

# Tax

H1 2022

	H1 2022 (€m)	H1 2021 (€m)
Profit before tax and share from equity-accounted companies	158.2	133.3
Effective tax charge	-43.2	-44.6
Effective tax rate (%)	27.3%	33.5%

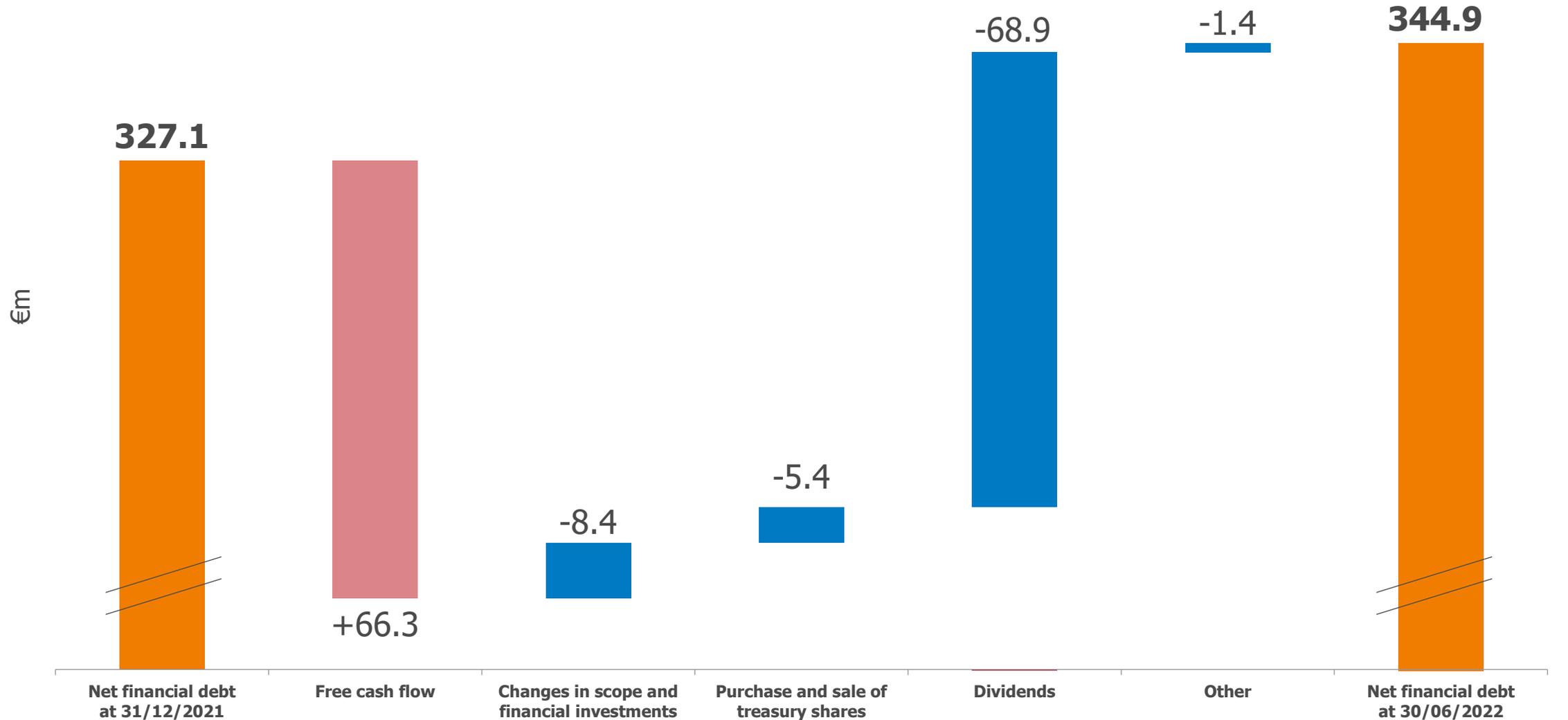
Includes the lower tax rate in France  
(27.5% -> 25%)

Impact on deferred tax of the increased tax rate in the United Kingdom  
(19% -> 25%)

