

Presentation of H1 2021 results

PARIS, 29 JULY 2021

The world is how we shape it

sopra  steria

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Agenda

- 01 Return to H1 2019 level of business activity
- 02 Operating position by reporting unit at 30 June 2021
- 03 Financial results for H1 2021
- 04 2021 priorities and objectives
- 05 Q&A session
- 06 Annexes



01

**Return to H1 2019 level
of business activity**



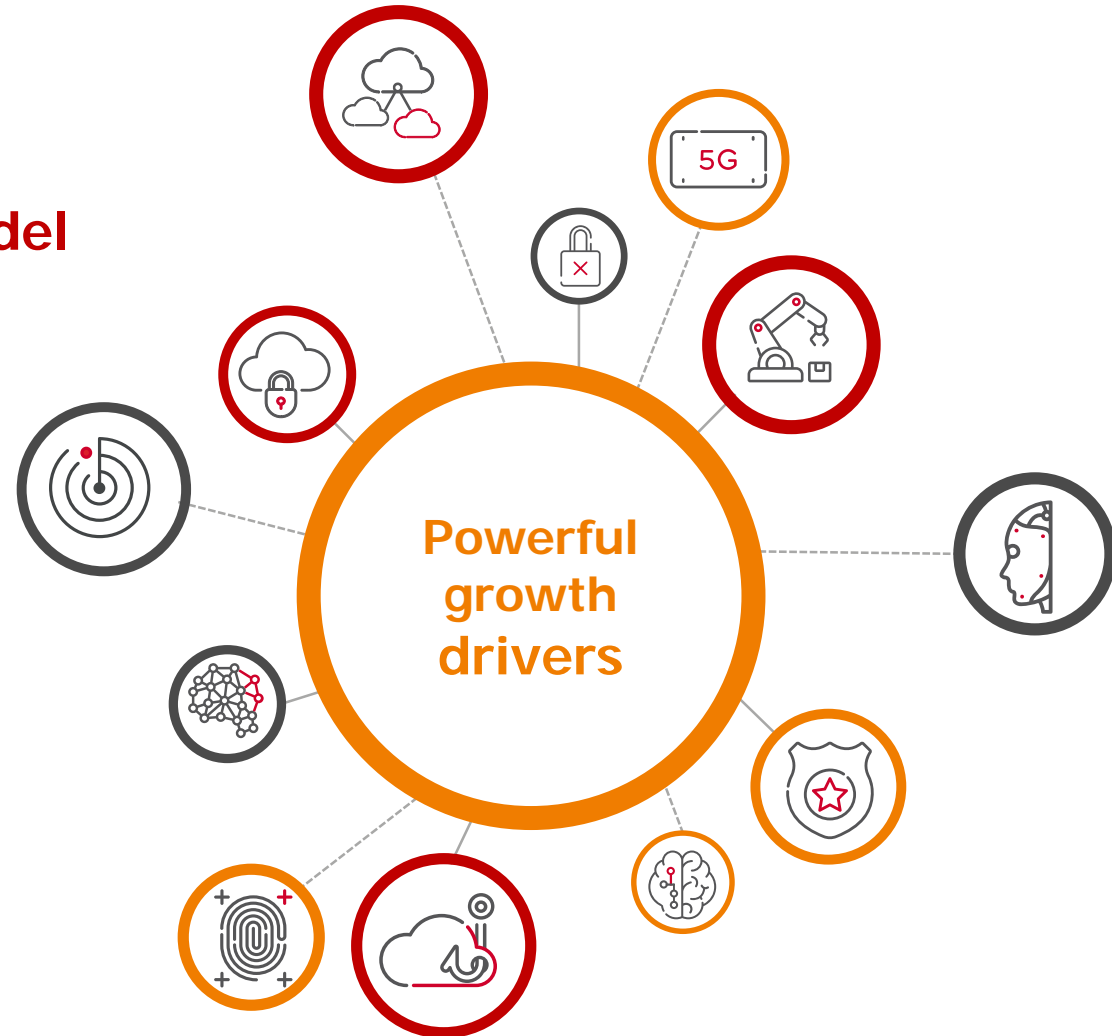
Vincent Paris
Chief Executive Officer

Very active market, accelerating in the 2nd quarter

Digital transformation affecting all industries and all organisations

Towards the platform enterprise model

- Cloud migration of infrastructures and applications
- Digitalisation & automation of processes
- Cybersecurity



Sales performance

Major deals



French financial institution

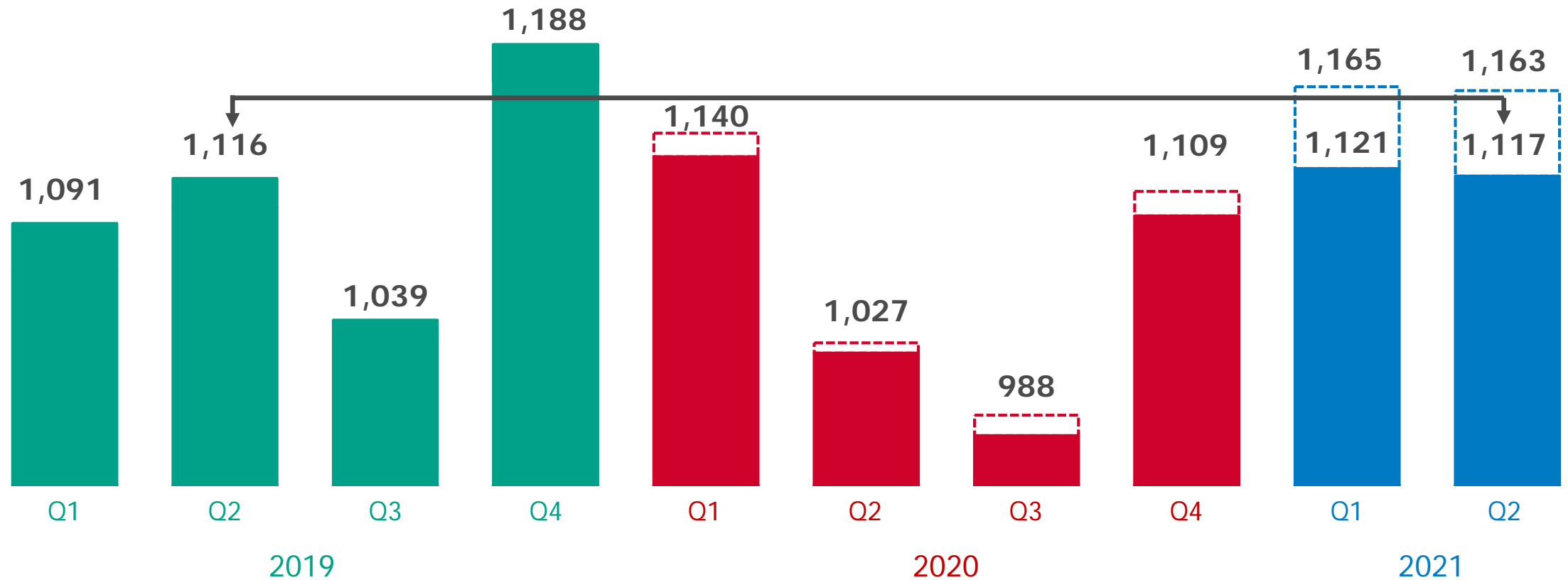


Recovery in revenue in Q2 2021

Return to 2019 level of business activity

Organic growth:

+3.3 % -8.4 % -5.9 % -7.7 % -0.5 % +9.0 %

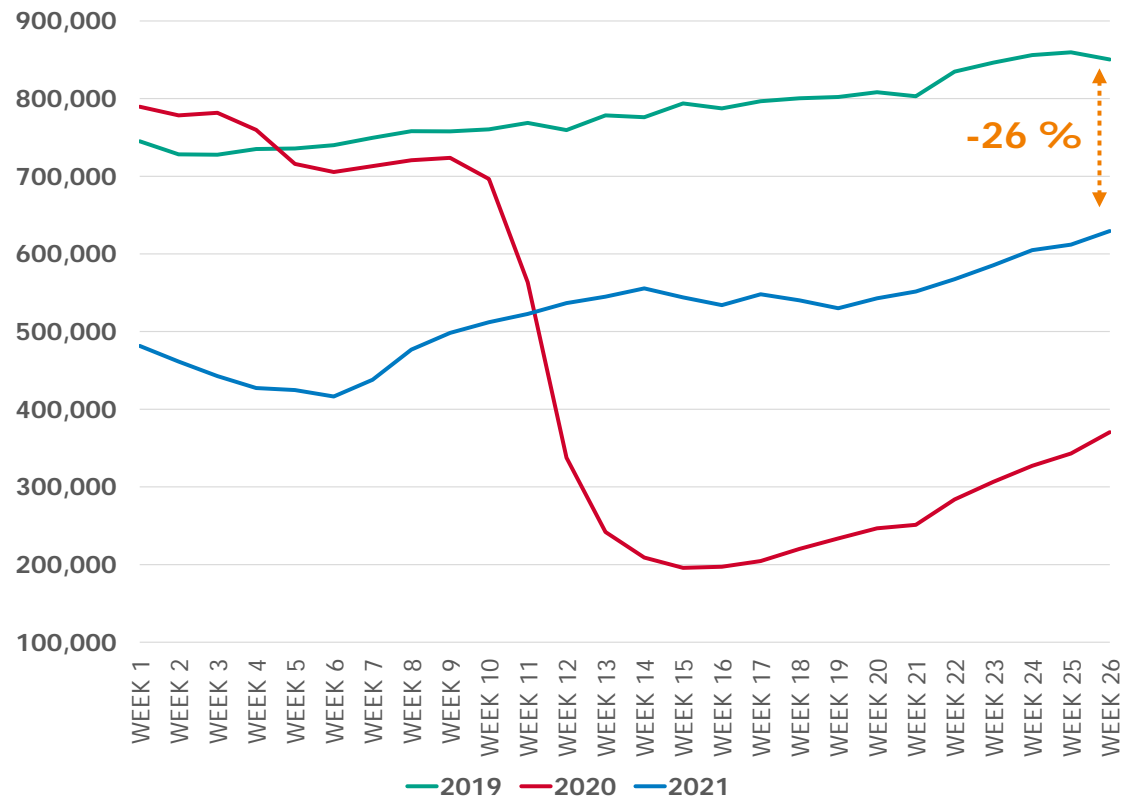


 Impact of changes in scope & exchange rate fluctuations since year-end 2019 (€m)

