

Presentation of H1 2020 results

PARIS, 29 JULY 2020

The world is how we shape it

sopra  steria

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 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 10 April 2020 (see pages 35 to 52 and 272 to 275 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

- 01 A resilient first half amid the Covid-19 crisis
- 02 Balanced crisis management
- 03 Operating position by reporting unit at 30 June 2020
- 04 Financial results for the first half of 2020
- 05 2020 priorities and objectives
- 06 Question & answer session
- 07 Annexes



01

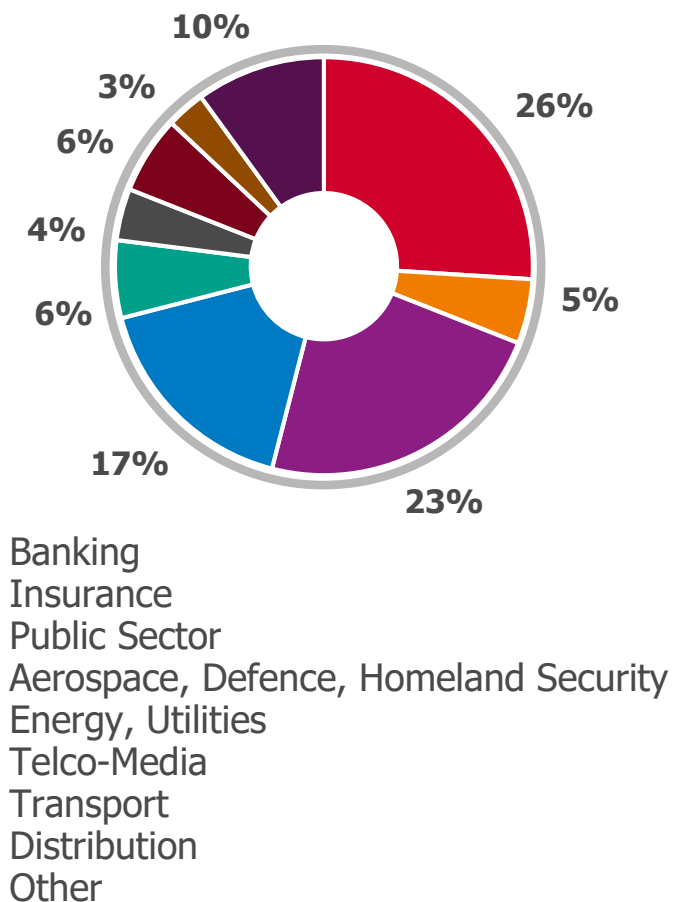
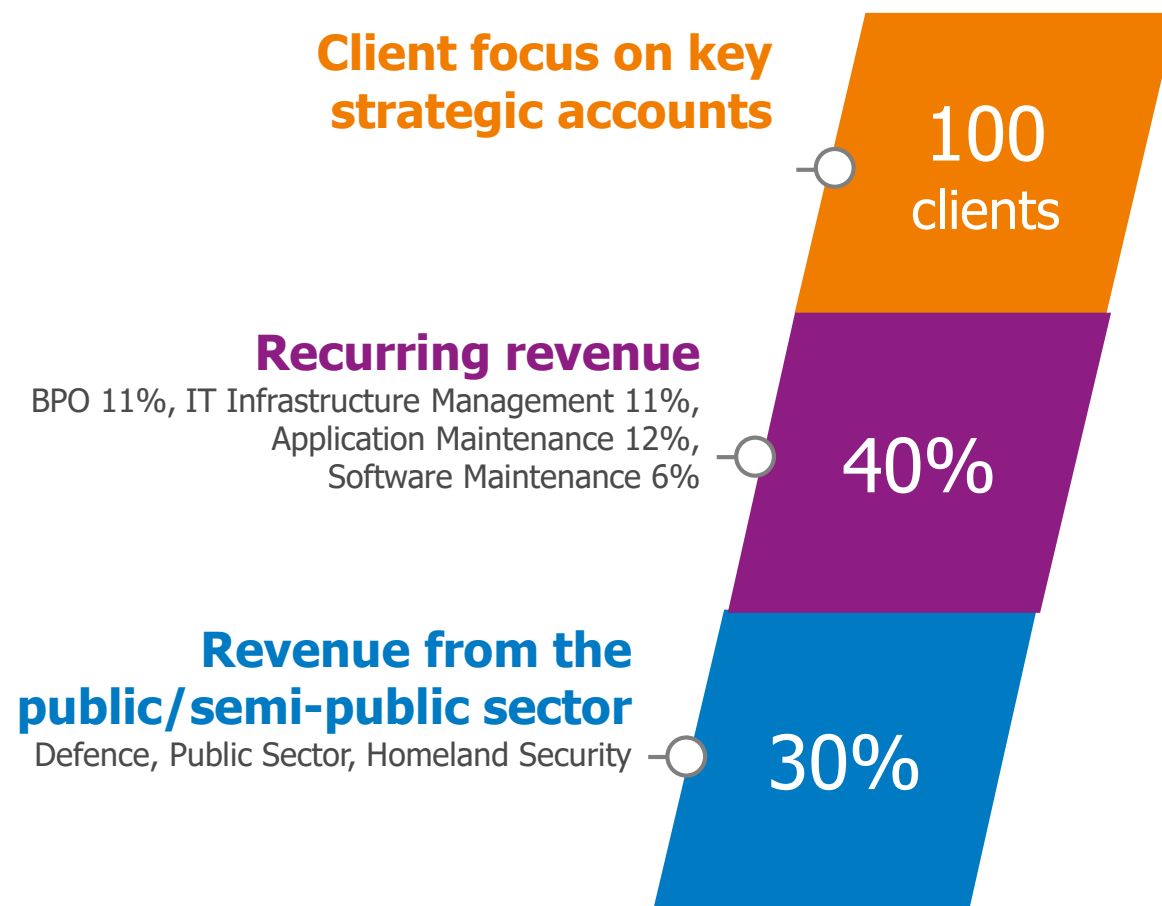
A resilient first half amid the Covid-19 crisis



Vincent Paris
Chief Executive Officer

A resilient profile

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



Sales performance

Major deals



A major **German**
banking group



Market

Improvement in our positioning

Sopra Banking Software

FORRESTER®



Universal Banking Solutions



Lending solutions



IBSintelligence



Universal Banking Solutions

Sopra Steria France

teknowlogy | PAC



2019 IT Services ranking
"2019 Revenue in France"

Sopra Steria Next



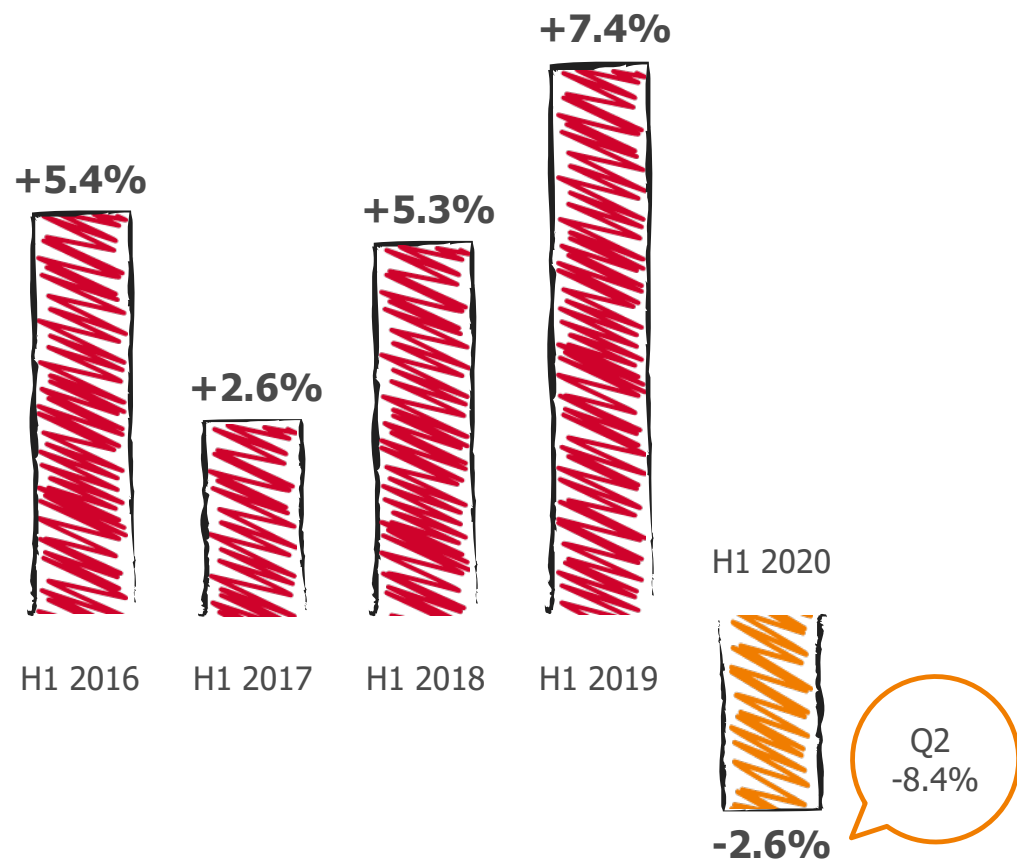
Strong reputation – "Strategy, Organisation & Management – Transactions, Purchasing and Supply Chain – 2020 Consulting Firms in France" ranking

