

# Roadshow USA & Canada

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NOVEMBER & DECEMBER 2022

The world is how we shape it

sopra  steria

# Disclaimer

- *This document 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 2021 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2022 (see pages 38 to 44 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 enquire as to any applicable restrictions and should comply with those restrictions.*

# AGENDA

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03

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04

Annexes

# 01

## Company overview

# Sopra Steria, a European leader in digital transformation

Breakdown of revenue – year ended 31 December 2021

## Top 5 European digital services companies

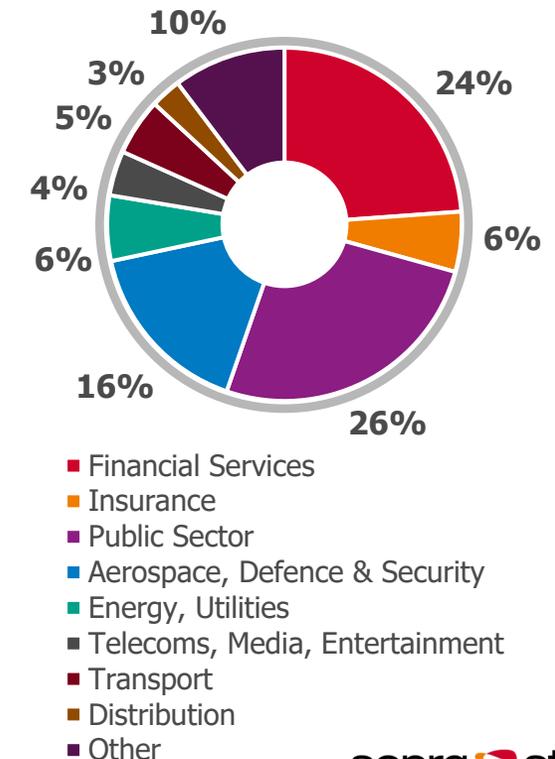
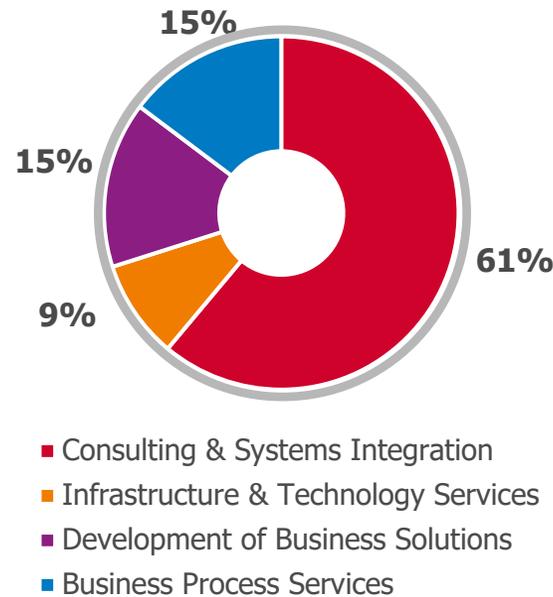
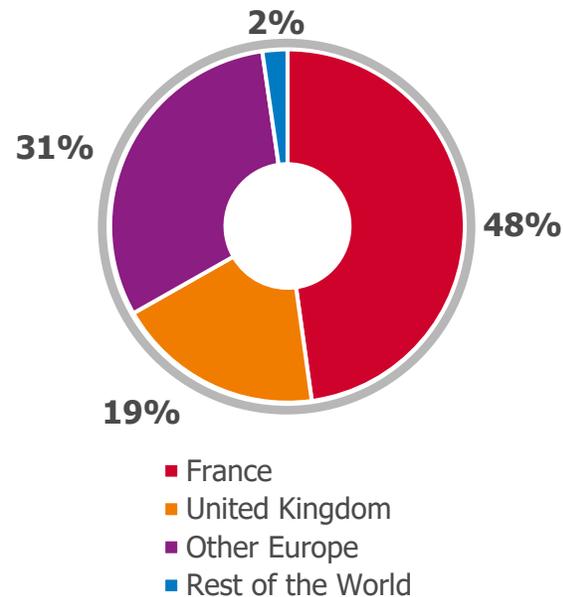
## Top 12 operating in Europe

