

**Press Release**

Paris, 29 August 2007

**Sopra Group: Strong revenue and profit growth  
in first half 2007**

- **First half revenue: +9.1% (organic growth: +7.5%)**
- **Second quarter revenue: +11.2% (organic growth: +9.0%)**
- **Profit from recurring operations: +15.8%**
- **Net profit: +22.7%**

		30/06 2007	30/06 2006	Change (%)
<b>Key income statement items</b>				
Revenue <sup>1</sup>	€m	483.3	443.0	+9.1%
Profit from recurring operations	€m	34.5	29.8	+15.8%
<i>as % of revenue</i>	%	7.1%	6.7%	
Operating profit	€m	33.8	29.8	+13.4%
<i>as % of revenue</i>	%	7.0%	6.7%	
Consolidated net profit	€m	21.1	17.2	+22.7%
<i>as % of revenue</i>	%	4.4%	3.9%	
<b>Per share data</b>				
Basic earnings per share <sup>2</sup>	€	1.84	1.50	+22.7%
<b>Key balance sheet items</b>				
Net debt	€m	148.9	135.1	
Equity (Group share)	€m	221.6	190.5	
Net debt / Equity	%	67%	71%	

Sopra Group achieved first half 2007 revenue of 483.3 million euros, corresponding to total growth of 9.1% and organic growth of 7.5%, with profit from recurring operations amounting to 34.5 million euros and an operating margin from recurring operations of 7.1%.

Growth accelerated during the second quarter, with total growth increasing by 11.2% and organic growth by 9.0%.

These achievements are in line with the strong growth and margin improvement targets set for the year as a whole. They allow the Group to reaffirm its previously announced goals of organic growth outstripping that of the market as well as an improvement in the margin for the current year.

<sup>1</sup> Cf. press release dated 13 August 2007.

<sup>2</sup> Calculated based on the weighted average number of ordinary shares in circulation.

## Information by division for H1 2007

- **Consulting** (4.7% of revenue): the management team has been reinforced as planned. The organisational structure and workforce are once again fully operational, encouraging predictions of significant gains by the end of the year and bright prospects for continued growth.

	30/06 2007		30/06 2006		31/12 2006	
	€m	%	€m	%	€m	%
Revenue	22.7	100%	21.4	100%	41.0	100%
Profit from recurring operations	2.2	9.7%	2.5	11.7%	4.0	9.8%

- **SSI<sup>3</sup> France** (59.7% of revenue): this unit turned in excellent results during the first half with revenue growth of 7.7% and a 0.5 point improvement in its operating margin from recurring operations, which thus increased to 8.0%. With a promising book-to-bill ratio of 1.10, business growth during the second half of the year is expected to be equally strong.

	30/06 2007		30/06 2006		31/12 2006	
	€m	%	€m	%	€m	%
Revenue	288.4	100%	267.9	100%	537.9	100%
Profit from recurring operations	23.0	8.0%	20.1	7.5%	44.1	8.2%

- **SSI Europe** (21.6% of revenue): this division's improvement in its operating margin from recurring operations to 6.7%, an increase of 0.7 points, is explained by the strong contributions of Spain, Italy and Switzerland, which all exceeded forecasts and yielded double-digit growth rates. The United Kingdom recorded a positive margin despite the decline related to weaker economic conditions in the first half of the year. The performance of the Benelux countries is in line with expectations.

	30/06 2007		30/06 2006		31/12 2006	
	€m	%	€m	%	€m	%
Revenue	104.4	100%	100.5	100%	201.9	100%
Profit from recurring operations	7.0	6.7%	6.0	6.0%	15.1	7.5%

- **Axway** (14.0% of revenue): thanks to strong forward momentum (total growth of 27.4% and organic growth of 14.5%) and the excellent positioning of the Synchrony™ platform in the B2B market, the operating margin from recurring operations was 3.4%. This performance, which offset the seasonality usually recorded in the first half of the year, allows the Group to confirm current-year forecasts for this division: organic growth of nearly 15% and an operating margin in excess of 10%.

