

Roadshow USA

JUNE 2022

The world is how we shape it

sopra  steria

Disclaimer

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AGENDA

- 01 Company overview
- 02 Market, strategy & objectives
- 03 Financial performance & targets
- 04 Annexes

01

Company overview

Sopra Steria at 31/12/2021

A European leader in digital transformation

Top 5 European digital services companies

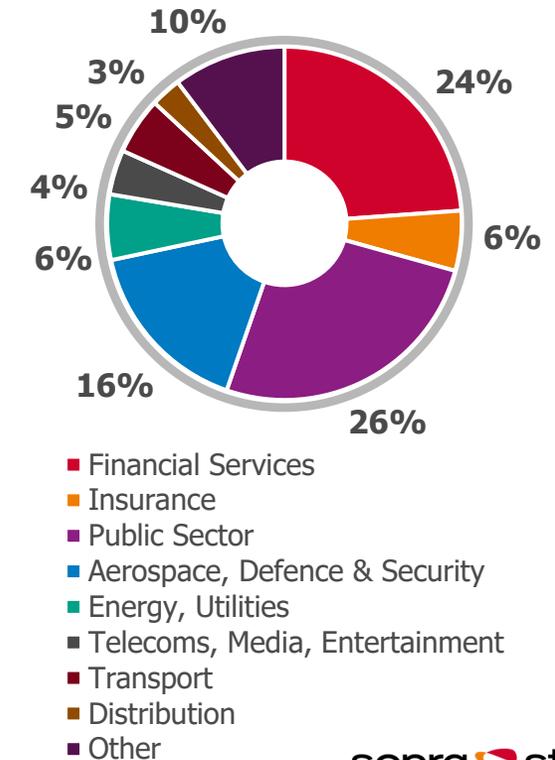
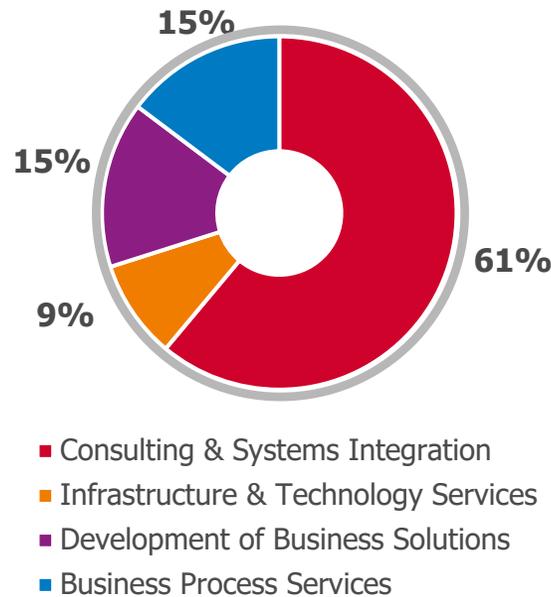
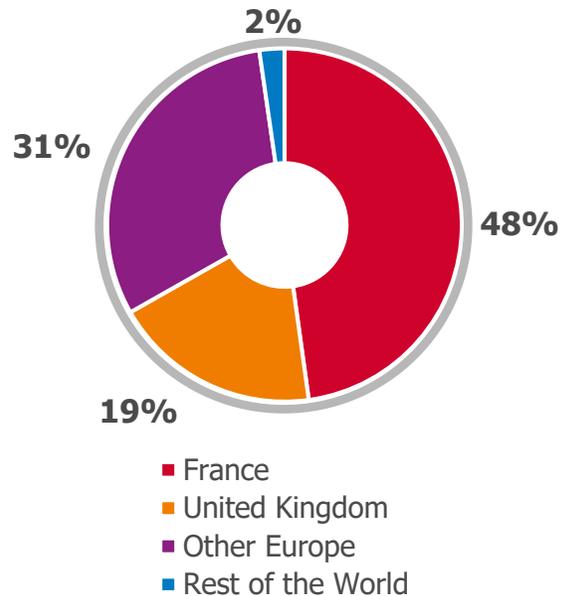
Top 12 operating in Europe

