

# USA AND CANADA ROAD SHOW

December 2015

Delivering Transformation. Together.

sopra  steria

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# CONTENT

## 1 | 2015 Financial performance

- H1 2015
- Q3 2015

## 2 | Market, strategy & medium-term targets

## 3 | Annexes





## 2015 PERFORMANCE

- H1 2015
- Q3 2015

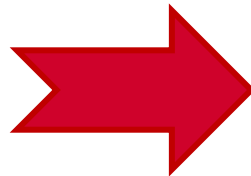


# UPDATE ON THE SOPRA - STERIA INTEGRATION

## THE MAIN PORTION OF THE INTEGRATION IS COMPLETE

### *1st phase of integration* *Until June 2015*

- Major decisions:
  - Organisation
  - Governance
  - Systems
  - Tools
- Identifying operational synergies
- Implementing decisions quickly



### *2nd phase of integration* *Starting June 2015*

- Monitoring alerts and improving security
- Assessing and continuously improving operational and functional systems
- Share culture and values



# OPERATING PERFORMANCE BY DIVISION

## KEY FIGURES IN FIRST-HALF 2015

	Revenue			Operating profit on business activity	
	H1 2015 (€m)	H1 2014 Restated* (€m)	Organic growth (%)	H1 2015 (% of Rev.)	H1 2014 Pro Forma (% of Rev.)
France	666.2	654.1	+ 1.8%	8.0%	5.0%
United Kingdom	518.3	523.4	- 1.0%	6.4%	9.4%
Other Europe	346.3	331.9	+ 4.3%	0.6%	2.9%
Sopra Banking Software	138.3	128.7	+ 7.5%	7.2%	6.7%
Other Solutions	99.0	95.9	+ 3.2%	8.8%	12.0%
<b>Total</b>	<b>1,768.1</b>	<b>1,734.0</b>	<b>+ 2.0%</b>	<b>6.1%</b>	<b>6.3%</b>

\* Revenue at 2015 scope and exchange rates



# FRANCE: CONSULTING & SYSTEMS INTEGRATION IN H1 2015

## INTEGRATION PROGRESSING SMOOTHLY, STRONG BUSINESS ACTIVITY

France: Consulting & Systems Integration (C&SI)	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	562.8		545.2	
<i>Organic growth (%)</i>	+ 3.1%			
Operating profit on business activity	53.8	9.6%	34.0	6.2%
Profit from recurring operations	53.5	9.5%	32.8	6.0%
Operating profit	38.4	6.8%	22.2	4.1%

- Strong organic growth, accelerated in Q2 (+4.3%)
- Substantial increase in operating profit on business activity



# FRANCE: I2S IN H1 2015

## A CHALLENGING SITUATION, SLIGHT IMPROVEMENT IN THE FIRST HALF

France :

### Infrastructure and Security Services (I2S)

	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	103.4		108.4	
<i>Organic growth (%)</i>	- 4.6%			
Operating profit on business activity	- 0.5	-0.5%	- 1.4	-1.3%
Profit from recurring operations	- 0.5	-0.5%	- 1.4	-1.3%
Operating profit	- 6.1	-5.9%	- 4.4	-4.1%

- Importance of Infrastructure Management to positioning the Group's comprehensive offering
  - Recovery plan launched
  - Increased selectivity in contracts
  - Slight improvement in operating profit on business activity, driven by optimisation and restructuring initiatives
- Buoyant cybersecurity business with a cutting-edge technological offering





# UNITED KINGDOM IN H1 2015

## SOLID POSITIONING AND SIGNIFICANT OPPORTUNITIES

United Kingdom	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	518.3		468.2	
<i>Organic growth (%)</i>	<i>- 1.0%</i>			
Operating profit on business activity	33.3	6.4%	44.2	9.4%
Profit from recurring operations	26.9	5.2%	38.5	8.2%
Operating profit	25.2	4.9%	38.5	8.2%

- High base of comparison from H1 2014 in terms of revenue and operating profit on business activity + electoral context in H1 2015
- Solid position in the shared services market
- Private-sector business development initiatives



# OTHER EUROPE IN H1 2015

## STABILISATION IN GERMANY, GROWTH IN SPAIN AND SCANDINAVIA

Other Europe	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	346.3		334.0	
<i>Organic growth (%)</i>	+ 4.3%			
Operating profit on business activity	2.2	0.6%	9.6	2.9%
Profit from recurring operations	1.7	0.5%	8.8	2.6%
Operating profit	- 4.9	-1.4%	3.1	0.9%

- Operating loss in Germany in H1 2015 but business stabilised, with improved results expected in H2 2015
- Strong growth in Spain and Scandinavia
- Prospects for improvement over full-year 2015 compared to pro forma 2014 (2014 operating profit on business activity of 1.0%)



# SOPRA BANKING SOFTWARE IN H1 2015

## HIGH LEVEL OF INVESTMENT, MAJOR BUSINESS OPPORTUNITIES

Sopra Banking Software	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	138.3		127.2	
<i>Organic growth (%)</i>	+ 7.5%			
Operating profit on business activity	9.9	7.2%	8.5	6.7%
Profit from recurring operations	7.2	5.2%	6.0	4.7%
Operating profit	7.2	5.2%	5.9	4.6%