2021 revenue  
of €4.7bn

>47,000  
employees

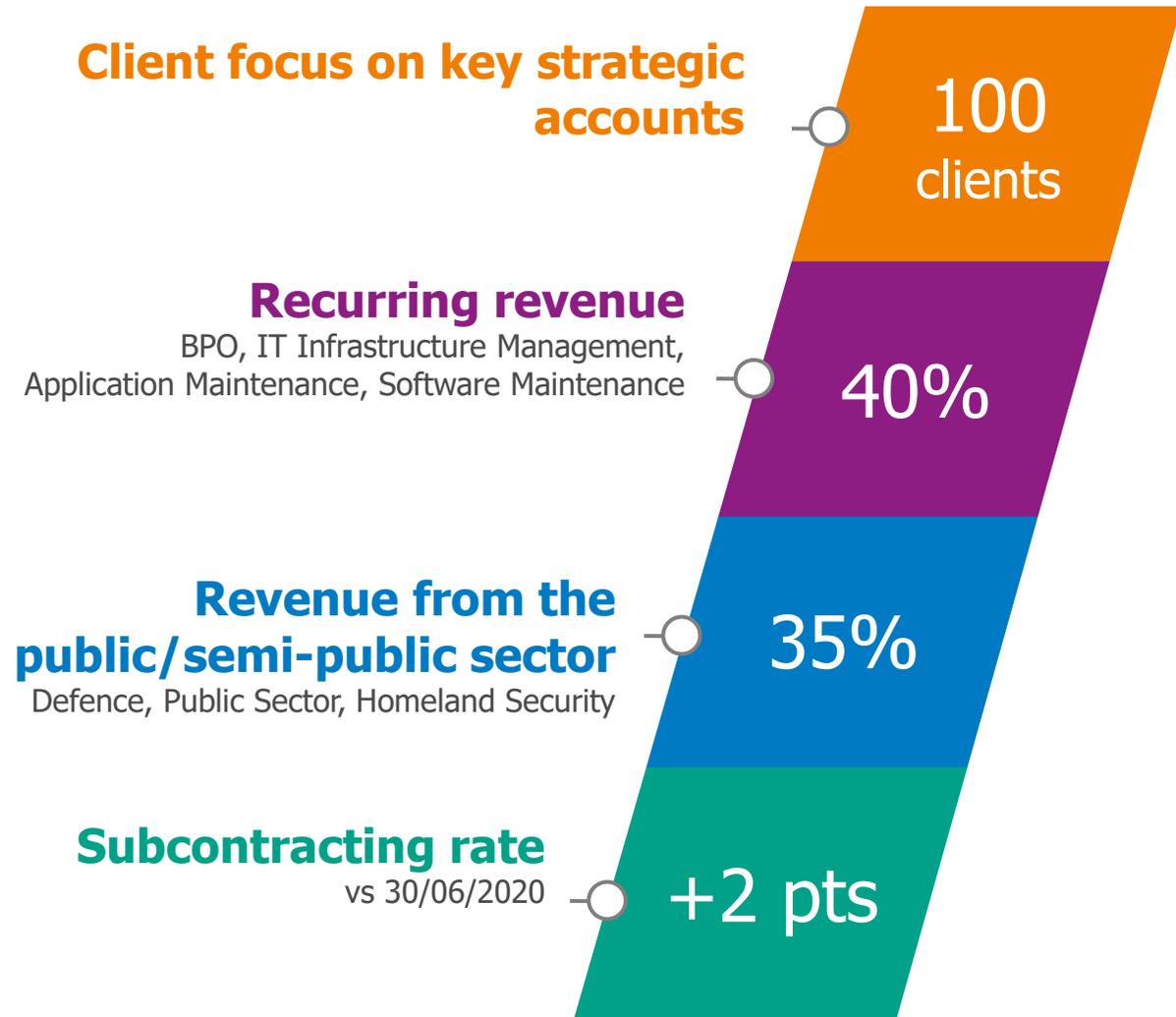
Operations in  
30 countries

End-to-end approach  
End-to-end

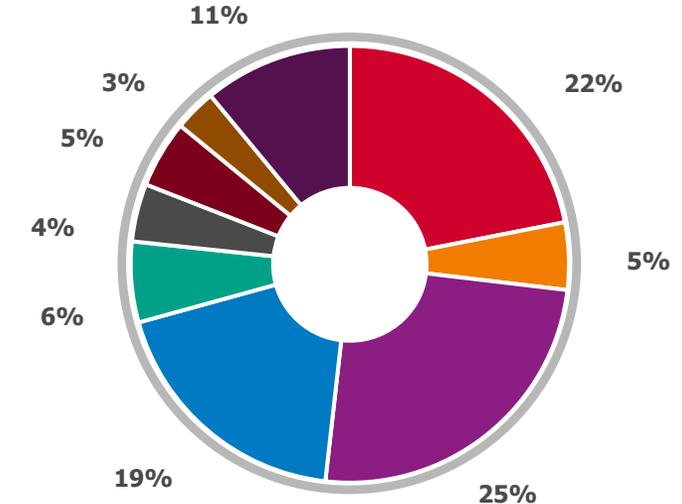


# Resilient profile

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



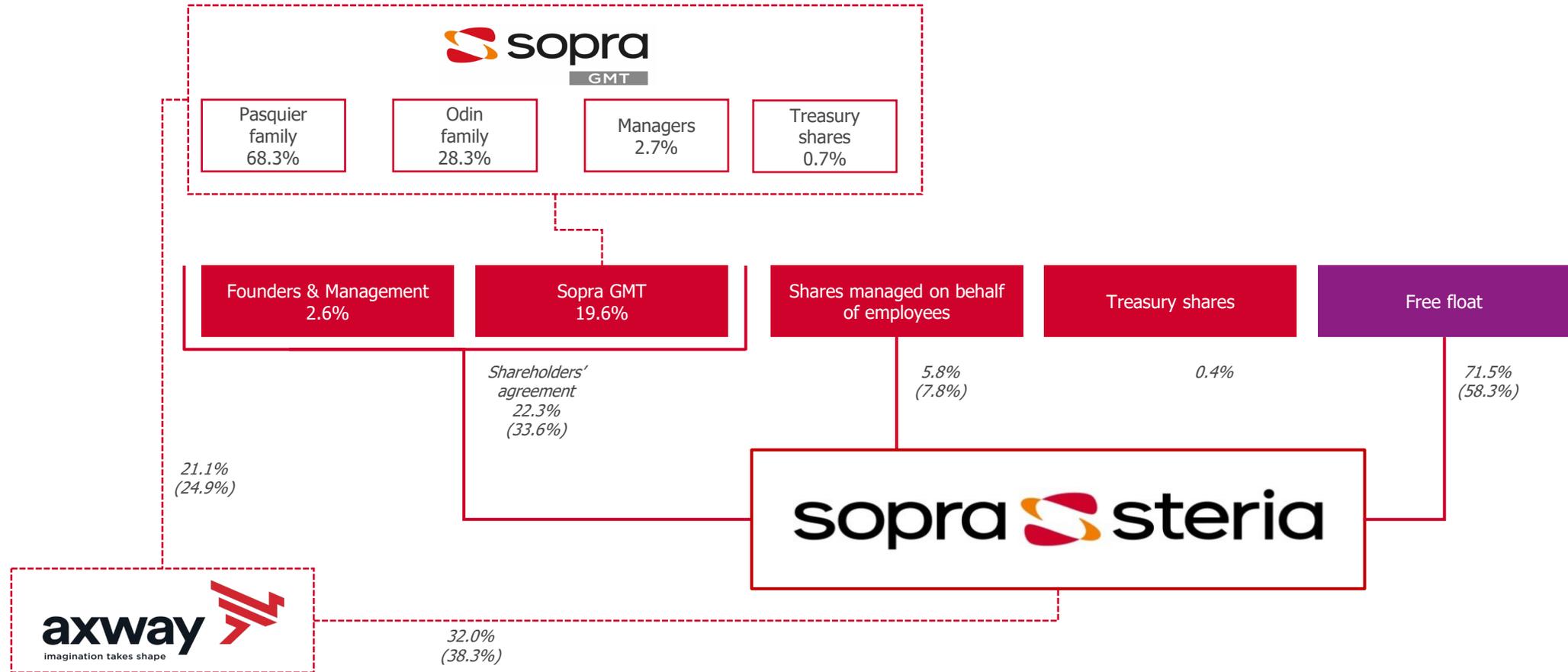
Update at 30/06/2022



- Financial Services
- Insurance
- Public Sector
- Aerospace, Defence & Security
- Energy, Utilities
- Telecoms, Media, Entertainment
- Transport
- Distribution
- Other

