

Sopra Steria beats targets for 2015

- Successful integration
- Organic revenue growth: 2.0%
- Operating margin on business activity: 6.8%
- Net profit – Group share: €84.4m
- Free cash flow: €49.3m

Paris, 29 February 2016 – At its meeting on 25 February 2016 chaired by Pierre Pasquier, Sopra Steria's Board of Directors approved the consolidated financial statements¹ for the financial year ended 31 December 2015.

Sopra Steria: 2015 Full-year results

		2015		2014 Pro Forma*		2014 Reported	
Key income statement items							
Revenue	€m	3,584.4		3,370.1		2,280.4	
Growth on a pro forma basis		+ 6.4%					
Organic growth**		+ 2.0%					
Operating profit on business activity***	€m / %	245.5	6.8%	231.2	6.9%	193.0	8.5%
Profit from recurring operations	€m / %	225.0	6.3%	210.9	6.3%	180.3	7.9%
Operating profit	€m / %	152.6	4.3%	156.8	4.7%	148.2	6.5%
Net profit - Group share	€m / %	84.4	2.4%	92.8	2.8%	98.2	4.3%
Key balance sheet items							
		31/12/2015				31/12/2014	
Net financial debt	€m	530.8				442.4	
Equity (Group share)	€m	1,194.4				1,057.1	

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

** At constant scope and exchange rates

*** Operating profit on business activity corresponds to profit from recurring operations before stock options and the amortisation of allocated intangibles

¹ Audit procedures have been carried out on the consolidated financial statements. The Statutory Auditors report is being issued.

Comments on business activity and operating performance for financial year 2015

Sopra Steria posted strong growth in 2015, a performance carried out as management teams also met the challenges of a demanding integration process.

The Group's total revenue for 2015 was €3,584.4 million, up 6.4% from the pro forma 2014 financial year. Growth at constant scope and exchange rates was 2.0%.

The base of comparison from the fourth quarter of 2014 was high, particularly in Consulting & Systems Integration in France and Sopra Banking Software.

The Group's operating profit on business activity was €245.5 million, a margin of 6.8%, outperforming a target that had already been revised upward to "about 6.5%" on 6 August 2015. That includes savings of €45 million on operating costs thanks to the integration.

The Group's revenue in **France** was €1,364.3 million.

- **Consulting & Systems Integration** posted revenue of €1,161.1 million for 2015, representing organic growth of 3.5%. This robust performance with respect to the French market was driven in particular by the growth (of about 7%) in strategic key accounts and of more than 10% in Consulting operations, which employ more than 1,000 people in France. The highest-performing vertical markets were Banking, Public Sector and Aeronautics/Defence. Year-on-year growth and the successful integration process enabled a distinct improvement in profitability, with an operating margin on business activity of 8.7% (up 120 basis points year-on-year pro forma).
- **I2S (Infrastructure & Security Services)** saw the start of a recovery in its IT Infrastructure Management operations in 2015. The recovery will be gradual, driven by a more selective approach to new contracts, higher-value offerings and a closer connection with Consulting & Systems Integration. In the meantime, its revenue for 2015 (€183.3 million) was down 10.3%. Nonetheless, the initiatives taken provided a slight improvement in its operating profit on business activity, which was close to break-even for 2015. Cybersecurity posted revenue of €17.2 million in 2015, achieving growth of more than 25% with a flurry of high-impact deals and the expanded quality reputation of its SOC (Security Operations Centre), which was rolled out in the United Kingdom and Singapore.

Revenue in the **United Kingdom** for 2015 was stable overall at constant scope and exchange rates (down 0.7%), coming to €1,042.0 million. In the Public Sector, where the Group enjoys a strong position, particularly via its shared service platforms, the trend remained buoyant and the two joint ventures with the UK government (NHS SBS and SSCL) posted growth in their operations. Sales opportunities remain promising for the upcoming years, both in terms of more back-office outsourcing and with the development of big data service add-ons to analyse the data flowing through those platforms. Conversely, 2015 was a tough year for the private sector, where revenue declined. Reorganisation initiatives were launched to lay the foundation for a recovery. In terms of profitability, the region posted an operating margin on business activity of 7.3% in 2015. As a reminder, the pro forma margin of 9.5% achieved in 2014 included significant one-off impacts from contract renegotiations.

