

## Sopra: 2013 annual results exceed targets

Paris, 18 February 2014 – At its meeting yesterday chaired by Pierre Pasquier, Sopra's Board of Directors examined the consolidated financial statements for financial year ended 31 December 2013.

- Revenue: €1,349.0m
- Organic growth<sup>(1)</sup> of 4.3%
- Total growth of 10.9%
- Operating profit on business activity<sup>(2)</sup>: €108.9m, corresponding to a margin of 8.1%
- Sharp reduction of net debt to €154.6m

		2013		2012	
<b>Key income statement items</b>					
Revenue	€m	1,349.0		1,216.7	
Operating profit on business activity	€m / %	108.9	8.1%	109.6	9.0%
Profit from recurring operations	€m / %	101.1	7.5%	103.2	8.5%
Operating profit	€m / %	103.9	7.7%	91.3	7.5%
Net profit - Group share	€m / %	71.4	5.3%	55.6	4.6%
<b>Per share data</b>					
Net earnings per share <sup>(3)</sup>	€	6.00		4.67	
<b>Key balance sheet items</b>					
Free cash flow <sup>(4)</sup>	€m	27.4		47.3	
Net debt	€m	154.6		204.0	
Equity (Group share)	€m	357.9		305.3	
Net debt / Equity <sup>(5)</sup>	%	43%		67%	

<sup>1</sup> Change calculated at constant exchange rates and group structure.

<sup>2</sup> Operating profit on business activity corresponds to profit from recurring operations before expenses related to stock options and amortisation charges for allocated intangible assets.

<sup>3</sup> Calculated on the basis of the weighted average number of ordinary shares in issue.

<sup>4</sup> Gross cash flow from operations less corporate income tax paid, changes in working capital requirements, capital expenditures and net financial interest paid.

<sup>5</sup> The net debt to equity ratio, which excludes employee profit sharing in compliance with the Group's banking covenants (€29.8m), was 35% in 2013, compared to 56% in 2012.

## Comments on business activity

Sopra posted revenue of €1,349.0 million in 2013, representing total growth of 10.9% (organic growth of 4.3%). Operating profit on business activity came to €108.9 million, corresponding to a margin of 8.1%, which exceeded the Group's announced objective by 40 basis points.

Profit on recurring operations was €101.1 million, representing a margin of 7.5%, after taking into account €3.0 million in expenses relating to the bonus share and stock option plan as well as the amortisation of allocated intangible assets in the amount of €4.8 million.

After taking into account other operating income and expenses, for €2.8 million in net other operating income, operating profit came to €103.9 million, representing a margin of 7.7%.

Net financial expense was €8.4 million. The total tax expense amounted to €32.5 million.

The share of net profit from equity-accounted companies, corresponding to Sopra's 25.72% shareholding in Axway at 31 December 2013, was €8.4 million.

Net profit was €71.4 million, representing a net profit margin of 5.3%, up 70 basis points compared to the previous year.

In France, revenue was €828.0 million, corresponding to organic growth of 4.1%. This solid growth was buoyed by the Transport, Utilities and Public Sector verticals and, to a lesser extent, Financial Services. Operating profit on business activity came in at €68.4 million, representing a margin of 8.3% for the financial year, compared with 8.6% in 2012. Despite persistent pricing pressure and investments that weighed on profitability, business activity was healthy. A large number of contracts were signed, notably for fixed-price projects and application management, and there was a significant increase in the number of requests concerning mobility, cloud services and IT architecture. More generally, the Group is pleased to note the gradual improvement in its Consulting business, with growth and profitability recovering over the year.

In Europe (excluding France), revenue amounted to €247.6 million, representing total growth of 9.8% (organic growth of 9.6%). Operating profit on business activity totalled €12.6 million, representing a margin of 5.1% in 2013, compared with 5.9% in 2012. In the United Kingdom and Spain, growth remained moderate but profitability stabilised at very satisfactory levels, while in Germany the investments made to serve the aeronautics vertical impacted short-term profitability.

Sopra Banking Software continued to develop a comprehensive offering. The subsidiary generated €217.3 million in revenue for the financial year, representing total growth of 11.2% (organic growth of -0.3%). Although rationalising its business model requires time and investment, business activity in France, the United Kingdom and the Middle East & Africa region helped generate satisfactory operating profit on business activity of €23.6 million, or a margin of 10.9% (versus 14.4% in 2012).

With regard to HR Access, the entity's integration programme has been successful and its strategic plan built around services was well received by the market. Nine-month revenue came to €56.1 million, corresponding to organic growth of 2.4%. The year ended on a high note, with licence signings coming in strong. The subsidiary's profit from recurring operations was €4.3 million, corresponding to a margin of 7.7%, well above the Group's announced targets.