# A core shareholder backing the corporate plan

Ownership structure at 31 December 2021

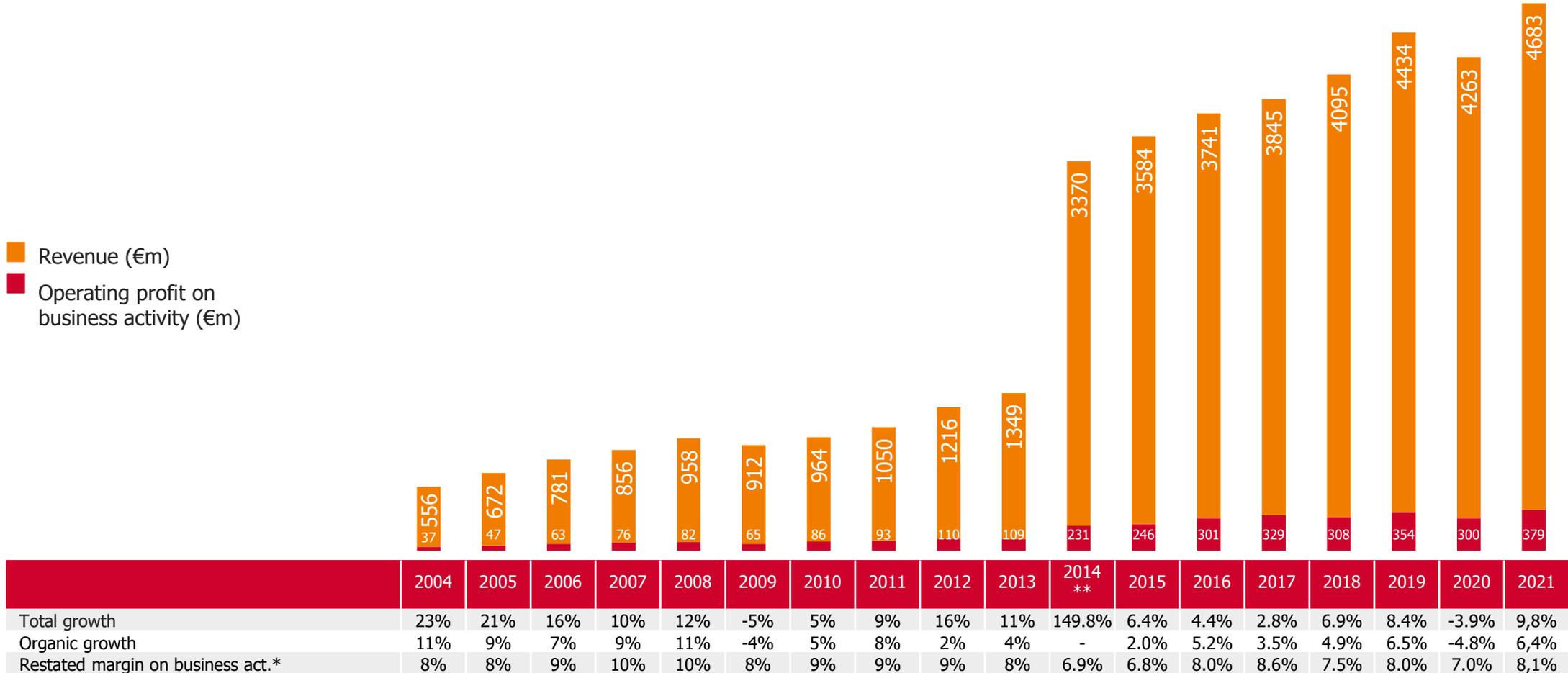


XX.X% = Percentage of share capital held  
 (XX.X%) = Percentage of voting rights held

