

Live Conference Call

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The Acquisition of HR Access Service Line

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I) Background – Kathleen Clark Bracco

Good morning everyone, and thank you for joining the Sopra call detailing the acquisition of HR Access Service Line, an acquisition that we announced for our subsidiary, Sopra HR Software. Joining me on the call is our CFO, François Lefebvre. We will give a short presentation and then open the floor for questions.

As you know, Sopra has been very acquisitive in the past 24 months, especially in the software sector. Our strategy is to build upon our existing strengths as both an integrator and software developer capable of providing dedicated solutions and services addressing the issues that face our clients today.

François will explain in more detail how this acquisition fits that strategy.

II) The Acquisition – François Lefebvre

Thank you, Kathleen.

As you mentioned, part of the Sopra Group strategy is to build and acquire a significant presence in the software and solutions sectors. To this end, we acquired HR Access, the software company, in France in 2013. Today we are furthering that strategy with the acquisition of IBM's HR Access Service Line, an activity dedicated to services around the HR Access platform. Our goal is to build a real software and services platform dedicated to HR solutions.

The acquisition of the HR Access Service Line fits nicely into our strategy by providing Sopra HR Software with an extensive presence in services associated with the HR Access platform. It will bring the Group closer to its clients, enhance its solutions-oriented approach and provide recognised expertise on the human resources market.

The acquisition will take the form of a partial transfer of business, known in French as a *cession d'un fonds de commerce*. This means we are acquiring revenue and a top quality client base present in the main vertical sectors targeted by Sopra: financial services, public sector, industry and services. The large majority of this client base are already clients of Sopra.

The revenue breakdown of the HR Access Service Line is 40% build and 60% application maintenance. The contract visibility is very good, up to three to four years.

With this acquisition, the total revenue of Sopra HR Solutions (HRA, HRA Service Line & Pleiades) will be about EUR 150 million pro forma in 2014.

Therefore, on a pro forma basis, Sopra Group revenue should approach EUR 1.5 billion in 2014. The acquisition should be consolidated as of July 1st 2014.

The acquisition price has not been made public, in accordance with IBM policies.

At this point, I will open up the call for questions.

Questions and Answers

1. Gregory Ramirez - Bryan Garnier

How many employees will you pick up from the deal? You mentioned 60% application maintenance and 40% build-up. What are you including in application maintenance?

- a. Application maintenance is really service around HR Access Platforms. There is no BPO in the deal. 60% is really services. We cannot tell you about the people involved because we still have an ongoing process regarding the Workers' Council.

2. Gal Munda - Berenberg

Is it a purely French-based business? Will your margin targets change going forward to focus on HRA? We were aiming for around 15% for 2015. How will that work?

- a. It is purely a French business. All of our big customers are Sopra customers, so we have good synergy in terms of customer base with this acquisition. Regarding targets, pro forma revenue this year should be 1.5 billion for Sopra on a standalone basis. We confirm an improvement in operating margin of 2014 over 2013. We cannot communicate the profitability figures, but this acquisition is highly accretive with significantly higher margins than normal services margins.

3. Derric Marcon – Société Générale

What is the profitability of this asset? What is the utilisation rate? What is the average age of employees? Why is IBM selling this business if it is highly profitable with a good outlook? Do you expect any restructuring charges in 2014? With other IT service companies involved in the integration of HR Access, will you make additional acquisitions? What is your market share following this acquisition?

- a. IBM knows that we will gain huge market share in the services around this activity. It is a small business for IBM and a non-core declining activity, so they disinvested. It is a highly profitable activity with a good utilisation rate. We cannot talk about the average age yet. We do not expect any restructuring charges. We will not make additional acquisitions because we want to focus on HR Access. I cannot tell you about market share.

4. Jean Beubois – Berenberg

When you said 150 million pro forma, do you mean if you had closed the deal on 1st January? What would it be without the acquisition?

- a. Yes. It would be about 1.44, 1.45.



5. This adds about 50 million on an annual basis?
 - a. A little less than that.
6. It is not a product you are buying. It is the implementation of the product.
 - a. Yes.
7. Is it maintenance of your own software or maintenance of somebody else's?
 - a. We acquired HR Access, which is the product. The service line that we announced this morning is services around that platform that we already own.
8. It is the service around that specific product?
 - a. Yes.

III) Kathleen Clark Bracco

I would like to clarify that Sopra and Steria have been engaged in discussions regarding our tie-up project for the last nine months and have worked under a signed exclusivity contract since October of last year. We have announced a value creating deal for the three pillars of the enterprise - clients, employees and shareholders.

Our deal creates value for clients because our offering addresses in a unique way the current and future transformations brought about by the digital revolution, with a business model combining the strengths of our two companies, Sopra's solutions expertise and Steria's BPS and infrastructure expertise.

It creates value for employees because they will enjoy the challenges and rewards of working for an independent entrepreneurial company that provides real career opportunities in Europe and beyond.

It presents a unique value creation opportunity for shareholders of both groups as they will benefit from significant synergies - 62 million in cost synergies and significant revenue synergies due to cross-selling opportunities.

The parity offered at the time of our announcement represented a 49% premium over Steria's price. Steria's shareholders have already benefited significantly from the merger announcement and they will achieve benefits from the deal in the future. Sopra shareholders own a best-in-class stock, but have often complained of limited liquidity. On the midterm horizon, they can own a larger best-in-class stock with a free float of 60%, providing more trading volume, increased analyst coverage and visibility.

Sopra shareholders can expect the same standards of return on investment, i.e. dividends, strong cash generation and the rollout of a profitable growth strategy in the midterm horizon.

Pierre Pasquier remains fully engaged in the project. He will be Chairman of the Board and, the founders' holding company, Sopra GMT, will be the reference shareholder of the new group. Pierre Pasquier will oversee the integration process with François Enaud.

In the IT sector, human resources are critical. Atos is employing a hostile approach to try to derail the Sopra Steria project.

Thank you.