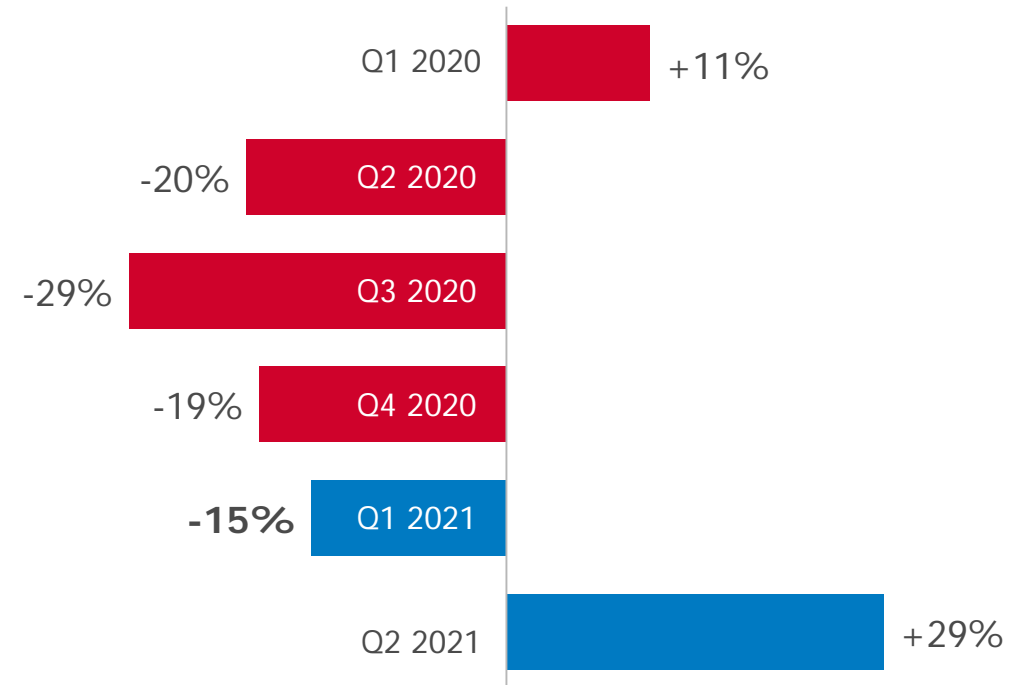
Aeronautics sector improving despite being below its 2019 level

Return to growth in Q2 2021

Weekly change in global commercial air traffic



Change in revenue in the aeronautics sector

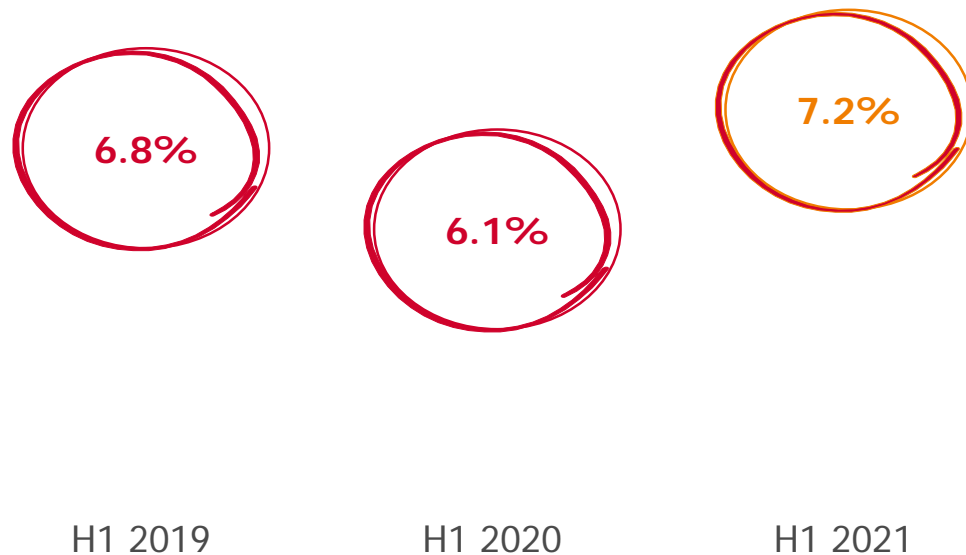


Source: Flight Radar "Global weekly commercial flights 2019, 2020, 2021"

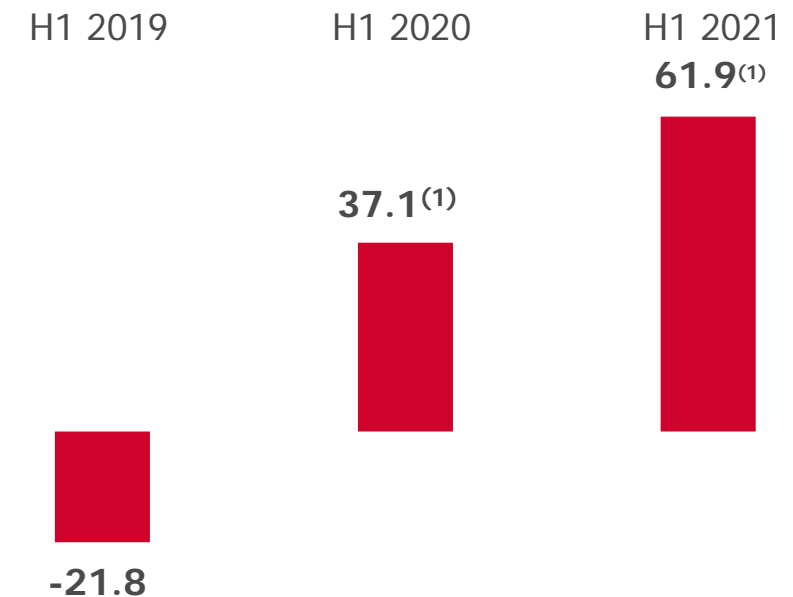
Rebound in operating performance

Return to 2019 margin level and continued improvement in free cash flow

Operating margin on business activity (%)



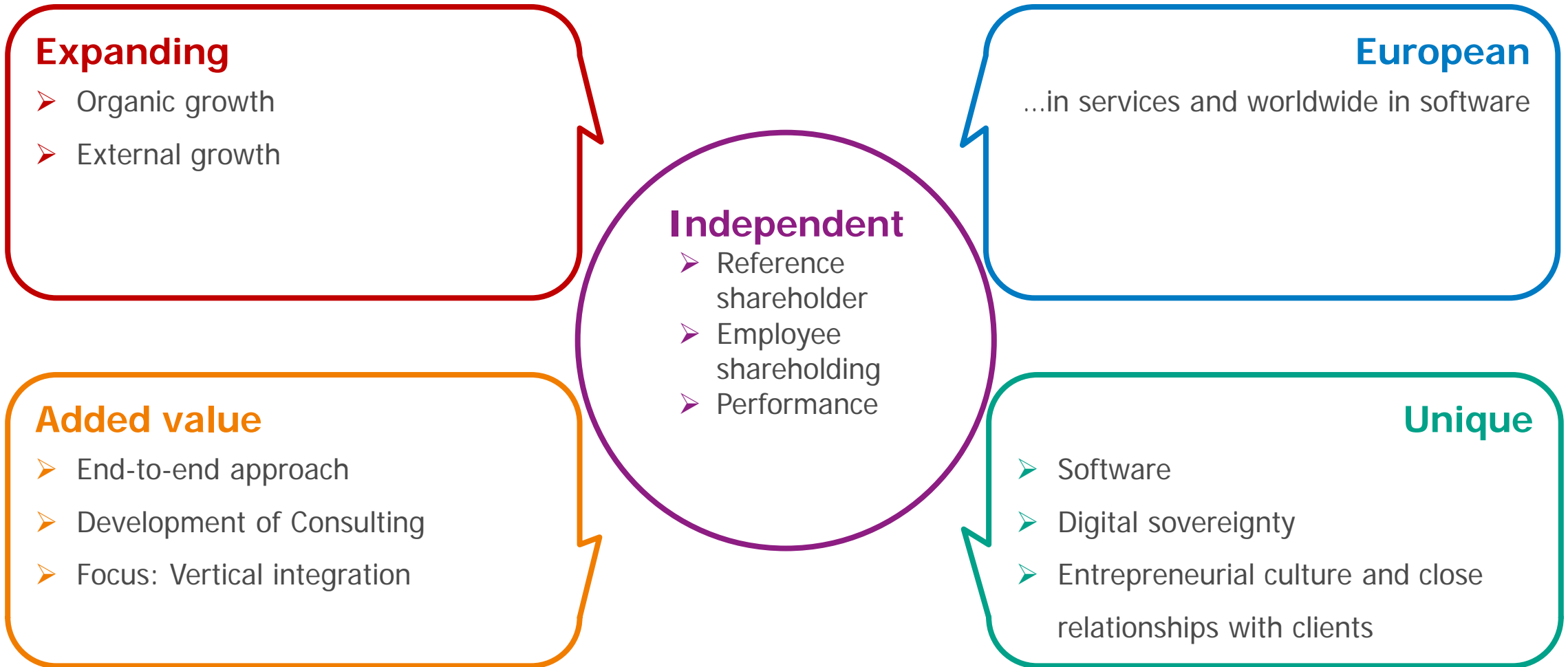
Free cash flow (€m)