Excellent reputation – "Organisation & Management Consulting – Competition and Distribution – 2020 Consulting Firms" ranking

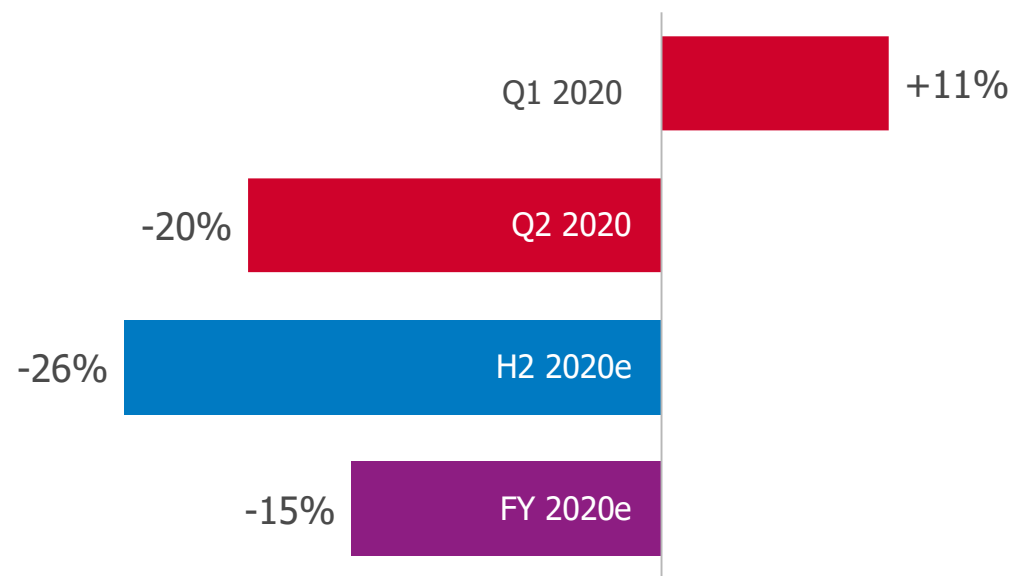
Revenue

Decrease limited to 2.6%

Organic change in Group revenue



Change in revenue in the aeronautics sector

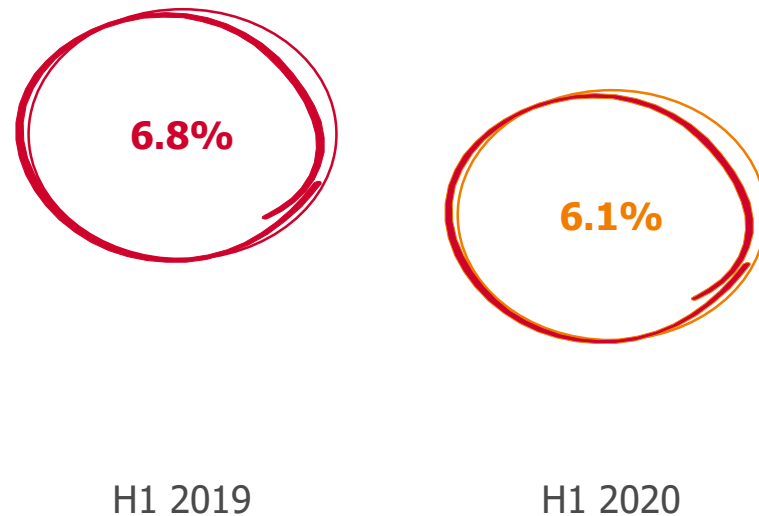


The aeronautics sector represented around 10% of the Group's revenue at the end of Q1 2020

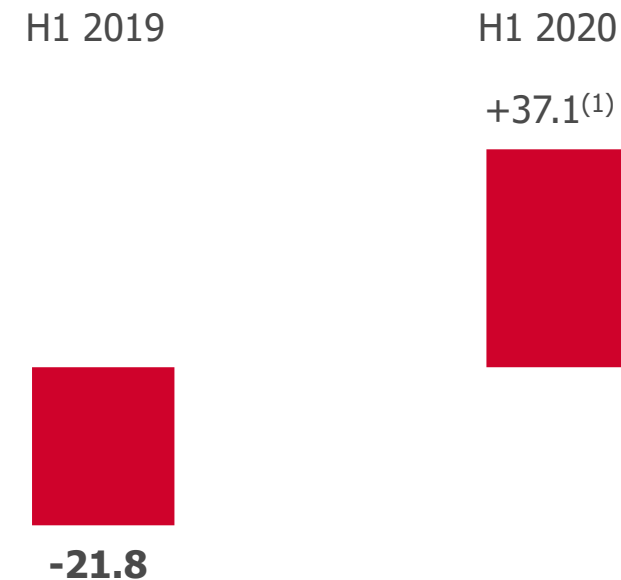
Operating margin and net cash flow

Resilient performance

Operating margin on business activity (%)



Free cash flow (€m)