2021 revenue of €4.7bn

>47,000 employees

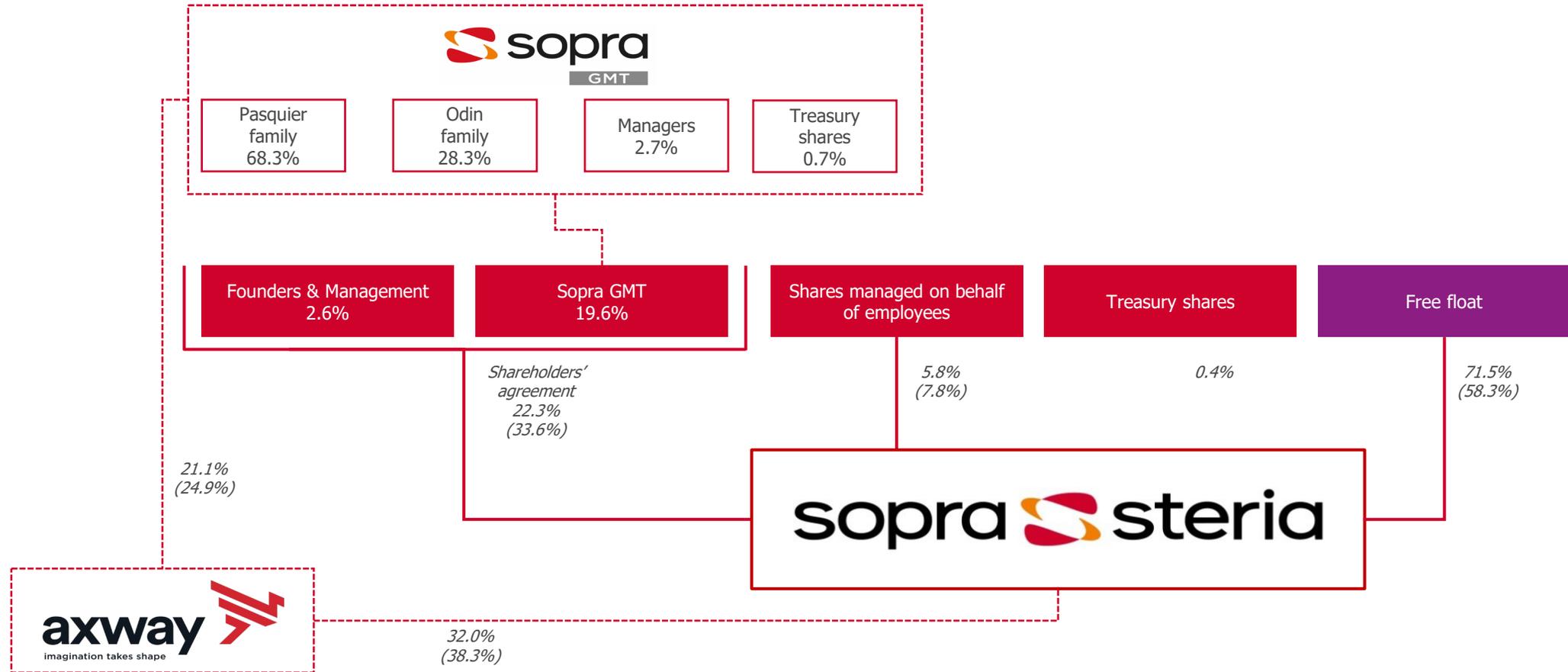
Operations in 30 countries

End-to-end approach
End-to-end



Ownership at 31/12/2021