(1) Including the favourable impact of €57m from non-recurring items in 2020 and around €60m in 2021

Reaffirming our ambitious corporate plan

Taking into account the post-Covid-19 environment



Progress made on medium-term trajectory

New acceleration post-Covid crisis

Digital

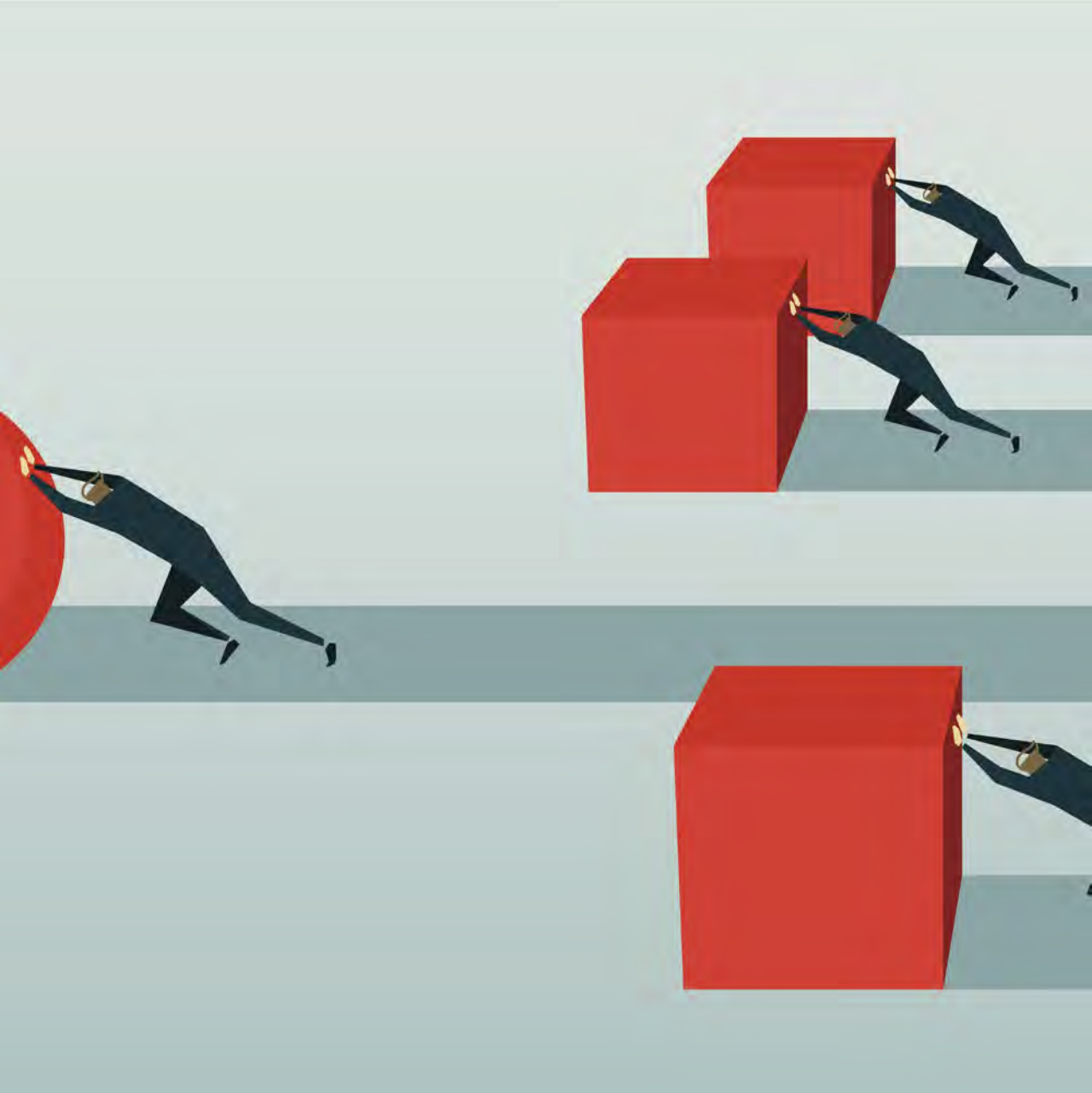
- **Expansion of the Digital Expertise Centre**
- **Development environment**
 - └ Rollout of the Digital Enablement Platform
- **Digital ecosystem**
 - └ Confiance.ai
 - └ Gaia-X
 - └ Campus Cyber
 - └ Microsoft Azure Expert Managed Service Provider (MSP)

Consulting

- **Pickup in organic growth and hiring**
- **Establishing the Sopra Steria Next brand**
- **Rollout of the brand in Germany and Spain**
- **Expanding toward user experience**

Financial services

- **Governance reinforced to accelerate synergies**
- **Continued development of Sopra Banking Software**
 - └ Integration of Fidor Solutions
 - └ Product plans
 - └ R&D transformation
 - └ Sopra Banking Summit
- **Development of service platforms in the United Kingdom**



02

Operating position by reporting unit at 30 June 2021



Vincent Paris
Chief Executive Officer

Key figures

H1 2021

Revenue

€2,328.3m

*+4.0% organic growth**

Operating profit on business activity

€168.6m

i.e. 7.2% of revenue

Net profit attributable to the Group

€85.1m

vs €43.7m at 30 June 2020

Free cash flow

€61.9m

vs €37.1m in H1 2020

Net financial debt

€422.7m

*equating to 1.01x pro forma EBITDA
before IFRS 16*

Group workforce at 30/06/2021

46,129

vs 45,960 at 31 December 2020

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

Operating performance by reporting unit

	Revenue			Operating profit on business activity	
	H1 2021 (€m)	H1 2020 Restated* (€m)	Organic growth (%)	H1 2021 (% of Rev.)	H1 2020 (% of Rev.)
France	914.8	914.4	+ 0.0%	8.3%	8.2%
United Kingdom	408.9	340.9	+ 20.0%	8.7%	4.6%
Other Europe	665.2	647.0	+ 2.8%	6.4%	7.4%
Sopra Banking Software	210.5	217.3	- 3.1%	2.8%	-3.3%
Other Solutions	128.9	119.4	+ 8.0%	6.8%	5.0%
Total	2,328.3	2,238.9	+ 4.0%	7.2%	6.1%

* Revenue at 2021 scope and exchange rates

France

Return to growth in Q2 2021

France	H1 2021		H1 2020	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	914.8		864.6	
<i>Organic growth (%)</i>	<i>+ 0.0%</i>			
Operating profit on business activity	76.2	8.3%	70.8	8.2%
Profit from recurring operations	73.2	8.0%	65.3	7.6%
Operating profit	70.2	7.7%	58.6	6.8%

- **Rebound in organic growth: +7.5% in Q2 (vs -6.3% in Q1)**
- **Good market momentum in all vertical markets**
 - └ Robust growth in defence
 - └ Acceleration in energy and telecoms & media
 - └ Return to growth in aeronautics, transport and banking
- **Hiring resumed (+1,400 people in H1) and increased use of subcontracting**

United Kingdom

Very strong growth in H1 2021, driven by the public sector

United Kingdom	H1 2021		H1 2020	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	408.9		338.5	
<i>Organic growth (%)</i>	<i>+ 20.0%</i>			
Operating profit on business activity	35.5	8.7%	15.5	4.6%
Profit from recurring operations	29.8	7.3%	9.4	2.8%
Operating profit	27.8	6.8%	-0.7	-0.2%

- Robust growth recorded by the two joint ventures: expansion of certain contracts and strong demand from several ministries, in particular for human resource management solutions
- Good momentum in the rest of the public sector, in particular for the visa renewal service provided for the government
- Improved situation in the private sector, with business activity very substantially curbing its level of negative growth
- Very favourable comparison effect in H1 2021 for growth and margins