Revenue for the **Other Europe** region was €697.4 million for the year, representing organic growth of 6.3%. The situation in Germany improved after a very challenging 2014. The employee turnover rate stabilised, the organisation was revamped, sales performance was kick-started and initiatives were undertaken to fortify production. Revenue for Germany in 2015 was up and the operating margin on business activity was close to break-even, compared with an operating loss of €13.5 million in 2014. Spain, Italy and Scandinavia recorded robust organic growth in 2015. In Belgium, where 2015 performance was impacted by the end of the Schengen project, business activity rebounded at the end of the year.

Sopra Banking Software achieved a strong sales performance in 2015, enabling it to grow its revenue (€282.4 million, an organic increase of 2.5%) despite the particularly high base of comparison provided by the



fourth quarter of 2014. There was high demand in Europe, and especially in France, for the Platform product line, which passed some important milestones during the year (first delivery to La Banque Postale, major go-live at BNPP, large-scale migration at Crelan, etc.). This was also a very good year for sales of the Amplitude product line: 28 signings with new accounts and 26 go-lives in the Africa and Middle East region. This momentum illustrates the major role that these products should play in the future in overhauling banks' IT systems. With that in mind, the Group stepped up its Research & Development efforts in 2015. The operating margin on business activity was 9.1% in 2015 (12.4% in 2014).

Revenue for **Other Solutions**, which includes Sopra HR Software and property management solutions, was €198.3 million in 2015, representing organic growth of 3.2%. The operating margin on business activity for the year was 11.6%, versus 12.6% for the previous year, which included a one-off boost from exceptional licence sales.

Comments on net profit for 2015

Profit from recurring operations came to €225.0 million after stock options and equivalent expenses as well as the amortisation of allocated intangibles.

Operating profit was €152.6 million after a net expense of €72.4 million for other operating income and expenses, which included €67.2 million in reorganisation and optimisation expenses, €46.3 million of which was for the Sopra Steria integration process.

The tax expense was €47.2 million in 2015, versus €31.3 million in the 2014 pro forma financial statements.

The share of profit of equity-accounted companies (mainly Axway) was €7.2 million (€6.0 million in 2014).

After €5.2 million attributable to minority interests, versus €8.8 million pro forma in 2014, the net profit attributable to the Group was €84.4 million, equivalent to 2.4% of revenue, compared with an initial target of "around 2%".

Basic net earnings per share were €4.27, based on a weighted average of 19.76 million shares in issue during the financial year. The figure of €6.81 for basic earnings per share in 2014 was based on a weighted average of 14.42 million shares.

Financial position at 31 December 2015

Sopra Steria's financial position at the end of December 2015 was robust in terms of both financial ratios and liquidity.

Including outlays of €55.8 million for reorganisation and reoptimisation processes, its free cash flow was €49.3 million, compared with an initial target "of the order of 0".

The Group's net financial debt was €530.8 million (€442.4 million at 31/12/2014), equal to 1.76x EBITDA (the financial covenant stipulates a maximum of 3x).

On the basis of the financial facilities renegotiated at 31 July 2014, the Group has €1.6 billion in financing, of which €1.1 billion was available at 31 December 2015.

Proposed dividend

At the next Annual General Meeting of Shareholders on 22 June 2016, the Group will propose the distribution of a dividend of €1.70 per share for financial year 2015.



Workforce

Over the course of 2015, the Group recruited 7,197 people, including 2,560 in France. At 31 December 2015, the Group's total workforce comprised 38,450 people (37,358 people at 31 December 2014), with 16.9% assigned to X-Shore zones (India, Poland, Spain, North Africa).

Targets

The Group's targets for the full 2016 financial year are:

- organic revenue growth of more than 2% despite low growth in the first quarter
- an operating margin on business activity of more than 7.5%
- a strong increase in free cash flow

The targets for 2017 remain unchanged:

- revenue of between €3.8 billion and €4 billion
- an operating margin on business activity of between 8% and 9%



Presentation meeting

The annual results for 2015 will be presented to analysts and investors in French on 29 February 2016 at 9:00 a.m. CET, at the Shangri-La Hotel.

The presentation may be attended remotely via a bilingual webcast in French and English:

- Register for the French-language webcast: <http://edge.media-server.com/m/p/qpzbmt9s>
- Register for the English-language webcast: <http://edge.media-server.com/m/p/qpzbmt9s/lan/en>

Or by phone:

- French-language phone number: +33 (0)1 70 77 09 24
- English-language phone number: +44 (0)203 367 9454

Practical information on the presentation and webcast can be found in the "Investors" section of the Group's website: <http://www.soprasteria.com>

Next financial release

Tuesday, 3 May 2016 (before market): publication of first-quarter 2016 revenue.