Despite a high comparison basis and an unfavourable calendar effect, the Group once again delivered a solid performance in the fourth quarter, generating €368.2 million in revenue, representing total growth of 9.3% (organic growth of 2.1%). In the second half of the year, the Group's operating margin on business activity approached the symbolic level of 10%, in line with targets announced for 2015.

At 31 December 2013, Sopra Group employed a workforce of 16,290 people, an increase of nearly 2,000 staff compared to 2012, including 1,080 net recruits and 900 employees integrated as a result of acquisitions.



## Financial position

Equity amounted to €357.9 million. Net debt at end-2013 totalled €154.6 million.

Net bank debt, excluding the profit-sharing liability of €29.8 million, came to €124.8 million. Consequently, the net debt to equity ratio, which excludes employee profit sharing in compliance with the Group's banking covenants, was 35%.

Free cash flow amounted to €27.4 million for the year.

The Group extended a €150 million revolving line of credit by two years. Initially maturing in June 2016, the line is now extended to June 2018. At 31 December, the Group had total utilisable credit lines of €287 million.

The Group's financial position therefore significantly improved, in regard to both debt maturity and compliance with banking covenants.

## Proposed dividend

Sopra's Board of Directors will propose to the next Annual General Meeting of Shareholders the distribution of a dividend of €1.90 per share in respect of financial year 2013, representing a total payment of €22.6 million. This dividend corresponds to a distribution of 31.6% of the Group's net profit, compared with 36.3% the previous year.

## Strategy

The Group reiterates its ambition to expand its positioning as a provider of comprehensive offerings based on its three high value-added activities: Consulting, IT Services and Software Solutions Development. Consequently, it has adopted a business strategy which focuses on:

- consolidating the Group's position in the French market by promoting its leadership and added value to major clients,
- developing a sound positioning in Europe,
- expanding the Group's solutions portfolio for its clients' businesses.

## Outlook

Sopra has set the following targets for 2014:

- organic growth of between 3% and 5%,
- improvement in the operating margin on business activity,
- net debt of between €110 million and €130 million at year-end.

## Presentation

The 2013 annual results will be presented to analysts and investors in French on 19 February 2014 at 15.30, Paris time, at the Hôtel Le Meurice.

This presentation is also available via remote access. You may [register for the webcast](#) or listen to the presentation by dialling +33 170 993 213 (access code: 940901#). Practical information regarding this conference can be consulted on the Group's website: [www.finance.sopragroup.com](http://www.finance.sopragroup.com).

## Financial calendar

Thursday, 24 April 2014 after stock market close: Publication of revenue for the first quarter of 2014

Tuesday, 27 May 2014 at 14.30: Annual General Meeting of Shareholders – Hôtel Le Meurice, Paris.



## Annexes

### Consolidated income statement

	2013		2012	
	€m	%	€m	%
<b>Revenue</b>	<b>1,349.0</b>		<b>1,216.7</b>	
Staff costs - Employees	-911.9		-811.8	
Staff costs - Contractors	-105.6		-100.1	
Operating expenses	-201.3		-178.2	
Depreciation, amortisation and provisions	-21.3		-17.0	
<b>Operating profit on business activity</b>	<b>108.9</b>	<b>8.1%</b>	<b>109.6</b>	<b>9.0%</b>
Expenses related to stock options and free share awards	-3.0		-2.2	
Amortisation of allocated intangible assets	-4.8		-4.2	
<b>Profit from recurring operations</b>	<b>101.1</b>	<b>7.5%</b>	<b>103.2</b>	<b>8.5%</b>
Other operating income and expenses	2.8		-11.9	
<b>Operating profit</b>	<b>103.9</b>	<b>7.7%</b>	<b>91.3</b>	<b>7.5%</b>
Cost of net financial debt	-7.0		-7.2	
Other financial income and expenses	-1.4		-1.0	
Income tax expense	-32.5		-33.6	
Share of net profit from equity-accounted companies	8.4		6.1	
<b>Net profit before profit from discontinued operations</b>	<b>71.4</b>	<b>5.3%</b>	<b>55.6</b>	<b>4.6%</b>
Profit net of tax from discontinued operations	-		-	
<b>Net profit</b>	<b>71.4</b>	<b>5.3%</b>	<b>55.6</b>	<b>4.6%</b>
Group share	<b>71.4</b>		<b>55.6</b>	
Minority interests	-		-	