Other Europe

Good momentum in most countries in the reporting unit

Other Europe	H1 2021		H1 2020	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	665.2		638.8	
<i>Organic growth (%)</i>	<i>+ 2.8%</i>			
Operating profit on business activity	42.3	6.4%	47.4	7.4%
Profit from recurring operations	40.1	6.0%	45.2	7.1%
Operating profit	35.3	5.3%	40.6	6.4%

- Revenue for SFT (Sopra Financial Technology) of €85.8m, contracting in line with the business plan for the transformation programme under way for the Sparda banks in Germany
- Average organic growth in the reporting unit's countries of 7.5% (excluding SFT)
 - Strong momentum in Belgium, Germany, Scandinavia and Italy
- Operating margin on business activity in the reporting unit's countries of 7.8% (7.1% in 2020) before taking into account the impact of profit from SFT

Sopra Banking Software

Recovery under way

Sopra Banking Software	H1 2021		H1 2020	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	210.5		205.4	
<i>Organic growth (%)</i>	<i>- 3.1%</i>			
Operating profit on business activity	5.8	2.8%	-6.7	-3.3%
Profit from recurring operations	-1.2	-0.6%	-13.9	-6.8%
Operating profit	-0.6	-0.3%	-16.1	-7.8%

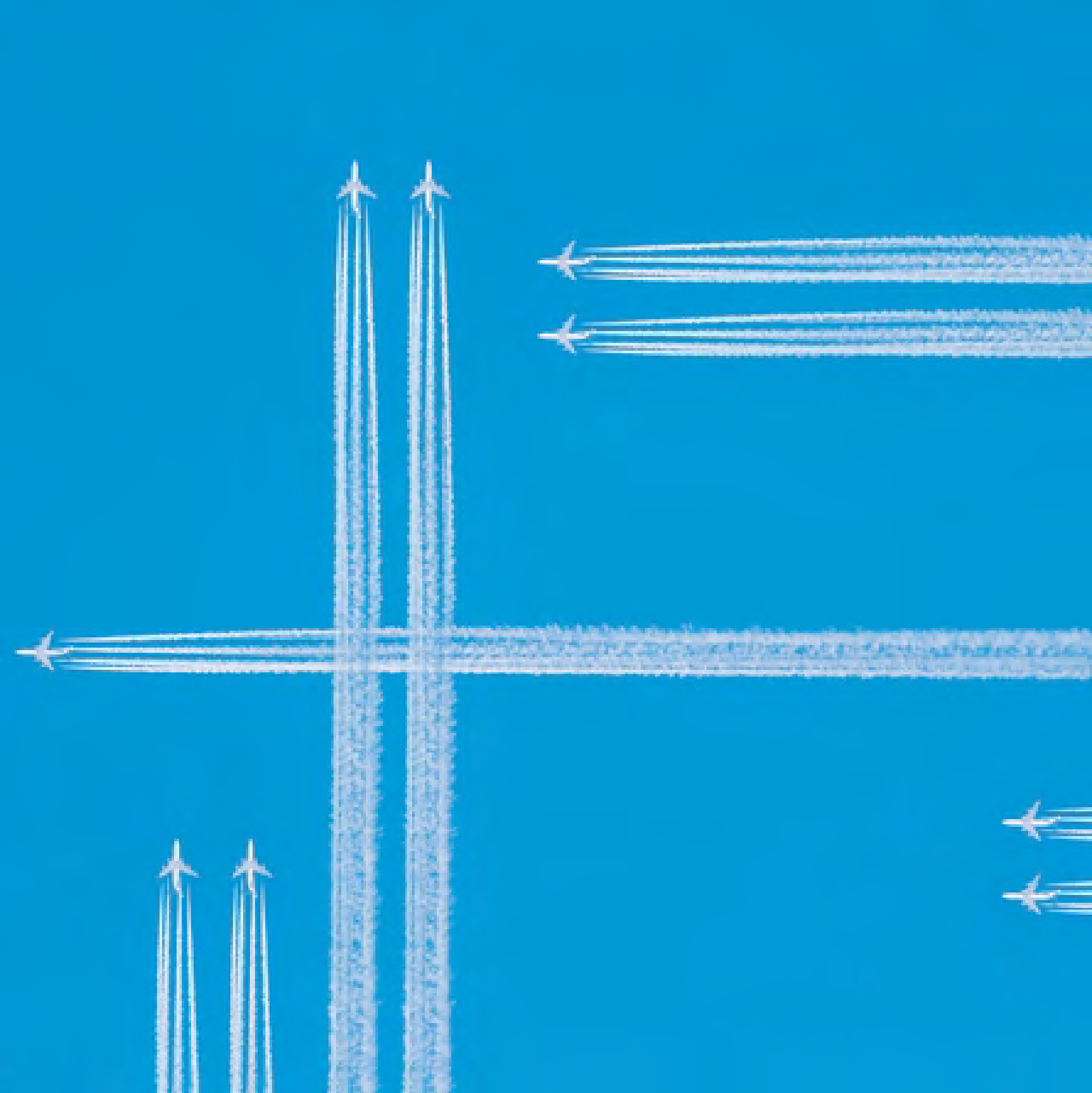
- **Progressive shift to a more subscription-based model**
- **Software (licences, maintenance and subscriptions) representing 59% of revenue**
 - └ Growth of 3.8% in H1 2021
- **Negative growth for the services business (-9%) in H1 2021 (-6% in Q2 2021)**
- **Product developments, particularly in digital layers**
- **Transformation of R&D**

Other Solutions

Rebound in growth in Q2 2021

Other Solutions	H1 2021		H1 2020	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	128.9		119.4	
<i>Organic growth (%)</i>	<i>+ 8.0%</i>			
Operating profit on business activity	8.8	6.8%	5.9	5.0%
Profit from recurring operations	8.3	6.4%	5.5	4.6%
Operating profit	8.3	6.5%	5.3	4.5%

- Revenue sharply higher in Q2 (up 13%)
- Growth in revenue comparable across both business lines
- Digitalisation of solutions



03

Financial results for H1 2021



Étienne du Vignaux
Chief Financial Officer

Income statement

H1 2021

	H1 2021 (€m)	H1 2021 (% of Rev.)	H1 2020 (€m)	H1 2020 (% of Rev.)
Revenue	2,328.3		2,166.7	
<i>Organic growth</i>	4.0%			
Operating profit on business activity	168.6	7.2%	132.8	6.1%
Share-based payment expenses	- 2.2		- 2.2	
Amortisation of allocated intangible assets	- 16.2		- 19.1	
Profit from recurring operations	150.2	6.5%	111.6	5.1%
Other operating income and expenses	- 9.2		- 23.8	
Operating profit	141.0	6.1%	87.7	4.0%
Cost of net financial debt	- 4.6		- 5.1	
Other financial income and expenses	- 3.2		- 6.7	
Tax expense	- 44.6		- 23.7	
Net profit from associates	0.2		- 2.1	
Net profit	88.8		50.2	
<i>of which attributable to Group</i>	85.1	3.7%	43.7	2.0%
<i>of which non-controlling interests</i>	3.8		6.5	

Other operating income and expenses

H1 2021

	H1 2021 (€m)	H1 2020 (€m)
Costs related to business combination	- 0.2	- 0.5
Restructuring and reorganisation costs	- 14.7	- 15.7
Other	5.7	- 7.5
Other operating income and expenses	- 9.2	- 23.8

Tax

H1 2021

	H1 2021 (€m)	H1 2020 (€m)
Profit before tax and share from equity-accounted companies	133.3	75.9
Effective tax charge	- 44.6	- 23.7
Effective tax rate (%)	33.5%	31.2%

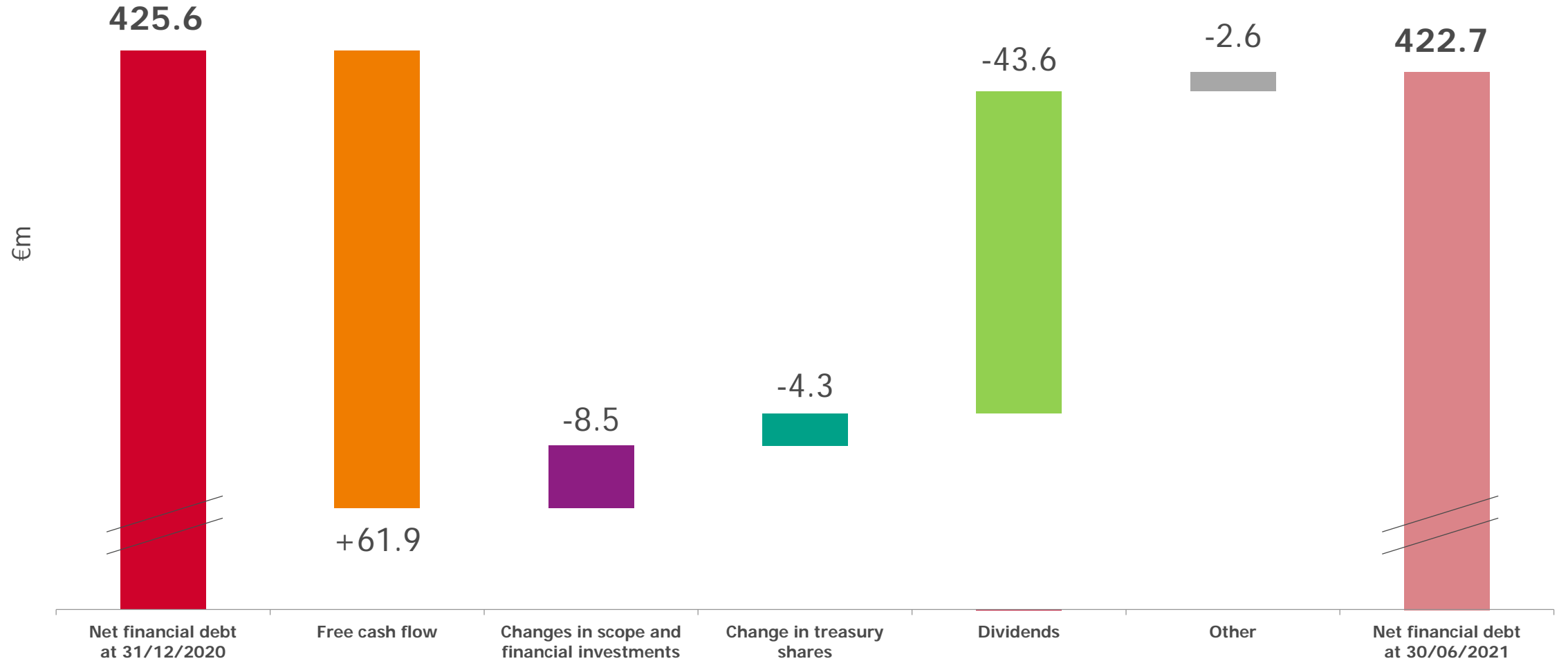
Impact of the increased
tax rate in the UK
(19% -> 25%)