(1) Including the favourable impact of €57m from non-recurring items

Key figures

First-half 2020

Revenue

€2,166.7m

*-2.6% organic growth**

Operating profit on business activity

€132.8m

6.1% of revenue

Net profit attributable to the Group

€43.7m

2.0% of revenue

Free cash flow

€37.1m

vs. -€21.8m in H1 2019

Net financial debt

€495.9m

*equating to 1.27x pro forma EBITDA
before IFRS 16*

UK pension fund deficit net of tax

€94.1m

vs. €113m at 31/12/2019

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



02

Balanced crisis management



Vincent Paris
Chief Executive Officer

Balance between short- and long-term decisions



Continuity of service

Crisis managed by focusing on quick decisions and agility in execution

Top priority placed on employee health

**More than 90% of staff working remotely during
the acute phase of the crisis**

Agile Group management

**Development of services to meet needs arising from
Covid-19**

Increased internal communications

Human resources

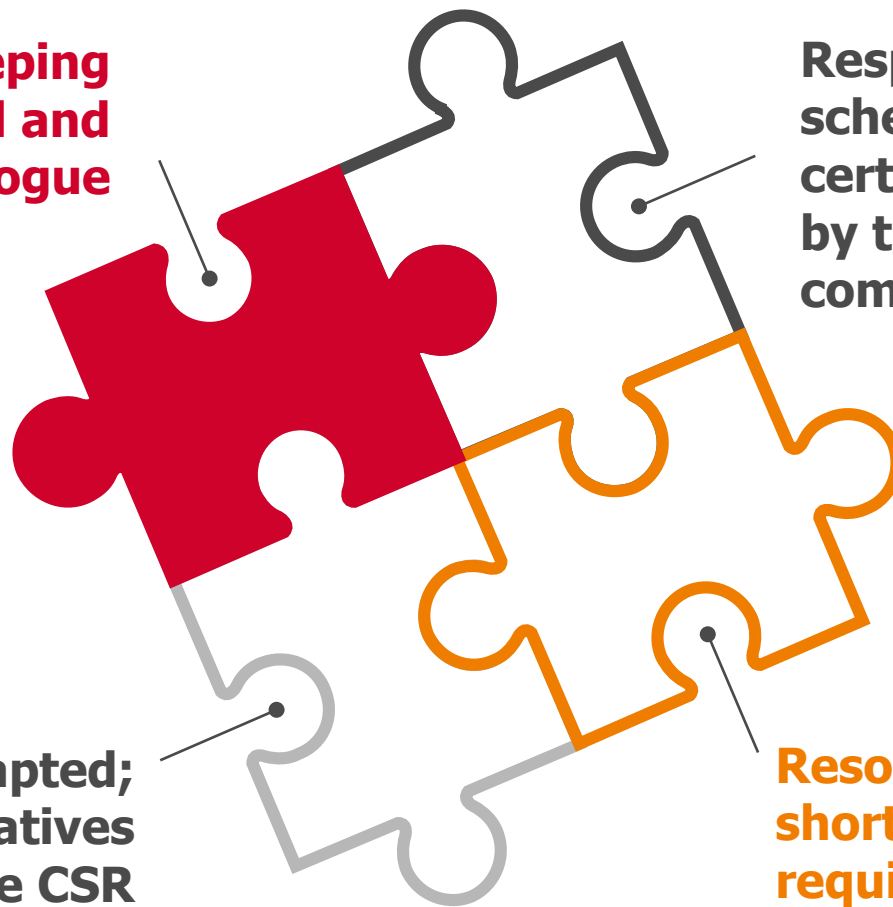
At the core of decision-making

Top priority placed on keeping employees informed and ensuring open labour dialogue

Responsible use of furlough schemes; payments made by certain governments topped up by the Group in order to maintain compensation levels

Training programmes adapted; community support initiatives launched as part of the CSR strategy

Resources managed according to short- and medium-term requirements



Cost management

Adjustment programmes launched rapidly



A purposeful, human and sustainable development policy

Growing recognition

ESG positioning updated in June 2020



74/100
Platinum



62/100
Advanced

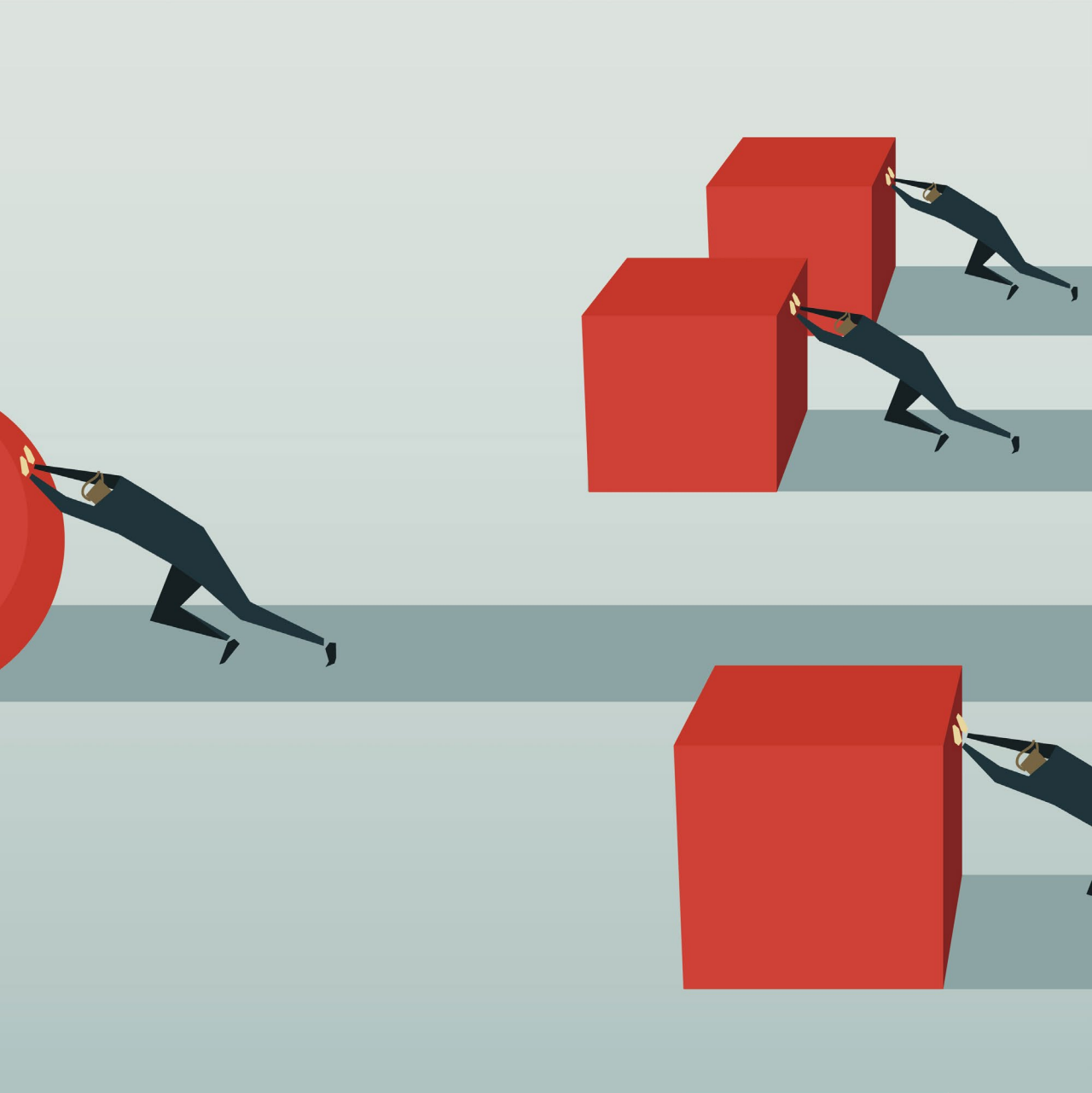


Euronext ® Eurozone
ESG Large 80

Added to the
new index



On 19 May 2020, Sopra Steria signed the United Nations Global Compact and the Science Based Targets initiative."



03

Operating position by reporting unit at 30 June 2020



Vincent Paris
Chief Executive Officer

Operating performance by reporting unit

	Revenue			Operating profit on business activity	
	H1 2020 (€m)	H1 2019 Restated* (€m)	Organic growth (%)	H1 2020 (% of Rev.)	H1 2019 (% of Rev.)
France	864.6	914.7	- 5.5%	8.2%	9.3%
United Kingdom	338.5	355.1	- 4.7%	4.6%	6.1%
Other Europe	638.8	599.4	+ 6.6%	7.4%	6.5%
Sopra Banking Software	205.4	230.6	- 10.9%	-3.3%	-4.7%
Other Solutions	119.4	125.6	- 5.0%	5.0%	11.7%
Total	2,166.7	2,225.4	- 2.6%	6.1%	6.8%

** Revenue at 2020 scope and exchange rates*

France

Significant impact of the drop in production observed in the aeronautics sector

France	H1 2020		H1 2019	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	864.6		914.9	
<i>Organic growth (%)</i>	- 5.5%			
Operating profit on business activity	70.8	8.2%	85.2	9.3%
Profit from recurring operations	65.3	7.6%	81.7	8.9%
Operating profit	58.6	6.8%	76.1	8.3%

- Substantial, lasting drop in business activity in the aeronautics sector (which made up around 20 % of the reporting unit's revenue at the end of Q1 2020), partially offset by growth in defence and the public sector
- Sharp negative growth in consulting and PLM especially in the 2nd quarter, relative resilience of IT infrastructure management
- Plans to continue reducing employee downtime between projects in the second half of 2020

United Kingdom

Good resilience in the public sector, especially the two joint ventures

	H1 2020		H1 2019	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
United Kingdom				
Revenue	338.5		429.6	
Organic growth (%)	- 4.7%			
Operating profit on business activity	15.5	4.6%	26.4	6.1%
Profit from recurring operations	9.4	2.8%	20.4	4.7%
Operating profit	-0.7	-0.2%	19.8	4.6%

- Downturn in the private sector and halt of the visa-issuing service between late March and late May 2020
- Resilience of activities in defence and security
- Organic growth of 4.9% for the joint ventures. Acceleration planned for the second half, with the ramp-up of the MoD contract
- Situation expected to improve in the second half of 2020 despite difficulties in the private sector

Other Europe

Business resilient across geographies

	H1 2020		H1 2019	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Other Europe				
Revenue	638.8		534.9	
<i>Organic growth (%)</i>	<i>+ 6.6%</i>			
Operating profit on business activity	47.4	7.4%	34.5	6.5%
Profit from recurring operations	45.2	7.1%	32.7	6.1%
Operating profit	40.6	6.4%	28.6	5.4%

