

Sopra Steria turns in a solid performance in 2017

- Revenue of €3,845.4 million, equating to organic growth* of 3.5%
- Revenue growth of 4.6% at constant exchange rates and total growth of 2.8%
- Operating margin on business activity up 0.6 points to 8.6%
- 14% increase in net profit attributable to the Group, at €171.4 million
- Free cash flow of €111.4 million¹ (€150.6 million in 2016)

Paris, 19 February 2018 – At its meeting on 16 February 2018 chaired by Pierre Pasquier, Sopra Steria's Board of Directors conducted an in-depth review of the consolidated financial statements² for the financial year ended 31 December 2017.

Sopra Steria: 2017 Full-year results

| | | 2017 | | 2016 Reported | |
|--|--------|----------|------|------------------|------|
| Key income statement items | | | | | |
| Revenue | €m | 3,845.4 | | 3,741.3 | |
| Total growth | | + 2.8% | | | |
| Organic growth | | + 3.5% | | | |
| Operating profit on business activity | €m / % | 329.8 | 8.6% | 301.1 | 8.0% |
| Profit from recurring operations | €m / % | 286.8 | 7.5% | 267.8 | 7.2% |
| Operating profit | €m / % | 261.7 | 6.8% | 240.2 | 6.4% |
| Net profit attributable to the Group | €m / % | 171.4 | 4.5% | 150.4 | 4.0% |
| Weighted average number of shares in issue excl. treasury shares | m | 20.21 | | 20.04 | |
| Basic earnings per share | € | 8.48 | | 7.50 | |
| Basic recurring earnings per share | € | 9.29 | | 8.45 | |
| Key balance sheet items | | | | | |
| | | 31/12/17 | | 31/12/16 | |
| Net financial debt | €m | 510.1 | | 506.0 | |
| Equity attributable to the Group | €m | 1,208.2 | | 1,070.6 | |

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

¹ Excluding a €37.0 million sale of trade receivables with deconsolidation, or a total free cash flow of €148.4m.

² Audit procedures have been carried out on the financial statements. The Statutory Auditors' report is in the process of being issued.

Comments on business activity and operating performance in financial year 2017

Sopra Steria generated **2017 revenue** of **€3,845.4 million**, reflecting organic growth of **3.5%**. Changes in scope had a positive impact of €38.9 million, while currency fluctuations had a negative impact of €64.3 million. Total revenue growth for the Group was **2.8%** year on year.

The Group's **operating profit on business activity** grew by **9.5%** relative to 2016, to **€329.8 million**, a margin of **8.6%** (compared to 8.0% in 2016).

2017 marked the successful completion of the first phase in the construction of the post-merger model for Sopra Steria Group.

- The three-year targets set in March 2015, namely revenue of between €3.8 and €4.0 billion and an operating margin on business activity of between 8.0% and 9.0%, have been met.
- As an annual average over the past three years, organic growth was 3.6%.
- The underperforming segments identified in 2014 (Germany and IT infrastructure management in France) were successfully turned around and today offer advantages for the future.
- A specific repositioning plan has been launched for the United Kingdom.
- Consulting and Software are making stronger contributions to Group revenue.
- Sopra Banking Software has initiated its shift to a software house model and its product offerings have been redefined.
- The Group's transformation is underway: alignment of business models by geographies, rollout of digital conceptualised as a continuum, changes in human resource management.

The following analysis presents details of the Group's 2017 performance by reporting unit.

In **France**, 2017 revenue came to €1,597.0 million, representing organic growth of 3.7%.

- In 2017, **Consulting & Systems Integration** (€1,396.0 million in revenue) consolidated its leadership position in the French market, delivering solid performance. This business also saw brisk organic growth at 4.2%, driven to a great extent by Consulting, which surged 11.2% year on year. Nearly all verticals contributed to this growth, with the strongest being aerospace, the public sector, defence and insurance. The operating margin on business activity improved during the year to 9.2% (up 0.2 percentage points year on year), despite significant investments in training and offerings.
- It is clear that **I2S (Infrastructure & Security Services)** has successfully repositioned itself on services with high added value (consulting, architecture, cloud, solutions and cybersecurity, among others), reflected by the substantial improvement in its operating margin on business activity to 5.0%, versus 2.2% in 2016. Revenue for the financial year stood at €200.9 million, equating to organic growth of 0.2%. The success of efforts in the past three years to move towards a more selective approach to new contracts, drive up the value of offerings and ensure closer ties with the Consulting & Systems Integration businesses suggests a return to growth and continuing improvement in operating performance, thereby bringing it in line with the Group's standards.