Expected 2021
effective tax rate:
~30%

Normative tax rate estimated at ~28%

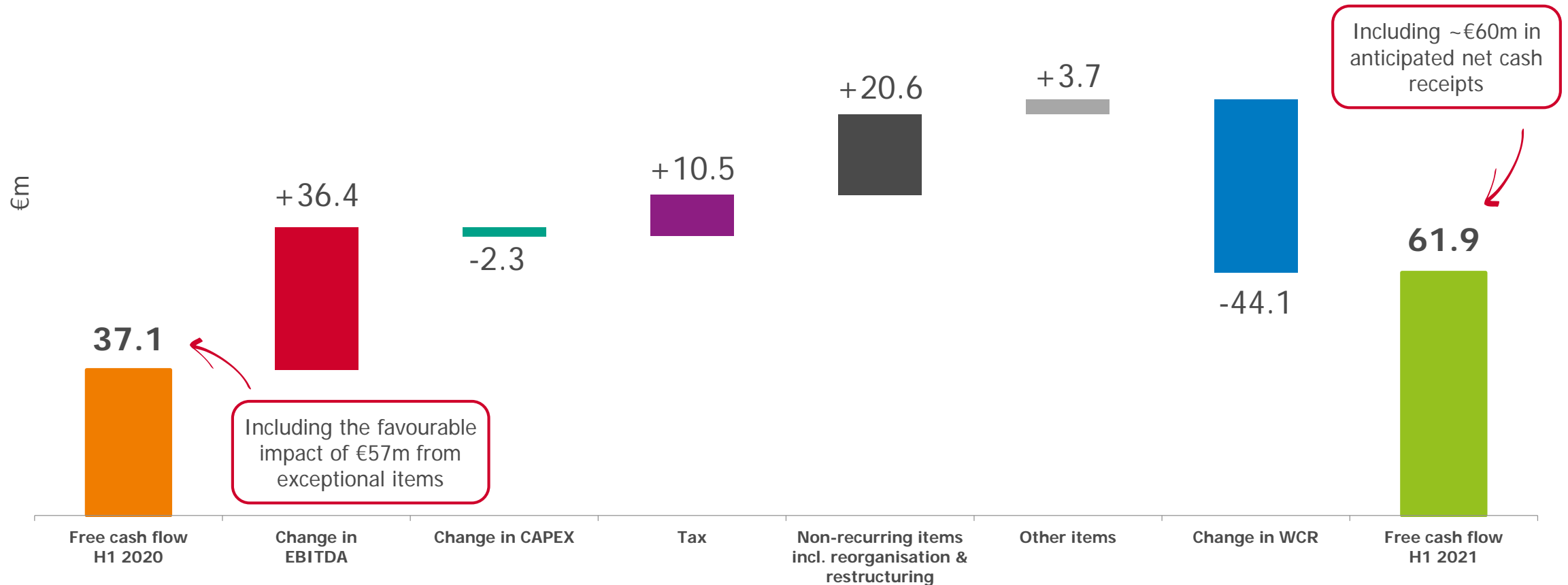
Net financial debt stable despite the dividend payment in H1 2021

Structural improvement in free cash flow



Detail of movement in free cash flow (FCF)

Improvement driven by the increase in EBITDA



Very solid financial position at 30/06/2021

Controlled debt ratios, diversified funding sources and comfortable liquidity

Net financial debt / Equity
26%

Net financial debt / EBITDA
1.0x

Available undrawn amount
€1.1bn

Maturities

- Bond: 2026 and 2027
- Syndicated bank lines: 2023

	30/06/2021 Amount used (€m)	30/06/2021 Amount authorised (€m)
Bond	250.0	250.0
Syndicated loan – Tranche A €	96.0	96.0
Syndicated loan – Tranche B £	44.8	44.8
Multi-currency revolving credit facility	-	900.0
Overdrafts and Other	80.2	287.3
Total	471.0	1,578.1
NEU CP & MTN	200.0	
Gross debt	671.0	
Cash and cash equivalents	248.3	
Net financial debt	422.7	



04

2021 priorities and objectives



Vincent Paris
Chief Executive Officer

Key priorities for 2021

In a dynamic but volatile environment

- **Human resources**

- └ Recruitment
- └ Training
- └ Diversity

- **Investments and acceleration of transformations under way**

- └ Development of consulting activities
- └ Expansion of financial services
- └ Transformation of R&D

- **Product plans**

- **External growth**

Full-year targets raised

Targets for financial year 2021

Organic revenue growth \geq 6%
(previously between 3% and 5%)

Operating margin on business activity of between 7.7% and 8.0%
(previously between 7.5% and 8.0%)

Free cash flow of between €150m and €200m
(previously around €150m)



05

Q&A session



06

Annexes

Sopra Steria at 30/06/2021

A European leader in digital transformation

Among the top 5 European digital services companies

Among the top 10 operating in Europe

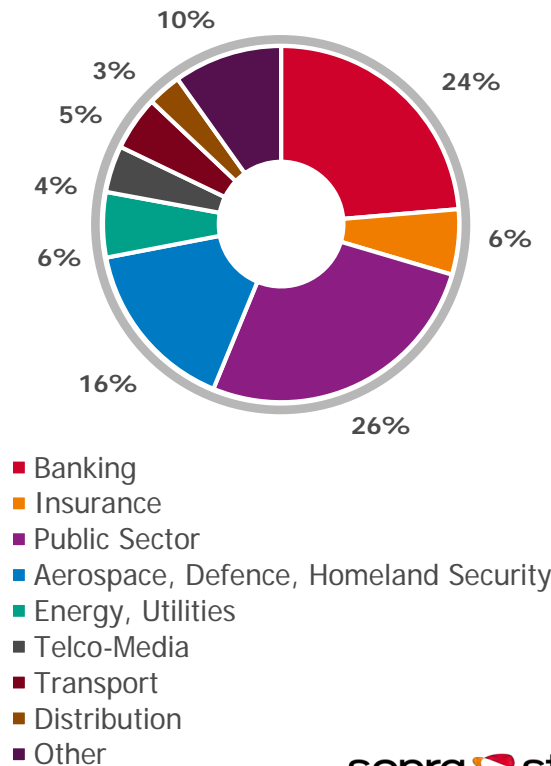
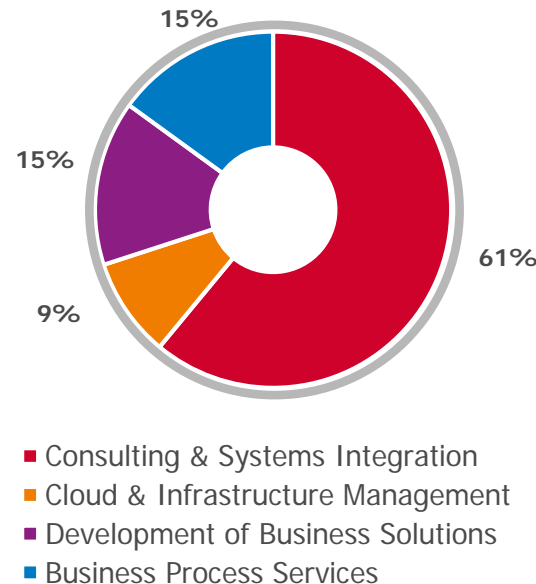
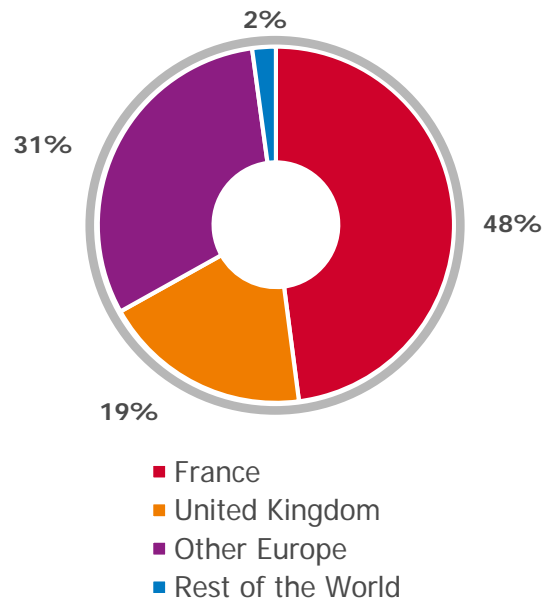
2020 revenue
of €4.3bn