- **Strong growth in Scandinavia**
- **Development of business related to Sopra Financial Technology's operation of the Sparda banks' IT system**
 - └ €76m positive scope effect (consolidation as at 1 August 2019)
 - └ Strong organic growth
 - └ Margin higher than usual in the first half
- **Business activity stable or slightly down for the other countries in the region**

Sopra Banking Software

Progress made on the product roadmap

Sopra Banking Software	H1 2020		H1 2019	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	205.4		204.0	
<i>Organic growth (%)</i>	<i>- 10.9%</i>			
Operating profit on business activity	-6.7	-3.3%	-9.5	-4.7%
Profit from recurring operations	-13.9	-6.8%	-15.6	-7.6%
Operating profit	-16.1	-7.8%	-21.2	-10.4%

- **Decline in licence sales and deterioration in services activities during the lockdown period**
- **Progress made on product roadmaps for Sopra Banking Platform and Sopra Financing Platform in line with expectations**
 - └ Investment in the digital layer of Sopra Banking Platform (Digital Banking Enablement Platform)
 - └ Development under way for the Sparda banks' platform
 - └ Launch of Cassiopae V4.7 on 31 March 2020 and implementation of a gradual upgrade plan
 - └ Gradual improvement in the situation for projects in the specialised lending solutions business

Other Solutions

Half-year period marked by postponed project launches

Other Solutions	H1 2020		H1 2019	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	119.4		123.6	
<i>Organic growth (%)</i>	<i>- 5.0%</i>			
Operating profit on business activity	5.9	5.0%	14.5	11.7%
Profit from recurring operations	5.5	4.6%	13.9	11.2%
Operating profit	5.3	4.5%	11.9	9.6%

- **Negative revenue growth related to the decline in licence sales, the postponement of certain project launches and a temporary drop in the volume of services outsourced during the lockdown period**
- **Margin affected by the difference between actual revenue and initial growth forecasts**
- **New contract signed to manage payslips for the SNCF (French rail service), bringing total volume to 1 million payslips per month starting in Q4 2020**
- **Substantial improvement in profitability expected in H2 2020**



04

Financial results for the first half of 2020



Étienne du Vignaux
Chief Financial Officer

Income statement

First-half 2020


	H1 2020 (€m)	H1 2020 (% of Rev.)	H1 2019 (€m)	H1 2019 (% of Rev.)
Revenue	2,166.7		2,207.1	
<i>Organic growth</i>	-2.6%			
Operating profit on business activity	132.8	6.1%	151.0	6.8%
Share-based payment expenses	- 2.2		- 4.3	
Amortisation of allocated intangible assets	- 19.1		- 13.6	
Profit from recurring operations	111.6	5.1%	133.1	6.0%
Other operating income and expenses	- 23.8		- 17.8	
Operating profit	87.7	4.0%	115.3	5.2%
Cost of net financial debt	- 5.1		- 4.4	
Other financial income and expenses	- 6.7		- 7.7	
Tax expense	- 23.7		- 34.4	
Share of net profit from equity-accounted companies	- 2.1		- 2.0	
Net profit	50.2		66.8	
<i>of which attributable to Group</i>	43.7	2.0%	60.9	2.8%
<i>of which minority interests</i>	6.5		5.9	

Other operating income and expenses

First-half 2020

	H1 2020 (€m)	H1 2019 (€m)
Costs related to business combination	- 0.5	- 2.3
Restructuring and reorganisation costs	- 15.8	- 14.3
Other	- 7.5	- 1.2
Other operating income and expenses	- 23.8	- 17.8

Including €7.7m in
costs directly related
to Covid-19



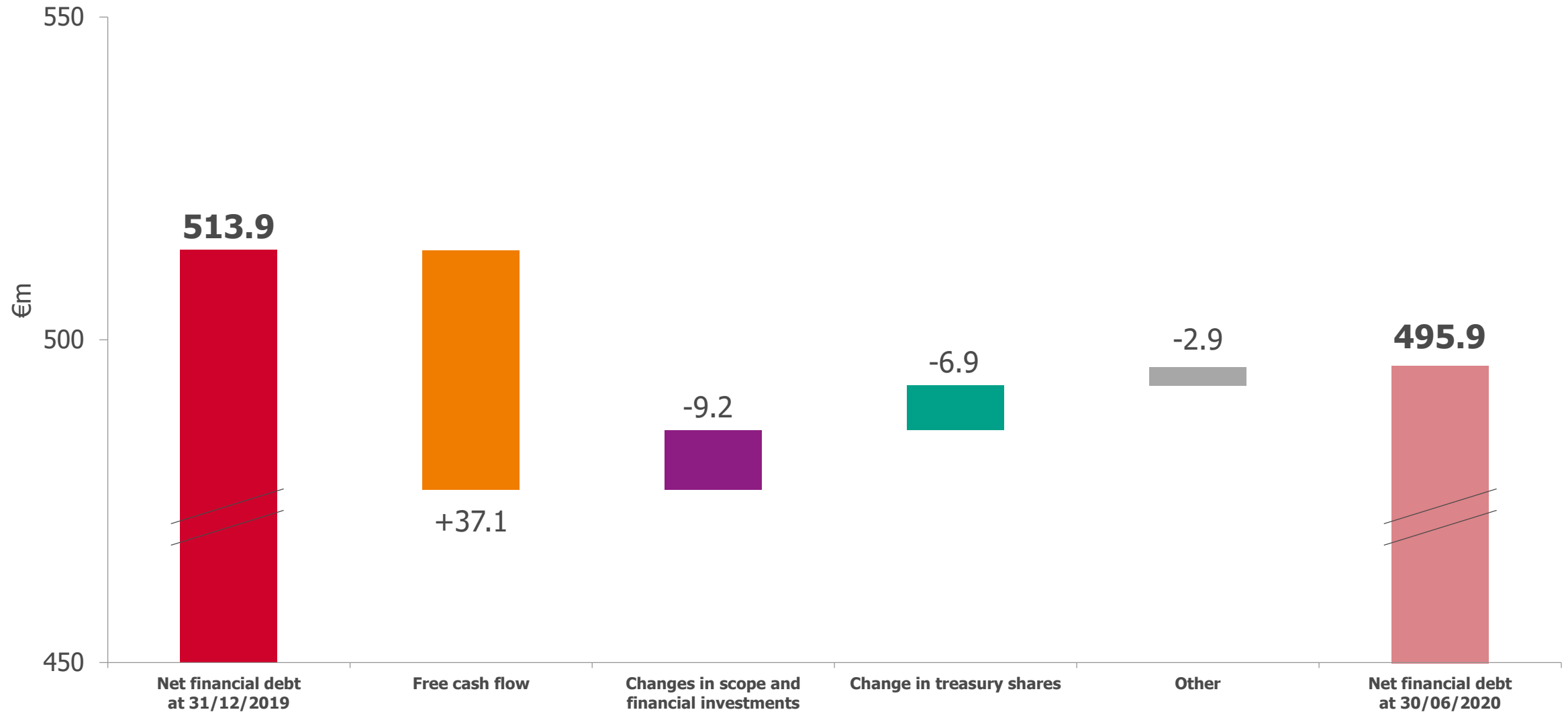
Tax

First-half 2020

	H1 2020 (€m)	H1 2019 (€m)
Profit before tax and share from equity-accounted companies	75.9	103.2
Effective tax charge	- 23.7	- 34.4
Effective tax rate (%)	31.2%	33.4%