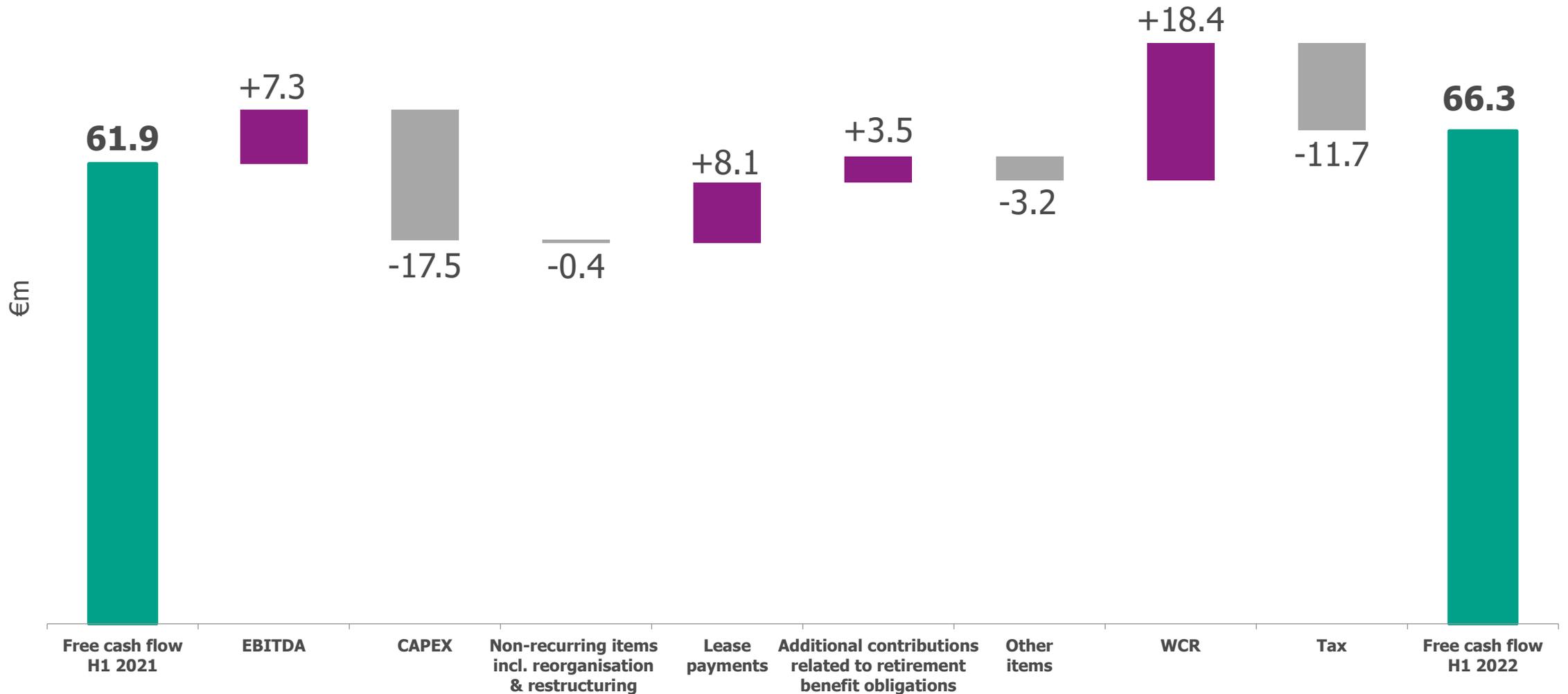
Expected 2022 effective tax rate: ~27%

# Change in net financial debt with respect to 31 December 2021

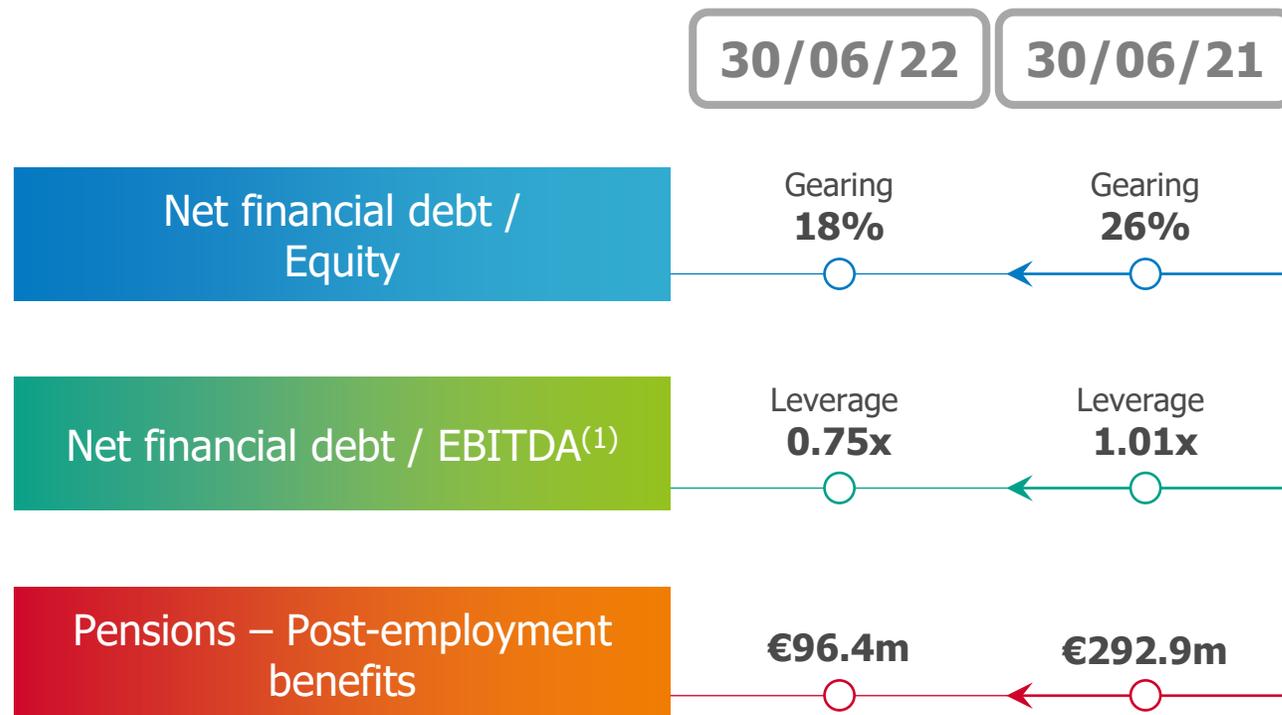
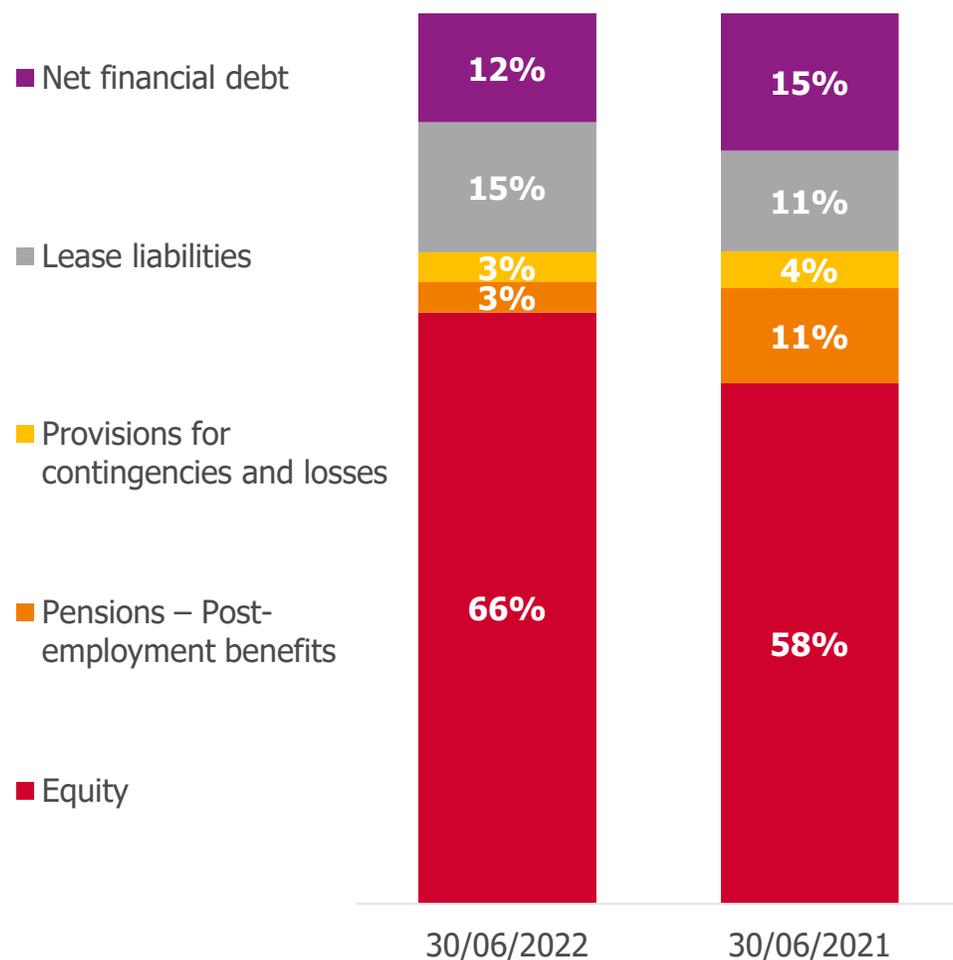
Structural improvement in free cash flow in H1



# Breakdown of changes in free cash flow (FCF)



# Strengthened balance sheet structure



## Of which:

- €143m in the United Kingdom
- €35m in France
- €19m for the "Other Europe" reporting unit