A reference shareholder backing the corporate plan

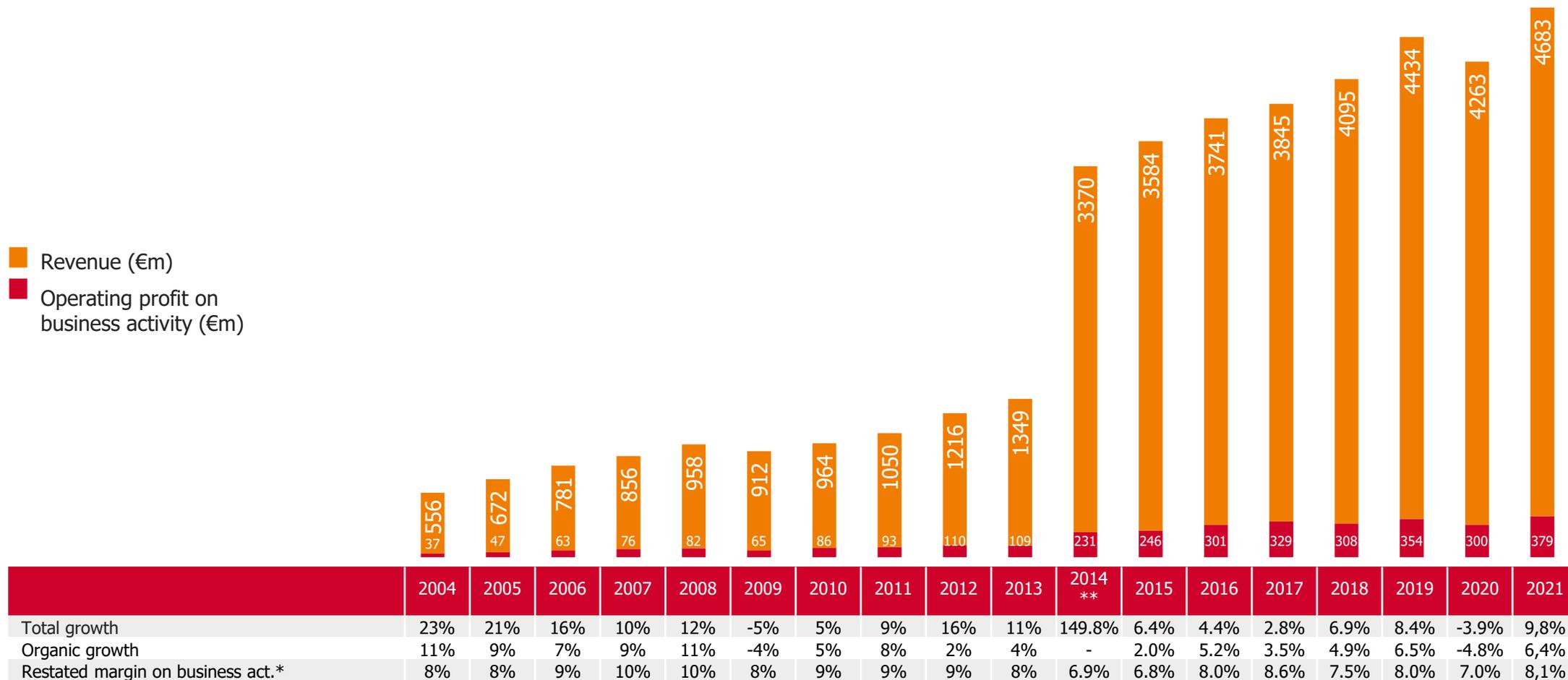


XX.X% = Percentage of share capital held
 (XX.X%) = Percentage of voting rights held