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

# Sopra Steria historical performance

Historical average: revenue organic growth +6% ; operating margin 8.7%

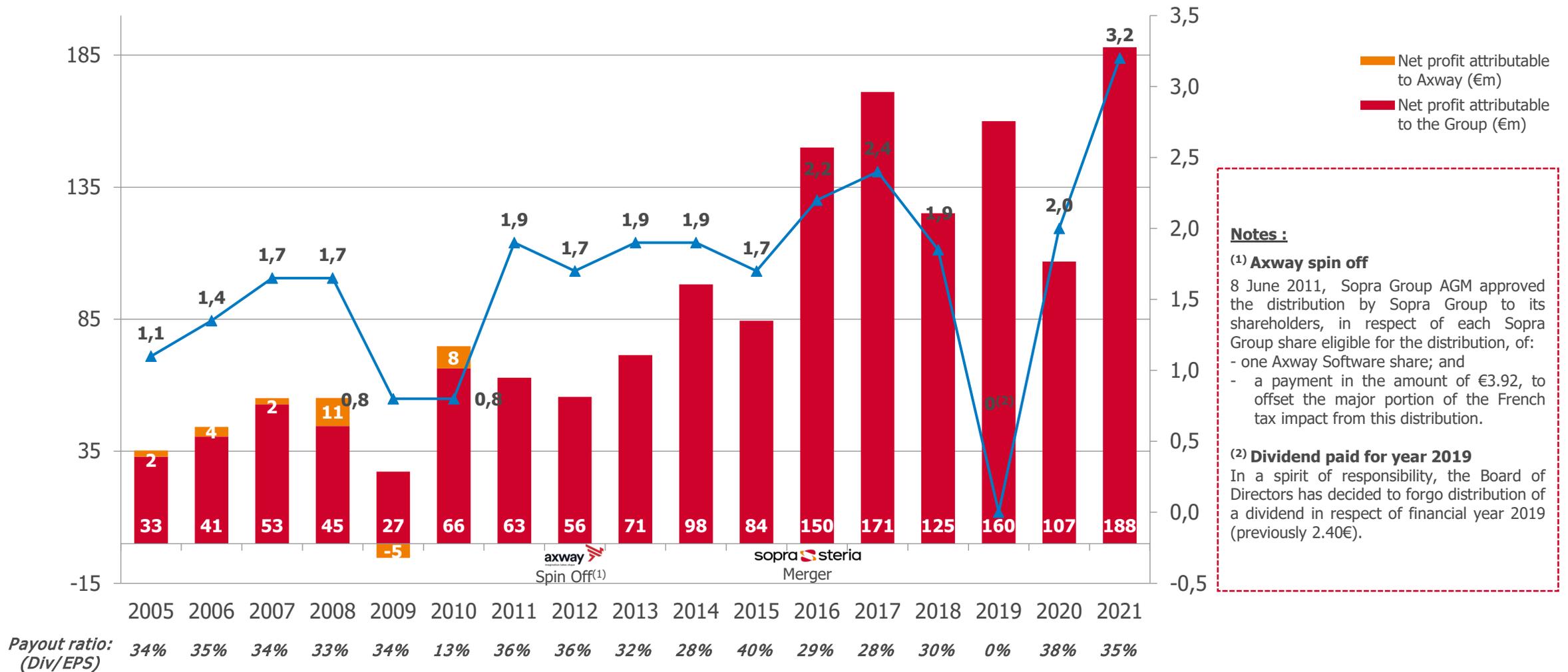


\* Restated at equivalent tax laws for financial years up to and including 2009 and at same perimeter (excluding Axway)

\*\* Base of comparison adjusted pro forma for the Sopra Steria merger

# Sopra Steria historical net profit and dividend

Historical average DPS / EPS = 30%



# Medium-term ambitions

## Financial targets

### Operating performance - 2022 / 2024

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

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

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

### External growth

**Proactively pursuing consolidation**

# Medium-term ambitions

## ESG objectives

### Net-zero emissions by 2028

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

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

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

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

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

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

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

### Digital sustainability in our value proposition

— **Digital sobriety**

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

— **Digital sovereignty**

— **Digital ethics**

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

(1) Greenhouse gases

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

(3) Through the Climate Neutral Now initiative

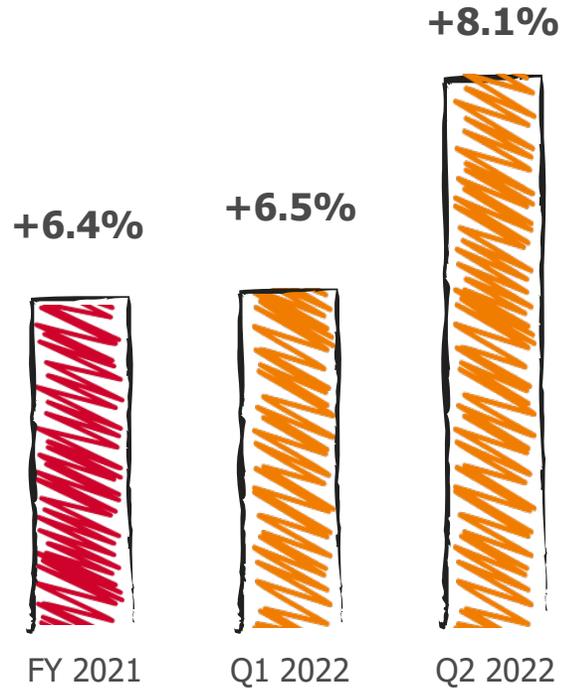
# 02

## **Financial performance & objectives for 2022**

# Strong, steady market dynamics in H1

Solid growth fundamentals

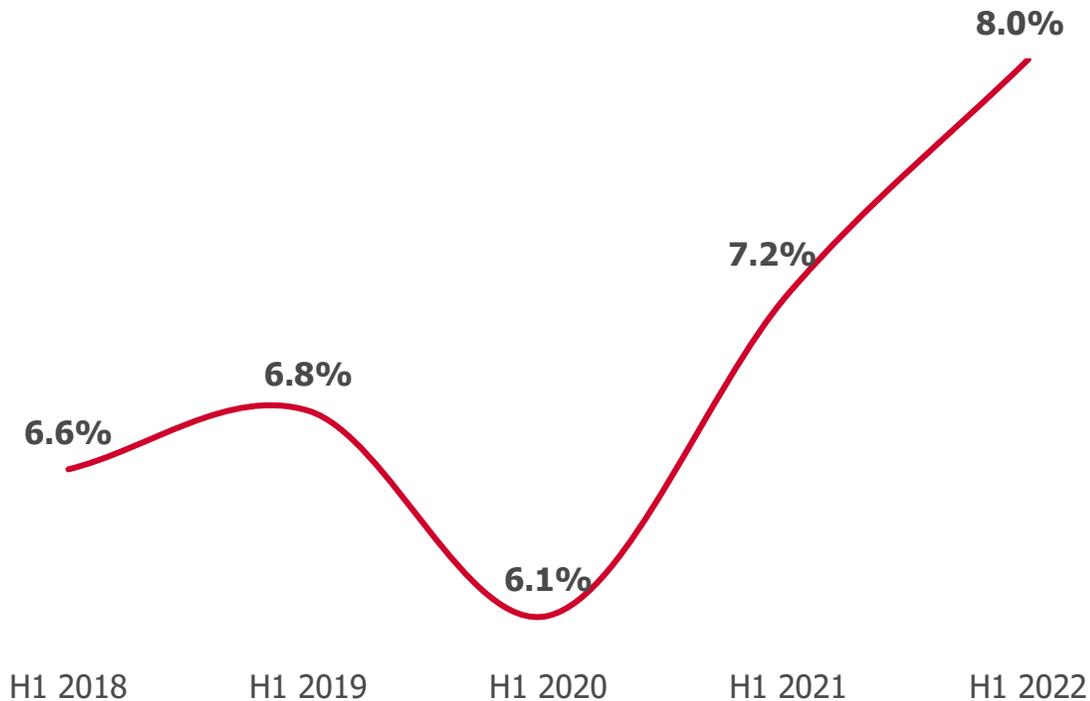
## Organic revenue growth (Group)