(1) Pro forma EBITDA before impact of IFRS 16

# Diversified, readily available financing

Available undrawn amount:  
**€1.3bn**  
*i.e. 81% of authorised amount<sup>(1)</sup>*

## Maturities

- Multi-currency revolving credit facility: 2027
- Bond: 2026 and 2027
- Bilateral bank facilities: 2024

	30/06/2022 Amount used (€m)	30/06/2022 Amount authorised (€m)
Bond	250.0	250.0
Multi-currency revolving credit facility	-	1,100.0
Overdrafts and bilateral credit lines	61.6	271.5
<b>Total</b>	<b>311.6</b>	<b>1,621.5</b>
NEU CP & MTN and other	218.2	
<b>Gross debt</b>	<b>529.8</b>	
Cash and cash equivalents	184.9	
<b>Net financial debt</b>	<b>344.9</b>	

(1) Assuming a constant amount of NEU CP & MTN commercial paper (€218m at 30 June 2022) and overdrafts



# 04

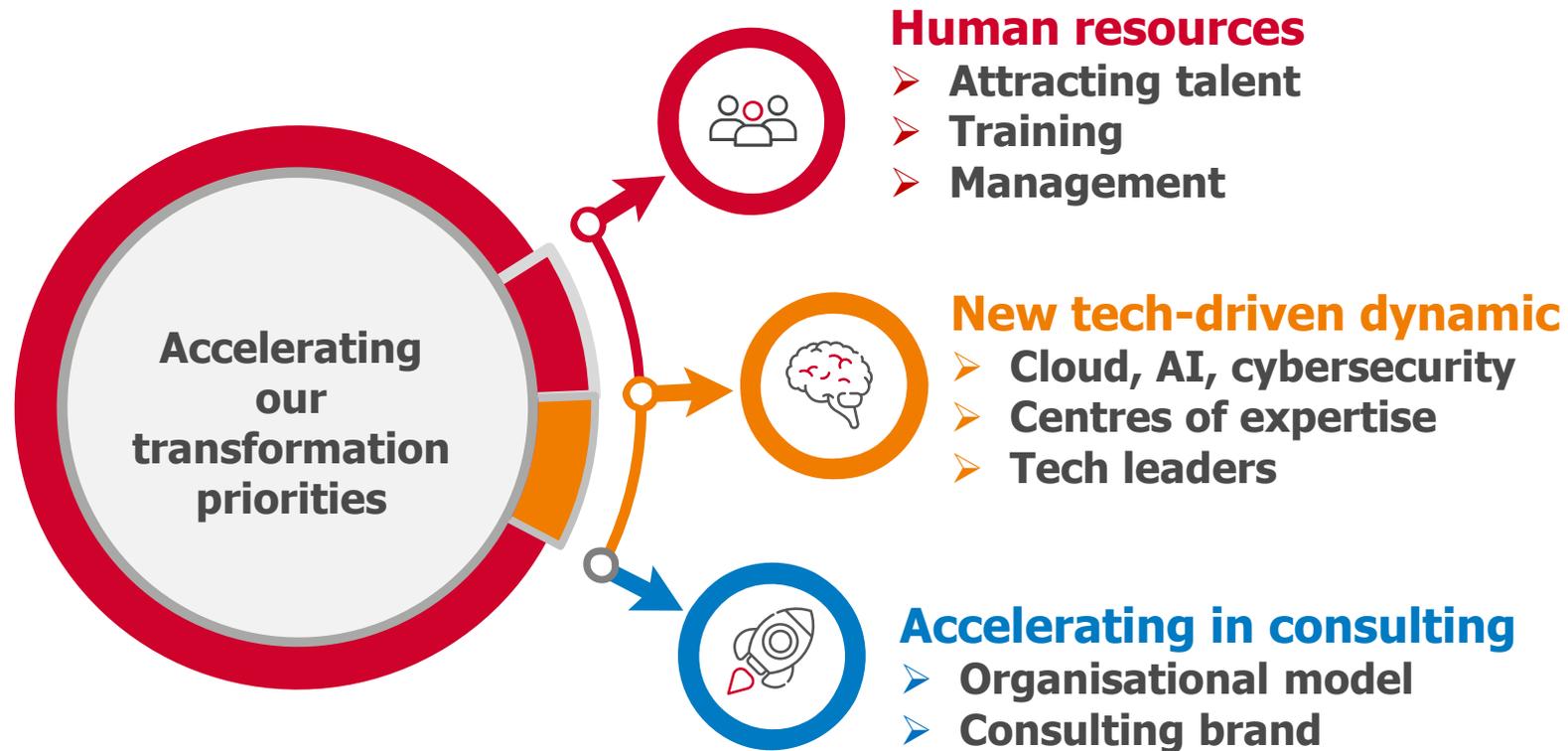
## Priorities and objectives for 2022



Cyril Malargé  
Chief Executive Officer

# Priorities for H2 2022

Accelerating our transformation priorities



# Confirmation of 2022 targets

**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**



# 05

## Proposed acquisition of CS GROUP

# Proposed acquisition of CS GROUP

A leader in mission-critical systems – Accelerated commercial momentum

**2021 revenue: €237.4m**

*13% organic growth*

**2022 revenue (est.):**

**€258.7m<sup>(1)</sup>**

**2021 operating margin:**

**€9.6m**

Margin of 4.1%  
vs 2.9% in 2020

**2,241 employees**

200 cybersecurity experts

**Capacity for innovation**

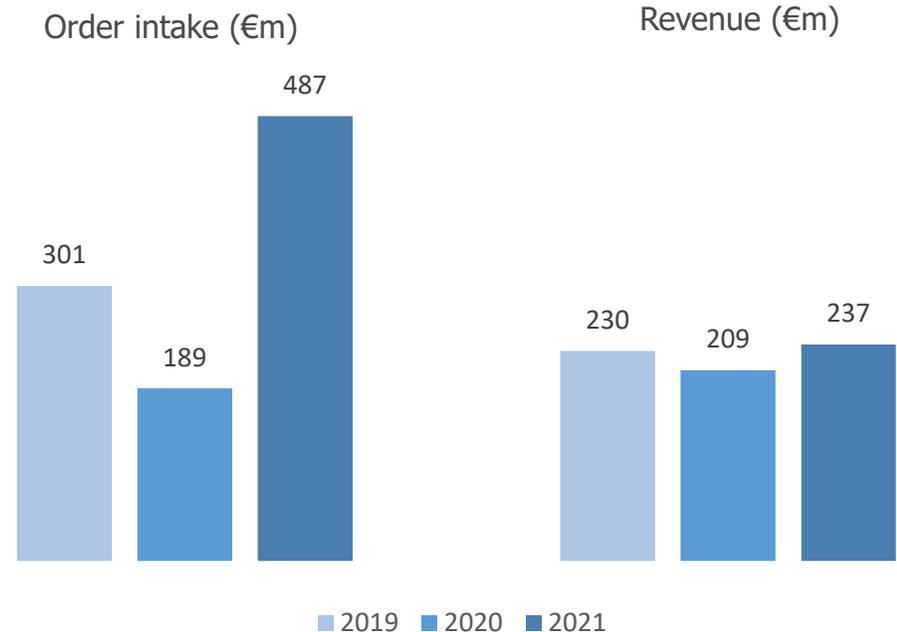
R&D team, network with  
universities, research centres,  
partnerships