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

Sopra Steria historical performance

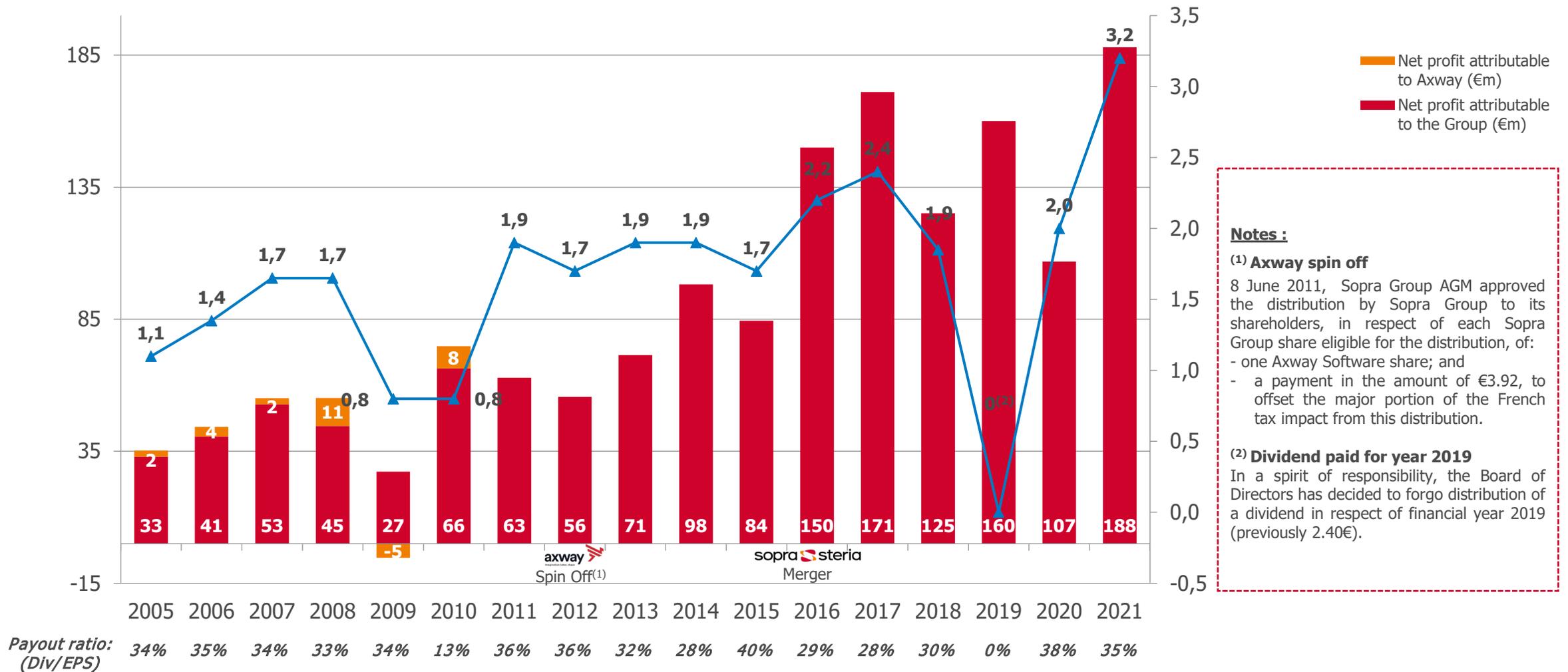
Historical average: revenue organic growth +6% ; operating margin 8.7%



* 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



02

Market, strategy & objectives

Western Europe IT Services Market Structure

A \$318bn market

Sopra Steria 2021 Market Share (\$)

\$bn / %	Market 2021	Sopra Steria 2021	Market Share 2021
France	41,1	2,2	5,2%
UK	90,3	1,0	1,1%
Germany	56,4	0,5	0,9%
Other Western Europe	130,1	1,6	1,2%
Total	318,0	5,2	1,6%
Services booked in the software business		0.5	
Total IT Services	318,0	5,7	1,8%

Main competitors in Western Europe

- Capgemini
- Accenture
- CGI
- AtoS
- IBM
- DXC
- Capita & Fujitsu (UK)
- Indra (Spain)
- TietoEVRY (Scandinavia)
- TCS, Cognizant, Wipro, Infosys (mainly in UK, but also in Continental Europe)
- Temenos, Edgeverve (Core banking software)

Top 5 Market share in Western Europe

1. Accenture – 5%
2. Capgemini – 4%
3. IBM – 4%
4. Deloitte – 2%
5. Amazon – 2%

Sources : Gartner IT Services forecast 4Q2021, Gartner IT Services Marketshare 2021
Exchange rate: 1 USD = 0.85€

Strong performance driven by digitalisation

AI – Big data – Cloud – Cybersecurity

Very buoyant market

- Digital services in Europe: estimated growth >5% per year (Gartner 2022-2025)
- Across all countries and industry sectors

Powerful growth drivers

- Cloud migration and modernisation of infrastructures and applications
- Digitalisation & automation of processes
 - └ For 80% of senior managers,* digital transformation is an opportunity to improve internal processes
 - └ For 77% of senior managers,* it is an opportunity to make their organisations more resilient
- Cybersecurity