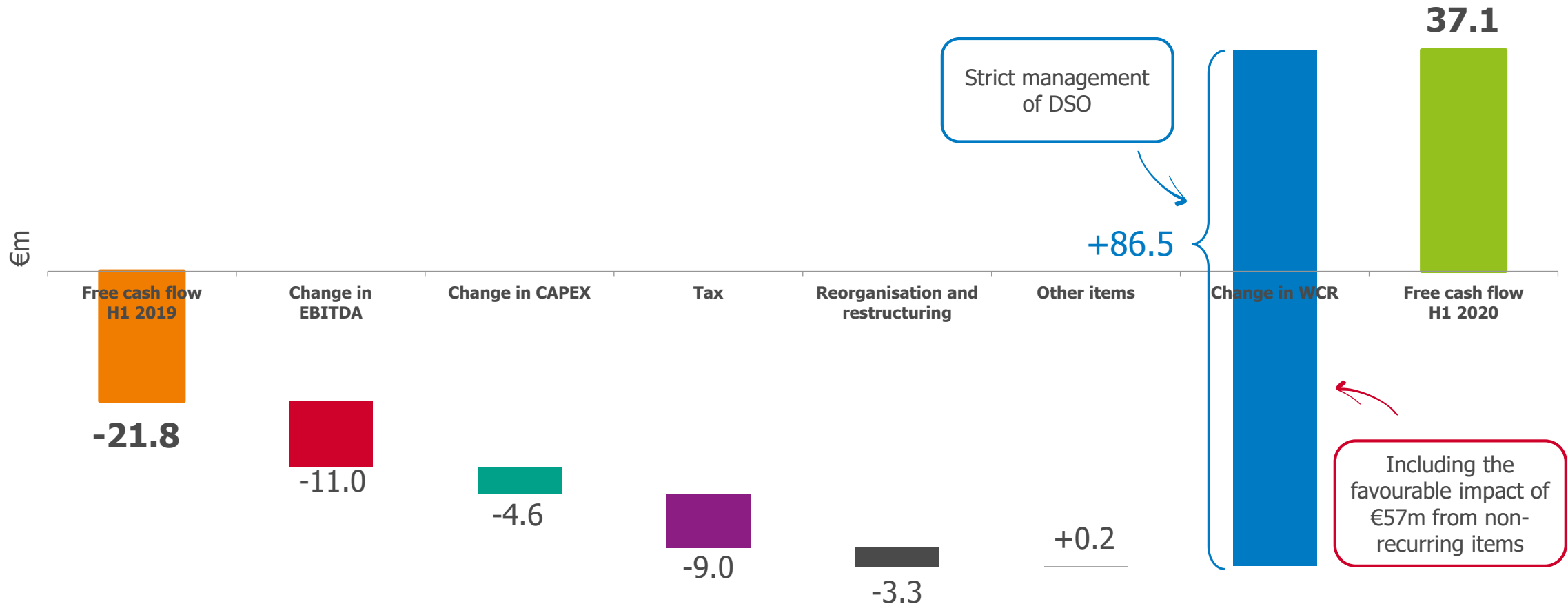
Net financial debt down slightly

Thanks to positive free cash flow despite a traditionally unfavourable seasonal effect



Detail of movement in free cash flow (FCF)

Strict management of the working capital requirement in the first half of 2020



Solid financial position at 30/06/2020 (1/2)

Diversified funding sources and comfortable liquidity

Equity
€1,442.1m

Net financial debt
€495.9m

Available undrawn amount
€1.1bn

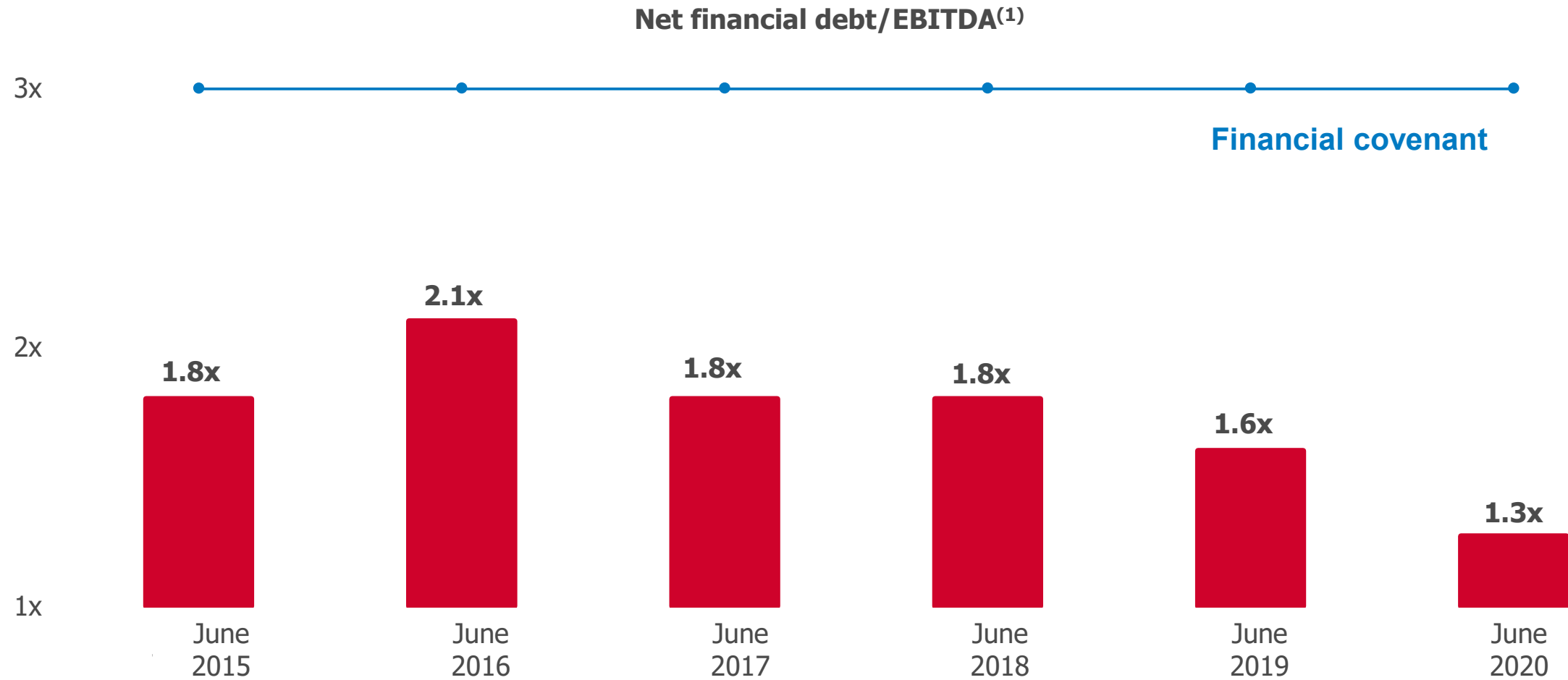
Maturities

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

	30/06/2020 Amount used (€m)	30/06/2020 Amount authorised (€m)
Bond	250.0	250.0
Syndicated loan – Tranche A €	112.0	112.0
Syndicated loan – Tranche B £	49.1	49.1
Multi-currency revolving credit facility	-	900.0
Overdrafts and Other	76.0	287.0
Total	487.1	1,598.1
NEU CP & MTN	225.0	
Gross debt	712.1	
Cash and cash equivalents	216.3	
Net financial debt	495.9	

Solid financial position at 30/06/2020 (2/2)

Financial leverage substantially below 2x EBITDA



(1) Pro forma EBITDA on a 12-month rolling basis, before the impact of IFRS 16 Leases



05

2020 priorities and objectives



Vincent Paris
Chief Executive Officer

Key priorities in an environment that remains highly uncertain

In the second half of 2020

- **Uncertainties surrounding the future development of the pandemic in the regions where Sopra Steria operates**
- **Uncertainties surrounding digital investment decisions to be made by major clients in Q4 2020**
- **Recognition that the business environment of certain vertical markets has changed for the long term**
- **Emerging stronger from the crisis**
 - └ Priority placed on sales and market share
 - └ Protection of the Group's assets and cash
 - └ Focus on the human resources policy
- **Continuing and accelerating the Group's transformation**
 - └ End-to-end approach
 - └ Integration of digital in offerings
 - └ Product development

Financial targets for 2020

Organic revenue growth of between -2 % and -4 %

Operating margin on business activity of between 6 % and 7 %

Free cash flow of between €80m and €120m



06

Question & answer session



07

Annexes

Our mission

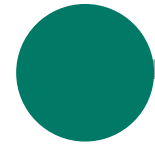
Together, building a positive future by making digital work for people

Our objectives

Make a sustainable, human, purposeful contribution to society

Use innovation and digital to help our clients achieve their CSR goals

Contribute to the Sustainable Development Goals adopted by the United Nations



Our commitments

- **Be a benchmark employer**
- **Be the partner of choice for our clients**
- **Establish ongoing constructive and transparent dialogue with our stakeholders**
- **Reduce the environmental impact of our business activities**
- **Engage all our stakeholders to help build a more sustainable world**
- **Act ethically and with integrity**
- **Support local communities**

Recognised corporate social responsibility policy

Commitment to the Global Compact (Advanced level)



ESG ratings updated in June 2020



AA
Leader



74/100
Platinum



62/100
Advanced



73/100
Outperformer



Workforce 2019–2020

7th in HappyIndex®Trainees⁽¹⁾ | World⁽²⁾ 2020

6th in HappyIndex®AtWork | France 2019 –
“More than 5,000 employees” category

9th in HappyIndex®Candidates | France 2019
– “More than 1,000 employees” category

Environmental ratings (2019–2020)



2019



CLIMATE

- (1) Happy Trainees, awarded by ChooseMyCompany, recognises integration and support for interns and work-linked training students, and is a decisive factor in attracting students.
(2) The rating awards bonus points to companies with an international reach; most are French, as ChooseMyCompany is mainly anchored in France to date.