## Main clients



## Order intake: €487.2m in 2021

- Two major programmes spanning more than 10 years with France's defence procurement and aircraft maintenance agencies (DGA and DMAé)



# A strategic, value-creating transaction

A benchmark player in the critical defence & security, space and energy markets

Strategic  
direction

## ❖ **Benchmark player in critical sectors: Defence & Security/Space/Energy**

- **~€600m** in revenue from defence & security on a 2021 basis
  - Strategic relations with **major defence industrial player**
  - **Expertise:** command & control, secure communications, logistics information, cyber defence
  - **Advanced technology:** counter-drone solutions, combat training, tactical data management, maritime surveillance and perimeter security, geo-information and image processing, among others
- One of the leading European players in **space computing**
- Advanced skills in the field of **nuclear power** (technical and industrial IT, modelling, simulating, PLM, digital)

## ❖ **Bolstering the Group's solutions in the aeronautics and cybersecurity markets**

## ❖ **Strong positioning regarding digital sovereignty and trust**

Integration

## **Bringing CS GROUP up to Sopra Steria's performance level in France within 3 years**

⇒ **Combining with the 2 most powerful and high-performance verticals in Sopra Steria's business model**

Value creation

## ❖ **Synergies:** commercial, cost, tax

❖ **Earnings per share:** accretive starting from the 1st year (1% in 2023) and 4% from the 2nd year (2024)

# Key components of the terms of the tie-up with CS GROUP

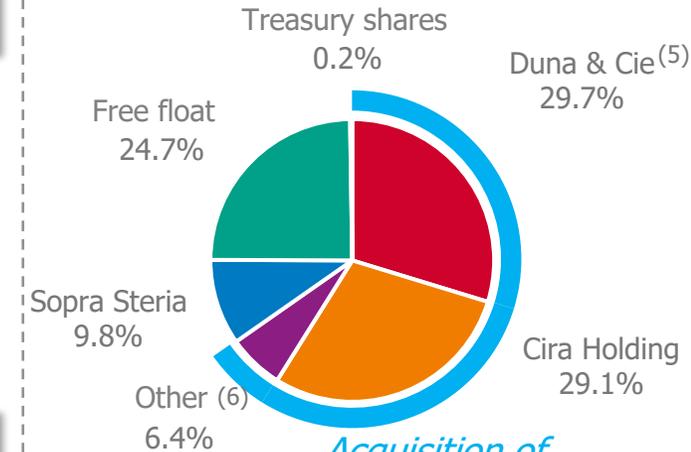
Proposed acquisition of controlling interests followed by a simplified public offer

<b>KEY TERMS</b>	<u>Block purchase price:</u> €11.5 per share	<u>Equity value (100%):</u> €282.5m <sup>(1)</sup>	<u>Resulting premiums<sup>(3)</sup>:</u> VWAP 1 month: +74.7%
	<u>Public offer price:</u> €11.5 per share	<u>Enterprise value<sup>(2)</sup>:</u> €285.8m	60-day VWAP: +68.6%



<b>IMPACT ON SOPRA STERIA</b>	<u>2023 EPS (est.):</u> +1.0%	<u>Pro forma leverage at end-2022 (est.):</u> ~1x EBITDA	<u>LT value creation:</u> <ul style="list-style-type: none"> <li>Impact on OPBA<sup>(4)</sup> &gt;+€13m (annual basis)</li> <li>Schedule: 2023 20%; 2024 70%; 2025 100%</li> <li>Tax losses carried forward: €364m basis</li> </ul>
	<u>2024 EPS (est.):</u> +4.0%		

Share ownership structure (at 27 July 2022)



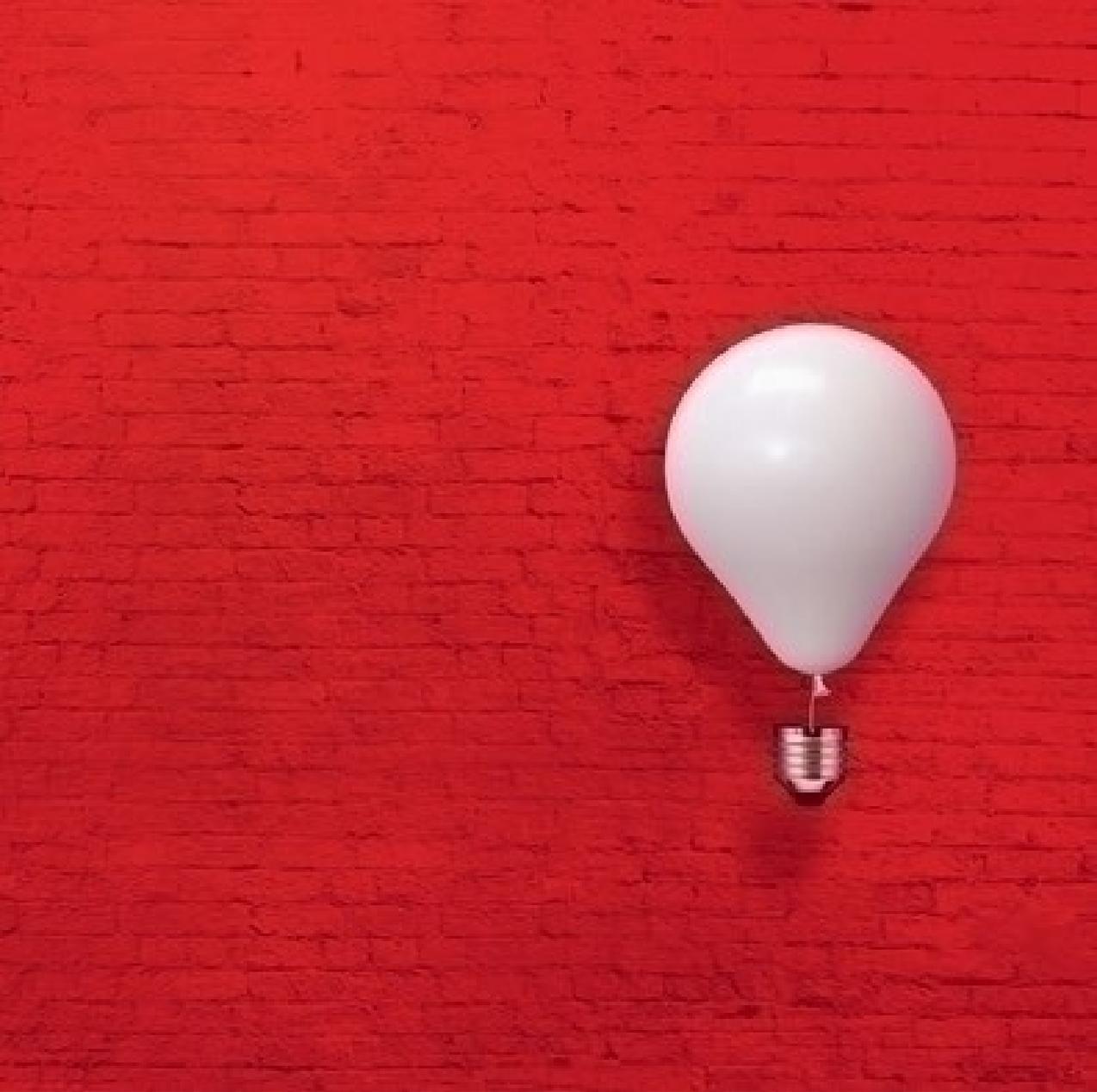
*Acquisition of controlling interests for a total of 65.3% of the share capital*