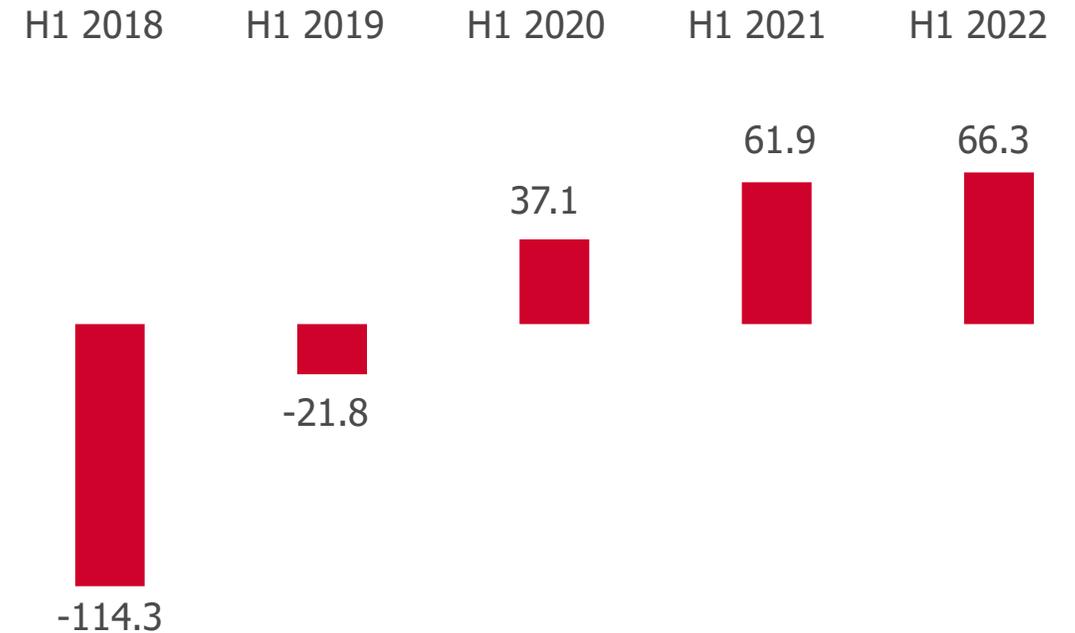
# Improved operating performance in H1

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

## Operating margin on business activity (%)



## Free cash flow (€m)



# Operating performance by reporting unit in H1

	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

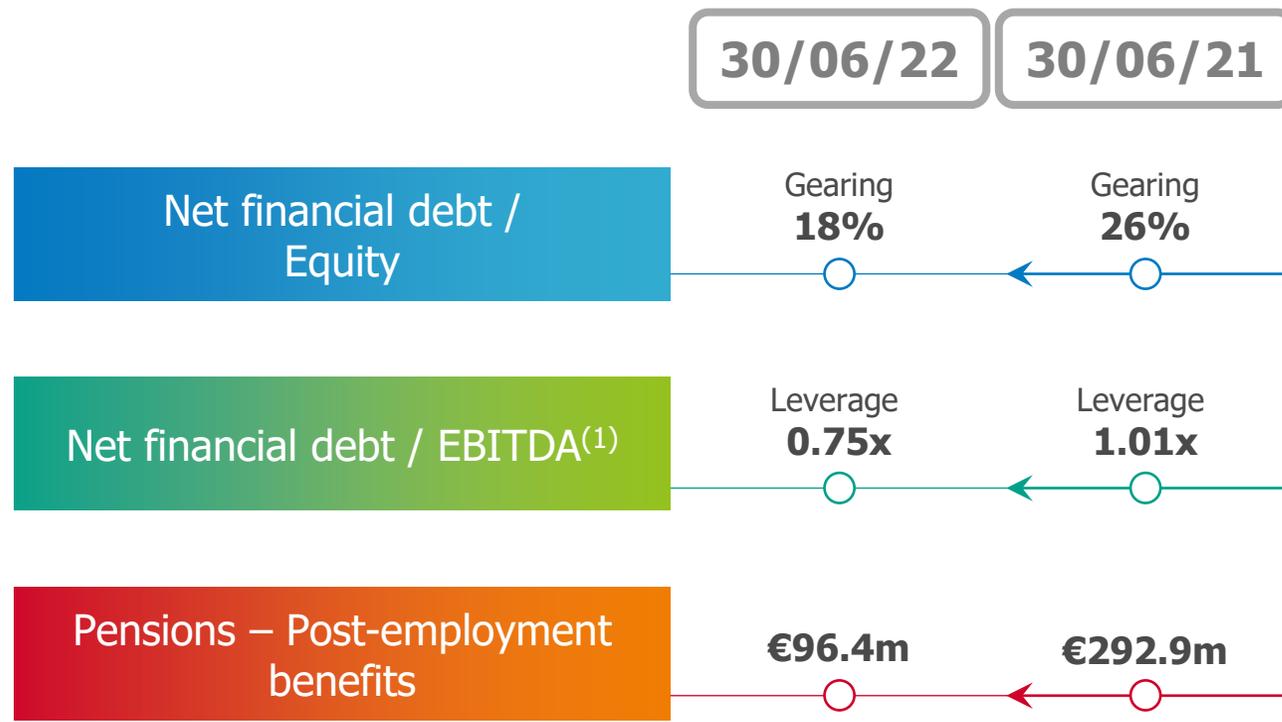
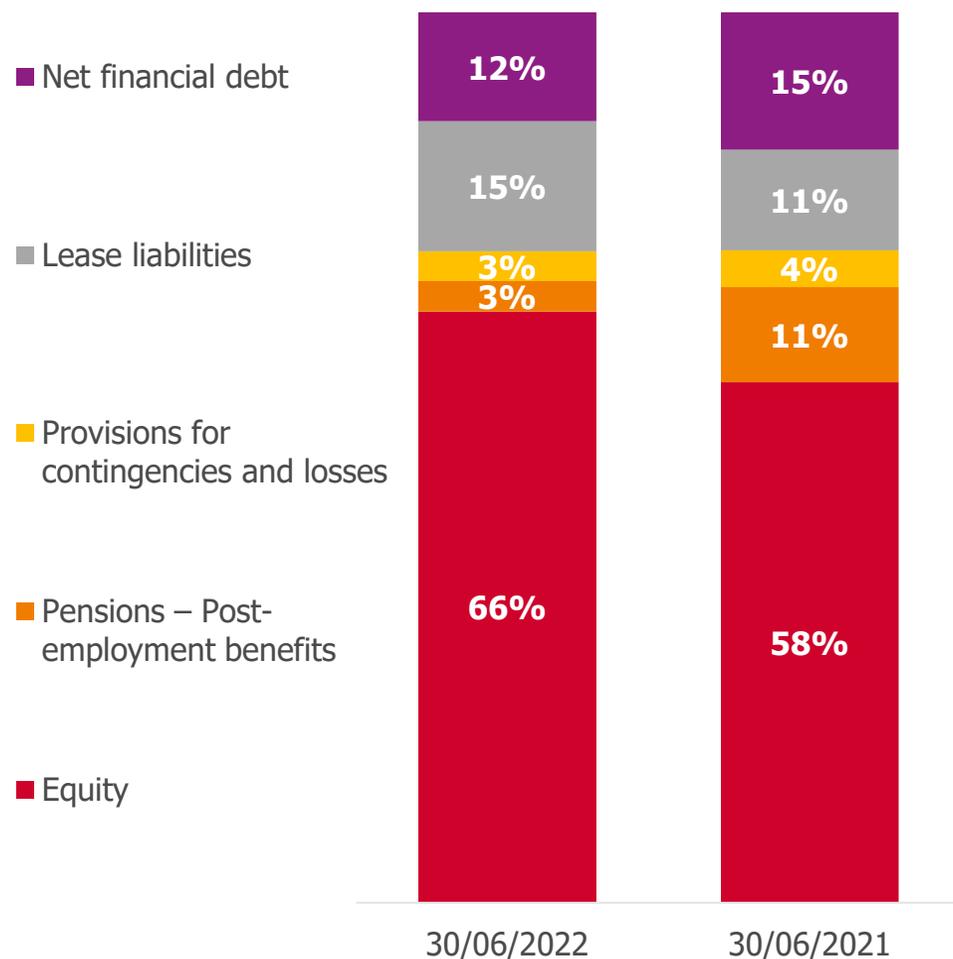
# Revenue growth by reporting unit in Q3