46,000+
employees

Operations in nearly
30 countries

End-to-end
approach

Revenue to 30/06/2021

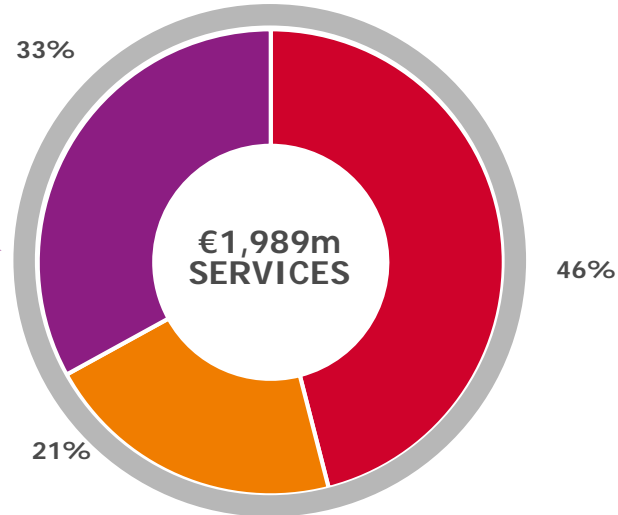


Breakdown of Group revenue by country

To 30/06/2021

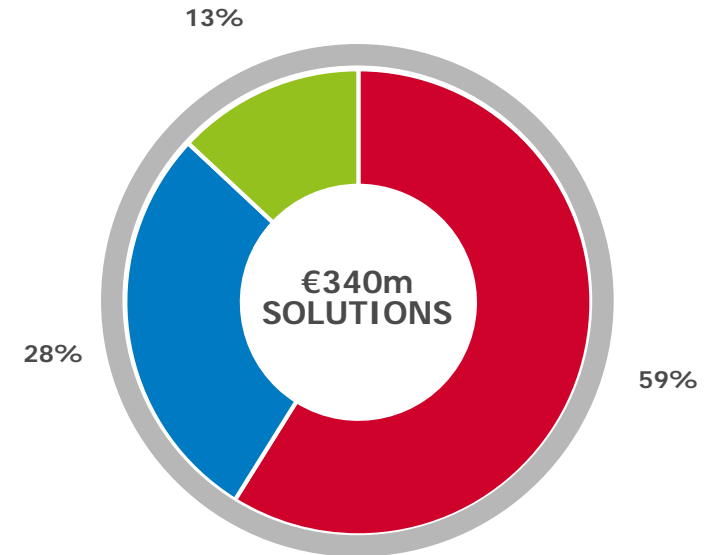
SERVICES REVENUE – 30/06/2021

H1 2021 revenue
Other Europe = €665m
o/w Germany = 31%
o/w Scandinavia = 28%
o/w SFT = 13%
o/w Spain = 12%
o/w Benelux = 7%
o/w Italy = 6%
o/w Switzerland = 3%