	30/06 2007		30/06 2006		31/12 2006	
	€m	%	€m	%	€m	%
Revenue	67.8	100%	53.2	100%	116.9	100%
Profit from recurring operations	2.3	3.4%	1.2	2.3%	11.8	10.1%

<sup>3</sup> SSI: Systems and Solutions Integration.

## **Industrialisation and offshore**

Sopra Group continues to pursue the transformation programme launched several years ago, which seeks to address the profound changes affecting its industry. Spearheaded by the Group's executive management team in association with its offerings and production departments, this programme has led to a redefinition of the core business and a redesign of the required delivery methods, processes and tools. Industrialised production centres have been created both in France (where more than 1,500 engineers are currently employed) and abroad, including nearshore operations in Spain and Romania, as well as a centre in Morocco due to be inaugurated soon, and offshore operations in India. At present, 800 engineers work in centres outside France, representing 8% of the Group's total workforce. The proportion of near-shore and offshore personnel will be raised to between 12% and 15% by the end of 2008.

The steady improvement in the Group's results over the last three years is a measure of the success of this business transformation programme, which is expected to continue contributing to robust performance in the years to come.

## **Financial position**

At 30 June 2007, the Group's financial position remains healthy, with net debt kept under control at 148.9 million euros and a net debt to equity ratio of 67%. The change in net debt during the first half of the year reflects significant non-recurring outflows: 34.7 million euros for external growth operations and 10.9 million euros in deferred payments, from 2006 to 2007, for income tax related to merger operations. On the basis of currently available data and excluding acquisitions, the net debt to equity ratio is expected to be reduced to 45% at 31 December 2007.

## **Workforce**

At 30 June 2007, Sopra Group had a total workforce of 10,700, including 3,400 staff employed outside France. The net change in the workforce for the first half of the year amounted to 700 people, excluding the acquisition of the B2B business of Atos Origin in Germany (150 people) in February 2007.

## **Changes in the scope of consolidation**

- The B2B business of Atos Origin in Germany has been consolidated by Axway since 1 February 2007.
- Methosystem, the Italian systems integrator acquired at the end of June, was initially consolidated only at the level of the balance sheet. Its income statement will be consolidated as from 1 July 2007.

## **Upcoming events**

Sopra Group will publish its third quarter 2007 revenue on Monday, 5 November 2007, after the market close.

## **About Sopra Group**

A leader in the European consulting and IT services market, Sopra Group generated revenue of 897.7 million euros in 2006 and has a human and intellectual resource potential of over 10,000 people. Thanks to a longstanding culture of excellence and strong sector-specific, functional and technological know-how, the Group offers its clients an end to end approach based on a well-honed business model. Sopra Group's ambition is to allow its clients to focus on transformation projects that will give them a competitive edge and help them drive growth. Sopra Group's savoir-faire encompasses prior strategic reflection through to the supervision and implementation of major systems integration and application outsourcing projects. The Group also pursues the worldwide deployment of its activities in both application integration and business process management through its subsidiary Axway, the world's leading provider of Collaborative Business Solutions, with a complete range of solutions and services. For more information, please go to our website [www.sopragroup.com](http://www.sopragroup.com).