	Revenue			
	Q3 2022 (€m)	Q3 2021 Restated* (€m)	Organic growth (%)	Total growth (%)
France	477,9	435,5	+ 9,7%	+ 11,8%
United Kingdom	228,9	213,0	+ 7,4%	+ 7,3%
Other Europe	348,7	317,1	+ 10,0%	+ 12,0%
Sopra Banking Software	98,5	105,3	- 6,5%	- 6,0%
Other Solutions	63,0	59,2	+ 6,5%	+ 6,5%
<b>Total</b>	<b>1 216,9</b>	<b>1 130,1</b>	<b>+ 7,7%</b>	<b>+ 9,0%</b>

\* Revenue at 2022 scope and exchange rates

- **Currency fluctuations : +€3.0m**
- **Changes in scope : +€11.0m**

# 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

# Confirmation of 2022 targets

**Organic revenue growth target revised upward: now around 7%**  
(vs 5% to 6% previously)

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

**Free cash flow of around €250m**

# 03

## Recent acquisitions announcements

# 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**

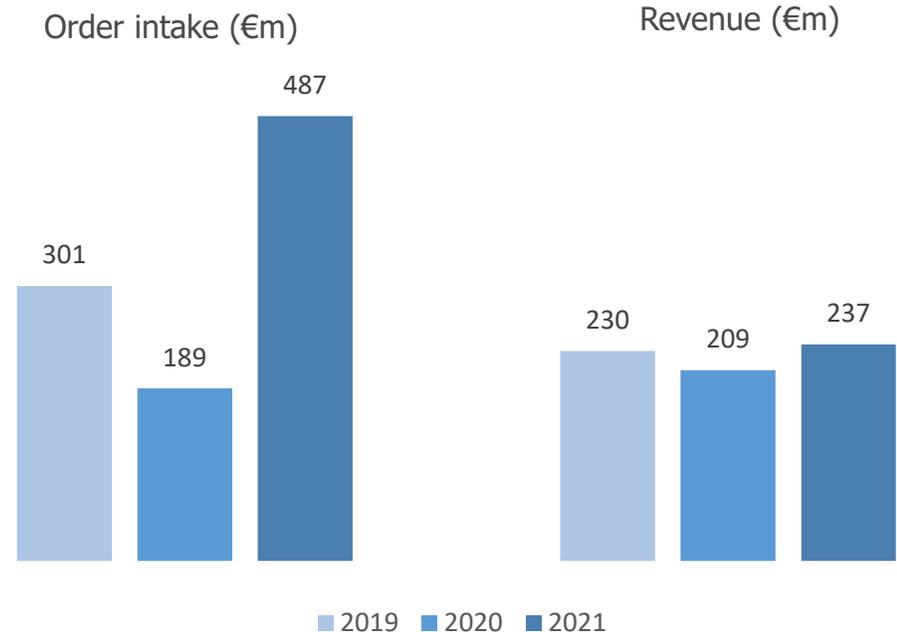
R&D team, network with  
universities, research centres,  
partnerships