(1) Including treasury shares  
 (2) The change from equity value to enterprise value includes debt (including the impact of IFRS 16), factoring, cash adjusted for treasury shares and CS GROUP's R&D tax credit as published in the 2021 URD  
 (3) Premiums calculated as of 27<sup>th</sup> of July 2022  
 (4) Operating profit on business activity  
 (5) Including Mr. Sabeg and Mr. Blanc-Garin  
 (6) Some of CS Novidy's former shareholders



# 06

## Q&A session



# 07

## Annexes

# Sopra Steria at 30/06/2022

A European leader in digital transformation

Among the top 5 European digital services companies

Among the top 10 operating in Europe

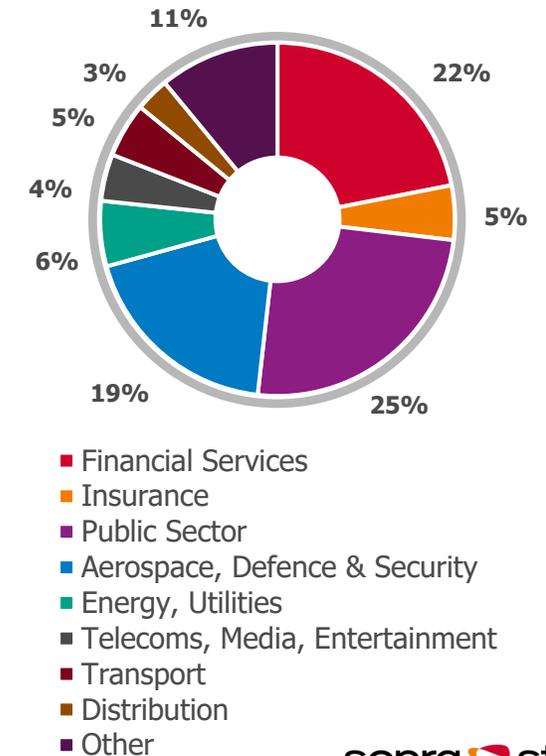
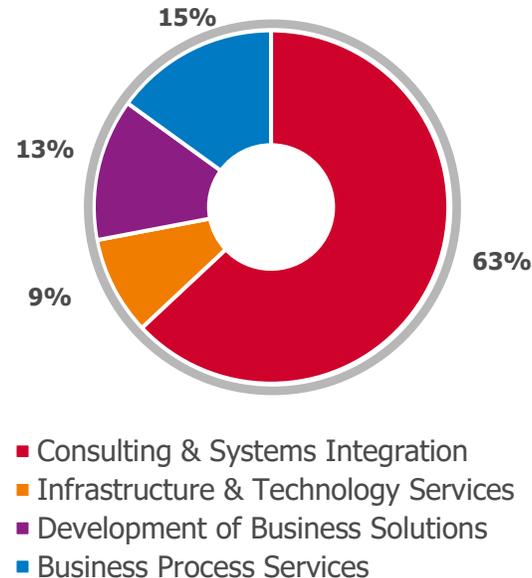
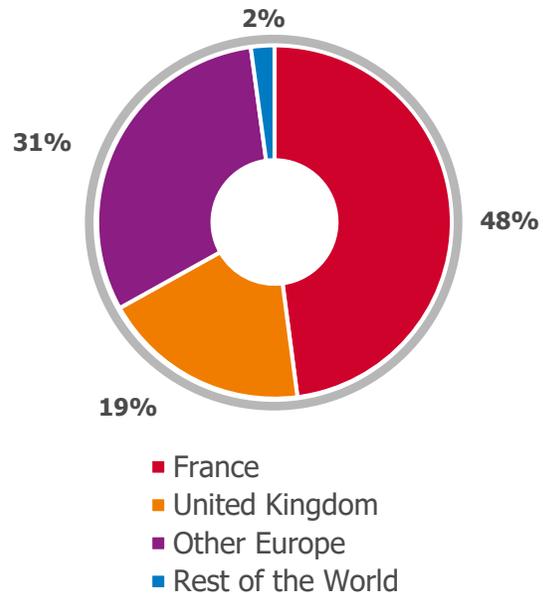
2021 revenue of €4.7bn

48,000+ employees

Operations in nearly 30 countries

End-to-end approach

Revenue – 30/06/2022



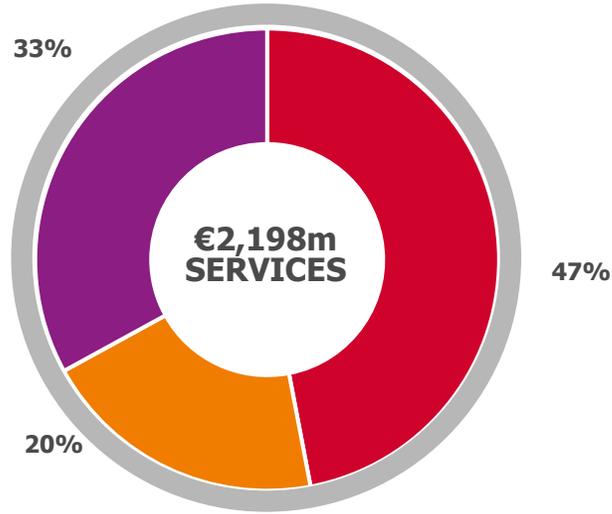
# Breakdown of Group revenue by country

To 30/06/2022

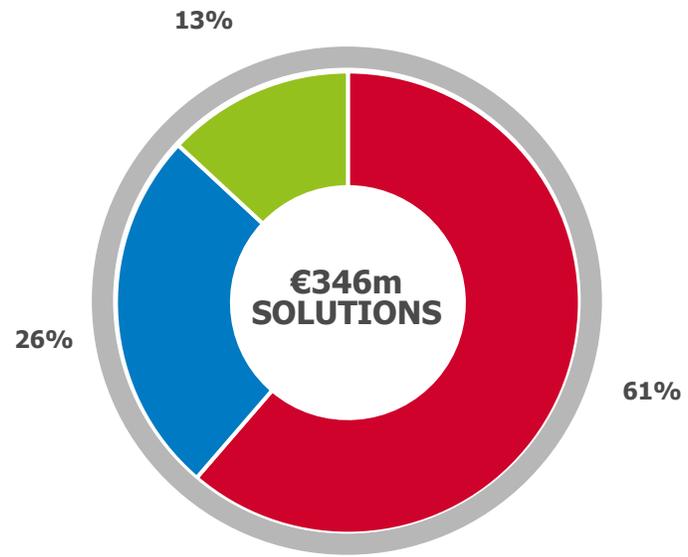
**SERVICES REVENUE – 30/06/2022**

**SOLUTIONS REVENUE – 30/06/2022**

H1 2022 revenue:  
**Other Europe = €731m**  
*o/w Scandinavia = 34%*  
*o/w Germany = 28%*  
*o/w SFT = 11%*  
*o/w Spain = 11%*  
*o/w Belux = 7%*  
*o/w Italy = 6%*  
*o/w Switzerland = 3%*