Sopra Steria at 30/06/2020

A European leader in digital transformation

Among the top 5 European digital services companies

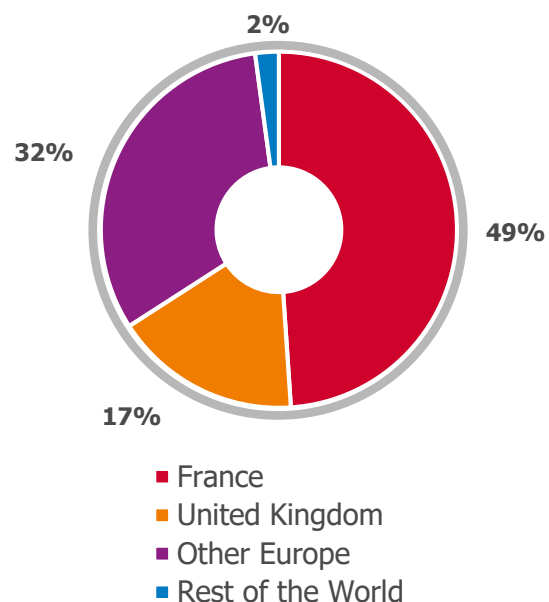
2019 revenue
of €4.4bn

46,000
employees

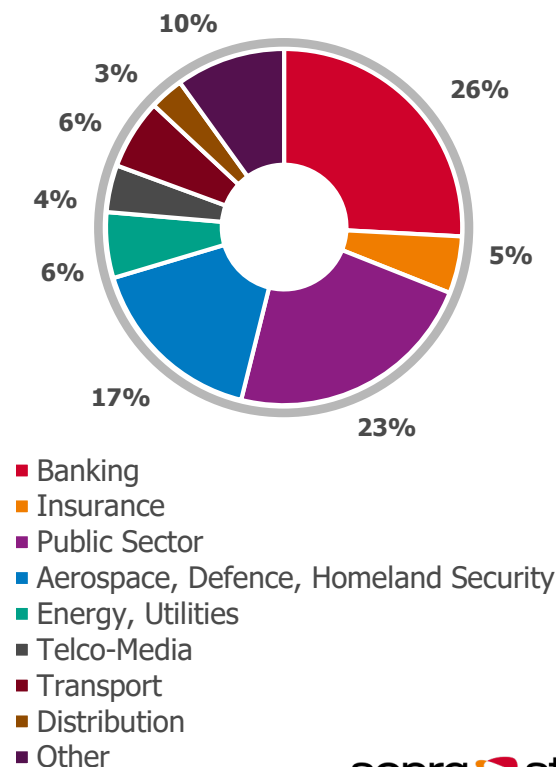
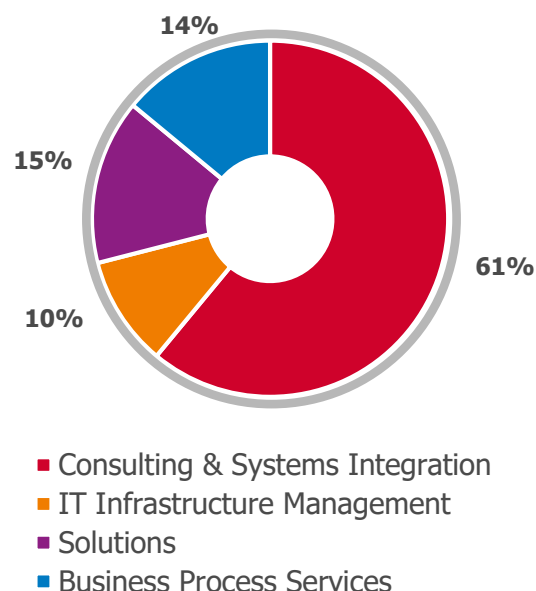
Among the top 10 operating in Europe

Operations in
25 countries

End-to-end
approach



Revenue – 30/06/2020

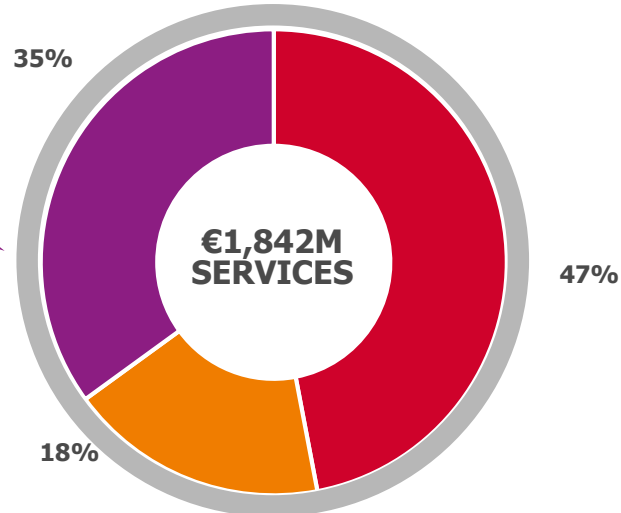


Breakdown of Group revenue by country

At 30/06/2020

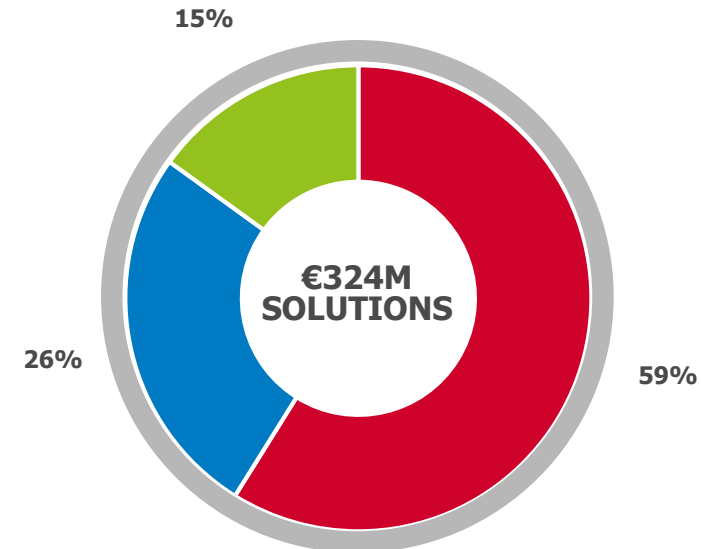
SERVICES REVENUE – 30/06/2020

H1 2020 revenue:
Other Europe = €639m
o/w Germany = 29%
o/w Scandinavia = 26%
o/w SFT = 17%
o/w Spain = 12%
o/w Belux = 6%
o/w Italy = 6%
o/w Switzerland = 3%



