

Sopra Steria: First-half 2016 in line with 2017 objectives

- Revenue of €1.9bn, representing total growth of 6.3%
- Strong organic growth of 5.4%
- Operating margin on business activity up 1 point to 7.1%
- Net profit attributable to the Group doubled to €54.0m

Paris, 28 July 2016 – At its meeting on 27 July 2016 chaired by Pierre Pasquier, Sopra Steria's Board of Directors approved the financial statements for the first half of 2016. The Statutory Auditors have conducted a limited review of the financial statements.

Sopra Steria: 2016 Half-year results

		H1 2016		H1 2015 Reported	
Key income statement items					
Revenue	€m	1,878.8		1,768.1	
Total growth		+ 6.3%			
Organic growth*		+ 5.4%			
Operating profit on business activity	€m / %	134.2	7.1%	107.4	6.1%
Profit from recurring operations	€m / %	114.0	6.1%	97.5	5.5%
Operating profit	€m / %	103.2	5.5%	66.1	3.7%
Net profit - Group share	€m / %	54.0	2.9%	26.9	1.5%
Weighted average number of shares in issue excl. treasury shares	m	20.01		19.73	
Basic earnings per share	€	2.70		1.36	
Key balance sheet items					
		30/06/2016		31/12/2015	
Net financial debt	€m	719.6		530.8	
Equity (Group share)	€m	1,006.7		1,194.4	

* Alternative performance measures are defined in the glossary at the end of this document

Comments on business activity and operating performance for the first half of 2016

Sopra Steria Group had a dynamic first-half 2016, with revenue of €1,878.8 million, up 6.3%. Growth at constant scope and exchange rates was 5.4%.

The Group's operating profit on business activity grew by 25.0% with respect to the first half of 2015, to €134.2 million, yielding a margin of 7.1% – up one point from the previous year.

In **France**, first-half revenue came to €778.8 million, representing organic growth of 9.5%.

- **Consulting & Systems Integration** was particularly buoyant, with revenue of €677.6 million, representing organic growth of 11.5%. This momentum was driven in particular by the robust growth in strategic key accounts (up 13%) and in Consulting (up 22%). It was also due to lower levels of consultant downtime in early 2016 and to the three additional invoicing days in the second quarter. This change reflected above all the Group's capacity to position itself to respond to large-scale global requests for proposals and has been illustrated by the signing of major deals. The highest-performing vertical markets were defence and transport. The activity's growth was coupled with improved profitability: the operating margin on business activity came to 9.8% in first-half 2016 versus 9.6% in first-half 2015.
- **I2S (Infrastructure & Security Services)** recorded revenue of €101.2 million. In the IT infrastructure management business, which generated 90% of the entity's revenue, sales momentum improved, with a tighter focus on higher value-added projects. As such, negative growth in the second quarter was contained at 1.3% (versus negative growth of 4.5% in Q1 2016). Positive growth may resume in 2017. The cybersecurity business continued to record strong revenue growth (up 6.3% in the half-year period). In terms of profitability, I2S continued to pursue its recovery plan in the first half of 2016. At 30 June 2016, the operating margin on business activity had improved as planned to 0.5%, versus -0.5% at 30 June 2015.

The **United Kingdom** posted first-half 2016 revenue of €483.4 million (26% of Group revenue), representing slightly negative growth of 0.9% at constant perimeter and exchange rate. In this region, 78% of business is based on relatively non-cyclical multi-year contracts (for services such as outsourcing of business processes, IT infrastructure management and application management). Public-sector activities – which generated 68% of the entity's revenue, half of which was through two joint ventures with the UK authorities – posted organic growth of 0.8% for the half-year period. Private-sector activities, which are currently being reorganised, were down 4.0%. The region's operating margin on business activity improved in first-half 2016, amounting to 7.3% (6.4% in first-half 2015).

Revenue for the **Other Europe** region was €355.6 million for first-half 2016, representing organic growth of 5.7%. Continuing the trend seen in the first quarter, nearly all countries posted growth. Spain, Italy and the Benelux (Belgium/Netherlands/Luxembourg) region were particularly buoyant, with organic growth of over 10%. The region's profitability improved substantially, with the operating margin on business activity reaching 4.4%, versus 0.6% in first-half 2015. Germany was a key driver of this recovery, with an operating margin on business activity of 3.4% in the first half of 2016, versus -4.5% for the same period in the previous year.