## 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**

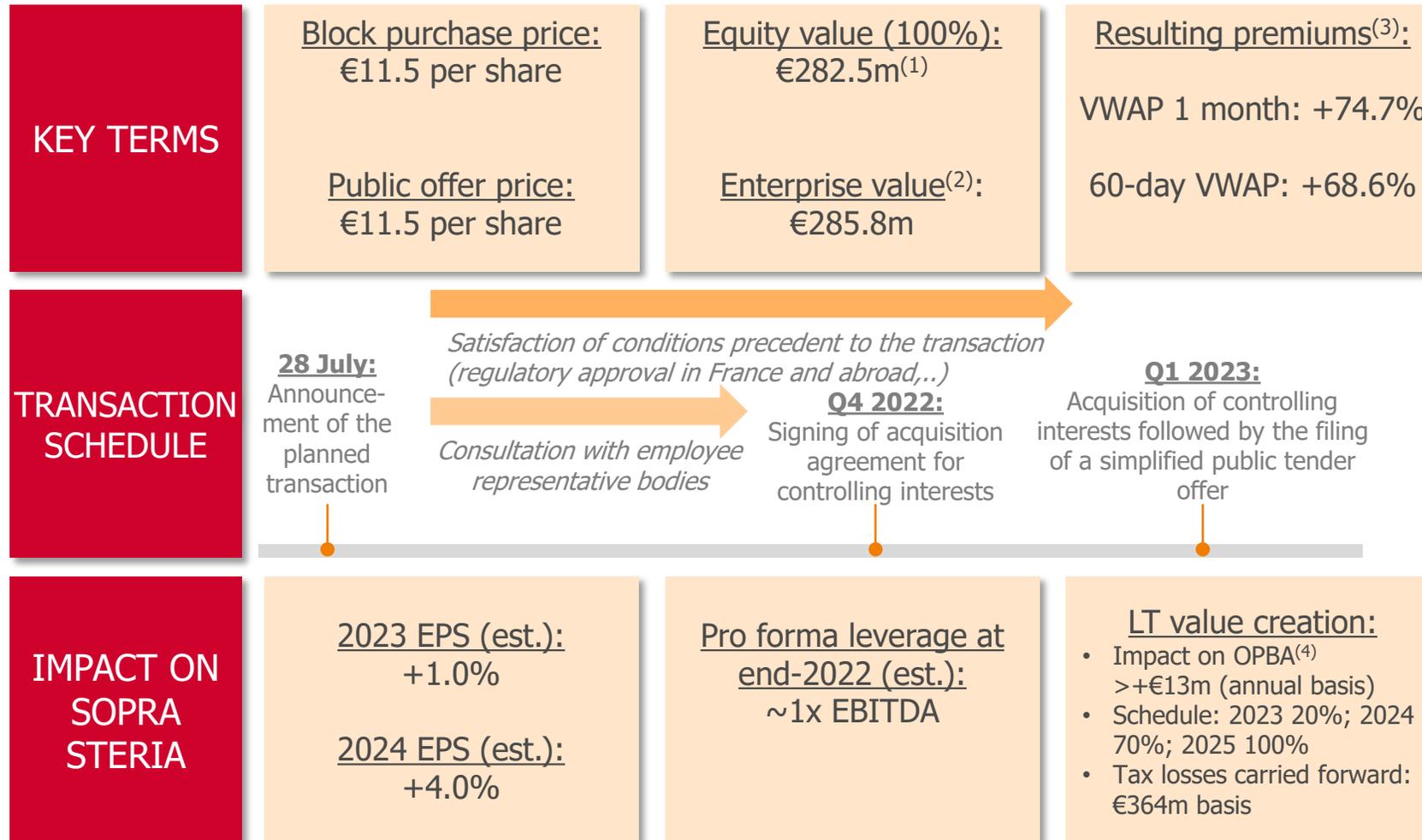
Value creation

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

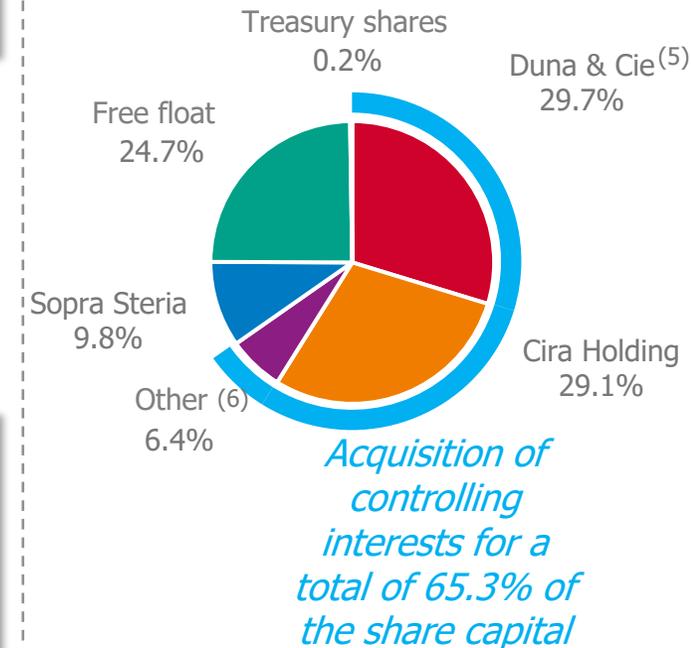
❖ **Earnings per share:** accretive starting from the 1st year (1% in 2023) and 4% from the 2nd year (2024)

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

Proposed acquisition of controlling interests followed by a simplified public offer



Share ownership structure (at 27 July 2022)



# Other acquisitions announced in November 2022

## CS GROUP acquisition

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### HE Space

- ▶ **Strengthen CS GROUP's position in the European space sector (#3)**
- **Space engineering specialist**
  - └ manpower services covering engineering, project management, science and support services across the entire space mission lifecycle
- **Headquarters in the Netherlands (Noordwijk)**
- **270 employees**
- **Acquisition based on an enterprise value of €11.5 million**
- **FY22e €28 million in revenue in Germany, France, United Kingdom**
- **Clients : ESA, EUMETSAT, Airbus, Thales ...**
- **Expected to be finalised in Q1 2023**