### Simplified balance sheet (€m)

	31/12 2013	31/12 2012
Goodwill	317.5	314.6
Allocated intangible assets	51.4	56.5
Other fixed assets	56.7	45.7
Equity-accounted investments	118.8	113.8
<b>Fixed assets</b>	<b>544.4</b>	<b>530.6</b>
Trade accounts receivable (net)	442.4	384.3
Other assets and liabilities	-474.3	-405.6
<b>Operating assets and liabilities</b>	<b>-31.9</b>	<b>-21.3</b>
<b>ASSETS + WCR</b>	<b>512.5</b>	<b>509.3</b>
Equity	357.9	305.3
Net financial debt	154.6	204.0
<b>CAPITAL INVESTED</b>	<b>512.5</b>	<b>509.3</b>



**Statement of net debt (€m)**

	2013	2012
<b>Net debt at beginning of period (A)</b>	<b>204.0</b>	<b>46.4</b>
Gross cash flow from operations before net financial debt and tax	93.6	112.2
Tax paid	-36.8	-41.8
Changes in working capital requirements	-1.7	-8.6
<b>Net cash flow from operations</b>	<b>55.2</b>	<b>61.8</b>
Change relating to operating investments	-20.9	-7.7
Net financial interest paid	-6.9	-6.8
<b>Free cash flow</b>	<b>27.4</b>	<b>47.3</b>
Changes in scope	41.0	-182.4
Financial investments (Axway capital increase)	-0.9	-0.1
Dividends paid	-20.2	-22.6
Dividends received from equity-accounted companies	1.9	1.3
Capital increases in cash	1.4	-
Other changes	-0.5	0.2
Net cash flow relating to discontinued operations	-	-
<b>Net cash flow (B)</b>	<b>50.1</b>	<b>-156.3</b>
Changes in exchange rates (C )	-0.7	-1.3
Net debt relating to discontinued operations (D)	-	-
<b>Net debt at period-end (A-B-C-D)</b>	<b>154.6</b>	<b>204.0</b>

**Changes in equity (€m)**

	2013	2012
<b>Equity position at beginning of period</b>	<b>305.3</b>	<b>273.9</b>
Net profit - Group share	71.4	55.6
Distribution in cash (ordinary)	-20.2	-22.6
Capital increase through exercise of share subscription options	1.4	-
Acquisition or disposal of treasury shares	0.1	0.7
Share-based payments	4.1	1.6
Actuarial differences	0.7	-2.2
Change in financial instruments	0.4	-1.2
Translation adjustments	-5.4	0.1
Other movements	0.1	-0.6
<b>Equity position at end of period</b>	<b>357.9</b>	<b>305.3</b>

**Revenue breakdown by business segment (%)**

	2013	2012
Financial Services	33%	33%
Services/Transport/Utilities	21%	20%
Public Sector	17%	16%
Manufacturing	16%	16%
Telecoms & Media	9%	10%
Retail	4%	5%
	<b>100%</b>	<b>100%</b>



## Staff Changes

	2013	2012
Staff - France	10,230	9,380
Staff - International	6,060	4,930
<b>Total</b>	<b>16,290</b>	<b>14,310</b>
Staff at the beginning of the period	14,310	12,610
Integration of acquired companies	900	1,010
Net recruits	1,080	690
<b>Total</b>	<b>16,290</b>	<b>14,310</b>

## Quarterly revenue and growth by division

	Q1	Q2	Q3	Q4	2013
<b>Group</b>					
Revenue 2013 (€m)	321.3	339.7	319.8	368.2	1,349.0
Reported Revenue 2012 (€m)	287.8	301.8	290.2	336.9	1,216.7
Pro forma Revenue 2012 (€m)	313.7	316.6	303.0	360.7	1,294.0
Total growth (%)	11.6%	12.6%	10.2%	9.3%	10.9%
Organic growth (%)	2.4%	7.3%	5.5%	2.1%	4.3%
<b>France</b>					
Revenue 2013 (€m)	208.4	205.3	194.6	219.7	828.0
Pro forma Revenue 2012 (€m)	203.6	191.9	184.9	214.9	795.3
Total growth (%)	2.3%	6.9%	5.1%	2.2%	4.0%
Organic growth (%)	2.4%	7.0%	5.2%	2.2%	4.1%
<b>Europe</b>					
Revenue 2013 (€m)	59.9	63.0	58.9	65.8	247.6
Pro forma Revenue 2012 (€m)	57.8	54.4	53.4	60.3	225.9
Total growth (%)	11.8%	13.7%	7.1%	7.2%	9.8%
Organic growth (%)	3.6%	15.8%	10.3%	9.1%	9.6%
<b>Sopra Banking Software</b>					
Revenue 2013 (€m)	53.0	54.8	49.8	59.7	217.3
Pro forma Revenue 2012 (€m)	52.3	54.1	49.6	62.0	218.0
Total growth (%)	73.8%	0.7%	-0.6%	-1.3%	11.2%
Organic growth (%)	1.3%	1.3%	0.4%	-3.7%	-0.3%
<b>HR Access (9 months)</b>					
Revenue 2013 (€m)	-	16.6	16.5	23.0	56.1
Pro forma Revenue 2012 (€m)	-	16.2	15.1	23.5	54.8
Organic growth (%)	-	2.5%	9.3%	-2.1%	2.4%