Sopra Banking Software posted revenue of €160.2 million for the first half of 2016, representing organic growth of 7.4%. The half-year period was marked by good momentum in services and a strong sales performance for the *Platform* and *Amplitude* products. An important milestone was reached in the renewal of La Banque Postale's IT system, with the first delivery of the account management module a few months after that of the lending module. Another highlight of Q2 2016 was the signing of a strategic partnership with Société Générale and La Banque Postale, through their joint subsidiary Transactis, to process European and international bank transfers and direct debits using the *Sopra Banking Platform for Payments* software solution. This partnership offers Sopra Banking Software new prospects in the field of payments. Lastly, the integration of Cassiopae, which contributed €14.4 million to revenue for the half-year period, proved promising. For Sopra Banking Software, the operating margin on business activity came to 4.3% in the first six



months of the year (7.2% in first-half 2015), reflecting the impact of investments in research and development in the half-year period (up €6 million with respect to first-half 2015). In line with its roadmap for 2017, the entity will continue to target an annual operating margin on business activity of around 10%.

Other Solutions (HR and Real estate solutions) posted revenue of €100.7 million for first-half 2016, representing organic growth of 1.7%. The deferral of some contract signings from the first half to the second half of the year should lead to more buoyant growth in the second part of the year. In terms of profitability, the reporting unit recorded a 0.4 point increase in its operating margin on business activity, which came to 9.2% (8.8% in first-half 2015).

Comments on net profit for the first half of 2016

Profit from recurring operations came to €114.0 million. This includes a €10.2 million expense related to share-based payments following the implementation of an employee share ownership plan, as announced on 22 March 2016, including a portion for shares acquired by employees and a portion for matching employer contributions.

Operating profit was €103.2 million after a net expense of €10.7 million for other operating income and expenses. These included €7.9 million in reorganisation and restructuring expenses, significantly less than in the first half of 2015 (€30.4 million).

The tax expense was €44.4 million in the half-year period, versus €25.2 million in the first half of 2015.

The share of profit of equity-accounted companies (mainly Axway) was €3.8 million (€0.2 million in first-half 2015).

After €0.2 million attributable to minority interests, the net profit attributable to the Group doubled, amounting to €54.0 million, equivalent to 2.9% of revenue (compared with 1.5% of revenue at 30 June 2015).

Basic net earnings per share also doubled, coming to €2.70 (€1.36 at 30/06/15).

Workforce

At 30 June 2016, the Group's total workforce consisted of 39,200 people (38,450 at 31 December 2015), with 16.9% working in X-Shore zones.

Changes in scope

The Group made a number of acquisitions in first-half 2016:

- Cassiopae, a developer of specialised finance and real estate management software, which posted revenue of €50 million in 2015 (consolidated in Q2 2016);
- LASCE Associates, a consulting firm specialising in operational excellence for industry and logistics, which posted revenue of €8 million in 2015 (consolidated in Q3 2016);
- EchoSystems, a start-up that develops digital solutions for managing and operating real estate assets, which posted revenue of around €1 million in 2015 (consolidated in Q2 2016);
- An 8.62% stake in Axway's share capital sold by Société Générale, bringing Sopra Steria's shareholding in Axway to 33.52%.



Financial position at 30 June 2016

Sopra Steria's financial position at 30 June 2016 is robust in terms of both financial ratios and liquidity.

Free cash flow for the first half of the year, which is traditionally a period of net cash outflows, improved with respect to first-half 2015 (an outflow of €100.6 million versus an outflow of €163.2 million).

Net financial debt is €719.6 million at the end of June 2016, equal to 2.2x EBITDA (with the bank covenant stipulating a maximum of 3x).

At 30 June 2016, the Group has €1.6 billion in financing, of which €1 billion was available. The Group's bank facilities were renegotiated on 7 July 2016 for a period of five years (with extensions possible to 2022 and 2023).

Targets for 2016

The Group confirms its targets for the full 2016 financial year:

- organic revenue growth of between 3% and 5%
- 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 results for the first half of 2016 will be presented to analysts and investors in French on 28 July 2016 at 9:00 a.m. CET, at the Shangri-La Hotel in Paris.