- Success of the “Platform” product in Europe, particularly in France
- Success of the “Amplitude” product in the Middle East & Africa
- Operating margin on business activity similar to H1 2014, confirming an annual target of around 10%, taking into account the level of investment in R&D



# OTHER SOLUTIONS IN H1 2015

## CONTINUED POSITIVE TRENDS IN REVENUE AND MARGINS

Other Solutions	H1 2015		H1 2014 Pro forma	
	(€m)	(% of Rev.)	(€m)	(% of Rev.)
Revenue	99.0		78.4	
<i>Organic growth (%)</i>	+ 3.2%			
Operating profit on business activity	8.7	8.8%	9.4	12.0%
Profit from recurring operations	8.7	8.8%	9.4	12.0%
Operating profit	6.4	6.5%	9.0	11.5%

- Very high base of comparison with Q2 2014 in HR Software (impact related to the recognition of ONP licences)
- Very good momentum in HR Software and Property Management Solutions



# INCOME STATEMENT

## FIRST-HALF 2015

	H1 2015 (€m)	H1 2015 (% of Rev.)	H1 2014 Pro forma (€m)	H1 2014 Pro forma (% of Rev.)
Revenue	1,768.1		1,661.5	
Operating profit on business activity	107.4	6.1%	104.3	6.3%
Expenses related to stock options and related items	- 0.4		- 1.6	
Amortisation of allocated intangible assets	- 9.5		- 8.6	
Profit from recurring operations	97.5	5.5%	94.1	5.7%
Other operating income and expenses	- 31.4		- 24.4	
Operating profit	66.1	3.7%	69.7	4.2%
Cost of net financial debt	- 4.1		- 6.3	
Other financial income and expenses	- 7.7		- 10.2	
Tax expense	- 25.2		- 14.3	
Share of net profit from equity-accounted companies	0.2		0.6	
Net profit	29.3		39.5	
<i>of which attributable to Group</i>	26.9	1.5%	33.0	2.0%
<i>of which minority interests</i>	2.4		6.5	



# CHANGE IN FINANCIAL NET DEBT

## FIRST-HALF 2015

	H1 2015 (€m)	H1 2014 Pro forma (€m)
Net debt at beginning of period (A)	442.4	348.7
Cash flow from operations before cost of net financial debt and tax*	102.2	100.1
Tax paid	- 6.1	- 21.8
Change in operating working capital requirement	- 226.0	- 117.0
Net cash flow from operations	- 129.9	- 38.7
Change relating to investing activities	- 17.7	- 24.9
Net financial interest	- 5.3	- 5.1
Free cash flow	- 152.9	- 68.7
Changes in scope	-	- 23.6
Financial investments	3.4	-
Dividends received from equity-accounted companies	-	2.1
Additional contributions related to defined-benefit pension plans	- 10.4	- 8.5
Purchase and sale of treasury shares	- 22.6	-
Other changes	0.3	- 0.9
Total net change for the period (B)	- 182.2	- 99.6
Changes in exchange rates (C)	6.5	- 0.8
Net debt at period-end (A-B-C)	618.1	449.1

\* Of which reorganisation and restructuring costs

€ 25 m



# SOUND FINANCIAL POSITION

## FIRST-HALF 2015

### Net financial debt at 30/06/2015

30/06/2015	Sopra Steria
Gross financial debt	847.0
Cash and cash equivalents	228.9
Net financial debt	618.1

EBITDA leverage: 2.1x (max. 3.0x)

Available undrawn amount: €1bn  
i.e. 54 % of authorised amount\*

### Long terms to maturity

- Bond: 2019
- Bank borrowing facilities: 2020  
(extension possible to 2021)

\* For a constant amount of commercial paper (€243m at 30/06/2015)



# Q3 2015 PERFORMANCE

## REVENUE EVOLUTION BY DIVISION IN Q3 2015

	Revenue			
	Q3 2015 (€m)	Q3 2014 Restated* (€m)	Organic growth (%)	Total growth (%)
France	317.6	307.3	+ 3.4%	+ 73.9%
<i>of which C&amp;SI</i>	269.4	255.0	+ 5.6%	+ 5.6%
<i>of which I2S</i>	48.2	52.3	- 7.8%	- 7.8%
United Kingdom	256.7	263.1	- 2.4%	NS
Other Europe	162.0	149.0	+ 8.7%	NS
Sopra Banking Software	63.8	57.6	+ 10.8%	+ 19.0%
Other Solutions	45.7	42.2	+ 8.3%	+ 8.3%
<b>Total</b>	<b>845.8</b>	<b>819.2</b>	<b>+ 3.2%</b>	<b>+ 147.7%</b>