- France
- United Kingdom
- Other Europe

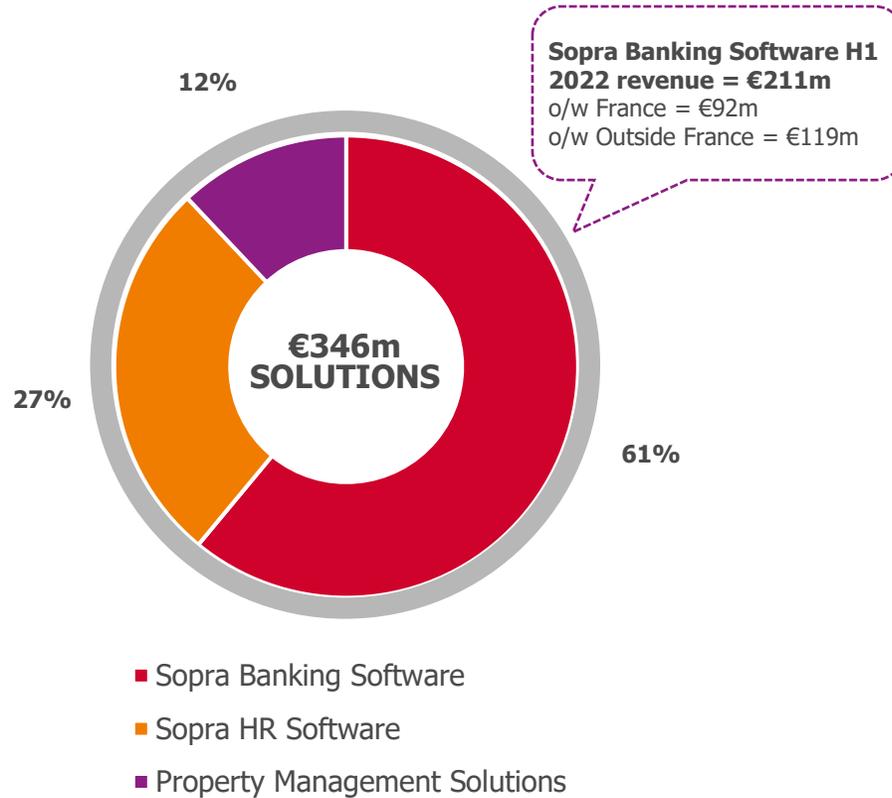


- France
- Rest of Europe
- Rest of the World

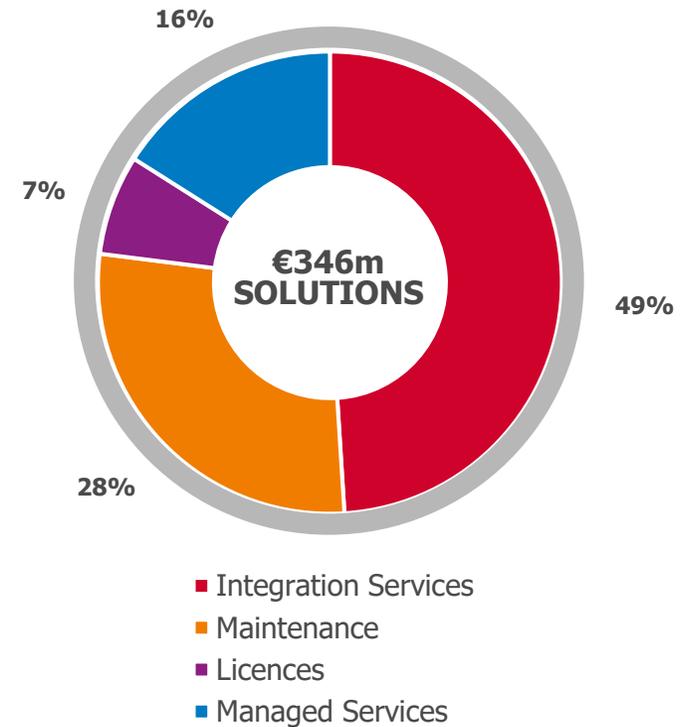
# Breakdown of Solutions revenue

To 30/06/2022

**SOLUTIONS REVENUE BY PRODUCT**



**SOLUTIONS REVENUE BY BUSINESS LINE**

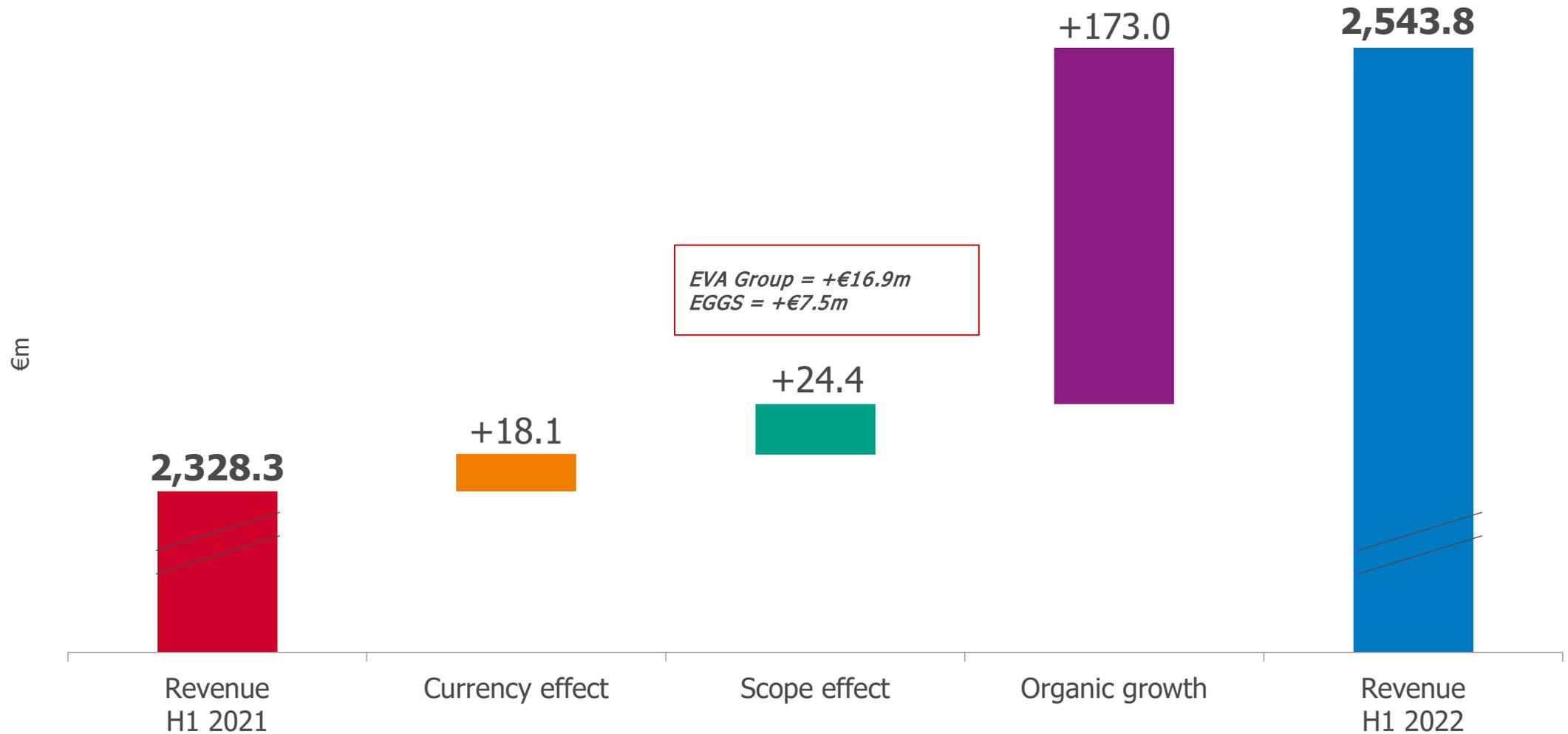


# Changes in exchange rates

H1 2022

	Changes in exchange rates		
	Average rate H1 2022	Average rate H1 2021	Change (%)
<i>For €1 / %</i>			
Pound sterling	0.8424	0.8680	+3.0%
Norwegian krone	9.9817	10.1759	+1.9%
Swedish krona	10.4796	10.1308	-3.3%
Danish krone	7.4402	7.4368	-0.0%
Swiss franc	1.0319	1.0946	+6.1%

# Change in revenue in H1 2022



# Earnings per share

H1 2022

	H1 2022 (€m)	H1 2021 (€m)
Net profit attributable to the Group (€m)	112.3	85.1
Weighted average number of shares in issue excluding treasury shares	20.22	20.25
Basic earnings per share (€)	5.55	4.20
Basic recurring earnings per share (€)	5.92	4.45
Theoretical weighted average number of shares	20.28	20.25
Diluted earnings per share (€)	5.54	4.20
Diluted recurring earnings per share (€)	5.90	4.45

# Breakdown of change in net financial debt

H1 2022