## Sopra Steria Group acquisition

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### Tobania

- ▶ **Reinforce our strategic countries and establish a leading position in the Belgian digital services market**
- **Digital consultancy and services company**
- **Revenue in Belgium x2 : geographical complementarities Dutch-speaking part and French-speaking part**
- **Headquarters in Belgium (Grimbergen)**
- **650 employees**
- **FY22e €110 million in revenue in Belgium**
  - └ 45% in the financial services and insurance sector
  - └ 15% in the public sector
  - └ 18% in telecommunications & media
- **Expected to be finalised in Q1 2023**

# 04

## Annexes

# Income statement

Financial year 2021

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

# Other operating income and expenses

Financial year 2021

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

Including €15.6m  
Covid-related  
costs



# Tax

Financial year 2021

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

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



Normative tax rate estimated at ~27% in 2022

# Earnings per share

Financial year 2021

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

# Breakdown of change in net financial debt

Financial year 2021

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

# Global workforce

Q3 2022

	30/09/2022	30/09/2021
France	19 775	19 662
United Kingdom	7 278	6 750
Other Europe	12 142	11 257
Rest of the World	455	463
X-Shore	9 761	8 667
<b>Total</b>	<b>49 411</b>	<b>46 799</b>

# Contributing to the fight against climate change

Plan to reduce our greenhouse gas (GHG) emissions – 2021 results

## Direct activities

Sites, business travel, data centres

Energy management  
Mobility policy  
Digitisation

**-50%<sup>1</sup>** per employee  
(baseline: 2015)

**-85%<sup>2</sup>** per employee by  
2040 (baseline: 2015)

Type of GHG emissions

Ways to reduce emissions

Results 2021

Targets

Offsetting emissions not averted

## Indirect activities

Supply chain, commuting and homeworking, waste

Suppliers' charter  
Responsible purchasing policy  
Supplier assessment

**79%<sup>3</sup>** of the Group's suppliers assessed or reassessed by Ecovadis in 2021

Adopting a GHG reduction target for our suppliers representing **70%<sup>2</sup>** of supply chain emissions by 2025

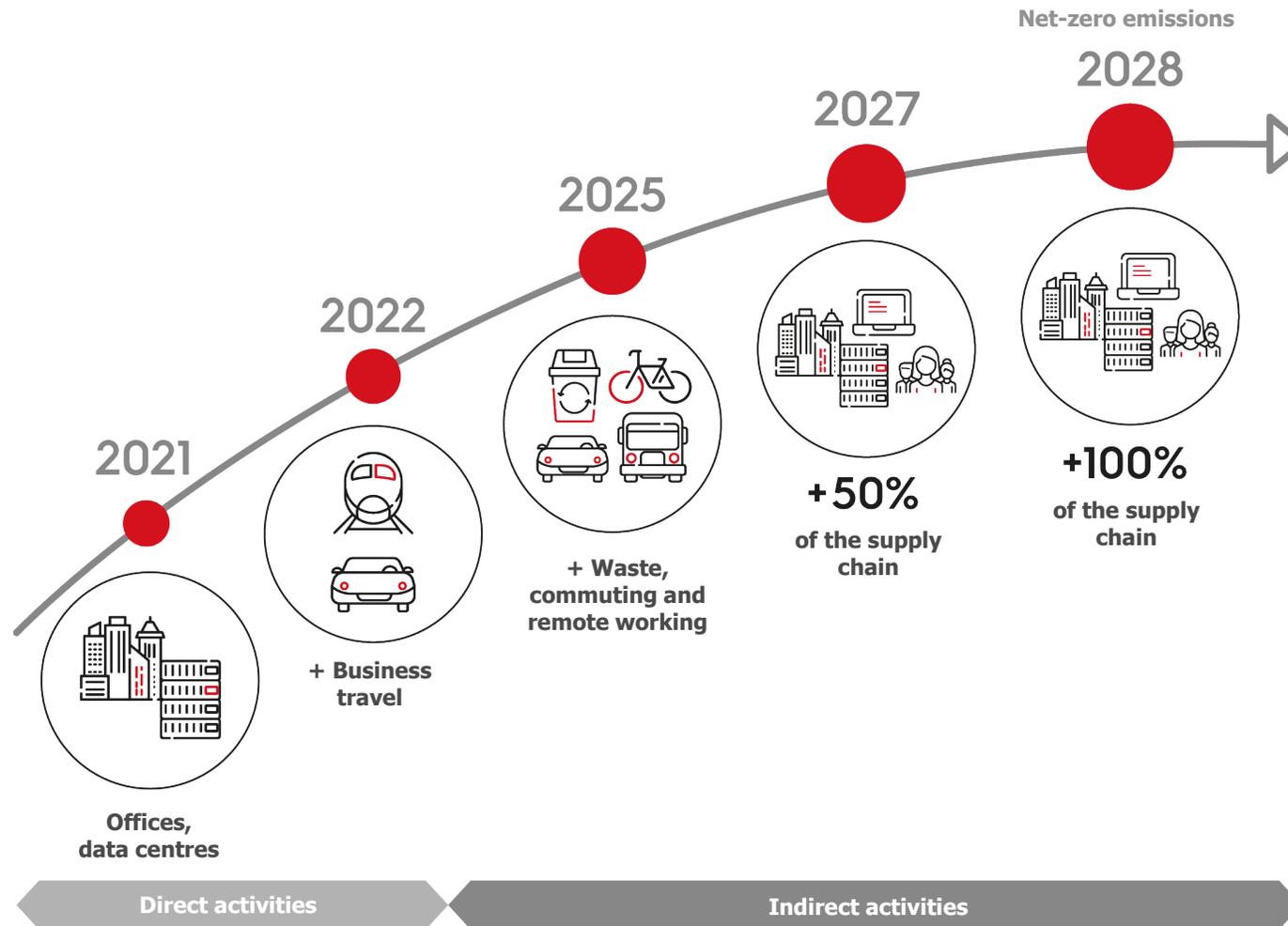
(1) Including impact of Covid-19

(2) Validated by the SBTi (Science Based Targets Initiative)

(3) Among target suppliers with over 26 employees, representing annual expenditure of over €150K

# Commitment to net-zero emissions by 2028

Our trajectory toward achieving net-zero emissions by 2028



# 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 in respect of retirement benefit obligations 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