\* Revenue at 2015 scope and exchange rates



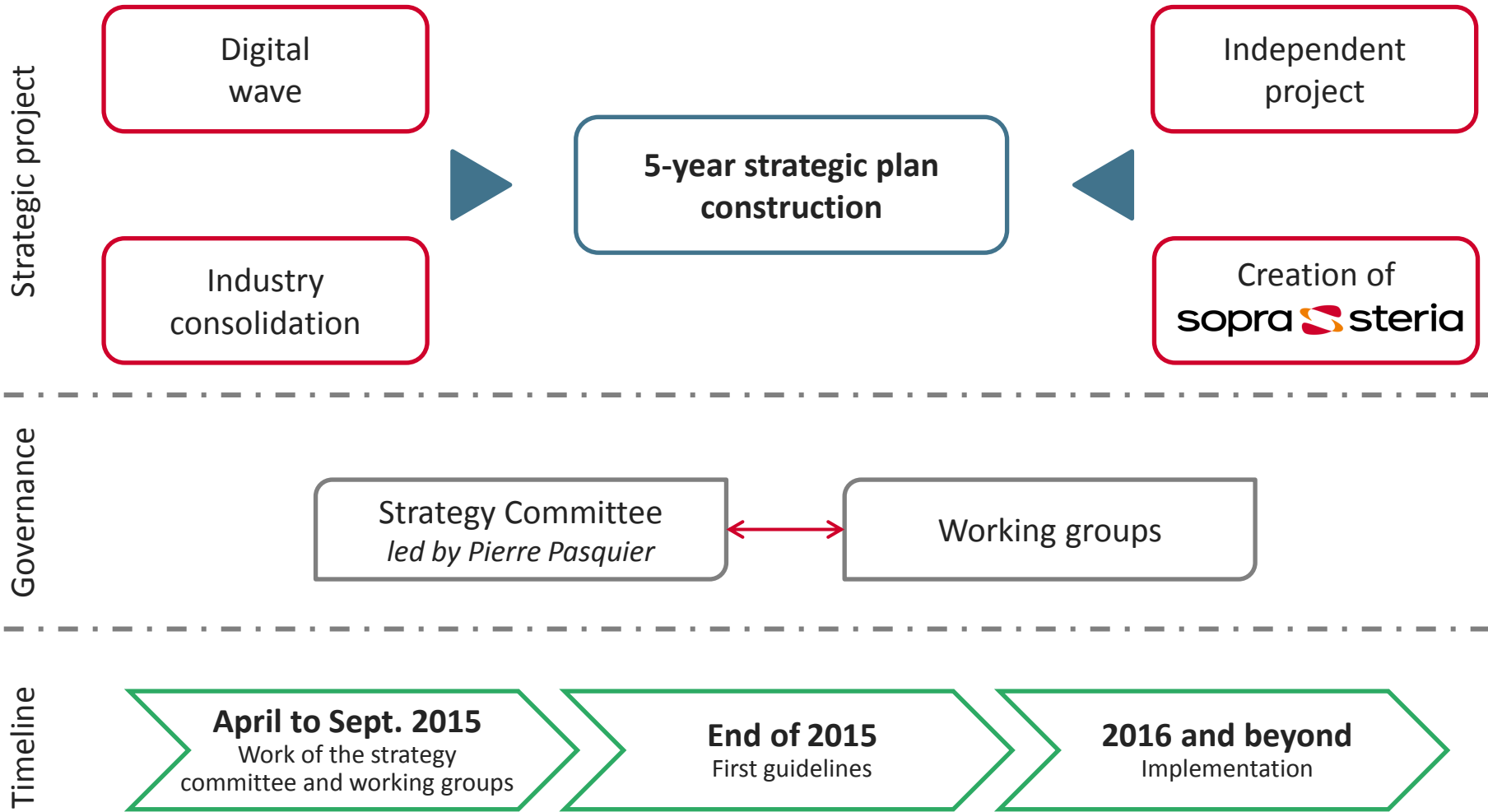




# MARKET, STRATEGY & MEDIUM-TERM TARGETS

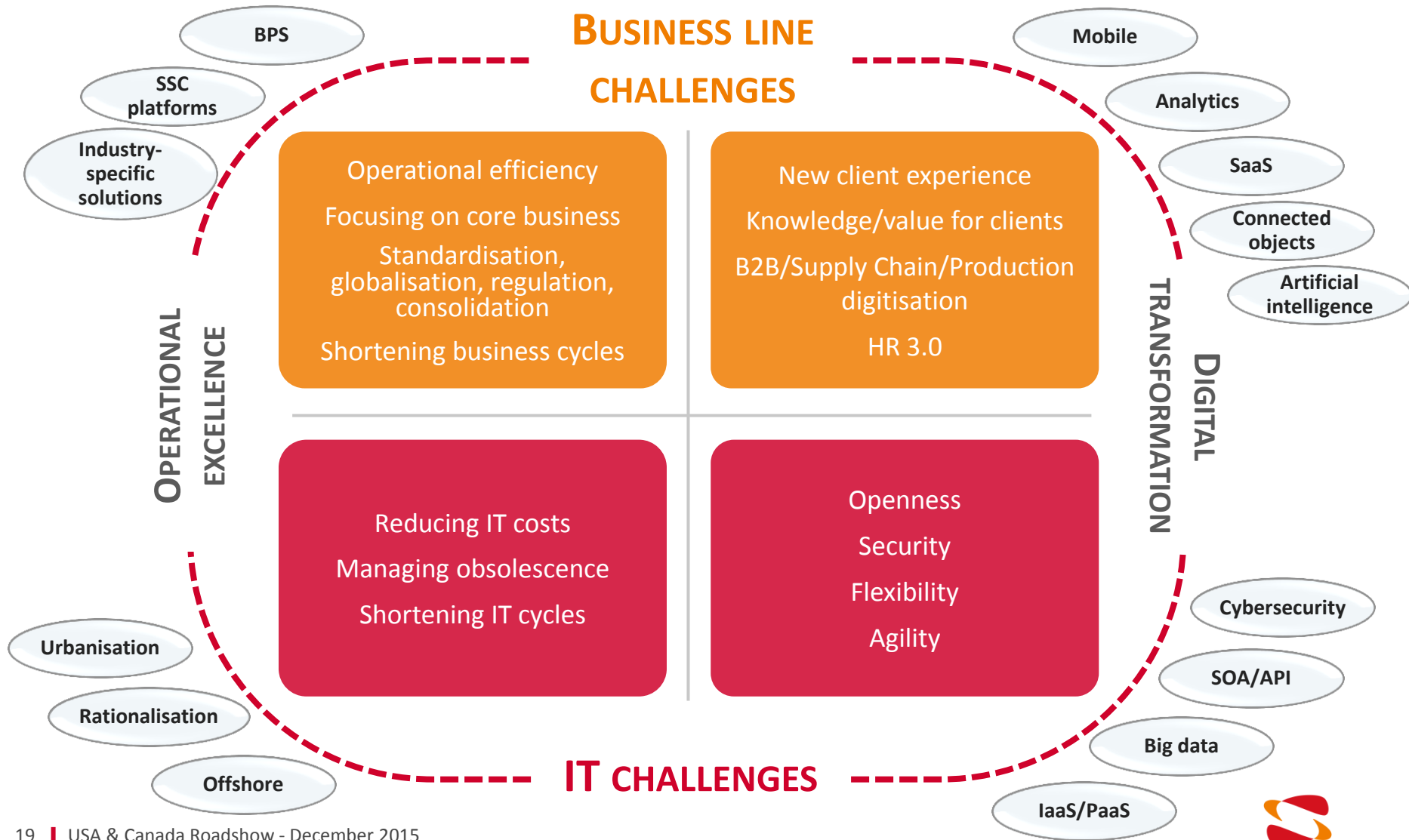


# STRATEGIC PLAN LAUNCHED



# CHALLENGES OF DIGITAL TRANSFORMATION (1/2)

## FOR OUR LARGE CLIENTS



# CHALLENGES OF DIGITAL TRANSFORMATION (2/2)

## FOR OUR LARGE CLIENTS

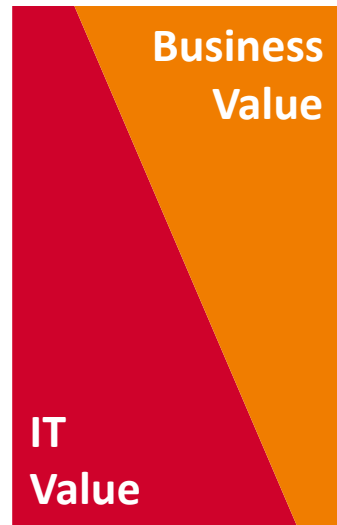
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### Need of a partner for transformation

Solutions Supplier and  
Business-Line Service Manager

Architect/Integrator  
for the digital world

Driver of the  
Information System asset enhancement



# FIRST GUIDELINES OF THE PROJECT

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## *Differentiated positioning...*

- European operator
- Integrated End-to-End provider
- Focus on
  - Our key verticals
  - Our large clients
- Innovative

## *...and specific strengths*

- Solutions
- Client proximity

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Integrated End-to-End european partner for digital transformation



# FIRST PRIORITIES RETAINED

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## Strategic priorities

- Reinforce **solutions**
- Launch **disruptive** initiatives to make the **digital** wave a driver of transformation for our clients, especially in the **financial sector**
  - Enhanced market intelligence
  - Innovative partnerships
  - Co-innovation
  - B2B2C approach, etc.
- Reinforce the **cohesion** of the group's business model
  - Cross-pollination in vertical markets
  - Pivotal role of solutions

## Resources

- A player in consolidation, **M&A** strategy
- “**Best in class**” financial performance
  - Increased growth and profitability
  - Focus on cash generation



## UPDATED 2015 ANNUAL TARGETS

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Organic revenue growth  
of around 2%

*vs. Announced on 19 March 2015: “organic revenue growth for the financial year”*

Operating margin on business activity  
of around 6.5%

*vs. Announced on 19 March 2015: “operating margin on business activity of around 6%”*



# OPERATIONAL SYNERGIES RELATED TO THE MERGER

## UPDATE AT 30/06/2015

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- Confirmation of the target of €62m in synergies for €65m in implementation costs
- €20m in savings generated in H1  
*Initial annual target for the 2015 financial year: €35m*
- €25.5m in implementation costs recorded in H1  
*Initial annual target for the 2015 financial year: €45m*





## REMINDER OF TARGETS FOR 2017

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Revenue of between  
€3.8bn and €4.0bn