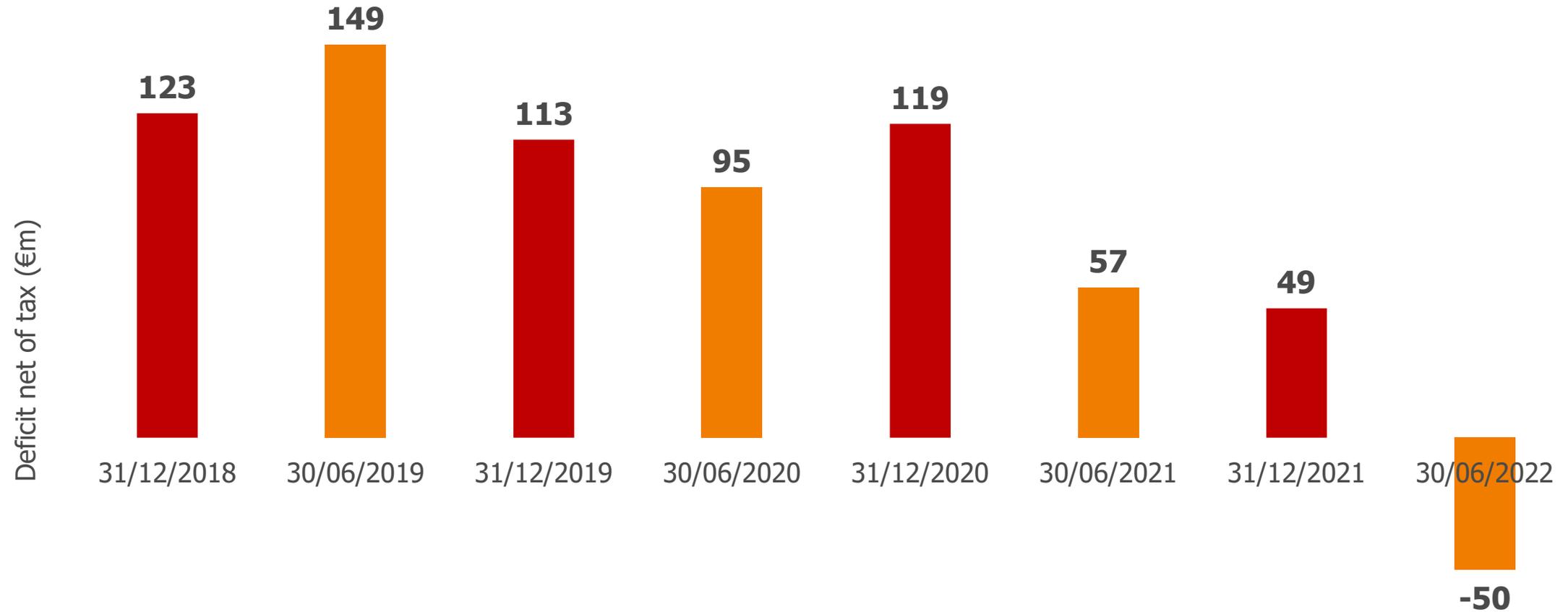
	H1 2022 (€m)	H1 2021 (€m)
Operating profit on business activity	203.1	168.6
Depreciation, amortisation and provisions (excluding allocated intangible assets)	62.1	89.3
<b>EBITDA</b>	<b>265.3</b>	<b>257.9</b>
Non-cash items	-1.8	2.8
Tax paid	-44.5	-32.8
Change in operating working capital requirement	-51.4	-69.7
Reorganisation and restructuring costs	0.1	0.6
<b>Net cash flow from operating activities</b>	<b>167.7</b>	<b>158.8</b>
Change relating to investing activities	-45.0	-27.5
Lease payments	-45.8	-53.9
Net interest	-0.6	-2.0
Additional contributions related to defined-benefit pension plans	-10.2	-13.6
<b>Free cash flow</b>	<b>66.3</b>	<b>61.9</b>
Impact of changes in scope	-4.2	-7.9
Financial investments	-4.2	-0.5
Dividends paid	-71.6	-46.3
Dividends received from equity-accounted companies	2.7	2.8
Purchase and sale of treasury shares	-5.4	-4.3
Impact of changes in foreign exchange rates	-1.4	-2.6
<b>Change in net financial debt</b>	<b>-17.8</b>	<b>2.9</b>
<b>Net financial debt at beginning of period</b>	<b>-327.1</b>	<b>425.6</b>
<b>Net financial debt at end of period</b>	<b>-344.9</b>	<b>422.7</b>