Tailored response

sopraSteria

- End-to-End approach
- Vertical specialisation
 - └ +3,000 consultants
- Advanced technology expertise
 - └ AI, cloud, data, cybersecurity
- Key player in an innovation ecosystem
 - └ Campus Cyber, Gaia-X, Corporate Venture, Confiance.ai, etc.
- Guaranteeing data sovereignty and building trust in digital technology
- International partners



Strategy underpinned by clearly defined levers

Focus strategy

- **100 European key accounts**
- **8 key vertical markets, including 2 priorities**
 - └ Financial Services
 - └ Defence & Security
- **Specific business areas**

Offering strategy

- **End-to-end approach**
- **Strengthening of consulting**
- **Digitisation**
 - └ Cloud, cybersecurity, AI, big data, blockchain

Production model

- **Industrial approach**
- **DevOps and asset-based platforms**
- **X-shore model**

Software

- **Sopra Banking Platform and Sopra Financing Platform**
- **Human resources**
- **Property management**

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 ⁽¹⁾ emissions from direct activities, approved by SBTi**

- 2021: -50.0%⁽²⁾ vs 2015
- 2040: -85% target

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

— **Offset emissions not averted ⁽³⁾ 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%	17.6%
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

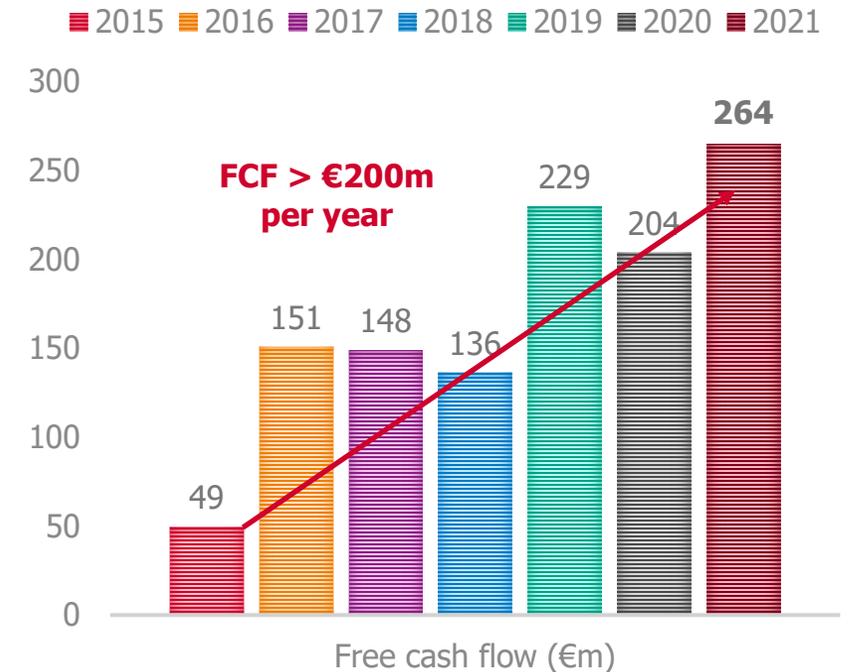
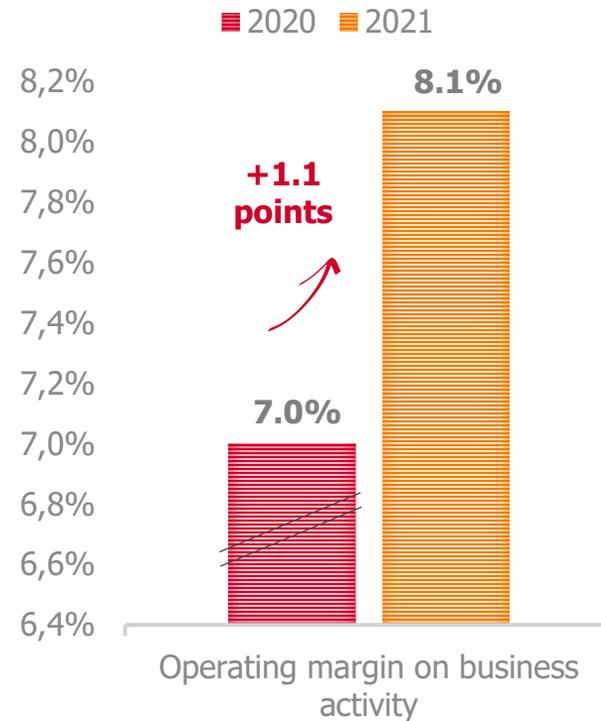
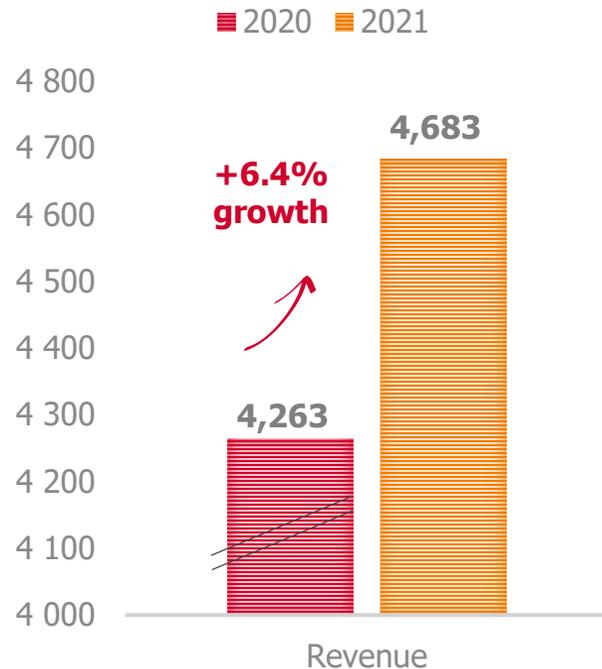
(3) Through the Climate Neutral Now initiative