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/ejiqmqg8>

Register for the English-language webcast: <http://edge.media-server.com/m/p/ejiqmqg8/lan/en>

Or by phone:

French-language phone number: +33 (0)1 70 77 09 27

English-language phone number: +44 (0)203 367 9457

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

Next financial release

Thursday, 3 November 2016 (before market open): publication of Q3 2016 revenue



Glossary

- **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 the restated revenue for the same period in the prior financial year.
- **EBITDA:** This measure, as defined in the Registration Document, is equal to the consolidated operating profit on business activity adding back depreciation and amortisation and current provisions.
- **Operating profit on business activity:** This measure, as defined in the Registration Document, is equal to profit from recurring operations adjusted to exclude the expense relating to the cost of services rendered by the grantees of stock options and free shares and additions to the amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which contains any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not predictive, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities (as described in the consolidated cash flow statement in the Registration Document), less investments (net of disposals) in tangible and intangible fixed assets, adjusted for net interest and less additional contributions to address any deficits in defined-benefit pension plans.

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 the 2015 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 22 April 2016 (see pages 33 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 39,200 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

For more information, please visit our website: www.soprasteria.com

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates - H1 2016

€m	H1 2016	H1 2015	Growth
Revenue	1,878.8	1,768.1	+ 6.3%
Changes in scope		54.9	
Change in exchange rates		-39.8	
Revenue at constant scope and exchange rates	1,878.8	1,783.3	+ 5.4%

Sopra Steria: changes in exchange rates - H1 2016

For €1 / %	Average rate H1 2016	Average rate H1 2015	Change
Pound sterling	0.7788	0.7323	- 6.0%
Norwegian krone	9.4197	8.6483	- 8.2%
Swedish krona	9.3019	9.3401	+ 0.4%
Danish krone	7.4497	7.4562	+ 0.1%
Swiss franc	1.0960	1.0567	- 3.6%

Sopra Steria: Revenue by reporting unit (€m / %) - H1 2016

	H1 2016	H1 2015 Restated*	H1 2015 Reported	Organic growth	Total growth
France	778.8	711.1	666.2	+ 9.5%	+ 16.9%
United Kingdom	483.4	487.6	518.3	- 0.9%	- 6.7%
Other Europe	355.6	336.3	346.3	+ 5.7%	+ 2.7%
Sopra Banking Software	160.2	149.2	138.3	+ 7.4%	+ 15.8%
Other Solutions	100.7	99.0	99.0	+ 1.7%	+ 1.7%
Sopra Steria Group	1,878.8	1,783.3	1,768.1	+ 5.4%	+ 6.3%

* Revenue at 2016 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) - Q2 2016

	Q2 2016	Q2 2015 Restated*	Q2 2015 Reported	Organic growth	Total growth
France	391.1	351.0	332.9	+ 11.4%	+ 17.5%
United Kingdom	246.2	244.7	266.7	+ 0.6%	- 7.7%
Other Europe	185.0	171.8	176.4	+ 7.7%	+ 4.9%
Sopra Banking Software	91.5	80.5	69.3	+ 13.7%	+ 32.0%
Other Solutions	51.8	50.8	50.8	+ 2.0%	+ 2.0%
Sopra Steria Group	965.6	898.8	896.1	+ 7.4%	+ 7.8%

* Revenue at 2016 scope and exchange rates

Sopra Steria: Performance by reporting unit - H1 2016

	H1 2016		H1 2015	
	€m	%	€m	%
France				
Revenue	778.8		666.2	
Operating profit on business activity	66.8	8.6%	53.3	8.0%
Profit from recurring operations	59.5	7.6%	53.0	8.0%
Operating profit	54.6	7.0%	32.3	4.8%
of which C&SI (including CIMPA)				
Organic growth	+ 11.5%			
Revenue	677.6		562.8	
Operating profit on business activity	66.3	9.8%	53.8	9.6%
Profit from recurring operations	59.5	8.8%	53.5	9.5%
Operating profit	57.0	8.4%	38.4	6.8%
of which I2S				
Organic growth	- 2.1%			
Revenue	101.2		103.4	
Operating profit on business activity	0.5	0.5%	-0.5	-0.5%
Profit from recurring operations	0.0	0.0%	-0.5	-0.5%
Operating profit	-2.4	-2.4%	-6.1	-5.9%
United Kingdom				
Revenue	483.4		518.3	
Operating profit on business activity	35.4	7.3%	33.3	6.4%
Profit from recurring operations	29.3	6.1%	26.9	5.2%
Operating profit	29.2	6.0%	25.2	4.9%
Other Europe				
Revenue	355.6		346.3	
Operating profit on business activity	15.8	4.4%	2.2	0.6%
Profit from recurring operations	13.9	3.9%	1.7	0.5%
Operating profit	11.1	3.1%	-4.9	-1.4%
Sopra Banking Software				
Revenue	160.2		138.3	
Operating profit on business activity	6.9	4.3%	9.9	7.2%
Profit from recurring operations	2.6	1.6%	7.2	5.2%
Operating profit	1.1	0.7%	7.2	5.2%
Other Solutions				
Revenue	100.7		99.0	
Operating profit on business activity	9.3	9.2%	8.7	8.8%
Profit from recurring operations	8.7	8.6%	8.7	8.8%
Operating profit	8.1	8.0%	6.4	6.5%