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 are available in our 2014 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 29 April 2015. See pages 36 and following 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 certain laws and regulations. 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.

About Sopra Steria

Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of end-to-end service offerings on the market: consulting, systems integration, software development, infrastructure management and business process services. Sopra Steria is trusted by leading private and public-sector organisations to deliver successful transformation programmes that address their most complex and critical business challenges. Combining high quality and performance services, added value and innovation, Sopra Steria enables its clients to make the best use of digital technology. With over 38,000 employees in more than 20 countries, Sopra Steria had revenue of €3.6 billion in 2015.

Sopra Steria (SOP) is listed on Euronext Paris (Compartment A) - ISIN: FR0000050809
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Sopra Steria: Impact on revenue of changes in scope and exchange rates - FY 2015

€m	2015	2014	Growth
Revenue	3,584.4	1,482.0	+ 141.9%
Change in scope related to the Sopra Steria merger		1,888.0	
Revenue adjusted pro forma for the Sopra Steria merger	3,584.4	3,370.1	+ 6.4%
Other changes in scope		40.1	
Change in exchange rates		105.0	
Revenue at constant scope and exchange rates	3,584.4	3,515.2	+ 2.0%

Sopra Steria: Revenue by reporting entity (€m / %) - FY 2015

	2015	2014 Restated*	2014 Reported	Organic growth	Total growth
France	1,364.3	1,342.0	1,009.8	+ 1.7%	+ 35.1%
United Kingdom	1,042.0	1,049.1	443.8	- 0.7%	+ 134.8%
Other Europe	697.4	656.3	388.7	+ 6.3%	+ 79.4%
Sopra Banking Software	282.4	275.5	263.3	+ 2.5%	+ 7.3%
Other Solutions	198.3	192.2	174.7	+ 3.2%	+ 13.5%
Sopra Steria Group	3,584.4	3,515.1	2,280.4	+ 2.0%	+ 57.2%

* Revenue at 2015 scope and exchange rates

Sopra Steria: Revenue by reporting entity (€m / %) - Q4 2015

	Q4 2015	Q4 2014 Restated*	Q4 2014 Reported	Organic growth	Total growth
France	380.6	380.6	353.0	+ 0.0%	+ 7.8%
United Kingdom	267.0	262.6	238.9	+ 1.7%	+ 11.8%
Other Europe	189.1	175.4	180.0	+ 7.8%	+ 5.1%
Sopra Banking Software	80.3	89.2	87.1	- 10.0%	- 7.8%
Other Solutions	53.6	54.1	54.1	- 0.9%	- 1.1%
Sopra Steria Group	970.6	961.9	913.1	+ 0.9%	+ 6.3%

* Revenue at 2015 scope and exchange rates

Sopra Steria: Performance by reporting entity - FY 2015

	2015		2014	
	€m	%	€m	%
France				
Revenue	1,364.3		1,313.7	
Operating profit on business activity	102.0	7.5%	79.5	6.1%
Profit from recurring operations	100.8	7.4%	77.6	5.9%
Operating profit	52.3	3.8%	40.9	3.1%
of which C&SI (including CIMPA in 2015)				
Organic growth	+ 3.5%			
Revenue	1,161.1		1,093.3	
Operating profit on business activity	101.3	8.7%	82.0	7.5%
Profit from recurring operations	100.1	8.6%	80.1	7.3%
Operating profit	60.7	5.2%	50.6	4.6%
of which I2S				
Organic growth	- 7.8%			
Revenue	203.2		220.4	
Operating profit on business activity	0.7	0.3%	-2.5	-1.1%
Profit from recurring operations	0.7	0.3%	-2.5	-1.1%
Operating profit	-8.4	-4.1%	-9.7	-4.4%
United Kingdom				
Revenue	1,042.0		944.0	
Operating profit on business activity	76.2	7.3%	89.3	9.5%
Profit from recurring operations	63.3	6.1%	77.8	8.2%
Operating profit	57.1	5.5%	76.3	8.1%
Other Europe				
Revenue	697.4		667.0	
Operating profit on business activity	18.5	2.7%	6.8	1.0%
Profit from recurring operations	17.4	2.5%	5.2	0.8%
Operating profit	5.3	0.8%	-7.1	-1.1%
Sopra Banking Software				
Revenue	282.4		270.7	
Operating profit on business activity	25.7	9.1%	33.7	12.4%
Profit from recurring operations	20.3	7.2%	28.2	10.4%
Operating profit	20.1	7.1%	27.1	10.0%
Other Solutions				
Revenue	198.3		174.7	
Operating profit on business activity	23.1	11.6%	22.0	12.6%
Profit from recurring operations	23.1	11.6%	22.0	12.6%
Operating profit	17.7	8.9%	19.4	11.1%