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## Appendices

### Income statement

	First Half 2007		First Half 2006		Variation (%)
	€m	%	€m	%	
<b>Revenue</b>	<b>483.3</b>	<b>100%</b>	<b>443.0</b>	<b>100%</b>	<b>+ 9.1%</b>
Staff costs - Employees	-324.7		-295.4		+ 9.9%
Staff costs - Contractors	-37.5		-35.0		+ 7.1%
Operating expenses	-79.8		-76.6		+ 4.2%
Depreciation and provisions	-6.8		-6.2		+ 9.7%
<b>Profit from recurring operations</b>	<b>34.5</b>	<b>7.1%</b>	<b>29.8</b>	<b>6.7%</b>	<b>+ 15.8%</b>
Other operating income and expenses	-0.7		-		
<b>Operating profit</b>	<b>33.8</b>	<b>7.0%</b>	<b>29.8</b>	<b>6.7%</b>	<b>+ 13.4%</b>
Net financial expense <sup>4</sup>	-0.5		-5.1		
Income tax expense <sup>5</sup>	-12.2		-7.5		
<b>Net profit</b>	<b>21.1</b>	<b>4.4%</b>	<b>17.2</b>	<b>3.9%</b>	<b>+ 22.7%</b>
Group share	21.1	0.0%	17.2		
Minority interests	-		-		

### Balance sheet

€m	30/06 2007	30/06 2006	31/12 2006
Goodwill	297.2	272.8	278.6
Other fixed assets	37.0	35.5	37.6
Other assets and liabilities	57.8	31.5	15.7
<b>ASSETS</b>	<b>392.0</b>	<b>339.8</b>	<b>331.9</b>
Equity (Group share)	221.6	190.5	216.2
Provisions for contingencies and losses	21.5	14.2	18.0
Net debt	148.9	135.1	97.7
<b>CAPITAL INVESTED</b>	<b>392.0</b>	<b>339.8</b>	<b>331.9</b>

<sup>4</sup> Net financial expense includes the impact, in the amount of 1.4 million euros, of the reversal of a provision intended to cover the anticipated impairment of interest rate hedging instruments recorded at 30 June 2006 in the amount of 1.2 million euros and raised to 1.4 million euros at 31 December 2006.

<sup>5</sup> The effective tax rate for first half 2007 reflects the tax savings occasioned by the decreased use of tax loss carryforwards in comparison to 2006 as well as the impact of uncapitalised tax losses. The effective tax rate for 2007 is expected to be in the region of 35%.

## Change in net debt

€m	30/06 2007	30/06 2006	31/12 2006
<b>Net debt at beginning of period (A)</b>	<b>97.7</b>	<b>128.7</b>	<b>128.7</b>
<b>Gross cash flow from operations before net financial debt and tax</b>	<b>40.8</b>	<b>35.1</b>	<b>87.2</b>
Tax paid	-22.8	3.6	-1.3
Changes in working capital requirements	-8.4	2.5	4.4
<b>Net cash flow from operating activities</b>	<b>9.6</b>	<b>41.2</b>	<b>90.3</b>
Capital expenditure	-4.6	-4.8	-13.1
Net financial interest paid	-3.5	-3.1	-6.0
<b>Free cash flow</b>	<b>1.5</b>	<b>33.3</b>	<b>71.2</b>
Changes in consolidation scope	-34.7	-24.7	-25.6
Dividends paid	-15.5	-12.6	-12.6
Capital increases in cash	0.3	0.3	0.6
Other changes for the period	-2.7	-2.3	-2.2
<b>Net cash flow (B)</b>	<b>-51.1</b>	<b>-6.0</b>	<b>31.4</b>
Impact of changes in interest rates	-0.1	-0.4	-0.4
<b>Net debt at end of period (A-B)</b>	<b>148.9</b>	<b>135.1</b>	<b>97.7</b>

## Change in equity

	€m
<b>Position at 31 December 2006</b>	<b>216.2</b>
Dividends	- 15.5
Net profit - Group share	21.1
Capital increase through exercise of share purchase options	0.3
Share-based payments	0.4
Translation adjustments	- 0.9
<b>Position at 30 June 2007</b>	<b>221.6</b>

## Revenue by business sector

	%
Banking	23.3%
Insurance	8.2%
Services	20.7%
Telecoms	12.6%
Public Sector	14.0%
Manufacturing	15.5%
Retail	5.7%
	<b>100.0%</b>