In the **United Kingdom**, 2017 revenue was €801.7 million, representing negative organic growth of 7.7%. Exchange rate fluctuations had a negative impact of €59.7 million. Overall, the region posted negative revenue growth of 13.6%. Part of this performance was due to the anticipated transition phase experienced by the SSCL joint venture, which is expected to continue into the first half of 2018. In addition, client decision-making cycles saw a lengthening trend overall in the second half of 2017, in an environment marked by a more wait-and-see attitude. Against this backdrop, the operating margin on business activity contracted to 6.6% in 2017 (8.0% in 2016). This contraction is explained by lower volumes as well as the one-year migration postponement (until 5 February 2018) for an SSCL client. A plan was launched in 2017 to turn around the performance of this region. Its aims are to refocus the model on services with higher added value that also take greater advantage of digital opportunities and to expand the portfolio of private sector clients. The plan includes investments in the Consulting business and in sales teams. In 2018, it will be accompanied by a cost-cutting plan aimed at generating savings of about €20 million on a full-year basis.



Revenue for the **Other Europe** reporting unit rose sharply to €827.6 million, equating to organic growth of 12.0%. All of the region's countries recorded robust growth. Germany, Scandinavia, the Benelux countries and Italy had growth rates higher than 10%. This performance was coupled with a substantial improvement in the reporting unit's operating margin on business activity to 8.1% (up 2.4 percentage points on the prior year), driven in large part by Germany which has completed a successful turnaround, illustrated by its margin of over 9%.

Sopra Banking Software generated revenue of €402.2 million, equating to organic growth of 11.2%, thanks to a strong increase in licence sales (up 19%) and robust growth in services. The Platform, Amplitude and Cassiopae solutions all contributed to this growth, with 33 new contracts signed and more than 50 go-live decisions in the year. In particular, 2017 demonstrated the strong appeal among Tier 1 banks of the approach used by the Platform solution: go-live of the Loan component for La Banque Postale, sale of the Lending Suite for Crédit Agricole's corporate banking division and cross-selling of components, particularly those dealing with regulatory aspects, across different assets. As regards profitability, Sopra Banking Software's operating margin on business activity increased by 0.6 percentage points, from 9.1% in 2016 to 9.7% in 2017.

Other Solutions (Human Resource Solutions and Property Management Solutions) posted 2017 revenue of €216.9 million, equating to organic growth of 4.7%, thanks to a very strong fourth quarter for both categories of solutions. It is worth noting that Sopra HR Software is managing more than 700,000 payslips each month as of year-end 2017, having added 120,000 payslips over the year. Major product advances in terms of digitisation have been achieved for Property Management Solutions (multi-channel collaborative platform, mobile applications, digital technologies such as building information modelling (BIM), etc.). The reporting unit posted operating profit of 15.2% of revenue, thus 1.0 percentage point higher than in 2016.

Comments on 2017 net profit

Profit from recurring operations came to €286.8 million. This includes a €21.2 million expense related to share-based payments (€12.1 million in 2016) as a result of the continuation, in 2017, of the We Share employee share ownership plan and of the long-term incentive plan set up for the Group's main managers.

Operating profit was €261.7 million after a net expense of €25.1 million for other operating income and expenses (compared to a net expense of €27.6 million in 2016), which included €23.0 million in reorganisation and restructuring expenses.

The tax expense was €73.5 million, versus €80.9 million in 2016, translating to a Group-wide tax rate of 30.0%.

The share of profit of equity-accounted companies (mainly Axway) for the financial year was €1.7 million (€10.8 million in 2016).

The net profit attributable to the Group was €171.4 million after deducting €1.8 million in respect of minority interests, 14.0% higher than the figure of €150.4 million for 2016.

Basic earnings per share came to €8.48 (compared with €7.50 the previous year), representing an increase of 13.0%.

Financial position at 31 December 2017

Sopra Steria's financial position at 31 December 2017 was robust in terms of both financial ratios and liquidity.

Free cash flow amounted to €111.4³ million, lower than in the prior year (€150.6 million), including about €20 million in non-recurring positive effects. This change was mainly due to a weaker than expected improvement in the average trade receivables collection period. It is also worth noting that the adverse impact of the postponed migration for an SSCL client is estimated at €15 million for the year.

³ Excluding a €37.0 million sale of trade receivables with deconsolidation, or a total free cash flow of €148.4m.