- France
- United Kingdom
- Other Europe

SOLUTIONS REVENUE – 30/06/2020

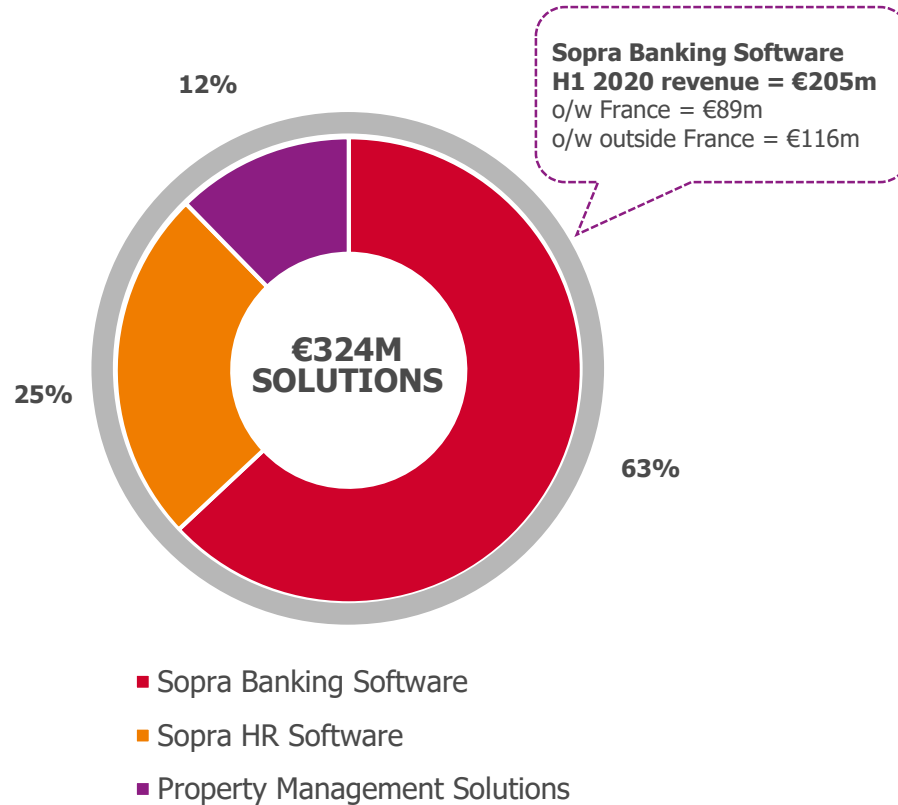


- France
- Rest of Europe
- Rest of the World

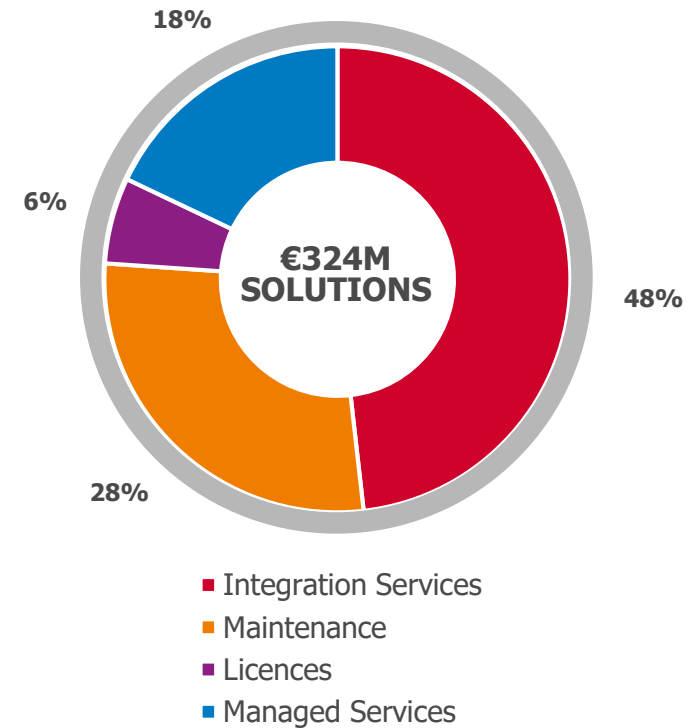
Breakdown of Solutions revenue

At 30/06/2020

SOLUTIONS REVENUE BY PRODUCT



SOLUTIONS REVENUE BY BUSINESS LINE



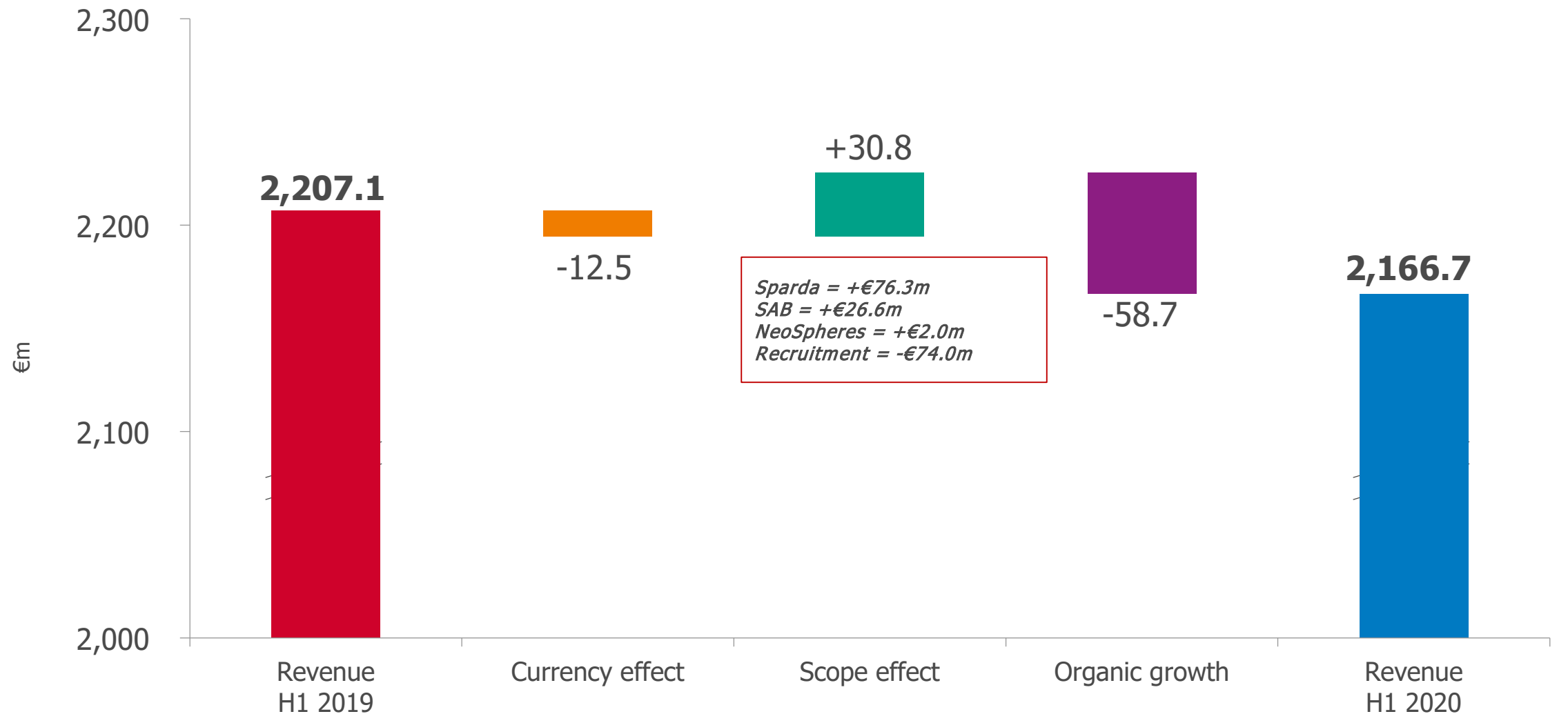
Changes in exchange rates

First-half 2020

For €1 / %

Changes in exchange rates			
	Average rate H1 2020	Average rate H1 2019	Change (%)
Pound sterling	0.8746	0.8736	+ 0.1%
Norwegian krone	10.7324	9.7304	+ 10.3%
Swedish krona	10.6599	10.5181	+ 1.3%
Danish krone	7.4648	7.4651	- 0.0%
Swiss franc	1.0642	1.1295	- 5.8%

Change in revenue in the first half of 2020



Earnings per share

First-half 2020

	H1 2020 (€m)	H1 2019 (€m)
Net profit attributable to the Group (€m)	43.7	60.9
Weighted average number of shares in issue excluding treasury shares	20.23	20.22
Basic earnings per share (€)	2.16	3.01
Basic recurring earnings per share (€)	3.06	3.61
Theoretical weighted average number of shares	20.34	20.27
Diluted earnings per share (€)	2.15	3.00
Diluted recurring earnings per share (€)	3.04	3.60