- France
- United Kingdom
- Other Europe

SOLUTIONS REVENUE – 30/06/2021

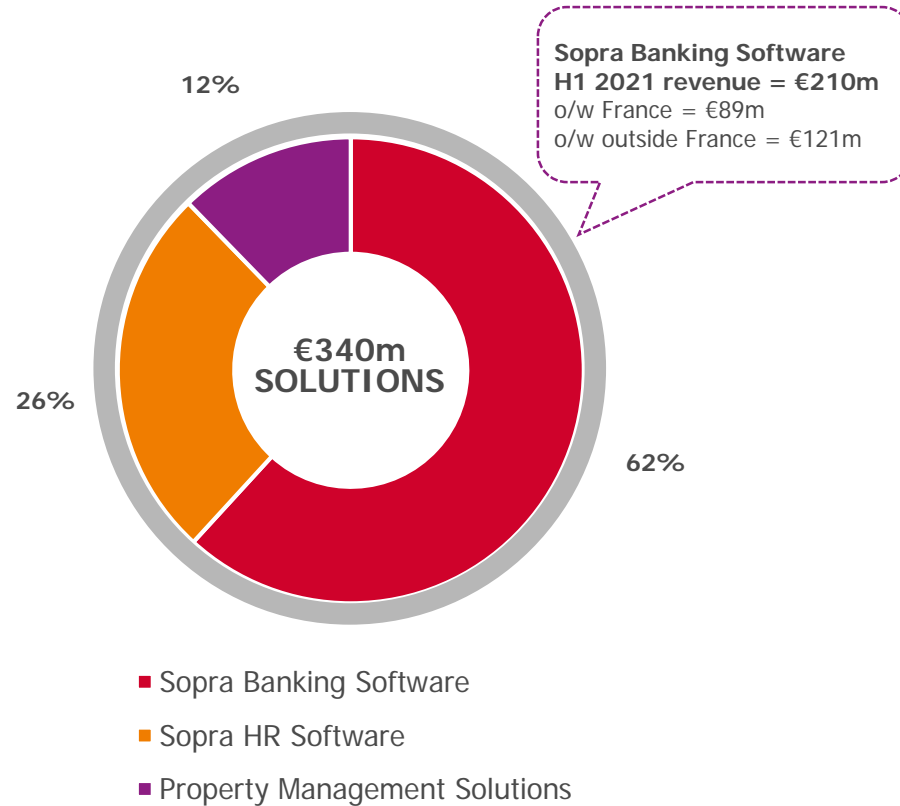


- France
- Rest of Europe
- Rest of the World

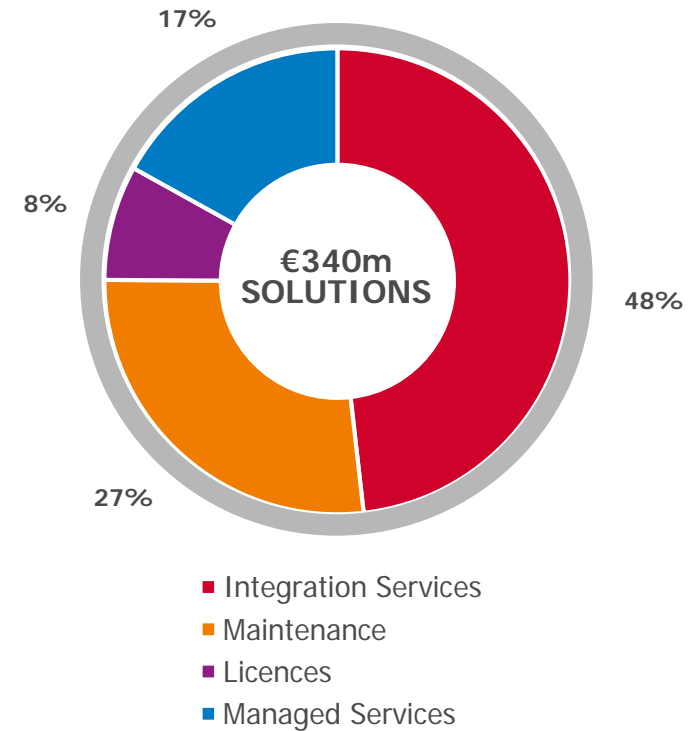
Breakdown of Solutions revenue

To 30/06/2021

SOLUTIONS REVENUE BY PRODUCT



SOLUTIONS REVENUE BY BUSINESS LINE

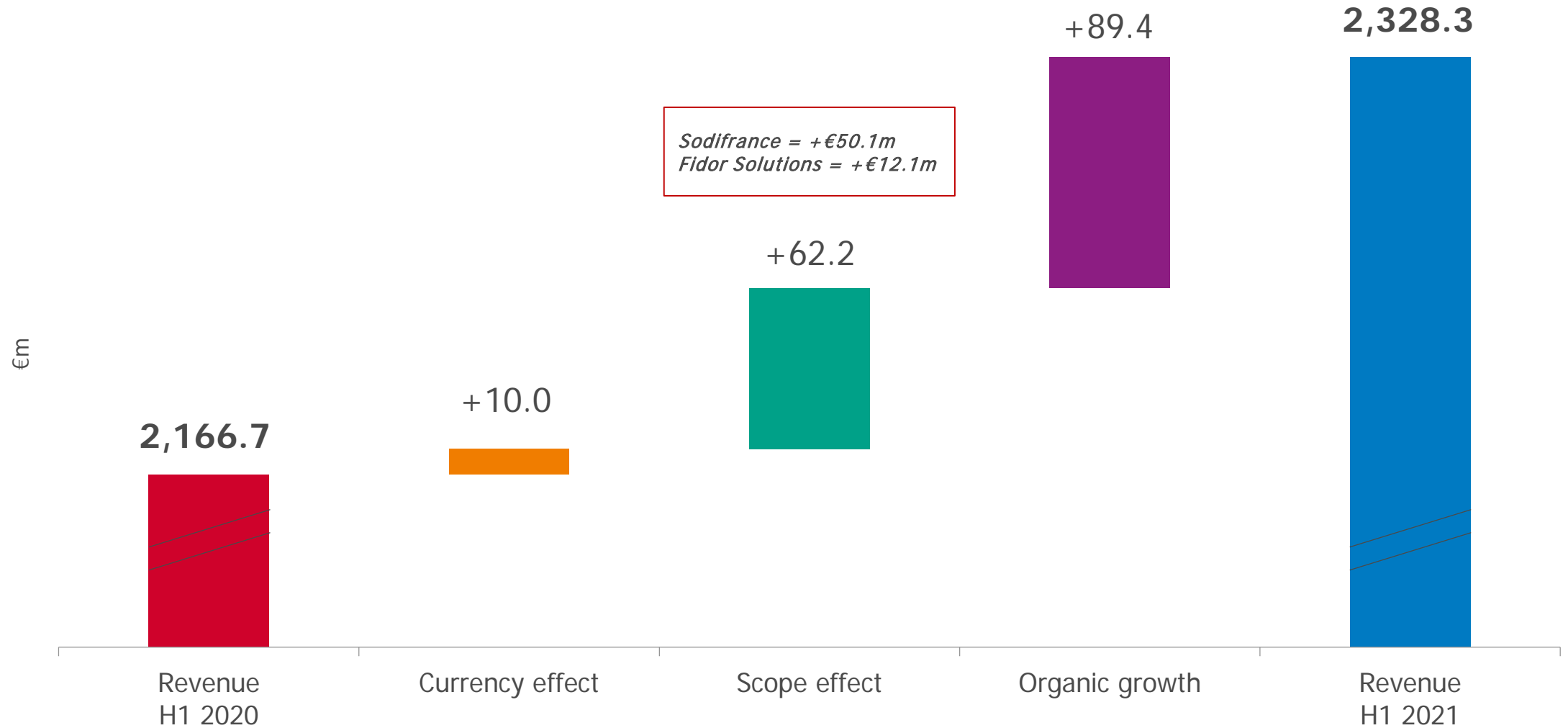


Changes in exchange rates

H1 2021

	Changes in exchange rates		
	Average rate H1 2021	Average rate H1 2020	Change (%)
<i>For €1 / %</i>			
Pound sterling	0.8680	0.8746	+ 0.8%
Norwegian krone	10.1759	10.7324	+ 5.5%
Swedish krona	10.1308	10.6599	+ 5.2%
Danish krone	7.4368	7.4648	+ 0.4%
Swiss franc	1.0946	1.0642	- 2.8%

Change in revenue in H1 2021



Earnings per share

H1 2021

	H1 2021 (€m)	H1 2020 (€m)
Net profit attributable to the Group (€m)	85.1	43.7
Weighted average number of shares in issue excluding treasury shares	20.25	20.23
Basic earnings per share (€)	4.20	2.16
Basic recurring earnings per share (€)	4.45	3.06
Theoretical weighted average number of shares	20.25	20.34
Diluted earnings per share (€)	4.20	2.15
Diluted recurring earnings per share (€)	4.45	3.04

Breakdown of change in net financial debt

H1 2021

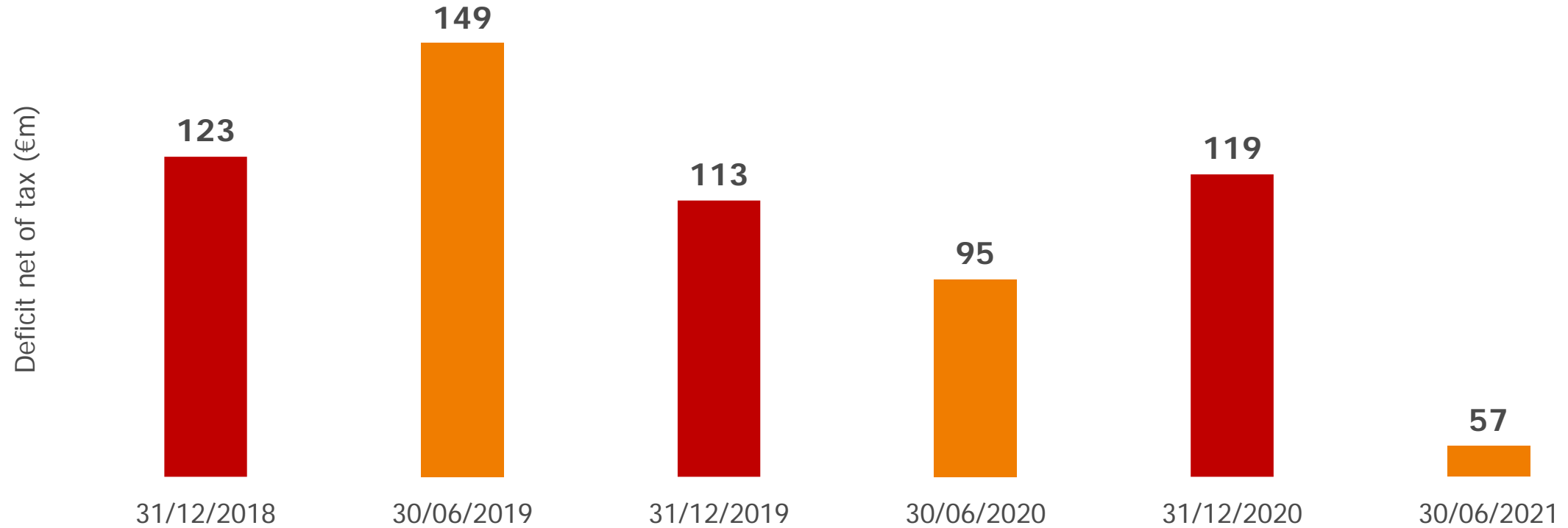
	H1 2021 (€m)	H1 2020 (€m)
Operating profit on business activity	168.6	132.8
Depreciation, amortisation and provisions (excluding allocated intangible assets)	89.3	88.7
EBITDA	257.9	221.5
Non-cash items	2.8	3.2
Tax paid	-32.8	-43.3
Change in operating working capital requirement	-69.7	-25.7
Non-recurring expenses including reorganisation and restructuring costs	0.6	-20.0
Net cash flow from operating activities	158.8	135.7
Change relating to investing activities	-27.5	-25.2
Lease payments	-53.9	-55.8
Net interest	-2.0	-5.8
Additional contributions related to defined-benefit pension plans	-13.6	-11.9
Free cash flow	61.9	37.1
Impact of changes in scope	-7.9	-8.3
Financial investments	-0.5	-0.9
Dividends paid	-46.3	-2.3
Dividends received from equity-accounted companies	2.8	0.0
Capital increases in cash	0.0	0.0
Purchase and sale of treasury shares	-4.3	-6.9
Impact of changes in foreign exchange rates	-2.6	-0.6
Impact of the initial application of IFRS 16	0.0	0.0
Change in net financial debt	2.9	18.0
Net financial debt at beginning of period	425.6	513.9
Net financial debt at end of period	422.7	495.9

Simplified balance sheet

30/06/2021

	30/06/2021 (€m)	31/12/2020 (€m)
Goodwill	1,877.1	1,843.2
Allocated intangible assets	147.8	161.5
Other fixed assets	226.1	241.1
Right-of-use assets	283.9	290.3
Equity-accounted investments	194.3	193.4
Fixed assets	2,729.2	2,729.6
Net deferred tax	102.9	113.4
Trade accounts receivable (net)	1,070.8	954.6
Other assets and liabilities	- 1162.3	- 1112.8
Working capital requirement (WCR)	- 91.4	- 158.2
Assets + WCR	2,740.7	2,684.8
Equity	1,602.2	1,445.4
Provisions for post-employment benefits	292.9	380.1
Provisions for contingencies and losses	113.5	116.0
Lease liabilities	309.4	317.5
Net financial debt	422.7	425.6
Capital invested	2,740.7	2,684.8