Net financial debt at 31 December 2017 was nearly stable compared with its level a year earlier, amounting to €510.1 million, which equates to 1.44x EBITDA, versus 1.47x at 31 December 2016 (with the bank covenant stipulating a maximum of 3x).

Proposed dividend in respect of financial year 2017

At the next Annual General Meeting of Shareholders, Sopra Steria will propose the payment of a dividend⁴ of €2.40 per share (€2.20 per share in respect of financial year 2016).

External growth

In 2017, the Group announced the acquisitions of:

- the remaining 25% of Cassiopae's share capital;
- 100% of the share capital of Kentor in Sweden;
- 100% of the share capital of 2MoRO;
- a minority stake in the creation of La FoncièreNumérique®;
- 88% of the share capital of Galitt.

In early 2018, the Group also announced its plan to acquire 100% of the share capital of BLUECARAT a German firm specialising in strategic IT consulting, agile project management, cybersecurity, and API management. BLUECARAT, which had estimated revenue of €33 million in 2017, would be consolidated in the second half of 2018.

Workforce

At 31 December 2017, the Group's workforce totalled 41,661 people (39,813 at 31 December 2016), with 18.7% working in X-Shore zones.

Medium-term ambitions

By 2020, Sopra Steria aims to achieve:

- annual organic revenue growth of between 3% and 5%;
- an operating margin on business activity of around 10%;
- free cash flow of between 5% and 7% of revenue.

2018 targets

The Group's targets for the 2018 financial year are:

- organic revenue growth of between 3% and 5%;
- a slight improvement in operating margin on business activity;
- free cash flow in excess of €170 million (€133m including 2017 sale of trade receivables).

⁴ Annual General Meeting of Shareholders to be held on 12 June 2018. The ex-dividend date will be 3 July 2018, and the dividend will be payable as from 5 July 2018.



2017 annual results presentation meeting

The annual results for 2017 will be presented to analysts and investors in French on 19 February 2018 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: <https://edge.media-server.com/m6/p/4jpeaf57>
- Register for the English-language webcast: <https://edge.media-server.com/m6/p/4jpeaf57/lan/en>

Or by phone:

- French-language phone number: +33 (0)1 70 71 01 59 / PIN: 49772311#
- English-language phone number: +44 (0)207 194 3759 / PIN: 78484730#

Practical information about the presentation and webcast can be found in the 'Investors' section of the Group's website: <https://www.soprasteria.com>

Next financial release

Thursday, 26 April 2018 (before market open): first-quarter 2018 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 consolidated operating profit on business activity adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **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 includes 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.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before taking into account other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities, less investments (net of disposals) in tangible and intangible fixed assets, less 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 is available in the 2016 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 13 April 2017 (see pages 37 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 offerings on the market, spanning consulting, systems integration, industry-specific solutions, infrastructure management and business process services. It provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value with innovative high-performance services, Sopra Steria excels in guiding its clients through their transformation projects to help them make the most of digital technology. With over 40,000 employees in more than 20 countries, Sopra Steria generated revenue of €3.7 billion in 2016.

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 – FY 2017

| €m | 2017 | 2016 | Growth |
|---|----------------|----------------|---------------|
| Revenue | 3,845.4 | 3,741.3 | + 2.8% |
| Changes in exchange rates | | -64.3 | |
| Revenue at constant exchange rates | 3,845.4 | 3,677.0 | + 4.6% |
| Changes in scope | | 38.9 | |
| Revenue at constant scope and exchange rates | 3,845.4 | 3,715.9 | + 3.5% |

Sopra Steria: Changes in exchange rates – FY 2017

| For €1 / % | Average rate 2017 | Average rate 2016 | Change |
|-----------------|----------------------|----------------------|--------|
| Pound sterling | 0.8767 | 0.8195 | - 6.5% |
| Norwegian krone | 9.3270 | 9.2906 | - 0.4% |
| Swedish krona | 9.6351 | 9.4689 | - 1.7% |
| Danish krone | 7.4386 | 7.4452 | + 0.1% |
| Swiss franc | 1.1117 | 1.0902 | - 1.9% |