Sopra Steria: Consolidated income statement - H1 2016

	H1 2016		H1 2015 Reported	
	€m	%	€m	%
Revenue	1,878.8		1,768.1	
Staff costs	-1,150.8		-1,084.4	
Operating expenses	-572.9		-554.0	
Depreciation, amortisation and provisions	-20.9		-22.3	
Operating profit on business activity	134.2	7.1%	107.4	6.1%
Expenses related to stock options and related items	-10.2		-0.4	
Amortisation of allocated intangible assets	-10.1		-9.5	
Profit from recurring operations	114.0	6.1%	97.5	5.5%
Other operating income and expenses	-10.7		-31.4	
Operating profit	103.2	5.5%	66.1	3.7%
Cost of net financial debt	-3.8		-4.1	
Other financial income and expenses	-4.6		-7.7	
Income tax expense	-44.4		-25.2	
Share of net profit from equity-accounted companies	3.8		0.2	
Net profit	54.2	2.9%	29.3	1.7%
Group share	54.0	2.9%	26.9	1.5%
Minority interests	0.2		2.4	
Weighted average number of shares in issue excl. treasury shares (m)	20.01		19.73	
Basic earnings per share (€)	2.70		1.36	

Sopra Steria: Simplified balance sheet (€m) - 30/06/2016

	30/06/2016	31/12/2015
Goodwill	1,571.9	1,586.9
Allocated intangible assets	172.1	186.5
Other fixed assets	160.9	162.8
Equity-accounted investments	192.6	154.4
Fixed assets	2,097.5	2,090.7
Net deferred tax	152.3	127.0
Trade accounts receivable (net)	1,118.1	1,099.8
Other assets and liabilities	-1,036.6	-1,117.2
Working capital requirement (WCR)*	81.5	-17.4
Assets + WCR	2,331.3	2,200.1
Equity	1,040.7	1,233.1
Provisions for post-employment benefits	447.6	309.4
Provisions for contingencies and losses	123.4	126.8
Net financial debt	719.6	530.8
Capital invested	2,331.3	2,200.1

*After reclassification of certain items in WCR as of 31/12/2015



Sopra Steria: Changes in net financial debt - H1 2016

(€m)	H1 2016	H1 2015
Net debt at beginning of period (A)	530.8	442.4
Cash flow from operations before cost of net financial debt and tax	140.2	102.2
Tax paid	-33.0	-6.1
Change in operating working capital requirement	-172.9	-226.0
Net cash from/used in operations	-65.7	-129.9
Change relating to investing activities	-20.1	-17.7
Net financial interest paid	-4.0	-5.3
Additional contributions related to defined-benefit pension plans	-10.8	-10.4
Free cash flow	-100.6	-163.3
Changes in scope	-104.7	-
Financial investments	-0.1	3.4
Dividends received from equity-accounted companies	0.2	-
Capital increases in cash	2.0	-
Transactions in treasury shares	9.3	-22.6
Other changes	-0.1	0.3
Total net change for the period (B)	-194.0	-182.2
Changes in exchange rates (C)	5.2	6.5
Net debt at period-end (A-B-C)	719.6	618.1

Sopra Steria: Workforce breakdown - 30/06/2015

	30/06/2016	31/12/2015
France	18,223	17,606
United Kingdom	6,581	6,722
Other Europe	7,607	7,495
Rest of the World	147	134
X-Shore	6,642	6,493
Total	39,200	38,450