# Simplified balance sheet

30/06/2022

	30/06/2022 (€m)	31/12/2021 (€m)
Goodwill	1,961.6	1,984.3
Allocated intangible assets	124.6	131.8
Other fixed assets	234.0	216.4
Right-of-use assets	384.8	343.1
Equity-accounted investments	201.8	198.1
<b>Total fixed assets</b>	<b>2,906.9</b>	<b>2,873.8</b>
Net deferred tax	46.6	99.7
Trade accounts receivable (net)	1,161.4	1,020.1
Other assets and liabilities	-1,295.4	-1,221.5
<b>Working capital requirement (WCR)</b>	<b>-134.0</b>	<b>-201.5</b>
<b>Assets + WCR</b>	<b>2,819.5</b>	<b>2,772.0</b>
Equity	1,872.2	1,695.5
Pensions – Post-employment benefits	96.4	278.1
Provisions for contingencies and losses	94.9	106.5
Lease liabilities	411.1	364.8
Net financial debt	344.9	327.1
<b>Capital invested</b>	<b>2,819.5</b>	<b>2,772.0</b>

# UK pension fund deficit net of tax at 30/06/2022



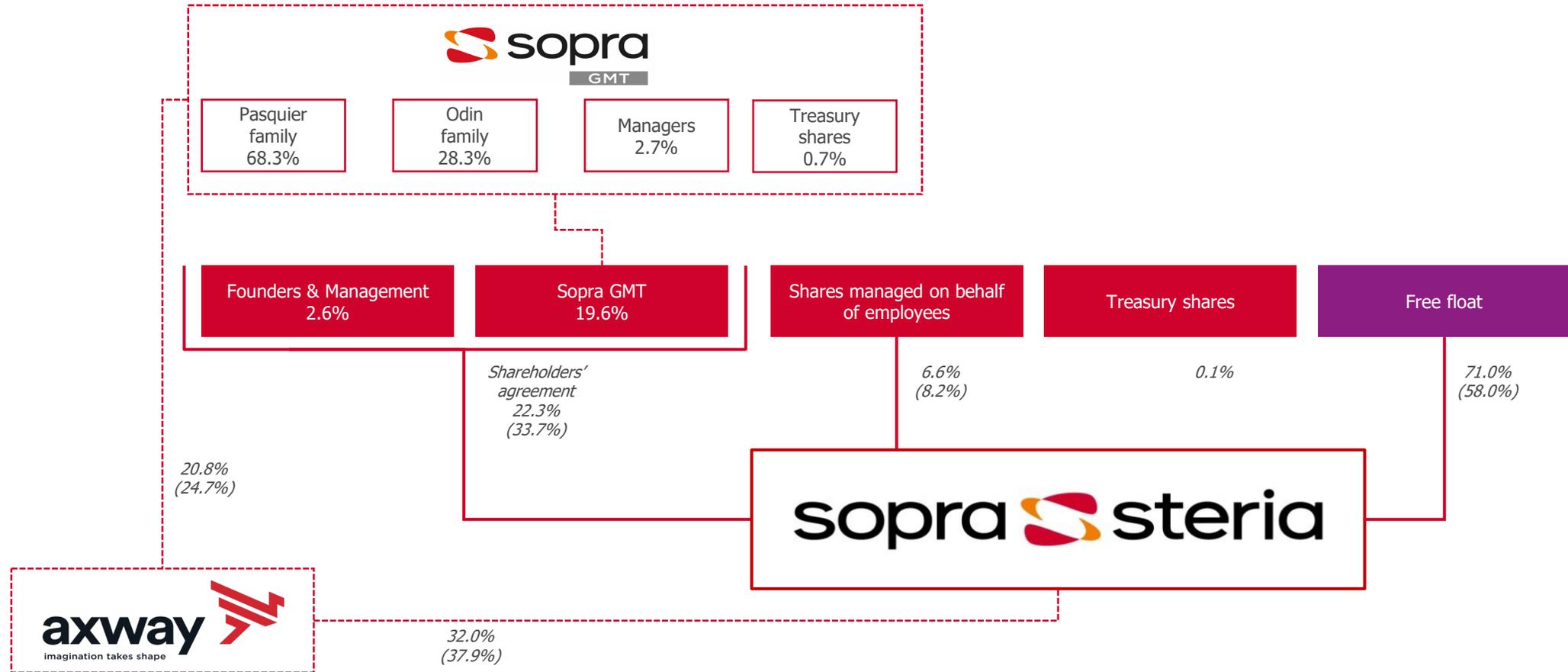
# Global workforce

H1 2022

	30/06/2022	30/06/2021
France	20,106	19,925
United Kingdom	7,208	6,675
Other Europe	11,944	11,011
Rest of the World	467	502
X-Shore	8,982	8,016
<b>Total</b>	<b>48,707</b>	<b>46,129</b>

# Ownership at 30/06/2022

A core shareholder backing the corporate plan



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

20,547,701 listed shares  
 26,554,887 theoretical voting rights

# Greater recognition from non-financial rating agencies

Confirmation of a continued rise in Sopra Steria's ESG scores

Agency	Rating type	Rating scale	2018	2019	2020	2021	Change since 2018	
MSCI	MSCI ESG Ratings	AAA > CCC	A 7,1/10 (Average)	AA 7,3/10 (Leader)	AA 7.4/10 (Leader)	AA 7.9/10 (Leader)	+0.8 points	↑
	Risk rating	Low = 0 High = 100	-	-	19.2 (Low risk)	14.9 (Low risk)	+4.3 points	↑
Sustainalytics	ESG rating	100 > 0	<b>68/100</b> (Outperformer)	<b>73/100</b> (Outperformer)	-	<b>75/100</b> (Leader)	+7 points	↑
	ESG rating	100 > 0	<b>49/100</b> (Limited)	-	<b>62/100</b> (Advanced)	60/10* (Advanced)	+11 points	↑
Vigeo Eiris	ISS ESG Corporate Score	A+ > D-	-	<b>C+</b> (Medium)	<b>C+</b> (Medium)	<b>C+</b> (Medium)	Stable	→
	ISS Governance QualityScore	1 > 10	<b>7/10</b>	<b>5/10</b>	<b>3/10</b>	<b>3/10</b>	+4 points	↑
CDP	Climate Change Questionnaire	A > D-	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	Score of "A" for 5th year running	→

(\* ) Analysis of Sopra Steria Group's ESG performance without verification by the company

# Alternative performance indicators

- **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-sales) divided by the total number of business days.