UK pension fund deficit net of tax at 30/06/2021



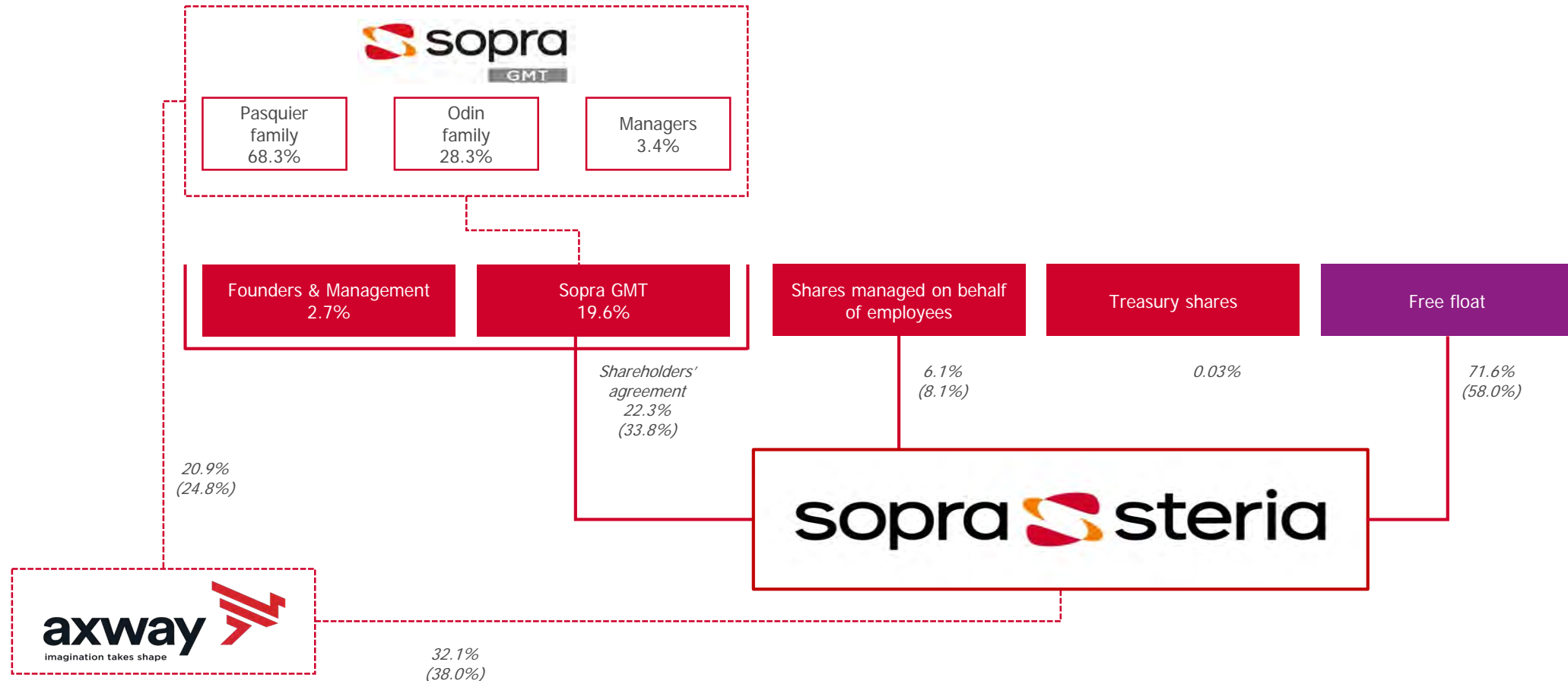
Global workforce

H1 2021

	30/06/2021	30/06/2020
France	19,925	19,677
United Kingdom	6,675	6,741
Other Europe	11,011	10,807
Rest of the World	502	499
X-Shore	8,016	8,879
Total	46,129	46,603

Ownership at 30/06/2021

A reference shareholder backing the corporate plan



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

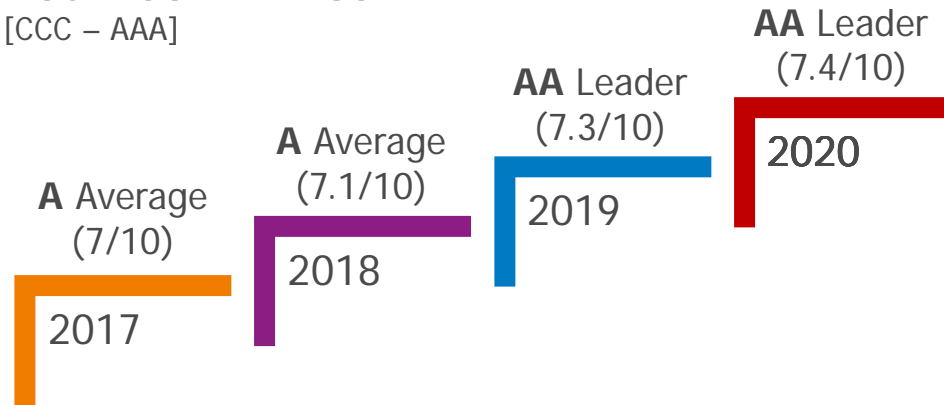
20,547,701 listed shares
 26,672,361 exercisable voting rights

Greater recognition from non-financial rating agencies

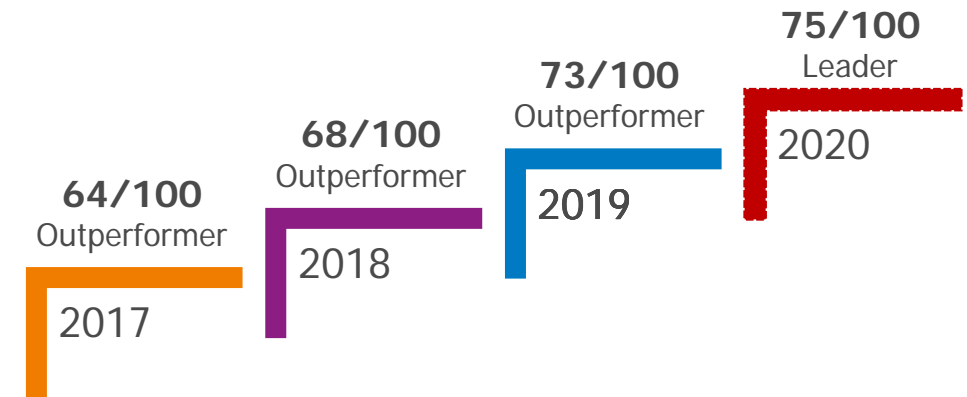
Confirmation of a continued rise in Sopra Steria's ESG scores

MSCI ESG RATINGS

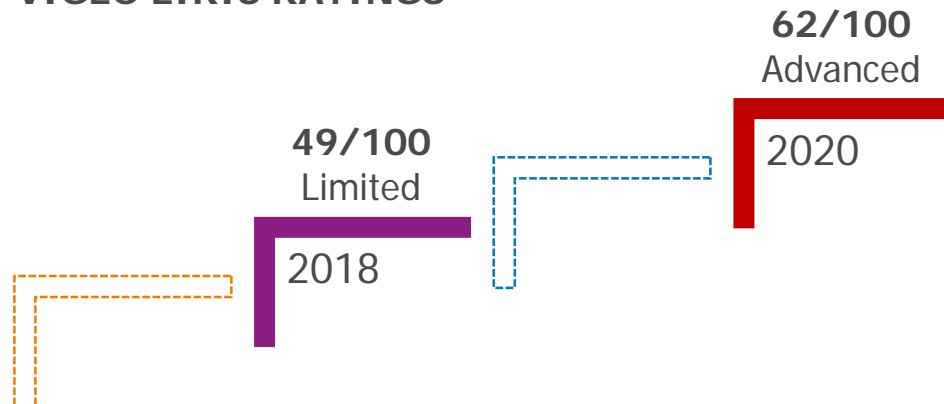
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SUSTAINALYTICS RATINGS

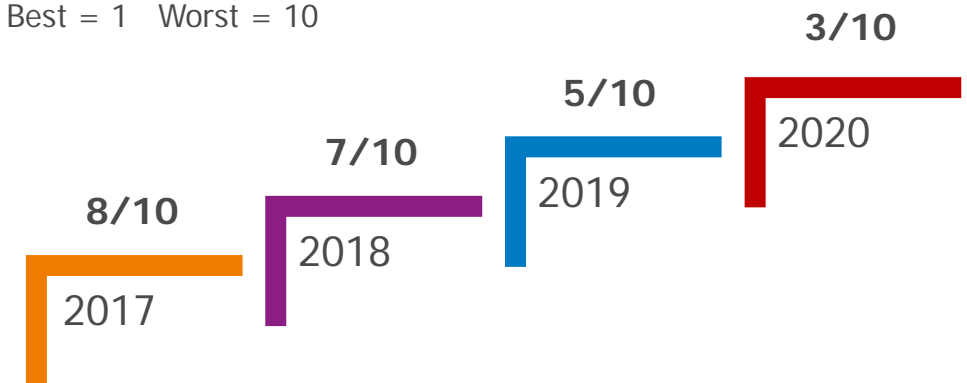


VIGEO EIRIS RATINGS



ISS GOVERNANCE QUALITYSCORE

Best = 1 Worst = 10



Other Sopra Steria ESG rankings

Awards in 2020–2021



Climate Change A-List
for our environmental
performance for the
4th consecutive year



Engagement Leader
for engaging our suppliers in
relation to climate action



Platinum medal for our
sustainability in 2021, in the
top 1% for the **3rd year**
running

2 new awards from French magazines in collaboration with Statista

<i>Le Point</i> – 2021 ranking of France's most responsible companies 12/11/2020		
	Sopra Steria SCORE	Sopra Steria POSITION
France's most responsible companies	88.6/100	8th out of 250
IT & telecoms: Top 5 companies by sector	88.6/100	2nd out of 5
Environment: Top 50 companies	94.1/100	10th out of 50
Social: Top 50 companies	89.2/100	14th out of 50
Governance	82.6/100	-
<i>Challenges</i> – 2021 Climate Champions 12/11/2020		
	Sopra Steria LEVEL	Sopra Steria POSITION
Reduction in CO₂ emissions (Scope 1 & 2) as %	19.7%	11th out of 75

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