Sopra Steria: Revenue by reporting unit (€m / %) – Q4 2017

| | Q4 2017 | Q4 2016 Restated* | Q4 2016 Reported | Organic growth | Total growth |
|---------------------------|----------------|----------------------|---------------------|-------------------|-----------------|
| France | 426.4 | 397.9 | 392.3 | + 7.2% | + 8.7% |
| United Kingdom | 201.7 | 222.8 | 227.1 | - 9.5% | - 11.2% |
| Other Europe | 234.0 | 206.5 | 200.5 | + 13.3% | + 16.7% |
| Sopra Banking Software | 122.3 | 109.6 | 109.9 | + 11.5% | + 11.3% |
| Other Solutions | 62.7 | 57.7 | 57.7 | + 8.6% | + 8.6% |
| Sopra Steria Group | 1,047.0 | 994.5 | 987.5 | + 5.3% | + 6.0% |

* Revenue at 2017 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) – FY 2017

| | 2017 | 2016 Restated* | 2016 Reported | Organic growth | Total growth |
|---------------------------|----------------|-------------------|------------------|-------------------|-----------------|
| France | 1,597.0 | 1,539.7 | 1,528.1 | + 3.7% | + 4.5% |
| United Kingdom | 801.7 | 868.2 | 927.9 | - 7.7% | - 13.6% |
| Other Europe | 827.6 | 739.0 | 728.1 | + 12.0% | + 13.7% |
| Sopra Banking Software | 402.2 | 361.8 | 350.9 | + 11.2% | + 14.6% |
| Other Solutions | 216.9 | 207.2 | 206.4 | + 4.7% | + 5.1% |
| Sopra Steria Group | 3,845.4 | 3,715.9 | 3,741.3 | + 3.5% | + 2.8% |

* Revenue at 2017 scope and exchange rates

Sopra Steria: Performance by reporting unit – FY 2017

| | 2017 | | 2016 | |
|---------------------------------------|---------|-------|---------|-------|
| | €m | % | €m | % |
| France | | | | |
| Revenue | 1,597.0 | | 1,528.1 | |
| Operating profit on business activity | 138.0 | 8.6% | 123.3 | 8.1% |
| Profit from recurring operations | 123.7 | 7.7% | 114.4 | 7.5% |
| Operating profit | 111.2 | 7.0% | 102.7 | 6.7% |
| of which C&SI | | | | |
| Organic growth | + 4.2% | | | |
| Revenue | 1,396.0 | | 1,327.4 | |
| Operating profit on business activity | 128.0 | 9.2% | 119.0 | 9.0% |
| Profit from recurring operations | 114.7 | 8.2% | 110.6 | 8.3% |
| Operating profit | 108.6 | 7.8% | 106.1 | 8.0% |
| of which I2S | | | | |
| Organic growth | + 0.2% | | | |
| Revenue | 200.9 | | 200.6 | |
| Operating profit on business activity | 10.0 | 5.0% | 4.4 | 2.2% |
| Profit from recurring operations | 9.0 | 4.5% | 3.8 | 1.9% |
| Operating profit | 2.6 | 1.3% | -3.4 | -1.7% |
| United Kingdom | | | | |
| Revenue | 801.7 | | 927.9 | |
| Operating profit on business activity | 52.8 | 6.6% | 74.7 | 8.0% |
| Profit from recurring operations | 40.7 | 5.1% | 63.1 | 6.8% |
| Operating profit | 36.9 | 4.6% | 59.4 | 6.4% |
| Other Europe | | | | |
| Revenue | 827.6 | | 728.1 | |
| Operating profit on business activity | 67.1 | 8.1% | 41.8 | 5.7% |
| Profit from recurring operations | 62.8 | 7.6% | 39.1 | 5.4% |
| Operating profit | 56.7 | 6.8% | 31.1 | 4.3% |
| Sopra Banking Software | | | | |
| Revenue | 402.2 | | 350.9 | |
| Operating profit on business activity | 38.9 | 9.7% | 31.9 | 9.1% |
| Profit from recurring operations | 28.3 | 7.0% | 22.9 | 6.5% |
| Operating profit | 24.3 | 6.0% | 19.9 | 5.7% |
| Other Solutions | | | | |
| Revenue | 216.9 | | 206.4 | |
| Operating profit on business activity | 33.0 | 15.2% | 29.4 | 14.2% |
| Profit from recurring operations | 31.3 | 14.4% | 28.3 | 13.7% |
| Operating profit | 28.9 | 13.3% | 26.7 | 12.9% |