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



Sopra Steria: Consolidated income statement - FY 2015

	2015		2014 Pro Forma*		2014 Reported	
	€m	%	€m	%	€m	%
Revenue	3,584.4		3,370.1		2,280.4	
Staff costs	-2,185.6		-2,076.0		-1,437.6	
Operating expenses	-1,095.0		-1,010.0		-622.7	
Depreciation, amortisation and provisions	-58.3		-52.9		-27.0	
Operating profit on business activity	245.5	6.8%	231.2	6.9%	193.0	8.5%
Expenses related to stock options and related items	-1.2		-2.3		-2.0	
Amortisation of allocated intangible assets	-19.4		-18.0		-10.6	
Profit from recurring operations	225.0	6.3%	210.9	6.3%	180.3	7.9%
Other operating income and expenses	-72.4		-54.1		-32.1	
Operating profit	152.6	4.3%	156.8	4.7%	148.2	6.5%
Cost of net financial debt	-8.1		-9.8		-7.4	
Other financial income and expenses	-14.9		-20.1		-10.7	
Income tax expense	-47.2		-31.3		-34.4	
Share of net profit from equity-accounted companies	7.2		6.0		5.9	
Net profit	89.6	2.5%	101.6	3.0%	101.5	4.5%
Group share	84.4	2.4%	92.8	2.8%	98.2	4.3%
Minority interests	5.2		8.8		3.3	
Weighted average number of shares in issue excl. treasury shares (m)	19.8		14.42		14.42	
Basic earnings per share (€)	4.3		6.43		6.81	

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

Sopra Steria: Simplified balance sheet (€m) - 31/12/2015

	31/12/2015	31/12/2014 Adjusted*
Goodwill	1,586.9	1,475.2
Allocated intangible assets	179.0	174.6
Other fixed assets	231.2	230.0
Equity-accounted investments	154.4	146.8
Fixed assets	2,151.5	2,026.6
Net deferred tax	126.9	146.6
Trade accounts receivable (net)	1,099.8	931.6
Other assets and liabilities	-1,178.1	-1,047.7
Working capital requirement	-78.3	-116.1
Assets + WCR	2,200.1	2,057.1
Equity	1,233.1	1,086.8
Provisions for post-employment benefits	309.4	428.6
Provisions for contingencies and losses	126.8	99.3
Net financial debt	530.8	442.4
Capital invested	2,200.1	2,057.1

* Application of IFRS 3 related to business combinations



Sopra Steria: Changes in net financial debt - FY 2015

(€m)	2015	2014 Pro Forma*
Net debt at beginning of period (A)	-442.4	-348.7
Cash flow from operations before cost of net financial debt and tax	240.7	197.2
Tax paid	-35.2	-52.8
Change in operating working capital requirement	-81.9	-109.0
Net cash from operations	123.6	35.4
Change relating to investing activities	-42.3	-48.7
Net financial interest paid	-8.7	-12.2
Additional contributions related to defined-benefit pension plans	-23.3	-18.7
Free cash flow	49.3	-44.2
Changes in scope	-92.3	-22.9
Financial investments	3.1	-7.0
Dividends paid	-37.5	-25.9
Dividends received from equity-accounted companies	2.2	2.3
Capital increases in cash	2.4	1.4
Revaluation of the Euro PP bond	-	-13.0
Transactions in treasury shares	-22.5	-
Other changes	0.7	2.3
Total net change for the period (B)	-94.5	-107.0
Changes in exchange rates (C)	6.2	13.4
Net debt at period-end (A+B+C)	-530.8	-442.4

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

Sopra Steria: Workforce breakdown - 31/12/2015

	31/12/2015	31/12/2014
France	17,606	17,048
United Kingdom	6,722	6,446
Other Europe	7,495	6,991
Rest of the World	134	126
X-Shore	6,493	6,747
Total	38,450	37,358