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Financial performance & targets

Structural free cash flow in excess of €200m per year

Significant increase in value creation



Q1 2022 – Revenue growth by reporting unit

	Revenue			
	Q1 2022 (€m)	Q1 2021 Restated* (€m)	Organic growth (%)	Total growth (%)
France	513,2	468,5	+ 9,6%	+ 11,5%
United Kingdom	219,0	218,3	+ 0,3%	+ 4,9%
Other Europe	365,0	337,6	+ 8,1%	+ 10,2%
Sopra Banking Software	103,2	102,4	+ 0,8%	+ 1,8%
Other Solutions	67,3	63,5	+ 5,9%	+ 6,0%
Total	1 267,7	1 190,4	+ 6,5%	+ 8,8%

* Revenue at 2021 scope and exchange rates

- **Currency fluctuations : +€13.4m, mainly due to the rise in the pound sterling**
- **Changes in scope : +€11.8m, mainly due to the consolidation of EVA and EGGs from December 2021**

Financial targets for 2022

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

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Annexes

2021 operating performance

Breakdown by reporting unit

	Revenue			Operating profit on business activity	
	2021 (€m)	2020 Restated* (€m)	Organic growth (%)	2021 (% of Rev.)	2020 (% of Rev.)
France	1,824.9	1,723.8	+ 5.9%	8.6%	6.8%
United Kingdom	823.1	722.7	+ 13.9%	9.1%	8.0%
Other Europe	1,343.2	1,266.7	+ 6.0%	7.8%	8.1%
Sopra Banking Software	434.1	448.9	- 3.3%	4.0%	2.5%
Other Solutions	257.5	236.9	+ 8.7%	10.1%	8.8%
Total	4,682.8	4,399.0	+ 6.4%	8.1%	7.0%