## Performance by division

	2013		2012	
<b>France</b>				
Revenue (€m)	828.0		795.8	
<i>organic growth (%)</i>		+ 4.1%		
Operating profit on business activity (€m / %)	68.4	8.3%	68.2	8.6%
Profit from recurring operations (€m / %)	66.2	8.0%	66.3	8.3%
Operating profit (€m / %)	64.2	7.8%	64.6	8.1%
<b>Europe (ex. France)</b>				
Revenue (€m)	247.6		225.4	
<i>organic growth (%)</i>		+ 9.6%		
Operating profit on business activity (€m / %)	12.6	5.1%	13.2	5.9%
Profit from recurring operations (€m / %)	12.0	4.8%	13.0	5.8%
Operating profit (€m / %)	10.8	4.4%	11.3	5.0%
<b>Sopra Banking Software</b>				
Revenue (€m)	217.3		195.5	
<i>organic growth (%)</i>		-0.3%		
Operating profit on business activity (€m / %)	23.6	10.9%	28.2	14.4%
Profit from recurring operations (€m / %)	18.6	8.6%	23.9	12.2%
Operating profit (€m / %)	15.4	7.1%	22.1	11.3%
<b>HR Access (9 months)</b>				
Revenue (€m)	56.1		-	
<i>organic growth (%)</i>		+2.4%		
Operating profit on business activity (€m / %)	4.3	7.7%	-	
Profit from recurring operations (€m / %)	4.3	7.7%	-	
Operating profit (€m / %)	13.5	24.1%	-	



## Performance in Europe (excl. France)

	2013		2012	
<b>United Kingdom</b>				
Revenue (€m)	83.9		81.6	
<i>organic growth (%)</i>		+ 1.8%		
Operating profit on business activity (€m / %)	6.2	7.4%	5.3	6.5%
Profit from recurring operations (€m / %)	6.2	7.4%	5.3	6.5%
Operating profit (€m / %)	5.7	6.8%	4.0	4.9%
<b>Spain</b>				
Revenue (€m)	75.9		74.8	
<i>organic growth (%)</i>		+ 1.5%		
Operating profit on business activity (€m / %)	4.7	6.2%	4.6	6.1%
Profit from recurring operations (€m / %)	4.3	5.7%	4.4	5.9%
Operating profit (€m / %)	3.6	4.7%	4.0	5.3%
<b>Italy</b>				
Revenue (€m)	44.0		39.2	
<i>organic growth (%)</i>		+ 12.2%		
Operating profit on business activity (€m / %)	1.7	3.9%	1.1	2.8%
Profit from recurring operations (€m / %)	1.6	3.6%	1.1	2.8%
Operating profit (€m / %)	1.6	3.6%	1.1	2.8%
<b>Switzerland</b>				
Revenue (€m)	10.6		11.3	
<i>organic growth (%)</i>		- 3.6%		
Operating profit on business activity (€m / %)	1.1	10.4%	1.4	12.4%
Profit from recurring operations (€m / %)	1.1	10.4%	1.4	12.4%
Operating profit (€m / %)	1.1	10.4%	1.4	12.4%
<b>Belgium</b>				
Revenue (€m)	13.7		11.0	
<i>organic growth (%)</i>		+ 24.5%		
Operating profit on business activity (€m / %)	0.4	2.9%	0.3	2.7%
Profit from recurring operations (€m / %)	0.3	2.2%	0.3	2.7%
Operating profit (€m / %)	0.3	2.2%	0.3	2.7%
<b>Germany</b>				
Revenue (€m)	19.5		7.5	
<i>organic growth (%)</i>		NS		
Operating profit on business activity (€m / %)	- 1.5	- 7.7%	0.5	6.7%
Profit from recurring operations (€m / %)	- 1.5	- 7.7%	0.5	6.7%
Operating profit (€m / %)	- 1.5	- 7.7%	0.5	6.7%