Operating profit on business  
activity of between 8% and 9%





# ANNEXES



# SOPRA STERIA 2014

## A EUROPEAN LEADER IN DIGITAL TRANSFORMATION



€3.4bn  
in revenue

More than 37,000  
employees

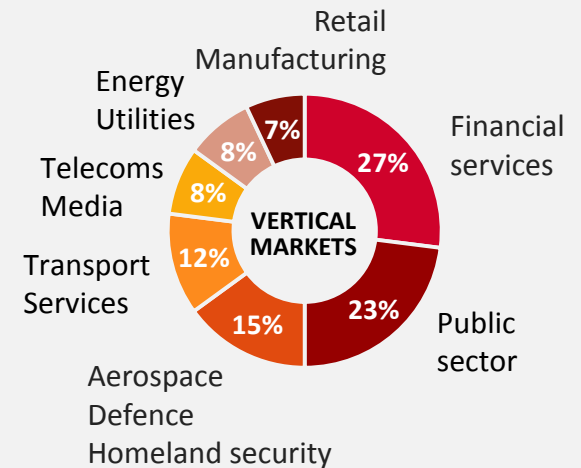
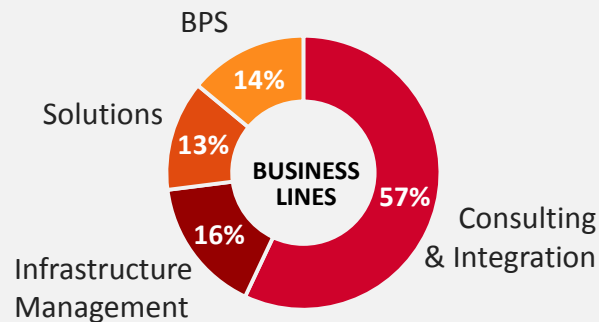
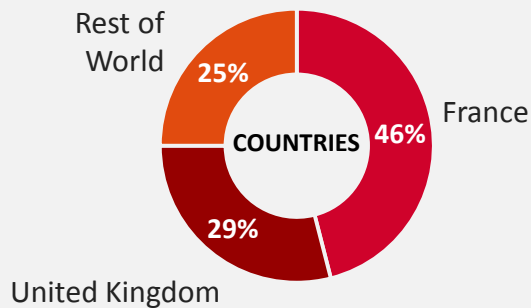
Present in  
over 20 countries

A good  
business match

### Top 5 European digital services companies

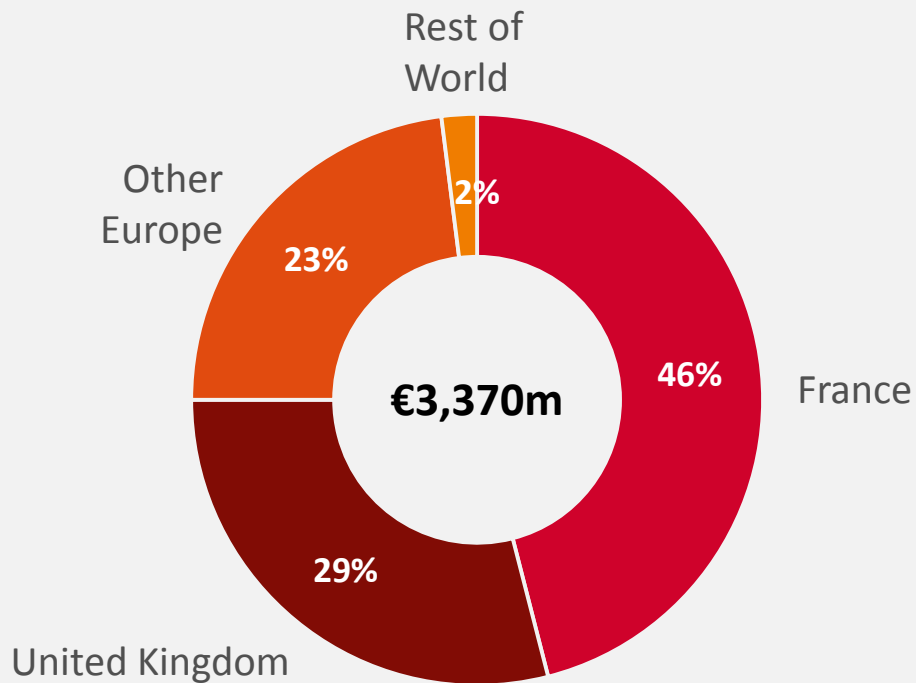
### Top 10 operating in Europe

Pro forma revenue at 31/12/2014

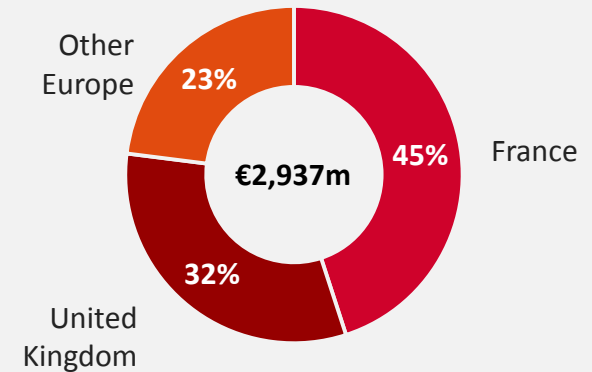


# BREAKDOWN OF SOPRA STERIA'S 2014 PRO FORMA REVENUE BY COUNTRY

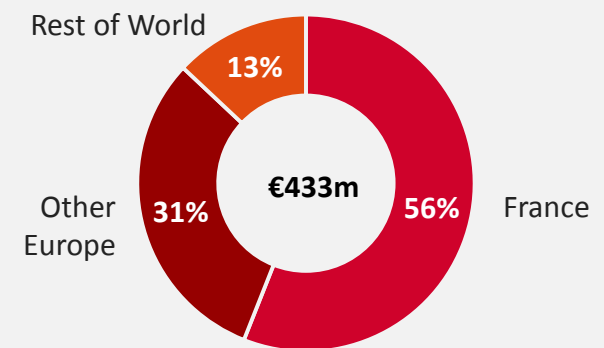
GROUP PRO FORMA REVENUE AT 31/12/2014



SERVICES REVENUE AT 31/12/2014 (87% OF REVENUE)