* Revenue at 2021 scope and exchange rates

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	

Breakdown of change in net financial debt

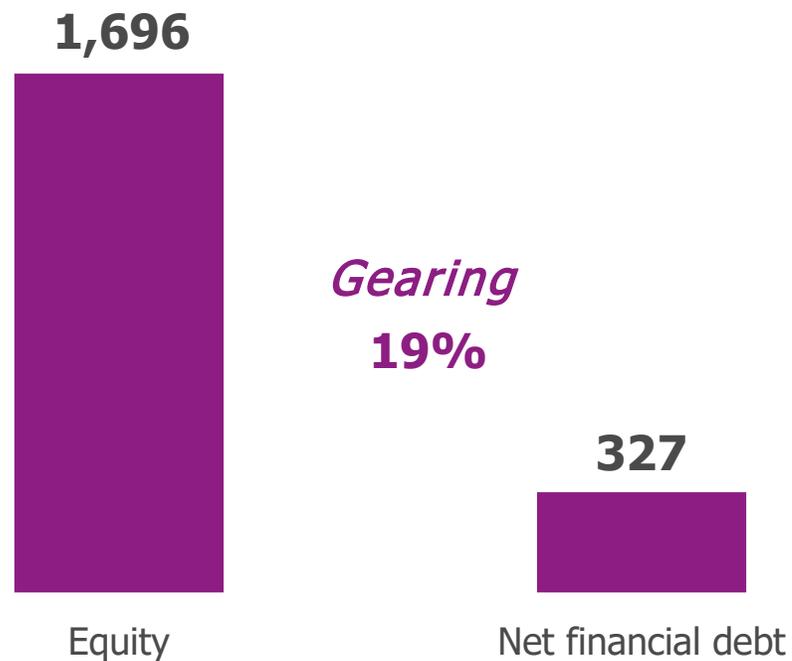
Financial year 2021

	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
EBITDA	552.3	487.6
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
Net cash flow from operating activities	460.7	401.7
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
Free cash flow	264.4	203.5
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
Change in net financial debt	98.5	88.3
Net financial debt at beginning of period	425.6	513.9
Net financial debt at end of period	327.1	425.6

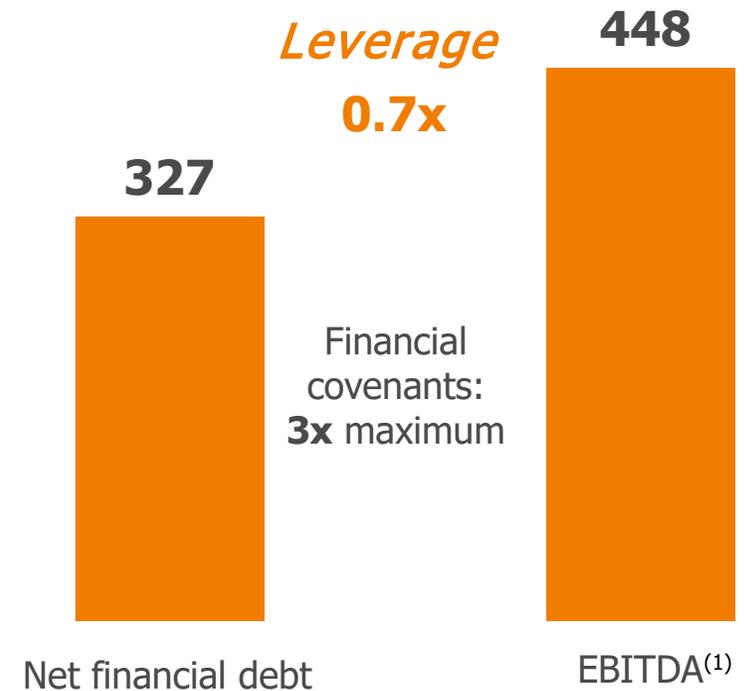
Very solid balance sheet

Position at 31 December 2021

Net financial debt / Equity



Net financial debt / EBITDA⁽¹⁾



(1) Pro forma EBITDA before impact of IFRS 16

Simplified balance sheet

Financial year 2021

	31/12/2021 (€m)	31/12/2020 (€m)
Goodwill	1,984.3	1,843.2
Allocated intangible assets	131.8	161.5
Other fixed assets	216.4	241.1
Right-of-use assets	343.1	290.3
Equity-accounted investments	198.1	193.4
Fixed assets	2,873.8	2,729.6
Net deferred tax	99.7	113.4
Trade accounts receivable (net)	1,020.1	954.6
Other assets and liabilities	-1,221.5	-1,112.8
Working capital requirement (WCR)	-201.5	-158.2
Assets + WCR	2,772.0	2,684.8
Equity	1,695.5	1,445.4
Provisions for post-employment benefits	278.1	380.1
Provisions for contingencies and losses	106.5	116.0
Lease liabilities	364.8	317.5
Net financial debt	327.1	425.6
Capital invested	2,772.0	2,684.8

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

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