Sopra Steria: Consolidated income statement – FY 2017

| | 2017 | | 2016 Reported | |
|--|----------------|-------------|------------------|-------------|
| | €m | % | €m | % |
| Revenue | 3,845.4 | | 3,741.3 | |
| Staff costs | -2,330.7 | | -2,257.3 | |
| Operating expenses | -1,169.1 | | -1,138.8 | |
| Depreciation, amortisation and provisions | -15.8 | | -44.1 | |
| Operating profit on business activity | 329.8 | 8.6% | 301.1 | 8.0% |
| Expenses related to stock options and related items | -21.2 | | -12.1 | |
| Amortisation of allocated intangible assets | -21.8 | | -21.1 | |
| Profit from recurring operations | 286.8 | 7.5% | 267.8 | 7.2% |
| Other operating income and expenses | -25.1 | | -27.6 | |
| Operating profit | 261.7 | 6.8% | 240.2 | 6.4% |
| Cost of net financial debt | -6.8 | | -6.7 | |
| Other financial income and expenses | -9.8 | | -7.6 | |
| Tax expense | -73.5 | | -80.9 | |
| Share of net profit from equity-accounted companies | 1.7 | | 10.8 | |
| Net profit | 173.3 | 4.5% | 155.8 | 4.2% |
| Attributable to the Group | 171.4 | 4.5% | 150.4 | 4.0% |
| Minority interests | 1.8 | | 5.4 | |
| Weighted average number of shares in issue excl. treasury shares (m) | 20.21 | | 20.04 | |
| Basic earnings per share (€) | 8.48 | | 7.50 | |

Sopra Steria: Simplified balance sheet (€m) – 31/12/2017

| | 31/12/17 | 31/12/16 |
|--|----------------|----------------|
| Goodwill | 1,590.6 | 1,557.0 |
| Allocated intangible assets | 161.5 | 179.7 |
| Other fixed assets | 179.7 | 160.8 |
| Equity-accounted investments | 189.1 | 202.3 |
| Fixed assets | 2,120.9 | 2,099.8 |
| Net deferred tax | 98.7 | 128.9 |
| Trade accounts receivable (net) | 1,137.8 | 1,132.7 |
| Other assets and liabilities | -1,175.6 | -1,171.5 |
| Working capital requirement (WCR) | -37.8 | -38.7 |
| Assets + WCR | 2,181.7 | 2,190.0 |
| Equity | 1,240.0 | 1,103.1 |
| Provisions for post-employment benefits | 358.9 | 464.5 |
| Provisions for contingencies and losses | 72.8 | 116.4 |
| Net financial debt | 510.1 | 506.0 |
| Capital invested | 2,181.7 | 2,190.0 |



Sopra Steria: Change in net financial debt (€m) – FY 2017

| | 2017 | 2016 |
|---|--------------|--------------|
| Operating profit on business activity | 329.8 | 301.1 |
| Depreciation, amortisation and provisions (excl. allocated intangible assets) | 19.6 | 42.9 |
| EBITDA | 349.4 | 344.0 |
| Non-cash items | -1.6 | -0.9 |
| Tax paid | -63.9 | -72.0 |
| Change in operating working capital requirement* | -12.4 | -17.0 |
| Reorganisation and restructuring costs | -29.6 | -29.6 |
| Net cash flow from operating activities | 241.9 | 224.5 |
| Change relating to investing activities | -62.3 | -46.7 |
| Net financial interest | -10.3 | -6.2 |
| Additional contributions related to defined-benefit pension plans | -21.0 | -21.0 |
| Free cash flow | 148.4 | 150.6 |
| Impact of changes in scope | -96.0 | -120.6 |
| Financial investments | -2.8 | 1.4 |
| Dividends paid | -44.5 | -34.4 |
| Dividends received from equity-accounted companies | 2.8 | 3.1 |
| Capital increases in cash | 0.1 | 2.3 |
| Purchase and sale of treasury shares | -1.3 | 10.3 |
| Impact of changes in foreign exchange rates | -10.7 | 12.3 |
| Other changes | - | -0.2 |
| Change in net financial debt | -4.1 | 24.8 |
| <i>* Including a sale of receivables with deconsolidation.</i> | 37.0 | - |
| Net financial debt at beginning of period | 506.0 | 530.8 |
| Net financial debt at end of period | 510.1 | 506.0 |

Sopra Steria: Workforce breakdown – 31/12/2017

| | 31/12/17 | 31/12/16 |
|-------------------|---------------|---------------|
| France | 18,649 | 18,227 |
| United Kingdom | 6,181 | 6,508 |
| Other Europe | 8,777 | 7,844 |
| Rest of the World | 281 | 231 |
| X-Shore | 7,773 | 7,003 |
| Total | 41,661 | 39,813 |