SOLUTIONS REVENUE AT 31/12/2014 (13% OF REVENUE)

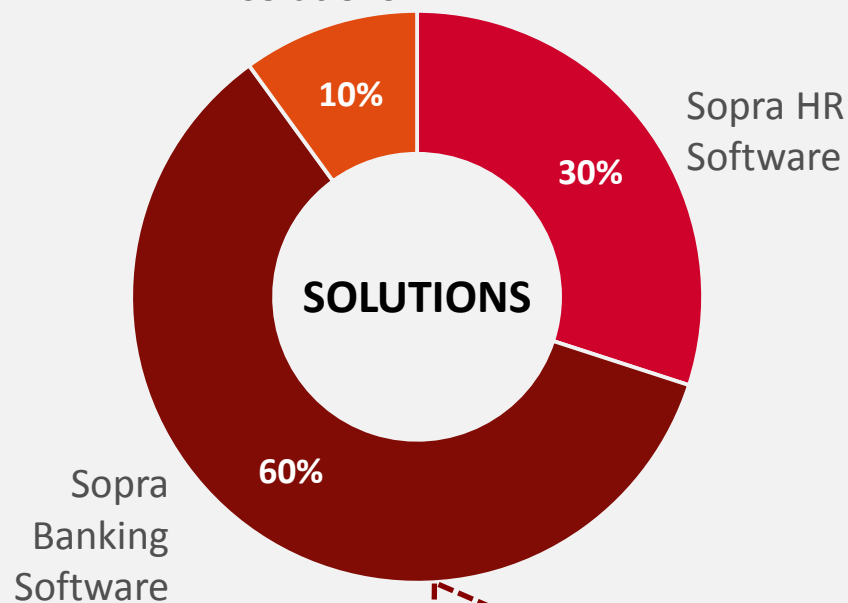


# BREAKDOWN OF SOLUTIONS REVENUE IN 2014

**SOPRA STERIA**

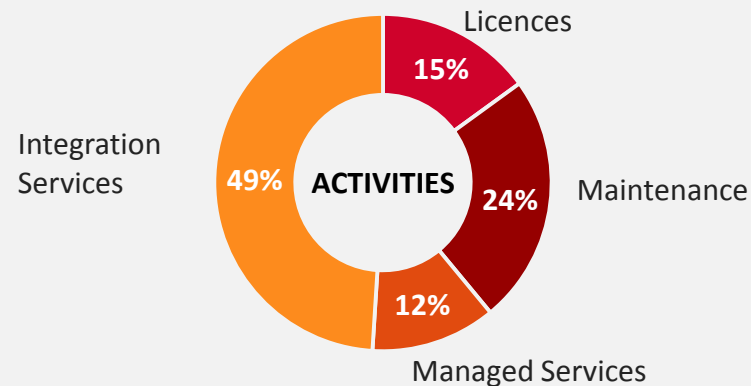
**SOLUTIONS REVENUE AT 31/12/2014**  
**€433m: 13% OF GROUP REVENUE**

Property management solutions

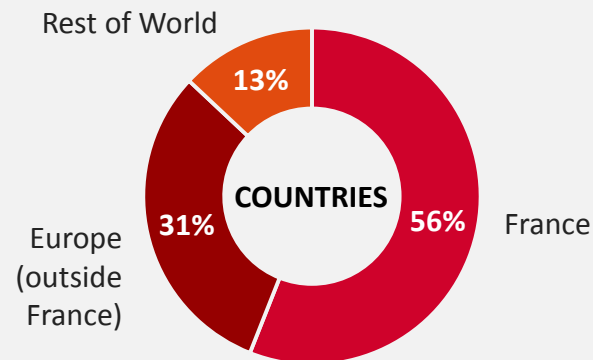


Sopra Banking Software 2014 revenue = **€258m**  
o/w France = **€94m**  
o/w outside France = **€164m**