Breakdown of change in net financial debt

First-half 2020

	H1 2020 (€m)	H1 2019 (€m)
Operating profit on business activity	132,8	151,0
Depreciation, amortisation and provisions (excluding allocated intangible assets)	88,7	81,5
EBITDA	221,5	232,5
Non-cash items	3,2	- 4,6
Tax paid	-43,3	-34,3
Change in operating working capital requirement	-25,7	-112,2
Reorganisation and restructuring costs	-20,0	-16,7
Net cash flow from operating activities	135,7	64,8
Change relating to investing activities	-25,2	-20,6
Lease payments	-55,8	-51,1
Net interest	-5,8	-3,2
Additional contributions related to defined-benefit pension plans	-11,9	-11,7
Free cash flow	37,1	- 21,8
Impact of changes in scope	-8,3	7,3
Financial investments	-0,9	-1,1
Dividends paid	-2,3	-2,3
Dividends received from equity-accounted companies	0,0	0,0
Capital increases in cash	0,0	0,0
Purchase and sale of treasury shares	-6,9	-3,4
Impact of changes in foreign exchange rates	-0,6	0,8
Impact of the initial application of IFRS 16	0,0	16,9
Change in net financial debt	18,0	- 3,4
Net financial debt at beginning of period	513,9	620,9
Net financial debt at end of period	495,9	624,3

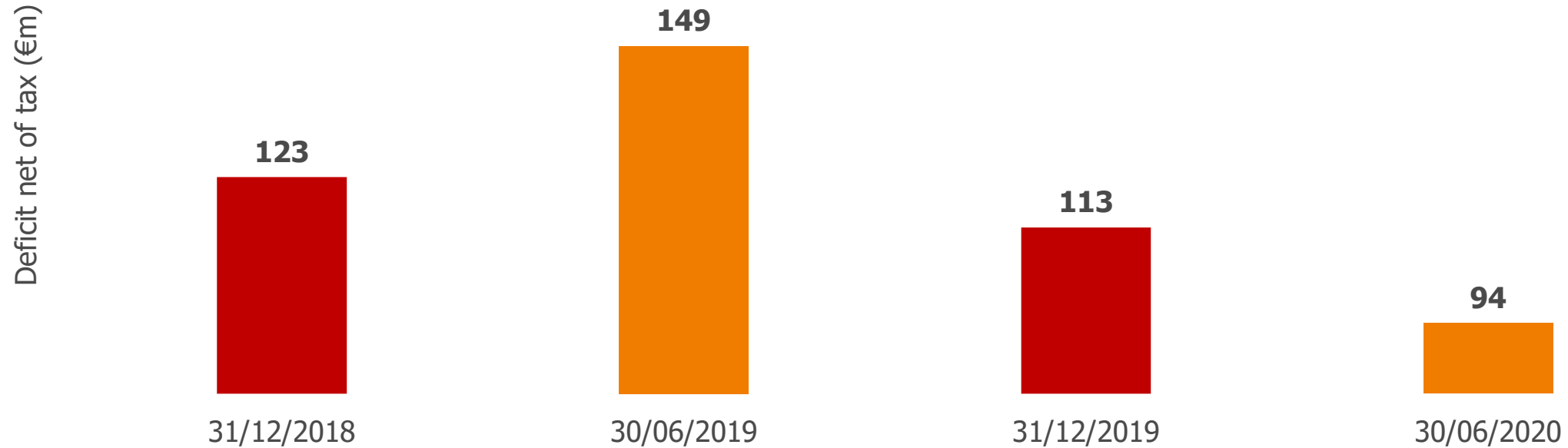
Simplified balance sheet

30/06/2020

	30/06/2020 (€m)	31/12/2019 (€m)
Goodwill	1,771.3	1,813.9
Allocated intangible assets	158.0	181.5
Other fixed assets	257.0	267.9
Right-of-use assets	315.3	320.4
Equity-accounted investments	195.4	195.0
Fixed assets	2,697.0	2,778.8
Net deferred tax	90.7	98.1
Trade accounts receivable (net)	1,056.3	1,074.3
Other assets and liabilities	- 1,160.6	- 1,256.1
Working capital requirement (WCR)	- 104.3	- 181.8
Assets + WCR	2,683.4	2,695.1
Equity	1,442.1	1,422.2
Provisions for post-employment benefits	326.8	339.7
Provisions for contingencies and losses	81.2	77.0
Lease liabilities	337.4	342.1
Net financial debt	495.9	513.9
Capital invested	2,683.4	2,695.1

UK pension fund deficit net of tax at 30/06/2020

Decrease due to the increase in value of plan assets and the weaker GBP vs EUR



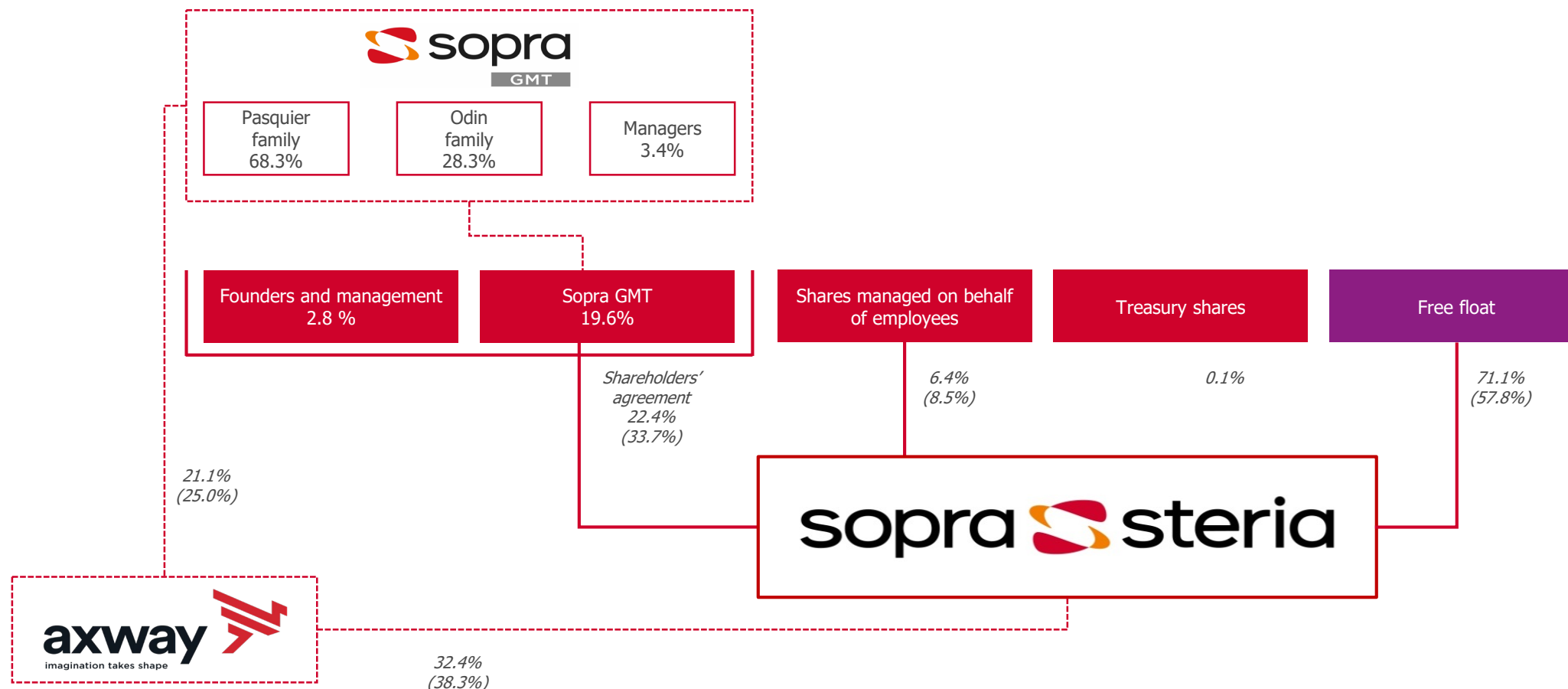
Global workforce

First-half 2020

	30/06/2020	30/06/2019
France	19,677	19,343
United Kingdom	6,741	6,352
Other Europe	10,807	10,268
Rest of the World	499	360
X-Shore	8,879	8,636
Total	46,603	44,959

Ownership at 30/06/2020

A reference shareholder backing the corporate plan



20,547,701 listed shares
26,732,887 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 lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.