**BREAKDOWN OF SOLUTIONS REVENUE BY ACTIVITY**

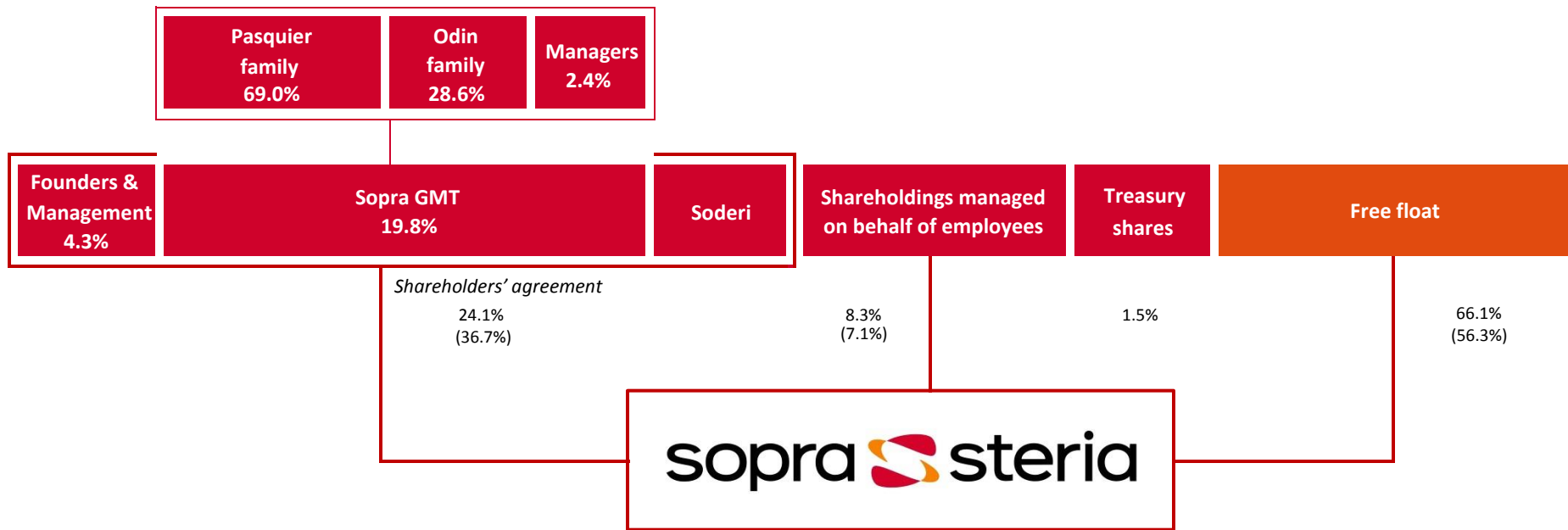


**BREAKDOWN OF SOLUTIONS REVENUE BY COUNTRY**



# SHARE OWNERSHIP STRUCTURE AT 31/08/2015

## A STABLE SHAREHOLDER BASE FOR A SUCCESSFUL PROJECT



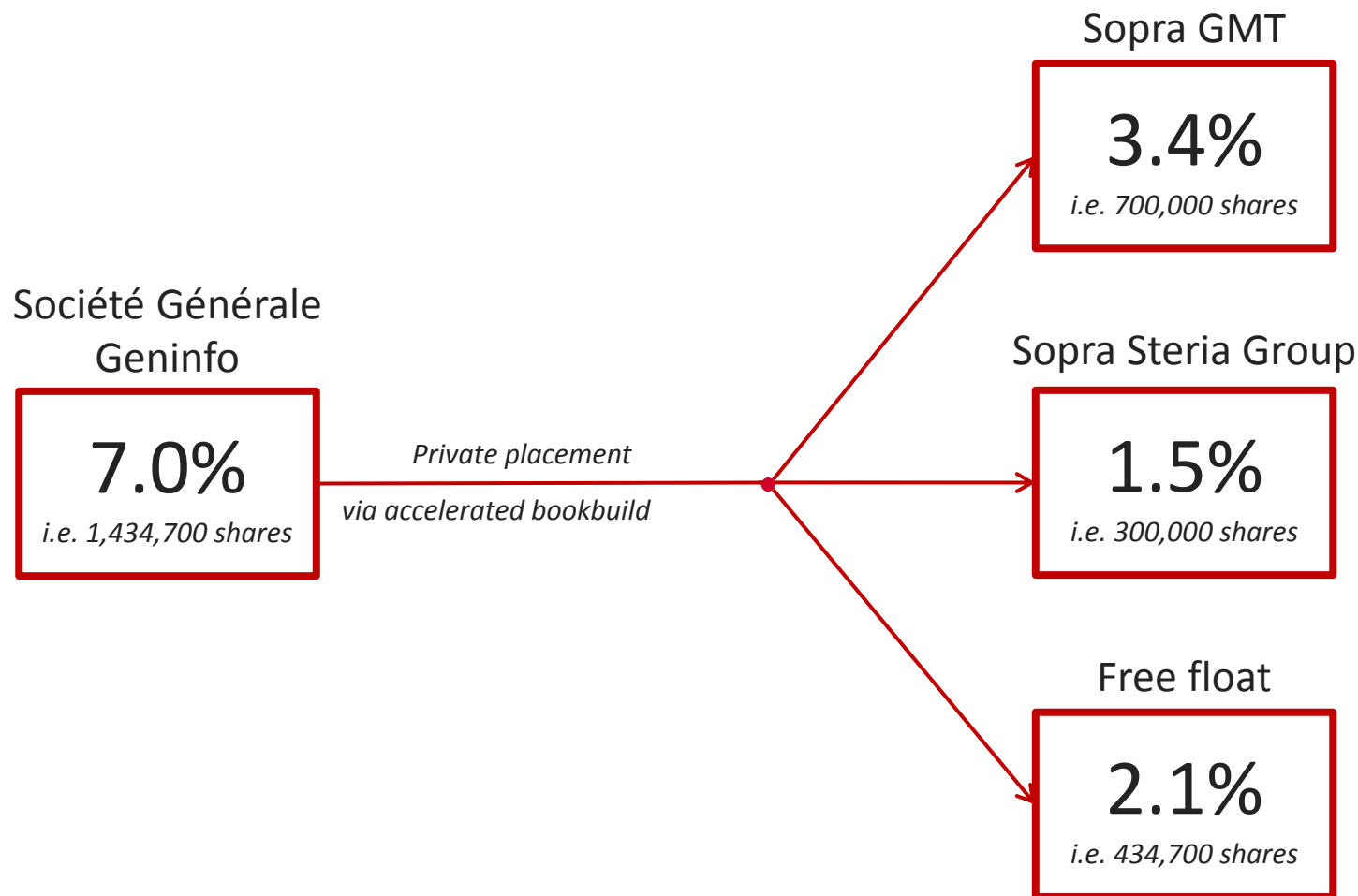
20,411,897 listed shares – 24,664,087 exercisable voting rights

XX.X% = Percentage of share capital held  
 (XX.X%) = Percentage of voting rights



# CHANGE IN SHAREHOLDING ON 25/06/2015

## SOPRA GMT INCREASES ITS STAKE IN THE GROUP'S SHARE CAPITAL



# 2014 PRO FORMA INCOME STATEMENT

## SOPRA STERIA

	2014 Stand-alone Sopra (€m)	2014 Stand-alone Steria (€m)	Adjustments <sup>(*)</sup> (€m)	2014 Pro forma Sopra Steria (€m)	2014 Pro forma Sopra Steria (% of Rev.)
Revenue	1,482.0	1,887.0	1.1	3,370.1	
Operating profit on business activity	127.8	99.4	4.0	231.2	6.9%
Expenses related to stock options and related items	- 1.7	- 0.6	-	- 2.3	
Amortisation of allocated intangible assets	- 5.4	- 6.6	- 6.0	- 18.0	
Profit from recurring operations	120.7	92.2	- 2.0	210.9	6.3%
Other operating income and expenses	- 11.3	- 42.7	- 0.1	- 54.1	
Operating profit	109.4	49.5	- 2.1	156.8	4.7%
Cost of net financial debt	- 5.5	- 6.5	2.2	- 9.8	
Other financial income and expenses	- 2.6	- 17.6	0.1	- 20.1	
Tax expense	- 29.6	- 22.5	20.8	- 31.3	
Share of net profit from equity-accounted companies	5.9	0.1	-	6.0	
Net profit	77.6	2.9	21.1	101.6	
<i>of which attributable to Group</i>	77.6	- 7.3	22.5	92.8	2.8%
<i>of which minority interests</i>	0.0	10.2	- 1.4	8.8	

(\*) Adjustments: harmonisation of accounting policies, elimination of inter-company flows, impact of PPA and net opening position





# 2014 PRO FORMA CHANGE IN NET DEBT

## SOPRA STERIA

	2014 Pro forma Sopra Steria (€m)	2014 Excluding securitisation programme and IFRS 3 Euro PP impact (€m)
Net debt at beginning of period (A)	348.7	398.3
Gross cash flow from operations before cost of net financial debt and tax (*)	197.2	
Tax paid	- 52.8	
Change in working capital requirement (**)	- 109.0	
<b>Net cash flow from operations</b>	<b>35.4</b>	
Change relating to operating investments	- 48.7	
Net financial interest paid	- 12.2	
<b>Free cash flow</b>	<b>- 25.5</b>	
Changes in scope	- 22.9	
Financial investments	- 7.0	
Dividends paid	- 25.9	
Dividends received from equity-accounted companies	2.3	
Capital increases in cash	1.4	
Additional contributions related to defined-benefit pension plans	- 18.7	
Revaluation of the Euro PP bond	- 13.0	
Other changes	2.3	
<b>Net cash flow (B)</b>	<b>- 107.0</b>	<b>- 57.5</b>
Changes in exchange rates (C)	13.4	13.4
<b>Net debt at period-end (A-B-C)</b>	<b>442.4</b>	<b>442.4</b>

(\*) including €70.4m in other operating income and expenses

(\*\*) including the impact of the discontinuation of the securitisation programme (-€49.6m) and increase in SSCL WCR (-€40.0m)



# 2014 SIMPLIFIED BALANCE SHEET (IFRS)

## SOPRA STERIA

	2014 Sopra Steria (€m)	2013 Reported Sopra (€m)
Goodwill	1,449.3	317.5
Allocated intangible assets	174.6	51.4
Other fixed assets	230.0	56.7
Equity-accounted investments	146.8	118.8
<b>Fixed assets</b>	<b>2,000.7</b>	<b>544.4</b>
Net deferred tax	146.6	23.5
Trade accounts receivable (net)	942.3	442.4
Other assets and liabilities	-1,044.3	- 426.7
<b>Working capital requirement (WCR)</b>	<b>- 102.0</b>	<b>15.7</b>
<b>Assets + WCR</b>	<b>2,045.3</b>	<b>583.6</b>
Equity	1,088.4	357.9
Provisions for post-employment benefits	428.6	58.7
Provisions for contingencies and losses	85.9	12.4
Net financial debt	442.4	154.6
<b>Capital invested</b>	<b>2,045.3</b>	<b>583.6</b>

